

# Report Summary

## Delaware State Housing Authority Basic Financial Statement Audit For Fiscal Year Ended June 30, 2022



### What Was Performed?

A financial statement audit of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Delaware State Housing Authority (DSHA) was conducted for Fiscal Year ended June 30, 2022. This audit also included a review of internal controls over financial reporting.

### Why This Engagement?

31 Del. C., §4015 requires the Auditor of Accounts to cause an annual audit of the books and accounts of DSHA to be performed by a certified public accountant of recognized national standing and conforming in all respects to the covenants contained in all bond resolutions entered into by DSHA for the benefit of its bondholders. This engagement serves to fulfill the requirements set forth.

Funding for the home ownership program is accomplished through mortgage-backed security purchases and sales in the To-Be-Announced (TBA) market. The affordable rental housing programs are supported through Federal grant funds from the U.S. Department of Housing and Urban Development (HUD), and the State Housing Development Fund. Housing rehabilitation is also funded through the State sponsored Housing Development Fund. Community rehabilitation is provided through grants from HUD and the State.

The combined government and business activity revenues in 2022 totaled \$214,181,190. The objectives of this report are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

### What Was Found?

Although the overall report contains an unmodified opinion<sup>1</sup>, the audit report documents four findings summarized:

Material adjustments, discovered by the auditors during the course of fieldwork, were required to be made to the financial data schedule.

- Auditors identified misstatements of financial statement balances, which required significant journal entry adjustments to four separate funds
- Auditors identified material adjustments were needed to present the financial data schedule without material misstatement for DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC)

Auditors assessed weaknesses in the design, implementation, and operation of internal controls which allowed erroneous payments of rental subsidies to be made and not detected, and for application processing errors to occur and not be detected.

The Delaware State Housing Authority's Basic Financial Statement Audit for Fiscal Year ended June 30, 2022 can be found on our website: [Click Here](#)

For any questions regarding the attached report, please contact [OAOA\\_Comms@delaware.gov](mailto:OAOA_Comms@delaware.gov).

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<sup>1</sup>An unmodified opinion is sometimes referred to as a "clean" opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity's financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

