

RICHMOND HOUSING AUTHORITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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RICHMOND HOUSING AUTHORITY

**SINGLE AUDIT REPORT
For the Year Ended June 30, 2019**

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RICHMOND HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None Reported

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

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

Identification of major program(s):

Assistance Listing#(s)	Name of Federal Program or Cluster
<u>14.850</u>	<u>Public and Indian Housing</u>
<u>14.871</u>	<u>Housing Voucher Cluster - Section 8 Housing Choice Vouchers</u>

Dollar threshold used to distinguish between type A and type B programs: \$876,162

Auditee qualified as low-risk auditee? Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed material weaknesses, significant deficiencies, and instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated April 4, 2024, which is an integral part of our engagement to audit and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit disclosed the following findings and questioned costs required to be reported in accordance with Uniform Guidance.

Finding SA2019-001: Rent Reasonableness Determination

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR Section 982.507 requires Public Housing Authorities (PHA) that receive Section 8 housing choice vouchers to determine whether the rent paid to the owner is a reasonable rent in comparison to rent for other comparable unassisted units by considering the location, quality, size, unit type and age of the contract unit. The PHA is required to maintain records to document the basis for the determination that rent to owner is a reasonable rent.

Condition: We reviewed sixty Section 8 tenant files for new and existing tenants, and noted six instances in which there were no rent reasonableness certificates to support the respective rent increases in fiscal year 2019 or certificates to support rent over the last three years. Furthermore, we noted one instance in which the tenant's rental assistance was above the amount determined reasonable through the rent reasonableness determination, however, the Housing Authority did not modify the tenant's payment accordingly.

Effect: The Housing Authority is not in compliance with the requirements as stated in 24 CFR Section 982.507.

Cause: We understand the missing certificates and unreasonable rent was due to staff turnover and lack of oversight in the Housing Authority during fiscal year 2019.

Identification as a repeat finding: Yes. Since fiscal year 2017.

Recommendation: The Housing Authority must develop procedures to ensure required documentation is properly maintained for all tenant files. In addition, any unreasonable rent should be adjusted accordingly.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-002: Missing Utility Allowance Forms

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR Section 982.517 requires Public Housing Authorities (PHA) maintain an up-to-date utility allowance schedule. The PHA must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised.

Condition: We examined sixty Section 8 tenant files for new and existing tenants, and noted three instances in which there were no utility allowance schedule included in the tenant's file for fiscal year 2019.

Effect: The Housing Authority is not in compliance with the requirements as stated in 24 CFR Section 982.517.

Cause: It was noted the missing allowance schedules were due to staff oversight.

Identification as a repeat finding: Yes. Since fiscal year 2017.

Recommendation: The Housing Authority must develop procedures to ensure required documentation is properly maintained for all tenant files.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

Finding SA2019-003: Annual Housing Quality Standards Inspections

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR Sections 982.158(d) and 982.405(b) requires Public Housing Authorities (PHA) must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report. For inspections that fail the standards, the PHA is required to complete a follow up inspection with the tenants within 24 hours for life-threatening deficiencies and within 30 days for non-life-threatening deficiencies.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-003: Annual Housing Quality Standards Inspections (Continued)

Condition: We reviewed sixty Section 8 tenant files for new and existing tenants and noted the following:

- Five instances in which an HQS Inspection checklist was not included in the tenants' files.
- One instance in which an HQS inspection checklist was in process, however, there was no inspection date or sign off indicating whether inspection was completed.
- One instance in which there was a failed inspection for the tenant, however, there was no documentation of a reinspection.
- Three instances in which the tenant had a failed inspection and a reinspection with an additional fail, and there was no documentation indicating follow up by the Housing Authority.

We also reviewed forty HQS inspections that had failed inspections during fiscal year 2019 and noted the following:

- Eight instances in which the tenant failed the inspection and did not receive a grade of pass until well over the 30 day required timeframe.
- Three instances in which the failed inspection was due to a life threatening deficiency which must be corrected within 24 hours. However, the tenants were not reinspected from 30 days to more than 30 days until after the deficiencies were noted.
- Eight instances in which there was a failed inspection for the unit, however, the Housing Authority did not follow up to re-inspect the unit.
- One instance in which the tenant failed the original inspection and re-inspection. However, the Housing Authority did not follow up with the tenant until a year after.
- One instance in which the tenant failed the original inspection and re-inspection, however, the Housing Authority never followed up with the tenant.

Effect: The Housing Authority is not in compliance with the requirements as stated in 24 CFR Section 982.517(d) and 982.405(b).

Cause: It was noted the missing checklists were due to staff oversight.

Identification as a repeat finding: Yes. Since fiscal 2017 and in 2018.

Recommendation: The Housing Authority must develop procedures to ensure required documentation is properly maintained for all tenant files.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-004: Incomplete Tenant Files – Income Reexamination

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: Public Housing Authorities (PHA) are required to maintain up to date files for all new and existing tenants. Files should include all required forms and documentation as stipulated in 24 CFR Section 982.

Condition: We reviewed sixty Section 8 tenant files for new and existing tenants, and noted six instances in which the income reexamination form for fiscal year 2019 was missing from the tenant's file.

Effect: The Authority is not in compliance with the requirements as stated in 24 CFR Section 982.

Cause: It was noted the missing forms were due to staff oversight.

Identification as a repeat finding: Yes. Since fiscal 2017.

Recommendation: The Housing Authority must develop procedures to ensure required documentation is properly maintained for all tenant files.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

Finding SA2019-005: Timeliness and Accuracy of Voucher Payments

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR part 982 requires that monthly housing assistance payments on behalf of tenants to landlords be made in accordance with the tenants' Housing Assistance Payment (HAP) contract for the Section 8 Housing Choice Vouchers (HCV) program. Payments made should be processed in a timely manner, usually at the beginning of each month and the payments should be made in the correct amount each month in accordance with the HAP contracts for the tenants.

Condition: We tested sixty HCV tenants' HAPs made to landlords in June 2019 and noted the following:

- Twelve tenants that did not have HAP contract documentation indicating the amount of the HAP contract to support the payments made, that totaled \$15,374 for the twelve tenants selected for testing.
- One tenant was paid in the amount of \$1,820. However, the payment should have been made in the amount of \$1,391.
- One tenant was paid in the amount of \$1,525. However, the payment should have been made in the amount of \$1,549.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-005: Timeliness and Accuracy of Voucher Payments (Continued)

- One tenant was paid in the amount of \$1,342. However, the Housing Authority indicated that the tenant was deceased and should not have received rent that month.
- Six tenant files could not be located as noted in finding SA 2019-006. HAP payments to three of the tenants totaled \$4,183. No HAP payments were made to the other three tenants and the Authority was not able to explain why.

Effect: When HAPs are not paid timely or correctly, the Authority runs the risk of unpaid contracts and the Authority is not in compliance with the housing payment requirements for the HCV program.

Cause: The above condition was caused by staff turnover and management oversight.

Identification as a repeat finding: Yes. Since fiscal 2017.

Questioned Costs: We question all costs noted above in the total amount of \$21,328.

Recommendation: The Authority must develop procedures to ensure that payments are made timely and accurately in accordance with grant requirements.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Authority.

Finding SA2019-006: Missing Tenant Files

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: Public Housing Authorities (PHA) are required to maintain up to date files for all new and existing tenants. Files should include all required forms and documentation as stipulated in 24 CFR Section 982.

Condition: During our active tenant testing, we noted six tenants of which the Housing Authority did not have any tenant files for the tenants. Therefore, we were unable to verify that the tenants exist or were paid in the proper amounts.

Effect: The Housing Authority is not in compliance with the requirements as stated in 24 CFR Section 982.

Cause: We understand the missing files were due to oversight by the Housing Authority during the transition of the Housing Authority files to the County in 2019.

Questioned Costs: Questioned costs are identified for these files as a part of finding SA 2019-005.

Identification as a repeat finding: Yes, Since fiscal 2017.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-006: Missing Tenant Files (Continued)

Recommendation: The Housing Authority must develop procedures to ensure files exist for all tenants.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

Finding SA2019-007: Required Reporting

AL number: 14.871

AL Title: Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: Public Housing Authorities (PHA) are required to file and complete Form HUD-52648, SEMAP Certification – Addendum for Reporting Data for Deconcentration Bonus Indicator as stipulated in 24 CFR Section 985 each fiscal year.

Condition: We noted that the Housing Authority did not file the required Form HUD-52648 during fiscal year 2019.

Effect: The Housing Authority is not in compliance with the reporting requirements as stated in 24 CFR Section 985.

Cause: We understand the report was not filed due to oversight by the Housing Authority during the transition of the Housing Authority program to the County in 2019.

Recommendation: The Housing Authority must develop procedures to ensure all required reports are filed for the program.

Since the Housing Authority transferred the Housing Choice Vouchers (HCV Section 8) program to the Housing Authority of the County of Contra Costa (HACCC) on July 1, 2019, the Housing Authority should work with the HACCC to determine how to address the recommendation.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-008: Internal Controls

AL number: 14.850 and 14.871

AL Title: Public and Indian Housing, and Housing Voucher Cluster - Section 8 Housing Choice Vouchers

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: Public Housing Authorities (PHA) are required 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 as stated in CFR 200.303.

Condition: During our audit, we were unable to obtain an understanding of the internal controls over the federal awards of the Authority, because current Authority staff could not respond to our inquiries about processes and procedures.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2019 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide any information regarding the internal controls of the Authority.

Effect: The Housing Authority is not in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as stated in CFR 200.303.

Recommendation: The Housing Authority must develop procedures to ensure that there is an internal control environment in compliance with the federal requirements.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

Finding SA2019-009: Operating Subsidy Payments Supporting Documentation

AL number: 14.850

AL Title: Public and Indian Housing

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR section 990 requires Public Housing Authorities (PHA) to provide operating subsidies to public housing projects and document the specific calculation requirements through HUD Form 52723.

Condition: During our audit, we were unable to obtain sufficient documentation for additional operating subsidy payments made to Easter Hill for Richmond Village I, II, and III in the amount of \$179,806 made in fiscal year 2019 that staff indicated were for payments that should have been made in fiscal year 2018. Furthermore, the payments in the amount of \$179,806 were not supported by the HUD Form 52723 and therefore, we were unable to determine if the subsidy payments were properly calculated in accordance with 24 CFR 990.

Cause: Due to staffing shortage, operating subsidy payments were delayed for a period and then paid in a lump sum without attaching detailed supporting documents.

Effect: The Housing Authority is not in compliance with the specific calculation requirements of HUD Form 52723 as specified in 24 CFR section 990.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-009: Operating Subsidy Payments Supporting Documentation (Continued)

Questioned Costs: We question the costs in the amount of \$179,806 noted above.

Recommendation: The Housing Authority must develop procedures to ensure that all operating subsidy payments made are supported by HUD Form 52723 and in accordance with 24 CFR section 990.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

Finding SA2019-010: Waiting List Documentation

AL number: 14.850

AL Title: Public and Indian Housing

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR section 960 requires Public Housing Authorities (PHA) to maintain waiting lists for public housing. Furthermore, all payments made to tenants should be supported by contracts and proof of payment to the tenants.

Condition: During our audit, the Housing Authority was unable to provide us with a waiting list for the public housing program and therefore, we were unable to verify that the Authority was adhering to the waiting list requirements as outlined in 24 CFR section 960.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2019 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide such documentation.

Effect: The Housing Authority is not in compliance with the waiting list documentation requirements under 24 CFR section 960.

Recommendation: The Housing Authority must develop procedures to ensure that waiting list documentation is maintained in accordance with 24 CFR section 960.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding SA2019-011: Missing Tenant Documents

AL number: 14.850

AL Title: Public and Indian Housing

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2019)

Criteria: 24 CFR section 960 requires Public Housing Authorities (PHA) that receive public housing funds to remit payment to eligible tenants and to maintain documentation for the payments through a contract.

Condition: We reviewed seventeen public housing files for existing tenants for the month of June 2019 and noted that the Authority did not have documentation of payments clearing the Authority's bank account. Furthermore, we noted one tenant that should have received utility assistance in the amount of \$105 under the program, but the Authority did not remit the assistance payment.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2019 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide such documentation.

Effect: The Housing Authority is not in compliance with the payment documentation requirements as stated in 24 CFR section 960.

Recommendation: The Housing Authority must develop procedures to ensure that all public housing assistance provided to eligible tenants is maintained, including proof of payment.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the Housing Authority.

RICHMOND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
Department of Housing and Urban Development Direct Programs:		
Public and Indian Housing	14.850	\$1,686,708
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	26,979,592
Public Housing Capital Fund	14.872	<u>539,103</u>
Total Department of Housing and Urban Development		<u>29,205,403</u>
Total Expenditures of Federal Awards		<u><u>\$29,205,403</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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RICHMOND HOUSING AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

NOTE 1 -- REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Richmond Housing Authority, and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 -- INDIRECT COST ELECTION

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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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***

Commissioners of
Richmond Housing Authority
Richmond, California

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Richmond Housing Authority (Authority), a component unit of the City of Richmond, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated April 4, 2024. Our report contains disclaimers of opinions on such financial statements because of the lack of supporting documentation for account reconciliations and transactions and the inability to balance the financial statements and statement of cash flows.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Authority, we considered the Authority’s internal control over financial reporting (internal control) to determine the 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 the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify certain deficiencies in internal control that we consider to be material weaknesses, as listed on the Schedule of Material Weaknesses in our separately issued Memorandum on Internal Control dated April 4, 2024, which is an integral part of our engagement to audit and should be read in conjunction with this report.

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 Authority’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. We did identify certain deficiencies in internal control that we consider to be *significant deficiency*, as listed on the *significant deficiency* in our separately issued Memorandum on Internal Control dated April 4, 2024, which is an integral part of our engagement to audit and should be read in conjunction with this report.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Authority, 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 of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our engagement to 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*, described as item #2019-004 in the separate Memorandum on Internal Control dated April 4, 2024, which is an integral part of our engagement to audit and should be read in conjunction with this report. However, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, additional instances of noncompliance or other matters may have been identified and reported herein.

Authority's Response to Findings

The Authority's response to the findings identified in our engagement to audit are described in our separately issued Memorandum on Internal Control dated April 4, 2024, which is an integral part of our engagement to audit and should be read in conjunction with this report. The Authority's response was not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Pleasant Hill, California
April 4, 2024

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Commissioners of
Richmond Housing Authority
Richmond, California

Report on Compliance for Each Major Federal Program

We have audited the Richmond Housing Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended June 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our adverse opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Adverse Opinion on AL# 14.871 Housing Voucher Cluster - Section 8 Housing Choice Vouchers Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding AL #14.871 Housing Choice Voucher Cluster - Section 8 Housing Choice Vouchers Program as described in finding numbers SA2019-001, SA2019-002, SA2019-003, SA2019-004, SA2019-005, SA2019-006, SA2019-007 and SA2019-008 for Eligibility, Special Tests and Provisions, Reporting and Internal Control. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Adverse Opinion on AL #14.871 Housing Voucher Cluster - Section 8 Housing Choice Vouchers Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Authority did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the AL #14.871 Housing Voucher Cluster - Section 8 Housing Choice Vouchers Program for the year ended June 30, 2019.

Basis for Adverse Opinion on AL #14.850 Public and Indian Housing Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding AL #14.850 Public and Indian Housing Program as described in finding numbers SA2019-008, SA2019-009, SA2019-010 and SA2019-011 for Internal Control, Allowable Costs, Eligibility and Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Adverse Opinion on AL #14.850 Public and Indian Housing Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Authority did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the AL #14.850 Public and Indian Housing Program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA2019-001 to SA2019-011 to be material weaknesses.

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

The Authority's response to the internal control over compliance findings identified in our audit are described in the *corrective action plan* separately issued by the Authority. The Authority's response was not subjected to the 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 were engaged to audit the financial statements of the business-type activities and the aggregate discretely presented component units, of the Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 4, 2024, which contained disclaimers of opinions on those financial statements because of a lack of supporting documentation for account reconciliations and transactions and the inability to balance the financial statements and statement of cash flows. Our engagement to audit was conducted for the purpose of forming an opinion 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 financial statements. Because of the significance of the matters described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Maye & Associates

Pleasant Hill, California

July 31, 2024

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