



# DELAWARE STATE HOUSING AUTHORITY SINGLE AUDIT

---

SINGLE AUDIT  
FISCAL YEAR ENDED JUNE 30, 2025



# DELAWARE STATE HOUSING AUTHORITY SINGLE AUDIT

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

### BACKGROUND

---

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).

---

### KEY INFORMATION AND FINDINGS

---

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 audit identified eight significant deficiencies, comprising two in internal controls over financial reporting and six regarding Uniform Guidance compliance. Notably, six of these findings are recurring from fiscal years 2022–2024, indicating that prior corrective action plans were not effectively implemented, thereby increasing compliance risk. Persistent issues exist across financial reporting, eligibility determination, reporting compliance, earmarking, and allowable costs. DHSAs has communicated a correction action plan for each finding with target dates for remediation.

The DSHA's Uniform Guidance Single Audit for FY ended June 30, 2025 can be found on our website: <https://auditor.delaware.gov>.

For any questions regarding the attached report, please contact  
OAOA\_Comms@delaware.gov



# DELAWARE STATE HOUSING AUTHORITY SINGLE AUDIT

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

### KEY INFORMATION AND FINDINGS CONTINUED

Finding	Type of Finding	Federal Award Area	Condition	Status
2025-001	Significant Deficiency Finding	Financial Reporting Close Process	3 Financial Statements Material Misstatements requiring adjusting journal entries	Repeat Finding 2022, 2023, 2024
2025-002	Significant Deficiency Finding	Financial Statement Preparation Process	Lack of necessary staffing to timely and accurately prepare Financial Statements	
2025-003	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Emergency Rental Assistance on Eligibility; Reporting	4 of 60 lacked eligibility income verification supporting documentation; 4 of 60 income determination errors	Repeat Finding 2024
2025-004	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Emergency Rental Assistance on Reporting; Earmarking	Procedures lacked quarterly report preparation and review requirements; Evidence to support administrative and housing stability service obligation amounts and unique households not retained; 12/31/24 report contained errors	Repeat Finding 2024
2025-005	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Homeowner Assistance Fund Program on Eligibility	DHSA assigned a single consultant to process and approve the majority of Homeowner Assistance Fund Program assistance paid during year ended 6/30/25	
2025-006	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Homeowner Assistance Fund Program on Eligibility; Earmarking; Reporting	6 of 25 cases applicant income was not calculated per income determination policy; 8 of 25 home repair cases did not have a policy requiring documentation of applicant income	Repeat Finding 2024
2025-007	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Homeowner Assistance Fund Program on Reporting	Supporting documentation for administrative expenses or services, counseling, and education amounts were not retained for HAF Quarterly 12/31/24 & 6/30/25 reports; Annual Report filed late (due 11/15/24, file 12/13/24)	Repeat Finding 2024
2025-008	Significant Deficiency in Internal Controls over Compliance Requirement Finding	COVID-19 Emergency Rental Assistance on Allowable Cost/Eligibility	ERA program identified \$168,055 in potentially fraudulent assistance. While a portion was recovered, \$82,709 remained uncollected as of 6/30/25, with no further resolution pursued.	Repeat Finding 2024

**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, 2025**

**DELAWARE STATE HOUSING AUTHORITY**  
**TABLE OF CONTENTS**  
**JUNE 30, 2025**

	<u>Page No.</u>
<b>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 <i>Government Auditing Standards</i></b>	1
<b>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</b>	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10
Response to Schedule of Findings and Questioned Costs Corrective Action Plan	28
Summary Schedule of Prior Audit Findings	35



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

---

[www.belfint.com](http://www.belfint.com)

---

***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, 2025, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements, and have issued our report thereon dated December 12, 2025.

***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.

To the Delaware State Housing Authority  
Dover, Delaware

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2025-001 and 2025-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 12, 2025  
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, 2025. 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, the 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, 2025.

***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 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, and 2025-010. 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 compliance 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.

The Delaware State Housing Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The 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 on the previous page 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. During our audit, 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 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, and 2025-010 to be significant deficiencies.

To the Delaware State Housing Authority  
Dover, Delaware

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Delaware State Housing Authority's response to the internal control over compliance findings identified in our compliance 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.

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 the Delaware State Housing Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Delaware State Housing Authority's basic financial statements. We issued our report thereon dated December 12, 2025, 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 31, 2026  
Wilmington, Delaware

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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-21-DC-10-0001	\$ 177,072	\$ 177,072
		B-22-DC-10-0001	189,839	189,839
		B-23-DC-10-0001	1,261,743	1,173,991
		B-24-DC-10-0001	821,670	784,664
COVID-19		B-20-DW-10-0001	52,689	2,532
		B-22-RH-10-0001	219,574	183,604
		B-23-RH-10-0001	131,990	131,990
Total CDBG/State's Program and Non-Entitlement Grants in Hawaii			<u>2,854,577</u>	<u>2,643,692</u>
Emergency Solutions Grant Program	14.231	E-22-DC-10-0001	60,577	60,577
		E-23-DC-10-0001	154,447	134,955
		E-24-DC-10-0001	147,406	147,406
Total Emergency Solutions Grant Program			<u>362,430</u>	<u>342,938</u>
HOME Investment Partnerships Program	14.239	M-18SG1-00100	19,714	19,714
		M-19SG1-00100	622,083	622,092
		M-20SG1-00100	1,474,570	1,474,570
		M-21SG1-00100	949,600	949,600
COVID-19		M-21SP1-00100	86,243	-
		M-23SG1-00100	140,076	-
		M-24SG1-00100	24,819	-
		Program Income (1)	2,866,271	1,100,036
Total HOME Investment Partnerships Program			<u>6,183,376</u>	<u>4,166,012</u>
Housing Opportunities for Persons with AIDS	14.241	DEH23F999	205,905	193,905
		DEH24F999	231,666	231,666
Total Housing Opportunities for Persons with AIDS			<u>437,571</u>	<u>425,571</u>
Housing Trust Fund	14.275	F20SG1-00100	500	500
		F22SG1-00100	558,553	527,326
		F23SG1-00100	162,690	-
		Program Income	102,145	-
Total Housing Trust Fund			<u>823,888</u>	<u>527,826</u>
Project Rental Assistance Demonstration Program of Section 811 Supportive Housing for Persons with Disabilities	14.326	DE26RDD1201	906,285	906,285
Performance Based Contract Administrator Program	14.327*	Various	52,803,104	51,427,987
Section 8 Housing Choice Vouchers (Emergency Housing Voucher Program)	14.871	DE901EH 0006-0011	462,968	-
		DE901EF0001,0004-0009	45,789	-
Total Emergency Housing Voucher Program			<u>508,757</u>	<u>-</u>

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor   Program Title   Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Contract Number / Pass-Thru Entity Identifier</u>	<u>Total Program Expenditures</u>	<u>Sub- Recipient Expenditures</u>
U.S. Department Of Housing And Urban Development - Continued				
Mainstream Vouchers	14.879	DE901DV0032-0037 DE9018F0032,0034-0037 DE9018FR423	\$ 641,717 57,626 1,581	\$ - - -
Total Mainstream Voucher Program			700,924	-
Family Unification Program	14.880	2009FUPDE9018010	430,749	-
Moving to Work Demonstration Program	14.881			
Public and Indian Housing Program		DE004-00000321D DE004-00000324D DE004-00000325D	3,144 1,427,572 1,471,413	- - -
Public Housing Capital Fund		DE01P004501-21 DE01P004501-22 DE01P004501-23 DE01P004501-24	1,966 608,595 93,335 60,349	- - - -
Lower Income Housing Assistance Program (Section 8)				
Moving To Work Vouchers		DE901VOW 147-155	8,864,805	-
VASH		DE901VO 209, 211-215, 219, 223-224	190,150	-
RAD		DE901VO 0199-0201	3	-
Special Administrative Fees		DE901AFR 124, 224, 324, 424	18,595	-
Special Administrative Fees		DE901AFE 049-053	1,185,785	-
Special Administrative Fees		DE901AF 0138-0144	256,325	-
Total Moving to Work Demonstration Program			14,182,037	-
Total U. S. Department of Housing and Urban Development			80,193,698	60,440,311
U.S. Department Of The Treasury				
COVID-19 Emergency Rental Assistance Program	21.023*	SAI2021-06-23-01	13,883,127	2,985,733
COVID-19 Homeowner Assistance Fund	21.026*	SAI2021-04-30-02	2,615,972	225,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds State of Delaware	21.027*	SLFRP0139	9,736,775	328,985
Total U. S. Department of the Treasury			26,235,874	3,539,718
U.S. Department Of Homeland Security				
COVID-19 Emergency Management Performance Grant, Supplemental American Rescue Plan Act Delaware Emergency Management Agency	97.042	EMPG-ARPA 21-008A	109,943	-
Total U.S. Department Of Homeland Security			109,943	-
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 106,539,515</b>	<b>\$ 63,980,029</b>

\* Denotes a major federal program.

(1) HOME Investment Partnerships Program Income cash receipts included \$175,170 of interest revenue for the fiscal year ended June 30, 2025.

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, 2025**

**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 July 2024 Indirect Cost Allocation Plan.

**DELAWARE STATE HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

**Financial Statements**

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

**Identification of Major Programs**

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.327	Performance Based Contract Administrator 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: \$    3,000,000

Auditee Qualified as Low-Risk Auditee?	<u>    x    </u>	Yes	<u>          </u>	No
--	------------------	-----	-------------------	----

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**II. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2025-001**

**Type of Finding: Significant Deficiency**

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

**Condition:** We found three material misstatements of the financial statement balances requiring adjusting journal entries:

- A \$1,000,000 adjusting journal entry was required to correctly record debt service principal payments in the Non-Major Funds and the Government-Wide Adjustment Fund.
- An adjusting journal entry was required to decrease assets and increase expense by \$688,016 to record an allowance on loans receivable in the Non-Major Funds.
- A material adjusting journal entry was required to decrease revenue and expense by \$5,864,456 to properly record the change in unrealized gains and losses that was incorrectly recorded as expense in the Single Family Enterprise Fund.

These adjustments were required as a result of our audit procedures but should have been made during DSHA's year-end financial close process.

A similar finding was reported in the prior year.

**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 prior year, DSHA did not record an allowance on certain loans receivable in a Non-Major Fund and the Single Family Enterprise Fund because the allowance was not material. During the year ended June 30, 2025, DSHA management did not review its allowance calculation on loans receivable in the two funds that were not material as of June 30, 2024. During the year ended June 30, 2025, additional loans were issued and the programs became material and therefore required allowances to be recorded.

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

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2025-001 - Continued**

***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.

***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, 2025**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2025-002

**Type of Finding:** Significant Deficiency

**Department of Finance - Financial Statement Preparation Process**

**Condition:** The Authority's Financial Analysis and Reporting Section does not currently possess the necessary staffing to timely and accurately prepare the Authority's financial statements including Management's Discussion and Analysis in a timely manner.

**Context:** In July 2025, the Authority's Financial Analysis & Reporting Section Manager resigned their position. In August 2025, the Authority engaged a consultant to prepare its June 30, 2025 financial statements. While the Authority made efforts to prepare the June 30, 2025 financial statements, the Authority's consultant did not timely prepare the June 30, 2025 financial statements. The Authority and its consultants encountered significant difficulties in preparing the financial statements that resulted from other unexpected turnover and incomplete Authority records.

The Authority is a component unit of the State of Delaware. For the year ended June 30, 2025, the Authority was required to submit its financial statements to the State of Delaware Auditor of Accounts and the State of Delaware Division of Accounting by October 31, 2025.

**Criteria:** Strong internal controls require management to be responsible for the preparation and fair presentation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Timely and complete preparation is essential to ensure compliance with reporting deadlines.

**Cause:** The delay in completing the financial statements was due to two primary factors:

- Turnover in a key financial management and reporting position.
- The absence of a robust and resilient financial reporting preparation process that could function during staff turnover or when faced with incomplete records.

**Effect:** As a result of the condition, the Authority required additional assistance to prepare its financial statements for the year ended June 30, 2025. The Authority did not meet its reporting obligations to the State of Delaware in a timely manner. This failure delayed the completion of the Authority's audit and risked delaying the completion of the State's Annual Comprehensive Financial Report (ACFR).

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2025-002 - Continued**

***Recommendation:*** We recommend DSHA enhance its financial reporting process by:

- Establishing a formal financial close calendar with defined roles, responsibilities, and deadlines.
- Monitoring progress throughout the reporting cycle to ensure timely completion.
- Consider leveraging the MITAS financial reporting module to improve efficiency and reduce reliance of external support.
- Implement additional procedures to complete a quarterly or monthly close to help strengthen the year-end financial close processes.

***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, 2025**

**III. FEDERAL AWARD FINDINGS**

**United States Department of the Treasury**

**Reference Number: 2025-003**

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

**Federal Award Number: ERAE0280**

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

**Compliance Requirement: Eligibility; Reporting**

**Condition:** Audit testing of a statistical sample of 60 cases processed during the year ended June 30, 2025, revealed that DSHA did not follow its Grantee Plan and program policies when determining applicant eligibility:

- For four cases, DSHA relied on applicants' attested income without obtaining supporting documentation, required by program policy.
  
- Additional errors were identified in the income determinations for four applicants.

All applicants remained eligible for assistance, and these exceptions did not affect the amount of assistance provided.

A similar income determination finding was noted during the audit of the year ended June 30, 2024. Refer to Finding 2024-003.

**Context:** During the year ended June 30, 2025, DSHA approved and disbursed assistance for 1,637 rent assistance cases totaling \$8,476,248.

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

- United States Department of the Treasury Program FAQs updated May 10, 2023:
  - 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:** N/A

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2025-003 - Continued**

***Effect:*** DSHA's failure to follow the Grantee Plan and program policies caused errors in the income determination for applicants.

***Cause:*** Internal controls over compliance were not appropriately designed, implemented, or operated to appropriately address the risk of noncompliance with the federal program requirements.

***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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-004**

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

**Federal Award Number: ERAE0280**

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

**Compliance Requirement: Reporting, Earmarking**

**Condition:** The following conditions were found during audit testing of two ERA-2 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. Testing of the key line items revealed the following:
  - a. *Administrative Costs Ratio-Quantifiable Objective Criteria and Housing Stability Services Ratio-Quantifiable Objective Criteria:* DSHA did not retain evidence to support reported administrative and housing stability service obligation amounts.
  - b. *Participant Households at Certain Income Levels Eligibility:* DSHA did not retain sufficient supporting documentation for the number of unique households reported in the June 30, 2025 report. In addition, audit testing determined that the number of unique households reported in the December 31, 2024 report contained errors, and sufficient information was not available to determine the correct count.

A similar finding was noted during the audit of the year ended June 30, 2024. Refer to finding 2024-004.

**Criteria:** United States Department of the Treasury ERA Program Reporting Guidance version 3.2 was issued March 29, 2022, provides detailed reporting requirements.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2025-004 - Continued**

***Criteria - Continued:***

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 accurately, and supported by contemporaneously prepared documentation. Information required 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.

***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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-005**

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

**Federal Award Number: HAF0034**

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

**Compliance Requirement: Eligibility**

**Condition:** We found DSHA assigned a single consultant to both process and approve the majority of Homeowner Assistance Fund Program assistance paid during the year ended June 30, 2025.

**Context:** During the year ended June 30, 2025, DSHA disbursed assistance for 162 cases totaling \$2,305,784.

**Criteria:** *DSHA's DE MRP Policy Manual Application process requires the following:*

*"Only case supervisors have the authority to authorize payments on applications approved by a case auditor."*

The *Uniform Guidance Cost Principles* requires the following internal controls in 2 CFR 200.303(a):

*"Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."*

**Questioned Costs:** N/A

**Effect:** Applications were not being reviewed by two different individuals which increases the risk that errors in application processing occur and not be detected.

**Cause:** DHSAs indicated that the program was winding down resulting in staffing reductions.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to ensure appropriate review and approval of cases.

**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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-006**

**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: Eligibility; Earmarking; Reporting**

**Condition:** Audit testing of a statistical sample of 25 cases processed during the year ended June 30, 2025, revealed the following:

- For six cases tested, applicant income was not calculated in accordance with DSHA's written income determination policy. The income calculation errors did not affect the amount of assistance provided.
- Testing of eight Home Repair cases found that DSHA did not have a policy requiring documentation of applicant income for these cases. When applicants had previously received assistance from the Homeowner Assistance Fund, DSHA relied on the prior income determination and obtained an applicant attestation that circumstances had not changed; however, program policies and procedures did not include guidelines for this approach.

A similar finding was noted during the audit of the year ended June 30, 2024. Refer to finding 2024-006.

**Context:** BLS applied DSHA's written policies and reviewed forms used in application processing. The homeowner income verification process supports the following program functions:

- Determination of allowable homeowner eligibility for assistance.
- Required reporting of assistance by income level.
- Compliance with the Homeowner Assistance Fund (HAF) Program Earmarking requirements.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2025-006 - 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.

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

***Questioned Costs:*** N/A

***Effect:*** 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 program reports submitted to the U.S. Treasury.

***Cause:*** Homeowner assistance application processing was performed by one consultant without a second level of review. DSHA's policies and procedures were not sufficient to address the operation of the Home Repair program.

***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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-007**

**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: Reporting**

**Condition:** Testing of DSHA’s December 31, 2024 and June 30, 2025 HAF quarterly reports revealed DSHA did not retain contemporaneously prepared supporting documentation for obligated amounts for Administrative Expenses or Services, Counseling, and Education.

DSHA’s Annual Report had a due date of November 15, 2024, but was not filed until December 13, 2024.

A similar finding was noted during the audit of the year ended June 30, 2024. Refer to finding 2024-007.

**Criteria:** The United States Department of the Treasury *Homeowner Assistance Fund Guidance on Participant Compliance and Reporting Responsibilities* 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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2025-007 - Continued**

***Questioned Costs:*** None

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

***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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-008**

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

**Federal Award Number: ERAE0280**

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

**Compliance Requirement: Allowable Cost/Eligibility**

**Condition:** DSHA's ERA program included various steps to monitor program disbursements for potential fraud. These monitoring processes were performed during the assistance determination process and by after-the-fact analysis and reviews. DSHA's after-the-fact processes identified 17 households that potentially received \$168,055 in fraudulent assistance during the program's operation. As of June 30, 2025, the uncollected balance was \$82,709. DSHA identified this potentially fraudulent assistance and recovered a portion but did not further pursue resolution of the matter.

A similar finding was noted during the audit of the year ended June 30, 2024. Refer to finding 2024-008.

**Criteria:** The Emergency Rental Assistance program FAQ specifically requires DSHA "...to investigate and address potential instances of fraud or the misuse of funds that they become aware of."

**Questioned Costs:** \$82,709

**Effect:** Assistance was potentially provided to ineligible applicants due to fraudulent submissions.

**Cause:** Internal controls over eligibility were not able to prevent or detect and correct potentially fraudulent behavior by applicants.

**Recommendation:** We recommend DSHA further investigate, and report fraud or potential fraud as required by the CFR and program guidelines.

**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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-009**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program & 21.023 COVID-19 Emergency Rental Assistance**

**Federal Award Number: HAF0034 & ERAE0280**

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

**Compliance Requirement: Subrecipient Monitoring**

**Condition:** DSHA's Homeowner Assistance Fund and Emergency Rental Assistance programs each had 1 subrecipient during the period. Testing of those subrecipients revealed the following:

- DSHA did not memorialize their risk assessments for the subrecipients.
- DSHA did not obtain copies of the subrecipients' Financial or Single Audits.

**Criteria:** The following is required by 2 CFR Part 200 Subpart D Section 200.332:

*“(c) Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a pass-through entity should consider the following:*

- (1) The subrecipient's prior experience with the same or similar subawards;*
- (2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;*
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and*
- (4) The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).*

*(g) Verify that a subrecipient is audited as required by subpart F of this part.”*

**Effect:** Because subrecipient monitoring was not properly performed and subrecipient audit reports were not obtained, DSHA did not have assurance concerning the controls and compliance over the funds it passed through to the subrecipients.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**Reference Number: 2025-009 - Continued**

*Cause:* DSHA incorrectly determined the subrecipients were vendors, so required monitoring procedures were not performed or documented.

*Recommendation:* We recommend DSHA enhance its subrecipient monitoring procedures to ensure it is in compliance with the CFR and program guidelines.

*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, 2025**

**III. FEDERAL AWARD FINDINGS - CONTINUED**

**United States Department of the Treasury**

**Reference Number: 2025-010**

**Program: 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds**

**Federal Award Number: SLFRP0139**

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

**Compliance Requirement: Reporting**

**Condition:** DSHA's December 31, 2024 quarterly reports had a due date of January 17, 2025, but were not filed until February 3, 2025.

**Criteria:** DSHA's grant agreement with the State of Delaware requires quarterly reports to be submitted by the third Friday of the following month.

**Questioned Costs:** None

**Effect:** Reports required by the State of Delaware grant agreement were not submitted timely.

**Cause:** The report preparation process did not result in reports being submitted timely.

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

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



DOVER  
(302) 739-4263  
(302) 739-6122 FAX  
(302) 739-7428 TDD

CARVEL STATE BUILDING  
820 NORTH FRENCH STREET  
WILMINGTON, DELAWARE 19801  
TOLL FREE: (888)363-8808

WILMINGTON  
(302) 577-5001  
(302) 577-5021 FAX

December 08, 2025

Office of the Auditor of Accounts  
State of Delaware  
401 Federal Street, Suite 1  
Dover, DE 19901

Subject: Management Response to Audit Findings for Fiscal Year Ended June 30, 2025

To Whom It May Concern:

The Delaware State Housing Authority (DSHA) respectfully submits the following management responses and corrective action plans in response to the audit findings identified in the Independent Auditor's Report for the fiscal year ended June 30, 2025.

Finding 2025-001: Financial Reporting Close Process

DSHA acknowledges the significant deficiency related to the financial reporting close process. We recognize the importance of timely and accurate year-end closing procedures to ensure the integrity of our financial statements.

Corrective Action Plan:

- 1) DSHA will revise its year-end financial close checklist to include a comprehensive review of all material and non-routine transactions, including loan loss reserves and unrealized investment gains/losses.
  - a) A second-level review process will be instituted for all significant journal entries and reconciliations, to be conducted by a senior Accountant, the Financial Operations Reporting Manager or the Director of Financial Management.
  - b) DSHA will maintain a rolling log of prior-year audit adjustments to ensure they are reviewed and considered during each year's close process.
  - c) DSHA will implement new controls to ensure processes are being applied to all accounts within scope.
  - d) Updates to procedures and training will be completed by March 31, 2026, in preparation for the FY26 close.

Responsible Party: Director of Financial Management, in coordination with the Financial Operations & Reporting Section.

## Finding 2025-002: Financial Statement Preparation Process

DSHA acknowledges the significant deficiency related to the financial statement preparation process. We are committed to strengthening our internal capacity and improving the timeliness and accuracy of our financial reporting.

Corrective Action Plan:

- 2) DSHA has recruited and onboarded a permanent Financial Operation Reporting Section Manager.
  - a) A detailed financial reporting calendar will be developed, outlining key milestones, responsibilities, and deadlines for each reporting cycle.
  - b) DSHA will implement a minimum quarterly close to reduce the burden of year-end reporting and improve data accuracy throughout the year.
  - c) DSHA will evaluate the MITAS financial reporting module or other tools available to automate portions of the financial statement preparation process and reduce reliance on external consultants
  - d) DSHA will work to implement new user tools to mitigate any system limitations inherent in our current user tools.
  - e) Calendar and quarterly close procedures will be in place by June 30, 2026. MITAS or additional module(s) will be evaluated by September 2026.

Responsible Party: Chief Financial Officer & Director of Financial Management, with support from the IT and HR departments.

We appreciate the opportunity to respond to the audit findings and remain committed to continuous improvement in our financial management practices.

Sincerely,

*Brian Rossello*

Brian K. Rossello  
Chief Financial Officer  
Delaware State Housing Authority



DOVER

(302) 739-4263  
(302) 739-6122 FAX  
(302) 739-7428 TDD

CARVEL STATE BUILDING  
820 NORTH FRENCH STREET  
WILMINGTON, DELAWARE 19801  
TOLL FREE: (888)363-8808

WILMINGTON

(302) 577-5001  
(302) 577-5021 FAX

Belfint, Lyons & Shuman, P.A  
1011 Centre Road, Suite 310  
Wilmington, DE 19805  
302-225-0600

Please find our methods of corrective action for the findings below:

**Reference Number: 2025-003**

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

**Condition:** Audit testing of a statistical sample of 60 cases processed during the year ended June 30, 2025, revealed that DSHA did not follow its Grantee Plan and program policies when determining applicant eligibility:

- For four cases, DSHA relied on applicants' attested income without obtaining supporting documentation, required by program policy.
- Additional errors were identified in the income determinations for four applicants.

All applicants remained eligible for assistance, and these exceptions did not affect the amount of assistance provided.

**Corrective Action Plan:** DSHA will implement and reinforce income verification procedures by requiring documented proof of income in all cases, with system controls preventing approval without required documentation for like-programs because this program has now been closed and staff will receive targeted training and periodic quality control reviews will be implemented to ensure compliance with policy. Anticipated date of completion – 180 days.

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-004**

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

**Condition:** The following conditions were found during audit testing of two ERA-2 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. Testing of the key line items revealed the following:
  - a. *Administrative Costs Ratio- Quantifiable Objective Criteria and Housing Stability Services Ratio- Quantifiable Objective Criteria:*
    - i. DSHA did not retain evidence to support reported administrative and housing stability service obligation amounts.
    - ii. DSHA did not evidence supporting amounts expended for administrative and housing stability service reported for the quarter ended June 30, 2025.
  - b. *Participant Households at Certain Income Levels Eligibility:* DSHA did not retain sufficient supporting documentation for the number of unique households reported in the June 30, 2025 report. In addition, audit testing determined that the number of unique households reported in the December 31, 2024 report contained errors, and sufficient information was not available to determine the correct count.

*Corrective Action Plan: DSHA will implement formal procedures for the preparation, review, and retention of quarterly report support, including standardized checklists and documentation requirements. A secondary review process and centralized reporting repository will be established to ensure accuracy and completeness of reported data. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-005**

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

**Condition:** We found DSHA assigned a single consultant to both process and approve the majority of Homeowner Assistance Fund Program assistance paid during the year ended June 30, 2025.

*Corrective Action Plan: DSHA will enforce segregation of duties by ensuring that no single individual is responsible for both processing and approving assistance. System-based role controls and supervisory review requirements will be implemented to prevent recurrence. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-006**

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

**Condition:** Audit testing of a statistical sample of 25 cases processed during the year ended June 30, 2025, revealed the following:

- For six cases tested, applicant income was not calculated in accordance with DSHA's written income determination policy. The income calculation errors did not affect the amount of assistance provided.
- Testing of eight Home Repair cases found that DSHA did not have a policy requiring documentation of applicant income for these cases. When applicants had previously received assistance from the Homeowner Assistance Fund, DSHA relied on the prior income determination and obtained an applicant attestation that circumstances had not changed; however, program policies and procedures did not include guidelines for this approach.

*Corrective Action Plan: DSHA will update written policies to clarify income calculation methodologies and require consistent documentation for all assistance types, including home repair cases. Staff training and periodic file reviews will be conducted to ensure adherence to updated policies. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-007**

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

**Condition:** Testing of DSHA’s December 31, 2024, and June 30, 2025 HAF quarterly reports revealed DSHA did not retain contemporaneously prepared supporting documentation for obligated amounts for Administrative Expenses or Services, Counseling & Education.

DSHA’s Annual Report had a due date of November 15, 2024, but was not filed until December 13, 2024.

*Corrective Action Plan: DSHA will establish formal documentation retention procedures for all reported amounts and implement a reporting calendar with internal deadlines to ensure timely submissions. A designated reviewer will validate completeness and accuracy prior to submission. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-008**

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

**Condition:** DSHA’s ERA program included various steps to monitor program disbursements for potential fraud. These monitoring processes were performed during the assistance determination process and by after-the-fact analysis and reviews. DSHA’s after-the-fact processes identified 17 households that potentially received \$168,055 in fraudulent assistance during the program’s operation. As of June 30, 2025, the uncollected balance was \$82,709. DSHA identified this potentially fraudulent assistance and recovered a portion but did not further pursue resolution of the matter.

*Corrective Action Plan: DSHA will enhance fraud recovery procedures by implementing a formal escalation and collection process, including tracking and follow-up on outstanding balances. Additional controls will be introduced to ensure timely resolution of identified fraudulent cases. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-009**

**Program: 21.026 COVID-19 Homeowner Assistance Fund Program & 21.023 COVID-19 Emergency Rental Assistance**

**Condition:** DSHA's Homeowner Assistance Fund and Emergency Rental Assistance programs each had 1 subrecipient during the period. Testing of those subrecipients revealed the following:

- DSHA did not memorialize their risk assessments for the subrecipients.
- DSHA did not obtain copies of the subrecipients' Financial or Single Audits.

*Corrective Action Plan: DSHA will formalize its subrecipient monitoring process by documenting risk assessments and maintaining required audit documentation for all subrecipients. A standardized monitoring checklist and annual review process will be implemented. Anticipated date of completion – 180 days*

Responsible Official: Ujesh Patel, Director of Program Financing

**Reference Number: 2025-010**

**Program: 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds**

**Condition:** DSHA's December 31, 2024 quarterly reports had a due date of January 17, 2025, but were not filed until February 3, 2025.

*Corrective Action Plan: Interim milestone dates were added to a shared calendar to ensure information is collected and reported in advance of the due date. Timelines assume a due date that is in advance of the stated date. Anticipated date of completion – 180 days*

Responsible Official: Stephanie Griffin, Chief Production Officer

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2025**

**I. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2024-001**

**Type of Finding: Significant Deficiency**

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

**Condition:** We found two misstatements of the financial statement balances requiring material adjusting journal entries to the General 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. A material adjusting journal entry decreased assets and revenue by \$887,891 to remove accrued loan interest receivables and the related revenue caused by errors that arose from implementing a new loan servicing module. A material adjusting journal entry increased beginning fund balance and expenses by \$1,039,901 of the Federal Program Enterprise Fund to record a loan that was incorrectly recorded as a grant expense in the prior year and corrected through expense during the year ended June 30, 2024.

We also found four misstatements of the financial statement balances requiring adjusting journal entries in the Housing Development Fund and the Federal Programs Enterprise Fund. These adjustments were made in the prior year and were a result of our audit procedures in the prior year but were incorrectly reversed in the current year. One of the entries was material to the Federal Programs Enterprise Fund and increased unearned revenue by \$1,069,604 and decreased revenues by \$1,069,604. The remaining three entries decreased assets and revenues by \$961,914 in the Housing Development Fund and decreased assets by \$273,666, decreased revenues by \$612,678, and decreased expenses by \$339,012 in the Federal Programs Enterprise Fund. These entries were to re-establish loan loss allowances and to re-adjust interest forgiveness due to loan modifications.

**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.

**Current Status:** A similar condition was noted during the June 30, 2025 audit. See finding 2025-001.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

**I. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2024-002

**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, 2023, 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.

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

**Current Status:** This finding has been addressed.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-003**

**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 15 cases processed during the year ended June 30, 2024, revealed the following:

- One case where applicant income was calculated incorrectly; however, the income determination did not impact the amount of assistance allowed by DSHA's policy.
- Utility assistance was paid for two cases totaling \$8,352.82 under the assumption that utility cost was \$500 per month. Supporting utility bills, invoices, or statements were obtained to support the payment amount; however, support was not obtained to determine the actual number of months of utility assistance provided.

In January 2023, DHSA began paying utilities using \$500 per month to calculate the number of months of utility assistance provided. This policy change was not included in policy documents and DSHA did not have evidence of appropriate internal approval for the policy change. Payments of \$500 per month, up to the amount owed by applicants, were disbursed without determining the number of months of utility assistance provided.

**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, 2025 audit as detailed in finding 2025-003.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-004**

**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 two ERA 2 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. Audit testing of a statistical sample of 15 cases processed during the year ended June 30, 2024, revealed an income calculation on a case which resulted in the incorrect calculation of Area Median Income (AMI) percentage. The AMI percentages calculated at the case level are utilized to support required demographic reporting.
3. Supporting documentation was not retained for information on the reports selected for testing.
4. A review of the reports selected for testing revealed the following:
  - a. The demographic information section of the ERA 2 report for the quarter ended December 30, 2023, was not completed.
  - b. Evidence could not be provided showing how administrative and housing stability service amounts expended and obligated were calculated.

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

**Current Status:** A similar condition was noted during the June 30, 2025 audit as detailed in finding 2025-004.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-005**

**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. This amount had increased to \$433,522 by October 26, 2023. The funds were offset against assistance payments processed by the vendor on November 14, 2023. 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.

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

**Current Status:** No similar condition noted during the June 30, 2025 audit.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-006**

**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: Eligibility; Earmarking; Reporting**

**Condition:** Audit control and compliance testing of a statistical sample of 40 cases processed during the year ended June 30, 2024, revealed the following:

- Applicant income was calculated incorrectly for four cases sampled, that resulted in these applicants receiving more months of Future Payment Assistance than allowed by DSHA's policy, resulting in overpayments totaling \$21,062.
- Applicant income was calculated incorrectly for 11 cases sampled, which did not result in these applicants receiving more assistance than allowed by DSHA's policy. One of these applicants received fewer months of Future Payment Assistance than allowed by DSHA's policy.

Compliance testing performed on a separate sample of 33 cases revealed applicant income was calculated incorrectly for two cases sampled. These two applicants received more months of Future Payment Assistance than allowed by DSHA's policy resulting in overpayments totaling \$9,397.

Analysis of assistance for the period of July 1, 2023, through June 30, 2024, identified two homeowners that received in excess of \$50,000 of mortgage assistance resulting in overpayments of assistance totaling \$863.

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

**Current Status:** A similar condition was noted during the June 30, 2025 audit as detailed in finding 2025-006.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-007**

**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: Reporting**

**Condition:** Testing of DSHA's December 31, 2023, and June 30, 2024 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, 2024, DSHA entered various contracts for the operation of the program.

DSHA's Annual Report had an extended due date of November 23, 2023, but was not filed until November 29, 2023. Evidence of an additional extension could not be provided.

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

**Current Status:** A similar condition was noted during the June 30, 2025 audit as detailed in finding 2025-007.

**DELAWARE STATE HOUSING AUTHORITY**  
*18 The Green*  
*Dover, Delaware 19901*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**JUNE 30, 2025**

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

**United States Department of the Treasury**

**Reference Number: 2024-008**

**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: Allowable Cost/Eligibility**

**Condition:** DSHA's ERA program included various steps to monitor program disbursements for potential fraud. These monitoring processes were performed during the assistance determination process and by after-the-fact analysis and reviews. DSHA's after-the-fact processes identified 17 households that potentially received \$168,055 in fraudulent assistance during the program's operation. As of June 30, 2024, the uncollected balance was \$82,709. DSHA identified this potentially fraudulent assistance and recovered a portion but did not further pursue resolution of the matter.

**Recommendation:** We recommend DSHA further investigate, and report fraud or potential fraud as required by the CFR and program guidelines.

**Current Status:** A similar condition was noted during the June 30, 2025 audit as detailed in finding 2025-008.