

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

SINGLE AUDIT AND HUD REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

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

I have audited the financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2008, and have issued my report thereon dated June 3, 2009. I conducted my audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing the audit, I considered GHURA's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of GHURA's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be *significant deficiencies or material weaknesses*. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects GHURA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of GHURA's financial statements that is more than inconsequential will not be prevented or detected by GHURA's internal control. I consider the deficiency: 2008-10 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by GHURA's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that Finding Number 2008-10 of the significant deficiencies described above is a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHURA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding Numbers 2008-1 through 2008-9.

I noted certain matters that I reported to management of GHURA in a separate letter dated June 3, 2009.

GHURA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the Authority's responses and, accordingly, I express no opinion on them.

This report is intended for the information of the Board of Commissioners and management of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be used by anyone other than the specified users. However, this report is a matter of public record and its distribution is not limited.


Hagåtña, Guam
June 3, 2009

GUAM

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

SAIPAN

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Compliance

I have audited the compliance of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. GHURA's major federal programs are identified in the Summary of Auditor's Results section on page 129 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of GHURA's management. My responsibility is to express an opinion on GHURA's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GHURA's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of GHURA's compliance with those requirements.

As described in Findings 2008-1 through 2008-09 in the accompanying Schedule of Findings and Questioned Costs, GHRUA did not comply with eligibility and special tests and provisions that are applicable to the Section 8 Housing Choice Vouchers and Low Rent Public Housing program. Compliance with such requirements is necessary, in my opinion, for GHURA to comply with requirements applicable to those programs.

In my opinion, except for noncompliance described in the preceding paragraph, GHURA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of GHURA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered GHURA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the GHURA's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not be necessarily identify all deficiencies in GHURA's internal control that might be *significant deficiencies or material weaknesses* as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and others that I consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects GHURA's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the GHURA's internal control. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding No. 2008-1 through 2008-9 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the GHURA's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, I consider Findings number 2008-1 and 2008-9 to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of GHURA as of and for the year ended September 30, 2008, and have issued my report thereon dated June 3, 2009. My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 126 is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of GHURA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Board of Commissioners and the management of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.

J. Scott Magliari & Company
Hagåtña, Guam
June 3, 2009

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2008

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2008 Fiscal Year Expenditures</u>
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
14.157	Supportive Housing for the Elderly	\$ 408,213
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	3,691,558 *
14.231	Emergency Shelter Grants Program	143,168
14.235	Supportive Housing Program	407,575
14.238	Shelter Plus Care	194,808
14.239	HOME Investment Partnerships	1,248,874 *
14.850a	Low Rent Public Housing	3,486,508 *
14.871	Section 8 Housing Choice Vouchers	28,670,874 *
14.872	Public Housing Capital Fund Program	<u>1,630,333 *</u>
	Total HUD Grants	<u>39,881,911</u>
<u>U. S. Department of the Interior</u>		
15.875	Passed through the Government of Guam: Economic, Social and Political Development of the Territories – Compact Impact	<u>3,098</u>
	Total Expenditures of Federal Awards	<u>\$ 39,885,009</u>
	Percentage of Federal Awards Tested	<u>97%</u>

* Denotes a major program as defined by OMB Circular A-133.

Note 1. Basis of Presentation

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2008

Note 2. Subrecipients

The Guam Housing and Urban Renewal Authority administer 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, GHURA provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.225	\$ 620,464
Supportive Housing Program	14.235	401,894
Emergency Shelter Grants Program	14.231	184,159
Shelter Plus Care	14.238	<u>195,774</u>
Total		<u>\$ 1,402,291</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:

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2008 and have issued my report thereon dated June 3, 2009.

I have applied procedures to test GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements applicable to its HUD assisted programs, for the year ended September 30, 2008.

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

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

This report is intended for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record.


Hagåtña, Guam
June 3, 2009

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2008

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

The Authority's major programs are as follows:

<u>CFDA#</u>	<u>PROGRAM</u>
14.225	Community Development Block Grants/Special Purpose Grants Insular Areas
14.239	HOME Investment Partnerships Program
14.850	Low Income Housing Assistance Program
14.871	Section 8 Housing Choice Voucher Program (HCV)
14.872	Public Housing Capital Fund Project

Dollar threshold used to distinguish between type A and type B programs: \$1,196,550

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

PART II - FINANCIAL STATEMENT FINDINGS

There were instances of noncompliance noted that should be reported in accordance with Government Auditing Standards, which are presented in the following pages as item 2008-10.

<u>Reference Number</u>	<u>Findings</u>
2008-10	Financial Accounting System

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2008

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were instances of noncompliance noted that should be reported in accordance with Section 510(a) of OMB Circular A-133, which are presented in the following pages as item 2008-1 through 2008-9.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2008-1	Low Income Public Housing – Annual Inspections	\$ -
2008-2	Low Income Public Housing – Community Service	-
2008-3	Low Income Public Housing – Criminal Activity	-
2008-4	Low Income Public Housing – Eligibility	-
2008-5	Low Income Public Housing – Eligibility	-
2008-6	Low Income Public Housing – Eligibility	-
2008-7	Section 8 HCV – Criminal Activity	-
2008-8	Section 8 HCV – Eligibility	-
2008-9	Section 8 HCV – Reasonable Rent	-
	Total Questioned Costs	<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-1
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 eleven (11) or 44% of the twenty-five (25) 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. 7A SAL Inspection was performed on the date of move-in on 8/11/08.
2. 3BVDP Tenant recertified 2/1/08 and unit inspected 8/11/08.
3. 4BMAK Tenant recertified 5/1/08 and unit inspected 7/28/08.
4. 7JTQ Tenant recertified 1/1/08 and unit inspected 6/3/08.
5. A-13 Tenant recertified 9/1/08 and unit was not inspected.
6. M-6 Tenant recertified 1/1/08 and unit was not inspected.
7. 168JQQ No inspection report on-file.
8. D02 Tenant recertified 10/1/07 and unit was not inspected.
9. 13BRDA8 No inspection report on-file.
10. 20 APAQ Tenant recertified 2/1/08 and unit was not inspected.
11. 44 ADAM Tenant recertified 5/1/08 and unit was not inspected.

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, 2008

Finding No.: 2008-1, 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 as well as its 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.

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 Authority agrees with this finding.

The Authority will 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.

Each Property Site Manager will ensure that the inspection reports list the work order numbers and attach the completed work orders to the inspection report. These reports will then be filed in the tenants' folders.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2
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 to participate in a self-sufficiency program for eight (8) hours each month.

At the first annual reexamination on or after October 1, 1999, and each annual reexamination thereafter, the Authority will do the following:

- A. Provide a list of volunteer opportunities to the family;
- B. Provide information about obtaining suitable volunteer positions;
- C. Provide a volunteer time sheet to the family member. Instructions for the time sheet require the individual to complete the form and have a supervisor date and sign for each period of work;
- D. Assign family members to a volunteer coordinator who will assist the family members in identifying appropriate volunteer positions and in meeting their responsibilities. The volunteer will track the family member's progress monthly and will meet with the family member as needed to best encourage compliance.
- E. Thirty (30) days before the family next lease anniversary date, the volunteer coordinator will advise the Authority whether each applicable adult family member is in compliance with the community service requirement.

The Authority will notify any family found to be in noncompliance of the following:

- A. The family member(s) has been determined to be in noncompliance;
- B. That the determination is subject to the grievance procedure; and
- C. That unless the family member(s) enter into an agreement to comply, the lease will not be renewed or will be terminated.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Community Service
Questioned Costs: \$0

Condition:

For 6 or 24% of the 25 files tested, we noted the following:

1. 7A SAL – Community Service Compliance Agreement was signed by the adult family members.
2. 3BVDP – Tenant did not complete 96 hours of community service. The combined household completed 73 hours and the timesheet was not signed and dated by the supervisor of the government agency or company.
3. 1 ACOHO – Timesheet of completion of service hours was not on-file for verification.
4. 7 JTQ – Community Service Compliance Agreement was not completed. Tenant claimed exemptions but were not listed as such.
5. 34MAO – Timesheet of completion of services hours was not on-file.
6. 116JQQ – Tenant only completed 51 hours of community service for the year.

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 for the community service requirement.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Community Service
Questioned Costs: \$0

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. Efforts should be made to cure the above noncompliant tenants.

Auditee Response/Corrective Action Plan:

The Authority agrees with this finding.

The Authority will enforce its existing internal control policies and procedures to ensure that the community service requirement objectives are monitored monthly and tenants are properly evaluated for each recertification period. Property Site Managers are working on the deficiencies cited above and will be reviewed by the Quality Control manager to ensure that items have been corrected.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-3
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 6 or 24% of the 25 files tested, we noted that a Police Clearance was not obtained for the following households:

1. 7A SAL
2. 3BVDP
3. 1 ACHOHO
4. 18JTQ
5. 168JQQ
6. 116 JQQ

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-3, 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 police clearances are obtained 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:

We agree with finding.

It is in GHURA's in-take policy and processing procedures to request for police clearances from the Guam Police Department prior to admission. Efforts to correct the problem within GPD have been addressed. An MOU between the Guam Police Department and GHURA have been updated to improve collaborative efforts that would ensure police clearances are processed in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-4
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – HUD Form 50058
Questioned Costs: \$0

Criteria:

HUD uses the Form-50058 as a main tenant demographic and economic information resource. Housing Authorities are required to fully complete HUD Form 50058. The Form should be properly completed and signed and dated by the tenant and the Public Housing Authority.

Condition:

For 2 or 8% of the 25 files tested, we noted that the page 7 of the HUD Form 50058 was not properly signed by the tenant and Housing Asset Project Manager for residents dwelling in units 31 BDAM and 116 JQQ, respectively.

Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that all HUD Form 50058 are properly signed during the application and recertification process.

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 all HUD Form 50058 are properly signed during the application and recertification process.

Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms are properly signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-5
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Lease Agreement
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 966.4 and the Authority's Admissions and Continued Occupancy Policy, a lease shall be entered into between the PHA and each tenant of a dwelling unit which shall contain the provisions, terms and condition of the lease.

Condition:

For 1 or 4% of the 25 files tested, the dwelling lease agreement was not on-file for inspection for tenant residing in unit 20 ARDA8.

Cause:

There is a lack of internal controls and monitoring procedures to ensure that all required documentation is properly obtained in tenant files.

Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with 24 CFR 966.4 and its Admissions and Continued Occupancy Policy.

Recommendation:

Management should implement internal controls procedures to ensure that all HUD Form 50058 are properly signed during the application and recertification process.

Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms 50058 are properly signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been received, reviewed and filed accordingly in each tenant's folder. Property Site Managers will ensure that each file is thoroughly reviewed to ensure completeness.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-6
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Evidence of Citizenship
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 5.508 and the Authority's Admissions and Continued Occupancy Policy, each family member regardless of age, must submit evidence of citizenship for verification by Public Housing Authorities.

Condition:

For 2 or 8% of the 25 files tested, birth certificates were not on-file for independent verification of proof of citizenship for two (2) dependent family members residing in unit 3 BVDP and for the head of household residing in unit 1 ACOHO.

In addition, the birth date of one dependent born 11/25/91 was incorrectly entered on the HUD Form 50058 as 11/24/90 for the tenant residing in unit 44ADAM.

Cause:

The File Document and Checklist is not consistently used to verify completeness of all required information during the application and/or recertification process. Internal controls and monitoring procedures are properly enforced to ensure that all required documentation is properly obtained in tenant files.

Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with 24 CFR 5.508 and its Admissions and Continued Occupancy Policy.

Recommendation:

Management should enforce its existing internal control procedures to ensure that all pertinent documentation is obtained and properly filed prior to tenant certification. Housing Specialist Supervisors should conduct a thorough review of each tenant file prior to admission or recertification to ensure that all required documentation is obtained prior to admission. Quality control and enforcement procedures should be strengthened to mitigate errors made by Housing Specialist personnel.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-6, Continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Eligibility – Evidence of Citizenship
Questioned Costs: \$0

Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms 50058 are properly signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been received, reviewed and filed accordingly in each tenant's folder. Property Site Managers will ensure that each file is thoroughly reviewed to ensure completeness. At least 20% of files will be pulled on a monthly basis for quality review on accuracy and completeness.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-7
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Criteria:

In accordance with the Authority's Section 8 Housing Choice Voucher Administrative Plan, the Authority will conduct criminal background checks on all adult household members, including live-in aides. The Authority will deny assistance to a family because of drug-related criminal activity or violent criminal activity by family members. This check will be made through State or local law enforcement or court records. If the individual has live outside the local area, the Authority may contact law enforcement agencies where the individual last resided. 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 14 or 56% of the 25 HCV files tested, we noted that a Police Clearance was not obtained for the following:

- | | | |
|------------|---------------|---------------|
| 1. 07-1745 | 6. 08-1990 | 11. 09-2378 |
| 2. 09-2381 | 7. 08-2039 | 12. 05-1292 |
| 3. 02-0333 | 8. 02-0406 | 13. 06-ARM-03 |
| 4. 02-0321 | 9. 05-1233 | 14. 05-1107 |
| 5. 05-1261 | 10. 09-MSJ-08 | |

Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that police clearances are obtained 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 Section 8 Housing Choice Voucher Administrative Plan.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-7, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

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:

We agree with this finding. Although it is in GHURA's in-take policy and processing procedure to request for police clearances from the Guam Police Department prior to admission, there is no current procedure to properly track requested police clearances. Receiving requests was never a notable issue in the past and it has only become very apparent due to recent changes in the Police Department.

However, efforts to correct the problem are currently being implemented. Policies and procedures are being updated to include tracking to ensure timeliness; properly documenting requested and received police clearances; and an MOU between the Guam Police Department and GHURA now exists to improve collaborative efforts that would ensure police clearances are processed in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-8
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR Sections 982.4, 982.54(d)(15), 982.152(f)(7) and 982.503, the Authority must maintain current records to document the basis for the determination that rent to owner is a reasonable rent. The Authority is also required to examine family income and composition at least once every twelve months and adjust total rent and housing assistance payment as necessary in accordance with 24 CFR Sections 5.617 and 982.516.

Condition:

For three (3) or 12% of the 25 HCV files tested, the tenant folders had missing or incomplete documentation as follows:

<u>Voucher</u>	<u>Missing/Incomplete documentation:</u>
1. 02-0356	- HUD form 52517 not signed by tenant.
2. 06-1494	- HUD form 550058 not signed by Housing Manager.
3. 02-0333	- Verification Consent Form to INS information not signed by Non-US citizen.

Cause:

The File Document Review and Checklist are not consistently used and verified for completeness. It appears that the Housing Specialist and Supervisors did not properly review the tenant's folder to ensure that all required documents are complete and accurate at the time of admission or recertification. Quality control procedures have not been fully implemented to ensure that case files are well-managed and properly maintained.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-8, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility
Questioned Costs: \$0

Effect:

The Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for the Section 8 HCV program. The potential exists for incorrect amounts or rent to be paid and not be detected in a timely manner, as well as documentation being lost due to poor case file management.

Prior Year Status:

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

Recommendation:

Housing Specialist Supervisors should conduct a thorough review of each file prior to admission or recertification to ensure that all required documentation is obtained prior to admission. Quality control and enforcement procedures should be strengthened to mitigate errors made by Housing Specialist personnel. The Housing Manager should periodically test a sample of tenant files for quality control and document the results to correct deficiencies in a timely manner to strictly enforce adherence to the Section 8 Administrative Plan and HUD regulations.

Auditee Response/Corrective Action Plan:

We agree with the finding for vouchers #02-0356, #02-0333 and #06-1494. Voucher #02-0356 was missing the tenant's signature on HUD form 52517; voucher #02-0333 was missing the tenant's signature; and voucher #06-1494 was missing the housing manager's signature on the HAP contract and lease amendment. To correct this deficiency: (1) Supervisors are being mandated to expand their scope of review to ensure completeness of each required documents and (2) each caseworker are being required to ensure completeness of each document. Continued non-compliance of this requirement may result in disciplinary action.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Rent and Housing Assistance Payment – Rent Reasonableness
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR Sections 982.507 and 982.158(f)(7), the Authority must maintain current records to document the basis for the determination that rent to owner is a reasonable rent. The Authority must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination, the PHA must consider:

1. The location, quality, size, unit type, and age of the contract unit; and
2. Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

In addition, the Housing Authority will compare the rent for the unit of the rent of comparable unassisted units in the same or comparable neighborhood.

Condition:

Based on our review of the 25 HCV files tested, we noted the Rent Reasonableness Determination Report continues to document comparable units are not always in the same location. For example:

HCV #04-0982, the proposed unit was located in the northern village of Dededo and was compared to a unit in the southern village of Agat. There was no written documentation to justify this comparison.

HCV #03-0836, the proposed unit was located in the village of Barrigada and was compared to units in villages of Yona and Dededo. There was no written documentation to justify this comparison.

HCV #07-1745, the proposed unit was located in the village of Tamuning and was compared to units in villages of Yigo and Dededo. There was no written documentation to justify this comparison.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Rent and Housing Assistance Payment – Rent Reasonableness
Questioned Costs: \$0

Cause:

The Authority's administrative plan does not specifically address the segregation of the duties for this function.

Effect:

The Authority is not in compliance with 24 CFR 985.3 (b)(3)(B) for quality control sampling. The potential exists for the perpetration of fraud through collusion for fraud and kickbacks between landlords who have multiple rental units incorrect amounts or rent to be paid

Prior Year Status:

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

Recommendation:

Records should be maintained to document the basis for the Authority's determination that the rent to owner is a reasonable rent (initially and during the term of a HAP contract). We suggest that management conduct a study of unassisted housing rents paid on Guam and develop a database by village, quality, size, unit type, and age of the unit; and any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease. The data obtained on the Rent Reasonableness Determination Report should be analyzed and documented in such a manner to explain the rationale for the rent determination. For those landlords with multiple units, monthly rent rolls should be requested if needed to determine rents charges for unassisted units. Once the Rent Reasonable Determination Report is completed by the Building Inspector, it should be independently reviewed and approved by the Housing Manager.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Rent and Housing Assistance Payment – Rent Reasonableness
Questioned Costs: \$0

Auditee Response/Corrective Action Plan:

We agree with this findings for vouchers #04-0982, #03-0836 and #07-1745. The comparison was not consistent with the policy in determining rent reasonableness. Measures to correct this deficiency have already been implemented. These measures include: (1) for accuracy and consistency, the task of determining rent reasonableness has been reassigned to a supervisory staff; (2) Procedures are being established to ensure federal guidelines are being followed in the processing of comparables; (3) comparables used from a different location must be due to the unavailability of a comparable source and the reasons and unsuccessful efforts to obtained the sources from the same location must be adequately documented. Voucher #07-1745 although the comparable used was from a northern village like Tamuning, the Inspector failed to document why it used comparables from the neighboring village rather than another comparable from Tamuning.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10
CFDA Program: All Programs
Area: Financial Accounting System
Questioned Costs: \$0

Criteria:

In accordance with the Common Rule, the Authority should maintain a financial accounting and management system to facilitate and be capable for the production of accurate and timely financial information and related preparation of financial statements.

In assessing the adequacy of an applicant's financial management system, the awarding agency shall rely on readily available sources of information, such as audit reports, to the maximum extent possible. If additional information is necessary to assure prudent management of agency funds, it shall be obtained from the applicant or from an on-site review.

Condition:

In assessing the adequacy of the Authority's financial management system we during our audit, we continued to observe that the Fiscal Division is unable to produce the current and complete financial statements on a monthly and annual basis. There is a consistent 2- to 3 month delay in closing books each month and at fiscal year-end.

In addition, numerous accounts were not properly reconciled during the year in a timely manner. As result, considerable time was spent reconciling account balances subsequent to September 30, 2008.

Cause:

The Authority lacks a sufficient number of qualified accountants to ensure that the accounting functions will not cease in the absence of exiting personnel and to allow for proper cross-training of personnel. Several key accounting personnel were allowed to take vacation during the course of the audit which caused delays in obtaining certain audit information and/or explanation of significant accounting issues.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10, Continued
CFDA Program: All Programs
Area: Financial Accounting System
Questioned Costs: \$0

Effect:

There is no known material effect on the financial as a result of this condition; however, the potential exist for management to make financial decisions based on inaccurate or non-current financial data.

Prior Year Status:

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

Recommendation:

All significant account balances should be reconciled on a monthly basis within the Fiscal Division and in conjunction with the accounting staff working in the Research, Planning Evaluation Division. Standard operating policies and procedures should be developed and implemented to facilitate and ease month-end and year-end closing procedures to ensure that all accounting transactions are recorded and financial statements are prepared in a timely manner.

We commend management for the subsequent hiring a new accountant; however, to ensure that certain accounting functions do not cease, we believe additional qualified accountants knowledgeable in governmental accounting are still needed to alleviate the continued strain on existing personnel especially when vacations are taken and extended absences occur. Efforts should be made to rotate and cross-train existing accounting personnel to ensure that no one person is only knowledgeable of particular accounting functions.

Additionally, accounting staff vacations should be planned to occur before, near completion or after the audit is completed or alternate arrangements are made to transfer accounting functions to other knowledgeable personnel.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10, Continued
CFDA Program: All Programs
Area: Financial Accounting System
Questioned Costs: \$0

Auditee Response and Corrective Action Plan:

The Authority hired a Controller in May 2008 whose top priority includes: timeliness of financial reporting, recruitment of qualified accountants for the vacant positions, cross-train existing accounting personnel to ensure that accounting functions do not cease while vacations are taken or extended absences occur, providing personnel with quarterly updates from HUD and other accounting issues, and update the accounting policies and procedures manual. The Authority also hired a senior level accountant (Accountant III) to close the gap towards timeliness.

The Fiscal and MIS Division will work together to ensure that the Financial Accounting System generates the necessary reports to meet all financial reporting in a timely manner. Existing and new accounting personnel will be required to attend at least 16 credit hours of continuing professional education courses in governmental and financial accounting every year.

Vacation is a planned activity that occurs during the fiscal year; therefore, personnel will be authorized to go on vacations before, near completion or after the audit is completed. Otherwise, in the event of unplanned leave (such as medical emergencies), other accounting personnel will be able to respond to the auditors.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2008

Audit Finding #

07-01 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 2008-1. Therefore this finding is considered unresolved.

07-02 This finding was corrected in the current year.

07-03 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 2008-9. Therefore this finding is considered unresolved.

07-04 This finding was corrected in the current year.

07-05 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 2008-10 citing for the Fiscal Division not performing timely account balance reconciliations and its inability to produce timely financial statements in a timely manner. Therefore this finding is considered unresolved.

07-06 This finding was corrected in the current year.

06-15 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 2008-9. Therefore this finding is considered unresolved.

06-16 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 2008-10. Therefore this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs
Year Ended September 30, 2008

	<u>Beginning Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2008 Questioned costs	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total unresolved questioned costs at September 30, 2008	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Note 1: The Authority did not have any unresolved Questioned Costs as of September 30, 2008.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan
Federal Award Findings and Questioned Costs
September 30, 2008

Finding No. 07-01

Program: Low Income Public Housing - Annual Recertification

Finding:

For eight (8) or 32% of the twenty-five (25) 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:

Procedures are being enforced to ensure the timeliness of annual re-certifications such as Housing Specialists obtaining annual recertification lists and beginning the process at least 90 days before the anniversary date of initial lease. The HS Supervisor would review PIC Reports on a monthly basis to monitor the status of reexaminations for program compliance.

The Public Housing Manager will ensure that all staff are complying with this program requirements. The Public Housing Manager will evaluate and validate that the staff performed a quality control review and that all requirements have been met and properly documented.

Responsible Party:

Public Housing Manager, Housing Specialist Supervisor and Housing Specialists.

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan
Federal Award Findings and Questioned Costs
September 30, 2008

Finding No. 07-03 and 06-15
Program: Section 8 Voucher – Reasonable Rent

Finding:

Based on our review of the 40 files tested, we noted the Rent Reasonableness Determination Report continues to document comparable units exceeding the maximum subsidy allowed based on the Payment Standard and comparable units are not always in the same location.

Corrective Action Stated and Taken:

The process has been reassessed and new processes are currently being implemented to achieve program compliance.

Measures to correct this deficiency have already been implemented. These measures include: (1) for accuracy and consistency, the task of determining rent reasonableness has been reassigned to a supervisory staff; (2) Procedures are being established to ensure federal guidelines are being followed in the processing of comparables; (3) comparables used from a different location must be due to the unavailability of a comparable source and the reasons and unsuccessful efforts to obtain the sources from the same location must be adequately documented.

To ensure compliance with rent reasonableness test and the payment standards, the Inspectors are reviewing all initial rent and owner rental increase requests. The inspectors prepare the electronic comparables report and provide recommendations of approval or disapproval of the rent rate. The Section 8 Manager reviews the Inspector's recommendation and issues a final approval or disapproval of all rental rates increases/decreases in accordance with the regulation.

Responsible Party:

Section 8 Housing Manager

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2008

Finding No. 07-05 and 06-16

Area: Fiscal Division – Accounting System

Finding:

In assessing the adequacy of the Authority's financial management system we during our audit, we continued to observe that the Fiscal Division is unable to produce the current and complete financial statements on a monthly and annual basis. There is a consistent 2- to 3 month delay in closing books each month and at fiscal year-end.

Corrective Action Stated and Taken: continued

The Authority hired a Controller in May 2008 whose top priority includes: timeliness of financial reporting, recruitment of qualified accountants for the vacant positions, cross-train existing accounting personnel to ensure that accounting functions do not cease while vacations are taken or extended absences occur, providing personnel with quarterly updates from HUD and other accounting issues, and update the accounting policies and procedures manual. The Authority also hired a senior level accountant (Accountant III) to close the gap towards timeliness.

The Fiscal and MIS Division will work together to ensure that the Financial Accounting System generates the necessary reports to meet all financial reporting in a timely manner. Existing and new accounting personnel will be required to attend at least 16 credit hours of continuing professional education courses in governmental and financial accounting every year.

Vacation is a planned activity that occurs during the fiscal year; therefore, personnel will be authorized to go on vacations before, near completion or after the audit is completed. Otherwise, in the event of unplanned leave (such as medical emergencies), other accounting personnel will be able to respond to the auditors.

Responsible Party:

Controller

Current Status:

Corrective action has not been fully implemented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule 1

Salaries, Wages and Benefits
Year Ended September 30, 2008

Salaries, wages and benefits:

Salaries	\$ 3,611,210
Retirement benefits	865,684
Benefits other than retirement	226,223
Overtime pay	<u>53,899</u>
Total salaries, wages and benefits	<u>\$ 4,757,016</u>
Employees at end of year	<u>107</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program.