



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Single Audit
 For the Year Ended June 30, 2021

Release Date: June 8, 2022

FINDINGS THIS AUDIT: 5				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	1	1	2015		21-1	
Category 2:	3	1	4	2011		21-3	
Category 3:	0	0	0				
TOTAL	3	2	5				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

This digest covers our Single Audit of the Illinois Housing Development Authority (Authority) for the year ended June 30, 2021. A separate Financial Audit as of and for the year ended June 30, 2021, was previously released on March 29, 2022. A separate Compliance Examination for the year ended June 30, 2021 will be released at a later date. In total, this report contains 5 findings, 2 of which were reported in the Financial Audit.

SYNOPSIS

- (21-3) The Authority did not follow its established policies and procedures for monitoring subrecipients of the Section 8 Project-Based program.
- (21-4) The Authority did not follow its established policies and procedures for rental assistance payments under the Coronavirus Relief Fund.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO FOLLOW ESTABLISHED SUBRECIPIENT
MONITORING PROCEDURES FOR THE SECTION 8
PROJECT-BASED CLUSTER PROGRAM**

**Monitoring procedures
not followed**

The Authority did not follow its established policies and procedures for monitoring subrecipients of the Section 8 Project-Based (Section 8) program.

The Authority has implemented procedures whereby program staff perform periodic on-site inspections and desk reviews of subrecipients' compliance with regulations applicable to the Section 8 Cluster program administered by the Authority. These reviews are formally documented and include the issuance of a report of the review results to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or observations for improvement noted. The Authority's policies require the subrecipient file to be closed within 90 days of the subrecipient being notified of any findings.

**Responses were not received
timely or at all**

During our test work over monitoring review procedures performed for 8 subrecipients (with expenditures of \$12,670,919) of the Section 8 Cluster program, we noted the Authority has not established adequate control activities to ensure its monitoring procedures were followed in communicating the results of its monitoring reviews. Specifically we noted the Authority did not receive adequate responses to the findings of two subrecipients (with expenditures totaling \$1,560,425) in a timely manner. One response was received 32 days after receiving results and review and for the second exception the subrecipient did not provide a response and was closed out with open findings at 57 days (30 day requirement). (Finding 3, pages 20-21) **This finding has been repeated since 2011.**

**Authority agrees with the
auditors**

We recommended the Authority ensure monitoring files are completed and closed in accordance with established policies and procedures.

Authority officials agreed with the recommendation.

**FAILURE TO OBTAIN PROPER SUPPORT FOR
LANDLORD PAYMENTS**

The Authority did not follow its established policies and procedures for rental assistance payments under the Coronavirus Relief Fund.

The Authority has implemented procedures whereby program staff perform eligibility reviews of applications for rental assistance provided via the Authority hosted, web-based portal. The tenant fills out their responses in the portal including an email

for the landlord which then prompts a link for the landlord to fill out their portion of the application.

\$5,000 was erroneously paid to the landlord for unpaid rent

During our test work over procedures performed for 30 renters (for a total sample of \$150,000 in disbursements) of the Coronavirus Relief Fund, we noted the Authority has not established adequate control activities to ensure review procedures were followed. We noted the Authority did not receive adequate documentation for unpaid rent in one instance (with a disbursement of \$5,000). Specifically, rent was current per the rent roll, the landlord indicated there was no unpaid rent, but a payment was made to the landlord for unpaid rent. (Finding 4, pages 22-23)

We recommended the Authority ensure the Coronavirus Relief Fund program is operated in accordance with statutes, regulations, and the grant agreement.

Authority agrees with the auditors

Authority officials agreed with the recommendation.

OTHER FINDINGS

The remaining federal compliance finding relating to the Authority not timely communicating all required program information to subrecipients of the Coronavirus Relief Fund is reportedly being given attention by Authority personnel. We will review the Authority's progress toward the implementation of our recommendations in our next Single Audit.

AUDITOR'S OPINIONS

The financial audit report was previously released. The auditors stated the financial statements of the Authority as of and for the year ended June 30, 2021, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the Authority as required by the Uniform Guidance. The auditors stated the Authority complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Authority's major programs for the year ended June 30, 2021.

This Single Audit was conducted by CliftonLarsonAllen LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:TLK