

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

UNIFORM GUIDANCE AND HUD REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017



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

To the Board of Commissioner and Management
Guam Housing and Urban Renewal Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Guam Housing and Urban Renewal Authority (the Authority), which comprise the statement of net position as of September 30, 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency identified as finding 2017-01.

Saipan Office

Suite 203 MH II Building
Marina Heights Business Park
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office

Hengi Plaza, Suite 201
278 South Marine Drive
Tamuning, Guam 96911
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Compliance and Other Matters

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

The Authority's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Bruce Comer Magliari". The signature is written in a cursive style with a large initial "B".

May 28, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Guam Housing and Urban Renewal Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Saipan Office
Suite 203 MH II Building
Marina Heights Business Park
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office
Hengi Plaza, Suites 104 & 201
278 South Marine Drive
Tamuning, Guam 96911
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Basis for Modified Opinion on the CFDA 14.872 – Public Housing Capital Fund; CFDA 14.157 – Supportive Housing for the Elderly; CFDA 14.850 – Public and Indian Housing; and CFDA 14.871 – Section 8 Housing Choice Voucher

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.872 – Public Housing Capital Fund, as described in finding 2017-01 for Special Tests and Provisions; CFDA 14.157 Section 202 Supportive Housing for the Elderly, as described in findings 2017-02 through 2017-05 for Eligibility and Special Tests and Provisions; its CFDA 14.850 Public and Indian Housing Program as described in findings 2017-06, 2017-07, 2017-08, 2017-10, and 2017-11 for Eligibility and findings 2017-09 and 2017-12 for Special Tests and Provisions; its CFDA 14.871 Section 8 Housing Choice Voucher Program as described in findings 2017-13 and 2017-14 for Eligibility, and findings 2017-15 and 2017-16 for Special Tests and Provisions and findings 2016-04, 2016-05 and 2016-06 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Modified Opinion on the CFDA 14.872 – Public Housing Capital Fund; CFDA 14.157 – Supportive Housing for the Elderly; CFDA 14.850 – Public and Indian Housing; and CFDA 14.871 – Section 8 Housing Choice Voucher

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *the Public Housing Capital Fund, Supportive Housing for the Elderly, Public and Indian Housing, Section 8 Housing Choice Voucher* programs for the year ended September 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2017.

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

Report on Internal Control over Compliance

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

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

However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2017-02, 2017-04, 2017-06, 2017-09, and 2017-14 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 2017-01, 2017-03, 2017-05, 2017-07, 2017-08, and 2017-10, 2017-11, 2017-12, 2017-13, 2017-15 and 2017-16 to be significant deficiencies.

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

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 the Authority as of and for the year ended September 30, 2017, and have issued our report thereon dated May 28, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bruce Comer Magliola

May 28, 2018

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2017

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2017 Fiscal Year Expenditures</u>
Direct Grants:		
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
	Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers	\$ 31,147,358 *
14.879	Mainstream Vouchers	<u> -</u>
	Sub-total – Housing Voucher Cluster	<u> 31,147,358</u>
	CDBG - Entitlement Grants Cluster:	
14.218	Community Development Block Grants/Entitlement Grants	-
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas	<u> 1,575,638 *</u>
	Sub-total – CDBG – Entitlement Grants Cluster	<u> 1,575,638</u>
14.872	Public Housing Capital Fund Program	1,289,710 *
14.157	Supportive Housing for the Elderly	607,986 *
14.191	Multifamily Housing Service Coordinators	43,317
14.231	Emergency Shelter Grants Program	253,240
14.267	Continuum of Care Program	1,051,416
14.239	HOME Investment Partnerships	1,174,097
14.850	Public and Indian Housing	4,554,923 *
14.870	Resident Opportunity and Supportive Services	50,571
14.896	Family Self-Sufficiency Program	<u> 98,978</u>
	Total HUD Program Award Expenditures	<u>\$ 41,847,234</u>
Passed through the Government of Guam Department of Administration:		
<u>U. S. Department of the Interior</u>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	<u> 338,383</u>
	Total Passed through the Government of Guam Department of Administration	<u> 338,383</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 42,185,617</u>
	Percentage of Federal Awards Tested	<u> 93%</u>

* Denotes a major program as defined by 2 CFR Section 200.518 of the Uniform Guidance and based upon audit requirements imposed in the audit.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2017

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of GHURA and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements and does not present the financial position, changes in net position or cash flows of GHURA.

Programs Subject to Single Audit

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

The Authority has one outstanding loan exceeding \$750,000 and the U.S. Department of Agriculture Rural Development requested the Supportive Housing Program for the Elderly be audited as a major program despite below the major program threshold for 2016. Therefore, this program was audited as a major program. The loan balance is \$1,033,128 as of September 30, 2017 and is included in GHURA's financial statements.

Note 2 Indirect Cost Allocation

The Guam Housing and Urban Renewal Authority has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 Subrecipients

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

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Amount provided to Subrecipients</u>
Continuum of Care	14.267	\$ 760,847
Community Development Block Grant	14.225	300,973
Emergency Solutions Grant	14.231	181,012
HOME Investment Partnership	14.239	93,433
	Total	<u>\$ 1,336,265</u>



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

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

We have audited the basic financial statements of Guam Housing and Urban Renewal Authority (the Authority), a component unit of the Government of Guam for the year ended September 30, 2017 and have issued my report thereon dated May 28, 2018.

We have applied procedures to test the Authority’s compliance with the Affirmative Fair Housing and Non-Discrimination requirements applicable to its HUD assisted programs, for the year ended September 30, 2017.

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

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

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

A handwritten signature in black ink that reads "Burger Comer Magliari".

Tamuning, Guam
May 28, 2018

Saipan Office
Suite 203 MH II Building
Marina Heights Business Park
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office
Hengi Plaza, Suites 104 & 201
278 South Marine Drive
Tamuning, Guam 96911
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses were identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? Yes

Type of report issued on compliance of major program:

The auditor's report on major program compliance for GHURA having five major programs included an unmodified opinion for the Community Development Block Grants and modified opinions for the Public Housing Capital Fund Program, Supportive Housing for the Elderly, Section Housing Choice Voucher and the Public and Indian Housing Programs based on identified reportable conditions, which, in our opinion, are considered to be significant deficiencies and material weaknesses.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

Identification of major programs:

CFDA#

PROGRAM

- 14.157 Supportive Housing for the Elderly
- 14.225 Community Development Block Grants/Special Purpose Grants/Insular Areas
- 14.850 Public and Indian Housing
- 14.871 Section 8 Housing Choice Voucher Program (HCV)
- 14.872 Public Housing Capital Fund

Dollar threshold used to distinguish between type A and type B programs: \$1,265,569

The Authority did not qualify as a low-risk auditee as defined in the Uniform Guidance.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

PART II - FINANCIAL STATEMENT FINDINGS SECTION

Finding No.: 2017 – 01
CFDA Program: 14.872 – Public Housing Capital Fund (CFP)
Area: Special Tests and Provisions – Fiscal Closeout
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR § 905.322, each Capital Fund grant and/or development project is subject to fiscal closeout. Fiscal closeout includes the submission of a cost certificate; an audit, if applicable; a final Performance and Evaluation Report; and HUD approval of the cost certificate. The expenditures reported on the Actual Modernization Cost Certificate (AMCC).

Condition:

The grant number and amount of grant funds approved, disbursed and expended were agreed to the AMCC and records in the Line of Credit Control System (LOCCS). We compared the close out cost certificate dollar values recorded in the general ledger against the total costs applied to the grant specified in the cost certificate for CFP grants subject to closeout and noted differences aggregating \$48,669.56, as follows:

	CFP Grant			Total
	GQ08P00150111	GQ08P00150112	GQ08P00150113	
Total Expenditures Per G/L	\$ 1,317,717.00	\$ 1,220,950.18	\$ 1,091,915.38	\$ 3,630,582.56
Total Expenditures Per AMCC	1,317,717.00	1,174,617.00	1,089,579.00	3,581,913.00
Difference	\$ -	\$ 46,333.18	\$ 2,336.38	\$ 48,669.56

The above differences have not been reconciled with the program and fiscal personnel and the above CFP grants have not closed out as of 9/30/17.

Cause:

There is a lack of internal control policies and procedures to reconcile CFP expenditures recorded in the general ledger to the amounts recorded in LOCCS and accounted for by Program personnel on a periodic basis and timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2017

Finding No.: 2017 – 01, Continued
CFDA Program: 14.872 – Public Housing Capital Fund (CFP)
Area: Special Tests and Provisions – Fiscal Closeout
Questioned Costs: \$0

Effect:

The Authority is in noncompliance with 24 CFR § 905.322. The potential exists for the general ledger to be misstated by \$48,669.56.

Recommendation:

The Fiscal Division should strengthen existing internal control policies and procedures to reconcile program expenditures recorded in the general ledger to amounts accounted for by the Research Planning and Evaluation Division and reported in LOCCS. Reconciliations should be performed monthly in a timely manner.

Auditee Response/Corrective Action Plan:

We agree that the reconciliation process should be a regular, periodic procedure. Revisions to existing internal control polices and staff work planning and performance evaluations will be made to emphasize the critical nature of the process. The reconciliation for these grant expenditures is presently ongoing.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2017-02
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – File Maintenance
Questioned Costs: \$0

Criteria:

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

The Authority is responsible for annually reexamining incomes of households occupying assisted units and making appropriate adjustments to the tenant payment and the project rental assistance payment (24 CFR section 891.410). Assistance applicants shall submit signed consent forms upon initial application and at reexamination (24 CFR section 5.230).

Condition:

Of the eleven (11) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority’s officials for the following:

1. For 2 or 18% of the 11 (eleven) files tested, the original Application for Admission was not on-file for inspection or signed by the tenant or the Property Site Manager (PSM) for Units #J-4 and #B-2, respectively.
2. For 2 or 18% of the 11 files tested, the USDA Rural Development Form RD 3560-8 “*Tenant Certification*” was not signed by the PSM for tenant residing in Unit #H-2.
3. For 2 or 18% of the 11 files tested, HUD form 9887-A “*Application/Tenant’s Consent to Release Information*” and Consent of Disclosure GHURA form were not on-file for tenants residing in Units #H-2 and #J-4.
4. For 3 or 27% of the tenant files tested, the lease agreement and/or lease addendum form was not on file for inspection or signed by the PSM or tenant for Units #C-1, #G-2 and #J-2.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-02, Continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – File Maintenance
Questioned Costs: \$0

Condition: (continued)

5. For 4 or 36% of the eleven files tested, Form HUD 50059 “*Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures*” was either not on-file or not signed and dated by the tenant and PSM Units #C-2, #H-2, #J-2 and #K-1.
6. For 1 or 9% of the eleven files tested, the PSM failed to obtain a signed copy of the Fraud Affidavit form from the tenant residing in Unit #J-4.
7. For 2 or 18% of the tenant files tested, the Divestiture of Assets form was not on-file for tenants residing in Units #B-2 and #J-4

Cause:

There is a lack of internal control to ensure that tenant files are independently reviewed for completeness prior to tenant certification GHURA lacks proper tenant file maintenance. The Property Site Manager did not adhere to the internal control procedures in ensuring that all the required documents are complete and accurate at the time of the annual or recertification process. There is a lack of internal control monitoring or review procedures in place to ensure the adequacy and completeness of the admission documentation and certification of tenants.

There is a File Document Review and Checklist that is placed in all tenants’ folders during the certification/recertification process; however, it is not being properly used for ensuring that all required eligibility determination documentation is obtained prior to the tenant’s admission to the program.

Effect:

There is no material effect on the financial statements as a result of this condition. However, the Authority is not in compliance with 24 CFR sections 891.410 and 5.230 and its policies and procedures set forth in the Elderly Program Administrative Plan.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-02, Continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – File Maintenance
Questioned Costs: \$0

Recommendation:

The Authority should enforce and monitor its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. There is a File Document Review and Checklist that is in the tenant's folder that should be completed to ensure that all the necessary documents are obtained, properly completed and on-file for independent verification. Supervisors and management must examine files to ensure completeness and accuracy.

Greater quality control and internal control monitoring procedures should be implemented to mitigate errors and omissions. The Authority's Compliance Specialist should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Elderly Program Administrative Plan and federal regulations.

Auditee Response/Corrective Action Plan:

We agree with the above findings.

Finding were subsequently corrected and a review of all tenant folders has been conducted and is on-going to ensure all that necessary certification and recertification documentation is completed in a timely manner and properly documented Furthermore the PSM will adhere to the File Document Review and Checklist as well as existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-03
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Criteria:

PHAs are required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [24 CFR § 960.204(a)(4)]. GHURA's policy states that it will perform criminal background checks through local law enforcement for all adult household members.

Condition:

For one (1) or 9% of eleven (11) tenant files tested, there was no criminal background check was performed for Sex Offender verification for tenant residing in Unit #H-2.

Cause:

The PSM failed to conduct criminal background checks on consistent basis. There is a lack of internal control monitoring or review procedures in place to ensure the adequacy and completeness of the admission documentation and certification of tenants.

Effect:

There is no material effect on the financial statements as a result of this condition. However, the Authority is not in compliance with 24 CFR § 960.204(a)(4) and its policies and procedures set forth in the Elderly Program Administrative Plan.

Recommendation:

We recommend that the Authority establish and implement internal control monitoring procedures to enforce its existing policies and procedures to ensure compliance with federal regulations and the Administrative Plan. Quality control procedures should be implemented to periodically review tenant files certified by the PSM.

Auditee Response/Corrective Action Plan:

We agree with this finding. The background check was subsequently conducted. The PSM will ensure that all required documents are completed and signed, and all internal controls are adhered to.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-04
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions – Housing Inspections
Questioned Costs: \$0

Criteria:

Pursuant to the Elderly Program Administrative Plan for the Supportive Housing for Elderly program to conduct annual inspections to ensure that it maintain its housing units in a manner that meets the physical conditions standards set forth in 24 CFR 5.703 in order to be considered decent, safe and in good repair. Additionally, GHURA conducts move-in inspections as an opportunity for families to familiarize his/her self with the project and the unit. The move-in inspections document the unit's current condition and assures tenants that the unit is in livable condition, free of damages.

Condition:

For 3 or 27% of eleven (11) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection report indicated a failed inspection and there were no work orders or re-inspections to evidence that the deficiencies were corrected in a timely manner for the following:

1. Unit #H-2: The Inspection Report was not completed nor signed and dated by the Inspector and tenant.
2. Unit #C-2: The tenant's actual move-in date 4/3/17; however, the move-in unit inspection was not completed but was signed by the tenant and PSM on 5/18/17.
3. Unit #C-1: The inspection report was completed 3/22/17 and cited numerous deficiencies and indicated that the Unit was in very poor condition, had termites, the defective smoke detector. The Inspector documented that the Unit was needed serious renovation; however, there were work orders on-file to document that the deficiencies were corrected in a timely manner.

Cause:

The PSM failed to adhere to existing policies and procedures to conduct housing inspections according to scheduled time frames to coincide with the annual inspections prior to tenant recertification; upon move-in; and correct deficiencies in a timely manner. Additionally, there are no independent internal control monitoring or review procedures in place to ensure the adequacy and completeness of the admission and certification of tenants.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. **2017-04, Continued**
CFDA Program: **14.157 – Supportive Housing for the Elderly**
Area: **Special Tests and Provisions – Housing Inspections**
Questioned Costs: **\$0**

Effect:

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

Recommendation:

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

Auditee Response/Corrective Action Plan:

We agree with the above finding cited herein.

Unit inspections will be completed, signed and dated in the timely manner. The PSM will enforce existing internal control policies and procedures to ensure that Unit inspections are conducted and deficiencies are corrected in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-05
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – Annual Recertification
Questioned Costs: \$0

Criteria:

Pursuant to the Elderly Program Administrative Plan, the Authority must reexamine family income and composition at least once every twelve months make appropriate adjustments in the tenant rent using documentation from third-party verification. The Property Site Manager is required to commence the annual reexamination process 90 to 120 days before the anniversary date of the initial lease; and all appointments should be completed no later than 45 days before the effective date of lease in order to meet the requirement of providing at least 30 days written notice of any increase in rent.

Condition:

For 1 or 9% of eleven (11) tenant files tested, the recertification effective date was 5/1/17 for Unit #C-1; however, the certification performed late and uploaded on the Rural Development's Multi-family Housing Management Interactive Network Connection (MINC) on 6/8/17.

Cause:

The PSM failed to adhere to existing policies and procedures to conduct tenant eligibility properly and in a timely manner. Additionally, there is a lack of internal control monitoring or review procedures in place to ensure the adequacy and completeness of the tenant recertification.

Effect:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017-05, Continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility – Annual Recertification
Questioned Costs: \$0

Recommendation:

The Authority should monitor and enforce its existing internal quality control policies and procedures to ensure that all tenants recertified annually in a timely manner. The PSM should monitor tenant recertification dates to ensure that all tenants are subjected annual recertification in a timely manner.

Greater quality control and internal control monitoring procedures should be implemented to review file maintenance. The Authority's Compliance Specialist or other PSM's familiar with the Program should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Elderly Program Administrative Plan and federal regulations.

Auditee Response/Corrective Action Plan:

We agree with this finding. The PSM will enforce its existing internal quality control policies and procedures to ensure that all tenants are recertified in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017 – 06
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – File Maintenance and Missing Documentation
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR Sections 5.212, 5.230, and 5.601 through 5.615, the Authority must complete the following forms during interview with the tenant: (a) certification that the information provided to the Authority is correct; (b) one or more release forms to allow the Authority to obtain information from third parties; (c) a federally-prescribed general release form for employment information; and (d) a privacy notice. Additionally, the Authority must obtain the necessary information and documentation to verify income eligibility as a condition of admission or continued occupancy.

Condition:

For nine (9) or 15% of sixty (60) tenant files tested, we noted that the tenant folders lacked documentation or was incomplete for the follows:

1. Unit #11AVDP: No marriage certificate or affidavit of common-law status documentation on-file.
2. Unit #4BVDP: No marriage certificate or affidavit of common-law status.
3. Unit #9MJLG: No marriage certificate or affidavit of common-law status.
4. Unit #1AVDP: No marriage certificate or affidavit of common-law status.
5. Unit #26ADAM: Dependent reported as disabled on form HUD-50058 during the 7/6/17 initial certification but there was no supporting documentation file. It was subsequently corrected on 2/1/18 during the audit. No impact on Tent Rent, Utility Reimbursement or Total Tenant Payment.
6. Unit #3BDAM: Affidavit of Common Law was not signed and dated nor duly witnessed by representative.
7. Unit #18BDAM: No certification of Zero Income, tax return or non-tax filer and certification of Public Assistance.
8. Unit #2BDAM: Birth certificate of dependent child does not show mother name and there was no legal guardianship documentation on-file to claim the dependent on form HUD-50059.
9. Unit #2BDAM: No certification of Public Assistance reported on form HUD-50058.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017 – 06, Continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – File Maintenance and Missing Documentation
Questioned Costs: \$0

Cause:

It appears that the Public and Indian Housing personnel did not adhere to the internal control procedures in ensuring that all the required documents are complete and accurate at the time of the recertification process.

Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Admission & Continued Occupancy Policies for Public and Indian Housing program.

Prior Year Status:

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

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. There is a File Document Review and Checklist that is in the tenant's folder must be completed to ensure that all the necessary documents are on file and properly completed. Supervisors and management must examine files to ensure completeness and accuracy.

Auditee Response/Corrective Action Plan:

AMP 1 agrees with this finding. The Housing Specialist will contact the subject family and obtain the required documentation by 6/22/18.

AMP 4 agrees with this finding. All Housing Specialist and Interview Clerks will ensure that all required documents are submitted, signed and completed in its entirety and properly recorded on the HUD-50058. The Property Site Manager (PSM) will ensure that all internal control monitoring procedures are adhered to.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017 – 07
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Annual Certification
Questioned Costs: \$0

Criteria:

As per 24 CFR 960.253, 960.257, and 960.259, the Authority must reexamine family income and composition at least once every twelve months. Furthermore, the Authority must make appropriate adjustments in the housing assistance payment and tenant rent using documentation from third-party verification.

Condition:

For two (2) or 3% of sixty (60) tenant files tested, the following tenants were not recertified in a timely manner:

1. Unit #91MAO: Tenant annual recertification date was effective 3/1/17 and the actual recertification date was 7/14/17.
2. Unit #A25: Tenant annual recertification date was effective 7/1/17 and the actual recertification date was 8/16/17.

Cause:

There is a lack of internal control monitoring procedures to ensure that tenants are recertified in a timely manner.

Effect:

The Authority is not in compliance with 24 CFR 960.253, 960.257, and 960.259 and its policies and procedures set forth in the Admission & Continued Occupancy Policies for Public and Indian Housing program.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority as finding #2016-07.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017 – 07, Continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Annual Certification
Questioned Costs: \$0

Recommendation:

The Authority should strengthen its internal control policies and procedures over the monitoring of caseload management and the scheduling of annual tenant recertification.

Auditee Response/Corrective Action Plan:

The AMP 3 Property Site Manager (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions.

The AMP3 PSM has required the following process:

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

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

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 08
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Citizenship and Declaration of Section 214 Status
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 5.508, HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible noncitizen, except those members who elect not to contend that they have eligible immigration status. Those who elect not to contend their status are considered to be ineligible noncitizens. For citizens, nationals and eligible noncitizens the declaration must be signed personally by the head, spouse, cohead, and any other family member 18 or older, and by a parent or guardian for minors. The Authority requires applicants and tenants to complete Declaration of Section 214 Status as part of its citizenship verification process.

Additionally, pursuant to 24 CFR 5.514(c) and (d) and 24 CFR 960.259(a), the Authority must terminate the lease if (1) a family fails to submit required documentation within the required timeframe concerning any family member's citizenship or immigration status; (2) a family submits evidence of citizenship and eligible immigration status in a timely manner, but United States Citizenship and Immigration Services (USCIS) primary and secondary verification does not verify eligible immigration status of the family, resulting in no eligible family members; or (3) a family member, as determined by the PHA, has knowingly permitted another individual who is not eligible for assistance to reside (on a permanent basis) in the unit.

Condition:

For 7 or 12% of the 60 files tested, we noted deficiencies in the completion of the Declaration of Section 214 Status for the following:

1. Unit #21JEV: Not properly completed. Tenant signed and dated the form and citizenship status not indicated.
2. Unit #116PUL: Not properly completed. Tenant signed and dated the form and citizenship status not indicated.
3. Unit #11ADUE: Not properly completed by PSM and the INS/SAVE Primary Verification Number and date was not recorded.
4. Unit #18APAQ: Not completed but signed by tenant.
5. Unit #15ARDC8: Not properly completed and did not include all household members.
6. Unit #16ARDC8: Not properly completed, signed or dated and did not all household members.
7. Unit #3BDUE: Not properly completed and did not include all household members.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 08, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Citizenship and Declaration of Section 214 Status
Questioned Costs: \$0

Cause:

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

Effect:

There is no material effect on the financial statements as a result of this condition. The Authority is not in compliance with federal regulations 24 CFR 5, Subpart E, 24 CFR 5.508 and its policies and procedures set forth in the Admissions and Continued Occupancy Policy. The potential exists for ineligible individual program participation.

Prior Year Status:

The above condition was cited as finding #2016-10 in the prior year audit.

Recommendation:

The Authority should adhere to its existing internal control monitoring policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process in accordance with its Admissions and Continued Occupancy Policy and federal regulations. Quality control and enforcement procedures should be strengthened to mitigate errors made by Housing Specialist personnel to ensure program compliance.

Auditee Response/Corrective Action Plan:

The AMP 2 and AMP 4 Property Site Managers concur with this finding. Corrections will be made on file. Housing Specialists and Interviewer Clerk will ensure that all required documents are complete. PSM will ensure that internal controls are adhered to. There were some forms that were not signed by previous Housing Specialist but had the tenant sign documents in order to process annual certification. PSM will ensure that internal controls are adhered to. A new form and process has been introduced into this AMP to have control over their schedules and when to begin and end their annual recertifications for each tenant.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 09
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Criteria:

Pursuant to the Public Housing Assessment System (PHAS) regulations (24 CFR 902), the Authority must conduct annual inspections of dwelling and non-dwelling units annually. Furthermore, per the Authority's Admission & Continued Occupancy Policies, inspections should be done at move in prior to occupancy, periodically (but not less than annually) prior to lease renewal, and at move out to determine whether tenant maintains a safe, decent and sanitary dwelling unit. Failure to maintain the dwelling unit will result in termination of the tenant's lease.

Condition:

For six (6) or 10% of the sixty (60) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection report indicated a failed inspection and there were no work orders or re-inspections to evidence that the deficiencies were corrected in a timely manner for the following units:

1. Unit #3BDAM: A inspection report dated 6/7/16 was used for the 2017 certification. There was no documentation file to indicate that the unit was inspected during 2017 recertification.
2. Unit #26APAQ: A inspection report dated 6/7/16 was used for the 2017 certification. There was on documentation file to indicate that the unit was inspected during 2017 recertification.
3. Unit #21AKIN: Inspection report was not signed and dated by tenant and Housing Inspector during recertification.
4. Unit #28MAO: Unit failed inspection on 6/14/17 and there was evidence on-file of a subsequent passed inspection to correct deficiencies.
5. Unit #18APAQ: A Home Visit Inspection Report was on-file but not completed and there was no documentation in the tenant file to evidence that the unit was inspected during the 2017 annual recertification.
6. Unit #2BDAM: Unit was inspected 6/7/17 and identified an inoperable bedroom smoke detector; however, there was no documentation on-file to evidence that it was repaired.

Cause:

The Authority lacks effective internal controls to monitor and ensure that all units are inspected annually in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 09, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Effect:

The Authority is in noncompliance with the PHAS regulations and its HQS policies set forth in the Admission & Continued Occupancy Policies.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority as finding #2016-08.

Recommendation:

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

Auditee Response/Corrective Action Plan:

The AMP 3 and AMP 4 Property Site Managers agree with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The AMP3 PSM has required the following process:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 09, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Auditee Response/Corrective Action Plan: (continued)

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations. The PSM will conduct a 100% quality control review on all tenant files.

Housing Specialists and Interviewer Clerk will ensure that all submitted forms are signed and completed in its entirety. PSM will ensure that internal controls are adhered to. A new form and process has been introduced into this AMP to have control over their schedules and when to begin and end their annual recertifications for each tenant.

For Unit #2BDAM, the Data Control Clerk did not receive inspection report and there was a breakdown in communication. Since then all AMP4 staff have been trained on the process from inspection to work orders. PSM will ensure that internal controls are adhered to.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 10
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Criteria:

Pursuant to the Authority's Admissions and Continued Occupancy Policy, in order to be eligible for continued occupancy, each applicant adult family member will be evaluated to determine whether, based on their recent behavior, such behavior could reasonably be expected to result in noncompliance with the public housing lease. The Authority will look at past conduct as an indicator of future conduct. The Authority will consider objective and reasonable aspects of the family's background, including among others, the following:

History of criminal activity by any household member involving crimes or physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well-being of other tenants or staff or cause damage to property. A criminal background check shall be made on all adult household members, including live-in aides. This check will be made through State or local law enforcement or court records.

In addition, a check with the State's lifetime sex offender registration program for each adult household member will be conducted, including live-in aides. No individual registered with this program will be admitted to public housing.

Condition:

For two (2) or 3% of the 60 tenant files tested, we noted the following:

1. Unit #4AVDP: No verification of household members against National Sexual Registry.
2. Unit #2AKIN: No verification of household members against National Sexual Registry.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 10, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that all adult members are subjected to criminal background checks and documented in a timely manner.

Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Admissions and Continued Occupancy Policy.

Recommendation:

Management should implement internal controls procedures to ensure that police clearances are requested from appropriate law officials with additional follow-up procedures in a timely manner. Efforts should be made to coordinate with the appropriate law officials to obtain background checks in order to promptly identify any household member having a history of criminal activity involving crimes or physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well-being of other tenants or staff or cause damage to property.

Auditee Response/Corrective Action Plan:

The AMP 1 Property Site Manager agrees with this finding. As a result of the finding, the Housing Specialist subsequently completed the National Sexual Registry background check and obtained clearance of the all adult household members in the abovementioned units.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2017

Finding No.: 2017 – 11
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Flat Rents
Questioned Costs: \$0

Criteria:

The 2015 Appropriations Act requires that flat rents must be set at no less than 80 percent of the applicable fair market rent (FMR). Alternatively, the PHA may set flat rents at no less than 80 percent of the applicable small area FMR(SAFMR) for metropolitan areas, or 80 percent of the applicable unadjusted rents for nonmetropolitan areas.

Pursuant to 24 CFR 960.253(a) and (e), once a year, the Authority must offer families the choice between a flat rent and an income-based rent. At the initial lease up and at annual recertification, each family residing in Public Housing chooses whether to pay monthly rent on income (after deduction of any utility allowance or minimum rent) received by their household or the flat (market) rent (after deduction of any utility allowance) for the rental unit. A family may request to change the method used to determine monthly rent once between annual recertifications.

Condition:

The Authority maintains and used Flat Rent Schedule which discloses by bedroom size the FMR; 80% of flat rent; utility allowance; and the flat rent net of the utility allowance. For two (2) or 3% of the sixty (60) tenant files tested, we noted the following:

1. Unit #3BUE: Incorrect flat rate was for a 3-bdrm unit. The Housing Specialist used the old rate of \$871 instead of \$911. There was no impact on the TTP or Tenant Rent.
2. Unit #48KAL: Incorrect flat rate was for a 3-bdrm unit. The Housing Specialist used the old rate of \$987 instead of \$871 for the annual recertification with effective date of 12/1/16. There was no impact on the TTP or Tenant Rent.

Cause:

There is a lack of internal control monitoring procedures performed by Property Site Managers (PSMs) over the review of initial and recertification documentation for correctness and proper documentation during the eligibility determination process.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2017

Finding No.: 2017 – 11, Continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Flat Rents
Questioned Costs: \$0

Effect:

There is no financial input on the tenant's total payment (TTP) as result of this finding. The Authority is in noncompliance with federal regulations and its ACOP policies and procedures.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority as finding #2016-11.

Recommendation:

We recommend that management establish internal control monitoring procedures for PSMs to review tenant eligibility documentation for completeness and accuracy. Housing Specialist should exercise due care in interpreting and following federal regulations and ACOP policies and procedures.

Auditee Response/Corrective Action Plan:

The AMP 3 and AMP 4 Property Site Managers (PSM) agree with this finding. Corrections will be made on the file. Housing Specialist and Interview Clerks will ensure that all required documents are completed prior to be being reviewed the PSM. The PSM will ensure that all relative internal controls are adhered to.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 12
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Community Service
Questioned Costs: \$0

Criteria:

Pursuant to the Authority's Admissions and Continued Occupancy Policy, 24 CFR Part 960.603~607 and Section 512 of the Quality Housing and Work Responsibility Act of 1998, which amends Section 12 of the Housing Act of 1937, established a new requirement for non-exempt residents of public housing to contribute eight (8) hours of community service each month or 96 hours annually; or to participate in a self-sufficiency program for eight (8) hours each month.

Condition:

For nine (9) or 15% of the 60 tenant files tested, we noted that the following tenants did meet the community service compliance:

1. Unit #21JAP: No evidence of hours worked.
2. Unit #113PUT: No hours worked for head of household and co-head.
3. Unit #48KAL: Eligible household members did not perform 96 community service hours
4. Unit #87MAO: Eligible household member did not perform 96 community service hours
5. Unit #28MAO: Eligible household members did not perform 96 community service hours
6. Unit #26ADAM: Eligible household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that community service hours were performed.
7. Unit #3BDAM: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there no was evidence that community service hours were performed.
8. Unit #13ADAM: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that she performed 56.75 hours of community service hours written in the tenant's file.
9. Unit #3BDUE: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that she performed 40 hours of community service hours written in the tenant's file.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 12, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Community Service
Questioned Costs: \$0

Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that adult family member is in compliance with the community service requirement.

Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Admissions and Continued Occupancy Policy and HUD regulations pertaining to the community service requirements contained in 24 CFR 960 Subpart F (960.600 through 960.609).

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority as finding #2016-13.

Recommendation:

Management should implement internal controls procedures to ensure that community service requirement objectives are monitored monthly and tenants are properly evaluated each annual reexamination period.

Auditee Response/Corrective Action Plan:

The AMP 2 and AMP 3 Property Site Managers (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The AMP 3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 12, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Community Service
Questioned Costs: \$0

Auditee Response/Corrective Action Plan: (continued)

The AMP 3 PSM has required the following process:

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

Housing Specialist will maintain an internal monitor log to track community service hours for each eligible household members. Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations. In addition, the PSM will conduct a 100% quality control review on all tenant files.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. 2017 – 13
CFDA Program: 14.871 – Section 8 Housing Choice Voucher
Area: Eligibility – File Maintenance and Missing Documentation
Questioned Costs: \$0

Criteria:

The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The Authority must document and maintain in the file how the figures used in income and rent calculations were determined pursuant to 24 CFR 982.158. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the Authority has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

Condition:

For 1 or 2% of the sixty (60) tenant files tested, we noted that there was no documentation to evidence certification non-filing of tax return for Voucher #HCV0392.

Cause:

Although the Authority has folder flaps listing all necessary documentation to obtain and maintain, the Authority lacks effective internal controls to monitor and ensure that all eligibility documentation is obtained prior to certification or recertification.

Effect:

The Authority is in noncompliance with its Administrative Plan policies and procedures for file documentation.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No. **2017 – 13, Continued**
CFDA Program: **14.871 – Section 8 Housing Choice Voucher**
Area: **Eligibility – File Maintenance and Missing Documentation**
Questioned Costs: **\$0**

Recommendation:

The Authority should strengthen its existing internal control policies and procedures to ensure that that all eligibility documentation is obtained prior to certification or recertification maintained within each tenant folder.

Auditee Response/Corrective Action Plan:

We agree with the finding for non-filing of tax return. A certification of non-filing was subsequently obtained.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 14
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility
Questioned Costs: \$0

Criteria:

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

The PHA must also do the following:

- a) As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516).
- b) For both family income examinations and reexaminations, obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 982.516).
- c) Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 *et seq.*) (24 CFR sections 982.201, 982.515, and 982.516).

Condition:

For one (1) or 2% of the sixty (60) tenant files tested, we noted that for the tenant income was not properly calculated for Voucher #6-03-04144-47957, The HAP Specialist used the prior year data instead current wages and public assistance received. HAP Specialist used the tenant's \$14,952 and \$14,443 for general public assistance and wages, respectively, from 2016 instead of the tenant's 2017 general public assistance and wages totaling \$11,184 and \$18,910, respectively. The total tenant payment (TTP) should have been \$437, HAP to owner should have been \$1,398 and tenant rent to owner should have been \$103. There should not have been a utility reimbursement to the tenant totaling \$10 per month.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 14, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility
Questioned Costs: \$0

Cause:

There is a lack of internal control monitoring procedures to ensure that all eligibility determination documentation is obtained and accurately required prior to certification or recertification.

Effect:

The Authority is in noncompliance with federal regulations for determining tenant eligibility and policies and procedures set forth in the Administrative Plan.

Recommendation:

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

Auditee Response/Corrective Action Plan:

We agree with this finding.

The HAP Specialist incorrectly used prior year data due to untimely process of annual renewal. An interim adjustment was processed on March 26, 2018 to correct the error using current data reflecting the new TTP of \$437 and tenant rent to owner is \$103. Please see attached Tenant Summary Worksheet and Letter of Adjustment.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 15
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Voucher Size
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR 982.402, for each family, GHURA determines the appropriate number of bedrooms under GHURA’s subsidy standards and enters the family unit size on the voucher that is issued to the family. The family unit size does not dictate the size of unit the family must actually lease, nor does it determine who within a household will share a bedroom/sleeping room.

GHURA will reference the following chart in determining the appropriate voucher size for a family:

<u>Voucher Size</u>	<u>Persons in Household (Minimum - Maximum)</u>
0 (Studio)	1 to 2
1 Bedroom	1 to 2
2 Bedroom	2 to 4
3 Bedroom	3 to 6
4 Bedroom	4 to 8
5 Bedroom	5 to 10
6 Bedroom	6 to 12

Additionally, pursuant 24 CFR 983.259, if the Public Housing Authority (PHA) determines that a family is occupying a wrong size unit, based on the PHA’s subsidy standards, or a unit with accessibility features that the family does not require, and the unit is needed by a family that does require the features, the PHA must promptly notify the family and the owner of this determination, and the PHA must offer the family the opportunity to receive continued housing assistance in another unit. If the PHA offers the family a tenant-based voucher, the PHA must terminate the housing assistance payments for a wrong-sized or accessible unit at expiration of the term of the family’s voucher (including any extension granted by the PHA).

Condition:

For one (1) or 2% of the 60 tenant files tested, the voucher issued for Voucher #6-03-0115-37945 was a 2-bedrooms; however, the household composition was eight (8) family members which exceeded the maximum number of allowable family members.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 15, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Voucher Size
Questioned Costs: \$0

Cause:

The Housing Specialist assigned the incorrect voucher size to the family and it was not detected during the recertification process.

Effect:

The family is living in an overcrowded unit and the Authority is not in compliance with 24 CFR 983.259 and 982.402 federal regulations.

Recommendation:

We recommend that the Authority strengthen internal control monitoring policies and procedures to ensure that the vouchers are issued based on the appropriate household composition size and in accordance with its Administrative Plan.

Auditee Response/Corrective Action Plan:

We agree with this finding.

The HAP Specialist failed to provide an increase in bedroom size from a two to a four bedroom. The family was moved to a four-bedroom unit, effective December 1, 2017.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 16
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Criteria:

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

Condition:

For one (1) or 2% of the sixty (60) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for Voucher #06-0354-45423.

Cause:

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

Effect:

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

Prior Year Status:

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

Recommendation:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Finding No.: 2017 – 16, continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Auditee Response/Corrective Action Plan:

We agree with this finding.

This was an oversight on the part of the inspector. The Inspector has acknowledged this oversight and procedure will be updated to ensure process is followed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2017

Audit Finding

2016 – 01	This finding is resolved.
2016 – 02	This finding is resolved.
2016 – 03	This finding is considered unresolved as a similar finding was cited in Finding 2017-16.
2016 – 04	This finding is considered unresolved as a similar finding was cited in Finding 2017-13.
2016 – 05	This finding is resolved.
2016 – 06	This finding is resolved.
2016 – 07	This finding is resolved.
2016 – 08	This finding is resolved.
2016 – 09	This finding is considered unresolved as a similar finding was cited in Finding 2017-09.
2016 – 10	This finding is considered unresolved as a similar finding was cited in Finding 2017-08.
2016 – 11	This finding is considered unresolved as a similar finding was cited in Finding 2017-11.
2016 – 12	This finding is resolved.
2016 – 13	This finding is considered unresolved as a similar finding was cited in Finding 2017-12.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs
Year Ended September 30, 2017

	<u>Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2017 Questioned costs	\$ -	\$ -	\$ -	\$ -
FY 2012 Questioned costs	<u>97,751</u>	<u>-</u>	<u>-</u>	<u>97,751</u>
Total unresolved questioned costs at September 30, 2017	<u>\$ 97,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,751</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2017

Finding No. 2017 – 01

Area: 14.872 – Public Housing Capital Fund

Condition:

The grant number and amount of grant funds approved, disbursed and expended were agreed to the AMCC and records in the Line of Credit Control System (LOCCS). We compared the close out cost certificate dollar values recorded in the general ledger against the total costs applied to the grant specified in the cost certificate for CFP grants subject to closeout and noted differences aggregating \$48,669.56

Corrective Action Stated and Taken:

The reconciliation process will on a regular, periodic procedure. Revisions to existing internal control polices and staff work planning and performance evaluations will be made to emphasize the critical nature of the process. The Fiscal Division will ensure all future grant closeouts are properly reconciled with Research Planning and Evaluation Division in a timely manner.

Responsible Party:

Controller

Anticipated Date of Completion:

On-going to be completed by 3rd quarter of 2018

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. 2017 – 02

CFDA No. 14.157 – Supportive Housing for the Elderly

Condition:

Of the eleven (11) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

1. For 2 or 18% of the 11 (eleven) files tested, the original Application for Admission was not on-file for inspection or signed by the tenant or the Property Site Manager (PSM) for Units #J-4 and #B-2, respectively.
2. For 2 or 18% of the 11 files tested, the USDA Rural Development Form RD 3560-8 "*Tenant Certification*" was not signed by the PSM for tenant residing in Unit #H-2.
3. For 2 or 18% of the 11 files tested, HUD form 9887-A "*Application/Tenant's Consent to Release Information*" and Consent of Disclosure GHURA form were not on-file for tenants residing in Units #H-2 and #J-4.
4. For 3 or 27% of the tenant files tested, the lease agreement and/or lease addendum form was not on file for inspection or signed by the PSM or tenant for Units #C-1, #G-2 and #J-2.
5. For 4 or 36% of the eleven files tested, Form HUD 50059 "*Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures*" was either not on-file or not signed and dated by the tenant and PSM Units #C-2, #H-2, #J-2 and #K-1.
6. For 1 or 9% of the eleven files tested, the PSM failed to obtain a signed copy of the Fraud Affidavit form from the tenant residing in Unit #J-4.
7. For 2 or 18% of the tenant files tested, the Divestiture of Assets form was not on-file for tenants residing in Units #B-2 and #J-4

Corrective Action Stated and Taken:

Finding were subsequently corrected and a review of all tenant folders has been conducted and is on-going to ensure all that necessary certification and recertification documentation is completed in a timely manner and properly documented Furthermore the PSM will adhere to the File Document Review and Checklist as well as existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

Completed and on-going monitoring.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. 2017-03
CFDA Program: 14.157 – Supportive Housing for the Elderly

Condition:

For one (1) or 9% of eleven (11) tenant files tested, there was no criminal background check was performed for Sex Offender verification for tenant residing in Unit #H-2.

Corrective Action Stated and Taken:

The background check was subsequently conducted. The PSM will ensure that all required documents are completed and signed, and all internal controls are adhered to.

Responsible Party:
Property Site Manager

Anticipated Date of Completion:
Completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2017

Finding No. **2017-04**
CFDA Program: **14.157 – Supportive Housing for the Elderly**

Condition:

For 3 or 27% of eleven (11) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection report indicated a failed inspection and there were no work orders or re-inspections to evidence that the deficiencies were corrected in a timely manner for the following:

1. Unit #H-2: The Inspection Report was not completed nor signed and dated by the Inspector and tenant.
2. Unit #C-2: The tenant's actual move-in date 4/3/17; however, the move-in unit inspection was not completed but was signed by the tenant and PSM on 5/18/17.
3. Unit #C-1: The inspection report was completed 3/22/17 and cited numerous deficiencies and indicated that the Unit was in very poor condition, had termites, the defective smoke detector. The Inspector documented that the Unit was needed serious renovation; however, there were work orders on-file to document that the deficiencies were corrected in a timely manner.

Corrective Action Stated and Taken:

The PSM will enforce existing internal control policies and procedures to ensure that Unit inspections are conducted and deficiencies are corrected in a timely manner.

Responsible Party:
Property Site Manager

Anticipated Date of Completion:
Completed and on-going review process.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. 2017-05
CFDA Program: 14.157 – Supportive Housing for the Elderly

Condition:

For 1 or 9% of eleven (11) tenant files tested, the recertification effective date was 5/1/17 for Unit #C-1; however, the certification performed late and uploaded on the Rural Development's Multi-family Housing Management Interactive Network Connection (MINC) on 6/8/17.

Corrective Action Stated and Taken:

The PSM will enforce its existing internal quality control policies and procedures to ensure that all tenants are recertified in a timely manner.

Responsible Party:
Property Site Manager

Anticipated Date of Completion:
Completed and on-going review process.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. 2017 – 06
CFDA Program: 14.850 – Public and Indian Housing

Condition:

For nine (9) or 15% of the sixty (60) tenant files tested, we noted that the tenant folders either lacked documentation or was incomplete for the following.

1. Unit #11AVDP: No marriage certificate or affidavit of common-law status documentation on-file.
2. Unit #4BVDP: No marriage certificate or affidavit of common-law status.
3. Unit #9MJLG: No marriage certificate or affidavit of common-law status.
4. Unit #1AVDP: No marriage certificate or affidavit of common-law status.
5. Unit #26ADAM: Dependent reported as disabled on form HUD-50058 during the 7/6/17 initial certification but there was no supporting documentation file. It was subsequently corrected on 2/1/18 during the audit. No impact on Tent Rent, Utility Reimbursement or Total Tenant Payment.
6. Unit #3BDAM: Affidavit of Common Law was not signed and dated nor duly witnessed by representative.
7. Unit #18BDAM: No certification of Zero Income, tax return or non-tax filer and certification of Public Assistance.
8. Unit #2BDAM: Birth certificate of dependent child does not show mother name and there was no legal guardianship documentation on-file to claim the dependent on form HUD-50059.
9. Unit #2BDAM: No certification of Public Assistance reported on form HUD-50058.

Corrective Action Stated and Taken:

Families were contacted to update their information. All Housing Specialist and Interview Clerks will ensure that all required documents are submitted, signed and completed in its entirety and properly recorded on the HUD-50058. The Property Site Manager (PSM) will ensure that all internal control monitoring procedures are adhered to. The PSM will enforce its existing internal quality control policies and procedures to ensure that all tenants are recertified in a timely manner.

Responsible Party:
Property Site Manager

Anticipated Date of Completion:
June 22, 2018 and on-going monitoring.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. **2017 – 07**
CFDA Program: **14.850 – Public and Indian Housing**

Condition:

For two (2) or 3% of sixty (60) tenant files tested, the following tenants were not recertified in a timely manner:

1. Unit #91MAO: Tenant annual recertification date was effective 3/1/17 and the actual recertification date was 7/14/17.
2. Unit #A25: Tenant annual recertification date was effective 7/1/17 and the actual recertification date was 8/16/17.

Auditee Response/Corrective Action Plan:

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions.

The AMP3 PSM has required the following process:

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

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

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 08

CFDA Program: 14.850 – Low Income Housing Assistance Program

Condition:

For 7 or 12% of the 60 files tested, we noted deficiencies in the completion of the Declaration of Section 214 Status for the following:

1. Unit #21JEV: Not properly completed. Tenant signed and dated the form and citizenship status not indicated.
2. Unit #116PUL: Not properly completed. Tenant signed and dated the form and citizenship status not indicated.
3. Unit #11ADUE: Not properly completed by PSM and the INS/SAVE Primary Verification Number and date was not recorded.
4. Unit #18APAQ: Not completed but signed by tenant.
5. Unit #15ARDC8: Not properly completed and did not include all household members.
6. Unit #16ARDC8: Not properly completed, signed or dated and did not all household members.
7. Unit #3BDUE: Not properly completed and did not include all household members.

Corrective Action Stated and Taken:

Corrections will be made on file. Housing Specialists and Interviewer Clerk will ensure that all required documents are complete. PSM will ensure that internal controls are adhered to. PSM will ensure that internal controls are adhered to. A new form and process has been introduced into this AMP to have control over their schedules and when to begin and end their annual recertifications for each tenant.

Responsible Party:

Property Site Managers

Anticipated Date of Completion:

On-going monitoring.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 09
CFDA Program: 14.850 – Low Income Housing Assistance Program

Condition:

For six (6) or 10% of the sixty (60) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection report indicated a failed inspection and there were no work orders or re-inspections to evidence that the deficiencies were corrected in a timely manner.

Corrective Action Stated and Taken:

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations. The PSM will conduct a 100% quality control review on all tenant files. Housing Specialists and Interviewer Clerk will ensure that all submitted forms are signed and completed in its entirety. PSM will ensure that internal controls are adhered to. A new form and process has been introduced into this AMP to have control over their schedules and when to begin and end their annual recertifications for each tenant.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The AMP3 PSM has required the following process:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 10
CFDA Program: 14.850 – Low Income Housing Assistance Program

Condition:

For two (2) or 3% of the 60 tenant files tested, we noted the following:

1. Unit #4AVDP: No verification of household members against National Sexual Registry.
2. Unit #2AKIN: No verification of household members against National Sexual Registry.

Corrective Action Stated and Taken:

The Housing Specialist subsequently completed the National Sexual Registry background check and obtained clearance of the all adult household members in the abovementioned units. The PSM will closely monitor all background checks for all adult family members.

Responsible Party:
Property Site Managers

Anticipated Date of Completion:
Completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 11
CFDA Program: 14.850 – Public and Indian Housing

Condition:

The Authority maintains and used Flat Rent Schedule which discloses by bedroom size the FMR; 80% of flat rent; utility allowance; and the flat rent net of the utility allowance. For two (2) or 3% of the sixty (60) tenant files tested, we noted the following:

1. Unit #3BUE: Incorrect flat rate was for a 3-bdrm unit. The Housing Specialist used the old rate of \$871 instead of \$911. There was no impact on the TTP or Tenant Rent.
2. Unit #48KAL: Incorrect flat rate was for a 3-bdrm unit. The Housing Specialist used the old rate of \$987 instead of \$871 for the annual recertification with effective date of 12/1/16. There was no impact on the TTP or Tenant Rent.

Corrective Action Stated and Taken:

Deficiencies have been corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulation. Corrections have been made on the tenant files. Housing Specialist and Interview Clerks will ensure that all required documents are completed prior to being reviewed the PSM. The PSM will ensure that all relative internal controls are adhered to.

PSM's will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The green flaps will be revised to ensure that required documents are carried forward, where necessary. These flaps will be used as guidance for both Housing Specialist and Interviewer Clerk to follow through when filing tenant and applicant documents. All PSMs, Housing Specialists, and Interviewer Clerks were training on the Flat Rent Schedule and other items pertaining to tenant folders and ACOP. The Property Site Managers are working together to ensure that all forms and flaps are consistent between all AMPs to include processes.

The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM will conduct a 100% quality control review on all tenant files.

Responsible Party: Property Site Managers

Anticipated Date of Completion: Completed. On-going monitoring.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2017

Finding No.: 2017 – 12
CFDA Program: 14.850 – Public and Indian Housing

Condition:

For nine (9) or 15% of the 60 tenant files tested, we noted that the following tenants did meet the community service compliance:

1. Unit #21JAP: No evidence of hours worked.
2. Unit #113PUT: No hours worked for head of household and co-head.
3. Unit #48KAL: Eligible household members did not perform 96 community service hours
4. Unit #87MAO: Eligible household member did not perform 96 community service hours
5. Unit #28MAO: Eligible household members did not perform 96 community service hours
6. Unit #26ADAM: Eligible household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that community service hours were performed.
7. Unit #3BDAM: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there no was evidence that community service hours were performed.
8. Unit #13ADAM: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that she performed 56.75 hours of community service hours written in the tenant's file.
9. Unit #3BDUE: Eligible head of household member did not complete the Community Service Exemption Certification or Community Service Compliance form and there was no evidence that she performed 40 hours of community service hours written in the tenant's file.

Corrective Action Stated and Taken:

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions.

The AMP 3 PSM has required the following process:

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

Housing Specialist will maintain an internal monitor log to track community service hours for each eligible household members. Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations. In addition, the PSM will conduct a 100% quality control review on all tenant files.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No. **2017 – 13**
CFDA Program: **14.871 – Section 8 Housing Choice Voucher**

Condition:

For 1 or 2% of the sixty (60) tenant files tested, we noted that there was no documentation to evidence certification non-filing of tax return for Voucher #HCV0392.

Corrective Action Stated and Taken:

A certification of non-filing was subsequently obtained.

Responsible Party:

Section 8 Housing Administrator

Anticipated Date of Completion:

Completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 14
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For one (1) or 2% of the sixty (60) tenant files tested, we noted that for the tenant income was not properly calculated for Voucher #6-03-04144-47957, The HAP Specialist used the prior year data instead current wages and public assistance received. HAP Specialist used the tenant's \$14,952 and \$14,443 for general public assistance and wages, respectively, from 2016 instead of the tenant's 2017 general public assistance and wages totaling \$11,184 and \$18,910, respectively. The total tenant payment (TTP) should have been \$437, HAP to owner should have been \$1,398 and tenant rent to owner should have been \$103. There should not have been a utility reimbursement to the tenant totaling \$10 per month.

Corrective Action Stated and Taken:

An interim adjustment was processed on March 26, 2018 to correct the error using current data reflecting the new TTP of \$437 and tenant rent to owner is \$103 and a certification of non-filing was subsequently obtained.

Responsible Party:
Section 8 Housing Administrator

Anticipated Date of Completion:
Completed. On-going monitoring will be emphasized to all Housing Specialist.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 15
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For one (1) or 2% of the 60 tenant files tested, the voucher issued for Voucher #6-03-0115-37945 was a 2-bedrooms; however, the household composition was eight (8) family members which exceeded the maximum number of allowable family members.

Corrective Action Stated and Taken:

The family was moved to a four-bedroom unit, effective December 1, 2017.

Responsible Party:

Section 8 Housing Administrator

Anticipated Date of Completion:

Completed. On-going monitoring will be emphasized to all Housing Specialist.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2017

Finding No.: 2017 – 16
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For one (1) or 2% of the sixty (60) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for Voucher #06-0354-45423.

Corrective Action Stated and Taken:

This was an oversight on the part of the inspector. The Inspector has acknowledged this oversight and procedure will be updated to ensure process is followed.

Responsible Party:
Section 8 Housing Administrator

Anticipated Date of Completion:
Completed. On-going monitoring will be emphasized to all Building Inspectors.