

Reports on Compliance and Internal Control

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

Year Ended September 30, 2023



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(A Component Unit of the Government of Guam)

Reports on Compliance and Internal Control

Year Ended September 30, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements, and have issued our report thereon dated June 26, 2024.

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

June 26, 2024

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 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, 2023. 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 Each Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified 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 each of its major federal programs for the year ended September 30, 2023.

Basis for Qualified 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 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 Each Major Federal Program

As described in Findings 2023-001 through 2023-004 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with the requirements regarding the following:

Finding #	Assistance Listing #	Program or Cluster Name	Compliance Requirement
2023-001	14.225	CDBG – Entitlement Grants Cluster	Reporting
2023-002	14.267	Continuum of Care Program	Matching, Level of Effort, Earmarking
2023-003	14.871/14.879	Housing Voucher Cluster	Reporting
2023-004	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

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.

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 2023-001 through 2023-004 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.

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.

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, 2023, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements. We issued our report thereon, dated June 26, 2024, 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 financial statements and certain other 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

June 26, 2024

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

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Programs:			
COVID-19 Central Office Cost CARES Act Funding	14.CCC	\$	(963)
FSS Escrow Forfeiture	14.EFA		456
Supportive Housing for the Elderly	14.157		620,754
Multi-Family Housing Service Coordinators	14.191		55,641
CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grants CARES Act	14.225	\$ 1,036,300	1,092,689
Community Development Block Grants/Special Purpose Grants/Insular Area	14.225	<u>2,716,921</u>	<u>3,852,092</u>
CDBG - Entitlement Grants Cluster Total		3,753,221	4,944,781
COVID-19 Emergency Solutions Grant Program CARES Act	14.231	655,283	705,793
Emergency Solutions Grant Program	14.231	354,538	364,730
Home Investment Partnerships Program	14.239	401,123	4,365,487
Community Development Block Grants Section 108 Loan Guarantees	14.248		11,551,255
Continuum of Care Program	14.267	821,822	912,497
Public and Indian Housing	14.850		6,587,883
Resident Opportunity and Supportive Services - Service Coordinators	14.870		(74,447)
Housing Voucher Cluster:			
Emergency Housing Voucher	14.EHV		1,737,416
COVID-19 HCV CARES Act Funding	14.HCC		(65,838)
Section 8 Housing Choice Vouchers	14.871		48,258,315
Mainstream Vouchers	14.879		<u>277,812</u>
Housing Voucher Cluster Total			50,207,705
Public Housing Capital Fund	14.872		1,921,882
Family Self-Sufficiency Program	14.896		<u>142,182</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 5,985,987</u>	<u>\$ 82,305,636</u>
Total Expenditures of Federal Awards		<u>\$ 5,985,987</u>	<u>\$ 82,305,636</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, 2023

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. All 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, 2023. 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 of Expenditures of Federal Awards 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 2023. 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, 2023, the HOME and CDBG Program expenditures include \$307,064 and \$3,631,997 in current year disbursements and the beginning balance of HOME and CDBG loans of \$4,272,650 and \$243,349, with continuing compliance requirements, respectively. The balance of HOME Investment Partnerships and CDBG grant loans outstanding and recorded by GHURA on September 30, 2023 is \$4,058,424 and \$220,096, 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 eLearn Academy Charter School by The Learning Institute. As of September 30, 2023, the Section 108 expenditures include \$646,806 in current year interest expense and reimbursable costs of \$313 to GHURA from The Learning Institute. The balance of the Section 108 loan outstanding and recorded by GHURA as of September 30, 2023 is \$11,380,000.

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

Year Ended September 30, 2023

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?

_____ **Yes** X **None reported**

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

Qualified

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
14.267	Continuum of Care Program
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: \$2,469,169

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
2023-001	14.225	Reporting	---
2023-002	14.267	Matching, Level of Effort, Earmarking	\$51,281
2023-003	14.EHV 14.HCC 14.871 14.879	Reporting	---
2023-004	14.EHV 14.HCC 14.871 14.879	Special Tests and Provisions – Rolling Forward Equity Balances	---

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

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-001
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 AL Program: 14.225 CDBG - Entitlement Grants Cluster
 Federal Award No.: B22ST660001, COVID-19 B20SW660001, B20ST660001
 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 2022, Grant No. B22ST660001, do not agree with underlying accounting records and result in obligations for planning and administration (PA) activities exceeding the 20-percent ceiling as follows:

Line Item	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
37 Disbursed for PA	\$ 916,436	\$ 902,275	\$ 14,161
41 Total PA obligation	\$ 916,436	\$ 902,275	\$ 14,161
43 Current Year Program Income	\$ 857,534	\$ 31,837	\$825,697
45 Total Subject to PA Cap	\$4,043,289	\$3,217,592	\$825,697
46 Percent Funds Obligated for PA Activities	22.67%	28.04%	(5.37%)

COVID-19

2. Certain amounts reported in PR26 – CDBG-CV Financial Summary Report, Grant No. B20SW660001 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	\$1,983,509	\$1,036,300	\$947,209
13 Total Low/Mod Credit	\$1,983,509	\$1,036,300	\$947,209
14 Amount Subject to Low/Mod Benefit	\$1,983,509	\$1,036,300	\$947,209
19 Disbursed for Planning/Administration	\$ 178,468	\$ 56,390	\$122,078
21 Percent of Funds Disbursed for PA Activities	4.00%	1.27%	2.73%

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

Finding No.: 2023-001, continued
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 AL Program: 14.225 CDBG - Entitlement Grants Cluster
 Federal Award No.: B22ST660001, COVID-19 B20SW660001, B20ST660001
 Area: Reporting
 Questioned Costs: \$0

Condition, continued:

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

Amount Drawn from Selected Grant	Grant Number	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
Total Housing	B20ST660001	\$ 562,314	\$ 0	\$ 562,314
Total Public Improvements	B20ST660001	\$1,445,539	\$1,099,768	\$ 345,771
Non CARES Related Public Services	B20ST660001	\$ 261,473	\$ 287,922	(\$ 26,449)
CARES Related Public Services	B20SW660001	\$2,282,749	\$1,210,602	\$1,072,147

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

Transactions Tested	Subaward Not Reported	Dollar Amount of Tested Transactions	Subaward Not Reported
4	4	\$3,753,430	\$3,753,430

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: 2022-001

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

Finding No.: 2023-001, continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.225 CDBG - Entitlement Grants Cluster
Federal Award No.: B22ST660001, COVID-19 B20SW660001, B20ST660001
Area: Reporting
Questioned Costs: \$0

Recommendation:

Responsible personnel should strengthen 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:

Condition 1, 2, and 3:

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

Condition 4:

The data for the reporting and recording requirements for subawards in the FSRS are currently entered in FY 2024. The Authority will review its accounting processes to continue to accurately record and provide complete reports as required by the U.S. Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance and the IDIS to enhance the reporting requirements.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-002
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 AL Program: 14.267 Continuum of Care Program
 Area: Matching, Level of Effort, Earmarking
 Questioned Costs: \$51,281

Criteria:

In accordance with applicable matching requirements, the recipient or subrecipient must match all grant funds, except for leasing funds, with no less than 25 percent of cash or in-kind contributions from other sources that is verifiable from the non-federal entity's records and are not included as contributions for any other federal award.

Condition:

For 5 (or 36%) of 14 projects tested, we noted deficient matches, as follows:

Project Number	Net Federal Expenditures	Total Program Costs	Required Match [25%]	Actual Match	Deficient Match
GU0004L9C002013	\$ 119	\$ 159	\$ 40	\$ ---	\$ 40
GU0004L9C002114	\$ 114,234	\$ 152,312	\$ 38,078	\$ 28,201	9,877
GU0011L9C002011	\$ 753	\$ 1,004	\$ 251	\$ ---	251
GU0011L9C002112	\$ 349,417	\$ 465,889	\$ 116,472	\$ 89,109	27,363
GU0028L9C002103	\$ 165,597	\$ 220,796	\$ 55,199	\$ 41,449	13,750
					<u>\$ 51,281</u>

Cause:

GHURA did not effectively monitor controls over compliance with applicable matching, level of effort, earmarking requirements.

Effect:

GHURA is in noncompliance with applicable matching, level of effort, earmarking requirements. The total questioned cost is \$51,281.

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

Finding No.: 2023-002, continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.267 Continuum of Care Program
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$51,281

Recommendation:

GHURA should strengthen monitoring controls over compliance with applicable matching, level of effort, earmarking requirements. Responsible personnel should coordinate with subrecipients to ascertain the funding source of the required and actual match. Prior to approving administrative costs, responsible personnel should verify cumulative administrative cost totals and compare such totals to the administrative cost ceilings to ascertain that such ceilings are not exceeded.

Views of Responsible Officials:

The Authority will review its accounting processes to accurately record and provide complete reports as required by the U.S. Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements to report matching requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance.

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

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-003
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 Federal Cluster: Housing Voucher Cluster
 AL Numbers: 14.EHV, COVID-19 14.HCC, 14.871, 14.879
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, the Uniform Reporting Standards require Public Housing Agencies (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 2023 do not agree with underlying accounting records, as follows:

Line Item	ALN	Per Report	Per GL Details	Over- (Under-)Reported Variance
11170 Administrative Fee Equity	14.EHV	\$ -	\$ 136,286	\$ (136,286)
144 Inter Program Due From	14.EHV	\$ 14,409	\$ 147,188	\$ (132,779)
11040 Prior Period Adjustments	14.HCC	\$ 88,040	\$ -	\$ 88,040
97300 Housing Assistance Payments	14.871	\$ 44,739,172	\$ 44,639,946	\$ 99,226
11040 Prior Period Adjustments	14.871	\$ (8,145,988)	\$ (5,810,445)	\$ (2,335,543)
11170 Administrative Fee Equity	14.871	\$ 1,902,416	\$ 2,984,927	\$ (1,082,511)
11180 Housing Assistance Payments Equity	14.871	\$ (8,501,766)	\$ 392,451	\$ (8,894,217)
144 Inter Program Due From	14.871	\$ 1,722,658	\$ (2,389,115)	\$ 4,111,773
11040 Prior Period Adjustments	14.879	\$ 59,964	\$ 19,527	\$ 40,437
144 Inter Program Due From	14.879	\$ 43,840	\$ -	\$ 43,840

Cause:

GHURA did not effectively implement monitoring controls over compliance with applicable reporting requirements. Also, relative to equity line items, GHURA is unable to input accurate unaudited FY 2023 financial information in the FASS-PH because audited FY 2020, FY 2021, and FY 2022 financial information in the FASS-PH are yet to be certified.

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

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-003, continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
Federal Cluster: Housing Voucher Cluster
AL Numbers: 14.EHV, COVID-19 14.HCC, 14.871, 14.879
Area: Reporting
Questioned Costs: \$0

Effect:

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

Identification as a Repeat Finding: 2022-004

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, as recommended by HUD, GHURA should contract its current independent public accountant (IPA) to certify the FY 2020 and FY 2021 financial information in the FASS-PH since the predecessor IPA is no longer available to certify the information they audited.

Views of Responsible Officials:

Responsible accounting personnel coordinated and prioritized with HUD-Honolulu to resolve the submission of its unaudited and audited Fiscal Year 2020 and 2021 financial information in the Financial Assessment Sub-System (FASS-PH) as required from HUD-Honolulu by June 06, 2024. The Authority submitted the unaudited FY 2020 to HUD on May 18, 2024 and is in review by HUD. The unaudited FY 2021 is completed and inputted in the FASS-PH. To submit the audited FY 2020 and 2021, the audited submissions must be certified by an IPA before it is submitted to HUD. To get pass this step, the Authority is required to procure an Independent Public Auditor to certify the audited submissions for FY 2020 and FY 2021. The request for proposal is still ongoing. The audited FY 2022 was rejected by the current IPA on May 23, 2024. The Authority will be working with the IPA to submit the audited FY 2022 to HUD so that the Authority can meet the reporting requirements. Fiscal Year 2023 unaudited submission is in review with HUD and the audited FY 2023 submission will be worked on with the current IPA. Submission of the audited FY 2023 is contingent on the IPA's agreement with the Authority. A waiver to submit the audited FY 2023 was submitted to HUD to request a due date on 09/01/2024.

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

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-004
 Federal Agency: U.S. Department of Housing and Urban Development (HUD)
 Federal Cluster: Housing Voucher Cluster
 AL Numbers: 14.EHV, COVID-19 14.HCC, 14.871, 14.879
 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 FY2023 Trial Balance (TB) did not agree with the audited ending balances per the FY2022 Single Audit Report (SAR). We noted variances, as follows:

Account	ALN	Per 2023 TB	Per 2022 SAR	Over- (Under-)Recorded Variance
Administrative Fee Equity (Deficit)	14.EHV	\$ 32,853	\$ -	\$ 32,853
Housing Assistance Payments Equity (Deficit)	14.EHV	\$ -	\$ 29,932	\$ (29,932)
Administrative Fee Equity (Deficit)	14.HCC	\$ (377,103)	\$ 89,100	\$ (466,203)
Housing Assistance Payments Equity (Deficit)	14.HCC	\$ 377,103	\$ -	\$ 377,103
Administrative Fee Equity (Deficit)	14.871	\$ 5,448,604	\$ 1,289,281	\$ 4,159,323
Housing Assistance Payments Equity (Deficit)	14.871	\$ 495,360	\$ 3,302,183	\$ 2,806,823
Administrative Fee Equity (Deficit)	14.879	\$ 34,480	\$ -	\$ 34,480
Housing Assistance Payments Equity (Deficit)	14.879	\$ (14,953)	\$ 19,527	\$ (34,480)

Cause:

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

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

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-004, continued
Federal Agency: U.S. Department of Housing and Urban Development (HUD)
Federal Cluster: Housing Voucher Cluster
AL Numbers: 14.EHV, COVID-19 14.HCC, 14.871, 14.879
Area: Special Tests and Provisions - Rolling Forward Equity Balances
Questioned Costs: \$0

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.

Identification as a Repeat Finding: 2022-005

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 coordinated and prioritized with HUD-Honolulu to resolve the submission of its unaudited and audited Fiscal Year 2020 and 2021 financial information in the Financial Assessment Sub-System (FASS-PH) as required from HUD-Honolulu by June 06, 2024. The Authority submitted the unaudited FY 2020 to HUD on May 18, 2024 and is in review by HUD. The unaudited FY 2021 is completed and inputted in the FASS-PH. To submit the audited FY 2020 and 2021, the audited submissions must be certified by an IPA before it is submitted to HUD. To get pass this step, the Authority is required to procure an Independent Public Auditor to certify the audited submissions for FY 2020 and FY 2021. The request for proposal is still ongoing. The audited FY 2022 was rejected by the current IPA on May 23, 2024. The Authority will be working with the IPA to submit the audited FY 2022 to HUD so that the Authority can meet the reporting requirements. Fiscal Year 2023 unaudited submission is in review with HUD and the audited FY 2023 submission will be worked on with the current IPA. Submission of the audited FY 2023 is contingent on the IPA's agreement with the Authority. A waiver to submit the audited FY 2023 was submitted to HUD to request a due date on 09/01/2024.



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GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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. Della
Commissioner

Emilia F. Rice
Commissioner

Victor R. Torres
Commissioner

Karl E. Corpus
Resident Commissioner

Elizabeth F. Napoli
Executive Director

Fernando B. Esteves
Deputy Director

Corrective Action Plan
September 30, 2023

Finding #2023-001 (1) CDBG – Entitlement Grants Cluster Program B22ST660001

Views of Responsible Officials and Planned Corrective Action

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

Responsible Party: Frances Danieli, Controller and Katherine Taitano, Chief Planner

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

Finding #2023-001 (2) CDBG – Entitlement Grants Cluster Program B20SW660001 COVID-19

Views of Responsible Officials and Planned Corrective Action

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

Responsible Party: Frances Danieli, Controller and Katherine Taitano, Chief Planner



Guam Housing and Urban Renewal Authority
September 30, 2023
Corrective Action Plan

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

Finding #2023-001 (3) CDBG – Entitlement Grants Cluster Program B20ST660001

Views of Responsible Officials and Planned Corrective Action

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

Responsible Party: Frances Danieli, Controller and Katherine Taitano, Chief Planner

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

Finding #2023-001 (4) CDBG – Entitlement Grants Cluster Program

Views of Responsible Officials and Planned Corrective Action

The data for the reporting and recording requirements for subawards in the FSRS are currently entered in FY 2024. The Authority will review its accounting processes to continue to accurately record and provide complete reports as required by the U.S. Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance and the IDIS to enhance the reporting requirements.

Responsible Party: Frances Danieli, Controller and Katherine Taitano, Chief Planner

Finding #2023-002 Continuum of Care Program

Views of Responsible Officials and Planned Corrective Action

The Authority will review its accounting processes to accurately record and provide complete reports as required by the U.S. Housing and Urban Development (HUD), by the recommendations from HUD's technical assistance, and by the updated Uniform Guidance requirements to report matching requirements. Responsible accounting and planning personnel will be trained on updated Uniform Guidance.

Responsible Party: Frances Danieli, Controller and Katherine Taitano, Chief Planner

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



Guam Housing and Urban Renewal Authority
September 30, 2023
Corrective Action Plan

Finding #2023-003 Housing Voucher Cluster Reporting

Views of Responsible Officials and Planned Corrective Action

Responsible accounting personnel coordinated and prioritized with HUD-Honolulu to resolve the submission of its unaudited and audited Fiscal Year 2020 and 2021 financial information in the Financial Assessment Sub-System (FASS-PH) as required from HUD-Honolulu by June 06, 2024. The Authority submitted the unaudited FY 2020 to HUD on May 18, 2024 and is in review by HUD. The unaudited FY 2021 is completed and inputted in the FASS-PH. To submit the audited FY 2020 and 2021, the audited submissions must be certified by an IPA before it is submitted to HUD. To get pass this step, the Authority is required to procure an Independent Public Auditor to certify the audited submissions for FY 2020 and FY 2021. The request for proposal is still ongoing. The audited FY 2022 was rejected by the current IPA on May 23, 2024. The Authority will be working with the IPA to submit the audited FY 2022 to HUD so that the Authority can meet the reporting requirements. Fiscal Year 2023 unaudited submission is in review with HUD and the audited FY 2023 submission will be worked on with the current IPA. Submission of the audited FY 2023 is contingent on the IPA's agreement with the Authority. A waiver to submit the audited FY 2023 was submitted to HUD to request a due date on 09/01/2024.

Responsible Party: Frances Danieli, Controller

Anticipated Date of Completion: Ongoing effort with the IPA and HUD

Finding #2023-004 Housing Voucher Cluster Special tests and Provisions – Rolling Forward Equity Balances

Views of Responsible Officials and Planned Corrective Action

Responsible accounting personnel coordinated and prioritized with HUD-Honolulu to resolve the submission of its unaudited and audited Fiscal Year 2020 and 2021 financial information in the Financial Assessment Sub-System (FASS-PH) as required from HUD-Honolulu by June 06, 2024. The Authority submitted the unaudited FY 2020 to HUD on May 18, 2024 and is in review by HUD. The unaudited FY 2021 is completed and inputted in the FASS-PH. To submit the audited FY 2020 and 2021, the audited submissions must be certified by an IPA before it is submitted to HUD. To get pass this step, the Authority is required to procure an Independent Public Auditor to certify the audited submissions for FY 2020 and FY 2021. The request for proposal is still ongoing. The audited FY 2022 was rejected by the current IPA on May 23, 2024. The Authority will be working with the IPA to submit the audited FY 2022 to HUD so that the Authority can meet the reporting requirements. Fiscal Year 2023 unaudited submission is in review with HUD and the audited FY 2023 submission will be worked on with the current IPA. Submission of the audited FY 2023 is contingent on the IPA's agreement with the Authority. A waiver to submit the audited FY 2023 was submitted to HUD to request a due date on 09/01/2024.

Responsible Party: Frances Danieli, Controller

Anticipated Date of Completion: Ongoing effort with the IPA and HUD



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GUAM HOUSING AND URBAN RENEWAL AUTHORITY Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2023

Audit Finding

- 2022-001(1) This finding is unresolved. Certain amounts reported in PR26 – CDBG Financial Summary Report, Program Year 2021 by GHURA, do not agree with underlying accounting records.
- 2022-001(2) This finding is unresolved. Certain amounts reported in PR26 – CDBG-CV Financial Summary Report, Program Year 2021 by GHURA, do not agree with underlying accounting records.
- 2022-001(3) This finding is unresolved. Certain amounts reported in C04PR26 – CDBG Activity Summary by Selected Grant for Program Years 2021 and 2020 by GHURA, do not agree with underlying accounting records.
- 2022-001(4) This finding is unresolved. GHURA CDBG Subawards are not reported in FSRS.
- 2022-002 This finding is unresolved. GHURA's Program subrecipients' payments were either three (3) or seven (7) days delayed after the allowable 30-day payment period.
- 2022-003 This finding is resolved. Small purchase procedures were used by GHURA for purchase order number PO220265 in the amount of \$30,199 for janitorial supplies. However, sealed bidding procedures were required.
- 2022-004 This finding is unresolved. GHURA reported unaudited amounts in certain key line items in the FASS-PH for FY 2022 that do not agree with underlying accounting records.



GHURA

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- 2022-005 This finding is unresolved. 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).
- 2021-004 This finding is unresolved. GHURA has not submitted the required FY 2020 and FY 2021 unaudited and audited financial information int 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 int the FASS-PH.
- 2017-01 This finding is unresolved. The Capital Fund Grant reconciliations are ongoing.