

**GUAM HOUSING AND  
URBAN RENEWAL AUTHORITY**

---

**SINGLE AUDIT AND HUD REPORTS  
And  
SUPPLEMENTARY INFORMATION**

---

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**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***

To the Board of Commissioners  
Guam Housing and Urban Renewal Authority

I 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) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements, and have issued our report thereon dated March 11, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, I considered GHURA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control. Accordingly, I 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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GHURA's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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 "J. Scott Magliari & Company". The signature is written in a cursive style with a large, stylized initial "J".

Hagåtña, Guam  
March 11, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners  
Guam Housing and Urban Renewal Authority

**Report on Compliance for Each Major Federal Program**

I have audited the Guam Housing and Urban Renewal Authority's (GHURA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of GHURA's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of GHURA's compliance.

***Basis for Qualified Opinion on CFDA No. 14.57 – Supportive Housing for the Elderly; CFDA No. 14.850 – Public and Indian Housing; and CFDA No. 14.871 – Section 8 Housing Choice Voucher***

As described in the accompanying schedule of findings and questioned costs, GHURA did not comply with requirements regarding its CFDA 14.157 Supportive Housing for the Elderly as described in findings number 13-02 through 13-05 for Eligibility and findings number 13-01 and 13-06 through 13-09 for Special Tests and Provisions; CFDA 14.850 Public and Indian Housing as described in finding number 13-10 for Special Tests and Provisions and 13-11 and 13-12 for Eligibility; and CFDA 14.871 Section 8 Housing Choice Voucher as described in finding number 13-13. Compliance with such requirements is necessary, in my opinion, for GHURA to comply with the requirements applicable to that program.

***Qualified Opinion on CFDA No. 14.57 – Supportive Housing for the Elderly; CFDA No. 14.850 – Public and Indian Housing; and CFDA No. 14.871 – Section 8 Housing Choice Voucher***

In my 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 Supportive Housing for the Elderly, Public and Indian Housing and Section 8 Housing Choice Voucher programs for the year ended September 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In my 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, 2013.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 13-08 and 13-09. Our opinion on each major federal program is not modified with respect to these matters.

GHURA's response to the noncompliance findings identified in my 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, I express no opinion on the response.

## 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 my audit of compliance, I 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of GHURA's internal control over compliance.

My 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 were not identified. However, as discussed below, I identified 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 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 13-01, 13-02, 13-03, 13-07, 13-12 and 13-13 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 13-04, 13-05, 13-06, 13-09, 13-10 and 13-11 to be significant deficiencies.

GHURA's response to the internal control over compliance findings identified in my 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, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hagåtña, Guam  
March 11, 2014

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2013

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2013 Fiscal Year Expenditures</u>
<b>Direct Grants:</b>		
<b><u>U. S. Department of Housing and Urban Development (HUD)</u></b>		
	<b>Housing Voucher Cluster:</b>	
14.871	Section 8 Housing Choice Vouchers	\$ 33,326,040 *
14.879	Mainstream Vouchers	-
14.880	Family Unification Program	<u>-</u>
	Sub-total – Housing Voucher Cluster	<u>33,326,040</u>
	<b>Capital Fund Project Cluster:</b>	
14.872	Public Housing Capital Fund Program	1,191,109
14.884	ARRA – Public Housing Capital Fund Competitive	-
14.885	ARRA – Public Housing Capital Fund Stimulus (Formula)	<u>-</u>
	Sub-total – Housing Voucher Cluster	<u>1,191,109</u>
14.157	Supportive Housing for the Elderly	394,568 *
14.191	Multifamily Housing Service Coordinators	58,326
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,757,600 *
14.231	Emergency Shelter Grants Program	239,853
14.235	Supportive Housing Program	563,432
14.238	Shelter Plus Care Program	295,829
14.239	HOME Investment Partnerships	1,225,819
14.850	Public and Indian Housing	2,930,740 *
14.870	Resident Opportunity and Supportive Services	<u>31,047</u>
	Total HUD Program Award Expenditures	<u>\$ 43,014,363</u>
<b>Passed through the Government of Guam Department of Administration:</b>		
<b><u>U. S. Department of the Interior</u></b>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	174,453
<b><u>U. S. Department of Energy</u></b>		
81.042	ARRA – Weatherization Assistance for Low-Income Persons	303,769
81.128	Energy Efficient and Conservation Block Grant	<u>49,130</u>
	Total Passed through the Government of Guam Department of Administration	<u>527,352</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 43,541,715</u>
	Percentage of Federal Awards Tested	<u>90%</u>

\* Denotes a major program as defined by OMB Circular A-133 and based upon audit requirements imposed in the audit.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2013

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of GHURA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Programs Subject to Single Audit

The Schedule of Expenditures and Federal Awards presents each Federal program related to the U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, U.S. Department of the Interior and the U.S. Department of Energy.

The Authority has outstanding debt exceeding \$500,000 and the U.S. Department of Agriculture Rural Development requested the Supportive Housing Program for the Elderly be audited as a major program despite below the major program threshold for 2013. Therefore this program was audited as a major program.

Note 2 American Recovery and Reinvestment Act of 2009 (ARRA)

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2013, the Authority's grant award notifications and expenditures subject to Single Audit are as follows:

<u>CFDA Program</u>	<u>Grant Amount</u>	<u>FY 2013 Expenditures</u>
CFDA #81.042	1,123,466	303,769
Total	\$ 1,123,466	\$ 303,769

Note 3 Subrecipients

The Authority administers certain programs through subrecipient organizations. Those subrecipients are also not considered part of the Guam Housing and Urban Renewal Authority reporting entity. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how subrecipient outside of GHURA's control utilized those funds. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Authority provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.225	\$ 359,033
Supportive Housing Program	14.235	550,605
Emergency Shelter Grants Program	14.231	227,382
Shelter Plus Care Program	14.238	287,263
Total		\$ 1,424,283



GUAM

P.O. BOX 12734 • TAMUNING, GUAM 96931  
TEL: (671) 472-2680 • FAX: (671) 472-2686

SAIPAN

PMB 297 PPP BOX 10000 • SAIPAN, MP 96950  
TEL: (670) 233-1837 • FAX: (670) 233-8214

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC  
REQUIREMENTS APPLICABLE TO AFFIRMATIVE FAIR HOUSING  
AND NON-DISCRIMINATION**

To the Board of Commissioners  
Guam Housing and Urban Renewal Authority:

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2013 and have issued my report thereon dated March 11, 2014.

I have applied procedures to test GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements applicable to its HUD assisted programs, for the year ended September 30, 2013.

My procedures were limited to the applicable compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. My procedures were substantially less in scope than an audit, the objective of which would be the expression of an opinion on GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance with the Affirmative Fair Housing and Non-Discrimination requirements under the Guide.

This report is intended solely for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – Guam, and the Department of Housing and Urban Development and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.



Hagåtña, Guam  
March 11, 2014

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

I have audited the financial statements of the Supportive Housing for the Elderly Program (the Program) of the Guam Housing and Urban Renewal Authority and issued an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses were identified?      \_\_\_\_\_ yes        x   no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses?      \_\_\_\_\_ yes        x   none reported
  
- Noncompliance material to financial statements noted?      \_\_\_\_\_ yes        x   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?        x   yes      \_\_\_\_\_ no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        x   yes      \_\_\_\_\_ no

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

  x   yes      \_\_\_\_\_ no

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**PART I - SUMMARY OF AUDITOR’S RESULTS, continued**

Identification of major program:

<u>CFDA#</u>	<u>PROGRAM</u>
14.157	Supportive Housing for the Elderly Program
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program (HCV)

Dollar threshold used to distinguish between type A and type B programs: \$1,306,251

The Authority did not qualify as a low-risk auditee as defined in OMB Circular A-133.

**PART II - FINANCIAL STATEMENT FINDINGS SECTION**

No items are reportable.

**PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were instances of noncompliance noted that should be reported in accordance with Section 510(a) of OMB Circular A-133, which are presented in the following pages as findings 13-01 through 13-13.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
13-01	Special Tests and Provisions – Waiting List	\$ -
13-02	Eligibility – Upfront Income Verification	-
13-03	Eligibility – File Maintenance	-
13-04	Eligibility – Annual Inspections	-
13-05	Eligibility – Drug Abuse and Criminal Activity	-
13-06	Special Tests and Provisions – Civil Rights Laws' Accessibility Requirements	-
13-07	Special Tests and Provisions – Administrative Plan	-
13-08	Special Tests and Provisions – Lease Agreement	-
13-09	Special Tests and Provisions – Program Requirements	-
13-10	Special Tests and Provisions – Utility Allowance	-
13-11	Eligibility – Utility Allowance	-
13-12	Eligibility – Utility Allowance	-
13-13	Eligibility – HAP Contract	-
Total Questioned Costs		<u>\$ -</u>

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-01  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

### Criteria:

The PHA must have written policies in its administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Applicants shall be selected in order of date and time of initial application with consideration given to the regulations governing income targeting as well as adopted local preference.

### Condition:

For tenants residing in Units #D-5 and #K-2, based on the applicants' ranking or when initially applied, the applicant names had not reached the top of the waiting list prior to be admitted to the program nor were there any document local preferences granted in accordance with the Authority's applicant selection policies.

### Cause:

The Program's management failed to adhere to its Administrative Plan policies and procedures for applicant selection from the waiting list.

### Effect:

The Authority is noncompliance with HUD regulations.

### Recommendation:

The Authority should implement monitoring policies and procedures to ensure that it complies with existing regulations affecting the waiting list and selection of applicants as it relates to income requirements, elderly and non-elderly status, and local preference selection.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-01, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Guma Trankilidat's Administrative Plan is currently under revision and is expected to be available for public review and comment by March 2014. Submission to the Guam Housing and Urban Renewal Authority (GHURA) Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. The Administrative Plan will document sound policies and procedures for selecting applicants from the Guma Trankilidat wait list. The Guma Trankilidat Property Site Manager will be responsible for overseeing and maintaining fair practices of selection from the Guma Trankilidat wait list by monitoring admission procedures, ensuring compliance with the Administrative Plan policies, Guma Trankilidat's existing Management Plan, and HUD/USDA Rural Development's handbook for Admission and Continued Occupancy in Multifamily Housing Programs.

For tenant's residing in Units D-5 and K-2, the Guma Trankilidat Property Site Manager will retroactively review the files and make necessary corrections to document that previous unit offers and selection were aligned with current procedures for selecting and admitting applicants from the wait list.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-02  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Criteria:

HUD strongly encourages PHA's to use HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income and inform tenants of its capability and intent to compare tenant reported information with UIV data. The UIV is the verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals. This tool allows the PHA to view employment information, wages, unemployment benefits and social security benefit information at any point in time. It also compares PHA verified/tenant reported wages, unemployment compensation and social security benefit information reported on HUD form 50058 with the UIV reported amounts for the same income sources to identify families that have substantially underreported their household income. PHA's should put forth a conscience effort to ensure that they use available resources including the UIV techniques to obtain verification of tenant reported (unreported or underreported) income. All PHA's are required to use HUD's Tenant Assessment Subsystem (TASS) or the UIV to verify social security and supplemental security income of current participants and household members.

### Condition:

For five (5) or 38% of the thirteen (13) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System or the TASS to validate tenant reported income for tenants occupying Units #A-3, #D-5, #E-1, #E-2, and #K-2.

There was no documentation on-file to verify the annual income totaling \$12,252 reported on the HUD Forms 50058 and 50059.

There was documentation on-file to substantiate or verify income exclusions totaling \$1,056 reported on the HUD Forms 50058 and 50059.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-02, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

Cause:

The Property Site Manager (PSM) is responsible for handling all of the day-to-day operations including processing all tenant applications and failed to perform the income verification procedure in a timely manner. The Authority has not fully implemented internal control procedures to utilize the EIV system and properly document all tenant income sources as part of reexamination process.

Effect:

The potential exist for families to underreport their household income and go undetected.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Authority should implement internal control monitoring procedures to ensure adherence to its procedures to utilize HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income. All sources of income and exclusions should be verified and properly documented in tenant files.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-02, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Guma Trankilidat's revised Administrative Plan will include procedures that require Enterprise Income Verification (EIV) System reports are printed during tenant reexamination appointments, scheduled within 120 days of the tenant's Annual Recertification date, and at least 30 days prior to renewal/contract signing. This process will allow the Guma Trankilidat Property Site Manager to review and verify information contained in the EIV reports, and grant tenants the opportunity to provide documentation for income discrepancies or reports of unreported/underreported income. Based on the outcome of the EIV reports, the Authority will determine whether future or retroactive corrections must be made.

For units A-3, D-5, E-1, E-2 and K-2, the Guma Trankilidat Property Site Manager will retroactively review files and print EIV reports covering the review period cited to ensure corrections are performed and documented.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-03  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Criteria:

In accordance with the Authority's Elderly Program Administrative Plan, the Authority must complete the following forms during interview with the tenant: (a) certification that the information provided to the Authority is correct; (b) one or more release forms to allow the Authority to obtain information from third parties; (c) a federally-prescribed general release form for employment information; and (d) a privacy notice. Additionally, the Authority must obtain the necessary information and documentation to verify income eligibility as a condition of admission or continued occupancy.

### Condition:

Of the thirteen (13) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

1. No third-party documentation was on-file to verify public assistance received for monthly food stamps and welfare assistance totaling \$295 and \$56, respectively, for the tenant residing in Unit #C-1.
2. For 1 or 7% of the 13 tenant files tested, the Certification Form for not filing an individual income tax was not signed by the tenant residing in Unit #E-1.
3. For 1 or 7% of the 13 files tenant tested, the USDA Rural Development Form RD 3560-8 was signed by the tenant or the Property Site Manager for Unit #D-5.
4. For 8 or 62% of the 13 files tested, the Consent of Disclosure GHURA Form was not signed and dated by Project Site Manager for tenants residing in Units #A-3, #C-3, #D-4, #D-6, #E-3, #F-2, #J-1, and #K-2.
5. For 1 or 7% of the 13 files tenant tested, the Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Reasonableness was not signed by the tenant and the Property Site Manager for Unit #D-5.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-03, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Condition: (continued)

6. For 4 or 13% of the 13 tenant files tested, the lease agreement was not on-file for inspection for the tenants residing in Units #A-3, #C-1, #E-1, and #F-2.
7. For 2 or 15% of the 13 tenant files tested, the Unit Inspection Report was not signed or dated by the Inspector for tenants residing in Unit #C-1 and #E-2.
8. For 1 or 8% of the 13 tenant files tested, the social security card was not on-file for independent verification for the tenant residing in Unit #C-1.

Additionally, we noted that numerous HUD eligibility “unused” forms used for eligibility determination were pre-dated and signed by the Property Site Manager.

### Cause:

GHURA lacks proper tenant file maintenance. There is a File Document Review and Checklist that is placed in all tenants’ folders during the recertification process; however, it is not being properly used for ensuring that all required eligibility determination documentation is obtained prior to the tenant’s admission to the program. The Property Site Manager did not adhere to the internal control procedures in ensuring that all the required documents are complete and accurate at the time of the annual or recertification process. Additionally, there are no independent internal control monitoring or review procedures in place to ensure the adequacy and completeness of the admission and certification of tenants.

### Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Elderly Program Administrative Plan for the Supportive Housing for Elderly program.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No:** 13-03, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

### Recommendation:

The Authority should enforce and monitor its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. The File Document Review and Checklist in the tenant's folder should be completed to ensure that all the necessary documents are obtained, properly completed and on-file for independent verification. Supervisors and management must examine files to ensure completeness and accuracy. Greater quality control and internal control monitoring procedures should be implemented to mitigate errors and omissions. The Authority's Compliance Specialist should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Elderly Program Administrative Plan and federal regulations.

### Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager has solicited the assistance of the Section 8 Quality Control Reviewer for the purpose of conducting monthly monitoring of income and document file maintenance effective October 2013. The purpose of the Quality Control review is to provide the Guma Trankilidat Property Site Manager reports that identify discrepancies or corrections to files necessary to reduce the amount of incomplete forms, calculation errors, as well as timely implementation of increases/decreases in total tenant payments. The Quality Control Reviewer performs independent review and submits information to the Guma Trankilidat Property Site Manager for execution of necessary corrections as a result of the review. This process ensures the adequacy and completeness of the admission and certification of tenants.

For the thirteen (13) files tested in this area, the Guma Trankilidat Manager has identified twelve of the sampled units (Units A-3, C-1, C-3, D-4, D-5, D-6, E-1, E-2, E-3, F-2, J-1, and K-2) that will retroactively be reviewed to correct discrepancies cited in the audit report.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-04  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Criteria:

Pursuant to the Elderly Program Administrative Plan for the Supportive Housing for Elderly program to conduct annual inspections to ensure that it maintain its housing units in a manner that meets the physical conditions standards set forth in 24 CFR 5.703 in order to be considered decent, safe and in good repair.

### Condition:

For three (3) or 23% of the thirteen (13) tenant files tested, there was either no inspection conducted at the time of move-in or the inspection was not performed in a timely manner for the following:

1. Unit #K-2: Unit Move-In Inspection Report was signed by tenant on 11/26/12; however, the Inspector signed and dated report until 2/27/12 which appears to have pre-dated or erroneously signed.
2. Unit #C-1: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 3/1/13.
3. Unit #E-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 12/2/12.

### Cause:

The Property Site Manager has not fully implemented procedures to conduct housing inspections according to scheduled time frames to coincide with the annual inspections prior to a tenant's recertification period.

### Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Elderly Program Administrative Plan for the Supportive Housing for Elderly program to conduct annual inspections to ensure that it maintain its housing units in a manner that meets the physical conditions standards set forth in 24 CFR 5.703.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-04, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that annual inspections of dwelling units are conducted in a timely manner and documented within the tenant's folder.

### Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager has solicited the assistance of the Section 8 Quality Control Inspector to conduct Annual Uniform Physical Conditions Standards (UPCS) inspections effective October 2013. The Annual UPCS inspections will ensure the property site remains compliant with the physical conditions standards set forth in 24 CFR 5.703, to ensure the site is decent, safe, and sanitary, and in good repair. The annual UPCS includes 100% inspection of the site, common areas, and the units. Any deficiencies identified as a result of the annual UPCS inspection must be corrected.

Review of files indicates previous practice intermingles the use of the Annual UPCS inspections with the "Unit Inspection Reports", an internal work order form providing guidance to the Guma Trankilidat staff documenting the current unit condition at the time of move-ins, move-outs, special, or monthly inspections.

The revised Guma Trankilidat Administrative Plan will implement procedures to conduct Annual UPCS inspections that coincide with the Annual Recertification. A review of all tenant files will be conducted to ensure inspections were conducted in a timely manner and properly documented in case files.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-05  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Criteria:

Pursuant to the Authority's Pursuant to the Elderly Program Administrative Plan for the Supportive Housing for Elderly program and 24 CFR Sections 982.553 982.516, the Authority may prohibit admission to the program, if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before admission:

1. Drug-related criminal activity;
2. Violent criminal activity;
3. Other criminal activity which threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or
4. Other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor or agent).

### Condition:

As part of the Authority's admission process, it requires adult household members to obtain a Police/Court Clearance. The Authority's Administrative Plan states that it shall determine involvement in criminal activity through the police or court clearances for criminal activity. For seven (7) or 54% of the thirteen (13) units tested, the Police/Court Clearance was not obtained tenants residing in Units #A-3, #C-1, #D-5, #D-6, #E-1, #E-3, and #F-2.

### Cause:

The Authority did not adhere to its administrative plan for screening applicants and tenants for family behavior or suitability for tenancy.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-05, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Eligibility  
**Questioned Cost:** \$0

### Effect:

The Authority did not adhere to its Elderly Program Administrative Plan for the Supportive Housing for Elderly program for exercising due diligence to prohibit admission of drug criminals. The potential exist for participants with criminal activity or engaging in illegal drug activity to be admitted to the program and not be detected in a timely manner.

### Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

### Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all police and court clearances are obtained during the admission and recertification process. A quality control procedure should be established and implemented to ensure compliance and to ensure that corrective action plans are properly implemented in a timely manner.

### Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Through the update and revision of the Guma Trankilidat Administrative Plan, sound procedures will be implemented to ensure compliance of 24 CFR Sections 982.553 and 982.516 for the Authority's admissions process.

The Guma Trankilidat Property Site Manager will review all current tenants to ensure a Police/Court Clearance for all household members are completed and located in the tenant's file.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-06  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

### Criteria:

The Uniform Federal Accessibility Standards outlines the uniform standards for the design, construction and alteration of buildings so that physically handicapped persons will have ready access to and use of them in accordance with the Architectural Barriers Act, 42 U.S.C. 4151-4157.

Relating to those standards, the Department of Agriculture (USDA) implemented Section 504 of the Rehabilitation Act of 1973, on June 10, 1982, by issuing 7 CFR 15b. Section 504's purpose is to assure that no otherwise qualified person with a disability is solely by reason of his or her disability excluded from benefits, or subjected to discrimination under any federally assisted program or activity. Correspondingly, on June 11, 1982, USDA issued 7 CFR 15b, which required all borrowers to conduct self-evaluations within 1 year of the USDA regulation. In the event that structural changes were necessary, recipients were required to develop transition plans that set forth the steps necessary to complete such changes.

### Condition:

The Program has not updated and submitted its 504 Assessment to Rural Development for review and approval. Additionally, the Program did not perform a self-evaluation and develop a related transition plan identifying physical obstacles that limit accessibility of its program to disabled persons; methods to be used to make facilities accessible; and specification of the steps necessary to achieve full program accessibility and related period of time of the transition plan.

### Cause:

The Program's management failed to update and submit its 504 Assessment to Rural Development for review and approval as and there is a lack of internal control monitoring procedures to ensure that the self-evaluation and transition were conducted in a timely manner.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-06, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

Effect:

There is no known material effect on the financial as a result of this condition; however, is the Program is in noncompliance with Rural Development HB-2-3560 Chapter 5 requirements.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Program should update and submit its Management Plan in accordance with the Rural Development HB-2-3560 Chapter 5 requirements.

Auditee Response/Corrective Action Plan:

On October 2013, GHURA submitted its Self-Evaluation Needs Assessment and Transition Plan prepared by E&A TEAM Inc. to Rural Development for review and approval. The 'SENAT' Plan coincides with GHURA's submission of its Capital Needs Assessment for the Guma Trankilidat property. The SENAT Plan identifies physical obstacles that limit accessibility of the program to disabled persons, methods to be used to make the facilities accessible, and the steps necessary to achieve full accessibility. The SENAT Plan outlines GHURA's plan to achieve full program accessibility and the related period of time.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-07  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

### Criteria:

The Authority is required to maintain an up-to-date Elderly Program Administrative Plan to manage the Guam Elderly Project, commonly known as “Guma Trankilidat” which is financed through the Rural Development and Community Development Service under Section 515 New Construction. The purpose of the Administrative Plan is to establish policies and procedure not covered under Federal Regulations and to further the goal of the Authority to maintain full occupancy, reduce turnover, collect rents owed, preserve the project’s physical condition and adhere to applicable laws and regulations. Changes to the Plan must be approved by the Board of Commissioners and a copy provided to the U.S. Department of Housing and Urban Development (HUD).

### Condition:

The Authority has not updated or revised its Administrative Plan since 2004.

### Cause:

The Program’s management failed to update or revise the existing Administrative Plan for approval by the Board of Commissioners and submission to HUD. The Authority was using a combination of the existing Administrative Plan along with the Section 8 Housing Choice Voucher Administrative Plan to tailor its current policies and procedures for managing the Project.

### Effect:

There is no known material effect on the financial as a result of this condition; however, failure to maintain an updated Administrative Plan exposes the Authority to potential noncompliance with Federal regulations.

### Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-07, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

Recommendation:

The Authority should update or revise the existing Administrative Plan for approval by the Board of Commissioners and submission to HUD. A copy should also be submitted to Rural Development.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager is responsible for updating and revising the Guma Trankilidat Administrative Plan, expected to be available for public review and comment by March 2014. Submission of the Guma Trankilidat Administrative Plan to the GHURA Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. Upon GHURA Board Approval, a copy will be submitted to HUD and Rural Development.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-08  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

### Criteria:

Pursuant to the “General Provisions” of Project’s House Rules, a leased (dwelling) unit shall be used only as a residence and it use for any business, professional or unlawful purpose is prohibited. Failure to violate any of the Rules shall constitute sufficient grounds for termination of the lease agreement and subsequent eviction from the premises.

### Condition:

During a physical tour of the project grounds, it was noted that a tenant residing in Unit #F-3 is actively conducting business from the occupied residence with “for sale” signs posted on the windows. This violation was discussed with the Project Site Manager and although the sign was subsequently removed, it is apparent that the tenant is still conducting business from the leased premises.

### Cause:

The Program’s management failed to enforce the general provisions of the lease agreement and provide tenants sufficient written warnings of violations or take correction action to terminate lease agreement.

### Effect:

There is no known material effect on the financial as a result of this condition; however, the tenant is noncompliance with the Authority’s “General Provisions” of Project’s House Rules.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-08, continued  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

Recommendation:

The Authority should take corrective action to ensure leased units are used only as a residence and it use for any business and any continued violation should constitute sufficient grounds for termination of the lease agreement and subsequent eviction.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The tenant residing in unit F-3 has removed the 'for sale' signs posted along his unit walls and windows as of August 19, 2013. A violation notice has been issued to the tenant on December 20, 2013 for failure to adhere to the Guma Trankilidat Lease Agreement and House Rules.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-09  
**CFDA Program:** 14.157 – Supportive Housing for the Elderly  
**Area:** Special Tests and Provisions  
**Questioned Cost:** \$0

### Criteria:

Pursuant to the program requirements set forth in Chapter 1, Section 11-1 Subsection E for Facilities for Religious Observances of the Supportive Housing for the Elderly (HUD Handbook 4571.3), facilities cannot be set aside for use only for religious purposes; however, a multipurpose room may be used for religious services and other related purposes. Religious articles or equipment may not be installed permanently and must be removed at the conclusion of any service or observance. Any room or space used for such purposes must be available for equitable use by all groups composing the tenancy.

### Condition:

During an on-site inspection of project, it was noted that the community space/pavilion used for gatherings and religious activities has religious articles, literature, pictures and related paraphernalia and literature posted on and attached to walls and bulletin board that was not removed at the conclusion of the religious service or observance.

### Cause:

The Program's management is unaware of this program requirement and consequently failed to enforce the program requirements in the HUD Handbook 4571.3.

### Effect:

There is no known material effect on the financial as a result of this condition; however, the tenant is noncompliance with the (HUD Handbook 4571.3 program requirements.

### Recommendation:

The Authority should take corrective action to ensure compliance with the HUD Handbook 4571.3 program requirements.

### Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Effective immediately, the Guma Trankilidat Property Site Manager has removed all religious articles or equipment that were permanently affixed to the building walls or shelves. All tenants were provided a notice on December 19, 2013 and advised that religious articles, equipment, or literature must be removed at the conclusion of any service or observance.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2013

**Finding No.:** 13-10  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Special Tests and Provisions  
**Questioned Costs:** \$0

#### Criteria:

In accordance with 24 CFR 965.507 and the Authority's Admissions and Continued Occupancy Policy, it must review its schedule of utility allowances each year. Between annual reviews, the Authority must revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

#### Condition:

For all 35 files tested, we noted that the Authority did update or review its Utility Allowance Schedule for the fiscal year ending September 30, 2013.

#### Cause:

The Authority failed to review and update its schedule for utility allowances in a timely manner.

#### Effect:

The Authority is in noncompliance with 24 CFR 965.507 and its Admissions and Continued Occupancy Policy. There potential exist for tenant rents to be misstated.

#### Recommendation:

We recommend that management review and update its schedule of utility allowances each year. Between annual reviews, the Authority should revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

#### Auditee Response/Corrective Action Plan:

We agree with this finding.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-11  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Criteria:

In accordance with 24 CFR 965, Subpart E and the Authority's Admissions and Continued Occupancy Policy, Utility allowances are provided to families paying income-based rents when the cost of utilities is not included in the rent. When determining a family's income-based rent, GHURA must use the utility allowance applicable to the type of dwelling unit leased by the family.

### Condition:

For one (1) or 3% of 35 tenant files tested, we noted that the Housing Specialist used the Housing Choice Voucher Program Utility Allowance Schedule for determining the utility allowance for the tenant residing in Unit #15BRDC8 which is 3-bedroom unit.

As cited in Finding 13-10, the Authority is using an outdated Utility Allowance Schedule fiscal year ending September 30, 2013, the Housing Specialist should have applied \$235 instead of the \$258 reflected on the Housing Choice Voucher Utility Allowance Schedule for 3-bedroom unit. The family was admitted to the program February 28, 2013 as a new admission and was recertified through February 28, 2014 using the same utility allowance resulting in a \$23 underpayment of tenant monthly rent or \$254 as of February 2014.

### Cause:

The Housing Specialist transferred from the Section HCV Program and used the wrong utility allowance schedule. There is a lack of internal control monitoring procedures over the review of tenant eligibility determinations.

### Effect:

The Authority lost \$254 in tenant income as a result of this condition.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-11, continued  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Recommendation:

We recommend that the Property Site Manager exercise due care in reviewing all admission/recertification documentation for accuracy and completeness prior to the final eligibility determination.

### Auditee Response/Corrective Action Plan:

We agree with this finding.

- 1) Applied corrected Utility Allowance Schedule using Public Housing's Schedule.
- 2) Calculated tenant rent effective 02/01/2014 and applied corrected Utility Allowance schedule.
- 3) File was reviewed prior to completion of initial certification, error occurred during the initial certification process. A 20% Quality Control review is conducted on all admissions and re-certifications. AMP manager will review more on the Admissions for completeness and accuracy.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-12  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Criteria:

In accordance with the Authority's Admissions and Continued Occupancy Policy, the Authority must complete the following forms during the initial admission or recertification of tenant eligibility: (a) certification that the information provided to the Authority is correct; (b) one or more release forms to allow the Authority to obtain information from third parties; (c) a federally-prescribed general release form for employment information; (d) a privacy notice; obtain police and perform a unit inspection. Additionally, the Authority must obtain the necessary information and documentation to verify income eligibility as a condition of admission or continued occupancy.

### Condition:

One or 3% of the thirty-five (35) tenant files tested, the tenant folder for the family residing in unit #A05, lacked certain documentation for the current period or had missing signatures from the Property Site Manager as following:

1. Upfront income verification was not conducted for eligible household members.
2. The Residential Lease Agreement was not signed and dated by the Property Site Manager (PSM) and the tenant.
3. Unit inspection was not conducted during recertification.
4. A police clearance was obtained for adult family household members.
5. Notice of Rent Adjustment was signed and date by the PSM and tenant.
6. Disclosure Consent forms were not properly signed and dated by tenant.
7. Fraud Affidavit (GHURA) Penalties and Interest form was not signed and dated by tenant.
8. Community Service Compliance Certification was not on-file for inspection.

### Cause:

The Property Site Manager did not adhere to the internal control procedures in ensuring that all the required documents are obtained and completed at the time of the annual or recertification process. Additionally, there is a lack of consistent quality control monitoring or review procedures in place to ensure the adequacy and completeness of the admission and certification of tenants.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-12, continued  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Effect:

There is no material effect on the financial statements as a result of this condition. However, the Authority is not in compliance with federal regulations and its policies and procedures set forth in the Admissions and Continued Occupancy Policy.

### Recommendation:

The Authority should enforce and monitor its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. Greater quality control and internal control monitoring procedures should be implemented to mitigate errors and omissions. The Authority's Compliance Specialist should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Admissions and Continued Occupancy Policy and federal regulations.

### Auditee Response/Corrective Action Plan:

The AMP3 Property Site Manager (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The green flaps will be revised to ensure that required documents are carried forward, where necessary. These flaps will be used as guidance for both Housing Specialist and Interviewer Clerk to follow through when filing tenant and applicant documents.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-12, continued  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Auditee Response/Corrective Action Plan: (continued)

The AMP3 PSM has required the following process:

- Housing Specialist will submit tenant file to PSM upon completion of recertification process within 2 days.
- PSM will conduct quality control review for completeness and document results to have HS correct within 5 working days.
- Housing Specialist will correct deficiencies and return to PSM within 3 working days.
- PSM will conduct final review for completeness within 2 working days.

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations.

The PSM will conduct a 100% quality control review on all tenant files.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**Finding No.:** 13-13  
**CFDA Program:** 14.871 – Housing Choice Voucher Program  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Criteria:

In accordance with HUD regulations and 24 CFR 982.451 for Housing Assistance Payments (HAP) Contract for the Section 8 Housing Choice Voucher Program is an agreement between the Public Housing Authority (PHA) and the owner of a unit occupied by an assisted family using form HUD-52641 Housing Assistance Payments Contract to execute the contract between the PHA and the owner.

### Condition:

For one (1) or 3% of 35 tenant files tested, a HAP contract for Voucher #08-0068 was executed by a person who did not have legal capacity sign on behalf of the owner of the unit to be occupied by the assisted family. The HAP contract indicated that individual had power of authority (POA) to act on behalf of the owner but a copy of the POA was not obtained and verified prior to contract execution.

### Cause:

There is a lack of internal control monitoring procedures obtaining, verifying and properly documenting landlord documentation in a timely manner.

### Effect:

The Authority is in noncompliance with 24 CFR 982.451 and its Administrative Plan.

### Recommendation:

We recommend that management strengthen its existing internal control policies and procedures to ensure that all required documentation needed to enter into a HAP contract is obtained, verified and properly documented prior to the execution of the contract.

### Auditee Response/Corrective Action Plan:

We agree with the finding. The Housing Specialist Supervisor will increase the percentage of files for quality control review to ensure compliance of all required documentation prior to the HAP contract execution.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2013

#### Audit Finding #

2011 – 01	This finding is considered resolved.
2011 – 02	This finding is considered resolved.
2012 – 01	This finding is considered resolved.
2012 – 02	This finding is considered resolved.
2012 – 03	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 02.
2012 – 04	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 03.
2012 – 05	This finding is considered resolved.
2012 – 06	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 04.
2012 – 07	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 05.
2012 – 08	This finding is considered resolved.
2012 – 09	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 06.
2012 – 10	This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 07.
2012 – 11	This finding is considered unresolved.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Summary of Unresolved Questioned Costs  
Year Ended September 30, 2013

	<u>Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2013 Questioned costs	\$ -	\$ -	\$ -	\$ -
FY 2012 Questioned costs	<u>97,751</u>	<u>-</u>	<u>-</u>	<u>97,751</u>
Total unresolved questioned costs at September 30, 2013	<u>\$ 97,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,751</u>

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 01**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

For tenants residing in Units D-5 and K-2, based on the applicants' ranking or when initially applied, the applicant names had not reached the top of the waiting list prior to being admitted to the program nor were there any document local preferences granted in accordance with the Authority's applicant selection policies.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Guma Trankilidat's Administrative Plan is currently under revision and is expected to be available for public review and comment by March 2014. Submission to the Guam Housing and Urban Renewal Authority (GHURA) Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. The Administrative Plan will document sound policies and procedures for selecting applicants from the Guma Trankilidat wait list. The Property Site Manager will be responsible for overseeing and maintaining fair practices of selection from the Guma Trankilidat wait list by monitoring admission procedures, ensuring compliance with the Administrative Plan policies, Guma Trankilidat's existing Management Plan, and HUD/USDA Rural Development's handbook for Admission and Continued Occupancy in Multifamily Housing Programs.

For tenant's residing in Units D-5 and K-2, the Property Site Manager will retroactively review the files and make necessary corrections to document that previous unit offers and selection were aligned with current procedures for selecting and admitting applicants from the wait list.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

April 30, 2014



# **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

## **Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013**

**Finding No. 13 – 02**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

For five (5) or 38% of the thirteen (13) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System or the TASS to validate tenant report income for tenants occupying Unit A-3, D-5, E-1, E-2, and K-2.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Guma Trankilidat's revised Administrative Plan will include procedures that require Enterprise Income Verification (EIV) System reports are printed during tenant reexamination appointments, scheduled within 120 days of the tenant's Annual Recertification date, and at least 30 days prior to renewal/contract signing. This process will allow the Property Site Manager to review and verify information contained in the EIV reports, and grant tenants the opportunity to provide documentation for income discrepancies or reports of unreported/underreported income. Based on the outcome of the EIV reports, the Authority will determine whether future or retroactive corrections must be made.

For units A-3, D-5, E-1, E-2 and K-2, the Property Site Manager will retroactively review files and print EIV reports covering the review period cited to ensure corrections are performed and documented.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

April 30, 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 03**

**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

Of the thirteen (13) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

1. No third-party documentation was on file to verify public assistance received for monthly food stamps and welfare assistance totaling \$295 and \$56, respectively, for the tenant residing in Unit C-1.
2. For 1 or 7% of the 13 tenant files tested, the Certification Form for not filing an individual income tax was not signed by the tenant residing in Unit E-1.
3. For 1 or 7% of the 13 files tenant tested, the USDA Rural Development Form RD 3560-8 was signed by the tenant or the Property Site Manager for Unit D-5.
4. For 8 or 62% of the 13 files tenant tested, the Consent of Disclosure GHURA Form was not signed and dated by Project Site Manager for tenants residing in Units A-3, C-3, D-4, D-6, E-3, F-2, J-1 and K-2.
5. For 1 or 7% of the 13 files tenant tested, the Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Reasonableness was not signed by the tenant and the Property Site Manager for Unit D-5.
6. For 4 or 13% of the 13 tenant files tested, the lease agreement was not on-file for inspection for the tenants residing in Units A-3, C-1, #-1 and F-2.
7. For 2 or 15% of the 13 tenant files tested, the Unit Inspection Report was not signed or dated by the Inspector for tenants residing in Unit C-1 and E-2.
8. For 1 or 8% of the 13 tenant files tested, the social security card was not on-file for independent verification for the tenant residing in Unit C-1.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager has solicited the assistance of the Section 8 Quality Control Reviewer for the purpose of conducting monthly monitoring of income and document file maintenance effective October 2013. The purpose of the Quality Control review is to provide the Property Site Manager reports that identify discrepancies or corrections to files necessary to reduce the amount of incomplete forms, calculation errors, as well as timely implementation of increases/decreases in total tenant payments. The Quality Control Reviewer performs independent review and submits information to the Property Site Manager for execution of necessary corrections as a result of the review. This process ensures the adequacy and completeness of the admission and certification of tenants. For the thirteen (13) files tested in this area, the Property Site Manager has identified twelve of the sampled units (Units A-3, C-1, C-3, D-4, D-5, D-6, E-1, E-2, E-3, F-2, J-1, and K-2) that will retroactively be reviewed to correct discrepancies cited in the audit report.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

June 30, 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 04**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

### Condition:

For three (3) or 23% of the thirteen (13) tenant files tested, there was either no inspection conducted at the time of move-in or the inspection was not performed in a timely manner for the following:

1. Unit K-2: Unit Move-In Inspection Report was signed by tenant on 11/26/12; however, the Inspector signed and dated report until 2/27/12 which appears to have pre-dated or erroneously signed.
2. Unit C-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 3/1/13.

Unit E-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 12/2/12.

### Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager has solicited the assistance of the Section 8 Quality Control Inspector to conduct Annual Uniform Physical Conditions Standards (UPCS) inspections effective October 2013. The Annual UPCS inspections will ensure the property site remains compliant with the physical conditions standards set forth in 24 CFR 5.703, to ensure the site is decent, safe, and sanitary, and in good repair. The annual UPCS includes 100% inspection of the site, common areas, and the units. Any deficiencies identified as a result of the annual UPCS inspection must be corrected.

Review of files indicates previous practice intermingles the use of the Annual UPCS inspections with the “Unit Inspection Reports”, an internal work order form providing guidance to the Guma Trankilidat staff documenting the current unit condition at the time of move-ins, move-outs, special, or monthly inspections.

The revised Administrative Plan will implement procedures to conduct Annual UPCS inspections that coincide with the Annual Recertification. A review of all tenant files will be conducted to ensure inspections were conducted in a timely manner and properly documented in case files. Of importance is to note that the Property Site Manager and Maintenance Man have completed a certificate training on UPCS on August 29, 2013. The UPCS training provides the Guma Trankilidat staff the knowledge to enforce UPCS inspections ensuring the site and units remain compliant.

### Responsible Party:

Property Site Manager

### Anticipated Date of Completion:

May 31, 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 05**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

As part of the Authority's admission process, it requires adult household member to obtain a Police/Court Clearance. The Authority's Administrative Plan states that it shall determine involvement in criminal activity through the police or court clearances for criminal activity. For seven (7) or 54% of the thirteen units tested, the Police/Court Clearance was not obtained for tenants residing in Units A-3, C-1, D-5, D-6 E-1, E-2, and F-2.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Through the update and revision of the Guma Trankilidat Administrative Plan, sound procedures will be implemented to ensure compliance of 24 CFR Sections 982.553 and 982.516 for the authority's admissions process.

The Property Site Manager will review all current tenants to ensure a Police/Court Clearance for all household members are completed and located in the tenant's file.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

Continuous

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 06**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

The Program has not updated and submitted its 504 Assessment to Rural Development for review and approval. Additionally, the Program did not perform a self-evaluation and develop a related transition plan identifying physical obstacles that limit accessibility of its program to disable persons; methods to be used to make facilities accessible; and specification of the steps necessary to achieve full program accessibility and related period of time of the transition plan.

Corrective Action Stated and Taken:

On October 2013, GHURA submitted its Self-Evaluation Needs Assessment and Transition Plan prepared by E&A TEAM Inc. to Rural Development for review and approval. The 'SENAT' Plan coincides with GHURA's submission of its Capital Needs Assessment for the Guma Trankilidat property. The SENAT Plan identifies physical obstacles that limit accessibility of the program to disabled persons, methods to be used to make the facilities accessible, and the steps necessary to achieve full accessibility. The SENAT Plan outlines GHURA's plan to achieve full program accessibility and the related period of time.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

October 2013

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Plan of Corrective Action  
Federal Award Findings and Questioned Costs  
September 30, 2013

**Finding No. 13 – 07**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

The Authority has not updated or revised its Administrative Plan since 2004.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager is responsible for updating and revising the Guma Trankilidat Administrative Plan, expected to be available for public review and comment by March 2014. Submission of the Guma Trankilidat Administrative Plan to the GHURA Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. Upon GHURA Board Approval, a copy will be submitted to HUD and Rural Development.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

June 30, 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 08**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

During a physical tour of the project grounds, it was noted that a tenant residing in Unit #F-3 is actively conducting business from the occupied residence with “for sale” signs posted on the windows. This violation was discussed with the Project Site Manager and although the sign was subsequently removed, it is apparent that the tenant is still conducting business from the leased premises.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The tenant residing in unit F-3 has removed the ‘for sale’ signs posted along his unit walls and windows as of August 19, 2013. A violation notice has been issued to the tenant on December 20, 2013 for failure to adhere to the Guma Trankilidat Lease Agreement and House Rules.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

December 20, 2013

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 09**  
**CFDA No. 14.157 – Supportive Housing for the Elderly Program**

Condition:

During an on-site inspection of project, it was noted that the community space/pavilion used for gatherings and religious activities has religious articles, literature, pictures and related paraphernalia and literature posted on and attached to walls and bulletin board that was not removed at the conclusion of the religious service or observance.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Effective immediately, the Guma Trankilidat Property Site Manager has removed all religious articles or equipment that were permanently affixed to the building walls or shelves. All tenants were provided a notice on December 19, 2013 advised that religious articles, equipment, or literature must be removed at the conclusion of any service or observance.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

December 19, 2013



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 10**  
**CFDA No. 14.850 – Public and Indian Housing Program**

Condition:

For all 35 files tested, we noted that the Authority did update or review its Utility Allowance Schedule for the fiscal year ending September 30, 2013.

Corrective Action Stated and Taken:

Management will review and update schedule of utility allowances each year. Between annual reviews, the Authority will also revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

Responsible Party:

Housing Manager

Anticipated Date of Completion:

December 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 11**  
**CFDA No. 14.850 – Public and Indian Housing Program**

Condition:

For one (1) or 3% of 35 tenant files tested, we noted that the Housing Specialist used the Housing Choice Voucher Program Utility Allowance Schedule for determining the utility allowance for the tenant residing in Unit #15BRDC8 which is 3-bedroom unit.

As cited in Finding 13-10, the Authority is using an outdated Utility Allowance Schedule fiscal year ending September 30, 2013, the Housing Specialist should have applied \$235 instead of the \$258 reflected on the Housing Choice Voucher Utility Allowance Schedule for 3-bedroom unit. The family was admitted to the program February 28, 2013 as a new admission and was recertified through February 28, 2014 using the same utility allowance resulting in a \$23 underpayment of tenant monthly rent or \$254 as of February 2014.

Corrective Action Stated and Taken:

We agree with this finding.

- 1) Applied corrected Utility Allowance Schedule using Public Housing's Schedule.
- 2) Calculated tenant rent effective 02/01/2014 and applied corrected Utility Allowance schedule.
- 3) File was reviewed prior to completion of initial certification, error occurred during the initial certification process. A 20% Quality Control review is conducted on all admissions and recertifications. AMP manager will review more on the Admissions for completeness and accuracy.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

February 2014

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

**Finding No. 13 – 12**  
**CFDA No. 14.850 – Public and Indian Housing Program**

### Condition:

One or 3% of the thirty-five (35) tenant files tested, the tenant folder for the family residing in unit #A05, lacked certain documentation for the current period or had missing signatures from the Property Site Manager as following:

1. Upfront income verification was not conducted for eligible household members.
2. The Residential Lease Agreement was not signed and dated by the Property Site Manager (PSM) and the tenant.
3. Unit inspection was not conducted during recertification.
4. A police clearance was obtained for adult family household members.
5. Notice of Rent Adjustment was signed and date by the PSM and tenant.
6. Disclosure Consent forms were not properly signed and dated by tenant.
7. Fraud Affidavit (GHURA) Penalties and Interest form was not signed and dated by tenant.
8. Community Service Compliance Certification was not on-file for inspection.

### Corrective Action Stated and Taken:

The AMP3 Property Site Manager (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The green flaps will be revised to ensure that required documents are carried forward, where necessary. These flaps will be used as guidance for both Housing Specialist and Interviewer Clerk to follow through when filing tenant and applicant documents.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

The AMP3 PSM has required the following process:

- Housing Specialist will submit tenant file to PSM upon completion of recertification process within 2 days.
- PSM will conduct quality control review for completeness and document results to have HS correct within 5 working days.
- Housing Specialist will correct deficiencies and return to PSM within 3 working days.
- PSM will conduct final review for completeness within 2 working days.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Plan of Corrective Action  
Federal Award Findings and Questioned Costs  
September 30, 2013

**Finding No. 13 – 12 (continued)**  
**CFDA No. 14.850 – Public and Indian Housing Program**

Corrective Action Stated and Taken: (continued)

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations.

The PSM will conduct a 100% quality control review on all tenant files.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

March 2014 and continuous.

# **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

## **Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013**

**Finding No. 13 – 13**  
**CFDA No. 14.871 – Housing Choice Voucher Program**

Condition:

For one (1) or 3% of 35 tenant files tested, a HAP contract for Voucher #08-0068 was executed by a person who did not have legal capacity sign on behalf of the owner of the unit to be occupied by the assisted family. The HAP contract indicated that individual had power of authority (POA) to act on behalf of the owner but a copy of the POA was not obtained and verified prior to contract execution.

Corrective Action Stated and Taken:

We agree with the finding. The Housing Specialist Supervisor will increase the percentage of files for quality control review to ensure compliance of all required documentation prior to the HAP contract execution.

Responsible Party:

Housing Specialist Supervisor

Anticipated Date of Completion:

March 2014 and continuous.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**Supplementary Information**

Schedule of Salaries, Wages and Benefits

For the Year Ended September 30, 2013  
(With comparative totals for the year ended September 30, 2012)

	<u>2013</u>	<u>2012</u>
Salaries	\$ 4,313,317	\$ 4,187,557
Retirement benefits	1,263,504	1,191,970
Benefits other than retirement	373,641	321,588
Overtime pay	<u>36,422</u>	<u>105,708</u>
Total salaries, wages and benefits	<u>\$ 5,986,884</u>	<u>\$ 5,806,823</u>
Employees at end of year	<u>86</u>	<u>84</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program for the years ended September 30, 2013 and 2012.

See Accompanying Independent's Auditor's Report.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
SUPPLEMENTARY INFORMATION**

**COMMUNITY DEVELOPMENT BLOCK GRANT**

Statements of Net Position  
September 30, 2013  
(With comparative totals as of September 30, 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Unrestricted cash	\$ 6,561	\$ -
Restricted cash - security deposits	2,125	-
Accounts receivable - HUD	517,258	506,334
Prepaid and other assets	<u>1,327</u>	<u>1,327</u>
Total current assets	527,271	507,661
Capital assets, net	<u>24,464</u>	<u>24,464</u>
Total assets	<u>\$ 551,735</u>	<u>\$ 532,125</u>
 <u>LIABILITIES AND NET POSITION</u> 		
Current liabilities:		
Accounts payable	\$ 1,978	\$ 1,978
Security deposits	2,125	-
Due to other funds	355,600	315,775
Accrued salaries and wages	20,083	15,789
Compensated absences - current	10,785	4,878
Deferred revenues	<u>55,019</u>	<u>78,971</u>
Total current liabilities	445,590	417,391
Non-current liabilities:		
Compensated absences - noncurrent	<u>81,681</u>	<u>90,270</u>
Total non-current liabilities	<u>81,681</u>	<u>90,270</u>
Total liabilities	527,271	507,661
Net Position:		
Investment in capital assets, net of related debt	24,464	24,464
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total net position	<u>24,464</u>	<u>24,464</u>
Total liabilities and net position	<u>\$ 551,735</u>	<u>\$ 532,125</u>

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
SUPPLEMENTARY INFORMATION**

**COMMUNITY DEVELOPMENT BLOCK GRANT**

Statements of Revenues, Expenses and Changes in Net Position  
September 30, 2013  
(With comparative totals as of September 30, 2012)

	2013	2012
Revenues:		
Federal contributions	\$ 2,757,600	\$ 3,168,423
Tenant rent	760	-
Other	42,779	30,680
Total Revenues	2,801,139	3,199,103
Operating expenses:		
Repairs and maintenance	1,506,734	2,079,318
Other	635,935	314,181
Administrative salaries	403,726	521,628
Employee benefits	156,131	188,366
Utilities	531	-
Professional fees	18,934	11,629
Advertising and marketing	2,064	4,214
Office expense	77,459	67,685
Travel	272	2,029
Compensated absences	(95,148)	(3,568)
Insurance	94,501	716
Total operating expenses	2,801,139	3,186,198
Operating income	-	12,905
Non-operating revenues:		
Other income	-	2,444
Other expense	-	-
Total non-operating revenues (expense), net	-	2,444
Change in net position	-	15,349
Total net position, beginning of year	24,464	9,115
Total net position, end of year	\$ 24,464	\$ 24,464

The accompanying notes are an integral part of these financial statements.



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
**SUPPLEMENTARY INFORMATION**

**COMMUNITY DEVELOPMENT BLOCK GRANT**

Statements of Cash Flows

September 30, 2013

(With comparative totals as of September 30, 2012)

	2013	2012
Cash flows from operating activities:		
Cash flows from operating activities:		
Operating grants received	\$ 2,757,600	\$ 3,357,485
Receipts from tenants	3,837	-
Payments to suppliers	(2,492,561)	(2,900,972)
Payments to employees	(308,578)	(443,608)
Other receipts	48,388	-
Net cash provided by operating activities	8,686	12,905
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(15,349)
Net cash used in capital and related financing activities	-	(15,349)
Cash flows from investing activities:		
Increase in investments	-	2,444
Net cash provided by investing activities	-	2,444
Net increase in cash	8,686	-
Cash at beginning year	-	-
Cash at end of year	\$ 8,686	\$ -
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ -	\$ 12,905
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	-	-
(Increase) decrease in assets:		
Accounts receivable - HUD	(10,926)	246,855
Prepaid and other assets	-	364
Increase (decrease) in liabilities:		
Security deposits	2,125	-
Compensated absences	(2,682)	(15,412)
Due to other funds	39,824	(215,466)
Accrued salaries and wages	4,294	(8,852)
Deferred revenues	(23,949)	(7,489)
Net cash provided by (used in) operating activities	\$ 8,686	\$ 12,905

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
**SUPPLEMENTARY INFORMATION**

LOW INCOME PUBLIC HOUSING

Statements of Net Position  
September 30, 2013  
(With comparative totals as of September 30, 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash:		
Unrestricted	\$ 1,698,178	\$ 2,260,373
Restricted - security deposits	121,135	-
Total cash	<u>1,819,313</u>	<u>2,260,373</u>
Accounts receivable:		
Tenants	69,295	27,665
Other	2,117	2,784
HUD	812	812
Due from other programs	5,216,494	5,155,775
Interest	126	135
	<u>5,288,844</u>	<u>5,187,171</u>
Allowance for doubtful accounts	<u>(47,452)</u>	<u>(20,484)</u>
Total accounts receivable	<u>5,241,392</u>	<u>5,166,687</u>
Inventories	<u>227,854</u>	<u>134,993</u>
Investments:		
General fund	1,203,193	1,017,942
Restricted - security deposits	-	183,813
Total investments	<u>1,203,193</u>	<u>1,201,755</u>
Prepaid and other current assets	<u>43,605</u>	<u>32,229</u>
Total current assets	<u>8,535,357</u>	<u>8,796,037</u>
Noncurrent assets:		
Capital assets:		
Land	2,130,777	2,130,777
Infrastructure	688,676	688,676
Buildings and improvements, at cost	73,736,103	73,514,947
Furniture and equipment, at cost	2,472,062	2,449,594
Accumulated depreciation	<u>(62,541,204)</u>	<u>(60,966,118)</u>
Net capital assets	<u>16,486,414</u>	<u>17,817,876</u>
Total assets	<u>\$ 25,021,771</u>	<u>\$ 26,613,913</u>

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
SUPPLEMENTARY INFORMATION**

LOW INCOME PUBLIC HOUSING

Statements of Net Position, Continued  
September 30, 2013  
(With comparative totals as of September 30, 2012)

LIABILITIES AND NET POSITION

	<u>2013</u>	<u>2012</u>
Liabilities:		
Accounts payable	\$ 917	\$ -
Payable to HUD	38,632	38,631
Tenant security deposits	121,135	129,350
Due to other funds	1,096,714	1,053,432
Accrued salaries and wages	66,357	39,859
Compensated absences, current portion	34,698	12,763
Other current liabilities	-	916
Accrued liabilities	<u>56,670</u>	<u>111,504</u>
Total accounts payable	1,415,123	1,386,455
Deferred credits	<u>(6,262)</u>	<u>(13,813)</u>
Total current liabilities	<u>1,408,861</u>	<u>1,372,642</u>
Noncurrent liabilities:		
Compensated absences, net of current portion	118,479	102,150
Other - sick leave, net of current portion	<u>68,219</u>	<u>69,028</u>
Total noncurrent liabilities	<u>186,698</u>	<u>171,178</u>
Total liabilities	<u>1,595,559</u>	<u>1,543,820</u>
Net position:		
Investment in capital assets, net of related debt	16,186,414	17,817,876
Restricted	-	183,767
Unrestricted	<u>6,939,798</u>	<u>7,068,450</u>
Total net position	<u>23,126,212</u>	<u>25,070,093</u>
Total liabilities and net position	<u>\$ 24,721,771</u>	<u>\$ 26,613,913</u>

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
SUPPLEMENTARY INFORMATION**

**LOW INCOME PUBLIC HOUSING**

Statements of Revenues, Expenses and Changes in Net Position  
For the Year Ended September 30, 2013  
(With comparative totals as of September 30, 2012)

	<u>2013</u>	<u>2012</u>
Operating revenues:		
HUD PHA operating grants	\$ 2,930,740	\$ 1,725,318
Tenant rental income	387,220	336,329
Other income	115,995	76,239
Total operating revenues	<u>3,433,955</u>	<u>2,137,886</u>
Operating expenses:		
Depreciation	1,562,819	1,743,930
Ordinary maintenance - salaries	589,751	545,186
Management fees	547,009	510,373
Administrative salaries	512,962	421,047
Ordinary repairs and maintenance	320,807	1,356,464
Tenant services - salaries	249,561	246,955
Employee benefits - ordinary maintenance	218,889	187,444
Employee benefits - administrative	193,791	145,471
Insurance	192,582	147,491
Utilities	176,164	146,416
Other administrative expenses	103,837	330,268
Employee benefits - tenant services	100,465	95,183
Asset management fees	90,000	90,000
Offices supplies	89,815	96,279
Bookkeeping fees	66,832	65,985
Compensated absences	37,455	17,660
Bad debts	18,737	-
Legal and professional fees	15,141	5,754
Advertising and marketing	4,565	6,048
Protective services	2,794	6,029
Travel	292	13,255
Payments in-lieu of taxes	-	26,800
Relocation costs	-	62
Total operating expenses	<u>5,094,268</u>	<u>6,204,100</u>
Operating loss	<u>(1,660,313)</u>	<u>(4,066,214)</u>
Non-operating revenues:		
Interest on general fund investments	8,587	2,045
Recovery of bad debts	27	94,434
Gain on sale of capital assets	-	6,637
Other income	7,818	58,044
Total non-operating revenues	<u>16,432</u>	<u>161,160</u>
Changes in net position	(1,643,881)	(3,905,054)
Total net position, beginning of year	25,070,093	27,420,838
Equity transfer-in	-	1,554,309
Total net position, end of year	<u>\$ 23,426,212</u>	<u>\$ 25,070,093</u>

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
**SUPPLEMENTARY INFORMATION**

**LOW INCOME PUBLIC HOUSING**

Statements of Cash Flows  
For the Year Ended September 30, 2013  
(With comparative totals as of September 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Operating grants received	\$ 2,938,291	\$ 1,725,318
Receipts from tenants	503,215	425,619
Payments to suppliers	(2,130,071)	(1,442,226)
Payments to employees	(1,352,274)	(2,304,384)
Other receipts (payments)	<u>(192,092)</u>	<u>747,555</u>
Net cash used for operating activities	<u>(232,931)</u>	<u>(848,118)</u>
Cash flows from noncapital financing activities:		
Transfers from the Revolving Fund	<u>-</u>	<u>1,554,309</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,554,309</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(243,624)</u>	<u>(1,984,836)</u>
Net cash used for capital and related financing activities	<u>(243,624)</u>	<u>(1,984,836)</u>
Cash flows from investing activities:		
Interest and other income received	<u>35,495</u>	<u>204,161</u>
Net cash provided by investing activities	<u>35,495</u>	<u>204,161</u>
Net change in cash	(441,060)	(1,074,484)
Cash at beginning of year	<u>2,260,373</u>	<u>3,334,857</u>
Cash at end of year	<u>\$ 1,819,313</u>	<u>\$ 2,260,373</u>
Reconciliation of operating loss assets to net cash used for operating activities:		
Operating loss	\$ (1,660,313)	\$ (4,066,214)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,562,819	1,743,930
Bad debts	18,737	-
(Increase) decrease in assets:		
Accounts receivable:		
Other	667	(2,615)
Tenants	(41,630)	14,397
HUD	-	-
Due from other funds	(60,722)	747,556
Interest	9	(1)
Inventories	(92,860)	98,270
Prepaid and other assets	(11,375)	-
Increase (decrease) in liabilities:		
Compensated absences	37,453	22,415
Accounts payable	1	-
HUD	1	-
Due to other funds	43,282	552,517
Accrued salaries and wages	26,498	13,558
Security deposits	(8,215)	1,269
Other liabilities	(54,834)	26,800
Deferred credits	<u>7,551</u>	<u>-</u>
Net cash used for operating activities	<u>\$ (232,931)</u>	<u>\$ (848,118)</u>

The accompanying notes are an integral part of these financial statements.



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPLEMENTARY INFORMATION**

**HOUSING ASSISTANCE PAYMENTS PROGRAM**

Statements of Revenues, Expenses and Changes in Net Position  
For the Year Ended September 30, 2013  
(With comparative totals for the year ended of September 30, 2012)

	2013	2012
Operating revenues:		
Housing assistance payments	\$ 33,326,040	\$ 35,028,743
Other income	-	-
Total operating revenues	33,326,040	35,028,743
Operating expenses:		
Housing assistance payments	33,221,541	33,042,007
Administrative salaries	1,048,849	1,044,431
Employee benefit contribution	396,099	365,259
Management fees	392,210	435,553
Bookkeeping fees	211,335	212,700
Office expense	154,524	170,728
Other administrative expenses	60,368	123,723
Bad debts	59,037	-
Depreciation	43,783	40,608
Professional fees	33,088	26,660
Compensated absences	20,142	55,929
Insurance	4,871	6,510
Advertising and marketing	3,393	3,483
Travel	2,256	20,255
Protective services	125	-
Total operating expenses	35,651,621	35,547,846
Operating loss	(2,325,581)	(519,103)
Non-operating revenues:		
Interest on operating reserve investments	683	873
Interest on general fund investments	3,501	4,326
Fraud recovery	63,497	29,901
Other income	335,127	282,024
Total non-operating revenues	402,808	317,124
Change in net position	(1,922,773)	(201,979)
Total net position, beginning of year	3,389,364	3,591,343
Total net position, end of year	\$ 1,466,591	\$ 3,389,364

The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPLEMENTARY INFORMATION**

**HOUSING ASSISTANCE PAYMENTS PROGRAM**

Statements of Cash Flows

For the Year Ended September 30, 2013

(With comparative totals for the year ended of September 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Operating grants received	\$ 33,326,040	\$ 35,028,743
Assistance paid	(33,221,541)	(33,042,007)
Payments to suppliers	(1,541,457)	(2,974,695)
Payments to employees	<u>(1,044,792)</u>	<u>(1,096,365)</u>
Net cash used for operating activities	<u>(2,481,750)</u>	<u>(2,084,324)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(26,943)</u>	<u>-</u>
Net cash flows used for capital and related financing activities	<u>(26,943)</u>	<u>-</u>
Cash flows from investing activities:		
Interest income received	343,772	332,327
Decrease in restricted assets	<u>(347)</u>	<u>345</u>
Net cash provided by investing activities	<u>343,425</u>	<u>332,672</u>
Net decrease in cash	(2,165,268)	(1,751,652)
Cash at beginning of year	<u>3,884,007</u>	<u>5,635,659</u>
Cash at end of year	<u>\$ 1,718,739</u>	<u>\$ 3,884,007</u>
Unrestricted cash	\$ 107,725	\$ 3,479,875
Restricted cash - FSS escrow account	134,594	404,132
Restricted cash - Other	<u>1,476,420</u>	<u>-</u>
Total cash at end of year	<u>\$ 1,718,739</u>	<u>\$ 3,884,007</u>

The accompanying notes are an integral part of these financial statements.



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPLEMENTARY INFORMATION**

**HOUSING ASSISTANCE PAYMENTS PROGRAM**

Statements of Cash Flows, Continued

For the Year Ended September 30, 2013

(With comparative totals for the year ended of September 30, 2012)

	2013	2012
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,325,581)	\$ (519,103)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	43,783	40,608
Bad debts	59,037	-
(Increase) decrease in assets:		
Accounts receivable:		
Tenants	(16,771)	47,581
HUD	59,037	(59,037)
Due from other funds	69	(69)
Interest	2	-
Other	22,697	60,717
Prepaid expenses and other assets	(7,149)	9,089
Increase (decrease) in liabilities:		
Accounts payable:		
Accounts payable	(71,409)	5,360
Accrued salaries and wages	4,057	-
Compensated absences and sick leave	20,143	18,871
Due to other funds	(231,955)	(1,518,444)
Other current liabilities	(37,710)	(169,897)
Net cash used for operating activities	\$ (2,481,750)	\$ (2,084,324)

The accompanying notes are an integral part of these financial statements.