

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**(A COMPONENT UNIT OF THE  
GOVERNMENT OF GUAM)**

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**SINGLE AUDIT REPORTS**

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**YEAR ENDED SEPTEMBER 30, 2020**

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SINGLE AUDIT REPORTS  
Year Ended September 30, 2020**

**CONTENTS**

	<u>PAGE</u>
Part I. Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Part II. Independent Auditors' Report 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	3
Part III. Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Part IV. Schedule of Findings and Questioned Costs	9
Part V. Corrective Action Plan	17
Part VI. Summary Schedule of Prior Audit Findings	22

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

Board of Commissioners  
Guam Housing and Urban Renewal Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Guam Housing and Urban Renewal Authority (GHURA), which comprise the statement of net position as of September 30, 2020, and the related statements of revenues and expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March , 2021. Our report includes an explanatory paragraph concerning the impact of COVID-19.

### **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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-004 that we consider to be significant deficiencies.

## Compliance and Other Matters

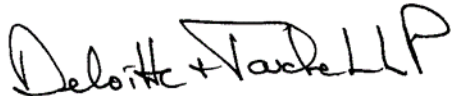
As part of obtaining reasonable assurance about whether GHURA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

## GHURA's Response to Findings

GHURA's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

A handwritten signature in black ink that reads "Deloitte + Tacke LLP". The signature is written in a cursive, flowing style.

March 30, 2021

## **INDEPENDENT AUDITORS' REPORT 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**

We have audited Guam Housing and Urban Renewal Authority's (GHURA's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2020. GHURA's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

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

## ***Opinion on Each Major Federal Program***

In our opinion, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## ***Other Matters***

The results of our auditing procedures disclosed 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 items 2020-002 through 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

GHURA's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. GHURA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## **Report on Internal Control Over Compliance**

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

*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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 through 2020-005 that we consider to be significant deficiencies.

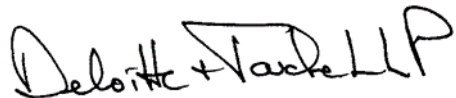
GHURA's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. GHURA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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, 2020, and have issued our report thereon dated March 30, 2021, which contained an unmodified opinion on those financial statements and included an explanatory paragraph concerning the impact of COVID-19. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



March 30, 2021

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Programs:			
COVID-19 Central Office Cost CARES Act Funding	14.CCC		\$ 1,419
Supportive Housing for the Elderly	14.157		565,093
Multi-Family Housing Service Coordinators	14.191		48,529
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Special Purpose Grants/Insular Area	14.225	\$ 233,978	<u>2,141,697</u>
CDBG - Entitlement Grants Cluster Total			2,141,697
COVID-19 Emergency Solutions Grant Program CARES Act	14.231		901
Emergency Solutions Grant Program	14.231	153,810	244,222
Home Investment Partnerships Program	14.239		4,582,704
Continuum of Care Program	14.267	371,676	706,630
Public and Indian Housing	14.850		4,320,537
Resident Opportunity and Supportive Services - Service Coordinators	14.870		32,253
Housing Voucher Cluster:			
COVID-19 HCV CARES Act Funding	14.HCC		10,766
Section 8 Housing Choice Vouchers	14.871		35,290,084
Mainstream Vouchers	14.879		<u>116,073</u>
Housing Voucher Cluster Total			35,416,923
COVID-19 Public Housing CARES Act Funding	14.PHC		27,715
Public Housing Capital Fund	14.872		1,623,731
Family Self-Sufficiency Program	14.896		<u>134,623</u>
Total U.S. Department of Housing and Urban Development		\$ 759,464	\$ <u>49,846,977</u>
Total Expenditures of Federal Awards		\$ 759,464	\$ <u>49,846,977</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Reconciliation of total operating expenses to total expenditures of Federal awards:		
Total Operating expenses		\$ 49,125,907
Plus loans receivable, beginning balances:		
HOME Investment Partnerships Program		4,157,058
Community Development Block Grants/Special Purpose Grants/Insular Areas		436,437
Plus Management Fees:		
Supportive Housing for the Elderly Management Fees		41,393
HCV Management Fees		519,436
HCV Management Fees - CARES		709
PH Management Fees		607,909
PH Management Fees - CARES		708
COCC Management Fees - CARES		1,419
Plus PH Asset Management Fees		90,000
Plus Bookkeeping Fees:		
HCV Bookkeeping Fees		222,683
PH Bookkeeping Fees		66,135
Plus Capital Assets		1,603,408
Less Depreciation expense		(3,348,008)
Less Pension expense included in employee benefits		(447,574)
Less Retiree healthcare costs and other pension benefits		(1,048,452)
Less Other Enterprise Funds not included in SEFA		<u>(2,182,191)</u>
Total Expenditures of Federal Awards		\$ <u>49,846,977</u>



## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020

### **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. Only the operations of GHURA are included within 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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GHURA, it is not intended to and does not present the financial position, changes in net position or cash flows of GHURA.

### **3. Summary of Significant Accounting Policies**

#### **a. Basis of Accounting**

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

#### **b. Subgrants**

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

#### **c. Funds Received**

GHURA received all the funds indicated on this Schedule in a direct capacity in fiscal year 2020. 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.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Schedule of Expenditures of Federal Awards, Continued  
Year Ended September 30, 2020

### 4. Loan Funds

GHURA, on behalf of the Government of Guam, has been designated the responsibility of implementing and carrying out the objectives of the HOME Program. The program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms and requirements. Balances and transactions relating to the HOME program are included in GHURA's financial statements. Loans made during the year and the balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2020, the HOME and CDBG Program expenditures include \$425,646 and \$1,705,260 in current year disbursements and the beginning balance of HOME and CDBG loans of \$4,157,058 and \$436,437 with continuing compliance requirements, respectively. The balance of HOME Investment Partnerships and CDBG grant loans outstanding and recorded by GHURA at September 30, 2020 is \$4,372,504 and \$361,735, respectively.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2020

**Section I - Summary of Auditors' Results**

*Financial Statements*

- |  |            |
|--|------------|
| 1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting:   |            |
| 2. Material weakness(es) identified?   | No         |
| 3. Significant deficiency(ies) identified?   | Yes        |
| 4. Noncompliance material to financial statements noted?   | No         |

*Federal Awards*

Internal control over major federal programs:

- |   |            |
|---|------------|
| 5. Material weakness(es) identified?  | No         |
| 6. Significant deficiency(ies) identified?  | Yes        |
| 7. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified |
| 8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes        |
| 9. Identification of major federal programs:  |            |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.157	Supportive Housing for the Elderly Housing Voucher Cluster:
14.HCC	HCV CARES Act Funding
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.PHC/14.872	Public Housing CARES Act Funding/Public Housing Capital Fund

- |  |             |
|--|-------------|
| 10. Dollar threshold used to distinguish between Type A and Type B Programs: | \$1,495,409 |
| 11. Auditee qualified as low-risk auditee?                                   | No          |

**Section II - Financial Statement Findings**

<u>Reference Number</u>	<u>Findings</u>
2020-001	General Ledger and Schedule of Expenditures of Federal Awards
2020-002	Reporting
2020-004	Reporting

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2020

**Section III - Federal Award Findings and Questioned Costs**

<u>Reference Number</u>	<u>CFDA Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2020-002	14.157	Reporting	\$ -
2020-003	14.157	Special Tests and Provisions-Residual Receipts Account	-
2020-004	14.871/14.879	Reporting	-
2020-005	14.872	Procurement and Suspension and Debarment	<u>-</u>
		Total Federal Questioned Costs	\$ <u><u>-</u></u>

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2020

Finding No.: 2020-001  
Area: General Ledger and Schedule of Expenditures of Federal Awards

Criteria:

General ledger balances and the Schedule of Expenditures of Federal Awards (SEFA) should be periodically reconciled.

Condition:

The SEFA was provided on February 17, 2021, which is a six-month improvement over the prior year's August submission. However, the SEFA did not include approximately \$1.6M in capital outlays. GHURA corrected the SEFA on March 29, 2021.

Cause:

GHURA did not effectively perform monitoring controls over the SEFA.

Effect:

On an interim basis, the SEFA may be materially misstated and could impact the ability to facilitate timely and accurate interim and external financial reporting.

Identification as a Repeat Finding: 2019-001

Recommendation:

GHURA should develop and implement controls over the timely preparation and reconciliation of the SEFA to the general ledger. Furthermore, GHURA should consider obtaining training for accounting personnel relative to Uniform Guidance requirements for the SEFA.

Views of Responsible Officials:

Additional accounting personnel resources were hired and will continue to address accounting reconciliations and SEFA preparation, with the ultimate goal of the general ledger reconciled to the SEFA, and to ensure the completeness and accuracy of the SEFA.

GHURA's Corrective Action Plan provides additional details.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2020

Finding No.: 2020-002  
Federal Agency: U.S. Department of Housing and Urban Development  
CFDA Program: 14.157 Supportive Housing for the Elderly  
Federal Award No.: Section 8 Contract Number GQ10RO00001  
Area: Reporting  
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, each recipient that administers covered public and Indian housing assistance, regardless of the amount expended, must submit HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*, using the automated Section 3 Performance Evaluation and Registry System (SPEARS) (24 CFR sections 135.3(a)(1) and 135.90).

Condition:

GHURA did not submit the required HUD 60002 report.

Cause:

GHURA did not enforce compliance with applicable reporting requirements. Information technology issues with SPEARS is preventing submission as of March 2021.

Effect:

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

Identification as a Repeat Finding: 2019-005 for CFDA 14.871/14.879 Housing Voucher Cluster

Recommendation:

Responsible personnel should enforce compliance with applicable reporting requirements and should continue to coordinate with HUD to resolve technical issues with SPEARS so that the reports can be submitted.

Views of Responsible Officials:

GHURA sought guidance with U.S. HUD Section 3 Division to verify if HUD Form 60002 is required when reserve funds were used versus for construction or renovation activity during the fiscal year for the Housing Choice Voucher Program. However, HUD Section 3 did not provide a response to GHURA's question. GHURA Management will seek further guidance with its Field Office Representatives to ensure compliance efforts are acceptable.

GHURA's Corrective Action Plan provides additional details.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-003  
Federal Agency: U.S. Department of Housing and Urban Development  
CFDA Program: 14.157 Supportive Housing for the Elderly  
Federal Award No.: Section 8 Contract Number GQ10RO00001  
Area: Special Tests and Provisions - Residual Receipts Account  
Questioned Costs: \$0

#### Criteria:

In accordance with applicable special tests and provisions requirements, any funds in the project funds account (including earned interest) at the end of the fiscal year shall be deposited in a federally insured account within 60 days following the end of the fiscal year. Withdrawals from this account may be made only for project purposes and with the approval of HUD (24 CFR sections 891.400(e) and 891.600(e)).

#### Condition:

At September 30, 2020, the unobligated balance of funds in the project funds account was \$175,527. Such residual was not deposited in the established account for residual receipts until March 2021. No questioned cost is presented as the residual balance was not expended.

#### Cause:

GHURA did not enforce compliance with applicable special tests and provisions requirements over the residual receipts account.

#### Effect:

GHURA is in noncompliance with applicable special tests and provisions requirements for the residual receipts account. There is a potential for delayed transfers of residual balances to be expended without prior approval by HUD.

#### Recommendation:

Responsible personnel should enforce compliance with applicable special tests and provisions requirements over the residual receipts account.

#### Views of Responsible Officials:

The balance of funds in the project funds account, net of outstanding checks, was \$175,527.43. This amount was deposited in the project reserve account on March 26, 2021.

GHURA's Corrective Action Plan provides additional details.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2020

Finding No.: 2020-004  
Federal Agency: U.S. Department of Housing and Urban Development  
CFDA Program: 14.871/14.879 Housing Voucher Cluster  
Area: Reporting  
Questioned Costs: \$0

Criteria:

Each recipient must submit HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*.

Condition:

GHURA did not submit the required HUD 60002 report.

Cause:

GHURA did not enforce compliance with applicable reporting requirements. Information technology issues with SPEARS is preventing submission as of March 2021.

Effect:

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

Identification as a Repeat Finding: 2019-005

Recommendation:

Responsible personnel should enforce compliance with applicable reporting requirements and should continue to coordinate with HUD to resolve technical issues with SPEARS so that the reports can be submitted.

Views of Responsible Officials:

GHURA sought guidance with U.S. HUD Section 3 Division to verify if HUD Form 60002 is required when reserve funds were used versus for construction or renovation activity during the fiscal year for the Housing Choice Voucher Program. However, HUD Section 3 did not provide a response to GHURA's question. GHURA Management will seek further guidance with its Field Office Representatives to ensure compliance efforts are acceptable.

GHURA's Corrective Action Plan provides additional details.



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2020

Finding No.: 2020-005  
Federal Agency: U.S. Department of Housing and Urban Development  
CFDA Program: 14.872 Capital Fund Program  
Federal Award No.: GQ08P001501-18  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, a state must follow the same policies and procedures it uses for procurements from its non-federal funds. Therefore, sealed bidding shall be used for all contracts that exceed the small purchase threshold of \$50,000 for construction.

Condition:

For one (or 17%) of 6 transactions tested, aggregating \$331,314 of \$1,877,176 in total non-payroll Program expenditures with contractors, the small purchase procurement method was used in June 2019 to procure a construction contract in excess of \$50,000, as follows:

<u>Project</u>	<u>Document ID</u>	<u>Date</u>	<u>Vendor No.</u>	<u>Amount Tested</u>	<u>Contract Amount</u>
AMP2	2020-12-504	01/02/2020	CO00001791	\$ 27,009	\$ 93,316

Cause:

GHURA did not enforce compliance with applicable procurement requirements.

Effect:

GHURA is in potential noncompliance with applicable procurement requirements. No questioned cost is presented as the applicable small purchase threshold for the Government of Guam as a whole is \$100,000 for construction. Subsequently, in August 2020, GHURA aligned its Procurement Policy with the Government of Guam thresholds.

Identification as a Repeat Finding: 2019-006

Recommendation:

Responsible procurement personnel should enforce compliance with GHURA's written procurement policy and should monitor such policy for timely alignment with any future changes to the Government of Guam's procurement regulations accordingly.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-005, Continued  
Federal Agency: U.S. Department of Housing and Urban Development  
CFDA Program: 14.872 Capital Fund Program  
Federal Award No.: GQ08P001501-18  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

#### Views of Responsible Officials:

GHURA aligned its Procurement Policy with federal and local laws and regulations governing small purchase procurement which reflected the Authority's intent to comply with the existing maximum limits for such purchases and all purchases. Policy amendment was adopted by the GHURA Board of Commissioners to increase the small purchase limit to the legal limit of \$100,000. GHURA procurement management had been adhering to the Authority's approved policy since approval of BOC Resolution No. FY2020-21, Resolution Amending the Procurement Policy for the Guam Housing and Urban Renewal Authority, during the BOC Meeting dated August 28, 2020. Therefore, GHURA disagrees with this finding.

GHURA's Corrective Action Plan provides additional details.

#### Auditor Response:

Our finding acknowledges that the policy alignment occurred in August 2020 and is for a transaction that occurred seven months prior to the corrective action.



# GHURA

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Governor of Guam

**Joshua F. Tenorio**  
Lt. Governor of Guam

**Sabino P. Flores**  
Chairman

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Deputy Director

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2020

Finding No.: 2020-001  
Area: General Ledger and Schedule of Expenditures of Federal Awards

Condition:

The SEFA was provided on February 17, 2021, which is a six-month improvement over the prior year's August submission. However, the SEFA did not include approximately \$1.6M in capital outlays. GHURA corrected the SEFA on March 29, 2021.

Corrective Action Stated and Taken:

Additional accounting personnel resources were hired and will continue to address accounting reconciliations and SEFA preparation, with the ultimate goal of the general ledger reconciled to the SEFA, and to ensure the completeness and accuracy of the SEFA.

Responsible Party:

Lucele Leon Guerrero, Controller

Anticipated Date of Completion:

March 29, 2021



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Plan of Corrective Action

### Federal Award Findings and Questioned Costs, Continued

September 30, 2020

Finding No.:	2020-002
Federal Agency:	U.S. Department of Housing and Urban Renewal
CFDA Program:	14.157 Supportive Housing for the Elderly
Federal Award No.:	Section 8 Contract Number GQ10R00001
Area:	Reporting
Questioned Costs:	\$0

#### Condition:

GHURA did not submit the required HUD 60002 report.

#### Corrective Action Stated and Taken:

GHURA sought guidance with U.S. HUD Section 3 Division to verify if HUD Form 60002 is required when reserve funds were used versus for construction or renovation activity during the fiscal year for the Housing Choice Voucher Program. However, HUD Section 3 did not provide a response to GHURA's question.

GHURA Management will seek further guidance with its Field Office Representatives to ensure compliance efforts are acceptable.

#### Responsible Party:

Sonny Perez, Architectural & Engineering Manager

#### Anticipated Date of Completion:

On-going.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Plan of Corrective Action

### Federal Award Findings and Questioned Costs, Continued

September 30, 2020

Finding No.: 2020-003  
Federal Agency: U.S. Department of Housing and Urban Renewal  
CFDA Program: 14.157 Supportive Housing for the Elderly  
Federal Award No.: Section 8 Contract Number GQ10R000001  
Area: Special Tests and Provisions – Residual Receipts Account  
Questioned Costs: \$0

#### Condition:

At September 30, 2020, the unobligated balance of funds in the project funds account was \$175,527. Such residual was not deposited in the established account for residual receipts until March 2021. No questioned cost is presented as the residual balance was not expended.

#### Corrective Action Stated and Taken:

The balance of funds in the project funds account, net of outstanding checks, was \$175,527.43. This amount was deposited in the project reserve account on March 26, 2021.

#### Responsible Party:

Lucele Leon Guerrero, Controller

#### Anticipated Date of Completion:

March 26, 2021



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Plan of Corrective Action

### Federal Award Findings and Questioned Costs, Continued

September 30, 2020

Finding No.: 2020-004  
Federal Agency: U.S. Department of Housing and Urban Renewal  
CFDA Program: 14.871/14.879 Housing Voucher Cluster  
Area: Reporting  
Questioned Costs: \$0

Condition:

GHURA did not submit the required HUD 60002 report.

Corrective Action Stated and Taken:

GHURA sought guidance with U.S. HUD Section 3 Division to verify if HUD Form 60002 is required when reserve funds were used versus for construction or renovation activity during the fiscal year for the Housing Choice Voucher Program. However, HUD Section 3 did not provide a response to GHURA's question.

GHURA Management will seek further guidance with its Field Office Representatives to ensure compliance efforts are acceptable.

Responsible Party:

Sonny Perez, Architectural & Engineering Manager

Anticipated Date of Completion:

On-going.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Plan of Corrective Action

### Federal Award Findings and Questioned Costs, Continued

September 30, 2020

Finding No.: 2020-005  
Federal Agency: U.S. Department of Housing and Urban Renewal  
CFDA Program: 14.872 Public Housing Capital Fund  
Federal Award No.: GQ8P001501-18  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

#### Condition:

For one (or 17%) of 6 transactions tested, aggregating \$331,314 of \$1,877,176 in total non-payroll Program expenditures with contractors, the small purchase procurement method was used in June 2019 to procure a construction contract in excess of \$50,000, as follows:

<u>Project</u>	<u>Document ID</u>	<u>Date</u>	<u>Vendor No.</u>	<u>Amount Tested</u>	<u>Contract Amount</u>
AMP 2	2020-12-504	01/02/2020	CO00001791	\$27,009	\$93,316

#### Corrective Action Stated and Taken:

GHURA aligned its Procurement Policy with federal and local laws and regulations governing small purchase procurement which reflected the Authority's intent to comply with the existing maximum limits for such purchases and all purchases. Policy amendment was adopted by the GHURA Board of Commissioners to increase the small purchase limit to the legal limit of \$100,000. GHURA procurement management had been adhering to the Authority's approved policy since approval of BOC Resolution No. FY2020-21, Resolution Amending the Procurement Policy for the Guam Housing and Urban Renewal Authority, during the BOC Meeting dated August 28, 2020. Therefore, GHURA disagrees with this finding.

#### Responsible Party:

Greta Balmeo, Buyer Supervisor II

#### Anticipated Date of Completion:

Completed on August 28, 2020



# GHURA

Guam Housing and Urban Renewal Authority  
Aturidat Ginima' Yan Rinueban Siudad Guahan  
117 Bien Venida Avenue, Sinajana, GU 96910  
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701  
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**Lourdes A. Leon Guerrero**  
Governor of Guam

**Joshua F. Tenorio**  
Lt. Governor of Guam

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## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings  
Year Ended September 30, 2020

### Audit Finding #

- 2019-001 In October 25, and November 9, 2020, the Accountant II and Deputy Controller were hired, respectively. The SEFA will be reconciled going forward.
- 2019-002 Corrective action has been taken. Program income has been recorded in HUD's Integrated Disbursement and Information System (IDIS) and is being monitored on a quarterly basis. GHURA receives technical assistance from HUD to improve its planning for the use of program income.
- 2019-003 Corrective action has been taken. The Division has since adopted several new processes to the rent reasonableness requirements:
1. Rent reasonableness testing is conducted for every client, new or renewed.
  2. New forms were created to document the process of determining rent reasonableness. The forms were adapted and adopted from standards utilized by Section 8.
    - a. Data Collection
      - i. Contract Rent Request and Certification of Rent Charges form
        1. Landlords are sent the RRC form to input information on the proposed unit.
        2. The form is signed by the landlord and returned to GHURA where it is evaluated by trained staff with access to data on current non-subsidized rental units island wide.
    - b. Data Analysis
      - i. Reasonable Rent Certification form
        1. A trained staff member conducts the comparable analysis of the unit to a database maintained by Section 8. The comparable data is based on





unsubsidized units. A recommendation is made based on this analysis and signed by the staff member.

2. The completed analysis and subsequent recommendation are submitted for review and concurrence with a supervisor level staff member. Upon concurrence, the determination is acknowledged and signed.

This information is provided to the Program Manager who then engages the landlord to notify them of their options to accept or reject the findings of the analysis. Upon acceptance, the contract process will continue. Upon rejection, the landlord will be notified of the maximum rent supportable for the proposed unit to determine if they wish to reconsider and bring their rent in line with the program limits. GHURA receives technical assistance from HUD to improve its compliance with program rules and regulations.

- |          |   |
|----------|---|
| 2019-004 | Corrective action has been taken on Condition 1 and 2. For condition 3, Unit 23MAO - Adult household members did not complete the required community service hours, In lieu of the Community Service Timesheet, a "Community Service Work Out Agreement" was signed by the Adult Household Members committing to complete required CS hours upon lifting of the HUD Covid-19 Community Service Waiver and Tabbed in Flap 4. |
| 2019-005 | Corrective action has been taken during the submission of the FY 2019 Audited Financial Data Schedule on the first condition. For the second condition, GHURA sought guidance with U.S. HUD Section 3 Division to verify if HUD Form 60002 is required when there is no activity during the fiscal year for the Housing Choice Voucher Program. However, HUD Section 3 did not provide a response to GHURA's question.      |
| 2019-006 | Corrective action has been taken. GHURA's Policy has been amended by BOC Resolution No. FY2020-21 on August 28, 2020.   |
| 2017-01  | This finding is unresolved. The Capital Fund Grant reconciliations are ongoing.   |