



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Spokane Housing Authority

For the period January 1, 2019 through December 31, 2020

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**Office of the Washington State Auditor  
Pat McCarthy**

February 3, 2022

Board of Commissioners  
Spokane Housing Authority  
Spokane, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Housing Authority's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Housing Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Spokane Housing Authority from January 1, 2019 through December 31, 2020.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Housing Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Electronic funds transfers – accounts payable and payroll
- Compliance with public work projects – prevailing wages
- Procurement – purchases
- Accounts receivable and agreement compliance – billing, adjustments and collections for rent revenue in compliance with property agreements
- Contract compliance – cash receipting and deposit timeliness

## RELATED REPORTS

### **Financial**

Our opinion on the Housing Authority's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Housing Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes a federal finding regarding a material weakness in internal controls and noncompliance with housing quality standards enforcement requirements for the Section 8 Housing Choice Vouchers program. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE HOUSING AUTHORITY

The Spokane Housing Authority (“Authority”) was established in 1972 as a public body corporate and politic pursuant to the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in order to provide affordable, safe, and sanitary housing for persons of low income. In 2003, the Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the Cities of Spokane and Spokane Valley, and Spokane County. The Authority serves more than 6,400 low income households or approximately 16,500 individuals monthly in the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County as well as the cities of Millwood, Deer Park Medical Lake, Airway Heights, Spangle and Cheney within Spokane County and Lincoln, Pend Orielle, Stevens, Whitman and Ferry counties through cooperative agreements.

The Authority is governed by a seven-member Board of Commissioners. The Mayors of the cities of Spokane and Spokane Valley, and the Spokane County Commissioners appoint two members each who either work or reside within their respective jurisdictions. The remaining member is a Directly Assisted Commissioner appointed by a majority vote of the Authority’s standing Board of Commissioners and is a full member of the Board with the same powers and responsibilities held by the other Commissioners.

The Board appoints an Executive Director to oversee the Authority’s daily operations as well as its employees. For fiscal year 2019 and 2020, the Authority operated on approximately \$58.1 and \$41.7 million in revenues, respectively. The Authority administers more than 5,700 voucher subsidies and either owns or operates 817 units of affordable housing in Spokane County comprising of eleven apartment complexes and forty-one remaining single family scattered units. The Authority is the managing general partner of the following partnerships: Cornerstone II – Borning Building LP; Cornerstone II – Helena Apartments LP; Martindale Apartment LP; Cedar Haven LLLP; Parsons LLLP; and Wilbur and Cook Affordable Portfolio, LLLP. The Spokane Housing Authority’s mission: “We collaborate to create and sustain quality affordable housing options that support people to have better, healthier and more satisfying lives.”

## Contact information related to this report

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*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for the Spokane Housing Authority at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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