

Napa County

Auditor-Controller

Internal Audit Report

Napa County Housing Authority
Quarterly Monitoring
Internal Controls Review

For the Quarter Ended June 30, 2025

Report Date: July 31, 2025



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

Table of Contents

	<u>Page</u>
Executive Summary	1
Background and Authority	2
Objective and Scope.....	3
Procedures.....	3-4
Observations.....	4-5
Conclusion & Recommendations	6
Exhibit A – Accounts Receivable Schedule	7
Exhibit B – Prepaid Schedule	8
Exhibit C – Summary of Year-End Site Visit to Centers.....	9

Internal Audit

Christine Hernandez – Deputy Auditor-Controller

Susan MacDonald - Staff Auditor



A Tradition of Stewardship
A Commitment to Service

Auditor-Controller
1195 Third Street · Room B10
Napa, CA 94559

Main: (707) 253-4551
Fax: (707) 226-9065
www.countyofnapa.org

Tracy A. Schulze
Auditor-Controller

July 31, 2025

Napa County Housing Authority
Napa, CA

Executive Summary

The Internal Audit section of the Napa County Auditor-Controller's Office (Internal Audit) has completed its quarterly monitoring of the Napa County Housing Authority (the Authority) for the quarter ended June 30, 2025.

We conducted our review in conformance with the *Global Internal Audit Standards (Standards)* established by the Institute of Internal Auditors. These *Standards* require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives; and that the internal audit activity be independent, objective, and perform engagements with proficiency and due professional care.

Based on our review, we conclude that, overall, California Human Development Corporation (CHDC) was in compliance with the policies and procedures established by the Authority's Board of Directors for the quarter ended June 30, 2025, subject to the observations noted in this report.

This report is a matter of public record and is intended solely for the information and use of the Napa County Housing Commission's Commissioners, the Authority's Board of Directors, Napa County's Board of Supervisors, Chief Executive Officer, and CHDC's management.

I want to thank the internal audit team, CHDC and the Authority's staff for their expertise and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink that reads "Tracy Schulze".

Tracy Schulze
Auditor-Controller

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Background and Authority

The Authority, a public housing authority established pursuant to California Health and Safety Code section 342000 et seq., is the owner of three farm worker housing centers (Centers) located in Napa County:

- 1) River Ranch, located at 1109 Silverado Trail, St. Helena
- 2) The Calistoga Center, located at 3996 N. St Helena Highway, Calistoga
- 3) The Mondavi Center, located at 5585 Silverado Trail, Napa

The Authority is focused primarily on addressing the need for safe and affordable housing for farm workers, particularly those in the migrant/seasonal category who, in turn, support the agricultural industry of Napa County.

Reconstituted in late 2015, the Napa County Housing Commission (NCHC) serves as an advisory body to both the Napa County Housing Authority and the County Board of Supervisors. Its role was expanded beyond oversight of the three Centers to include the review of all projects seeking funding from the County's Affordable Housing Fund.

The Authority has an agreement with CHDC, a nonprofit organization, to manage the daily operations of the Centers. CHDC assigns staff—including Center Managers and a Fiscal Analyst—who are responsible for collecting lodger fees in accordance with the rates and policies set by the Authority's Board of Directors. Currently, the lodger fee is \$17 per day.

CHDC is also responsible for maintaining complete lodger files, which must include a signed rental agreement, a copy of the lodger's photo identification, and documentation verifying employment in agriculture. Center Managers are permitted to manage petty cash funds not to exceed \$250 and must ensure that any cash received from lodgers is deposited promptly. The Fiscal Analyst is tasked with preparing occupancy and rent reports. Additionally, CHDC oversees the general upkeep and maintenance of the facilities.

The Authority has engaged the Napa County Auditor-Controller's Office to conduct quarterly monitoring of CHDC's compliance with the Authority's policies and procedures throughout fiscal year 2024–25.

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Objective and Scope

The primary objective of this engagement was to assess CHDC's compliance with the policies and procedures established by the Authority's Board of Directors. The scope of the review includes an examination of both CHDC's and the Authority's records for the quarter ending June 30, 2025.

Procedures

To achieve our audit objective, our procedures included, but were not limited to, the following:

1. Revenues

- a. Reconciled lodger and staff rent revenues in the general ledger to CHDC's records

2. Accounts Receivable

- a. Reported accounts receivable for lodgers who had departed the farmworker center with rents due
- b. Reported accounts receivable for current lodgers with a rents due balance of \$510 (\$17 daily rate x 30 days) or more
- c. Reported recommended accounts receivable write-offs schedule by center, including lodger count (**Exhibit A**)

3. Prepaids

- a. Reported prepaid rents for lodgers who had departed the farmworker centers
- b. Reported prepaids for current lodgers with prepaid balances
- c. Reported recommended prepaid write-offs schedule by center, including lodger count (**Exhibit B**)

4. Collections and Deposits

- a. Selected a sample of all deposits for the quarter and traced back to Occupancy reports for accuracy and completeness
- b. Verified collection receipts are in numerical sequence
- c. Verified physical rent receipt numbers on sampled deposits are entered correctly on the Occupancy reports
- d. Verified bank deposits are processed timely when revenue exceeds \$3,200

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Procedures (continued)

- e. Verified lodger rent agrees with number of room nights on receipt
- f. Verified receipts are accurate (i.e., signature, method of payment, lodger number or voided properly)
- g. Verified lodger rent was not paid in arrears (i.e., rents paid for prior periods of occupancy over two weeks)

5. Donations

- a. Verified reporting for all cash and non-cash donations

Observations

Prepaid Rents

The prepaid rent balances with departure dates occurring prior to the 18-month threshold of December 31, 2023, have increased to six accounts at the River Ranch location, totaling \$442, compared to five accounts totaling \$330 as of March 31, 2025. The accounts recommended for write-off, as detailed in **Exhibit B**, are identified by Lodger # as listed in the CHDC Rent Reports.

Lodger #	1st Night of Occupancy	Last Night of Occupancy	PrePaid Rent (\$)
22-91	08/04/22	10/26/22	75
23-7	02/05/23	04/27/23	105
23-51	03/24/23	03/25/23	90
23-53	03/29/23	05/07/23	30
23-54	03/29/23	05/07/23	30
23-96	11/08/23	12/23/23	112
			<u>442</u>

Accounts Receivable

The following table reflects the quarter-over-quarter increase in lodgers who have departed the Center with outstanding rent balances. The total Accounts Receivable increased from \$4,234 at the end of March to \$4,744 at the end of June. Using the 18-month threshold for departures prior to December 30, 2023, the rents due that are recommended for write-off are highlighted in **Exhibit A** below.

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Center	Lodger #	1st Night of Occupancy	Last Night of Occupancy	Rents Due (\$)	
Calistoga	24-61	01/12/24	02/29/24	224	
	24-37	12/31/23	01/10/24	176	
				<u>\$400</u>	
Mondavi	22-111	09/04/22	10/05/22	480	Exhibit A
	22-56	01/26/22	10/10/22	390	Exhibit A
	24-55	01/06/24	01/22/24	160	
	24-35	12/24/23	02/29/24	464	
	24-67	01/17/24	03/02/24	80	
	24-106	08/02/24	08/13/24	68	
	24-80	02/23/24	09/06/24	408	
	24-81	02/23/24	09/06/24	408	
	24-46	12/29/23	10/25/24	119	
	24-33	12/24/23	10/26/24	136	
	24-92	04/03/24	11/07/24	17	
	24-116	10/02/24	11/08/24	17	
	57	01/29/25	02/01/25	68	
	27	01/04/25	03/24/25	170	
				<u>\$2,985</u>	
River Ranch	23-21	02/05/23	11/22/23	16	Exhibit A
	24-6	02/04/24	10/31/24	170	
	24-81	06/04/24	10/07/24	17	
	24-85	07/17/24	09/25/24	408	
	24-127	11/22/24	12/20/24	238	
	65	04/14/25	05/05/25	255	
	66	04/14/25	05/05/25	255	
				<u>\$1,359</u>	
Total Receivables				<u>\$4,744</u>	

Napa County Housing Authority

Quarterly Monitoring

For the Quarter Ended June 30, 2025

Conclusion and Recommendations

The table below provides a quarterly snapshot of total rent receivables for fiscal year 2024-25. The reduction in the total as of 12/31/2024 is due to a revised rent report issued by CHDC.

Departures with Rent Due	Quarter-Ended 9/30/2024	Quarter-Ended 12/31/2024 *	Quarter-Ended 3/31/2025	Quarter-Ended 6/30/2025
Calistoga	1,399	400	400	400
Mondavi	2,685	2,747	2,985	2,985
River Ranch	1,164	833	849	1,359
	\$ 5,248	\$ 3,980	\$ 4,234	\$ 4,744

* CHDC Revised Rent Report for December

Data Source: CHDC Monthly Rent Reports (Departures Only)

During Internal Audit's site visits to each of the Farmworker Centers in July 2025, we reviewed the methods used to locate lodgers who were either owed refunds for prepaid rents or who owed rents after departing—some without notice. We were unable to confirm that managers follow an established procedure for these efforts. Contact information for lodgers is limited, and inquiries to current or former employers were determined not to be a viable option due to employer restrictions on releasing confidential information.

The Napa County Housing Authority issued a Policy and Procedure for Collection Monitoring in 2018, which provides guidance for Center Managers and the Administrative Assistant/Fiscal Analyst. Internal Audit recommends that this policy be reviewed to strengthen collection efforts and reduce uncollected rents.

**Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025**

Exhibit A

Accounts Receivable Schedule

<u>Category</u>	<u>Amounts</u>
Lodgers, departed for at least 18 months	
Total Recommended A/R Write-Offs	\$ 886
Lodgers, departed less than 18 months	3,858
Lodgers, current delinquent tenants with at least \$510 balance due	
Lodgers, current tenants with less than \$510 balance due	34
Total Accounts Receivable	<u>\$ 4,778</u>

Recommended Accounts Receivable Write-offs

(Lodgers, departed for at least 18 months)

<u>Center</u>	<u>Lodger Count</u>	<u>Amounts</u>
River Ranch	1	\$ 16
Mondavi	2	870
Calistoga	0	-
Total Recommended A/R Write-offs	<u>3</u>	<u>\$ 886</u>

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Exhibit B

Prepaid Schedule	
Category	Amounts
Lodgers, departed for at least 18 months	
Total Recommended Prepaid Write-Offs	\$ 442
Lodgers, departed less than 18 months	213
Lodgers, current tenants with prepaid balances	17
Total Prepaids	\$ 672

Recommended Prepaid Write-offs		
<i>(Lodgers, departed for at least 18 months)</i>		
Center	Lodger Count	Amounts
River Ranch	6	\$ 442
Mondavi	0	-
Calistoga	0	-
Total Recommended Prepaid Write-Offs	6	\$ 442

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2025

Exhibit C

Internal Audit completed the year-end review of CHDC's compliance with the policies and procedures established by the Authority's Board of Directors (Authority) for each of the Farmworker Centers in the following areas:

1. Cash
 - a. Performed a cash count of each center's petty cash, reconciled the amounts against receipts/logs, and verified compliance with policy limits.
 - b. Conducted a cash count of the change fund at each center.
 - c. Confirmed that all cash, including rent receipts, is stored in a secure, locked safe.
2. Lodger Eligibility
 - a. Verified that the lodger file list was complete and included key information such as date in, date out, lodger number, room number, and a signed current lodging agreement.
 - b. Reviewed proof of each lodger's eligibility, including a pay stub or a letter from the agricultural employer.
 - c. Cross-checked arrival and departure dates against the CHDC Rent Reports for prepaid rents and rents due.
3. Capital Assets
 - a. Performed a physical inventory of the capital assets assigned to NCHA in accordance with the ACO Capital Asset Certification.

Observations

1. Imprest cash counts were conducted and reconciled to the authorized petty cash and change fund amounts at each center. All imprest cash and rent receipts were securely stored in a locked safe within each manager's office.
2. Lodger files were complete. Three tenants, who had not provided proof of employment, had already departed the centers.
3. All Capital Assets were matched to the County's records.

Conclusion

Based on the scope of this review, we conclude that CHDC was in compliance with policies and procedures established by the Authority's Board of Directors.