

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**(A COMPONENT UNIT OF THE
GOVERNMENT OF GUAM)**

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2021

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SINGLE AUDIT REPORTS Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Guam Housing and Urban Renewal Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Guam Housing and Urban Renewal Authority (GHURA), which comprise the statement of net position as of September 30, 2021, and the related statements of revenues and expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2022. Our report includes an explanatory paragraph concerning the impact of COVID-19.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GHURA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control. Accordingly, we do not express an opinion on the effectiveness of GHURA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-004 and 2021-005 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHURA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



GHURA's Response to Findings

GHURA's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, stylized font.

May 9, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Report on Compliance for Each Major Federal Program

We have audited Guam Housing and Urban Renewal Authority's (GHURA's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2021. GHURA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of GHURA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GHURA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of GHURA's compliance.

Basis for Qualified Opinion on the Community Development Block Grant Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with requirements regarding the Community Development Block Grant Cluster as described in item 2021-002 for Program Income and item 2021-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for GHURA to comply with the requirements applicable to that program.

Qualified Opinion on the Community Development Block Grant Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant Cluster for the year ended September 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004 and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

GHURA's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. GHURA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of GHURA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GHURA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GHURA's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004 and 2021-005 to be significant deficiencies.

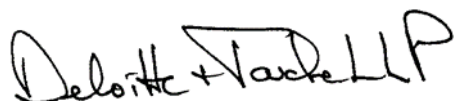
GHURA's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. GHURA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of GHURA as of and for the year ended September 30, 2021 and have issued our report thereon dated May 9, 2022, which contained an unmodified opinion on those financial statements and included an explanatory paragraph concerning the impact of COVID-19. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



May 9, 2022

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Passed Through to Subrecipients | Federal Expenditures |
|--|----------------------|------------------------------------|-------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | | |
| Direct Programs: | | | |
| COVID-19 Central Office Cost CARES Act Funding | 14.CCC | | \$ 232,957 |
| Supportive Housing for the Elderly | 14.157 | | 660,819 |
| COVID-19 Multi-Family Housing Service Coordinators | 14.191 | | 3,713 |
| Multi-Family Housing Service Coordinators | 14.191 | | 36,973 |
| CDBG - Entitlement Grants Cluster: | | | |
| COVID-19 Community Development Block Grants CARES Act | 14.225 | \$ 65,530 | 112,769 |
| Community Development Block Grants/Special Purpose Grants/Insular Area | 14.225 | <u>119,869</u> | <u>1,393,590</u> |
| CDBG - Entitlement Grants Cluster Total | | 185,399 | 1,506,359 |
| COVID-19 Emergency Solutions Grant Program CARES Act | 14.231 | 312,311 | 335,249 |
| Emergency Solutions Grant Program | 14.231 | 131,931 | 133,766 |
| Home Investment Partnerships Program | 14.239 | | 4,538,041 |
| Community Development Block Grants Section 108 Loan Guarantees | 14.248 | 2,488,000 | 2,568,686 |
| Continuum of Care Program | 14.267 | 444,116 | 728,806 |
| COVID-19 Public Housing CARES Act Funding | 14.PHC | | 363,670 |
| Public and Indian Housing | 14.850 | | 4,230,213 |
| Resident Opportunity and Supportive Services - Service Coordinators | 14.870 | | 51,903 |
| Housing Voucher Cluster: | | | |
| Emergency Housing Voucher | 14.EHV | | 17,378 |
| COVID-19 HCV CARES Act Funding | 14.HCC | | 510,594 |
| Section 8 Housing Choice Vouchers | 14.871 | | 40,246,196 |
| Mainstream Vouchers | 14.879 | | <u>153,009</u> |
| Housing Voucher Cluster Total | | | 40,927,177 |
| Public Housing Capital Fund | 14.872 | | 2,100,520 |
| Family Self-Sufficiency Program | 14.896 | | <u>141,478</u> |
| Total U.S. Department of Housing and Urban Development | | \$ <u>3,561,757</u> | \$ <u>58,560,330</u> |
| Total Expenditures of Federal Awards | | \$ <u>3,561,757</u> | \$ <u>58,560,330</u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

| | | |
|---|--|----------------------|
| Reconciliation of total operating expenses to total expenditures of Federal awards: | | |
| Total Operating expenses | | \$ 53,186,384 |
| Plus loans receivable, beginning balances: | | |
| HOME Investment Partnerships Program | | 4,372,504 |
| Community Development Block Grants/Special Purpose Grants/Insular Areas | | 361,735 |
| Plus Management Fees: | | |
| Supportive Housing for the Elderly Management Fees | | 43,092 |
| HCV Management Fees | | 553,956 |
| HCV Management Fees - CARES | | 116,478 |
| Emergency Housing Voucher | | 12 |
| PH Management Fees | | 595,781 |
| PH Management Fees - CARES | | 116,478 |
| COCC Management Fees - CARES | | - |
| Plus PH Asset Management Fees | | 90,000 |
| Plus Bookkeeping Fees: | | |
| HCV Bookkeeping Fees | | 224,483 |
| PH Bookkeeping Fees | | 64,740 |
| Plus Interest | | 53,189 |
| Plus Capital Assets | | 1,870,401 |
| Plus Section 108 Guaranteed Loan | | 2,488,000 |
| Less Depreciation expense | | (1,988,678) |
| Less Pension expense included in employee benefits | | (457,010) |
| Less Retiree healthcare costs and other pension benefits | | (1,351,733) |
| Less Other Enterprise Funds not included in SEFA | | <u>(1,779,482)</u> |
| Total Expenditures of Federal Awards | | \$ <u>58,560,330</u> |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

1. Scope of Audit

The Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, was formed primarily to provide safe, decent, sanitary, and affordable housing for low- to moderate-income families and elderly families in the Territory of Guam. Only the operations of GHURA are included in the scope of the Single Audit. The U.S. Department of Housing and Urban Development is the oversight agency for GHURA's Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GHURA under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GHURA, it is not intended to and does not present the financial position, changes in net position or cash flows of GHURA.

3. Summary of Significant Accounting Policies

a. Basis of Accounting

For purposes of this Schedule, certain accounting procedures were followed, which help illustrate the expenditures of the individual programs. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Disbursements made to subrecipients related to the grant agreements are reported as expenditures.

b. Subgrants

Certain program funds are passed through GHURA to subrecipient organizations. The Schedule does not contain separate schedules disclosing how the subrecipients outside of GHURA's control utilized the funds.

c. Funds Received

GHURA received all the funds indicated on this Schedule in a direct capacity in fiscal year 2021. GHURA also administers all the funds and is responsible for compliance with the laws and regulations.

d. Indirect Costs

GHURA does not have an indirect cost negotiation agreement and does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance in accordance with 2 CFR §200.414.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Schedule of Expenditures of Federal Awards, Continued Year Ended September 30, 2021

4. Loan Funds

GHURA, on behalf of the Government of Guam, has been designated the responsibility of implementing and carrying out the objectives of the HOME Program. The program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms and requirements. Balances and transactions relating to the HOME program are included in GHURA's financial statements. Loans made during the year and the balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2021, the HOME and CDBG Program expenditures include \$165,537 and \$1,020,188 in current year disbursements and the beginning balance of HOME and CDBG loans of \$4,372,504 and \$361,735, with continuing compliance requirements, respectively. The balance of HOME Investment Partnerships and CDBG grant loans outstanding and recorded by GHURA as of September 30, 2021 is \$4,247,650 and \$306,406, respectively.

In December 2020, GHURA entered into a \$12M loan with the U.S. Department of Housing and Urban Development to provide a source of low-cost, long-term financing loan to The Learning Institute through the Section 108 Loan Guarantee Program to construct a public facility for use as a school. The facility will be leased to the iLearn Academy Charter School by The Learning Institute. As of September 30, 2021, the Section 108 expenditures include \$2,488,000 in current year loan disbursements and reimbursable costs of \$80,686 to GHURA from The Learning Institute. The balance of the Section 108 loan outstanding and recorded by GHURA as of September 30, 2021 is \$2,488,000.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

2. Material weakness(es) identified? No

3. Significant deficiency(ies) identified? Yes

4. Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

5. Material weakness(es) identified? Yes

6. Significant deficiency(ies) identified? Yes

7. Type of auditors' report issued on compliance for major federal programs:
 ALN 14.225 Qualified
 All other major programs Unmodified

8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

9. Identification of major federal programs:

Assistance

Listings

Numbers Name of Federal Program or Cluster

| | |
|--------|--|
| | CDBG – Entitlement Grants Cluster: |
| 14.225 | Community Development Block Grants/Special Purpose Grants/Insular Area |
| 14.248 | Community Development Block Grants Section 108 Loan Guarantees |
| | Housing Voucher Cluster: |
| 14.EHV | Emergency Housing Voucher |
| 14.HCC | HCV CARES Act Funding |
| 14.871 | Section 8 Housing Choice Vouchers |
| 14.879 | Mainstream Vouchers |

10. Dollar threshold used to distinguish between Type A and Type B Programs: \$1,756,809

11. Auditee qualified as low-risk auditee? No

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Section II - Financial Statement Findings

| Reference Number | Findings |
|------------------|---|
| 2021-001 | General Ledger and Schedule of Expenditures of Federal Awards |
| 2021-004 | Reporting |
| 2021-005 | Reporting |

Section III - Federal Award Findings and Questioned Costs

| Reference Number | ALN | Findings | Questioned Costs |
|------------------|---------------|--|------------------|
| 2021-002 | 14.225 | Program Income | \$ 34,587 |
| 2021-003 | 14.225 | Reporting | - |
| 2021-004 | 14.871/14.879 | Reporting | - |
| 2021-005 | 14.871/14.879 | Special Tests and Provisions – CARES Act Funding | - |
| | | Total Federal Questioned Costs | <u>\$ 34,587</u> |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2021

Finding No.: 2021-001
Area: General Ledger and Schedule of Expenditures of Federal Awards

Criteria:

General ledger balances and the Schedule of Expenditures of Federal Awards (SEFA) should be periodically reconciled. Additionally, in accordance with the Uniform Guidance, the auditee must prepare a SEFA which must identify in the notes to the SEFA the balances outstanding for loan or loan guarantee programs at the end of the audit period.

Condition:

The SEFA was provided on December 17, 2021, which is a two-month improvement over the prior year's February submission. However, the SEFA did not include approximately \$108,697 in capital outlays. Additionally, the notes to the SEFA did not disclose \$2,488,000 in outstanding loan balances. GHURA corrected the SEFA on March 29, 2022.

Cause:

GHURA did not effectively perform monitoring controls over the SEFA.

Effect:

On an interim basis, the SEFA may be misstated and could impact GHURA's ability to facilitate timely and accurate interim and external financial reporting.

Identification as a Repeat Finding: 2020-001

Recommendation:

GHURA should develop and implement controls over the periodic reconciliation of the SEFA to the general ledger. Furthermore, GHURA should consider obtaining training for accounting personnel relative to Uniform Guidance requirements for the SEFA.

Views of Responsible Officials:

The Authority will continue to address reconciliation and preparation of the SEFA according to the Uniform Guidance requirements. Responsible personnel will be trained on updated Uniform Guidance requirements for the SEFA. The SEFA will be reconciled to the General Ledger via the Trial Balance with appropriate adjustments made so that the SEFA reconciles to the Operating Expenses for the fiscal year. The SEFA footnotes will contain the required information.

GHURA's Corrective Action Plan provides additional details.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-002
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.225 CDBG - Entitlement Grants Cluster
Federal Award No.: B20ST660001
Area: Program Income
Questioned Costs: \$34,587

Criteria:

CDBG grants funds are accounted for in HUD’s Integrated Disbursement and Information System (IDIS). In accordance with program income requirements, the following are applicable:

1. The grantee must accurately account for program income generated from the use of CDBG funds and must treat such income as additional CDBG funds which are subject to all program rules.
2. The use of program income must be in accordance with specifications in the annual action plan.
3. Available program income must be drawn before entitlement funds.

Conditions:

1. Program income receipts and disbursements recorded in the general ledger (GL) differ from program income reported in IDIS as of 09/30/2021, as follows:

| Grant Number | Per IDIS | Per GL | Under-reported in IDIS |
|------------------------------------|-----------|------------|------------------------|
| B20ST660001 Authorized Amount PR01 | \$ 17,703 | \$ 131,137 | \$ (113,434) |
| B20ST660001 Net Drawn Amount PR01 | \$ 5,309 | \$ 110,603 | \$ (105,294) |

2. The FY 2021 Annual Action Plan submitted in March 2021 specifies anticipated program income of \$5,060; however, GHURA expended program income of \$115,663 during FY 2021, resulting in \$110,603 of undisclosed program income expenditures. No revised FY 2021 annual action plan was provided.
3. During the course of FY 2021, an estimated total of \$23,131 in entitlement grant funds was drawn before exhausting available program income. Also, as of 09/30/2021, the CDBG program income account balance was \$34,587. Such balance should have been exhausted prior to draws from the grant funds and is, therefore, a questioned cost.

Cause:

GHURA did not effectively implement monitoring controls over compliance with applicable program income requirements. Also, GHURA is in the process of trying to reconcile reported amounts with the underlying support of the recently deceased General Accounting Supervisor who had prepared the IDIS reports.

Effect:

GHURA is in noncompliance with applicable program income requirements. The total questioned cost is \$34,587 from Condition 3. No questioned cost results from Conditions 1 and 2 because the under-reported amounts do not represent Program overpayments.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2021

Finding No.: 2021-002, Continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.225 CDBG - Entitlement Grants Cluster
Federal Award No.: B20ST660001
Area: Program Income
Questioned Costs: \$34,587

Recommendation:

Responsible personnel should implement monitoring controls over compliance with applicable program income requirements. Prior to certifying the annual action plan and entries in IDIS, including entitlement grant draws, responsible personnel should examine underlying accounting records to determine the accuracy and completeness of reported data and to verify that available program income has been exhausted prior to drawing entitlement grant funds.

Views of Responsible Officials:

The recording, use, and reconciliation of the CDBG Program Income is complex in nature. The Authority will review its accounting processes to accurately record and provide complete reports as required by the U.S. Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance and the Integrated Disbursement and Information System (IDIS).

GHURA's Corrective Action Plan provides additional details.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-003
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 AL Program: 14.225 CDBG - Entitlement Grants Cluster
 Federal Award No.: Various
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, reported amounts in the Integrated Disbursement and Information System (IDIS) should be accurate and complete.

Conditions:

1. Certain amounts of entitlement grants funds (EN) and program income (PI) reported in C04PR03 – Activity Summary Report do not agree with underlying accounting records, as follows:

| IDIS Activity | Grant | EN Drawn in Program Year 2020 | Auditor Calculation Per GL Details | Over (Under) Reported Variance |
|--|-------|-------------------------------------|--|--------------------------------------|
| 778 Acquisition/Construction of the Central Precinct Command (2016) | B16 | \$ 11,474 | \$ 3,613 | \$ 7,861 |
| 809 CDBG Administration | B16 | 3,420 | 4,654 | (1,234) |
| 777 Rehabilitation of the Umatac Baseball Field (2016) | B17 | 47,093 | 29,986 | 17,107 |
| 800 Inarajan Basketball Court, new construction | B17 | 33,505 | 22,548 | 10,957 |
| 832 AD - Consolidated Planning Activities - G&A | B17 | 288,033 | 168,067 | 119,966 |
| 833 CDBG Administration 2017 | B17 | 296,381 | 181,472 | 114,909 |
| 811 Residential Treatment Center for Women | B18 | 37,972 | 30,382 | 7,590 |
| 819 Central Community Arts Hall | B18 | 337,974 | 319,564 | 18,410 |
| 848 AD Consolidated Planning Activities - G&A | B18 | 119,731 | 175,411 | (55,680) |
| 854 AD CDBG Administrative Costs (2018) | B18 | 18,256 | 44,610 | (26,354) |
| 824 GHURA Housing Counseling Program | B19 | 2,259 | 6,947 | (4,688) |
| 825 Family Services Center PS-One-Stop Homeless Assistance Center-Operations Costs | B19 | 6,104 | - | 6,104 |
| 836 CV Mortgage Relief Program (PS) | B20SW | 54,426 | 65,530 | (11,104) |
| 837 CV GHURA Planning and Administration | B20SW | 41,002 | 47,239 | (6,237) |
| 842 CV Mortgage Relief Program (ad) | B20SW | 11,104 | - | 11,104 |
| | | | | \$ 208,711 |

| IDIS Activity | | PI Drawn in Program Year 2020 | Auditor Calculation Per GL Details | Over (Under) Reported Variance |
|--|----|-------------------------------------|--|--------------------------------------|
| ASAN REDEVELOPMENT PROJECT-MAINT.CONTRACTS-RPE | PI | \$ - | \$ 11,277 | \$ (11,277) |
| 674 Renovation of 5 Staff Housing at Talofofa | PI | - | 81,701 | (81,701) |
| 809 CDBG Administration | PI | 539 | 1,898 | (<u>1,359</u>) |
| | | | | \$ (<u>94,337</u>) |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-003, Continued
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 AL Program: 14.225 CDBG - Entitlement Grants Cluster
 Federal Award No.: Various
 Area: Reporting
 Questioned Costs: \$0

Conditions, Continued:

2. Certain amounts reported in C04PR26 – Financial Summary Report do not agree with underlying accounting records, as follows:

| Line Item | Reported Amount | Auditor Calculation Per GL Details | Over (Under) Reported Variance |
|--|-----------------|------------------------------------|--------------------------------|
| 05 Current Year Program Income | \$ 17,703 | \$ 131,137 | \$ (113,434) |
| 09 Disbursements Other Than Section 108 Repayments and Planning/Administration | 3,165,747 | 2,937,720 | 228,027 |
| 12 Disbursed in IDIS for Planning and Administration | 726,360 | 585,004 | 141,356 |
| 15 Total Expenditures | 3,892,107 | 3,522,724 | 369,383 |
| 16 Unexpended Balance | 1,738,748 | 2,221,565 | (482,817) |
| 27 Disbursed in IDIS for Public Services | 115,963 | 449,720 | (333,757) |
| 37 Disbursed in IDIS for Planning/Administration | 726,360 | 585,004 | 141,356 |
| 43 Current Year Program Income | 17,703 | 131,137 | (113,434) |

3. Certain amounts reported in C04PR26 – CDBG Activity Summary by Selected Grant for Program Year 2020 do not agree with underlying accounting records, as follows:

| Total CDBG Drawn Amount (All Years All Sources) | Grant Number | Reported Amount | Auditor Calculation Per GL Details | Over (Under) Reported Variance |
|---|--------------|-----------------|------------------------------------|--------------------------------|
| Total Administrative and Planning | B20SW660001 | \$ 55,530 | \$ 47,239 | \$ 8,291 |
| Total Public Services | B20ST660001 | 64,971 | - | 64,971 |
| Total Public Services | B20SW660001 | 54,426 | 65,530 | (11,104) |
| Total 2020 | | 174,927 | 112,769 | 62,158 |

Cause:

GHURA did not effectively implement monitoring controls over compliance with reporting requirements. Also, GHURA is in the process of trying to reconcile reported amounts with the underlying support of the recently deceased General Accounting Supervisor who had prepared the IDIS reports.

Effect:

GHURA is in noncompliance with applicable reporting requirements. No questioned cost results because the variances do not represent Program overpayments.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-003, Continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.225 CDBG - Entitlement Grants Cluster
Federal Award No.: Various
Area: Reporting
Questioned Costs: \$0

Recommendation:

Responsible personnel should implement monitoring controls over compliance with applicable reporting requirements. Prior to certifying IDIS reports, responsible personnel should examine and maintain underlying accounting records to determine the accuracy and completeness of reported data.

Views of Responsible Officials:

Responsible accounting and planning personnel will be trained on updated Uniform Guidance requirement as well as training on IDIS reporting.

GHURA's Corrective Action Plan provides additional details.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2021

Finding No.: 2021-004
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.871 Housing Voucher Cluster
Federal Award No.: FY 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, public housing agencies (PHAs) are required to submit timely GAAP-based unaudited and audited financial information electronically to HUD using the Financial Assessment Sub-system (FASS-PH).

Condition:

As of our fieldwork date on April 2, 2022, GHURA has not submitted the required FY 2021 unaudited financial information in the FASS-PH.

Cause:

GHURA's submission of the audited FY 2019 financial information was rejected by HUD. HUD requested resubmission of corrected financial data no later than 06/29/2021. As of our fieldwork date on April 2, 2022, HUD has not yet approved either the audited FY 2019 financial information or the unaudited FY 2020 financial information. Therefore, GHURA is unable to input the unaudited FY 2021 financial information in the FASS-PH for submission to HUD and for testing.

Effect:

GHURA is in noncompliance with applicable reporting requirements. As GHURA's ability to comply with the FASS-PH submission is partially under the control of HUD, we are unable to quantify the extent of the noncompliance.

Recommendation:

Responsible personnel should coordinate with HUD and prioritize the resolution of HUD's rejections, thereby allowing for the approvals of the FY 2020 and FY 2021 financial information in FASS-PH for submission and testing.

Views of Responsible Officials:

Responsible accounting personnel will coordinate and prioritize with HUD to resolve the submission of its audited Fiscal Year 2019 and 2020 financial information so that the Authority's Fiscal Year 2021 financial information can be submitted as required in the Financial Assessment Sub-System (FASS-PH).

GHURA's Corrective Action Plan provides additional details.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2021

Finding No.: 2021-005
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.871 Housing Voucher Cluster
Federal Award No.: FY 2021
Area: Special Tests and Provisions – CARES Act Funding
Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions requirements for CARES Act Funding, reporting requirements, HUD provided instructions on accounting for and FDS reporting of CARES Act Funds.

Condition:

As of our fieldwork date on April 2, 2022, GHURA has not submitted the required FY 2021 unaudited financial information in the FASS-PH. Therefore, we are unable to determine whether required columns were added in the FASS-PH.

Cause:

GHURA's submission of the audited FY 2019 financial information was rejected by HUD. HUD requested resubmission of corrected financial data no later than 06/29/2021. As of our fieldwork date on April 2, 2022, HUD has not yet approved either the audited FY 2019 financial information or the unaudited FY 2020 financial information. Therefore, GHURA is unable to input the unaudited FY 2021 financial information in the FASS-PH for submission to HUD and for testing.

Effect:

GHURA is in noncompliance with applicable special tests and provisions requirements for CARES Act Funding. As GHURA's ability to comply with the FASS-PH submission is partially under the control of HUD, we are unable to quantify the extent of the noncompliance.

Recommendation:

Responsible personnel should coordinate with HUD and prioritize the resolution of HUD's rejections, thereby allowing for the approvals of the FY 2020 and FY 2021 financial information in FASS-PH for submission and testing.

Views of Responsible Officials:

Responsible accounting personnel will coordinate and prioritize with HUD to resolve the submission of its audited Fiscal Year 2019, 2020, and 2021 financial information as required in the Financial Assessment Sub-System (FASS-PH) so that the Authority can meet the reporting requirement for its CARES Act Funding.

GHURA's Corrective Action Plan provides additional details.



GHURA

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CORRECTIVE ACTION PLAN SEPTEMBER 30, 2021

Finding # 2021-001 General Ledger and Schedule of Expenditures of Federal Awards

Views of Responsible Officials and Planned Corrective Actions:

The Authority will continue to address reconciliation and preparation of the SEFA according to the Uniform Guidance requirements. Responsible personnel will be trained on updated Uniform Guidance requirements for the SEFA. The SEFA will be reconciled to the General Ledger via the Trial Balance with appropriate adjustments made so that the SEFA reconciles to the Operating Expenses for the fiscal year. The SEFA footnotes will contain the required information.

Responsible Party: Lucele Leon Guerrero, Controller

Anticipated Date of Completion: Ongoing effort and as training is made available

Finding # 2021-002 CDBG – Entitlement Grants Cluster Program Income

Views of Responsible Officials and Planned Corrective Actions:

The recording, use, and reconciliation of the CDBG Program Income is complex in nature. The Authority will review its accounting processes to accurately record and provide complete reports as required by the U.S Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance and the Integrated Disbursement and Information System (IDIS).

Responsible Party: Lucele Leon Guerrero, Controller and Katherine Taitano, Chief Planner

Anticipated Date of Completion: Ongoing effort and as training is made available

Finding # 2021-003 CDBG – Entitlement Grants Cluster Program Income Reporting

Views of Responsible Officials and Planned Corrective Actions:

Responsible accounting and planning personnel will be trained on updated Uniform Guidance requirement as well as training on IDIS reporting.

Responsible Party: Lucele Leon Guerrero, Controller and Katherine Taitano, Chief Planner

Anticipated Date of Completion: Ongoing effort and as training is made available



Finding # 2021-004 Housing Voucher Cluster Reporting

Views of Responsible Officials and Planned Corrective Actions:

Responsible accounting personnel will coordinate and prioritize with HUD to resolve the submission of its audited Fiscal Year 2019 and 2020 financial information so that the Authority's Fiscal Year 2021 financial information can be submitted as required in the Financial Assessment Sub-System (FASS-PH).

Responsible Party: Lucele Leon Guerrero, Controller

Anticipated Date of Completion: Ongoing effort with HUD

Finding # 2021-005 CARES Act Funding Reporting

Views of Responsible Officials and Planned Corrective Actions:

Responsible accounting personnel will coordinate and prioritize with HUD to resolve the submission of its audited Fiscal Year 2019, 2020, and 2021 financial information as required in the Financial Assessment Sub-System (FASS-PH) so that the Authority can meet the reporting requirement for its CARES Act Funding.

Responsible Party: Lucele Leon Guerrero, Controller

Anticipated Date of Completion: Ongoing effort with HUD



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GUAM HOUSING AND URBAN RENEWAL AUTHORITY Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2021

Audit Finding

- 2020-001 Corrective action has been taken. The SEFA was reconciled to the General Ledger via the Trial Balance. Capital assets were included in the appropriate ALN.
- 2020-002 Corrective action has been taken. GHURA has not received a response from U.S. HUD if the Supporting Housing for the Elderly is required to submit HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons. Effective November 30, 2020 HUD 60002, Section 3 is no longer required to be submitted in SPEARS and will need to maintain its records per 24 CFR 25.
- 2020-003 Corrective action has been taken. At the end of every fiscal year, the Controller will deposit any unobligated balance of funds in a federally insured account 60 days after the fiscal year end.
- 2020-004 Corrective action has been taken. GHURA has not received a response from U.S. HUD if the Supporting Housing for the Elderly is required to submit HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons. Effective November 30, 2020 HUD 60002, Section 3 is no longer required to be submitted in SPEARS and will need to maintain its records per 24 CFR 25.
- 2020-005 Corrective action has been taken. BOC No. FY2020-21 approved on August 28, 2020 ammended GHURA's procurement policy to increase the small purchase limit to the legal limit of \$100,000 and has been adhering to the revised policy.
- 2019-001 Corrective action has been taken. In October 25, and November 9, 2020, the Accountant II and Deputy Controller were hired, respectively. For FY 2021 the SEFA was reconciled to the General Ledger accounts via the Trial Balance.
- 2019-002 Corrective action has been taken. Program income has been recorded in HUD's Integrated Disbursement and Information System (IDIS) and is being monitored on a quarterly basis. GHURA receives technical assistance from HUD to improve its planning for the use of program income.
- 2017-01 This finding is unresolved. The Capital Fund Grant reconciliations are ongoing.