

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

SINGLE AUDIT AND HUD REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

**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, 2016, 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 April 19, 2017.

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 2016-01.

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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.



April 19, 2017



**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, 2016. 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.

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

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.157 Section 202 Supportive Housing for the Elderly, as described in finding 2016-01 for Special Tests and Provisions; its CFDA 14.871 Section 8 Housing Choice Voucher Program as described in findings 2016-03 for Special Tests and Provisions and findings 2016-04, 2016-05 and 2016-06 for Eligibility; its CFDA 14.850 Public and Indian Housing Program as described in findings 2016-07, 2016-10, 2016-11, 2016-12, 2016-13 for Eligibility and findings 2016-08 and 2016-09 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

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

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 Supportive Housing for the Elderly, Section 8 Housing Choice Voucher and Public and Indian Housing* programs for the year ended September 30, 2016.

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, 2016.

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 2016-03, 2016-04, 2016-05, 2016-06, 2016-07 and 2016-08 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 2016-02, 2016-09, 2016-10, 2016-11, 2016-12, and 2016-13 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, 2016, and have issued our report thereon dated April 19, 2017, 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.



April 19, 2017

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2016

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2016 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	\$ 33,325,263 *
14.879	Mainstream Vouchers	-
	Sub-total – Housing Voucher Cluster	<u>33,325,263</u>
	CDBG - Entitlement Grants Cluster:	
14.218	Community Development Block Grants/Entitlement Grants	-
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas	2,901,647 *
	Sub-total – CDBG – Entitlement Grants Cluster	<u>2,901,647</u>
14.872	Public Housing Capital Fund Program	1,376,208 *
14.157	Supportive Housing for the Elderly	589,557 *
14.191	Multifamily Housing Service Coordinators	45,976
14.231	Emergency Shelter Grants Program	262,518
14.267	Continuum of Care Program	1,149,919
14.239	HOME Investment Partnerships	571,336
14.850	Public and Indian Housing	4,084,749 *
14.870	Resident Opportunity and Supportive Services	65,975
14.896	Family Self-Sufficiency Program	67,881
	Total HUD Program Award Expenditures	<u>\$ 44,441,029</u>
Passed through the Government of Guam Department of Administration:		
<u>U. S. Department of Health and Human Services (HHS)</u>		
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care Centers)	39,792
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	74,071
93.505	Affordable Care Act – Maternal Infant & Early Childhood Home Visiting Program	<u>139,049</u>
	Total HHS Program Award Expenditures	<u>252,912</u>
<u>U. S. Department of the Interior</u>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	<u>370,855</u>
	Total Passed through the Government of Guam Department of Administration	<u>623,767</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 45,064,796</u>
	Percentage of Federal Awards Tested	<u>94%</u>

* Denotes a major program as defined by OMB Circular A-133 and based upon audit requirements imposed in the audit.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2016

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, U.S. Department of Health and Human Services, 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 \$1,095,072 as of September 30, 2016 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	\$ 865,248
Emergency Solutions Grant	14.231	176,710
Community Development Block Grant	14.225	118,545
HOME Investment Partnership	14.239	<u>61,265</u>
	Total	<u>\$ 1,221,768</u>



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

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

We have audited the basic financial statements of Guam Housing and Urban Renewal Authority (the Authority), a component unit of the Government of Guam for the year ended September 30, 2016 and have issued my report thereon dated April 19, 2017.

We have applied procedures to test GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements applicable to its HUD assisted programs, for the year ended September 30, 2016.

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

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

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

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

Tamuning, Guam
April 19, 2017

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

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 510(a) of Circular A-133? Yes

Type of report issued on compliance of major program:

The auditor's report on major program compliance for GHURA having five major programs included an unmodified opinion for the Community Development Block Grants and the Public Housing Capital Fund Program and modified opinions for the Supportive Housing for the Elderly, Section Housing Choice Voucher and Low Income Housing Assistance 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, 2016

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

Identification of major programs:

<u>CFDA#</u>	<u>PROGRAM</u>
14.157	Supportive Housing for the Elderly
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: \$1,351,944

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, 2016

PART II - FINANCIAL STATEMENT FINDINGS SECTION

Finding No. **2016-01**
Area: **Schedule of Expenditure and Federal Awards (SEFA)**

Criteria:

The Authority is required, under the Uniform Guidance to prepare its SEFA for the reporting period covered by its financial statements, which must include the total of federal awards expended as determined by 2 CFR 200.502. All expenditures that should have been recorded have been recorded and all disclosures that should be included in the SEFA. The financial and other information should be disclosed fairly and at the appropriate amounts.

Condition:

During December 2016, the Authority provided its SEFA to us for audit procedures. The SEFA included two unidentified programs classified as “*Other Federal Program 1 and State/Local*”. During April 2017, the Fiscal Division provided a revised SEFA that decrease total grant expenditure by \$153,026 but increase one program by \$285,270 and decreased another program by the same amount.

Cause:

The Fiscal Division co-mingled the Low Rent Public Housing and Public Housing Capital Fund Program and failed to properly segregate and report the correct amount of expenditures for each program.

Effect:

The change of \$285,270 in program expenditures caused the selection and determination of an additional major program to be subject to Single Audit.

Recommendation:

The Fiscal Division should not co-mingle federal programs expenditures in its general ledger. Efforts should be made to establish and separately maintain programs on a fund basis in the general ledger and consolidate the financial data for HUD reporting purposes as needed.

Auditee Response and Corrective Action Plan:

We agree with the finding. The Fiscal Division will ensure all future expenditures will be properly segregated and reported for each program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2016-02
CFDA No. 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions – Wage Rate Requirements
Questioned Cost: \$0

Criteria:

All laborers and mechanics (other than volunteers under the conditions set out in 24 CFR part 70) employed by contractors and subcontractors in the construction (including rehabilitation) of housing with 12 or more units assisted under this program shall be paid wages at rates not less than those prevailing in the locality, as determined by the Secretary of Labor in accordance with the Wage Rate Requirements. A group home for persons with disabilities is not covered by these labor standards (24 CFR section 891.155(d)).

Condition:

The Program entered into a contract for renovation work on the housing using and did not conduct wage compliance review on the contractor's employees to ensure that they were paid wages at rates not less than those prevailing in the locality, as determined by the Secretary of Labor in accordance with the Wage Rate Requirements.

Cause:

There is a lack of internal control to monitor and ensure that contractors comply with wage rate requirements.

Effect:

There is no known material effect on the financial as a result of this condition; however, the Program is in noncompliance wage rate requirements and federal regulations.

Recommendation:

The Program's management should establish internal control monitoring procedures to ensure that all laborers and mechanics (other than volunteers under the conditions set out in 24 CFR part 70) employed by contractors and subcontractors in the construction are paid prevailing wages in accordance with federal regulations.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. **2016-02, continued**
CFDA No. **14.157 – Supportive Housing for the Elderly**
Area: **Special Tests and Provisions – Wage Rate Requirements**
Questioned Cost: **\$0**

Auditee Response and Corrective Action Plan:

The A&E Division will ensure all future projects comply with the requirements set forth in 24 CFR part 70. However, the Authority interpreted the funding has been generated from rents collected from tenants and deposited into the reserve account. The Authority also believes the contractor paid its employees in accordance with the general provision for labor.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 03
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Criteria:

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

Condition:

For eleven (11) or 17% of the sixty-five (65) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for the following:

<u>Item #</u>	<u>Voucher #</u>
1	06-03-0091-58917
2	06-01-0098-59899
3	06-01-0098-60818
4	06-06-0199-61514
5	06-07-0008VT-69416
6	06-06-0159-62051
7	06-01-0091-61627
8	06-08-0029-61336
9	06-08-0325-1484
10	06-06-0323-66161
11	NED0015

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 03, continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

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.

Auditee Response/Corrective Action Plan:

We agree with the findings. The purpose for having the landlord, tenant, and inspector sign the inspection report is to acknowledge the presences of landlord and/or tenant; that the inspection was performed; and landlords/tenants are aware of discrepancies and timeline for repairs to be made. Increased supervisory review has been implemented to ensure inspectors are complying with procedural requirements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-04
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:

Of the sixty-five (65) tenant files tested, seven (7) or 11% either lacked certain required documentation for the current period, miscalculations or had missing signatures from the Authority's officials for the following:

1. Voucher #6-08-0029-6133 – form HUD 52641-A *Tenancy Addendum Lease Agreement* was not signed and dated by the landlord and tenant.
2. Voucher ##6-03-007PB-70220 – Form HUD 52641-A *Tenancy Addendum Lease Agreement* was not on-file.
3. Voucher #HCV0050 – Form HUD 52641-A *Tenancy Addendum Lease Agreement* was not signed and dated by the Housing Administrator.
4. Voucher #6-06-0306-43795 – Declaration of Section 214 Status used to document U.S. citizenship status was not completed.
5. Voucher #6-01-0098-60818 – Declaration of Section 214 Status used to document U.S. citizenship status was not completed and the Divestiture of Assets form was not completed.
6. Voucher #6-08-0211-1379 – Form HUD-52667, *Allowances For Tenant Furnished Utilities and Other Services* was not completed.
7. Voucher #PBV0011 – The incorrect wages were entered onto Form HUD 50058. The Housing Specialist recorded \$200 instead of the annualized amount of \$2,400. As a result, the tenant total payment (TTP), the total rent and HAP payment should have been \$283; \$88; and \$487, respectively.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-04
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 over tenant folder review 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.

Effect:

There is no material effect on the financial statements as a result of this condition. The Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for the Section 8 HCV program and federal regulations for determining eligibility. The potential exists for improper payment amounts or rent to be paid or admission of ineligible participants and not be detected in a timely manner.

Recommendation:

The Authority should strengthen its internal control monitor 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, signed and dated by the Housing Specialist to ensure that all the necessary documents are obtained, properly completed and on-file for independent verification.

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 Administrative Plan and federal regulations.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. **2016-04**
CFDA Program: **14.871 – Section 8 Housing Choice Voucher Program**
Area: **Eligibility**
Questioned Costs: **\$0**

Auditee Response/Corrective Action Plan:

The response for each finding is indicated below:

1. We disagree with this finding. Form HUD 52641-A does not require signatures.
2. We disagree with this finding. Form HUD 52641-A was in the participant's file with the Residential Lease Agreement.
3. We disagree with this finding. Form HUD 52641-A requires no signature.
4. We agree with this finding. An appointment is scheduled with the participant to obtain the appropriate signature on Declaration of Section 214. The immigration status and participant eligibility was verified. Increased supervisory review has been implemented to ensure all required documents are completed and signed.
5. We agree with this finding. The deficiencies have been corrected. Increased supervisory review has been implemented to ensure all documents are completed and signed.
6. We agree with this finding. The corrected copy is attached to reflect "S8 Utility Allowance 2016."
7. We agree with this finding. The error resulted in an upward TTP which requires a 30-day increase notification to the tenant; therefore, reflecting HAP overpayment of \$632.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-05
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility – Upfront Income Verification (UIV)
Questioned Costs: \$0

Criteria:

PHA's are required to 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). All PHA's are required to use HUD's the UIV to verify social security and supplemental security income of current participants and household members.

PHA's are required to use HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income and inform tenants of its capability and intent to compare tenant reported information with UIV data. The EIV system is used to support up-front income verification by providing income information to be used by PHA's during tenant certification as well as related tools to be used in identifying possible dual entitlement situation and whether applicants already are receiving HUD rental assistance.

Condition:

For one (1) or 1% of the sixty-five (65) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income for voucher #6-04-0147-966. The EIV on file was for a different tenant and was wrongfully signed and dated by both the tenant and Housing Specialist.

Cause:

Internal control monitoring procedures were not effective during the tenant file review process as the tenant file was not properly examined and reviewed for completeness and accuracy of information.

Effect:

The potential for fraud exists as well as the for families to underreport their household income and go undetected.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-05, continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility – Upfront Income Verification (UIV)
Questioned Costs: \$0

Recommendation:

The Authority should strengthen its internal control monitoring and file review and adhere to its procedures to utilize HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income and inform tenants of its capability and intent to compare tenant reported information with UIV data during the certification process when determining family eligibility, computing income and rent calculations and total tenant payments.

Auditee Response/Corrective Action Plan:

We agree with the finding. The respective Housing Specialist inadvertently printed the wrong EIV and had client signed without noticing the error. Steps are being taken to correct the problem. The incorrect EIV has been removed from the client's file and the correct EIV is being printed for the respective client's signature. To avoid any similar mishaps, all Housing Specialists are being reminded to double check their work for accuracy and completeness.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-06
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility – Payment Standard
Questioned Costs: \$0

Criteria:

The PHA's schedule of payment standards is used to calculate housing assistance payments for HCV families. Payment standard is defined as "the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)" [24 CFR 982.4(b)]. The payment standard for a family is the lower of (1) the payment standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under the PHA's subsidy standards [24 CFR 982.4(b)], or (2) the payment standard for the size of the dwelling unit rented by the family. The PHA is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the payment standard for the family minus the family's total tenant payment (TTP) or (2) the gross rent for the family's unit minus the TTP.

Condition:

For one (1) or 1% of the sixty-five (65) tenant files tested, the Housing Specialist failed to use the correct payment standard for voucher #6-08-0072-48083. The Housing Specialist used the old payment standard of \$1,528 instead of using the correct payment standard of \$1,535 for the approved 3-bedroom voucher.

Cause:

Internal control monitoring procedures were not effective during the tenant file review process as the tenant file was not properly examined and reviewed for completeness and accuracy of information.

Effect:

As result of the above condition, the total HAP should have been \$793 instead of \$786; the total family share should have been \$745 instead of \$742; and the total rent to owner should have been \$414 instead of \$421.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No. 2016-06, continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program
Area: Eligibility – Payment Standard
Questioned Costs: \$0

Recommendation:

The Authority must strengthen its internal control monitoring and file review procedures during the certification process when determining family eligibility, computing income and HAP payments and total tenant payments to mitigate and/or eliminate the potential for improper payments.

Auditee Response/Corrective Action Plan:

We agree with the finding. A corrected HUD Form 50058 is attached reflecting the correct payment standard retroactive to July 1, 2016 and the Memo to Fiscal reflecting the HAP payment request. The Housing Specialists has been made aware of the error and training is provided to ensure the correct payment standards is applied accordingly. The Housing Specialists Supervisor will increase file reviews for the respective Housing Specialist to ensure the correct payment standards is utilized at all times.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 07
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility - Recertification
Questioned Costs: \$0

Criteria:

The PHA must 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 960.259).
- 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 960.259).
- 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 sections 5.601 et seq., and 24 CFR sections 960.253, 960.255, and 960.259).
- d. Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR sections 960.253, 960.257, and 960.259).

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 07, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility - Recertification
Questioned Costs: \$0

Condition:

For seven (7) or 12% of the sixty (60) tenant files tested for eligibility, the Authority failed to recertify tenant eligibility was not able to locate and provide the recertification eligibility documentation for independent inspection. The Housing Specialist and PSM's carried-forward the tenant's information from previous 2015 recertification an such for the 2016. The tenant was subsequently recertified during the 2017 year and eligibility documentation was on-file. The tenant units are as follows:

	<u>Unit #</u>
1.	13BVDP
2.	13ADUE
3.	22RSSA
4.	7ADUE
5.	19ARDBA
6.	D16
7.	11CRDC8

For Unit #19ARDB8, the Housing Specialist indicated that the file documentation may have been shredded by mistake.

Cause:

There is a lack of internal control procedures to ensure that tenants are recertified in a timely manner. The Authority failed to retain tenant eligibility recertification documentation and did not adhere to the Authority's file retention policy.

Effect:

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

Prior Year Status:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 07, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility - Recertification
Questioned Costs: \$0

Recommendation:

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

Auditee Response/Corrective Action Plan:

AMP 1 agrees with this finding. The Housing Specialist will contact the subject family to obtain the required documentation covering the certification period of 2016. The PHA will generate an EIV that corresponds with the 2016 recertification review. The tenant family will be required to sign a new HUD Form 50058 if there is an impact to the TTP. If no impact, the documents will be filed accordingly, and noted that the correction was made as a result of this identified deficiency.

AMP 4 agrees with this finding. The Property Site Manager (PSM) will address (1) internal control and (2) missing documents as indicated below.

Internal Control: 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 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. The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

The PSM has required the following process:

Housing Specialist will submit tenant file to PSM upon completion of recertification process within 2 working days.

The PSM will conduct quality control review for completeness within 5 working days and document results to have HS correct within 5 working days.

Housing Specialist will correct deficiencies and return to PSM within three (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, 2016

Finding No.: 2016 – 07, continued

CFDA Program: 14.850 – Public and Indian Housing

Area: Eligibility - Recertification

Questioned Costs: \$0

Missing Documents: The Property Site Manager (PSM) will review the folders in its entirety to determine what documents are missing. A list will be provided for the Housing Specialists to work with: 1) other AMPs and retrieve any documents they may have relating to tenant; 2) residents to sign documents; and 3) the system and print any prior year reports.

- The folder will also be documented that original documents may have been and/or were destroyed while clearing boxes at the storage area.
- Housing Specialists are tasked to ensure and account for all tenant folders. They will also ensure that the flaps are updated and the required documents are in file.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-08
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 5.705 and Section 6(f)(3) of the United States Housing Act of 1937 requires that PHAs inspect each public housing project annually to ensure that the project’s units are maintained in decent, safe, and sanitary condition. The PHA shall continue using the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements, to conduct annual project inspections. These standards address the inspection of the site area, building systems and components, and dwelling units. GHURA Policy GHURA will inspect all occupied units annually using HUD’s Uniform Physical Condition Standards (UPCS).

Condition:

For twenty (20) or 33% of the sixty (60) tenant files tested, the Authority failed to conduct annual inspections in accordance with the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements. Instead, the Authority used a “House Visit” general checklist to conduct annual inspections. Additionally, these inspections were performed by Housing Specialist instead of the Authority’s Housing Inspectors. The nineteen units are as follows:

<u>Unit #</u>	
1. 13BVDP	11. D28
2. 176JQQ	12. D04
3. 11CRDC8	13. 22RSSA
4. 17ARDC8	14. 32BDAM
5. 30JPM	15. 2ADUE
6. D16	16. 44BDAM
7. 19ARDB8	17. 7ADUE
8. 11ARDA8	18. 13ADUE
9. DO9	19. 7BDAM
10. D20	20. 34WSA

Of the units listed above, items, 10 or 50% of the files indicated that the files had been audited internally by the Property Site Manager. For Unit 19ARDB8, the house visit questionnaire was not properly completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-08, continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections
Questioned Costs: \$0

Cause:

GHURA failed to inspect all occupied units annually using HUD's Uniform Physical Condition Standards. The Authority lacks effective internal controls to monitor and ensure that all units are inspected annually to meet HUD housing quality standards in a timely manner.

Effect:

The Authority is in noncompliance with the PHAS regulations as well as its policies set forth in the Admission & Continued Occupancy Policies. Failure to conduct proper inspections will result in increased repair and maintenance costs and require increased modernization costs through the use of capital fund program funds. In addition, undetected and corrected repairs will result in reduced occupancy due to units being off-line and vacant for major renovation.

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:

AMP 1 disagrees with the audit finding for "Special Tests and Provisions-Annual Inspections".

The Authority did conduct the required annual inspection in accordance with the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements. As of FY 16, UPCS inspection reports are no longer placed in the tenant file and are maintained by the Data Clerk in the unit folder.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-08, 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)

AMP 3 disagrees with the finding.

Uniform Physical Condition Standards (UPCS) Inspection was conducted on 02/17/16 and documents were filed accordingly into unit file.

AMP 4 agrees with the finding.

Internal Control: 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 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 Housing Specialists will be required to use the Annual Inspection report to inspect units for housekeeping standards on an annual basis during the recertification process. The original housekeeping inspection report will be filed in the Tenant's folder. A copy will be provided to the Data Control Clerk II to generate a work order for any deficiencies cited. Once the work is completed a copy of completed work order will be provided to Housing Specialist for tenant folder.

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-08, 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)

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Auditor's Response:

The AMP were unable to provide to the UPCS inspection report upon request. We recommend that copies of the such inspection report be placed in the tenant's upon completion of the initial and recertification of tenant eligibility.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-09
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections Results
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 966.4(e), the Authority is obligated to maintain dwelling units and the project in decent, safe and sanitary condition and to make necessary repairs to dwelling units. If the unit is damaged to the extent that conditions are created which are hazardous to the life, health, or safety of the occupants, the tenant must immediately notify the Authority of the damage, and the PHA must make repairs within a twenty-four (24) hours.

For all non-emergency repairs, the Authority's policy state that it will correct non-life threatening health and safety defects within 3 business days of the inspection date. If the Authority is unable to make repairs within that period due to circumstances beyond the Authority's control (e.g. required parts or services are not available, weather conditions, etc.) the Authority will notify the family of an estimated date of completion.

Condition:

For one or 2% of the sixty (60) tenant files tested, the Authority failed to document the repairs of a move-in inspection for unit #19ARDB8. Based on review of the Move-in Inspection Report dated 4/22/16, numerous repairs were cited including missing smoke detector, clogged kitchen sink and peeling paint in a bedroom and there was no evidence that repairs were actually made prior to tenant occupancy.

Cause:

GHURA failed to inspect all occupied units annually using HUD's Uniform Physical Condition Standards. The Authority lacks effective internal controls to monitor and ensure that all units are inspected annually to meet HUD housing quality standards in a timely manner.

Effect:

The Authority is in noncompliance with the PHAS regulations as well as its policies set forth in the Admission & Continued Occupancy Policies. Failure to conduct proper inspections will result increased repair and maintenance cost and require increased modernization cost through the use of capital fund program funds. In addition, undetected and corrected repairs will result in reduced occupancy due to units being off-line and vacant for major renovation.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-09, continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections Results
Questioned Costs: \$0

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:

AMP 4 agrees with this finding.

Internal Control: 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 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 Housing Specialists will be required to use the Annual Inspection report to inspect units for housekeeping standards on an annual basis during the recertification process. The original housekeeping inspection report will be filed in the Tenant's folder. A copy will be provided to the Data Control Clerk II to generate a work order for any deficiencies cited. Once the work is completed a copy of completed work order will be provided to Housing Specialist for tenant folder.

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

The Admissions and Continued Occupancy Policy (ACOP) and Maintenance Plan will be updated so that both policy and procedures will ensure consistency in the processes and number of days to complete all types of work requests. The Property Site Managers are working together to ensure that all forms and flaps are consistent between all AMPs to include processes.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-09, continued
CFDA Program: 14.850 – Low Income Housing Assistance Program
Area: Special Tests and Provisions – Annual Inspections Results
Questioned Costs: \$0

Auditee Response/Corrective Action Plan: (continued)

The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2016

Finding No.: 2016-10
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Citizenship Status
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 5, Subpart E for Citizen or eligible immigration status, housing assistance is available only to individuals who are U.S. citizens, U.S. nationals (herein referred to as citizens and nationals), or noncitizens that have eligible immigration status. At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for any level of assistance. All applicant families must be notified of the requirement to submit evidence of their citizenship status when they apply.

Additionally, 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.

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 three (3) or 5% of the sixty (60) tenant files tested, the Authority failed to obtain evidence of eligible citizenship status for household members residing in units 4ASAL, 114BSD and D16.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2016

Finding No.: 2016-10, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Citizenship 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 exist for ineligible individual program participation.

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. Greater emphasis should be placed on quality control and internal control monitoring procedures to ensure program compliance.

Auditee Response/Corrective Action Plan:

AMP 1 agrees with the audit finding for “Eligibility –Citizenship Status”.

The Housing Specialist will contact the subject family to obtain the required evidence of eligible citizenship status for the household members of the unit identified.

AMP 3 agrees with the finding.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-10, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Citizenship Status
Questioned Costs: \$0

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 PSM has required the following process:

- Housing Specialist (HS) will submit tenant file to PSM within 2 days upon completion of recertification process.
- PSM will conduct quality control review for completeness within 5 working days and document results to have HS correct.
- HS 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.

AMP 4 disagrees with this finding.

The file does contain the required documents as evidence of eligible citizenship status for household members residing in the unit. Such documents include birth certificates, social security cards, passport, declaration of 214 status (citizenship status), and SAVE. The Declaration of 214 form is signed once and is not required to be signed again should the form be updated.

However, the PSM will continue to 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 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 recertification.

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 twenty-four (24) or 40% of the sixty (60) tenant files tested, the Property Site Managers recorded the 80% flat rent on the *Family Choice of Rental Payment* form signed by the tenant and reported such on the form HUD 5005558 Line 10b., instead using the flat rent less utilities for the following units:

Unit #		
1. 20MJLG	9. 13BVDP	17. 74AAC
2. 21MJLG	10. 11AVDP	18. 23JCR
3. 16BSAL	11. 2BCAM	19. 41SME
4. 11BSAL	12. 2BABAS	20. 14JE
5. 17ASAL	13. 113PUT	21. 25JCR
6. 4ASAL	14. 4FMD	22. 17ARDC8
7. 20BVDP	15. 25PD	23. 30JPM
8. 22BVDP	16. 14PD	24. 11ARDA8

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 11, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Flat Rents
Questioned Costs: \$0

Condition: (continued)

For three or 5% of the sixty (60) tenant files tested, the tenant did not indicate whether they elected to pay rent based on income or a flat rent for Units #14PD, #30JPM and #25JCR.

For two or 3% of the sixty (60) tenant files tested, the notice of rent adjustment dated 8/9/16 was not signed and acknowledged by the tenant residing in Units #25JCR and #30JPM.

Cause:

The Housing Specialists misinterpreted and did not adhere to federal regulations and the Authority's Admissions and Continued Occupancy Policy (ACOP) handbook procedures. 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.

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.

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:

AMP 1 agrees with the audit finding for the subject area 'Eligibility – Flat Rents.' The Family Choice of Rental Payment forms will be corrected to ensure that the Flat rent amount indicated ties with the HUD form 50058 Line 10b.

AMP 2 agrees with the audit finding for the subject area 'Eligibility – Flat Rents.'

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2016

Finding No.: 2016 – 11, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Flat Rents
Questioned Costs: \$0

Auditee Response/Corrective Action Plan: (continued)

The Family Choice of Rental Payment forms will be corrected to ensure that the Flat rent amount indicated ties with the HUD form 50058 Line 10b.

For units 14 PD and 25 JCR, the Family Choice of Rental Payment forms will be completed to clearly indicate whether the tenant family elected to pay rent based on income or a flat rent.

For unit 25 JCR, the tenant family will be requested to complete the required signatures on the Family Choice of Rental Payment forms.

AMP 4 agrees with this finding.

Internal Control: 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 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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 12
CFDA Program: 14.850 – Public and Indian Housing
Area: Special Tests and Provision – Imputing Income from Assets
Questioned Costs: \$0

Criteria:

Pursuant to 24 CFR 5.609(b)(3) and Notice PIH 2012-29, when net family assets are \$5,000 or less, the PHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the PHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by the PHA. The HUD field office no longer provides an interest rate for imputed asset income. The “safe harbor” is now for the PHA to establish a passbook rate within 0.75 percent of a national average. The PHA must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average.

The Authority’s policy states that it will initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC) and reviewed annually, in December of each year. Changes to the passbook rate will take effect on February 1 following the December review.

Condition:

Based on the review of the Authority’s inputted passbook rate, it was last updated 9/21/15.

Additionally, for one or 2% of the tenant files tested, the tenant residing in Unit #44BDAM reported ownership of property valued at \$8,800 and the Authority did not use or complete the Real Estate Imputed Income form to calculate the related imputed income.

Cause:

The Authority has not established internal control monitoring procedures to ensure that the imputed asset passbook rate is reviewed annually and updated in a timely manner.

The Housing Specialist overlooked and failed compute the real estate imputed income and there is a lack of internal control monitoring procedures to ensure that all documentation is obtained and verified prior to eligibility determination.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016 – 12
CFDA Program: 14.850 – Public and Indian Housing
Area: Special Tests and Provision – Imputing Income from Assets
Questioned Costs: \$0

Effect:

The Authority is in noncompliance with 24 CFR 5.609(b)(3) and Notice PIH 2012-29 and its ACOP records policies and procedures. The potential exist for the TTP to be misstated.

Recommendation:

We recommend that management update its inputted passbook rate and adhere to the federal regulations and its ACOP policies and procedures. Procedures should be established to ensure that Real Estate Imputed Income form is used to calculate the related imputed income prior to eligibility determination.

Auditee Response/Corrective Action Plan:

AMP 4 agrees with this finding.

Internal Control: 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 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.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-13
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.

Condition:

For one (1) or 2% of the 60 tenant files tested, we noted that the tenants residing in AMP 4 unit 30JPM, the Authority failed to document the Community Service Compliance Certification or Exemption for an eligible household member.

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).

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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-13, 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:

AMP 4 agrees with this finding.

Internal Control: 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 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.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2016

Audit Finding #

- | | |
|-----------|--|
| 2015 – 01 | This finding is considered unresolved as a similar finding was cited in Finding 2016-07. |
| 2015 – 02 | This finding is considered unresolved as a similar finding was cited in Finding 2016-10. |
| 2015 – 03 | This finding is considered unresolved as a similar finding was cited in Finding 2016-02. |
| 2015 – 04 | This finding is resolved. |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs
Year Ended September 30, 2016

	<u>Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2016 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, 2016	<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, 2016

Finding No. 2016 – 01

Area: Schedule of Expenditure and Federal Awards (SEFA)

Condition:

During December 2016, the Authority provided its SEFA to us for audit procedures. The SEFA included two unidentified programs classified as “*Other Federal Program 1 and “State/Local”*”. During April 2017, the Fiscal Division provided a revised SEFA that decrease total grant expenditure by \$153,026 but increase one program by \$285,270 and decreased another program by the same amount.

Corrective Action Stated and Taken:

The Fiscal Division will ensure all future expenditures will be properly segregated and reported for each program.

Responsible Party:

Controller

Anticipated Date of Completion:

For Future Reference

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 02
CFDA No. 14.157 – Supportive Housing for the Elderly

Condition:

The Program entered into a contract for renovation work on the housing using and did conduct wage compliance review on the contractor's employees to ensure that they were paid wages at rates not less than those prevailing in the locality, as determined by the Secretary of Labor in accordance with the Wage Rate Requirements.

Corrective Action Stated and Taken:

The A&E Division will ensure all future projects comply with the requirements set forth in 24 CFR part 70. However, the Authority interpreted the funding has been generated from rents collected from tenants and deposited into the reserve account. The Authority also believes the contractor paid its employees in accordance with the general decision for labor.

Responsible Party:

A&E Manager

Anticipated Date of Completion:

For Future Reference

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 03
CFDA No. 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For eleven (11) or 17% of the sixty-five (65) tenant files tested, the Inspection Report was not signed by the landlord, tenant or Housing Inspector for the following:

<u>Item #</u>	<u>Voucher #</u>
1	06-03-0091-58917
2	06-01-0098-59899
3	06-01-0098-60818
4	06-06-0199-61514
5	06-07-0008VT-69416
6	06-06-0159-62051
7	06-01-0091-61627
8	06-08-0029-61336
9	06-08-0325-1484
10	06-06-0323-66161
11	NED0015

Corrective Action Stated and Taken:

The purpose for having the landlord, tenant, and inspector sign the inspection report is to acknowledge the presences of landlord and/or tenant; that the inspection was performed; and landlords/tenants are aware of discrepancies and timeline for repairs to be made. Increased supervisory review has been implemented to ensure inspectors are complying with procedural requirements.

Responsible Party:

Section 8 Administrator

Anticipated Date of Completion:

April 28, 2017

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 04

CFDA No. 14.871 – Section 8 Housing Choice Voucher Program

Condition:

Of the sixty-five (65) tenant files tested, seven (7) or 11% either lacked certain required documentation for the current period, miscalculations or had missing signatures from the Authority's officials for the following:

1. Voucher #6-08-0029-6133 – form HUD 52641-A *Tenancy Addendum Lease Agreement* was not signed and dated by the landlord and tenant.
2. Voucher ##6-03-007PB-70220 – Form HUD 52641-A *Tenancy Addendum Lease Agreement* was not on-file.
3. Voucher #HCV0050 – Form HUD 52641-A *Tenancy Addendum Lease Agreement* was not signed and dated by the Housing Administrator.
4. Voucher #6-06-0306-43795 – Declaration of Section 214 Status used to document U.S. citizenship status was not completed.
5. Voucher #6-01-0098-60818 – Declaration of Section 214 Status used to document U.S. citizenship status was not completed and the Divestiture of Assets form was not completed.
6. Voucher #6-08-0211-1379 – Form HUD-52667, *Allowances For Tenant Furnished Utilities and Other Services* was not completed.
7. Voucher #PBV0011 – The incorrect wages were entered onto Form HUD 50058. The Housing Specialist recorded \$200 instead of the annualized amount of \$2,400. As a result, the tenant total payment (TTP), the total rent and HAP payment should have been \$283; \$88; and \$487, respectively.

Corrective Action Stated and Taken:

The corrective action for each finding is indicated below:

1. Form HUD 52641-A does not require signatures.
2. Form HUD 52641-A was in the participant's file with the Residential Lease Agreement.
3. Form HUD 52641-A requires no signature.
4. An appointment is scheduled with the participant to obtain the appropriate signature on Declaration of Section 214. The immigration status and participant eligibility was verified. Increased supervisory review has been implemented to ensure all required documents are completed and signed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. **2016-04, continued**
CFDA Program: **14.871 – Section 8 Housing Choice Voucher Program**

5. The deficiencies have been corrected. Increased supervisory review has been implemented to ensure all documents are completed and signed.
6. The corrected copy is attached to reflect “S8 Utility Allowance 2016.”
7. The error resulted in an upward TTP which requires a 30-day increase notification to the tenant; therefore, reflecting HAP overpayment of \$632.

Responsible Party:

Section 8 Administrator

Anticipated Date of Completion:

April 28, 2017

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 05
CFDA No. 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For one (1) or 1% of the sixty-five (65) tenant files tested, the Authority failed to use HUD’s centralized Enterprise Income Verification (EIV) System to validate tenant reported income for voucher #6-04-0147-966. The EIV on file was for a different tenant and was wrongfully signed and dated by both the tenant and Housing Specialist.

Corrective Action Stated and Taken:

The respective Housing Specialist inadvertently printed the wrong EIV and had client signed without noticing the error. Steps are being taken to correct the problem. The incorrect EIV has been removed from the client’s file and the correct EIV is being printed for the respective client’s signature. To avoid any similar mishaps, all Housing Specialists are being reminded to double check their work for accuracy and completeness.

Responsible Party:

Section 8 Administrator

Anticipated Date of Completion:

Corrected immediately

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 06
CFDA No. 14.871 – Section 8 Housing Choice Voucher Program

Condition:

For one (1) or 1% of the sixty-five (65) tenant files tested, the Housing Specialist failed to use the correct payment standard for voucher #6-08-0072-48083. The Housing Specialist used the old payment standard of \$1,528 instead of using the correct payment standard of \$1,535 for the approved 3-bedroom voucher.

Corrective Action Stated and Taken:

A corrected HUD Form 50058 is attached reflecting the correct payment standard retroactive to July 1, 2016 and the Memo to Fiscal reflecting the HAP payment request. The Housing Specialists has been made aware of the error and training is provided to ensure the correct payment standards is applied accordingly. The Housing Specialists Supervisor will increase file reviews for the respective Housing Specialist to ensure the correct payment standards is utilized at all times.

Responsible Party:

Section 8 Administrator

Anticipated Date of Completion:

Corrected immediately

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 07
CFDA No. 14.850 – Public and Indian Housing

Condition:

For seven (7) or 12% of the sixty (60) tenant files tested for eligibility, the Authority failed to recertify tenant eligibility was not able to locate and provide the recertification eligibility documentation for independent inspection. The tenant was subsequently recertified during the 2017 year and eligibility documentation was on-file. The Housing Specialist and PSM’s carried-forward the tenant’s information from previous 2015 recertification and such for the 2016. The tenant was subsequently recertified during the 2017 year and eligibility documentation was on-file. The tenant units are as follows:

	<u>Unit #</u>
1.	13BVDP
2.	13ADUE
3.	22RSSA
4.	7ADUE
5.	19ARDBA
6.	D16
7.	11CRDC8

For Unit #19ARDB8, the Housing Specialist indicated that the file documentation may have been shredded by mistake.

Corrective Action Stated and Taken:

AMP 1 - The Housing Specialist will contact the subject family to obtain the required documentation covering the certification period of 2016. The PHA will generate an EIV that corresponds with the 2016 recertification review. The tenant family will be required to sign a new HUD Form 50058 if there is an impact to the TTP. If no impact, the documents will be filed accordingly, and noted that the correction was made as a result of this identified deficiency.

AMP 4 - The Property Site Manager (PSM) will address (1) internal control and (2) missing documents as indicated below.

Internal Control: 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 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 07, continued **CFDA No. 14.850 – Public and Indian Housing**

The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

The PSM has required the following process:

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

Missing Documents: The Property Site Manager (PSM) will review the folders in its entirety to determine what documents are missing. A list will be provided for the Housing Specialists to work with: (1) other AMPs and retrieve any documents they may have relating to tenant; (2) residents to sign documents; (3) the system and print any prior year reports.

- The folder will also be documented that original documents may have been and/or were destroyed while clearing boxes at the storage area.
- Housing Specialists are tasked to ensure and account for all tenant folders. They will also ensure that the flaps are updated and the required documents are in file.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Managers

Anticipated Date of Completion:

AMP 1 – May 1, 2017
AMP 4 – Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 08
CFDA No. 14.850 – Public and Indian Housing

Condition:

For twenty (20) or 33% of the sixty (60) tenant files tested, the Authority failed to conduct annual inspections in accordance with the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements. Instead, the Authority used a “House Visit” general checklist to conduct annual inspections. Additionally, these inspections were performed by Housing Specialist instead of the Authority’s Housing Inspectors. The nineteen units are as follows:

<u>Unit #</u>	
1. 13BVDP	11. D28
2. 176JQQ	12. D04
3. 11CRDC8	13. 22RSSA
4. 17ARDC8	14. 32BDAM
5. 30JPM	15. 2ADUE
6. D16	16. 44BDAM
7. 19ARDB8	17. 7ADUE
8. 11ARDA8	18. 13ADUE
9. DO9	19. 7BDAM
10. D20	20. 34WSA

Of the units listed above, items, 10 or 50% of the files indicated that the files had been audited internally by the Property Site Manager. For Unit 19ARDB8, the house visit questionnaire was not properly completed.

Corrective Action Stated and Taken:

AMP 1 - The Authority did conduct the required annual inspection in accordance with the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements. As of FY 16, UPCS inspection reports are no longer placed in the tenant file and are maintained by the Data Clerk in the unit folder.

AMP 3 - Uniform Physical Condition Standards (UPCS) Inspection was conducted on 02/17/16 and documents were filed accordingly into unit file.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 08, continued
CFDA No. 14.850 – Public and Indian Housing

Corrective Action Stated and Taken: (continued)

AMP 4 - Internal Control: 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 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 Housing Specialists will be required to use the Annual Inspection report to inspect units for housekeeping standards on an annual basis during the recertification process. The original housekeeping inspection report will be filed in the Tenant's folder. A copy will be provided to the Data Control Clerk II to generate a work order for any deficiencies cited. Once the work is completed a copy of completed work order will be provided to Housing Specialist for tenant folder.

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

The Property Site Managers are working together to ensure that all forms and flaps are consistent between all AMPs to include processes.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 08, continued
CFDA No. 14.850 – Public and Indian Housing

Corrective Action Stated and Taken: (continued)

The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Managers

Anticipated Date of Completion:

AMP 1 – Not a finding.
AMP 3 – Not a finding.
AMP 4 – Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 09
CFDA No. 14.850 – Public and Indian Housing

Condition:

For one or 2% of the sixty (60) tenant files tested, the Authority failed to document the repairs of a move-in inspection for unit #19ARDB8. Based on review of the Move-in Inspection Report dated 4/22/16, numerous repairs were cited including missing smoke detector, clogged kitchen sink and peeling paint in a bedroom and there was no evidence that repairs were actually made prior to tenant occupancy.

Corrective Action Stated and Taken:

AMP 4 - Internal Control: 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 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 Housing Specialists will be required to use the Annual Inspection report to inspect units for housekeeping standards on an annual basis during the recertification process. The original housekeeping inspection report will be filed in the Tenant's folder. A copy will be provided to the Data Control Clerk II to generate a work order for any deficiencies cited. Once the work is completed a copy of completed work order will be provided to Housing Specialist for tenant folder.

All Maintenance Staff will be required to conduct a Uniform Physical Condition Standards (UPCS) inspection on all units on an annual basis. These inspection reports will be issued for inspection purposes. As inspections are completed, work orders will be generated for any deficiencies cited in the unit. All completed work orders will be attached to UPCS inspection report and placed in the Unit Folder.

The Admissions and Continued Occupancy Policy (ACOP) and Maintenance Plan will be updated so that both policy and procedures will ensure consistency in the processes and number of days to complete all types of work requests. The Property Site Managers are working together to ensure that all forms and flaps are consistent between all AMPs to include processes.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 09, continued
CFDA No. 14.850 – Public and Indian Housing

Corrective Action Stated and Taken: (continued)

The PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

AMP 4- Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 10
CFDA No. 14.850 – Public and Indian Housing

Condition:

For three (3) or 5% of the sixty (60) tenant files tested, the Authority failed to obtain evidence of eligible citizenship status for household members residing in units 4ASAL, 114BSD and D16.

Corrective Action Stated and Taken:

AMP 1 - The Housing Specialist will contact the subject family to obtain the required evidence of eligible citizenship status for the household members of the unit identified.

AMP 3 - 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 PSM has required the following process:

- Housing Specialist will submit tenant file to PSM within 2 days upon completion of recertification process.
- PSM will conduct quality control review for completeness within 5 working days and document the results for the Housing Specialist to correct.
- 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.

AMP 4 - The file does contain the required documents as evidence of eligible citizenship status for household members residing in the unit. Such documents include birth certificates, social security cards, passport, declaration of 214 status (citizenship status), and SAVE. The Declaration of 214 form is signed once and is not required to be signed again should the form be updated.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 10, continued
CFDA No. 14.850 – Public and Indian Housing

Corrective Action Stated and Taken: (continued)

However, the PSM will continue to 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.

Responsible Party:

Property Site Managers

Anticipated Date of Completion:

AMP 1 – May 1, 2017
AMP 3 – April 28, 2017
AMP 4 – Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 11
CFDA No. 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 twenty-four (24) or 40% of the sixty (60) tenant files tested, the Property Site Managers recorded the 80% flat rent on the Family Choice of Rental Payment signed by the tenant and reported such on the form HUD 5005558 Line 10b., instead using the flat rent less utilities for the following units:

			Unit #		
1.	20MJLG	9.	13BVDP	17.	74AAC
2.	21MJLG	10.	11AVDP	18.	23JCR
3.	16BSAL	11.	2BCAM	19.	41SME
4.	11BSAL	12.	2BABAS	20.	14JE
5.	17ASAL	13.	113PUT	21.	25JCR
6.	4ASAL	14.	4FMD	22.	17ARDC8
7.	20BVDP	15.	25PD	23.	30JPM
8.	22BVDP	16.	14PD	24.	11ARDA8

For three or 5% of the sixty (60) tenant files tested, the tenant did not indicate whether they elected to pay rent based on income or a flat rent for Units #14PD, #30JPM and #25JCR.

For two or 3% of the sixty (60) tenant files tested, the notice of rent adjustment dated 8/9/16 was not signed and acknowledged by the tenant residing in Units #25JCR and #30JPM.

Corrective Action Stated and Taken:

AMP 1 - The Family Choice of Rental Payment forms will be corrected to ensure that the Flat rent amount indicated ties with the HUD form 50058 Line 10b.

AMP 2 - The Family Choice of Rental Payment forms will be corrected to ensure that the Flat rent amount indicated ties with the HUD form 50058 Line 10b.

For units 14 PD and 25 JCR, the Family Choice of Rental Payment forms will be completed to clearly indicate whether the tenant family elected to pay rent based on income or a flat rent.

For unit 25 JCR, the tenant family will be requested to complete the required signatures on the Family Choice of Rental Payment forms.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 11, continued **CFDA No. 14.850 – Public and Indian Housing**

AMP 4 - Internal Control: 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 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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Managers

Anticipated Date of Completion:

AMP 1 – May 1, 2017
AMP 2 – April 28, 2017
AMP 4 – Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2016

Finding No. 2016 – 12
CFDA No. 14.850 – Public and Indian Housing

Condition:

Based on the review of the Authority’s inputted passbook rate, it was last updated 9/21/15.

Additionally, for one or 2% of the tenant files tested, the tenant residing in Unit #44BDAM reported ownership of property valued at \$8,800 and the Authority did not complete the Real Estate Imputed Income form to calculate the related imputed income.

Corrective Action Stated and Taken:

AMP 4 - Internal Control: 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 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. 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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

AMP 4 - Ongoing

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2016

Finding No. 2016 – 13
CFDA No. 14.850 – Public and Indian Housing

Condition:

For one (1) or 2% of the 60 tenant files tested, we noted that the tenants residing in AMP 4 unit 30JPM, the Authority failed to document the Community Service Compliance Certification or Exemption for an eligible household member.

Corrective Action Stated and Taken:

AMP 4 - Internal Control: 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 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. 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 is the Compliance Specialist at the AMP level. The PSM will conduct a 100% quality control review on all tenant files.

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

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

AMP 4 - Ongoing