Reports on Internal Control and Compliance

Guam Housing and Urban Renewal Authority

(A Component Unit of the Government of Guam)

Year Ended September 30, 2025

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Year Ended September 30, 2025

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

Board of Commissioners
Guam Housing and Urban Renewal Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements, and have issued our report thereon dated July 2, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

GHURA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on GHURA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. GHURA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of This Report

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

Ernst + Young LLP

July 2, 2026

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

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Guam Housing and Urban Renewal Authority's (GHURA's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2025. GHURA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Community Development Block Grants Cluster Entitlements/Special Purpose, ALN - 14.239 - Home Investment Partnerships Program, ALN 14.267 - Continuum of Care Program, and ALN - 14.850 Public Housing Operating Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GHURA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants Cluster Entitlements/Special Purpose, ALN 14.239 - Home Investment Partnerships Program, ALN - 14.267 Continuum of Care Program, and ALN - 14.850 Public Housing Operating Fund for the year ended September 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GHURA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended September 30, 2025.

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinions on the Community Development Block Grants Cluster Entitlements/Special Purpose, ALN - 14.239 Home Investment Partnerships Program, ALN - 14.267 Continuum of Care Program, and ALN - 14.850 Public Housing Operating Fund

As described in the accompanying schedule of findings and questioned costs, GHURA did not comply with the requirements regarding the following:

Finding No.	Assistance Listing No.	Program (or Cluster) Name	Compliance Requirement
2025-004	14.225	Community Development Block Grants Cluster Entitlements/Special Purpose	Reporting
2025-005	14.225	Community Development Block Grants Cluster Entitlements/Special Purpose	Reporting
2025-007	14.239	Home Investment Partnerships Program	Eligibility
2025-008	14.239	Home Investment Partnerships Program	Special Tests and Provisions
2025-009	14.239	Home Investment Partnerships Program	Special Tests and Provisions
2025-010	14.239	Home Investment Partnerships Program	Special Tests and Provisions
2025-011	14.267	Continuum of Care Program	Period of Performance
2025-012	14.267	Continuum of Care Program	Procurement and Suspension and Debarment
2025-013	14.267	Continuum of Care Program	Matching, Level of Effort, Earmarking
2025-014	14.850	Public Housing Operating Fund	Eligibility
2025-015	14.850	Public Housing Operating Fund	Procurement and Suspension and Debarment

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as the following:

Finding No.	Assistance Listing No.	Program (or Cluster) Name	Compliance Requirement
2025-002	14.871 14.EHV 14.879	Housing Voucher Cluster	Special Tests and Provisions
2025-003	14.871 14.EHV 14.879	Housing Voucher Cluster	Special Tests and Provisions
2025-006	14.225	Community Development Block Grants Cluster Entitlements/Special Purpose	Special Tests and Provisions
2025-016	14.850	Public Housing Operating Fund	Special Tests and Provisions

Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004, 2025-005, and 2025-007 through 2025-015 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 2025-002, 2025-003, 2025-006 and 2025-016 to be significant deficiencies.

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

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

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

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

We have audited the financial statements of GHURA as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements. We have issued our report thereon dated July 2, 2026, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

July 2, 2026

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

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

Federal Grantor/Pas-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871			$ 51,885,049
Emergency Housing Voucher	14.EHV			1,549,890
Mainstream Vouchers	14.879			479,687
Housing Voucher Cluster total:				$ 53,914,626
CDBG - Entitlement/Special Purpose Grants Cluster:				
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.225		$ 2,041,087	$ 4,156,481
COVID -19 Community Development Block Grants/Special Purpose Grants/Insular Areas	14.225		386,913	429,662
CDBG - Entitlement/Special Purpose Grants Cluster Total			$ 2,428,000	$ 4,586,143
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii - CDBG Disaster Recovery	14.228			$ 1,141,314
Community Development Block Grants - Section 108 Loan Guarantees	14.248			11,313,827
Public Housing Operating Fund	14.850			7,235,689
Home Investment Partnerships Program	14.239		$ 764,495	5,621,916
Public Housing Capital Fund	14.872			4,187,850
Continuum of Care Program	14.267		862,715	1,053,179
Supportive Housing for the Elderly	14.157			623,030
Emergency Solutions Grant Program	14.231		166,031	455,384
COVID-19 Emergency Solutions Grant Program CARES Act	14.231			16,106
Family Self-Sufficiency Program	14.896			180,272
Resident Opportunity and Supportive Services - Service Coordinators	14.870			79,730
Multifamily Housing Service Coordinators	14.191			68,838
Housing Trust Fund	14.275			33,902
			$ 1,793,241	$ 32,011,037
Total U.S. Department of Housing and Urban Development			$ 4,221,241	$ 90,511,806
Passed-Through from Guam Department of Administration:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	CF#2024-22904		$ 245,283
Total Expenditures of Federal Awards			$ 4,221,241	$ 90,757,089

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

1. Scope of Audit

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GHURA under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulati*ons Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GHURA, it is not intended to and does not present the financial position, changes in net position or cash flows of GHURA.

3. Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Subgrants

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

3. Summary of Significant Accounting Policies, continued

c. Funds Received

GHURA received all the funds indicated on this Schedule in a direct capacity in Fiscal Year (FY) 2025 with the exception of ALN 21.027. GHURA also administers all the funds and is responsible for compliance with the laws and regulations.

d. Indirect Costs

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

4. Loan Funds

GHURA, on behalf of the Government of Guam, has been designated the responsibility of implementing and carrying out the objectives of the HOME Program. The program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms and requirements. Balances and transactions relating to the HOME program are included in GHURA's financial statements. The balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2025, the HOME and CDBG Program expenditures include $1,506,461 and $8,521,291 in current year disbursements and the beginning balance of HOME and CDBG loans of $3,914,858 and $199,887, with continuing compliance requirements, respectively. The balance of HOME Investment Partnerships and CDBG grant loans outstanding and recorded by GHURA on September 30, 2025 is $4,115,455 and $189,143, respectively.

In December 2020, GHURA entered into a $12M loan with the U.S. Department of Housing and Urban Development to provide a source of low-cost, long-term financing loan to The Learning Institute through the Section 108 Loan Guarantee Program to construct a public facility for use as a school. The facility will be leased to the iLearn Academy Charter School by The Learning Institute. As of September 30, 2025, the Section 108 expenditures include $895,827 in current year interest expense to GHURA from The Learning Institute. The balance of the Section 108 loan outstanding and recorded by GHURA as of September 30, 2025 is $10,418,000.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	X	**Yes**		**No**
Significant deficiency(ies) identified?		**Yes**	X	**None reported**
Noncompliance material to financial statements noted?		**Yes**	X	**No**

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?	X	**Yes**		**No**
Significant deficiency(ies) identified?	X	**Yes**		**None reported**

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

Housing Voucher Cluster	Unmodified
Community Development Block Grants Cluster Entitlements/Special Purpose	Qualified
ALN - 14.850 Public Housing Operating Fund	Qualified
ALN - 14.239 Home Investment Partnerships Program	Qualified
ALN 14.872 Public Housing Capital Fund	Unmodified
ALN 14.267 Continuum of Care Program	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	**Yes**		**No**

Section I - Summary of Auditors' Results, continued

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.EHV	Emergency Housing Voucher
14.879	Mainstream Vouchers
	CDBG - Entitlement/Special Purpose Grants Cluster:
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
14.225	COVID 19 – Community Development Block Grants/Special Purpose Grants/Insular Areas
14.239	Home Investment Partnerships Program
14.267	Continuum of Care Program
14.850	Public Housing Operating Fund
14.872	Public Housing Capital Fund

Dollar threshold used to distinguish between Type A and Type B programs: $2,722,712

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

Reference	Findings
2025-001	Improper Recognition of Loan and Land Acquisition Transactions

Section III - Federal Award Findings and Questioned Costs

Finding No.	ALN	Requirement	Questioned Cost
2025-002	14.871/14.EHV/14.879	Special Tests and Provisions	$194,763
2025-003	14.871/14.EHV/14.879	Special Tests and Provisions	-0-
2025-004	14.225	Reporting	-0-
2025-005	14.225	Reporting	-0-
2025-006	14.225	Special Tests and Provisions	133,052
2025-007	14.239	Eligibility	112,500
2025-008	14.239	Special Tests and Provisions	700,750
2025-009	14.239	Special Tests and Provisions	-0-
2025-010	14.239	Special Tests and Provisions	301,011
2025-011	14.267	Period of Performance	15,860
2025-012	14.267	Procurement and Suspension and Debarment	288,950
2025-013	14.267	Matching, Level of Effort, and Earmarking	99,485
2025-014	14.850	Eligibility	-0-
2025-015	14.850	Procurement and Suspension and Debarment	206,790
2025-016	14.850	Special Tests and Provisions	$-0-

Finding No.: **2025-001**

Improper Recognition of Loan and Land Acquisition Transactions

Criteria:

Management is responsible for designing and maintaining effective internal controls over financial reporting to ensure that significant transactions are timely identified, analyzed, recorded, and reported in accordance with accounting principles generally accepted in the United States of America.

Loan proceeds should be recorded as a liability. Land acquired or amounts paid in advance for the acquisition of land should be recorded as capital assets or other appropriate asset accounts.

Condition:

In December 2024, GHURA entered into a loan agreement with the Department of Administration (DOA), Government of Guam, providing a total facility of $12,500,000. As of September 30, 2025, GHURA had drawn down $12,220,087, which also represents the outstanding balance of the loan at year-end.

The loan proceeds were intended for the acquisition of land, with $4,901,787 attributable to land purchases and the remaining $7,318,300 allocated for future land acquisitions. However, testing disclosed the following:

- The loan liability of $12,220,087 was not recorded in the accounting records.
- Land acquisitions totaling $4,901,787 were not recorded as assets.
- Of the $7,318,300 recorded in the books:
  - $6,653,000 was improperly recognized as both revenue and expense rather than as a liability and/or asset (prepayment).
  - $665,300 was recorded as unearned revenue instead of as part of the loan payable.

A portion of the funds relates to land acquisitions completed subsequent to year-end (FY2026) and should have been recorded as a prepayment or other asset as of September 30, 2025.

Audit adjustments were proposed by the auditors and subsequently recorded by management to correct the financial statements.

Finding No.: 2025-001, continued

Cause:

The condition is attributed to deficiencies in GHURA's internal control over financial reporting, specifically a lack of sufficient review and technical accounting guidance to ensure proper identification, classification, and recording of complex financing and capital acquisition transactions.

Effect or Potential Effect:

Failure to properly record the loan and related land acquisition transactions resulted in material misstatements of liabilities, assets, revenues, and expenses in the financial statements.

Recommendation:

We recommend that GHURA strengthen its internal control over financial reporting by:

- Implementing formal procedures to ensure all financing arrangements and related transactions are timely and accurately recorded in accordance with U.S. GAAP (GASB standards).

- Requiring comprehensive review of significant or non-routine transactions, including loan agreements and capital acquisitions, by personnel with appropriate technical accounting expertise.

Views of Responsible Officials:

No response was provided by management regarding this finding.

Finding No.: 2025-002

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	Housing Voucher Cluster
Federal Award No.:	GQ901AF0162, GQ901AF0163,GQ901AF0164, GQ901AF0165, GQ901AF0166, GQ901AF0167, GQ901AF0168,GQ901AFR125, GQ901AFR224, GQ901AFR324, GQ901AFR424, GQ901AFRU24, GQ901EF0008, GQ901EF0009, GQ901EF0010, GQ901EF0011, GQ901EH0011, GQ901EH0012, GQ901EH0013, GQ901EH0014, GQ901VO0265, GQ901VO0266, GQ901VO0267, GQ901VO0268, GQ901VO0269, GQ901VO0270,GQ901VO0271,GQ901VO0272, GQ901VO0273
Area:	Special Tests and Provisions – National Standards for the Physical Inspection of Real Estate (NSPIRE) / Housing Quality Standards Inspections

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 982.405(b), Periodic Inspections, states:

> *The Public Housing Authority (PHA) must inspect the unit at least biennially during assisted occupancy to ensure that the unit continues to meet the HQS, except that a small rural PHA, as defined in § 902.101 of this title, must inspect a unit once every three years during assisted occupancy to ensure that the unit continues to meet the HQS.*

Finding No.: 2025-002, continued

Condition:

Of 2,894 housing units assisted under the Section 8 Housing Choice Voucher Program, representing total housing assistance payments of $50,156,412, the inspection activity report identified 12 units (0.4%), aggregating $194,763, with deficiencies in meeting the biennial Housing Quality Standards (HQS) inspection requirement:

Item No.	Voucher Number	Last Passed HQS Inspection	Total Unallowed HAP	Questioned Costs
1	6-03-0198-2327	04/04/22	27,648	27,648
2	6-05-0005-42278	07/12/22	25,320	25,320
3	6-05-0145-47900	07/18/22	12,794	12,794
4	6-05-0241-46089	08/29/23	2,280	2,280
5	6-07-0028-2139	07/19/22	23,996	23,996
6	6-07-0289-52502	05/06/22	28,316	28,316
7	EHV0132	08/23/23	1,076	1,076
8	HCV0521	04/22/22	18,997	18,997
9	HCV1038	03/17/22	5,130	5,130
10	HCV1083	09/12/22	17,987	17,987
11	HCV2024	07/06/22	22,875	22,875
12	HCV2110	07/19/23	8,344	8,344
			Total Questioned Cost	$194,763

For items 1 through 12, the required inspections were not completed by the established biennial due dates.

Cause:

GHURA lacks effective monitoring controls over inspection scheduling and tracking, resulting in biennial HQS inspections not being completed timely.

Effect or potential effect:

GHURA is in noncompliance with applicable special tests and provisions for National Standards for the Physical Inspection of Real Estate (NSPIRE) / Housing Quality Standards Inspections requirements.

Finding No.: 2025-002, continued

Questioned costs: $194,763

Identification as a repeat finding: Not applicable.

Recommendation:

GHURA should strengthen internal controls over inspection monitoring by establishing and enforcing procedures that require periodic reconciliation of inspection activity reports to identify overdue inspections. Management should also implement controls to ensure timely scheduling and completion of biennial HQS inspections and verification of compliance.

Views of Responsible Officials:

Management disagrees with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: 2025-003

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	Housing Voucher Cluster
Federal Award No.:	GQ901AF0162, GQ901AF0163,GQ901AF0164, GQ901AF0165, GQ901AF0166, GQ901AF0167, GQ901AF0168,GQ901AFR125, GQ901AFR224, GQ901AFR324, GQ901AFR424, GQ901AFRU24, GQ901EF0008, GQ901EF0009, GQ901EF0010, GQ901EF0011, GQ901EH0011, GQ901EH0012, GQ901EH0013, GQ901EH0014, GQ901VO0265, GQ901VO0266, GQ901VO0267, GQ901VO0268, GQ901VO0269, GQ901VO0270,GQ901VO0271,GQ901VO0272, GQ901VO0273
Area:	Special Tests and Provisions – Reasonable Rent

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 982.507(a)(1) PHA determination states:

> *The PHA may not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent.*

24 CFR 982.507(b)(1)(2) Comparability states:

> *The PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination, the PHA must consider:*
>
> *(1) The location, quality, size, unit type, and age of the contract unit; and*
>
> *(2) Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.*

Condition:

For seven (9%) of 80 participants tested, GHURA did not consistently use appropriate comparable units when determining rent reasonableness and accepted higher proposed rents than reasonable comparable units. Specifically, comparable units selected for the analysis were not within the same market area as the proposed unit, which is inconsistent with GHURA’s administrative plan.

Finding No.: 2025-003, continued

Cause:

GHURA did not effectively implement review controls to ensure that comparable units were selected from appropriate market area and in accordance with established rent reasonableness procedures.

Effect or potential effect:

GHURA is not in compliance with applicable special test and provisions requirements. The use of noncomparable units from different market areas may result in rent determinations that do not accurately reflect market conditions. The questioned costs associated with noncompliance for reasonable rents is undeterminable because the appropriate market data comparables cannot be reasonably quantified.

Questioned Costs: $0

Identification as a repeat finding: Not applicable.

Recommendation:

GHURA should incorporate a control step within the rent reasonableness process to ensure key factors, including market area, are verified prior to approval of proposed rents.

Views of Responsible Officials:

Management disagrees with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: 2025-004

Identification of the federal program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.225 CDBG - Entitlement Grants Cluster
Federal Award No.: B23ST660001, COVID-19 B20SW660001, B20ST660001
Area: Reporting - CDBG Financial Summary Report

Criteria or specific requirement (including statutory, regulatory or other citation):

Grantees are required to submit an accurate annual performance and evaluation report through the Integrated Disbursement and Information System.

Conditions:

1. For two (50%) of four key line items in the PR26 – CDBG Financial Summary Report, Program Year 2024, Grant No. B23ST660001, the reported amounts did not agree to the underlying accounting records. This resulted in differences in reported disbursements, total obligations, and credit activity, and led to understated Public Service (PS) cap calculations and Planning and Administration (PA) obligations exceeding the 20 percent limit.

Line Item	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
36 Percent Funds Obligated for PS Activities	(2.05%)	9.84%	(11.89%)
46 Percent Funds Obligated for PA Activities Line	11.89%	25.06%	(13.17%)

2. For one (50%) of two key line items in the PR26 – CDBG-CV Financial Summary Report, Program Year 2024, Grant No. B20SW660001, the reported amounts do not agree with underlying accounting records. This resulted in differences between the reported disbursements and actual expenditures for Planning and Administration (PA) activities, resulting for inaccuracy of amounts reported to available cap calculations.

Line Item	Reported Amount	Auditor Calculation Per GL Details	Over (Under) Reported Variance
21 Percent of Funds Disbursed for PA Activities (Line 19/Line20)	4.82%	5.20%	(0.39%)

Finding No.: 2025-004, continued

Cause:

GHURA did not effectively implement monitoring controls over compliance that is primarily caused by the lack of timely reconciliation and end-user adjustments between IDIS and general ledger records.

Effect or potential effect:

The failure to effectively monitor and reconcile IDIS and general ledger records may result in inaccurate reporting of disbursements, obligations, and overall grant balances.

Questioned Costs: $0

Identification as a repeat finding: 2024-001

Recommendation:

Responsible personnel should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should implement and enforce formal, periodic reconciliations between IDIS and the general ledger to ensure that reported disbursements, obligations, and available balances agree with underlying accounting records. These procedures should include timely end-user adjustments, supervisory review, and documented verification of totals prior to PR26 submissions. Prior to certifying IDIS reports, responsible personnel should examine and maintain underlying accounting records to determine the accuracy and completeness of reported data.

Views of Responsible Officials:

Management partially concurs with the findings. Refer to Management’s position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: 2025-005

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.225 CDBG - Entitlement Grants Cluster
Federal Award No.:	B19ST660001, B20ST660001, B20SW660001, B21ST660001, B22ST660001, B23ST660001, B24ST660001
Area:	Reporting - Federal Funding Accountability and Transparency Act

Criteria or specific requirement (including statutory, regulatory or other citation):

Per the Federal Funding Accountability and Transparency Act (FFATA), HUD requires PHAs to report each first-tier subaward of $30,000 or more in federal funds to the Federal Subaward Reporting System (FSRS) by the end of the month following the month in which the subaward was issued.

Condition:

For two (50%) of four subawards tested, aggregating $2,402,176 of $2,769,050, the subawards were not reported in the Federal Subaward Reporting System (FSRS) as follows:

Transactions Tested	Subaward Not Reported	Dollar Amount of Tested Transactions	Subaward Not Reported
2	2	$2,769,050	$2,402,176

Cause:

GHURA did not establish or consistently implement internal control policies and procedures relating to timely and accurate reporting of all first-tier subawards in the Federal Subaward Reporting System (FSRS).

Effect or potential effect:

GHURA is in noncompliance with applicable reporting requirements for FFATA reporting.

Questioned costs: $0

Identification as a repeat finding: 2024-001

Finding No.: 2025-005, continued

Recommendation:

Responsible personnel should establish, implement, and maintain effective internal controls over compliance with applicable FFATA reporting requirements. Specifically, such controls should address identifying, documenting, and timely reporting first-tier subawards to the Federal Subaward Reporting System (FSRS). GHURA should also implement monitoring controls for review and reconciliation of subawards to the FSRS.

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: 2025-006

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.225 CDBG - Entitlement Grants Cluster
Federal Award No.:	B19ST660001, B20ST660001, B21ST660001, B22ST660001, B23ST660001, B24ST660001
Area:	Special Tests and Provisions – Rehabilitation

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 570.506(a) states:

Each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed:

> *(a) Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible.*

24 CFR 570.506(b)(10) states:

> *For each activity determined to aid in the prevention or elimination of slums or blight based on the elimination of specific conditions of blight or physical decay not located in a slum or blighted area:*
>
> > *(i) A description of the specific condition of blight or physical decay treated; and*
> > *(ii) For rehabilitation carried out under this category, a description of the specific conditions detrimental to public health and safety which were identified and the details and scope of the CDBG assisted rehabilitation by structure.*

Condition:

For one rehabilitation project tested, totaling $133,052, the recipient did not maintain adequate supporting documentation—such as pre-rehabilitation inspection reports or assessment records—to substantiate the procedures performed in identifying conditions of blight or physical decay. As a result, there was insufficient evidence to support the basis for determining the existence of such conditions or to demonstrate the completeness of the rehabilitation needs identified for the project structure, as required under applicable CDBG recordkeeping requirements.

Finding No.: 2025-006, continued

Cause:

GHURA does not have formal oversight controls for project documentation and assigned project personnel, including the absence of formal procedures requiring the preparation and retention of pre-rehabilitation inspection reports or assessment records.

Effect or potential effect:

GHURA is in noncompliance with applicable requirements.

Questioned Costs: $133,052

Identification as a repeat finding: Not applicable.

Recommendation:

Management should implement formal procedures to ensure pre-rehabilitation inspections are performed, documented, and retained to support the identified scope of work. Management should improve supervisory review controls to verify that project files contain adequate documentation demonstrating compliance with CDBG recordkeeping requirements prior to approval and funding.

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: **2025-007**

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.239 HOME Investment Partnerships (HOME) Program
Federal Award No.: M17ST660202
Area: Eligibility

Criteria or specific requirement (including statutory, regulatory or other citation):

GHURA's Renewal Affordable Homes Program Policy, Chapter 3, Part B states:

> *Housing expenses to include principal, interest, taxes and insurance (PITI) cannot exceed thirty-three percent (33%) to qualify for a loan.*

Condition:

For one (25% amounting to $112,500) of four mortgagees tested (amounting to $700,750) of $2,230,031 in total HOME subsidies, a deficiency was noted as follows:

Item #	Application No.	HOME Subsidy Amount	Questioned Cost
1	RAHM-U-0035	$112,500	$112,500

For item # 1, the participant was ineligible to participate as the participant's housing expenses, including PITI, exceeded thirty-three percent (33%) of total income.

Cause:

There was lapse in adherence to established underwriting procedures, resulting in the approval of a participant whose PITI exceeded the allowable threshold.

Effect or potential effect:

GHURA is in noncompliance with the applicable requirement.

Questioned costs: $112,500

Identification as a repeat finding: Not applicable.

Finding No.: 2025-007, continued

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable maximum per-unit subsidy requirements. Specifically, supervisory personnel should be required to perform effective reviews of applicant files prior to approving HOME assistance to ensure that procedures are followed and calculations are accurate.

Views of Responsible Officials:

Management concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Finding No.: 2025-008

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.239 HOME Investment Partnerships (HOME) Program
Federal Award No.:	M17ST660202, M18ST660202
Area:	Special Tests and Provisions – Housing Quality Standards

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 92.251states:

> *(a) New construction projects —*
>
> > *(2) Construction progress and final inspections. The participating jurisdiction must conduct on-site progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents. Before completing the project in the disbursement and information system established by HUD, the participating jurisdiction must perform an on-site inspection of the project to determine that all contracted work has been completed and that the project complies with the property standards and requirements in this paragraph (a). All inspections performed by the participating jurisdiction must be conducted in accordance with the participating jurisdiction's inspection procedures.*

Condition:

For all four (100%) new mortgages, aggregating $700,750 of $2,230,031 in total HOME subsidies, the HOME program did not perform final on-site inspections to confirm the housing meets appropriate property standards.

Cause:

The HOME program does not have formalized monitoring procedures, including detailed review checklists, to ensure that all required documentation is completed and adequately reviewed prior to the approval and disbursement of HOME subsidies.

Finding No.: 2025-008, continued

Effect or potential effect:

GHURA is in noncompliance with applicable special test and provisions requirements.

Questioned Costs: $700,750

Identification as a repeat finding: Not applicable.

Recommendation:

The HOME program should establish and implement a detailed standardized checklists with reviewer controls, to ensure that all required documentation—particularly evidence of final onsite inspections, is completed and reviewed prior to the approval and disbursement of HOME funds.

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

The condition relates to the support available for review for audit submission. We examined all new mortgagee files submitted on April 10, 2026. Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: 2025-009

Identification of the federal program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.239 HOME Investment Partnerships (HOME) Program
Federal Award No.:	M17ST660202, M18ST660202
Area:	Special Tests and Provisions – Underwriting

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 92.254(g) states:

Homebuyer program policies. *The participating jurisdiction must have and follow written policies for:*

(1) Underwriting standards for homeownership assistance to determine the amount of assistance necessary to achieve sustainable homeownership. These standards must evaluate the projected overall debt of the family after the purchase of the housing, the maximum amount that a participating jurisdiction may provide a family, the appropriateness of the amount of assistance, assets available to a family to acquire the housing, and financial resources to sustain homeownership. A participating jurisdiction may not provide a single, fixed amount of assistance to each homebuyer that participates in the participating jurisdiction's homebuyer program;
(2) Responsible lending, and
(3) Refinancing loans to which HOME loans are subordinated to require that the terms of the new loan are reasonable.

Condition:

The HOME Program did not have an approved policy effective in FY2025.

Cause:

The condition was primarily due to delays in the formal review, update, and approval of the HOME Program policies to align with applicable federal requirements under 24 CFR 92.254(g).

Finding No.: 2025-009, continued

Effect or potential effect:

GHURA is in noncompliance with applicable special test and provisions requirements.

Questioned Costs: $0. No questioned cost is presented as this non-compliance pertains to a lack of policy.

Identification as a repeat finding: Not applicable.

Recommendation:

GHURA should implement a written policy in compliance with the requirements of 24 CFR 92.254(g).

Views of Responsible Officials:

Management disagrees with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: **2025-010**

Identification of Federal Program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.239 HOME Investment Partnerships (HOME) Program
Federal Award No.:	M18ST660202, M21ST660202, M22ST660202, M23ST660202
Area:	Special Tests and Provisions – Wage Rate Determination

Criteria or specific requirement (including statutory, regulatory or other citation):

29 CFR 5.5 states:

(a) ***Required contract clauses.*** *The Agency head will cause or require the contracting officer to require the contracting officer to insert in full, or (for contracts covered by the Federal Acquisition Regulation (48 CFR chapter 1)) by reference, in any contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the laws referenced by § 5.1, the following clauses (or any modifications thereof to meet the particular needs of the agency, Provided, That such modifications are first approved by the Department of Labor).*

29 CFR 5.5(a)(3)(ii) states:

(ii) Certified payroll requirements —

(A) Frequency and method of submission. The contractor or subcontractor must submit weekly, for each week in which any DBA- or Related Acts-covered work is performed, certified payrolls to the [write in name of appropriate Federal agency] if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the certified payrolls to the applicant, sponsor, owner, or other entity, as the case may be, that maintains such records, for transmission to the [write in name of agency]. The prime contractor is responsible for the submission of all certified payrolls by all subcontractors. A contracting agency or prime contractor may permit or require contractors to submit certified payrolls through an electronic system, as long as the electronic system requires a legally valid electronic signature; the system allows the contractor, the contracting agency, and the Department of Labor to access the certified payrolls upon request for at least 3 years after the work on the prime contract has been completed; and the contracting agency or prime contractor permits other methods of submission in situations where the contractor is unable or limited in its ability to use or access the electronic system.

Finding No.: 2025-010, continued

Condition:

Of the three contractual labor transactions tested, all (100%), totaling $301,011, did not include the required contract clause addressing compliance with the Davis-Bacon and Related Acts, including all applicable rulings and interpretations under 29 CFR Parts 1, 3, and 5. Additionally, for these same contracts, the entity did not enforce the requirement for contractors or subcontractors to submit certified payrolls on a weekly basis for each week in which Davis-Bacon or Related Acts-covered work was performed.

Item #	Purchase Order	Expenditures	Questioned Costs
1	241616	$ 99,611	$ 99,611
2	250207	55,400	55,400
3	250994	146,000	146,000
		$301,011	$301,011

Cause:

Management lacks a formalized process or checklist to ensure that (1) all federally required contract clauses, including those related to Davis-Bacon and Related Acts compliance under 29 CFR Parts 1, 3, and 5, are consistently incorporated into applicable contracts, and (2) contractors and subcontractors are monitored for compliance with certified payroll submission requirements on a weekly basis for all covered work performed.

Effect or potential effect:

GHURA is in noncompliance for entering into contractual labor without the effect of Compliance with Davis-Bacon and Related Act clauses and obtaining required certified payroll submissions.

Questioned costs: $301,011

Identification as a repeat finding: Not applicable.

Recommendation:

Management should strengthen review and oversight procedures within the A/E Division to ensure all required Federal contract clauses are consistently included in procurements, regardless of dollar threshold, prior to contract execution. This process should include a documented review of the scope of services to identify work of a labor nature and ensure inclusion of applicable Davis-Bacon Act (DBA) provisions where required.

Schedule of Findings and Questioned Costs, continued

Finding No.: 2025-010, continued

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

The finding remains as the condition relates to the support available for review for audit submission that is a draft copy with pending sections without sufficient evidence of effective approval. Management provided response for additional information on June 28, 2026. As we did not have sufficient time to corroborate and examine said additional documentation, our finding remains as there was insufficient evidence to determine compliance at the time of the audit.

Finding No.: 2025-011

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.267 Continuum of Care Program
Federal Award No.: GU044L9C002300, GU00377L9C002302, GU0044L9C02300, GU0026L9C002305, GU0011L9C002314
Area: Period of Performance

Criteria or specific requirement (including statutory, regulatory or other citation):

A recipient may charge only allowable costs incurred during the approved budget period of a federal award's period of performance.

Conditions:

1. Out of eight expenditures tested totaling $15,536 from a population of $48,657 (out of total expenditures of $1,053,179), four items (50%) were charged to the federal award prior to the start of the approved period of performance.

Federal Award No.	Payroll Pay period Ended	Pay Check date	POP Start Date	Expenditures	Questioned Costs
GU0044L9C002300	11/16/24	11/22/24	12/01/24	$1,961	$1,961
GU0044L9C002300	11/02/24	11/08/24	12/01/24	1,697	1,697
GU0044L9C002300	11/02/24	11/08/24	12/01/24	4,072	4,072
GU0044L9C002300	10/19/24	10/25/24	12/01/24	3,455	3,455
				$11,185	$11,185

2. Out of 40 manual adjustment transactions tested totaling $56,036 from a population of $218,515 (out of total expenditures of $1,053,179), three items (8%) were manually transferred and charged to the federal award prior to the start of the approved period of performance.

Federal Award No.	Payroll Pay period Ended	Pay Check date	POP Start Date	Expenditures	Questioned Costs
GU0037L9C002302	10/19/24	10/25/24	01/01/25	$ 54	$ 54
GU0044L9C002300	11/16/24	11/22/24	12/01/24	824	824
GU0044L9C002300	10/05/24	10/11/24	12/01/24	2,917	2,917
				$3,795	$3,795

Finding No.: 2025-011, continued

Conditions, continued:

3. Out of 40 manual adjustment transactions tested totaling $56,036 from a population of $218,515 (out of total expenditures of $1,053,179), one item (3%) was manually transferred and charged to a federal award after the approved period of performance ended:

Federal Award No.	Payroll Pay period Ended	Pay Check date	POP End Date	Expenditures	Questioned Costs
GU0011L9C002314	10/16/24	08/01/25	09/30/23	$ 837	$ 837
				$ 837	$ 837

4. Out of 38 transactions tested totaling $294,156 from a population of $493,625 (out of total expenditures of $1,053,179), one item (3%) was charged to the federal award after the approved period of performance.

Federal Award No.	Payroll Pay period Ended	Pay Check date	POP End Date	Expenditures	Questioned Costs
GU0026L9C002305	06/14/25	06/20/25	12/31/24	$ 43	$ 43
				$ 43	$ 43

Cause:

The GHURA Community Planning Division did not implement adequate monitoring controls to ensure compliance with period of performance requirements. GHURA's internal control policies and procedures are not sufficiently designed to ensure the timely reclassification and liquidation of obligations within the budget period.

Effect or potential effect:

GHURA is in noncompliance with applicable period of performance requirements.

Questioned costs: $15,860

Identification as a repeat finding: Not applicable.

Finding No.: 2025-011, continued

Recommendation:

Responsible personnel should enforce monitoring controls to ensure compliance with period of performance requirements. The GHURA Community Planning Division should implement formal controls, including standardized timelines and a tracking system for payroll reclassifications and expenditure processing, to prevent the accumulation of unprocessed reimbursements.

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

The finding is sustained as the condition existed during the audit period and was only corrected after management identified the issue completed the corrective reclassification in the subsequent fiscal year.

Finding No.: **2025-012**

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.267 Continuum of Care Program
Federal Award No.: GU0018L9C002209, GU0026L9C002305, GU0028L9C002204, GU0037L9C002201, GU0031L9C002203
Area: Procurement and Suspension and Debarment

Criteria or specific requirement (including statutory, regulatory or other citation):

2 CFR 200.214 states:

Recipients and subrecipients are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR part 180. The regulations in 2 CFR part 180 restrict making Federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.

2 CFR 200.318(h) states:

(h) Responsible contractors. The recipient or subrecipient must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. The recipient or subrecipient must consider contractor integrity, public policy compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources when conducting a procurement transaction.

Condition:

Of seven items tested, totaling $288,950 out of $1,053,179 in expenditures subject to suspension and debarment testing, five subawards (71%) lacked evidence of the required verification, as follows:

Item #	Federal Award No.	Vendor No.	Expenditures	Questioned Costs
1	GU0018L9C002209	LL00000078	$ 40,015	$ 40,015
2	GU0026L9C002305	LL00000078	43,917	43,917
3	GU0028L9C002204	VN000HAPP	118,418	118,418
4	GU0037L9C002201	VN00092963	59,368	59,368
5	GU0031L9C002203	VN00200326	27,232	27,232
			$288,950	$288,950

Finding No.: 2025-012, continued

Cause:

Management has not established formal procedures or documented guidelines requiring verification of vendor suspension/debarment status as part of the awarding process.

Effect or potential effect:

GHURA is in noncompliance with applicable suspension and debarment requirements.

Questioned costs: $288,950

Identification as a repeat finding: Not applicable.

Recommendation:

Responsible management should establish and consistently enforce formal procedures requiring the retention of all subaward-related documentation, including documented verification of entity eligibility (e.g., SAM.gov checks) and applicable certifications, within the subrecipient file.

Views of Responsible Officials:

Management concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Finding No.: 2025-013

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.267 Continuum of Care Program
Federal Award No.: GU0011L9C002112, GU0011L9C002213, GU0031L9C002203, GU0037L9C002302
Area: Matching, Level of Effort, and Earmarking

Criteria or specific requirement (including statutory, regulatory or other citation):

The recipient or subrecipient must match all grant funds, except for leasing funds, with no less than 25 percent of cash or in-kind contributions from other sources. For CoC geographic areas in which there is more than one grant agreement, the 25 percent match must be provided on a grant-by-grant basis.

Condition:

Of five grant awards tested, aggregating $569,741 of $ 1,053,179 of expenditures subjected to matching and level of effort tests, three subawards (60%) did not evidence matching of awards from allowable sources as follows:

Item No.	Grant Award	Award Amount	FY25 Grant Expenditures	Grant Match Requirement	Match Amounts	Amounts Excess (Short)	Questioned Costs
1	GU0011L9C002112	$576,510	$1,762	$144,128	$89,109	$(55,019)	$1,762
2	GU0011L9C002213	576,510	6,359	144,128	-	(144,128)	6,359
3	GU0037L9C002302	211,987	91,364	22,841	-	(22,841)	91,364
					Total Questioned Costs		$99,485

Cause:

Management has not fully implemented formalized policies and procedures to ensure centralized tracking, periodic reconciliation, and supervisory review of matching contributions in accordance with established control expectations. Responsibilities for monitoring matching activity are decentralized with each planner. A periodic management review of cumulative matching, supporting documentation, and source allowability is not consistently performed.

Effect or potential effect:

GHURA is in noncompliance with applicable matching and level of effort requirements.

Questioned costs: $99,485

Finding No.: 2025-013, continued

Identification as a repeat finding: Not applicable.

Recommendation:

Management should establish and implement formal policies and procedures to ensure centralized tracking, timely submission, and periodic reconciliation of matching contributions.

Views of Responsible Officials:

Management concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Schedule of Findings and Questioned Costs, continued

Finding No.: 2025-014

Identification of Federal Program:

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
AL Program:	14.850 Public Housing Operating Fund
Federal Award No.:	GQ00100000125D, GQ00100000225D, GQ00100000325D, GQ00100000425D
Area:	Eligibility

Criteria or specific requirement (including statutory, regulatory or other citation):

24 CFR 5.905(a)(1) states:

A PHA that administers a Section 8 or public housing program under an Annual Contributions Contract with HUD must carry out background checks necessary to determine whether a member of a household applying for admission to any federally assisted housing program is subject to a lifetime sex offender registration requirement under a State sex offender registration program. This check must be carried out with respect to the State in which the housing is located and with respect to States where members of the applicant household are known to have resided.

Section 9 I.E, Other Considerations – Criminal Background Checks, of GHURA Admissions and Continued Occupancy Policy (ACOP) states:

Each household member age 18 and over will be required to execute a consent form for a criminal background check as part of the annual reexamination process.

Additionally, HUD recommends that at annual reexaminations PHAs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [Notice PIH 2012-28].

At the annual reexamination, the PHA will ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state. The PHA will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

Finding No.: 2025-014, continued

Criteria or specific requirement (including statutory, regulatory or other citation), continued:

Section 3-II.E, EIV System Searches – EIV Income Report of GHURA Admissions and Continued Occupancy Policy (ACOP) states:

For each new admission, the PHA is required to review income information in EIV to confirm and validate family reported income within 120 days after the move-in information is transmitted to HUD. The PHA must print and maintain copies of the reports in the tenant file and resolve any discrepancies with the family EIV Income Report.

Section 7-I.E. Level 5 and 6 Verifications: Up-Front Income Verification (UIV) of GHURA Admissions and Continued Occupancy Policy (ACOP) states:

> *PHAs are required to obtain an EIV Income report for each family anytime the PHA conducts an annual reexamination. However, PHAs are not required to use the EIV Income report:*
>
> - *At annual reexamination if the PHA used Safe Harbor verification from another means-test federal assistance program to determine the family's income; or*
> - *During any interim reexaminations.*
>
> *The EIV Income Report is also not available for program applicants at admission.*
>
> *When required to use the EIV Income Report, in order for the report to be considered current, the PHA must pull the report within 120 days of the effective date of the annual reexamination.*

24 CFR 5.618(b), Acceptable documentation; confidentiality, states:

> *(i) A PHA or owner may determine the net assets of a family based on a certification by the family that the net family assets (as defined in § 5.603) do not exceed $50,000, which amount will be adjusted annually in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers, without taking additional steps to verify the accuracy of the declaration. The declaration must state the amount of income the family expects to receive from such assets; this amount must be included in the family's income.*
>
> *(ii) A PHA or owner may determine compliance with paragraph (a)(1)(ii) of this section based on a certification by a family that certifies that such family does not have any present ownership interest in any real property at the time of the income determination or review.*

Finding No.: 2025-014, continued

Criteria or specific requirement (including statutory, regulatory or other citation), continued:

Section 7-I.F. of GHURA's Admissions and Continued Occupancy Policy (ACOP) states:

When HUD requires third-party verification, self-certification, or "tenant declaration," is used as a last resort when the PHA is unable to obtain third-party verification. Self-certification, however, is an acceptable form of verification when:

1. *A source of income is fully excluded*
2. *Net family assets total $5,000 or less and the PHA has adopted a policy to accept self-certification at annual recertification, when applicable*
3. *The PHA has adopted a policy to implement streamlined annual recertifications for fixed sources of income*

24 CFR 5.508(b)(2-3), Evidence of citizenship or eligible immigration status, states:

For noncitizens who are 62 years of age or older or who will be 62 years of age or older and receiving assistance under a Section 214 covered program on September 30, 1996 or applying for assistance on or after that date, the evidence consists of:

- *(i) A signed declaration of eligible immigration status; and*
- *(ii) Proof of age document*

For all other noncitizens, the evidence consists of:

- *(i) A signed declaration of eligible immigration status;*
- *(ii) One of the INS documents referred to in § 5.510; and*
- *(iii) A signed verification consent form.*

24 CFR 960.259(c)(1), PHA responsibility for reexamination and verification, states:

Except as provided in paragraph (c)(2) of this section, the PHA must obtain and document in the family file third-party verification of the following factors, or must document in the file why third-party verification was not available:

- *(i) Reported family annual income;*
- *(ii) The value of assets;*
- *(iii) Expenses related to deductions from annual income; and*
- *(iv) Other factors that affect the determination of adjusted income or income-based rent*

24 CFR 960.253(b) requires Public Housing Agencies (PHAs) to accurately calculate tenant rent by applying the appropriate rent formula based on verified family income and ensuring the tenant's rent share is correctly determined in accordance with HUD requirements.

Finding No.: 2025-014, continued

Criteria or specific requirement (including statutory, regulatory or other citation), continued:

24 CFR 908.101 requires PHAs to maintain complete, accurate, and current records to comply with HUD requirements. Specifically, PHAs must retain complete and accurate data for the most recent three years, including the HUD-50058 (Family Report) and all supporting documentation.

2 CFR 200.303 requires the implementation and monitoring of effective internal controls to provide reasonable assurance that data reported to HUD is accurate, complete, and compliant with Federal requirements.

Condition:

For thirteen (33%) of forty participants tested, deficiencies were noted, as follows:

Item No.	Unit	Certification Effective Date	Criminal History/Sex Offender Registry Search	Enterprise Income Verification (EIV) Report Date	Other Required PHA Forms	Variance (HUD-50058 - Tenant Register)	Utility Allowance Variance (HUD-50058 - Register)
1	ALC	05/01/25	Not in file	-	-	-	-
2	LTJ	02/01/25	Not in file	-	-	-	-
3	EM	09/01/25	10/18/25	-	-	-	-
4	GMM	05/22/25	-	03/19/26	-	-	-
5	MJA	10/16/24	-	05/30/25	-	-	-
6	POD	08/27/25	-	Not In File	-	-	-
7	SS	08/01/25	-	-	D-214 Form	-	-
8	SB	11/01/24	-	09/03/24	D-214 Form	-	-
9	KL	04/01/25	-	12/10/24	-	-	-
10	YR	06/01/24	-	05/04/24	-	-	-
11	SJL	07/01/25	-	04/04/25	-	36	-
12	GJA	07/01/25	-	03/11/25	-	(151)	151
13	RJ	04/01/25	Not signed	Not signed	Self-certification of Assets	49	(210)

Finding No.: 2025-014, continued

Condition, continued:

For item #s 1 and 2, no documentation was on file (e.g. sexual registry clearance form) to support if the PHA verified for lifetime sex offender registration requirements.

For item # 3, eligibility determinations were not adequately supported, as the required sex offender checks was not conducted at annual reexamination.

For item # 13, the sexual registry clearance form was not certified by the PHA, resulting in insufficient support for eligibility determination.

For item #s 4 and 5, the newly admitted participants' Enterprise Income Verification (EIV) report used to support income eligibility was not processed within 120 days after move in.

For item # 6, no documentation was on file to support that the PHA processed the participant's EIV report.

For item # 13, the participant's EIV report was not certified by the PHA, resulting in insufficient support for income eligibility determination.

For item #s 7 and 13, documentation indicating verification of assets (e.g. self-certification forms, tenant declaration, and third-party bank statements) were not on file to support eligibility determination.

For item #s 8 and 9, no documentation (e.g. declaration of eligible immigration status form) was on file to support whether non-citizen household members are eligible to receive housing assistance.

For item #s 10 through 13, discrepancies which affect eligibility determination and assistance amounts were identified. For item # 10, the tenant rent amount that was agreed to and documented in the lease agreement was lower than the amount calculated by the PHA before annual recertification.

For item #s 11 through 13, independently calculated tenant rent and utility allowance amounts differed from the amounts recorded in the PHA's system and received by participants.

Finding No.: 2025-014, continued

Condition, continued:

For item # 13, the participant's verified income was understated by the PHA when determining eligibility and calculating housing assistance amounts.

Cause:

GHURA did not effectively implement monitoring controls to ensure compliance with applicable eligibility requirements.

Effect or potential effect:

GHURA is in noncompliance with applicable eligibility requirements.

Questioned costs: $0

Identification as a repeat finding: Not applicable.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements. Specifically, procedures should be enforced requiring staff to obtain and properly document all required verification documentation prior to the recertification of benefits. In addition, supervisory personnel should perform periodic reviews to verify that these procedures are consistently followed and that all required verification activities have been completed and properly documented.

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: **2025-015**

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.850 Public Housing Operating Fund
Federal Award No.: GQ00100000125D, GQ00100000225D, GQ00100000325D, GQ00100000425D
Area: Procurement and Suspension and Debarment

Criteria or specific requirement (including statutory, regulatory or other citation):

2 CFR 200.214 states:

> *Recipients and subrecipients are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR part 180. The regulations in 2 CFR part 180 restrict making Federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.*

GHURA Procurement Policy, Chapter VII further states:

> *For all purchases above the Petty Cash/Micro Purchase threshold, GHURA shall prepare an*
>
> *Independent Cost Estimate (ICE) prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.*

2 CFR 200.319(a) states:

> *All procurement transactions under the Federal award must be conducted in a manner that provides full and open competition and is consistent with the standards of this section and § 200.320.*

GHURA Procurement Policy, Chapter IV, Sealed Bids, Section D further states:

> *Noncompetitive–contracts: If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis and that GHURA obtains HUD approval for contracts exceeding the Simplified Acquisition Threshold or the GHURA's small purchase limit, whichever is less.*

Finding No.: 2025-015, continued

Condition:

For twenty-one (72%) of twenty-nine items examined, aggregating $236,001 of $1,508,875, in total expenditures of $1,543,721 subjected to procurement, suspension and debarment tests, deficiencies were noted, as follows:

Item #	Project No.	Purchase Order No.	Expenditures	Questioned Costs
1	GQ001000003	PO250839	$ 55,700	$ 55,700
2	GQ001000001	PO250018	46,020	46,020
3	GQ001000002	PO250047	33,600	33,600
4	GQ001000001, GQ001000002 GQ001000003, GQ001000004	PO250373	26,371	26,371
5	GQ001000001	PO251763	12,316	12,316
6	GQ001000003	PO251249	2,761	2,761
7	GQ001000002	PO251207	2,730	2,730
8	GQ001000004	PO250955	2,562	2,562
9	GQ001000004	PO250153	2,365	2,365
10	GQ001000003	PO250104	2,123	2,123
11	GQ001000004	PO250572	1,230	1,230
12	GQ001000004	PO250156	1,100	1,100
13	GQ001000002	PO250111	914	914
14	GQ001000002	PO251224	672	672
15	GQ001000004	PO251679	651	651
16	GQ001000002	PO250753	560	560
17	GQ001000004	PO251266	542	542
18	GQ001000004	BPA250133	7,240	7,240
19	GQ001000002	BPA250008	3,500	3,500
20	GQ001000003	BPA250203	3,333	3,333
21	GQ001000002	BPA250025	500	500
			$ 206,790	$ 206,790

For item #s 1 through 4, there was no documentation on file to support that GHURA performed procedures to ensure contracting parties are not debarred, suspended, or excluded from receiving or participating in federal awards.

For item #s 1 through 21, there was no documentation on file to support that GHURA performed Independent Cost Estimate (ICE) procedures prior to solicitation.

For item # 8, there was no documentation on file to support that GHURA conducted the continued procurement of services beyond the contract extension in a manner that ensured adequate competition or proper justification.

Finding No.: 2025-015, continued

Condition, continued:

For item # 16 and item #s 20 and 21, there was no documentation (e.g. solicitations) on file to support the procurement transactions being conducted in a manner that provided for full and open competition. Specifically, there was no evidence of solicitations being issued or documentation on file to justify the use of noncompetitive procurement.

For item #s 19 through 21, there was no documentation (e.g. solicitations) on file to support the procurement transactions being conducted in a manner that provided for full and open competition. Specifically, the procurement file lacks evidence of minimum solicitation to support fair competition and does not demonstrate that blanket purchase orders for towing and advertisement services were awarded equally among multiple vendors.

Cause:

GHURA did not have adequate monitoring controls in place to ensure compliance with applicable procurement, suspension and debarment requirements. Specifically, policies and procedures were not established or enforced to ensure verification and documentation that contracting parties were not suspended or debarred. In addition, procurement personnel did not follow required policies and procedures requiring minimum solicitation and justification for noncompetitive procurement, and management review did not detect or prevent these deficiencies.

Effect or potential effect:

GHURA is in noncompliance with applicable procurement, suspension and debarment requirements.

Questioned costs: $206,790

Recommendation:

1. Responsible management should establish and consistently enforce formal procedures requiring the retention of documented verification of eligibility (e.g., SAM.gov checks) and applicable certifications within the procurement file. Additionally, management should ensure that, prior to the execution of contracts, all agreements include the required suspension and debarment clause to demonstrate compliance with suspension and debarment requirements.

2. Establish controls to ensure required documentation (Independent Cost Estimates, proper justification, etc.) is prepared, documented, and maintained in the procurement file prior to solicitation for all applicable procurements.

Finding No.: 2025-015, continued

Views of Responsible Officials:

Management partially concurs with the finding. Refer to Management's position as outlined in the Corrective Action Plan.

Conclusion:

Management submitted additional information on June 28, 2026; however, due to time constraints, we were unable to sufficiently corroborate and evaluate the documentation provided. Accordingly, the finding remains, as there was insufficient evidence to support a determination of compliance as of the audit date.

Finding No.: **2025-016**

Identification of Federal Program:

Federal Agency: U.S. Department of Housing and Urban Development (HUD)
AL Program: 14.850 Public Housing Operating Fund
Federal Award No.: GQ00100000125D, GQ00100000225D, GQ00100000325D, GQ00100000425D
Area: Special Tests and Provisions – UEL (Utility Expense Level) Formula

Criteria or specific requirement (including statutory, regulatory or other citation):

GHURA is required to maintain and annually submit the Utility Expense Level (UEL) Formula Report (HUD Form 52722) for each project to HUD.

24 CFR 990.170(f)(1) states:

1. *Appropriate utility records, satisfactory to HUD, shall be developed and maintained, so that consumption and rate data can be determined.*

2 CFR 200.303 requires the implementation and monitoring of effective internal controls to provide reasonable assurance that data reported to HUD is accurate, complete, and compliant with Federal requirements.

Condition:

We examined the 4 reports required to be submitted during the fiscal year. For eight (14%) of total 56 key line reporting items required for testing within the Utility Expense Level (UEL) Formula Report (HUD Form 52722), the amounts were inconsistent from prior audited report submissions as follows:

Item No.	Project	Line No.	Utility Expense Level Formula Reported Utilities	Reported Amount	Per Audited Submission	Variance Over (Under) Reported	Variance Over (Under) Reported (%)
1	GQ001000001	03	Water and Sewer (Gal)	8,874	8,035	839	9%
2	GQ001000001	04	Water and Sewer (Gal)	5,647	6,486	(839)	15%
3	GQ001000002	03	Water and Sewer (Gal)	410,885	374,845	36,040	9%
4	GQ001000002	04	Water and Sewer (Gal)	383,707	419,747	(36,040)	9%
5	GQ001000003	03	Water and Sewer (Gal)	1,824,296	1,671,242	153,054	8%
6	GQ001000003	04	Water and Sewer (Gal)	2,719,307	2,872,361	(153,054)	6%
7	GQ001000003	03	Water and Sewer (Gal)	3,585,789	3,094,259	491,530	14%
8	GQ001000004	04	Water and Sewer (Gal)	2,663,490	3,155,020	(491,530)	18%

Finding No.: 2025-016, continued

Condition, continued:

For items #s 1 and 2, the Asset Management Project (AMP) 1 reported in excess of amounts for key line items in Rolling base year 2 - actual consumption (12- month period 7/1/2021 to 6/30/2022) for water and sewer gallon consumption, and underreported for Rolling base year 3 - actual consumption (12-month period 7/1/2020 to 6/30/2021) for water gallon consumption than prior year amounts as reported on HUD Form 5722, respectively.

For items #s 2 through 4, the Asset Management Project (AMP) 2 reported in excess of amounts for key line items in Rolling base year 2 - actual consumption (12- month period 7/1/2021 to 6/30/2022) for water and sewer gallon consumption, and underreported for Rolling base year 3 - actual consumption (12-month period 7/1/2020 to 6/30/2021) for water gallon consumption than prior year amounts as reported on HUD Form 5722, respectively.

For items #s 3 through 6, the Asset Management Project (AMP) 3 reported in excess of amounts for key line items in Rolling base year 2 - actual consumption (12- month period 7/1/2021 to 6/30/2022) for water and sewer gallon consumption, and underreported for Rolling base year 3 - actual consumption (12-month period 7/1/2020 to 6/30/2021) for water gallon consumption than prior year amounts as reported on HUD Form 5722, respectively.

For items #$ 7 and 8, the Asset Management Project (AMP) 4 reported in excess of amounts for key line items in Rolling base year 2 - actual consumption (12- month period 7/1/2021 to 6/30/2022) for water and sewer gallon consumption, and underreported for Rolling base year 3 - actual consumption (12-month period 7/1/2020 to 6/30/2021) for water gallon consumption than prior year amounts as reported on HUD Form 5722, respectively.

Cause:

Management did not implement adequate procedures to agree corrections on the Utility Expense Level (UEL) reporting submissions with underlying utility consumption and cost records prior to submission to HUD. In addition, supervisory review procedures were not sufficient to identify discrepancies, omissions, or reporting-period errors in the data accumulated for UEL reporting purposes.

Effect or potential effect:

GHURA is in noncompliance with applicable special tests and provisions for UEL Formula requirements.

Questioned costs: $0

Finding No.: 2025-016, continued

Identification as a repeat finding: Not applicable.

Recommendation:

Management should implement formal procedures to reconcile UEL reporting submissions to underlying utility consumption and cost records prior to submission to HUD. This should include preparing documented roll-forward reconciliations that ensure current-year reported amounts agree with prior submissions and are accurately carried forward. In addition, management should strengthen supervisory review controls by requiring an independent review of compiled UEL data to verify completeness, accuracy, and proper reporting period classification, with evidence of review retained.

Views of Responsible Officials:

Management did not provide a response to the finding. The finding was not included in management's corrective action plan.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Corrective Action Plan
September 30, 2025

Finding #2025-002 14.871 Section 8 Housing Choice Vouchers Special Tests and Provisions - National Standards for the Physical Inspection of Real Estate (NSPIRE)/Housing Quality Standards Inspection

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management respectfully disagrees with this finding. GHURA's HCV program remains committed to our biennial inspection requirements and are fully compliant with all applicable regulations.

When a unit fails inspection, we work quickly to resolve the issues and ensure housing standards are met, as outlined in 24 CFR Part 982. In accordance with 24 CFR 982.405(d), we provide both participants and landlords adequate time to correct deficiencies, which is documented in our system.

We remain compliant in our conduct and oversight of these requirements. Should there be a late HQS biennial inspection, this should not interrupt the HAP. Suspending these payments creates an undue burden for participants and strains our partnership with landlords. Unless a unit is deemed unsafe, HAP will continue. HAP abatement and reimbursement policies are in place should they need to be activated to retrieve HAP in instances where it was not entitled.

Explanation of Disagreement:
The list provided below is insufficient to claim any finding in HQS due to the following:

TOTAL: 32 entries (table provided to support explanation)
17 families ended their participation before the biennial inspection was due.
5 families were port-out participants before the biennial inspection was due.
5 units were recorded to have inspections completed before the biennial inspection due date and passed inspection.
1 unit inspection was completed on time, but failed on the first inspection.
1 unit inspection was completed on time, but was a no entry on the first attempted inspection.
1 family moved out of the unit before the biennial inspection.
1 family had incorrect dates in this list and was recorded to have met the biennial inspection and passed inspection.
1 family's inspection was late by 17 days, however, the inspection was completed and passed in that same month, which did not affect the HAP.

Guam Housing and Urban Renewal Authority
September 30, 2025
Corrective Action Plan

Voucher	Latest HQS Inspection Activity	Sum of Amount	Section 8 HCV Response
6-01-0105-926	09/28/23	$ 220.00	EOP: 1/31/25
6-01-0212-58183	04/13/23	$ 13,824.00	EOP: 3/31/25
6-03-0198-2327	4/4/2022 (should be 9/19/22)	$ 27,648.00	NOTE: Latest HQS Inspection Activity is 9/19/22 and inspection passed on 9/11/24. The 4/4/22 Inspection Date is for Voucher #6-04-0171-47367 (different tenant).
6-05-0005-42278	07/12/22	$ 25,320.00	NO ENTRY: 7/9/24 | PASSED: 8/21/24
6-05-0145-47900	07/18/22	$ 12,794.00	PASSED: 7/9/24
6-05-0241-46089	08/29/23	$ 2,280.00	OUTSEARCHING: 4/1/25
6-07-0028-2139	07/19/22	$ 23,996.00	FAILED: 7/17/24 | PASSED: 8/19/24
6-07-0115-1927	09/11/23	$ 6,278.00	EOP: 2/28/25
6-07-0289-52502	05/06/22	$ 28,316.00	PASSED: 5/6/24
EHV0132	08/23/23	$ 1,076.00	PORT-OUT: 10/31/24
FUP0156	08/21/23	$ 17,607.00	EOP: 5/31/2025
HCV0134	01/05/22	$ (402.65)	PORT-OUT: 6/30/22
HCV0521	04/22/22	$ 18,997.00	PASSED: 4/3/24
HCV0561	08/16/23	$ 14,409.00	EOP: 6/30/25
HCV0735	12/09/22	$ 1,227.00	EOP: 11/30/24
HCV0874	04/17/23	$ 4,383.00	EOP: 12/31/24
HCV1038	03/17/22	$ 5,130.00	PASSED: 1/17/24
HCV1083	9/12/2022 (should be 2/15/22)	$ 17,987.00	PASSED: 1/17/24
HCV1333	08/17/23	$ 4,686.00	EOP: 12/31/24
HCV1699	10/18/22	$ (90.40)	PORT-OUT: 8/10/23
HCV1704	09/12/23	$ 5,596.00	EOP: 1/31/25
HCV1811	08/31/23	$ 9,096.00	EOP: 3/31/25
HCV1873	07/11/23	$ 1,096.00	EOP: 11/30/24
HCV2024	07/06/22	$ 22,875.00	PASSED: 7/23/24 (LATE)
HCV2110	07/19/23	$ 8,344.00	PORT-OUT: 4/30/25

HCV2452	08/02/23	$	6,256.00	EOP: 1/31/25
HCV2457	07/13/23	$	(1,681.00)	PORT-OUT: 7/5/24
HCV2466	08/31/23	$	1,374.00	EOP: 6/30/25
MS0028	04/05/23	$	1,449.00	EOP: 10/31/24
MS0031	04/14/23	$	1,026.00	EOP: 4/30/25
NED0213	07/11/23	$	9,642.00	EOP: 3/31/25
VASH0149	08/03/23	$	6,272.00	EOP: 7/31/25

Corrective Actions:
Due to my explanation above, there are no corrective actions needed for Finding No.: 2025-001.
Due to my explanation above, there are no corrective actions needed for Finding No.: 2025-001.
Due to my explanation above, there are no corrective actions needed for Finding No.: 2025-001.

Responsible Party: Nicole Alejandro, Section 8 Administrator

Anticipated Date of Completion: Due to my explanation above, there are no corrective actions needed for Finding No.: 2025-001.

Finding #2025-003 14.871 Section 8 Housing Choice Vouchers Special Tests and Provisions – Reasonable Rent

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management respectfully disagrees with this finding. GHURA's HCV program remains committed the regulations 24 CFR 982.507 and is fully knowledgeable of the process when determining rent reasonableness with comparable units in the private market and properly document all comparables.

Before executing a HAP Contract, a rent reasonableness analysis is conducted for all units. This analysis includes assessing comparable unassisted units taking into account the location, size, type, and age of unit, as well as any amenities (such as septic, sewer, air conditioning, etc.), and utility responsibilities.

We have standard operating procedures and methodologies in place to conduct these analyses and certify that comparable rents are reasonable. Any identified errors are likely due to isolated oversights during the data entry process.

Explanation of Disagreement:
Listed below are the discrepancies with accompanying comments. Out of the seven (7) entries provided, one (1) was identified as a calculation error.
TOTAL: 07 entries (table provided to support explanation)

1. 4 Rent Reasonableness entries were completed correctly.
2. 2 Rent Reasonableness entries were system input errors.
3. 1 Rent Reasonableness analysis was an administrative error.

Guam Housing and Urban Renewal Authority
September 30, 2025
Corrective Action Plan

Voucher Number	Effective Date	Auditor Comment	Section 8 HCV Response
HCV2828	2/1/2025	Per examination of the Rent Reasonableness reports, it was noted the comparables are not within similar area locations. We noted that the unit is located in Yigo (Northern), while the comparable units used in the rent reasonableness determination were located in the Southern area. To properly check the unit comparisons, the rent reasonableness module was updated to reflect the correct location and the three highest scoring comparable units were selected based on the applicable comparison factors. From the revised analysis, the average rent of the comparable unassisted units were $1,924, which is less than the initial calculated average of $2,966.67.	SYSTEM INPUT ERROR: Location of the Proposed Unit was inputted as 'Southern' when the Yigo unit is a 'Northern' located unit. As a result, comparables for units located in the southern location were pulled. SOLUTION: All Section 8 assisted units in the system will be assessed to verify location accuracy based off of village and zip code.
NED0444	10/1/2024	The Authority did not rely on the comparable contract rents reflected in the Rent Reasonableness Determination Report (average $949.33), but instead recalculated contract rent using gross rent less a utility allowance, resulting in $1,000. This methodology is not directly supported by the market comparables presented in the report.	ADMINISTRATIVE ERROR: The amount of $949.33 should have been the contract rent amount. SOLUTION: Review discrepancy with team to ensure errors will not happen in the future.

HCV2796	1/1/2025	Per Mark McCormick on the Rent Reasonable Determination Report and Request for Tenancy Approval (RFTA), the documents indicate no comparable unassisted units were available in the proposed unit's area; however, a nearby unassisted unit in the RFTA is at Ladera Tower and appears reasonably comparable based on proximity. 12a. Owner’s Certification 1. Ladera Towers Date rented: 9/1/24 Rental amount: 2,450 2. Washington Dr Date rented: 10/21/21 Rental amount: 1,850 3. Quichocho St Villa Date rented: 1/21/23 Rental amount: 1,850	RR DETERMINED CORRECTLY: (1) Rent Determination Documents has a note that the unassisted units are not on premises. (2) The units listed in the RFTA-12A were not located on the premises of the unit to be under HAP contract which is why it was not referenced. (3) The Ladera Towers may or may not be in the unassisted units database; is was not in the database at the time the comparables were made.
HCV2876	6/30/2025	The approved contract rent of $1,400 was calculated using the average column in the Rent Reasonableness Determination Report (exception); however, the three comparable unassisted units listed on the RFTA are each $1,200, which is lower than the approved amount. Owners Certification: 138 (#347) and 148 (#363) Chalan totche $1,200 132 Chalan Guihan #402 $1,200	RR DETERMINED CORRECTLY: RFTA lists LITHC properties. LITHC unit rates are not used in comparables.

6-05-0050-56262	9/1/2025	The owner proposed rent of $2,500 was determined to be rent reasonable based on the average comparable unassisted units of $3,774 and Fair Market value of $2,964. However, it was noted that the unit is located in Chalan Pago (Central), while one of the comparable units used in the rent reasonableness determination was located in the Northern area. To properly check the unit comparisons, the rent reasonableness module was updated to reflect the correct location and the three highest scoring comparable units were selected based on the applicable comparison factors. From the revised analysis, the average rent of the comparable unassisted units were $1,870, which is less than the initial calculated average of $3,774.	SYSTEM INPUT ERROR: Location of unassisted unit was labelled as 'Central' when the village and zip code indicates that unit is located in the 'Northern' area. SOLUTION: All Section 8 unassisted units in the system will be assessed to verify location accuracy based off of village and zip code.
6-08-0353-60378	1/1/2025	Per examination of the rent determination report, we noted the approved rent exceeds the rent reflected in the owner-certified lease for a comparable unit; however, no documentation was provided to support or justify the variance between the approved and contracted rent amounts.	RR DETERMINED CORRECTLY: Tenant exercised the rent burden rule for this contract. The $100 amount does not exceed the tenant's 40% of AMI.
NED0070	11/1/2024	Rent determination documentation indicates an approved amount of $940; however, the executed lease agreement (dated 10/29/2024) reflects a rent of $942 as requested by the landlord. No supporting documentation was provided to justify the variance between the approved rent and the amount charged.	RR DETERMINED CORRECTLY: Approved amount for the contract was $942; which aligns with landlord's request.

Corrective Actions:

(1) SYSTEM INPUT ERRORS: All Section 8 unassisted and assisted units in the system will be assessed to verify location accuracy based off of village and zip code.

(2) ADMINISTRATIVE ERRORS: Review discrepancy with team to identify the cause of this issue and ensure similar errors do not happen in the future.

Preventive Measures: Closely assess rent determination calculations to ensure accuracy and certified rental amounts are correct.

Responsible Party: Nicole Alejandro, Section 8 Administrator

Anticipated Date of Completion:

Timeline for Resolution:

(1) SYSTEM INPUT ERRORS:

- 6/18/2026: Request report from MIS to provide list of units with location in the systems.
- 6/22/2026: Received report from MIS, consisting of 4,922 units.
- 6/22-6/10/2026: Review report, identify deficiencies, and create plan to correct deficiencies.
- 6/13/2026: Assign staff to update system with accurate data to address any location deficiencies.
- 7/31/2026: Complete assignment.

Preventive Measures: Pull quarterly report for assisted and unassisted units in the system and review list of units and ensure location is accurate based off of village and zip code of unit.

(2) ADMINISTRATIVE ERRORS:

Review discrepancy with team to identify the cause of this issue and ensure similar errors do not happen in the future.

- 6/17/2026: Review and discuss discrepancy with HCV Inspection Supervisor
- 6/18/2026: Conduct Inspection Team Meeting to address discrepancy with HCV Inspection Team to identify the cause of the issue. Review SOP with team to ensure similar errors do not happen in the future
- 6/18/2026: Assignment completed.

Finding #2025-004 14.225 CDBG – Endtitlement Grants Cluster B23ST660001, COVID-19 B20SW660001, B20ST660001 Reporting - CDBG Financial Summary Report

Views of Responsible Officials and Planned Corrective Action

Management's Position:

Management partially concurs with the finding.

Management acknowledges that supporting documentation explaining differences between the PR26 – CDBG Financial Summary Report, PR26 – CDBG-CV Financial Summary Report, and the Authority's accounting records can be further strengthened. However, management does not concur that the identified differences resulted in noncompliance with CDBG expenditure requirements or applicable Public Service (PS) and Planning and Administration (PA) expenditure limitations.

Explanation of Disagreement:

Management notes that the PR26 report referenced in the finding is not the final CDBG Financial Summary Report submitted for Program Year 2024. Management requests that the PR26 report submitted in response to audit request #204 be considered for purposes of evaluating the reported CDBG financial activity.

Management also notes that the FY2025 expense detail does not represent the full amount of CDBG expenditures reflected in FY2025 draw activity. This is because certain payroll expenditures incurred during FY2024 were drawn during FY2025 and are therefore included in FY2025 cash activity reported through HUD.

Management notes that the purpose of the PR26 reports is to summarize CDBG and CDBG-CV financial activity and demonstrate compliance with applicable program expenditure limitations, including the Public Service and Planning and Administration caps. Management has reviewed these calculations and confirmed, in coordination with HUD representatives, that the applicable caps were not exceeded.

Management further notes that differences between the PR26 reports and the Authority's accounting records may occur due to differences in reporting methodologies. The PR26 reports are prepared based on cash activity reported through HUD, while the Authority's financial records are maintained on an accrual basis. As a result, differences may occur due to timing of draws, prior-period expenditures drawn during the current reporting period, and other applicable reconciling items.

Based on the above, management maintains that the identified differences are attributable to reporting basis and timing differences rather than noncompliance with CDBG expenditure requirements. The final CDBG Financial Summary Reports and supporting documentation have been provided for the auditor's consideration.

Corrective Actions:

Management will enhance existing PR26 preparation procedures by maintaining supporting documentation identifying significant reconciling items between HUD-reported activity and the Authority's accounting records. The purpose of this documentation will be to explain differences resulting from reporting methodology, timing of draws, prior-period expenditures drawn during the current reporting period, and other applicable reconciling items.

The RPE Accounting Department, will be responsible for maintaining supporting documentation for PR26 reporting and documenting significant reconciling items. Supervisory review will continue to be performed prior to submission of future PR26 reports to ensure reported information is supported and appropriately documented.

Responsible Party: Katherine Taitano, Chief Planner

Anticipated Date of Completion: The enhanced documentation procedures will be implemented beginning with the next PR26 reporting cycle.

Finding #2025-005 14.225 CDBG – Endtitlement Grants Cluster B19ST660001, B20ST660001, B20SW660001, B21ST660001, B22ST660001, B23ST660001, B24ST660001 Reporting - Federal Funding Accountability and Transparency Act

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management partially concurs with the finding.

Management acknowledges that documenting FFATA lagged in some instances during the earlier periods reviewed. In some instances, challenges with the reporting system complicated our ability to submit timely reports. This was discussed with the audit team. A review of additional requests by the auditor was not completed in time to be incorporated into this commentary.

Explanation of Disagreement:
FFATA submissions in FSRS are often complicated by limitations in the reporting system. For example, validation of an awardee's address was often an impediment to completing the FFATA submission. The result is the inability to complete the reporting process. Responsible staff would make multiple varied attempts to enter verified information that would be rejected. In an effort to comply, responsible staff make attempts to resolve this either through the funder or the reporting system.

Corrective Actions:
To strengthen FFATA reporting, management will review its established processes of pre-award through award documentation. Management will review assigned responsibilities to ensure confirmation of FFATA submission.

The RPE Division is responsible for FFATA reporting into SAM.gov. Specific responsibilities to oversee this process are assigned and necessary accesses assigned.

Responsible Party: Katherine Taitano, Chief Planner

Anticipated Date of Completion: Immediate. The processes of FFATA reporting are in place for all FFTA submissions. Personnel are assigned to ensure the FFTA process is executed and documented for all funded activities.

Finding #2025-006 14.225 CDBG – Endtitlement Grants Cluster B19ST660001, B20ST660001, B21ST660001, B22ST660001, B23ST660001, B24ST660001 Special Tests and Provisions - Rehabilitation

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management partially concurs with the finding.

Management acknowledges that documentation can be strengthened. However, management does not concur that controls for project documentation and assigned personnel are absent.

Explanation of Disagreement:
Pre-rehabilitation inspections are conducted by GHURA engineering personnel for all proposed acquisitions. The assessment process requires multiple visits while personnel build the details to develop the scope of the necessary rehab work. These assessments lead to the work writeups to address identified deficiencies (safety, structural, electrical, plumbing, HVAC, lead, radon, etcetera). Senior engineering personnel oversee this process from initial assessment to final writeup.

Corrective Actions:
Management will reassess current procedures and documentation of pre-rehab condition. This will include inclusion of a periodic review of these procedures. The purpose of this assessment is to augment compliance with rehab requirements and coordination between key divisions responsible for activity completion.

The A&E Division will remain responsible for the rehabilitation of CDBG-funded activities and to maintain appropriate documentation. The RPE Division will remain responsible for coordinating and ensuring compliance with CDBG requirements for the rehabilitation of funded activities and to maintain appropriate documentation.

Responsible Party: Katherine Taitano, Chief Planner

Anticipated Date of Completion: The enhanced documentation procedures will be implemented by or before the beginning of the next program year cycle.

Finding #2025-007 14.239 HOME Investment Partnerships (HOME) Program Eligibility

Views of Responsible Officials and Planned Corrective Action
Management's Position:
#1 Management concurs and acknowledges that approving the matter without a more thorough evaluation was an oversight.

#2 Management disagrees. HOME maximum subsidy per 3-bedroom unit is $338,419.00. Total HOME investment is $112,500.00.

Corrective Actions:
Corrective actions include strengthening internal controls and oversight. Management will implement a more comprehensive review process moving forward. This process will include additional supervisory review, verification of supporting documentation, confirmation of regulatory and policy compliance, and consultation with appropriate program and legal staff, when necessary, before approvals are granted. Management will also establish review checklists and documentation standards to ensure that all relevant factors are consistently evaluated and adequately documented.

Moving forward, the Community Development Division will undergo a more rigorous evaluation process standardized review checklists and documentation requirements will be implemented to promote consistency, accountability, and proper recordkeeping. Management will monitor compliance with these enhanced procedures to reduce the risk of future deficiencies, oversights and ensure approvals are supported by adequate due diligence.

Responsible Party: Jo Lyn Terlaje, Community Development Manager

Anticipated Date of Completion: Final approval checklists will be implemented by August 1, 2026.

Finding #2025-008 14.239 HOME Investment Partnerships (HOME) Program Special Tests and Provisions – Houisng Quality Standards

Views of Responsible Officials and Planned Corrective Action
Management's Position:
#1 Management concurs with the finding and acknowledges the deficiency identified. Corrective action has been initiated.

#2 Disagree, the inspection report was only requested for one of the units, submitted on March 12, 2026. Supporting documentation is available for review for the other units upon request.

Explanation of Disagreement:
For Item #2, GHURA completed onsite inspections for the two acquisition units reviewed. As these units required no rehabilitation, only one inspection was necessary. The remaining two units are new construction projects currently under development. GHURA has conducted ongoing progress inspections and maintained inspection reports prepared by a third-party inspector throughout the construction process. Units are scheduled to be completed 2nd quarter FY2027 at which time the final inspections will be conducted to ensure compliance with program requirements.

Corrective Actions:
Item #1 - Guam initiated HOME rental monitoring and technical assistance for the three rental developments currently within their compliance periods. Consistent with the schedule provided to HUD by GHURA, RPE conducted entrance meetings with the Subrecipient organization's deputy director and key staff on June 17, 2026. The Subrecipient was notified of physical inspections scheduled for June 22, 23, and 25, 2026, to be conducted by GHURA AE. One complex, containing more than ten (10) HOME-assisted units, will also undergo financial viability monitoring. File reviews, interviews, and document collection are currently underway.

Item #1 – RP&E has initiated this action and will continue as required moving forward.

Responsible Party: Jo Lyn Terlaje, Community Development Manager

Anticipated Date of Completion: Item #1 - The monitoring process will conclude within 30 days of the entrance meeting, on July 17, 2026, at which time a letter outlining the monitoring results will be issued.

Finding #2025-009 14.239 HOME Investment Partnerships (HOME) Program Special Tests and Provisions – Underwriting

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management respectfully disagrees with the finding of no approved policy effective FY2025. An approved policy addressing this requirement is in place and was submitted as requested on March 9, 2026.

Explanation of Disagreement:
The HOME Program has an approved and effective policy that documents underwriting standards used to determine the appropriate amount of homeownership assistance based on a household's debt, assets, and overall financial resources.

Corrective Actions:
GHURA Community Development Division continues to working closely with HUD to ensure program compliance and alignment with federal requirements, and is currently in the process of updating and amending its policies to reflect current market conditions and strengthen long-term program sustainability.

Responsible Party: Jo Lyn Terlaje, Community Development Manager

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

Finding #2025-010 14.239 HOME Investment Partnerships (HOME) Program Special Tests and Provisions – Wage Rate Determination

Views of Responsible Officials and Planned Corrective Action
Management's Position:
1. Purchase Order #241616 – Management concurs with the finding and acknowledges the need to strengthen internal controls.
2. Purchase Order #250207 – Management respectfully disagrees with this finding.
3. Purchase Order #250994 – Management respectfully disagrees with this finding.

Corrective Actions:

Purchase Order # 241616 Management continues to implement improved processes to ensure more consistent compliance monitoring and documentation. This file will be reviewed and corrected as necessary.

Management will maintain ongoing monitoring to ensure continuous improvement and sustained compliance. Periodic internal reviews and oversight checkpoints will be conducted throughout the project lifecycle to identify issues early, reinforce accountability, and support timely corrective action where needed.

Responsible Party: Jo Lyn Terlaje, Community Development Manager

Anticipated Date of Completion:
Management confirms that strengthened internal controls have been implemented to improve oversight, tracking, and compliance monitoring across program activities. These controls include enhanced documentation procedures, defined review and approval processes, and improved coordination among responsible divisions.

Finding #2025-011 14.267 Continuum of Care Period of Performance

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Condition 1, 2, & 4 Management concurs with the finding.

The questioned cost relates to a payroll charge that was initially assigned to a subsequent CoC Planning Grant during the payroll reimbursement process because funding was available under that grant after the prior funding source had been exhausted. During the drawdown review, management identified that the pay period occurred prior to the start of the grant's period of performance and therefore was not eligible to be charged to that federal award.

Upon identification of the issue, the payroll cost was excluded from the reimbursement request and was not included in a federal drawdown. The appropriate corrective action was to reclassify the expense from the CoC Planning Grant to a local funding source. However, at the time the issue was identified, the accounting staff responsible for overseeing payroll reimbursements and related accounting adjustments were in the process of transitioning responsibilities. As a result, while the ineligible cost was not reimbursed with federal funds, the required accounting reclassification was not completed until the subsequent fiscal year.

Corrective Actions:
Management has strengthened and formalized its payroll reimbursement review procedures to ensure that grant period-of-performance requirements are verified prior to classification of payroll expenses. Management has also established procedures for documenting and tracking identified exceptions to ensure that required accounting adjustments are completed timely and reviewed by supervisory personnel.

The RPE Accounting Department will be responsible for ensuring payroll reimbursement classifications are reviewed for compliance with applicable grant period-of-performance requirements. Accounting personnel responsible for payroll reimbursements and related accounting adjustments will maintain documentation of identified exceptions and ensure required adjustments are completed and reviewed by supervisory personnel.

Condition 3 Management does not concur with the finding.

Explanation of Disagreement:
The Manual Journal Voucher (MJV) referenced by the auditor reflects a reclassification of payroll costs between federal grants. While the payroll expenditure relates to a pay period ending June 14, 2025, the expenditure was not ultimately charged to the grant with a period of performance ending December 31, 2024.

The purpose of the MJV was to remove the payroll expenditure from the original grant and reclassify it to the appropriate federal grant. The corresponding entry within the same journal voucher charged the expenditure to a grant whose period of performance encompassed the payroll pay period. As a result, the payroll expenditure was not charged to a federal award outside of its period of performance.

Management believes the exception resulted from reviewing only one side of the reclassification entry rather than the complete transaction. The supporting MJV demonstrates that the expenditure was removed from the grant with the expired period of performance and reassigned to the appropriate federal award. Accordingly, management respectfully requests reconsideration of this exception.

Responsible Party: Katherine Taitano, Chief Planner

Anticipated Date of Completion: Condition 1, 2, & 4 The enhanced payroll reimbursement review procedures and exception tracking procedures have been implemented.

Finding #2025-012 14.267 Continuum of Care GU0018L9C002209, GU0026L9C002305, GU0028L9C002204, GU0037L9C002201, GU0031L9C002203 Procurement and Suspension and Debarment

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management concurs with the finding.

Management would like to clarify that verification of suspension and debarment status was performed through SAM.gov prior to the execution of subrecipient agreements. Historically, the process involved reviewing the entity's suspension and debarment status directly through SAM.gov, and maintaining an electronic copy of the verification was not established as a standard documentation practice because the information was available for verification through SAM.gov.

As changes have occurred to the availability and accessibility of historical SAM.gov records, management recognizes the importance of maintaining independent documentation of the verification performed. While the required verification was conducted, documentation evidencing the verification results was not consistently retained within the applicable procurement or subrecipient files. As a result, management was unable to provide sufficient supporting documentation during the audit to demonstrate completion of the required verification.

Corrective Actions:
Management will require retention of supporting documentation from SAM.gov verification, including the date of review and evidence of the verification results, within the applicable procurement or subrecipient file.

The responsible program personnel will ensure that suspension and debarment verification is completed and documented prior to execution of applicable subrecipient agreements. The applicable procurement and subrecipient files will include SAM.gov verification documentation to support compliance with federal suspension and debarment requirements.

Responsible Party: Katherine Taitano, Chief Planner

Anticipated Date of Completion: The updated procedures and documentation requirements have been implemented.

Finding #2025-013 14.267 Continuum of Care GU0011L9C002112, GU0011L9C002213, GU0011L9C002314, GU0037L9C002302, GU0031L9C002203 Matching, Level of Effort, and Earmarking

Views of Responsible Officials and Planned Corrective Action
Management's Position:
Management concurs with the finding.

Management has not fully implemented formalized policies and procedures to ensure centralized tracking, periodic reconciliation, and supervisory review of matching contributions in accordance with established control expectations. Responsibilities for monitoring matching activity are decentralized with each planner, and periodic management review of cumulative matching, supporting documentation, and source allowability is not consistently performed. As a result, matching balances may remain interim and not fully supported, increasing the risk of noncompliance with applicable matching, level of effort, and earmarking requirements at each time of reimbursement and not final until grant closeout.

Responsible Party: Katherine Taitano, Chief Planner

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

Finding #2025-014 14.850 Public Housing Operating Fund Eligibility

Views of Responsible Officials and Planned Corrective Action

AMP 1 Response:
We agree that it is essential for responsible personnel to enforce these monitoring controls effectively. Ensuring that staff obtain and properly document all necessary verification documentation before recertification is crucial for maintaining program integrity. In addition, supervisory personnel will perform periodic reviews to ensure that established procedures are consistently followed. Any deficiencies identified will be promptly corrected.

AMP 1 Response to Noted Items
- Item #1 - Criminal History/Sex Offender Registry Search
  We respectfully disagree with this finding. Documentation of the sex offender registry search was performed, verified, and included in the file. The documentation is attached to this response for your review.

Guam Housing and Urban Renewal Authority
September 30, 2025
Corrective Action Plan

- Item #4 - EIV Report Timeliness
  We agree with the finding. The EIV report was processed six and four months late. We acknowledge this issue and will ensure the timely completion of this report. Staff will be reminded of the required timeframes for all certifications.

- Item #8 - Declaration of Eligible Immigration Status
  We respectfully disagree with this finding. Documentation verifying the Head of Household's (HOH) eligible immigration status is included in the file. SAVE verification was conducted and documented at the time of admission to the program. The HOH is the only non-citizen in the household. The relevant documentation is attached for your review.

- Item #11 - Independently Calculated Tenant Rent

We respectfully disagree with this finding. After reviewing Form HUD-50058, we believe that the correct utility allowance for a 4-bedroom unit is ($498), and the corresponding tenant rent share is $43. These amounts differ from those mentioned in your summary. We have attached the source document for your review and confirmation.

<u>AMP 2 Response:</u>
We acknowledge the need to reinforce monitoring controls to ensure full compliance with eligibility and verification requirements. Effective immediately, staff will be required to obtain, review, and properly document all mandatory verification materials before completing any recertification of benefits. Recertifications will not be finalized unless the file contains complete and accurate documentation supporting the eligibility determination.

In addition, Property Site Managers (PSMs) will conduct periodic quality-control reviews to confirm that established procedures are consistently followed and that all required verification activities are fully documented. Any deficiencies identified during these reviews will be corrected promptly and addressed through additional training, procedural reinforcement, or other corrective measures, as appropriate.

<u>AMP 2 Responses to Noted Items</u>

• Item #5 – EIV Report Timeliness We agree with this finding. The EIV reports used to support income eligibility were processed six and four months late, respectively. We acknowledge this deficiency and will reinforce timeliness requirements with staff to ensure future compliance. Staff will be reminded that EIV reports must be obtained and reviewed within the required timeframe for all annual and interim reexaminations.
• Item #7 – Verification of Assets We respectfully disagree with this finding. Documentation verifying household assets was obtained and is included in the file. The source documents supporting asset verification are attached to this response for your review. Based on the documentation on record, the verification requirements were met.
• Item #9 – Eligible Immigration Status We also disagree with this finding. Verification of eligible immigration status was completed for the one non-citizen Head of Household. The SAVE verification was performed, confirmed, and is attached to this response as supporting documentation. The file contains the required evidence demonstrating eligibility for assistance.

• Item #12 – Rent Calculation and Form HUD-50058 We do not agree with this finding. A review of the Form HUD-50058 indicates that the correct utility allowance for a two-bedroom unit ($319) was recorded, along with the correct tenant rent share of $239. These amounts differ from those listed in your summary. The source document is attached for your review and confirmation.

<u>AMP 3 Response:</u>
Management agrees with the need to reinforce monitoring controls among responsible personnel to ensure compliance with eligibility processing requirements for admissions and recertifications. Management will enforce requirements for staff to obtain, review, and properly document all required verification documentation prior to recertification. Furthermore, Property Site Managers (PSMs) will conduct periodic quality control reviews to ensure proper procedures are followed in compliance with HUD requirements. Any identified deficiencies will be promptly corrected and addressed accordingly.

<u>AMP 4 Response:</u>
We acknowledge the vital need to reinforce internal monitoring controls to ensure full compliance with all eligibility and verification requirements. Enforcing these controls effectively is essential for maintaining program integrity and ensuring the accuracy of benefit determinations.

Property Site Managers (PSMs) will conduct regular, periodic quality control reviews to confirm that established procedures are being consistently followed across all files. Any deficiencies or errors identified during PSM reviews will be handled with immediate corrective action.

<u>AMP 4 Response to noted items:</u>
Sexual Registry Clearance Item #2 and #13. We agree with this finding. Sexual Registry clearance form was not completed by staff. Staff will make corrections to complete Sexual Registry clearance form. Moving forward all intake forms will be verified before finalizing certification.

Enterprise Income Verification Item #13. We agree with this finding. Staff oversight on certifying EIV report. Staff will be reminded that all documents requiring PHA staff certification must be completed prior to finalization of certification.
Verification of Assets

Item #13. We agree with tis finding. Staff failed to obtain third-party bank statement, self-certification, or tenant declaration of asset.

Calculated Tenant rent and Utility allowance Item #13. We disagree with this finding. Calculated tenant rent is correct based on income documentation submitted to PHA. Documentation for this finding submitted as attachment “Item 13”
Verified Income

Item #13. We disagree with this finding. Verified income was calculated and inputted in system. Documentation for this finding submitted as attachment “Item 13 Income”.

Responsible Party: Asset Management Property Site Managers – Jeanna Blas, AMP 1 Acting, Gina Cura, AMP 2, Patrick Bamba, AMP 3, and Bernadette Tyquiengco, AMP 4

Anticipated Date of Completion: September 30, 2027

Finding #2025-015 14.850 Public Housing Operating Fund Procurement and Suspension and Debarment

Views of Responsible Officials and Planned Corrective Action

AMP 1 Response:
For Items #2 and #4, management concurs with the finding. Management acknowledges that required documentation verifying that contractors were not suspended, debarred, or excluded was not maintained in the files. Management will conduct a review of contracts to ensure required documentation is obtained and properly filed and will update internal policies to include a checklist to ensure compliance prior to contract execution.

- Documentation Review: We will conduct a thorough review of our contracts and ensure that all necessary debarment, suspension, or exclusion from receiving or participation in federal awards are obtained and properly filed.
- Policy Improvement: We will update our internal policies to include a checklist for all new contracts, which will ensure that documentation related to debarment, suspension, or exclusion is acquired before proceeding.

For Items #2, #4, and #5, management concurs with the finding related to Independent Cost Estimate documentation. Management acknowledges that documentation supporting cost estimates was not maintained prior to solicitation. Management will implement a standardized process for documenting Independent Cost Estimates and will conduct periodic reviews to ensure compliance. We acknowledge the lack of documentation on the Independent Cost Estimate (ICE) procedures prior to solicitation. GHURA is committed to maintaining a procurement system that is transparent, compliant, and fully aligned with federal and local requirements. Moving forward, we will implement measures to ensure that appropriate documentation is created and maintained for all cost estimates. This includes developing a standardized process for documenting ICE procedures and conducting regular reviews to ensure compliance.

For Item #15, management does not concur with the finding. Management states that documentation supporting the Independent Cost Estimate was included in Purchase Order No. PO251039. Management refers to the Small Procurement Abstract/Price Analysis Form, which documents prior pricing information used to support cost reasonableness. Small Procurement Abstract/Price Analysis Form that shows ICE information detailing the last price paid for Consumable Inventory.

AMP 2 Response:
We acknowledge the need to strengthen monitoring controls to ensure full compliance with applicable procurement, suspension, and debarment requirements. We recognize that verification of contractor eligibility and proper documentation of procurement actions are essential components of an effective internal control system.

We acknowledge that documentation of the required suspension and debarment verification was not included in the procurement file at the time of purchase. *Although this verification was completed after the fact, we have now confirmed through SAM.gov that the vendors involved were not suspended, debarred, or otherwise excluded from receiving federal funds.*

To prevent this issue going forward, we have implemented a strengthened control requiring staff to perform and document SAM.gov verification prior to every procurement action, including micro-purchases. Verification results will be printed or saved as PDF and filed with each procurement record to ensure full compliance with 2 CFR 200.214 and HUD procurement requirements.

These corrective measures will ensure that all future procurements include timely and complete documentation of suspension and debarment checks.

<u>Corrective Actions Implemented</u>

1. Suspension & Debarment Verification Controls Strengthened

Effective immediately, we have implemented enhanced procedures requiring Housing Administrative Officer personnel to verify all prospective contractors and vendors against the SAM.gov Exclusions Database prior to award.

2. Enforcement of Minimum Solicitation Requirements

AMP 2 has reinforced compliance with 5 GCA Chapter 5 and internal procurement SOPs requiring minimum solicitation thresholds:

- Three written quotes for small purchases above the micro-purchase threshold.
- Written justification for any noncompetitive procurement, including emergency, sole source, or inadequate competition.
- Staff have been retrained on documentation standards, including price reasonableness, vendor selection rationale, and procurement history requirements.

3. Strengthened Management Oversight and File Review

To prevent recurrence, AMP 2 will review all required documentation—including SAM verification, solicitation records, and justifications—is complete.

GHURA is committed to maintaining a procurement system that is transparent, compliant, and fully aligned with federal and local requirements. These corrective actions strengthen internal controls, ensure proper oversight, and prevent recurrence of the deficiencies identified.

<u>AMP 3 Response:</u>
For Items #6 (PO251249) and #10 (PO250104), management does not concur with the finding. Management explains that the purchase orders were structured similarly to indefinite delivery/indefinite quantity arrangements to support recurring and variable requirements throughout the fiscal year.

Management states that Housing Administrative Officers solicited pricing from multiple qualified vendors at the beginning of the fiscal year to establish competitively awarded pricing schedules. By securing pricing in advance, management was able to address anticipated needs efficiently without preparing separate Independent Cost Estimates for each task, while maintaining fair and reasonable pricing through competition.

For Item #22 (BPA250203), management concurs with the finding. Management noted that the blanket purchase agreement was established to support anticipated advertisement services related to the opening and closing of the AMP3 waitlist. At the time, management determined that only one vendor provided hard-copy print publication services locally and was uncertain whether electronic-only media outlets met program needs. Based on this determination, the agreement was executed. However, management acknowledges that the procurement file should have included documentation of market research performed. Management will ensure that future procurement files include adequate documentation of solicitations, market research, and any sole-source or limited-source justifications, as applicable.

AMP 4 Response:
AMP4 consistently adheres to all procurement policies and requirements prior to executing contracts, agreements, or purchases. Staff will continually ensure documentation is complete and concise with all procurement procedures.

AMP4 Response to items:
Item #8. We disagree with this finding. Documentation was completed to continue procurement services. See attached documentation labeled as "#8".

Item #s 17, 19, and 20. We disagree with this finding. Documentation on file to support procurement transactions being conducted in a manner that provided for full and open competition. See attached documentation labeled as "#17, #19, #20".

Item # 23. We disagree with this finding. Documentation on file to show evidence services were awarded equally among multiple vendors. See attached documentation labeled as "#23".

Responsible Party: Asset Management Property Site Managers – Jeanna Blas, AMP 1 Acting, Gina Cura, AMP 2, Patrick Bamba, AMP 3, and Bernadette Tyquiengco, AMP 4

Anticipated Date of Completion: September 30, 2027

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2025

Audit Finding #

2024-001(1) This finding is unresolved. Certain amounts reported in PR26 – CDBG Financial Summary Report, Program Year 2022 by GHURA, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2024-001(2) This finding is unresolved. GHURA CDBG Subawards are not reported in FSRS.

2024-002 This finding is unresolved. Unaudited amounts reported in certain key line items in the FASS-PH for FY 2023 do not agree with underlying accounting records.

2024-003 This finding is unresolved. Beginning balances of equity, including any adjustments by GHURA, per the FY2023 Trial Balance (TB) did not agree with the audited ending balances per the FY2022 Single Audit Report (SAR).

2023-001(1) This finding is unresolved. Certain amounts reported in PR26 – CDBG Financial Summary Report, Program Year 2022 by GHURA, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2023-001(2) This finding is unresolved. Certain amounts reported in PR26 – CDBG-CV Financial Summary Report, Grant No. B20SW660001, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2023-001(3) This finding is unresolved. Certain amounts reported in C04PR26 – CDBG Activity Summary by Selected Grant for Program Years, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2023-001(4) This finding is unresolved. GHURA CDBG Subawards are not reported in FSRS.

2023-002 This finding is unresolved. GHURA Continuum of Care Program did not effectively monitor controls over compliance with applicable matching, level of effort, earmarking requirements with recipients or subrecipients.

2023-003 This finding is unresolved. Unaudited amounts reported in certain key line items in the FASS-PH for FY 2023 do not agree with underlying accounting records.

2023-004 This finding is unresolved. Beginning balances of equity, including any adjustments by GHURA, per the FY2023 Trial Balance (TB) did not agree with the audited ending balances per the FY2022 Single Audit Report (SAR).

2022-001(1) This finding is unresolved. Certain amounts reported in PR26 – CDBG Financial Summary Report, Program Year 2021 by GHURA, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2022-001(2) This finding is unresolved. Certain amounts reported in PR26 – CDBG-CV Financial Summary Report, Program Year 2021 by GHURA, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2022-001(3) This finding is unresolved. Certain amounts reported in C04PR26 – CDBG Activity Summary by Selected Grant for Program Years 2021 and 2020 by GHURA, do not agree with underlying accounting records. The Authority is seeking technical assistance from HUD.

2022-001(4) This finding is unresolved. GHURA CDBG Subawards are not reported in FSRS. The Authority is seeking technical assistance from HUD.

2022-002 This finding is resolved. GHURA's Program subrecipients' payments were either three (3) or seven (7) days delayed after the allowable 30-day payment period.

2022-004 This finding is unresolved. GHURA reported unaudited amounts in certain key line items in the FASS-PH for FY 2022 that do not agree with underlying accounting records. A Request for Quotation is in process to contract an Independent Public Auditor to certify the Financial Data Schedule so that the Audited Financial Statements can be submitted to HUD via the FASS-PH.

2022-005 This finding is unresolved. Beginning balances of equity, including any adjustments by GHURA, per the FY2022 Trial Balance (TB) did not agree with the audited ending balances per the FY2021 Single Audit Report (SAR). A Request for Quotation is in process to contract an Independent Public Auditor to certify the Financial Data Schedule so that the Audited Financial Statements can be submitted to HUD via the FASS-PH.

2021-004 This finding is unresolved. GHURA has not submitted the required FY 2020 and FY 2021 unaudited and audited financial information in the FASS-PH. A Request for Quotation is in process to contract an Independent Public Auditor to certify the Financial Data Schedule so that the Audited Financial Statements can be submitted to HUD via the FASS-PH.

2021-005 This finding is unresolved. GHURA has not submitted the required FY 2020 and FY 2021 unaudited and audited financial information int the FASS-PH. A Request for Quotation is in process to contract an Independent Public Auditor to certify the Financial Data Schedule so that the Audited Financial Statements can be submitted to HUD via the FASS-PH.