

**GUAM HOUSING AND  
URBAN RENEWAL AUTHORITY**

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**SINGLE AUDIT AND HUD REPORTS**

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**FOR THE YEAR ENDED SEPTEMBER 30, 2015**



**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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Guam Housing and Urban Renewal Authority (the Authority), a component unit of the Government of Guam, which comprise the statement of net position as of September 30, 2015, and the related statements of revenues, expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tamuning, Guam  
June 1, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT EXPENDITURES OF FEDERAL AWARDS  
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**

We have audited the Guam Housing and Urban Renewal Authority's (the Authority) 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 the Authority's major federal programs for the year ended September 30, 2015. The Authority'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***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

***Basis for Modified Opinion on 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, the Authority did not comply with requirements regarding its CFDA 14.850 Public and Indian Housing Program as described in finding numbers 2015-01 and 2015-02 for Eligibility and its CFDA 14.871 Section 8 Housing Choice Voucher Program as described in findings numbers 2015-03 and 2015-04 for Special Tests and Provision and Eligibility, respectively. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

***Modified Opinion on CFDA No. 14.850 – Public and Indian Housing and CFDA No. 14.871 Section 8 Housing Choice Voucher***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Public and Indian Housing and Section 8 Housing Choice Voucher programs for the year ended September 30, 2015.

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

In our opinion, the Authority 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, 2015.

The Authority’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Authority 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, we considered the Authority’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, we do not express an opinion on the effectiveness of the Authority’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2015-01 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2015-02, 2015-03, and 2015-04 to be significant deficiencies.

The Authority's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we 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.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 We have audited the financial statements of the Authority as of and for the year ended September 30, 2015, and have issued our report thereon dated June 1, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole



Tamuning, Guam  
June 1, 2016

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2015

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2015 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	\$ 31,784,853 *
14.879	Mainstream Vouchers	-
14.880	Family Unification Program	-
	Sub-total – Housing Voucher Cluster	<u>31,784,853</u>
	<b>Capital Fund Project Cluster:</b>	
14.872	Public Housing Capital Fund Program	1,022,723
14.884	ARRA – Public Housing Capital Fund Competitive	-
14.885	ARRA – Public Housing Capital Fund Stimulus (Formula)	-
	Sub-total – Capital Fund Project Cluster	<u>1,022,723</u>
14.157	Supportive Housing for the Elderly	448,396 *
14.191	Multifamily Housing Service Coordinators	55,031
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,196,185 *
14.231	Emergency Shelter Grants Program	190,241
14.235	Supportive Housing Program	940,604
14.238	Shelter Plus Care Program	270,115
14.239	HOME Investment Partnerships	328,742
14.850	Public and Indian Housing	4,217,943 *
14.870	Resident Opportunity and Supportive Services	58,708
14.896	Family Self Sufficiency Program	<u>63,090</u>
	Total HUD Program Award Expenditures	<u>41,576,631</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	1,783,529 *
<b><u>U. S. Department of Health and Human Services</u></b>		
93.243	Substance Abuse and Mental Health Services – Projects of Reginal & National Significance	928
93.505	Affordable Care Act – Maternal Infant & Early Childhood Home Visiting Program	<u>10,208</u>
	Total HHS Program Award Expenditures	<u>11,136</u>
	Total Passed through the Government of Guam Department of Administration	<u>1,794,665</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 43,371,296</u>
	Percentage of Federal Awards Tested	<u>93%</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, 2015

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of the Authority 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* (“Single Audit”). 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 the Interior and the U.S. Department of Health and Human Services.

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 2015. Therefore this program was audited as a major program.

Note 2 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>
Supportive Housing Program	14.238	\$ 865,248
Emergency Shelter Grants	14.231	176,710
Community Development Block Grant	14.222	118,545
HOME Investment Partnerships	14.239	<u>61,265</u>
Total		<u>\$ 1,221,768</u>





**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:

We have audited the basic financial statements of Guam Housing and Urban Renewal Authority (the Authority), a component unit of the Government of Guam for the year ended September 30, 2015 and have issued our report thereon dated June 1, 2016.

We 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, 2015.

Our 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. Our 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, we do not express such an opinion.

The results of our 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.

A handwritten signature in black ink that reads "Burger Comer Magliari". The signature is written in a cursive, flowing style.

Tamuning, Guam  
June 1, 2016

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

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

Financial Statements

We have audited the financial statements of the Guam Housing and Urban Renewal Authority and issued an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses were identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

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

Type of report issued on compliance of major program:

The auditor's report on major program compliance for GHURA having five major programs included an unmodified opinion for the Community Development Block Grants, the Economic, Social and Political Development of the Territories – Compact Impact, Supportive Housing for the Elderly and a modified opinion on the Section Housing Choice Voucher and Low Income Housing Assistance Programs based on identified reportable conditions, which, in our opinion, are considered to be three significant deficiencies and one material weakness.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

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

Identification of major programs:

<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)
15.875	Economic, Social and Development of the Territories

Dollar threshold used to distinguish between type A and type B programs: \$1,301,139

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 2015-01 through 2015-04.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2015-01	Eligibility	\$ -
2015-02	Eligibility	-
2015-03	Special Tests and Provisions	-
2015-04	Eligibility	-
Total Questioned Costs		<u>\$ -</u>

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2015

**Finding No.:** 2015 – 01  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

### Criteria:

During the term of each public housing tenancy, and for at least four years thereafter, GHURA will keep all documents related to a family's eligibility, tenancy, and termination. GHURA must keep the last three years of the Form HUD-50058 and supporting documentation during the term of each assisted lease, and for a period of at least three years from the end of participation date pursuant to 24 CFR 908.101 and its Public Housing Admissions and Continued Occupancy Policy (ACOP) Part V.

### Condition:

For one (1) or 2% of the sixty (60) tenant files tested for eligibility, the Authority was not able to locate and provide the recertification eligibility documentation for independent inspection. The tenant was subsequently recertified during the 2016 year and eligibility documentation was on-file.

### Cause:

The Authority failed to retain tenant eligibility recertification documentation and did not adhere to the Authority's file retention policy.

### Effect:

The Authority is in noncompliance with 24 CFR 908.101 and its ACOP records retention policy.

### Recommendation:

We recommend that management review its records retention and internal control procedures with all Property Site Managers to ensure compliance with 24 CFR 908.101 and the Authority's ACOP records retention policy.

### Auditee Response/Corrective Action Plan:

We agree with this finding. The Property Site Manager will review all retention records and internal control procedures to ensure compliance with 24 CFR 908.101 and the Authority's ACOP records retention policy effective immediately.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding No.:** 2015 – 02  
**CFDA Program:** 14.850 – Public and Indian Housing  
**Area:** Eligibility  
**Questioned Costs:** \$0

## Criteria:

All Public Housing Agencies (PHAs) are required to use HUD's EIV system in its entirety, including but not limited to Debts Owed/ Termination Module, in accordance with HUD regulations at 24 CFR 5.233. All PHA are required to use Form HUD 52675 – *Debts Owed to Public Housing Agencies and Terminations* for collecting the information and provide the notice to all applicants and program participants and require all applicants and program participants to acknowledge receipt of the notice by signing page 2. Applicants and tenants age 18 and older are required to sign the form – one time only.

## Condition:

For one (1) or 2% of the sixty (60) tenant files tested for eligibility, Form HUD 52675 was not signed by an adult member of the family household.

## Cause:

The Property Site Manager did not follow file checklist and failed to properly verify all household members 18 years and older completed Form HUD 52675 during the tenant recertification process.

## Effect:

The Authority is in noncompliance with 24 CFR 5.233.

## Recommendation:

We recommend that management establish internal control procedures to verify all household members 18 years and older completed Form HUD 52675 during the tenant recertification process. The completed forms should be retained and carried-forward and compared to all household members listed on HUD Form 50098 – Family Report prior to eligibility certification.

## Auditee Response/Corrective Action Plan:

We concur with this finding. The Property Site Manager informed the Housing Staff and signature was obtained from the adult household family member immediately.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding No.:** 2015 – 03  
**CFDA Program:** 14.871 – Section 8 Housing Choice Voucher Program  
**Area:** Special Tests and Provisions – Annual Inspections  
**Questioned Costs:** \$0

Criteria:

The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

Condition:

For eight (8) or 20% of the forty (40) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for the following:

<u>#</u>	<u>Voucher No.</u>
1	03-0255
2	07-0321
3	07-0072
4	04-0026
5	04-0278
6	04-0214
7	01-0258
8	07-0006VT

Cause:

The Authority lacks effective internal controls to monitor and ensure that Inspection Reports are properly completed and signed by the Housing Inspector, tenant and/or landlord.

Effect:

The Authority is in noncompliance with 24 CFR sections 982.158(d) and 982.405(b) and its Housing Quality Standards policies set forth in the Administrative Plan.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding No.:** 2015 – 03, continued  
**CFDA Program:** 14.871 – Section 8 Housing Choice Voucher Program  
**Area:** Special Tests and Provisions – Annual Inspections  
**Questioned Costs:** \$0

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that Inspection Reports for dwelling units are properly completed and signed by Housing Inspectors, tenants and/or landlords.

Auditee Response/Corrective Action Plan:

We agree with this audit finding. Unfortunately, the Inspector in question is a seasoned employee; he was trained and is fully aware of internal policies and procedures but has continually overlooked this requirement. The inspector has been counseled, and all inspectors are being re-trained and quality control reviewers have added this process to their list of items to review.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding No.:** 2015 – 04  
**CFDA Program:** 14.871 – Section 8 Housing Choice Voucher Program  
**Area:** Eligibility  
**Questioned Costs:** \$0

Criteria:

Pursuant 24 CFR 982.201(c), is required to determine family composition by acquiring birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable. Each family must identify the individuals to be included in the family at the time of application, and must update this information if the family’s composition changes.

Condition:

For one (1) or 3% of the forty (40) tenant files tested, the Authority failed include an eligible family member under Voucher #08-0224. The initial certification was effective 5/1/15 and the birth certificate and proof of citizenship was obtained 6/2/15; however, an interim recertification was not conducted. The change should have been effective 7/1/15 which would have reduced the tenant’s month rent by \$12 as follows:

	HUD Form 50058		
	<u>Original</u>	<u>Change</u>	<u>Corrected</u>
Total annual income	\$ 19,978	\$ -	\$ 19,978
Total allowances	\$ 960	\$ 480	\$ 1,440
Annual adjusted income	\$ 19,018	\$ (480)	\$ 18,538
Monthly adjusted income	\$ 1,585	\$ (40)	\$ 1,545
10% of monthly total income	\$ 167	\$ -	\$ 167
30% of monthly adjusted income	\$ 476	\$ (12)	\$ 464
Welfare rent	\$ -	\$ -	\$ -
Minimum rent	\$ 50	\$ -	\$ 50
Total family contribution	\$ 476	\$ (12)	\$ 464
Utility allowance	\$ 321	\$ -	\$ 321
Tenant rent	\$ 155	\$ (12)	\$ 143
Utility allowance	\$ -	\$ -	\$ -
Assistance payment	\$ 1,059	\$ 12	\$ 1,071



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding No.:** 2015 – 04, continued  
**CFDA Program:** 14.871 – Section 8 Housing Choice Voucher Program  
**Area:** Eligibility  
**Questioned Costs:** \$0

Cause:

The Authority failed to perform an interim recertification and prepare the related HUD Form 50058 to reflect the change of family composition. There is a lack of internal control to ensure that interim recertification are performed in a timely manner.

Effect:

The Authority is in noncompliance with 24 CFR 982.201(c) and its Family Household Composition Housing determination policies and procedures set forth in the Administrative Plan. The tenant was overcharged \$120 (\$12 per month from July 2015 through April 2016 or ten months) and the related HAP payment was understated by \$120 for the same period.

Recommendation:

Though the Authority corrected the omission during the course of the audit, we recommend that enhance its internal control policies and procedures to ensure that all interim changes are processed on HUD Form 50058 in a timely manner.

Auditee Response/Corrective Action Plan:

We agree with this finding. The finding was corrected during the course of the audit, as noted by auditor. The difference of \$120.00 for the underpayment of HAP for the 10 months indicated was reimbursed on 5/12/2016.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Summary Schedule of Prior Year Audit Findings  
Year Ended September 30, 2015

**Audit Finding #**

2014 – 01	This finding is resolved.
2014 – 02	This finding is resolved.
2014 – 03	This finding is resolved.
2014 – 04	This finding is resolved.
2014 – 05	This finding is resolved.
2014 – 06	This finding is resolved.
2012 – 11	This finding is resolved.
2013 – 10	This finding is resolved.
2013 – 12	This finding is resolved.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Summary of Unresolved Questioned Costs  
Year Ended September 30, 2015

	<u>Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2015 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, 2015	<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, 2015

**Finding No. 2015 – 01**  
**CFDA No. 14.850 – Public and Indian Housing Program**

Condition:

For one (1) or 2% of the sixty (60) tenant files tested for eligibility, the Authority was not able to locate and provide the recertification eligibility documentation for independent inspection. The tenant was subsequently recertified during the 2016 year and eligibility documentation was on-file.

Corrective Action Stated and Taken:

The Property Site Manager will review all retention records and internal control procedures to ensure compliance with 24 CFR 908.101 and the Authority's Admissions and Continued Occupancy Policy (ACOP) records retention policy effective immediately.

Responsible Party:

Property Site Manager.

Anticipated Date of Completion:

June 2016

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Plan of Corrective Action  
Federal Award Findings and Questioned Costs  
September 30, 2015

**Finding No. 2015 – 02**

**CFDA No. 14.850 – Public and Indian Housing Program**

Condition:

For one (1) or 2% of the sixty (60) tenant files tested for eligibility, Form HUD 52675 was not signed by an adult member of the family household.

Corrective Action Stated and Taken:

The Property Site Manager informed the Housing Staff and signature was obtained from the adult member of the family household immediately.

Responsible Party:

Property Site Manager.

Anticipated Date of Completion:

June 2016.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Plan of Corrective Action  
Federal Award Findings and Questioned Costs  
September 30, 2015

**Finding No. 2015 – 03**  
**CFDA No. 14.871 – Section 8 Housing Choice Voucher Program**

Condition:

For eight (8) or 20% of the forty (40) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for the following:

<u>#</u>	<u>Voucher No.</u>
1	03-0255
2	07-0321
3	07-0072
4	04-0026
5	04-0278
6	04-0214
7	01-0258
8	07-0006VT

Corrective Action Stated and Taken:

The Inspector in question is a seasoned employee. He was trained and is fully aware of internal policies and procedures; but has continually overlooked this requirement. The Inspector has been counseled; and all inspectors are being re-trained and quality control reviewers have added this process to their list of items to review.

Responsible Party:

Section 8 Administrator

Anticipated Date of Completion:

June 2016.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2015

**Finding No. 2015 – 04**  
**CFDA No. 14.871 – Section 8 Housing Choice Voucher Program**

Condition:

For one (1) or 3% of the forty (40) tenant files tested, the Authority failed include an eligible family member under Voucher #08-0224. The initial certification was effective 5/1/15 and the birth certificate and proof of citizenship was obtained 6/2/15; however, an interim recertification was not conducted. The change should have been and effective 7/1/15 which would have reduced the tenant's month rent by \$12 as follows:

	HUD Form 50058		
	<u>Original</u>	<u>Change</u>	<u>Corrected</u>
Total annual income	\$ 19,978	\$ -	\$ 19,978
Total allowances	\$ 960	\$ 480	\$ 1,440
Annual adjusted income	\$ 19,018	\$ (480)	\$ 18,538
Monthly adjusted income	\$ 1,585	\$ (40)	\$ 1,545
10% of monthly total income	\$ 167	\$ -	\$ 167
30% of monthly adjusted income	\$ 476	\$ (12)	\$ 464
Welfare rent	\$ -	\$ -	\$ -
Minimum rent	\$ 50	\$ -	\$ 50
Total family contribution	\$ 476	\$ (12)	\$ 464
Utility allowance	\$ 321	\$ -	\$ 321
Tenant rent	\$ 155	\$ (12)	\$ 143
Utility allowance	\$ -	\$ -	\$ -
Assistance payment	\$ 1,059	\$ 12	\$ 1,071

Corrective Action Stated and Taken:

The finding was corrected during the course of the audit, as noted by auditor. The difference of \$120.00 for the underpayment of HAP for the 10 months indicated was reimbursed on 5/12/2016.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

Corrected immediately.