

*Report on Compliance*

**Guam Housing and Urban Renewal Authority**  
(A Component Unit of the Government of Guam)

*Year Ended September 30, 2022*



Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Report on Compliance

Year Ended September 30, 2022

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## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners  
Guam Housing and Urban Renewal Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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, 2022, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements, and have issued our report thereon dated September 25, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

### **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.

*Ernst + Young LLP*

September 25, 2023

## Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Commissioners  
Guam Housing and Urban Renewal Authority:

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

#### *Qualified and Unmodified Opinions*

We have audited Guam Housing and Urban Renewal Authority's (GHURA's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2022. GHURA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### *Qualified Opinion on the CDBG – Entitlement Grants Cluster and the Housing Voucher Cluster*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GHURA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CDBG – Entitlement Grants Cluster and the Housing Voucher Cluster for the year ended September 30, 2022.

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

In our opinion, GHURA complied, in all material respects, with the 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, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GHURA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of GHURA’s compliance with the compliance requirements referred to above.

***Matters Giving Rise to Qualified Opinions on CDBG – Entitlement Grants Cluster and the Housing Voucher Cluster***

As described in Findings 2022-001, 2022-004, and 2022-005 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with the requirements regarding the following:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program or Cluster Name</b>	<b>Compliance Requirement</b>
2022-001	14.225	CDBG – Entitlement Grants Cluster	Reporting
2022-004	14.871/14.879	Housing Voucher Cluster	Reporting
2022-005	14.871/14.879	Housing Voucher Cluster	Special Tests and Provisions

Compliance with such requirements is necessary, in our opinion, for GHURA to comply with the requirements applicable to those programs.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to GHURA’s federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GHURA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GHURA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GHURA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of GHURA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on GHURA's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-004 and 2022-005 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002 and 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on GHURA's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

We have audited the financial statements of GHURA as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements. We issued our report thereon dated September 25, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Ernst + Young LLP*

September 25, 2023

**Guam Housing and Urban Renewal Authority**  
(A Component Unit of the Government of Guam)

**Schedule of Expenditures of Federal Awards**

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
Direct Programs:			
COVID-19 Central Office Cost CARES Act Funding	14.CCC	\$	200,001
Supportive Housing for the Elderly	14.157		867,010
COVID-19 Multi-Family Housing Service Coordinators	14.191	(	482)
Multi-Family Housing Service Coordinators	14.191		62,862
CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grants CARES Act	14.225	\$	88,342
Community Development Block Grants/Special Purpose Grants/Insular Area	14.225	65,866	3,540,923
CDBG - Entitlement Grants Cluster Total		<u>154,208</u>	<u>3,727,688</u>
COVID-19 Emergency Solutions Grant Program CARES Act	14.231	1,679,508	2,080,667
Emergency Solutions Grant Program	14.231		9,618
Home Investment Partnerships Program	14.239	100,890	4,417,112
Community Development Block Grants Section 108 Loan Guarantees	14.248	11,338,000	11,390,765
Continuum of Care Program	14.267	38,348	759,419
COVID-19 Public Housing CARES Act Funding	14.PHC		353,818
Public and Indian Housing	14.850		5,674,604
Resident Opportunity and Supportive Services - Service Coordinators	14.870		23,676
Housing Voucher Cluster:			
Emergency Housing Voucher	14.EHV		1,479,158
COVID-19 HCV CARES Act Funding	14.HCC		317,271
Section 8 Housing Choice Vouchers	14.871		42,866,269
Mainstream Vouchers	14.879		218,269
Housing Voucher Cluster Total			<u>44,880,967</u>
Public Housing Capital Fund	14.872		2,178,500
Family Self-Sufficiency Program	14.896		169,551
Total U.S. Department of Housing and Urban Development		<u>\$ 13,310,954</u>	<u>\$ 76,795,776</u>
Total Expenditures of Federal Awards		<u>\$ 13,310,954</u>	<u>\$ 76,795,776</u>
Reconciliation of total operating expenses to total expenditures of Federal awards:			
Total Operating expenses		\$	60,722,600
Plus loans receivable, beginning balances:			
HOME Investment Partnerships Program			4,247,650
Community Development Block Grants/Special Purpose Grants/Insular Areas			306,406
Guma Trankilidat USDA Loan			42,610
Section 108 Guaranteed Loan			52,765
Plus Capital Assets			2,887,048
Plus Section 108 Guaranteed Loan			11,338,000
Less Depreciation expense		(	1,458,548)
Less Retiree healthcare costs and other pension benefits		(	1,339,641)
Variance		(	3,114)
Total Expenditures of Federal Awards			<u>76,795,776</u>

*See accompanying notes to Schedule of Expenditures of Federal Awards.*

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

**1. Scope of Audit**

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

**2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GHURA under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GHURA, it is not intended to and does not present the financial position, changes in net position or cash flows of GHURA.

**3. Summary of Significant Accounting Policies**

a. Basis of Accounting

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

b. Subgrants

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

Guam Housing and Urban Renewal Authority  
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Notes to Schedule of Expenditures of Federal Awards, continued

**3. Summary of Significant Accounting Policies, continued**

c. Funds Received

GHURA received all the funds indicated on this Schedule in a direct capacity in Fiscal Year 2022. GHURA also administers all the funds and is responsible for compliance with the laws and regulations.

d. Indirect Costs

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

**4. Loan Funds**

GHURA, on behalf of the Government of Guam, has been designated the responsibility of implementing and carrying out the objectives of the HOME Program. The program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms and requirements. Balances and transactions relating to the HOME program are included in GHURA's financial statements. Loans made during the year and the balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2022, the HOME and CDBG Program expenditures include \$168,805 and \$3,228,674 in current year disbursements and the beginning balance of HOME and CDBG loans of \$4,247,650 and \$306,406, with continuing compliance requirements, respectively. The balance of HOME Investment Partnerships and CDBG grant loans outstanding and recorded by GHURA on September 30, 2022 is \$4,272,650 and \$243,349, respectively.

In December 2020, GHURA entered into a \$12M loan with the U.S. Department of Housing and Urban Development to provide a source of low-cost, long-term financing loan to The Learning Institute through the Section 108 Loan Guarantee Program to construct a public facility for use as a school. The facility will be leased to the iLearn Academy Charter School by The Learning Institute. As of September 30, 2022, the Section 108 expenditures include \$11,338,000 in current year loan disbursements and reimbursable costs of \$52,765 to GHURA from The Learning Institute. The balance of the Section 108 loan outstanding and recorded by GHURA as of September 30, 2022 is \$11,338,000.

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ **Yes**        X   **No**

Significant deficiency(ies) identified?

\_\_\_\_\_ **Yes**        X   **None reported**

Noncompliance material to financial statements noted?

\_\_\_\_\_ **Yes**        X   **No**

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

  X   **Yes**      \_\_\_\_\_ **No**

Significant deficiency(ies) identified?

  X   **Yes**      \_\_\_\_\_ **None reported**

Type of auditor's report issued on compliance for major federal programs:

CDBG – Entitlement Grants Cluster

Qualified

Housing Voucher Cluster

Qualified

All other major federal programs

Unmodified

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

  X   **Yes**      \_\_\_\_\_ **No**

Guam Housing and Urban Renewal Authority  
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Schedule of Findings and Questioned Costs, continued

**Identification of major federal programs:**

**Assistance Listing Numbers      Name of Federal Program or Cluster**

14.225	CDBG – Entitlement Grants Cluster: Community Development Block Grants/Special Purpose Grants/Insular Area
14.231	Emergency Solutions Grant Program
14.239	HOME Investments Partnerships Program
14.PHC 14.850	Public and Indian Housing ALNs: Public Housing CARES Act Funding Public and Indian Housing
14.EHV 14.HCC 14.871 14.879	Housing Voucher Cluster: Emergency Housing Voucher HCV CARES Act Funding Section 8 Housing Choice Vouchers Mainstream Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: \$2,303,873

Auditee qualified as low-risk auditee? No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

Reference Number	ALN	Findings	Questioned Costs
2022-001	14.225	Reporting	---
2022-002	14.231	Special Tests and Provisions – Obligation Expenditure and Payment Requirements	---
2022-003	14.850	Procurement and Suspension and Debarment	---
2022-004	14.871 14.879	Reporting	---
2022-005	14.871 14.897	Special Tests and Provisions – Rolling Forward Equity Balances	---

**Guam Housing and Urban Renewal Authority**  
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**Schedule of Findings and Questioned Costs, continued**

Finding No.: 2022-001  
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
 AL Program: 14.225 CDBG - Entitlement Grants Cluster  
 Federal Award No.: Various  
 Area: Reporting  
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, reported amounts in the Integrated Disbursement and Information System (IDIS) should be accurate and complete. Also, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition:

1. Certain amounts reported in PR26 – CDBG Financial Summary Report, Program Year 2021, do not agree with underlying accounting records, as follows:

Line Item	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
09 Disbursements Other Than Section 108 Repayments and Planning/Administration	\$8,266,839	\$11,488,462	\$(3,221,623)
19 Disbursed for Other Low/Mod Activities	\$8,266,839	\$11,488,462	\$(3,221,623)

2. Certain amounts reported in PR26 – CDBG-CV Financial Summary Report do not agree with underlying accounting records, as follows:

Line Item	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
12 Disbursed for Other Low/Mod Activities	\$511,971	\$186,765	\$325,206
14 Amount Subject to Low/Mod Benefit	\$511,971	\$186,765	\$325,206
19 Disbursed in IDIS for Planning/Administration	\$128,104	\$ 66,870	\$ 61,234

**Guam Housing and Urban Renewal Authority**  
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**Schedule of Findings and Questioned Costs, continued**

Finding No.: 2022-001, continued  
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
 AL Program: 14.225 CDBG - Entitlement Grants Cluster  
 Federal Award No.: Various  
 Area: Reporting  
 Questioned Costs: \$0

Condition, Continued:

3. Certain amounts reported in C04PR26 – CDBG Activity Summary by Selected Grant for Program Years 2021 and 2020 do not agree with underlying accounting records, as follows:

<b>Total CDBG Drawn Amount (All Years All Sources)</b>	<b>Grant Number</b>	<b>Reported Amount</b>	<b>Auditor Calculation Per GL Details</b>	<b>Over (Under) Reported Variance</b>
Total Public Improvements	B21ST660001	\$ 534,517	\$ 412,320	\$ 122,197
Total Public Improvements	B20ST660001	\$ 97,377	\$ 12,259	\$ 85,118
Total Public Services	B20ST660001	\$ 244,070	\$ 287,922	\$ (43,852)
Total Public Services	B20SW660001	\$ 511,971	\$ 174,302	\$ 337,669

4. Subawards are not reported in FSRS, as follows:

<b>Transactions Tested</b>	<b>Subaward Not Reported</b>	<b>Dollar Amount of Tested Transactions</b>	<b>Subaward Not Reported</b>
3	3	\$2,414,089	\$2,414,089

Cause:

GHURA did not effectively implement monitoring controls over compliance with applicable reporting requirements.

Effect:

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

Identification as a Repeat Finding: 2021-003

Guam Housing and Urban Renewal Authority  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-001, Continued  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
AL Program: 14.225 CDBG - Entitlement Grants Cluster  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

Recommendation:

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

Views of Responsible Officials:

The Integrated Disbursement and Information System (IDIS) accounts for transactions using the cash basis method of accounting (real-time) while GHURA's trial balance reflects transactions using the accrual basis method of accounting. Due to the differing accounting methods, variances are expected between reports extracted from IDIS and GHURA's accounting system.

The responsible party will prepare a reconciliation between GHURA's trial balance and the IDIS reports to ensure the completeness and accuracy of the reported amounts. GHURA agrees with the recommendation to monitor subawards for reporting in FSRS.

**Guam Housing and Urban Renewal Authority**  
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**Schedule of Findings and Questioned Costs, continued**

Finding No.: 2022-002  
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
 AL Program: 14.231 Emergency Solutions Grant Program  
 Federal Award No.: SW20-SW-66-0001  
 Area: Special Tests and Provisions – Obligation, Expenditure and Payment Requirements  
 Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions for obligation, expenditure, and payment requirements, the recipient must pay each subrecipient for allowable costs within 30 days after receiving the subrecipient’s complete payment request.

Condition:

For all (or 100%) of the Program’s subrecipients, we noted payments that were either 3 or 7 days delayed after the allowable 30-day payment period.

<b>Subrecipient</b>	<b>Payment Amount</b>	<b>Invoice Date</b>	<b>Check Date</b>	<b>Days Elapsed</b>
CSS	\$ 414,501	01/01/2022	02/03/2022	33
CSS	52,016	05/09/2022	06/15/2022	37
TSAG	42,699	01/01/2022	02/03/2022	33
VARO	<u>27,072</u>	01/01/2022	02/03/2022	33
	\$ <u>536,288</u>			

Cause:

GHURA did not effectively implement monitoring controls over compliance with applicable special tests and provisions for obligation, expenditure, and payment requirements.

Effect:

GHURA is in noncompliance with applicable special tests and provisions for obligation, expenditure, and payment requirements. No questioned cost is reported as the late payments are not considered improper payments.

Guam Housing and Urban Renewal Authority  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-002, Continued  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
AL Program: 14.231 Emergency Solutions Grant Program  
Federal Award No.: SW20-SW-66-0001  
Area: Special Tests and Provisions - Obligation, Expenditure and  
Payment Requirements  
Questioned Costs: \$0

Recommendation:

Responsible personnel should implement monitoring controls over compliance with applicable special tests and provisions for obligation, expenditure, and payment requirements. Upon the receipt of a payment request from a subrecipient, responsible personnel should immediately commence the necessary reviews and processing of payments within time frames that are sufficient to enable the release of checks within 30 days.

Views of Responsible Officials:

GHURA agrees with the recommendation to review and process payment requests from subrecipients within the 30-day time frame.

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-003  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
AL Program: 14.850 Public and Indian Housing  
Federal Award No.: GQ001-00000321D  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, for any amounts not exceeding \$25,000, GHURA may use small purchase procedures. Sealed bidding shall be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals. Under sealed bids, GHURA publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsible bidder whose bid, conforming with all the material terms and conditions of the Invitation for Bid (IFB), is the lowest in price.

Condition:

For one (or 4%) of 25 procurement transactions, aggregating \$399,002 of \$1,919,475 in total program nonpayroll expenditures, small purchase procedures were used for purchase order number PO220265 in the amount of \$30,199 for janitorial supplies. However, sealed bidding procedures were required.

Cause:

GHURA did not effectively enforce controls over compliance with applicable procurement and suspension and debarment requirements.

Effect:

GHURA is in noncompliance with applicable procurement and suspension and debarment requirements. No questioned cost is reported because the procurement file demonstrated competition and the selection of the lowest quotations.

Recommendation:

Responsible personnel should enforce controls over compliance with applicable procurement and suspension and debarment requirements. For procurements in excess of \$25,000, responsible personnel should publicly solicit bids and award a contract to the responsible bidder whose bid conforms with the IFB and is the lowest price.

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-003, continued  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
AL Program: 14.850 Public and Indian Housing  
Federal Award No.: GQ001-00000321D  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Views of Responsible Officials:

Responsible procurement personnel are updating the procurement policies which include emergency procurement and small purchases.

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-004  
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
 Federal Cluster: Housing Voucher Cluster  
 AL Numbers: 14.EHV, 14.HCC, 14.871, 14.879  
 Area: Reporting  
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, the Uniform Reporting Standards require PHAs to submit timely GAAP-based unaudited financial information electronically to HUD. Amounts reported in the Financial Assessment Subsystem, FASS-PH, should be accurate.

Condition:

Unaudited amounts reported in certain key line items in the FASS-PH for FY 2022 do not agree with underlying accounting records, as follows:

Line Item	ALN	Per Report	Per GL Details	Over- (Under-)Reported Variance
70600 HUD PHA Operating Grants	14.871	\$ 46,584,329	\$ 46,529,553	\$ 54,776
11040 Prior Period Adjustments	14.871	\$ 793,922	\$ (5,813,971)	\$ 6,607,893
11170 Administrative Fee Equity	14.871	\$ 1,289,281	\$ (2,551,218)	\$ 3,840,499
11180 Housing Assistance Payments Equity	14.871	\$ 3,302,183	\$ (3,293,707)	\$ 6,595,890
11040 Prior Period Adjustments	14.879	\$ (1,884)	\$ 1,913	\$ (3,797)
144 Inter Program Due From	14.EHV	\$ 109,791	\$ (147,188)	\$ 256,979
347 Inter Program Due To	14.EHV	\$ 147,188	\$ (110,794)	\$ 257,982
96900 Total Operating Expenses	14.HCC	\$ 329,232	\$ 229,231	\$ 100,001
11040 Prior Period Adjustments	14.HCC	\$ 11,962	\$ -	\$ 11,962

Cause:

GHURA did not effectively implement monitoring controls over compliance with reporting requirements. Also, relative to equity line items, GHURA is unable to input the unaudited FY 2021 financial information in the FASS-PH, and such balances impact the FY 2022 reporting.

Effect:

GHURA is in noncompliance with applicable reporting requirements. No questioned cost is reported as we are unable to quantify the extent of noncompliance.

Guam Housing and Urban Renewal Authority  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-004, continued  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
Federal Cluster: Housing Voucher Cluster  
AL Numbers: 14.871, 14.879, 14.EHV, 14.HCC  
Area: Reporting  
Questioned Costs: \$0

Recommendation:

Responsible personnel should implement monitoring controls over compliance with applicable reporting requirements. Prior to reporting amounts in the FASS-PH, responsible personnel should examine and maintain underlying accounting records to determine the accuracy and completeness of reported data. Also, responsible personnel should continue to coordinate with HUD relative to the submission of FY 2021 financial information in the FASS-PH.

Views of Responsible Officials:

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

**Guam Housing and Urban Renewal Authority**  
(A Component Unit of the Government of Guam)

**Schedule of Findings and Questioned Costs, continued**

Finding No.: 2022-005  
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
 Federal Cluster: Housing Voucher Cluster  
 AL Numbers: 14.871, 14.879, 14.EHV, 14.HCC  
 Area: Special Tests and Provisions - Rolling Forward Equity Balances  
 Questioned Costs: \$0

**Criteria:**

In accordance with applicable special tests and provisions for rolling forward equity balances, the Annual Contributions Contract (ACC) requires Public Housing Agencies (PHAs) to properly account for program activity by properly maintaining account balances, by supporting a proper roll-forward of equity with records and accounting transactions, and by correcting detected errors.

**Condition:**

Beginning balances of equity, including any adjustments by GHURA, per the FY2022 Trial Balance (TB) did not agree with the audited ending balances per the FY2021 Single Audit Report (SAR). We noted variances, as follows:

Account	ALN	Per 2022 TB	Per 2021 SAR	Over- (Under-)Recorded Variance
Administrative Fee Equity (Deficit)	14.871	\$ (2,516,738)	\$ (5,813,971)	\$ 3,297,233
Housing Assistance Payments Equity (Deficit)	14.871	\$ (3,293,707)	\$ -	\$ (3,293,707)
Administrative Fee Equity (Deficit)	14.879	\$ (34,480)	\$ 1,913	\$ (36,393)
Housing Assistance Payments Equity (Deficit)	14.879	\$ 14,953	\$ -	\$ 14,953
Administrative Fee Equity (Deficit)	14.EHV	\$ (52,814)	\$ (32,853)	\$ (19,961)
Housing Assistance Payments Equity (Deficit)	14.EHV	\$ 19,961	\$ -	\$ 19,961

**Cause:**

GHURA did not effectively enforce monitoring controls over compliance with special tests and provisions requirements for rolling forward equity balances.

**Effect:**

GHURA is in noncompliance with applicable special tests and provisions requirements for rolling forward equity balances. No questioned cost is reported as we are unable to quantify the extent of noncompliance.

Guam Housing and Urban Renewal Authority  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-005, continued  
Federal Agency: U.S. Department of Housing and Urban Development (HUD)  
Federal Cluster: Housing Voucher Cluster  
AL Numbers: 14.871, 14.879, 14.EHV, 14.HCC  
Area: Rolling Forward Equity Balances  
Questioned Costs: \$0

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable special tests and provisions requirements for rolling forward equity balances. Responsible personnel should reconcile the current year beginning balances with the prior year ending balances and should record adjustments, as necessary, to properly roll forward audited amounts.

Views of Responsible Officials:

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



# GHURA

Guam Housing and Urban Renewal Authority  
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**Lourdes A. Leon Guerrero**  
Governor of Guam

**Joshua F. Tenorio**  
Lt. Governor of Guam

**John J. Rivera**  
Chairman

**Nathanael P. Sanchez**  
Vice Chairman

**Anisia S. Delia**  
Commissioner

**Frank T. Ishizaki**  
Commissioner

**Emilia F. Rice**  
Commissioner

**Karl E. Corpus**  
Resident Commissioner

**Elizabeth F. Napoli**  
Executive Director

**Fernando B. Esteves**  
Deputy Director

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY Corrective Action Plan September 30, 2022

### **Finding #2022-001 CDBG – Entitlement Grants Cluster Reporting**

#### *Views of Responsible Officials and Planned Corrective Action*

The Integrated Disbursement and Information System (IDIS) accounts for transactions using the cash basis method of accounting (real-time) while GHURA's trial balance reflects transactions using the accrual basis method of accounting. Due to the differing accounting methods, variances are expected between reports extracted from IDIS and GHURA's accounting system.

The responsible party will prepare a reconciliation between GHURA's trial balance and the IDIS reports to ensure the completeness and accuracy of the reported amounts. GHURA agrees with the recommendation to monitor subawards for reporting in FRS.

*Responsible Party:* Katherine Taitano, Chief Planner, and Jerricho Garcia, General Accounting Supervisor

*Anticipated Date of Completion:* September 30, 2024

### **Finding #2022-002 Emergency Solutions Grant Program Special Tests and Provisions – Obligation, Expenditure and Payment Requirements**

#### *Views of Responsible Officials and Planned Corrective Action*

GHURA agrees with the recommendation to review and process payment requests from subrecipients within the 30-day time frame.

*Responsible Party:* Katherine Taitano, Chief Planner, and Jerricho Garcia, General Accounting Supervisor

*Anticipated Date of Completion:* September 30, 2024

GHURA does not discriminate against persons with disabilities.  
The Chief Planner has been designated as Section 504/ADA Coordinator.  
The Coordinator can be contacted at the above address and telephone numbers.



**Finding #2022-003 Public and Indian Housing Procurement and Suspension and Debarment**

*Views of Responsible Officials and Planned Corrective Action*

Responsible procurement personnel are updating the procurement policies which include emergency procurement and small purchases.

*Responsible Party:* Antonio Camacho, Supply Management Administrator

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

**Finding #2022-004 Housing Voucher Cluster Reporting**

*Views of Responsible Officials and Planned Corrective Action*

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

*Responsible Party:* Frances Danieli, Controller

*Anticipated Date of Completion:* Ongoing effort with HUD

**Finding #2022-005 Housing Voucher Cluster Special Tests and Provisions – Rolling Forward Equity Balances**

*Views of Responsible Officials and Planned Corrective Action*

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

*Responsible Party:* Frances Danieli, Controller

*Anticipated Date of Completion:* Ongoing effort with HUD



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## GUAM HOUSING AND URBAN RENEWAL AUTHORITY Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2022

### Audit Finding #

- 2021-001 Corrective action has been taken. The SEFA was reconciled to the General Ledger via the Trial Balance for the interim and final SEFA reports. Capital assets were included in the appropriate ALN.
- 2021-002 Corrective action has been taken. The CDBG grant funds are accounted for in HUD's integrated Disbursement and Information Systems (IDIS) in accordance with program income requirements.
- 2021-003 Corrective action has been taken. The entitlement grant funds (EN) and program income (PI) reported in the C04PR03 – Activity Summary Report agree with the accounting records.
- 2021-004 This finding is unresolved. GHURA has not submitted the required FY 2020 and FY 2021 unaudited and audited financial information in the FASS-PH.
- 2021-005 This finding is unresolved. GHURA has not submitted the required FY 2020 and FY 2021 unaudited and audited financial information in the FASS-PH.
- 2020-001 Corrective action has been taken. The SEFA was reconciled to the General Ledger via the Trial Balance. Capital assets were included in the appropriate ALN.
- 2019-001 Corrective action has been taken. In October 25, and November 9, 2020, the Accountant II and Deputy Controller were hired, respectively. For FY 2021 the SEFA was reconciled to the General Ledger accounts via the Trial Balance.
- 2019-002 Corrective action has been taken. Program income has been recorded in HUD's Integrated Disbursement and Information System (IDIS) and is being monitored on a quarterly basis. GHURA receives technical assistance from HUD to improve its planning for the use of program income.
- 2017-01 This finding is unresolved. The Capital Fund Grant reconciliations are ongoing.

GHURA does not discriminate against persons with disabilities.  
The Chief Planner has been designated as Section 504 Coordinator.  
The Coordinator can be contacted at the above address and telephone numbers.