



# DELAWARE STATE HOUSING AUTHORITY UNIFORM GUIDANCE SINGLE AUDIT

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FOR FISCAL YEAR ENDED JUNE 30, 2023



# DELAWARE STATE HOUSING AUTHORITY UNIFORM GUIDANCE SINGLE AUDIT

REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE, 30, 2023

## BACKGROUND

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The mission of the Delaware State Housing Authority (DSHA) is to efficiently provide, and assist others to provide, quality, affordable housing opportunities and appropriate supportive services to low- and moderate-income Delawareans.

This engagement was performed in accordance with 31 Del.C. §4015, 29 Del.C. §2906 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).



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## KEY INFORMATION AND FINDINGS

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The financial statement report contains an **unmodified opinion**. 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. In the Auditors' 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.

The internal controls review section contained **significant deficiencies**. A Significant Deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness but important enough to merit attention.

**FINDINGS CONTINUED ON NEXT PAGE**



# DELAWARE STATE HOUSING AUTHORITY

## UNIFORM GUIDANCE SINGLE AUDIT

### REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE, 30, 2023

## REPEAT FINDINGS

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For five (5) of the ten (10) findings, a similar condition was noted in the fiscal year 2022 report and are considered repeat findings:

- **Finding 2023-001**, Financial Reporting Close Process
- **Finding 2023-002**, Financial Reporting - Federal Data Submission
- **Finding 2023-003**, Internal Control Over Compliance - United States Emergency Rental Assistance Program
- **Finding 2023-004**, Significant Deficiency in Internal Controls over Compliance Requirement: Eligibility
- **Finding 2023-005**, Significant Deficiency in Internal Controls over Compliance Requirement: Reporting; Special Tests and Provisions

## FINANCIAL STATEMENT FINDINGS

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- Auditors found misstatements of the financial statement balances requiring auditors to make material adjusting journal entries to Governmental Funds. Additionally, auditors needed to make material adjustments to the financial data schedule on DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (HUD REAC) to present it without material misstatement.
  - Management concurred with the finding and committed to implementation of the auditor's recommendations. Additionally, DSHA responded that it is in the process of updating its report structures to properly prepare the financial data submission to the HUD REAC.
- DSHA identified potential errors in the processing and payment of assistance totaling approximately \$7,090. Auditors considered the design over the processing of payments to be an internal control design weakness applicable to the financial statement findings as well as a finding on the Schedule of Expenditures of Federal Awards.
  - DSHA Management committed to a Corrective Action Plan comprised of three key elements:
    - Management to review & enhance financial closing process and conduct secondary reviews
    - Prepare reconciliations for all significant year-end balances
    - Hire an outside accounting firm to assist with the REAC & HUD reconciliations
- Auditors found two (2) assistance processing errors resulting in overpayments. Although the amount of the overpayments appears immaterial, auditors assessed that weaknesses in the design, implementation, and operation of internal controls over compliance allowed application processing errors to occur and not be detected.
  - DSHA management consented to review program policies and procedures to ensure compliance with statutory requirements. DSHA agreed to ensure that staff responsible for processing Delaware Housing Assistance applications are trained effectively to adhere to program policies and procedures consistently.



# DELAWARE STATE HOUSING AUTHORITY

## UNIFORM GUIDANCE SINGLE AUDIT

### REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE, 30, 2023

## FEDERAL AWARDS FINDINGS

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- Auditors determined that internal controls over compliance were not appropriately designed, implemented, or operating to appropriately address the risk of noncompliance with federal program requirements for the federal award of the COVID-19 Emergency Rental Assistance (ERA) Program.
- Audit testing revealed cases in which applicants received assistance in excess of the allowable maximum assistance and some cases that received the correct amount of assistance were not processed in accordance with the program requirements.
- Audit testing of a sample of rental assistance applications revealed process errors and errors in monthly rental assistance payments using ERA funds.
  - DSHA management developed corrective action plans for the financial statement findings to adequately addresses issues with the compliance findings for federal award reporting.
- Auditors found that DSHA was non-compliant with the requirements of the COVID-19 Emergency Rental Assistance Program, the COVID-19 Homeowner Assistance Fund Program and the Moving to Work Demonstration Program. Reports required by the U.S. Treasury were not submitted timely and accurately and were not supported by proper documentation.
- Auditors also found inaccuracies in financial and non-financial data reporting on the quarterly reports submitted to the U.S. Treasury and found that refunded assistance payments were not remitted timely to DSHA.
- Homeowner assistance applications did not correctly determine homeowner income which resulted in assistance overpayments.
  - DSHA management noted that in September 2022, DSHA implemented new processes for preparing and submitting ERA reports to U.S. Treasury (UST).

**DELAWARE STATE HOUSING AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
INDEPENDENT AUDITOR'S REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS* AND  
THE UNIFORM GUIDANCE**

**JUNE 30, 2023**

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

To the Delaware State Housing Authority  
Dover, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware State Housing Authority (DSHA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements, and have issued our report thereon dated December 28, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered DSHA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DSHA's internal control. Accordingly, we do not express an opinion on the effectiveness of DSHA'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 second paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

To the Delaware State Housing Authority  
Dover, Delaware

deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2023-001 and 2023-002 that we consider to be significant deficiencies.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether DSHA'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-03.

### ***DSHA's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on DSHA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. DSHA'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.

*Belfint, Lyons & Shuman, P.A.*

December 28, 2023  
Wilmington, Delaware





***Independent Auditor's 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***

To the Delaware State Housing Authority  
Dover, Delaware

**Report on Compliance for Each Major Federal Program**

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

We have audited the Delaware State Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Delaware State Housing Authority's major federal programs for the year ended June 30, 2023. The Delaware State Housing Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, Delaware State Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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). 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 the Delaware State Housing Authority 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Delaware State Housing Authority's compliance with the compliance requirements referred to above.

To the Delaware State Housing Authority  
Dover, Delaware

### ***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 the Delaware State Housing Authority'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 the Delaware State Housing Authority'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 generally accepted auditing standards, *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 the Delaware State Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Delaware State Housing Authority'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 the Delaware State Housing Authority'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 the Delaware State Housing Authority'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.

To the Delaware State Housing Authority  
Dover, Delaware

### ***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 2023-004; 2023-005; 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010. 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 the Delaware State Housing Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Delaware State Housing Authority'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.

Delaware State Housing Authority is responsible for preparing a corrective action plan to address each audit finding included in our Auditor's report. Delaware State Housing Authority'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**

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 weakness or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. *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 2023-004; 2023-005; 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010 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.

To the Delaware State Housing Authority  
Dover, Delaware

*Government Auditing Standards* requires the auditor to perform limited procedures on the Delaware State Housing Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Delaware State Housing Authority'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.

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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware State Housing Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Delaware State Housing Authority's basic financial statements. We issued our report thereon dated December 28, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 financial statements and certain additional 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.

*Belfint, Lyons & Shuman, P.A.*

March 27, 2024

Wilmington, Delaware

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor   Program Title   Pass-Through Grantor	Assistance Listing Number	Contract Number / Pass-Thru Entity Identifier	Total Program Expenditures	Sub-Recipient Expenditures
U.S. Department Of Housing and Urban Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-18-DC-10-0001	\$ 76,564	\$ 76,564
		B-19-DC-10-0001	233,749	233,749
		B-20-DC-10-0001	294,427	294,427
COVID-19		B-20-DW-10-0001	1,117,390	1,004,150
		B-21-DC-10-0001	1,325,703	1,228,637
		B-22-DC-10-0001	1,420,009	1,308,091
		Program Income	1,043	3,125
COVID-19		B-20-RH-10-0001	194,594	143,623
		B-21-RH-10-0001	166,385	163,706
Total CDBG/State's Program and Non-Entitlement Grants in Hawaii			<u>4,829,864</u>	<u>4,456,072</u>
Emergency Solutions Grant Program	14.231	E-21-DC-10-0001	45,943	28,151
COVID-19		E-20-DW-10-0001	589,708	450,529
		E-22-DC-10-0001	129,903	129,903
Total Emergency Solutions Grant Program			<u>765,554</u>	<u>608,583</u>
HOME Investment Partnerships Program	14.239	M-17SG1-00100	54,316	54,316
		M-18SG1-00100	693,057	693,057
		M-19SG1-00100	170,734	170,734
		M-20SG1-00100	61,807	41,667
COVID-19		M-21SG1-00100	206,405	-
		M-21SP1-00100	56,727	-
		M-22SG1-00100	38,497	-
		Program Income (1)	851,144	217,264
Total HOME Investment Partnerships Program			<u>2,132,687</u>	<u>1,177,038</u>
Housing Opportunities for Persons with AIDS	14.241	DEH21F999	144,619	134,534
COVID-19		DEH20FHW999	1,965	1,750
		DEH22F999	127,539	127,539
Total Housing Opportunities for Persons with AIDS			<u>274,123</u>	<u>263,823</u>
Housing Trust Fund	14.275*	F17SG1-00100	334,346	334,346
		F18SG1-00100	1,192,337	1,192,337
		F19SG1-00100	1,095,589	1,095,589
		F20SG1-00100	491,416	314,848
		F21SG1-00100	181,028	-
		Program Income	14,929	46,435
Total Housing Trust Fund			<u>3,309,645</u>	<u>2,983,555</u>
Project Rental Assistance Demonstration Program of Section 811 Supportive Housing for Persons with Disabilities	14.326	DE26RDD1201	803,428	803,428
Performance Based Contract Administrator Program	14.327	Various	43,678,548	42,206,207
Section 8 Housing Choice Vouchers (Emergency Housing Voucher Program)	14.871	DE901EH 0001-0005	99,042	-
		DE901EF0001-0002	5,516	-
Total Emergency Housing Voucher Program			<u>104,558</u>	<u>-</u>

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Total Program Expenditures</u>	<u>Sub-Recipient Expenditures</u>
U. S. Department Of Housing And Urban Development - Continued				
Mainstream Vouchers	14.879	DE901DV0019-0024 DE9018F0020-0025 DE9018FR122,222,322,422	\$ 492,324 41,554 18,259	\$ - - -
Total 2017 Mainstream Voucher Program			<u>552,137</u>	<u>-</u>
Family Unification Program	14.880	2009FUPDE9018010	342,600	-
Moving to Work Demonstration Program	14.881*			
Public and Indian Housing Program		DE004-00000317D	12,146	-
COVID-19		DE004-00000318D	678	-
		DE004-00000319D	509	-
		DE004-00000322D	1,361,102	-
		DE004-00000323D	1,629,202	-
Public Housing Capital Fund		DE01P004501-20 DE01P004501-21 DE01P004501-22	469,171 159,005 69,171	- - -
Lower Income Housing Assistance Program (Section 8)				
Moving To Work Vouchers		DE901VOW 130-131, 133-138	7,046,752	-
VASH		DE901VO 0179-0182, 190-192	123,190	-
RAD		DE901VO 0169-0171	3	-
Special Administrative Fees		DE901AFR 122,222,322,422	13,341	-
Special Administrative Fees		DE901AFE 038-043	926,285	-
Special Administrative Fees		DE901AF 0123-0130	246,365	-
Total Moving to Work Demonstration Program			<u>12,056,920</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>68,850,064</u>	<u>52,498,706</u>
U.S. Department Of The Treasury				
COVID-19 Emergency Rental Assistance Program	21.023*	SAI2021-06-23-01	58,726,876	2,327,470
COVID-19 Homeowner Assistance Fund	21.026*	SAI2021-04-30-02	30,765,327	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds State of Delaware	21.027*	SLFRP0139	<u>1,192,224</u>	<u>17,645</u>
Total U. S. Department of the Treasury			<u>90,684,427</u>	<u>2,345,115</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 159,534,491</u>	<u>\$ 54,843,821</u>

\* Denotes a major federal program.

(1) HOME Investment Partnerships Program Income cash receipts included \$80,245 of interest revenue for the fiscal year ended June 30, 2023.

See notes to supplemental schedule of expenditures of federal awards.

**DELAWARE STATE HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Uniform Guidance prescribes the accounting principles and financial reporting requirements to be followed by the Authority in the preparation of the schedule of expenditures of federal awards. The following is a summary of the significant accounting and reporting policies followed by the Authority.

***Basis of Accounting*** - The schedule of expenditures of federal awards is prepared on the accrual basis of accounting with the exception of advance payments, which are considered to be expenditures when passed through to the sub-recipient.

**2. OTHER INFORMATION**

The Authority charged indirect administrative expenses to federal programs based on its June 2020 Indirect Cost Allocation Plan.

**DELAWARE STATE HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:	Unmodified		
Internal Control Over Financial Reporting:			
• Material Weaknesses Identified?	_____	Yes	_____ <u>x</u> _____ No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	_____ <u>x</u> _____	Yes	_____ _____ None Reported
• Noncompliance Material to Financial Statements Noted?	_____	Yes	_____ <u>x</u> _____ No

**Federal Awards**

Type of Auditor's Report Issued on Compliance for Major Programs (unmodified, adverse, or disclaimer):	Unmodified		
Internal Control Over Major Programs:			
• Material Weaknesses Identified?	_____	Yes	_____ <u>x</u> _____ No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	_____ <u>x</u> _____	Yes	_____ _____ None Reported
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a).	_____ <u>x</u> _____	Yes	_____ _____ No

**Identification of Major Programs**

<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.275	Housing Trust Fund
14.881	Moving to Work Demonstration Program
21.023	COVID-19 Emergency Rental Assistance Program
21.026	COVID-19 Homeowner Assistance Fund
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold Used to Distinguish between Type A and Type B Programs:	\$ <u>3,000,000</u>
Auditee Qualified as Low-Risk Auditee?	_____ Yes _____ <u>x</u> _____ No



**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**II. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2023-001**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting Close Process**

**Condition:** We found seven misstatements of the financial statement balances requiring material adjusting journal entries. Adjustments were made to the Housing Development Fund and Federal Programs Enterprise Fund. These adjustments should have been made during DSHA's year-end financial close process but were required as a result of our audit procedures. The six material adjusting journal entries decreased assets \$44,302,022, decreased liabilities \$43,424,899, decreased revenue \$1,075,266, and decreased expenses \$198,143. These entries were to remove unearned receivables and the related unearned revenue, to correct errors that arose from implementing a new loan service module, to establish loan loss allowances, to adjust interest forgiveness due to loan modifications, and to adjust Federal Programs Enterprise Fund revenue and related unearned revenue to actual and to correctly report federal revenue and deferred revenue.

**Criteria:** Preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires adequate review and adjustment of the year-end accounting data and financial information used to prepare DSHA's financial statements.

**Cause:** While DSHA's financial closing procedures captured most of the necessary closing journal entries, the procedures did not detect certain unusual balances.

During the year ended June 30, 2023, DSHA's ERP system loan servicing module was updated. This update unexpectedly changed certain functionality and, as a result, DSHA encountered additional unexpectedly complex reconciliations of loan related activity and balances.

During the year ended June 30, 2023, certain projects financed by DHSAs experienced unexpected deterioration resulting in foreclosure that was not timely communicated internally.

**Effect:** These material misstatements, discovered by the auditors during the course of fieldwork, required adjustment to the financial statements.

**Recommendation:** We recommend DSHA enhance its financial closing procedures. As part of the process, DSHA should evaluate all post-closing entries and audit adjustments from the recent fiscal years, to ensure that procedures and controls are in place to properly identify and record similar or related transactions in the

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2023-001 - Continued**

*Recommendation - Continued:* future, on a timely basis. All significant or non-routine transactions and adjustments should be subjected to a second level of review. Additionally, reconciliations should be prepared for all significant year end balances.

*Views of Responsible Authority Officials and Planned Corrective Actions:* See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2023-002**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting - Federal Data Submission**

**Condition:** During the performance of agreed-upon procedures on DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) for the year ended June 30, 2022, we found material adjustments needed to the financial data schedule to present it without material misstatement in relation to the audited basic financial statements taken as a whole.

**Criteria:** DSHA's Financial Data Submission should be reconciled to the audited basic financial statements in all material respects.

**Cause:** DSHA has experienced turnover in the Financial Analysis and Reporting Section which resulted in delays updating DSHA's financial reporting module to support the timely and accurate preparation of the federal data submission.

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

**Recommendation:** We recommend DSHA review its processes to ensure that its financial reporting module is updated timely and accurately.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2023-003

**Type of Finding:** Significant Deficiency

**Internal Control Over Compliance - United States Emergency Rental Assistance Program**

**Condition:** During audit testing of the ERA program, we found two assistance processing errors resulting in overpayments of \$7,090 in a sample of 40 assistance applications totaling \$198,909. We found two applicants that received assistance in excess of the maximum allowed by the ERA federal regulations.

**Criteria:** DSHA management is responsible for establishing and maintaining effective internal control over compliance with the provisions of laws, regulations, contracts, grant agreements, and noncompliance which could have a direct and material effect on the financial statements.

**Cause:** Weaknesses in the design, implementation, and operation of internal controls over compliance allowed application processing errors to occur and not be detected.

**Effect:** DSHA's control weaknesses in the ERA Program resulted in application processing errors which caused overpayment of rental assistance during the year ended June 30, 2023. DSHA's internal controls were insufficient to allow management or employees to identify noncompliance with the provisions of laws, regulations, contracts, and grant agreements relating to the ERA Program in a timely manner.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to address the identified weaknesses in internal control.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS**

**United States Department of the Treasury**

**Reference Number: 2023-004**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208 and ERAE0280**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Eligibility**

*Condition:* Audit testing of a statistical sample of 40 cases processed during the year ended June 30, 2023, revealed the following:

- Two cases where the applicant received assistance in excess of the allowable maximum assistance, resulting in overpayments totaling \$7,090.
- Four cases (including the two referenced previously) where ERA 1 was charged more than the allowable maximum assistance. The overpayments resulted from errors in applying statutorily established limits for rental assistance. These overpayments were subsequently moved to ERA 2 as described in the Context section.

A similar finding was noted during the audit of the year ended June 30, 2022. Refer to Finding 2022-006.

*Context:* During the year ended June 30, 2023, DSHA approved and disbursed assistance for 12,948 cases totaling \$49,154,163.

During the year ended June 30, 2023, DSHA undertook extensive analysis of ERA assistance payments. DSHA determined the following:

- Assistance in excess of 15 months totaling approximately \$948,000 was charged to ERA 1. The related cases were disclosed to the United States Department of the Treasury and the assistance was reclassified to ERA 2.
- Certain assistance in excess of 18 months totaling approximately \$1,070,000 was paid. This amount was not reported as an allowable cost nor was it reported on the June 30, 2023 Schedule of Expenditures of Federal Awards. The related cases were disclosed to the United States Department of the Treasury.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2023-004 - Continued**

*Context - Continued:*

The following summarizes the applicable portions of the ERA program requirements:

- United States Department of the Treasury Program FAQs updated July 6, 2022:
  - ERA1 allows an eligible household to receive up to 12 months of assistance (plus an additional three (3) months, if necessary, to ensure housing stability for the household, subject to the availability of funds).
  - ERA2 allows an eligible household to receive up to 15 months of assistance (plus an additional three (3) months, if necessary, to ensure housing stability for the household, subject to the availability of funds).
  - Grantees must establish policies and procedures to govern the implementation of their ERA programs consistent with the statutes and the ERA program requirements.

***Questioned Costs:*** \$7,090 of assistance overpayments.

***Effect:*** Federal program expenditures of rental assistance were overpaid.

***Cause:*** Internal controls over compliance were not appropriately designed, implemented, or operated to appropriately address the risk of noncompliance with the federal program requirements. Data migrated from DSHA's previous program administration software does not correctly display in the current program administration software contributing to payment errors.

***Recommendation:*** We recommend DSHA enhance its policies and procedures for processing rental assistance applications to ensure compliance with the federal program's requirements.

***Views of Responsible Authority Officials and Planned Corrective Actions:*** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2023-005**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208 & ERAE0280**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Reporting; Special Tests and Provisions**

*Condition:* The following conditions were found during audit testing of one ERA1 quarterly report and two ERA2 quarterly reports:

1. DSHA procedures over the reporting did not include the documentation of the preparation and review of quarterly reports selected for testing.
2. The following reports required by the U.S. Treasury were either not submitted timely, or evidence of their submission date was not available:

<b>Grant</b>	<b>Reporting Quarter</b>	<b>Due Date</b>	<b>Date Submitted</b>
ERA 1	Friday, September 30, 2022	Wednesday, November 16, 2022	Not Documented
ERA 2	Friday, September 30, 2022	Friday, December 16, 2022	Not Documented
ERA 2	Friday, March 31, 2023	Wednesday, May 17, 2023	Wednesday, May 24, 2023

3. Audit testing of a statistical sample of 40 cases processed during the year ended June 30, 2023, revealed that Area Median Income (AMI) percentage was not calculated correctly for two cases. The AMI percentages calculated at the case level are utilized to support required demographic reporting.
4. Supporting documentation was not retained for information on the reports selected for testing. A review of the reports selected for testing revealed the following:
  - a. The demographic information section of the ERA2 report for the quarter ended March 31, 2023, was not completed.
  - b. The ERA2 report for the quarter ended September 30, 2022, reported administrative expenditures as \$7,770,634 which was the amount of ERA award funds approved for participant households. Audit procedures determined that administrative expenditures for the quarter ended September 30, 2022, were approximately \$123,000.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2023-005 - Continued**

***Condition - Continued:***

- c. The ERA1 and ERA2 reports for the quarter ended September 30, 2022, report the same amounts expended and obligated, except for the input error noted above.

A similar finding was noted during the audit of the year ended June 30, 2022. Refer to finding 2022-008.

***Criteria:*** United States Department of the Treasury ERA Program Reporting Guidance version 3.2 was issued March 29, 2022, and provides quarterly reporting deadlines as detailed in the condition.

2 CFR § 200.303 requires the implementation of effective internal controls:

*“Internal controls requires the non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.”*

***Questioned Costs:*** None

***Effect:*** Reports required by the U.S. Treasury were not submitted timely, accurately, and with contemporaneously prepared supporting documentation. Information necessary for the U.S. Treasury to calculate the required reallocations was not accurately reported on the quarterly reports submitted.

***Cause:*** Internal controls over reporting were not appropriately designed, implemented, or operated. DSHA’s internal controls did not capture, and report amounts obligated for the operation of the ERA program. The report preparation process utilized reports generated from one application processing system, without taking into account payments processed outside of that system.

***Recommendation:*** We recommend DSHA enhance its policies and procedures for preparing and approving required reports prior to submission.

***Views of Responsible Authority Officials and Planned Corrective Actions:*** See Corrective Action Plan.



**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2023-006**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program**

**Federal Award Number: HAF0034**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Allowable Cost**

**Condition:** Reconciliation of the HAF client assistance expenditures for the year ended June 30, 2023, revealed approximately \$290,000 of federal funds were held by a vendor contracted to process and disburse client assistance and were reported as federal expenditures. During the operation of the program, the vendor received refunds of client assistance that were not timely remitted to DSHA or utilized to fund assistance.

**Criteria:** The Uniform Guidance Cost Principles requires DSHA to offset credits against program expenditures in 2 CFR 200.406(a):

*Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.*

**Questioned Costs:** \$290,000.

**Effect:** The funds held by the vendor were initially recorded as program costs. During the audit of the year ended June 30, 2023, program costs and revenue were reduced by an audit adjusting journal entry for the amount held by DSHA's vendor.

**Cause:** DSHA was notified by the vendor that a credit was available to be applied to fund future assistance. The vendor did not apply the credit without DSHA's explicit approval.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to address the identified weaknesses in internal control.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2023-007**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program**

**Federal Award Number: HAF0034**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Cash Management; Program Income**

**Condition:** During audit testing of the HAF program, we found the following instances of non-compliance.

- HAF funding received in June 2022 totaling \$45 million was deposited into a non-interest-bearing demand account. In March 2023, \$21 million was moved to an interest-bearing savings account.
- Fiscal year 2023 interest earnings of \$88,777 on the HAF funds held by DSHA were recognized as program income.
- Interest earnings in excess of \$500 were not annually remitted to the Department of Health and Human Services Payment Management System.

**Criteria:** The HAF program operates in accordance with the requirements of 2 CFR 200.305(b) which requires the following:

- (8) *The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts...*
- (9) *Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.*

**Questioned Costs:** \$88,777. Interest income on HAF program funds was initially recorded as program income until it was corrected by an adjusting journal entry. During the audit of the year ended June 30, 2023, interest income was reduced by an audit adjusting journal entry.

**Effect:** HAF program funds were held in a non-interest-bearing account during the period of July 2022 through March 2023. Interest income on HAF program was not timely remitted to the Department of Health and Human Services as required by the federal regulations.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number:** 2023-007 - Continued

**Cause:** DSHA's internal controls did not identify HAF program compliance requirements in time to prevent the Conditions noted.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to address the identified weaknesses in internal control.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2023-008**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program**

**Federal Award Number: HAF0034**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Eligibility; Earmarking; Reporting**

*Condition:* Audit testing of a statistical sample of 41 cases processed during the year ended June 30, 2023, revealed the following:

- Applicant income was calculated incorrectly for five cases sampled. Of these five cases, two applicants received more months of Future Payment Assistance than allowed by DSHA's policy, resulting in overpayments totaling \$9,799.
  
- One applicant received \$51,341 in assistance, an overpayment of \$1,341.

Analysis of assistance for the period of July 1, 2022 through November 12, 2022, identified two homeowners that received in excess of \$30,000 of mortgage assistance resulting in overpayments of assistance totaling \$3,136.

*Context:* The homeowner income verification process supports the following program functions:

- Determination of allowable homeowner eligibility for assistance.
- Determination of allowable Future Payment Assistance (starting in November 2022).
- Required reporting of assistance by income level.
- Compliance with the HAF Program Earmarking requirements.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2023-008 - Continued**

***Criteria:***

Eligibility Criteria - DSHA submitted a HAF Grantee Plan to U.S. Department of the Treasury on May 31, 2022. DSHA's HAF Grantee Plan specifies the following process for the determination of homeowner income:

*DSHA intends to accept written attestations from DE-HAF applicants to ascertain eligibility for the programs (100% of AMI or 150% of AMI depending on the program). DSHA does not anticipate allowing the use of geographic area or other criteria not linked directly to the homeowner's individual determinants. In addition, while eligibility will be determined with a pass/fail income threshold, later in the application review process a more specific income verification process will be required to establish the amount of monthly mortgage obligation that will be affordable to the homeowner. This income verification process will need to rely on substantiated documentation.*

This process is consistent with United States Department of the Treasury Homeowner Assistance Fund Guidance issued on June 12, 2023.

DSHA's HAF program began to provide Future Payment Assistance on November 13, 2022 as follows:

- *Applicants between 31.01% - 50% HDTI can be eligible for 'Reinstatement' plus up to 3 months of mortgage payments.*
- *Applicants with 'No Income' or a HDTI 50.01% and above can be eligible for 'Reinstatement' plus up to 6 months of mortgage payments. \**  
*\*If in addition to the assistance, applicants will be referred to a HUD-approved Housing Counseling Agency to assist with an action plan beyond the assistance.*

Earmarking Criteria - The United States Department of the Treasury issued Homeowner Assistance Fund Guidance June 12, 2023, requires that at least 60% of amounts made available to each HAF participant to be used for qualified expenses that assist homeowners having incomes equal to or less than 100% of the area median income or equal to or less than 100% of the median income for the United States, whichever is greater. Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made available for other eligible homeowners.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2023-008 - Continued**

*Reporting Criteria* - Homeowner Assistance Fund quarterly reporting requires the submission of Application Data disaggregated by Area Median Income.

*Maximum Allowed Assistance* - DSHA’s program design included maximum assistance as follows:

<u>Period</u>	<u>Assistance Limitations</u>		
	<u>Mortgage</u>	<u>Non-Mortgage</u>	<u>Total</u>
July 1, 2022 - November 12, 2022	\$ 30,000	\$ 10,000	\$ 40,000
November 13, 2022 - June 30, 2023	N/A	N/A	50,000

**Questioned Costs:** \$14,276 of overpayments.

**Effect:** Federal program expenditures for assistance were overpaid. Applicant income determined by assistance calculation process was used for compliance with earmarking requirements and to support required reporting by applicant income level resulting in potential errors in reports submitted to the U.S. Treasury.

**Cause:** Homeowner assistance application processing did not correctly determine verified homeowner income.

**Recommendation:** We recommend DSHA enhance its policies and procedures for processing HAF assistance applications to ensure accurate calculation of verified homeowner income.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2023-009**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program**

**Federal Award Number: HAF0034**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Reporting**

**Condition:** Testing of DSHA's December 31, 2022 and June 30, 2023 HAF quarterly reports revealed the reports submitted by DSHA reported the same amounts as expended and obligated, for Administrative Expenses and Services, and Counseling & Education. During the year ended June 30, 2023, DSHA entered various contracts for the operation of the program.

DSHA's Annual Reporting did not include data on Socially Disadvantaged Individuals assisted and Area Median Income of households assisted as required by the Program reporting requirements.

DSHA did not maintain contemporaneously prepared supporting documentation for the December 31, 2022 and June 30, 2023 quarterly reports or the June 30, 2023 annual report.

**Criteria:** The United States Department of the Treasury Homeowner Assistance Fund Guidance on Participant Compliance and Reporting Responsibilities revised on July 15, 2022, includes the following definitions:

- *Expenditure/Expended means any HAF assistance that has been spent by a HAF participant and/or Subrecipient. Please note, cumulative Expenditures cannot exceed cumulative Obligations.*
- *Obligation/Obligated means an order placed for property and services, contracts and subawards made, and similar transactions that require payment (see 2 CFR § 200.1.). Obligated funds include funds that have been Expended.*
  - *Examples of obligated funds include: HAF funds that have been committed, pledged, or otherwise promised, in writing, to a specific individual or entity as part of a HAF program; HAF funds that have been set aside to cover obligations arising from loan guarantees; HAF funds that have been committed, pledged, or otherwise promised, in writing, as part of a transaction; and HAF funds that have been committed, pledged, or promised, in writing, for allowable administrative expenses (e.g., an executed contract for services).*

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2023-009 - Continued**

***Criteria - Continued***

The Homeowner Assistance Fund: Annual Report User Guide Issued October 14, 2022 (Updated October 13, 2023), requires the reporting of outcomes for assistance provided to Homeowners by Area Median Income and Socially Disadvantaged Individuals.

***Questioned Costs:*** None

***Effect:*** Reports required by the U.S. Treasury were not supported by contemporaneously prepared supporting documentation. Reports submitted to the U.S. Treasury did not include accurate reporting of program obligations.

***Cause:*** The report preparation process did not consider executed contracts and agreements to be obligations.

***Recommendation:*** We recommend DSHA enhance its policies and procedures for preparing and approving required reports prior to submission.

***Views of Responsible Authority Officials and Planned Corrective Actions:*** See Corrective Action Plan



**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2023**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Department of Housing and Urban Development**

**Reference Number: 2023-010**

**Program: 14.881 Moving to Work Demonstration Program**

**Federal Award Number: None assigned**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Special Tests and Provisions**

**Condition:** In a statistical sample of 40 housing units, documentation evidencing the performance of required periodic inspections to determine compliance with Housing Quality Standards was not available for seven units. The sample of 40 housing units was from five public housing sites. The seven units without the required periodic inspections were located at two of those five public housing sites.

DSHA has not implemented controls to monitor the performance of the required periodic inspections.

**Criteria:** 24 CFR § 982.405 - *PHA initial and periodic unit inspection* requires DSHA to inspect units biannually:

*(a) The PHA must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS (Housing Quality Standards).*

**Questioned Costs:** None

**Effect:** Housing Quality Standard compliance was not documented by DSHA.

**Cause:** Inspections performed at two public housing sites were not documented in accordance with DSHA policy. DSHA has not implemented controls to monitor the performance of the required periodic inspections.

**Recommendation:** We recommend DSHA implement controls to monitor and verify required periodic inspections are performed timely.

**Views of Responsible Authority Officials and Planned Corrective Actions:** See Corrective Action Plan

**DELAWARE STATE HOUSING AUTHORITY**  
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023

**Financial Statement Finding 2023-001 - Financial Reporting Close Process**  
**Corrective Action Plan:**

The Financial Analysis and Reporting Section manager is responsible for ensuring all adjusting/closing journal entries are properly recorded. However, due to the unusual and complex nature of accounting for each program, along with addition funding guidelines, there were some non-routine transactions and adjustments that were overlooked during the closing process but got picked up during the financial statement audit. Going forward, management will implement the auditor's recommendation to review and enhance our financial closing procedures; conduct secondary level reviews which will include consultation with our audit firm, if necessary; and prepare reconciliations for all significant year end balances. These action plans have been implemented immediately for the 2024 Fiscal Year and will remain in effect going forward.

Responsible Official: Annette Miller, Director of Financial Management

**Financial Statement Finding 2023-002 – Financial Reporting – Federal Data Submission**  
**Corrective Action Plan:**

We have engaged an outside accounting firm that specializes in HUD reporting to assist with the FY23 Audited submission. Additionally, DSHA is continually updating and maintaining its report structures to properly prepare the report. Lastly, the outside accounting firm will also explain the reporting process to the staff member that handles the FDS reporting to HUD REAC.

Responsible Official: Annette Miller, Director of Financial Management.

**Financial Statement Finding 2023-03 - Internal Control Over Compliance - United States Emergency Rental Assistance**  
**Corrective Action Plan:**

Under ERA statute, qualifying households can receive up to 15 months of rental and utilities assistance through the first iteration of the program (ERA 1), and up to 18 months of rental and utilities assistance through the second iteration of the program (ERA 2). UST requires local entities that administer the ERA Program to perform due diligence to identify households that may have received more than the maximum allowable 18 months of assistance, and to attempt to recoup excess funds disbursed when this is determined to be the case.

**DELAWARE STATE HOUSING AUTHORITY**  
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023

DSHA ERA Program staff began working with a third party contractor in December 2022 to develop and execute a recoupment plan that might satisfy UST's expectations with regard to due diligence. This analysis focused on the following subsets of cases:

- Cases that were processed in the previous application environment (Allita 360) and paid through MITAS, but migrated into the new application environment introduced in August 2021 (Delaware Rent Relief) showing \$0 paid on the initial cases.
- Households that recertified for additional ERA assistance more than four (4) times, suggesting they may have received an overage.
- Households who received more than the maximum allowable amount of \$36,000 in a single assistance case.
- Households who received more than \$10,000 in assistance on the second or third case submitted, suggesting they may have received an overage.
- Households who received assistance from ERA where the landlord also received assistance as a borrower through HAF.
- Households who were assigned a higher risk level (4, 5, or 6) through DSHA's fraud detection processes, but ultimately went on to receive ERA assistance.
- Households who do not reside in Delaware.
- Households identified as requiring more intensive review on a case-by-case basis (e.g. landlord received a 1099- MISC form in error).

Where the analysis concluded that households indeed received more than the maximum allowable amount of 18 months of assistance, or that applications had been approved but did not meet all ERA program eligibility requirements, third party contractor staff conducted three rounds of outreach to payees, each consisting of a phone call, an email, and a letter sent via postal mail. Payees were notified that they had received payments that were not eligible under ERA and were directed to return funds to DSHA. Outreach attempts began in May 2023, and concluded in August 2023. These efforts resulted in \$220,543.44 being returned to DSHA as of January 1, 2024. Cases that were investigated and determined to suggest evidence of waste, fraud, or abuse of the ERA Program are being referred to local law enforcement for further investigation and resolution.

Responsible Official: Devon Manning, Director of Policy and Planning.

**Federal Awards Finding 2023-004 - Emergency Rental Assistance Eligibility**

**DELAWARE STATE HOUSING AUTHORITY**  
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023

**Corrective Action Plan:**

DSHA recognizes that there were cases where cases were paid more than allowable under UST Program Guidelines. In future direct assistance programs, DSHA will update policies and procedures to add an internal DSHA staff review of any case that is approved for payment to ensure that program recipients are not approved for payments extending the UST's current eighteen (18) months of assistance. DSHA will incorporate measures that regulate how direct payments are coded within its accounting department to ensure that all outgoing payments are made from the associated ERA account.

**Responsible Official:** Devon Manning, Director of Policy and Planning.

**Completion Date:** July 2023

**Federal Awards Finding 2023-005 - Emergency Rental Assistance Reporting; Special Tests and Provisions**

**Corrective Action Plan:**

DSHA has contracted with a third-party vendor that will work in tandem with an Internal DSHA ERA Staff person to submit UST reports. DSHA will work to update its policies related to UST reports to include capturing uploaded reports, documents, and dates that information is submitted, saving information to internal files as some information submitted to the UST Portal is not accessible for review after the reporting period has ended and report submission has been approved by UST.

**Responsible Official:** Devon Manning, Director of Policy & Planning

**Completion Date:** July 2023

**Federal Awards Finding 2023-006 – Homeowner Assistance Fund Program Allowable Cost**

**Corrective Action Plan:**

DSHA has implemented the process of requiring the reduction of applicable credits to be applied to all future payment batches and be utilized to fund assistance. This as a result, will eliminate the funds being held by the vendor and remove the need to report as a federal expenditure. The responsibility for implementing this corrective action lies with the following DSHA staff: HAF Program Manager, Director of Housing Finance, Financial Accounting & Reporting Section Manager, and the Director of Financial Management. They will oversee the necessary adjustments to the process and ensure that future payment batches adhere to the revised guidelines.

**DELAWARE STATE HOUSING AUTHORITY**  
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023

**Responsible Official:** Brian Rossello, Director of Housing Finance

**Completion Date:** December 2023

**Federal Awards Finding 2023-007 – Homeowner Assistance Fund Program Cash Management, Program Income**

**Corrective Action Plan:**

DSHA will establish robust internal controls to monitor and manage the funds held by our organization. We will include regular reconciliations and review to identify any interest accrued and ensure timely remittance to the Department of Health and Human Services. The HAF Program Manager and Financial & Reporting Section Manager will coordinate with the Director of Housing Finance and the Director of Financial Management to oversee this process and address any discrepancies in a timely manner. This corrective action plan will be implemented immediately to prevent any future delays.

**Responsible Official:** Brian Rossello, Director of Housing Finance

**Completion Date:** March 2024

**Federal Awards Finding 2023-008 – Homeowner Assistance Fund Program Eligibility; Earmarking; Reporting**

**Corrective Action Plan:**

DSHA will ensure accurate calculation of applicant income. This will include implementing standardized procedures for verifying income sources, documenting calculations, and reviewing income determinations for accuracy. Additional training will be available to the processing team responsible for calculating applicant income. This will focus on proper methods for verifying income, calculating income eligibility, and identifying common errors that may lead to overpayments. The HAF Program Manager will coordinate with the Vendor to ensure accuracy of income calculations and prevent overpayments on assistance received. This corrective plan will be implemented immediately.

**Responsible Official:** Brian Rossello, Director of Housing Finance

**Completion Date:** March 2024

**Federal Awards Finding 2023-009 – Homeowner Assistance Fund Program Noncompliance**

**DELAWARE STATE HOUSING AUTHORITY**  
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
JUNE 30, 2023

**Corrective Action Plan:**

DSHA will work immediately to update the most recent report with the proper data, including accurate SDI and AMI data, and ensure that the reported amounts for expenditures and obligations are correctly reflected. This will involve a thorough review of the original data sources and any available supporting documentation to ensure accuracy. In addition, we will also establish a post-report submission review to prevent similar issues from occurring in the future. This process will involve a comprehensive review of each report submitted to ensure accuracy, completeness, and compliance with reporting requirements. Finally, clear procedures will be established for maintaining supporting documents for Quarterly and Annual report submissions. The HAF Program Manager and the Vendor will collaborate and ensure the accuracy and reliability of the reports.

**Responsible Official:** Brian Rossello, Director of Housing Finance

**Completion Date:** March 2024

**Federal Awards Finding 2023-010 – Moving to Work Demonstration Program Noncompliance**

**Corrective Action Plan:**

DSHA will implement controls to monitor and verify required periodic inspections are performed timely by implementing the following controls:

1. All biannual inspections will be performed by the Housing Manager and the Housing Asset Manager (supervisor).
2. Letters will be sent to residents notifying them of the date of scheduled inspections.
3. A work order will be generated in the computer for all units indicating the date of the inspection and list all maintenance/housekeeping deficiencies.
4. Housing Managers will use their Outlook calendar as a means of tracking/alerting them of the due date for all future inspections.
5. All documents will be scanned into the resident file on Ap-extender. This will include a copy of the inspection letter and inspection work order.

**Responsible Official:** Doris Hall, Director of Housing Management

**Completion Date:** March 2024

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2023**

**I. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2022-001**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting Close Process**

**Condition:** We found four misstatements of the financial statement balances requiring material adjusting journal entries to the Downtown Development Districts Fund, the Federal Programs Enterprise Fund, and the Nonmajor Governmental Funds. These adjustments should have been made during DSHA's year-end financial close process, but were required as a result of our audit procedures. The four material adjusting journal entries increased assets \$3,264,870, decreased liabilities \$5,605,041, increased revenue \$8,869,911, and resulted in the recording of an internal transfer of \$500,000. These entries were to adjust HOME interest receivable allowance, remove a payable recorded twice, to record an internal transfer, and correctly record revenue.

We found four additional misstatements requiring material adjusting journal entries to the Federal Programs Enterprise Fund. The four adjusting journal entries increased assets \$431,956, increased liabilities \$1,332,378, decreased revenue \$745,528, and increased expense \$154,894. These entries were to record a lease, as required by GASBS No. 87, *Leases*, to correct revenue and deferred revenue, and to correct administrative fees charged to a federal program.

The financial reporting module of DSHA's accounting software was not timely updated to support the preparation of the audited financial statements.

**Recommendation:** We recommend DSHA enhance its financial closing procedures. As part of the process, DSHA should evaluate all post-closing entries and audit adjustments from the recent fiscal years, to ensure that procedures and controls are in place to properly identify and record similar or related transactions in the future, on a timely basis. All significant or non-routine transactions and adjustments should be subjected to a second level of review. Additionally, reconciliations should be prepared for all significant year end balances.

We recommend DSHA review its processes to ensure DSHA's financial reporting module is updated timely and accurately.

**Current Status:** A similar condition was noted during the June 30, 2023 audit. See finding 2023-001.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**I. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2022-002**

**Type of Finding: Significant Deficiency**

**Internal Control Over Compliance - United States Emergency Rental Assistance Program**

**Condition:** During the year ended June 30, 2021, DSHA commenced operation of the United States Emergency Rental Assistance Program (ERA) which was funded by the Consolidated Appropriations Act, 2020 and the American Rescue Plan Act of 2021. DSHA identified potential errors in the processing and payment of assistance totaling approximately \$904,000 that occurred during the period of May 1, 2021 through September 30, 2021.

DSHA's design over the processing of payments included the following steps, performed by ERA Program Management, which we consider internal control design weaknesses which, together, we consider a significant deficiency:

- The vendor information for some landlords, deemed eligible for receiving rental assistance for eligible renters, from the ERA Program software, was manually matched with pre-existing DSHA vendor information in the MITAS accounting system, to facilitate the payment of rental assistance. The matching of the landlord information to the vendor information in the MITAS vendor database was not adequately reviewed by DSHA personnel prior to initiating vendor payments, resulting in erroneous payments.
- ERA Program management uploaded vendor landlord payments calculated in the ERA Program software to DSHA's accounting system without the performance of a detailed review, before disbursement of the funds, to verify that the payments were directed to the correct landlord(s).

**Recommendation:** We recommend DSHA complete its analysis of identifying payment errors that occurred in the ERA program and remediating the errors as required by the U.S. Treasury.

**Current Status:** No similar condition noted during the June 30, 2023 audit.



**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**I. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2022-003**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting - Federal Data Submission**

**Condition:** During the performance of agreed-upon procedures on DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC), we found material adjustments needed to be made the financial data schedule to present it without material misstatement in relation to the audited basic financial statements taken as a whole.

**Recommendation:** We recommend DSHA review its processes to ensure that its financial reporting module is updated timely and accurately.

**Current Status:** A similar condition was noted during the June 30, 2023 audit. See finding 2023-002.

**Reference Number: 2022-004**

**Type of Finding: Significant Deficiency**

**Internal Control Over Compliance - United States Emergency Rental Assistance Program**

**Condition:** During audit testing of the ERA program for the period from October 1, 2021 through June 30, 2022, we found three assistance processing errors resulting in overpayments of \$9,125 in a sample of 40 assistance applications totaling \$243,184. We found two applicants that received assistance in excess of the maximum allowed by the ERA federal regulations and one applicant whose security deposit was in excess of one month's rent which was also a violation of the ERA federal regulations.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to address the identified weaknesses in internal control.

**Current Status:** A similar condition was noted during the June 30, 2023 audit. See finding 2023-003.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**United States Department of the Treasury**

**Reference Number: 2022-005**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208**

**Type of Finding: Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Allowable Cost/Cost Principles**

**Condition:** The following conditions were revealed during audit testing of the ERA Program:

As reported in financial statement finding 2022-002, during the year ended June 30, 2021, DSHA commenced operation of the ERA Program which was funded by the Consolidated Appropriations Act, 2020 and the American Rescue Plan Act of 2021. DSHA identified potential errors in the processing and payment of assistance totaling approximately \$904,000 that occurred during the period of May 1, 2021 through September 30, 2021.

We consider DSHA's design over the processing of payments included the following steps, performed by ERA Program Management internal control design weaknesses which, together, we consider a significant deficiency:

- The vendor information for some landlords, deemed eligible for receiving rental assistance for eligible renters, from the ERA Program software, was manually matched with pre-existing DSHA vendor information in the MITAS accounting system, to facilitate the payment of rental assistance. The matching of the landlord information to the vendor information in the MITAS vendor database was not adequately reviewed by DSHA personnel prior to initiating vendor payments, resulting in erroneous payments.
- ERA Program management uploaded vendor landlord payments calculated in the ERA Program software to DSHA's accounting system without a detailed review, before disbursement of the funds, to verify that the payments were directed to the correct landlord(s).

**Recommendation:** We recommend DSHA enhance its policies and procedures for processing rental assistance applications to ensure compliance with the federal program's requirements.

**Current Status:** No similar condition noted during the June 30, 2023 audit.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2022-006**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208 and ERAE0280**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Eligibility**

**Condition:** Audit testing of a statistical sample of 40 cases processed during the period from September 1, 2021 through June 30, 2022, revealed the following:

- Three cases revealed that three applicants received assistance in excess of the allowable maximum assistance resulting in overpayments of \$11,225. Additionally, audit testing noted one of these applicants received an additional overpayment of \$3,250 during the year ending June 30, 2023. The overpayments resulted from errors in applying statutorily established limits for rental assistance, duplicating assistance payments for the same months for one applicant, and the payment of a security deposit assistance in excess of one month's rent.
- Three cases that received the correct amount of assistance were not processed in accordance with the program requirements. Specific supporting documentation required by the program guidelines was not obtained to support assistance payments.

**Recommendation:** We recommend DSHA enhance its policies and procedures for processing rental assistance applications to ensure compliance with the federal program's requirements.

**Current Status:** A similar condition was noted during the June 30, 2023 audit as detailed in find 2023-004.

Audit testing also revealed the overpayment of \$3,250 that occurred during the year ended June 30, 2023, was not remediated by DSHA.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2022-007**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Eligibility**

*Condition:* Audit testing of a statistical sample of 40 rental assistance applications processed during the year ended June 30, 2022, in the prior processing system (that was replaced in August 2021) revealed one instance where 16 months of rental assistance was paid for a household using ERA1 funds, when a maximum of 15 months of rental assistance is allowed to be paid with ERA1 funds and one application only included one sign off, rather than the required two, from an ERA Program rental assistance processor.

*Recommendation:* We recommend DSHA enhance its policies and procedures to ensure compliance with the federal program's requirements.

*Current Status:* A similar condition was noted during the June 30, 2023 audit.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2022-008**

**Program: 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: ERA-2101123208 & ERAE0280**

**Type of Finding: Noncompliance; Significant Deficiency in Internal Controls over Compliance**

**Compliance Requirement: Reporting & Special Tests and Provisions**

*Condition:* The following conditions were found during audit testing of four monthly reports and one quarterly report for ERA1 and ERA2:

1. DSHA procedures over the reporting did not require a secondary review prior to submission of the reports.
2. Supporting documentation was not retained for information reported on the reports selected for testing. We were unable to reconcile amounts reported on monthly and quarterly reports submitted to the U.S. Treasury to underlying records. Additionally, audit testing found the differences noted below between the reports submitted and records obtained during the audit:
  - a. The ERA1 report for the quarter ended June 30, 2022, reported program spending and obligations totaling \$166,277,794. Actual ERA1 expenditures through June 30, 2022, totaled approximately \$93,350,000. Program obligations were not tracked or reported.
  - b. We found the following differences in Federal Funding Accountability and Transparency Act reporting on the quarterly reports submitted to the U.S. Treasury.
    - i. One subrecipient's TIN number appeared incorrectly in the subrecipients section of the quarterly report.
    - ii. DSHA could not provide evidence that two program subrecipients were correctly included in the quarterly report.
3. The following U.S. Treasury required reports were not submitted timely:
  - a. Reports for the quarter ended September 30, 2021 were due on October 29, 2021 and were submitted on December 28, 2021.

**DELAWARE STATE HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2023**

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Reference Number: 2022-008 - Continued**

***Condition - Continued:***

- a. Reports for the quarter ended June 30, 2022, were due to the U.S. Treasury on July 15, 2022 and were submitted on August 15, 2022.

***Recommendation:*** We recommend DSHA enhance its policies and procedures to ensure compliance with the federal program's requirements.

***Current Status:*** A similar condition was noted during the June 30, 2023 audit.