

**STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

Federal Single Audit
(In Accordance with the Single Audit Act
and Applicable Federal Regulations)
Year Ended June 30, 2021

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois



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AUDIT, TAX, AND CONSULTING

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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**STATE OF ILLINOIS
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AGENCY OFFICIALS
YEAR ENDED JUNE 30, 2021**

BOARD OFFICERS

Chairman (07/11/16 – Present)	Mr. King Harris
Vice Chair (10/21/05 – 07/17/20)	Ms. Karen Davis
Vice Chair (03/13/17 – Present)	Ms. Luz Ramirez
Secretary (02/25/13 – Present)	Mr. Salvatore Tornatore
Treasurer (10/21/19 – Present)	Mr. Darrell Hubbard
Member (09/25/20 – 05/05/21)	Dr. Rita Ali
Member (10/21/19 – Present)	Ms. Sonia Berg
Member (01/10/20 – Present)	Ms. Aarti Kotak
Member (11/19/19 – Present)	Mr. Tom Morsch

AGENCY OFFICIALS

Executive Director	Ms. Kristin Faust
Assist. Executive Director/Chief of Staff	Mr. Herman Brewer
Deputy Executive Director (as of 8/18/20)	Ms. Karen Davis
General Counsel	Ms. Maureen G. Ohle
Chief Information Officer	Mr. Scot Berkey
Chief Financial Officer	Mr. Edward Gin
Deputy Chief Financial Officer/ Assistant Treasurer	Ms. Tracy Grimm
Controller	Mr. Timothy J. Hicks
Chief Internal Auditor (as of 12/15/2020)	Ms. Christina Monroe
Chief Internal Auditor (07/20-12/14/20)	Vacant

Agency Officials are located at:

111 East Wacker Drive, Suite 1000
Chicago, Illinois 60601

**STATE OF ILLINOIS
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SUMMARY
YEAR ENDED JUNE 30, 2021**

Summary

The compliance testing performed during this audit of the Authority was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance), and *Government Auditing Standards*.

Auditors' Report

The Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

Number of	<u>Current Report</u>	<u>Prior Report(s)</u>
Findings	5	3
Repeated Findings	2	2
Prior Recommendations Implemented or Not Repeated	1	1

Details of findings are presented in this report.

**Schedule of Findings and Questioned Costs
Findings (*Government Auditing Standards*)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2021-001	12	2020/2015	Inaccurate Financial Reporting	Material Weakness
2021-002	20	New	Inadequate Controls over Investments	Significant deficiency

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Findings (*Federal Compliance*)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2021-003	21	2020/2011	Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project Based Cluster Program	Significant deficiency and noncompliance
2021-004	23	New	Failure to Obtain Proper Support for Landlord Payments	Significant deficiency and noncompliance
2021-005	25	New	Failure to Notify Timely Subrecipients of Federal Funding	Significant deficiency and noncompliance

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Prior Year Findings Not Repeated (*Government Auditing Standards*)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<i>None</i>				

Prior Year Findings Not Repeated (Federal Compliance)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2020-003	27	2020/2020	Failure to Approve Weekly Payroll Reports	Significant deficiency and noncompliance

**STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SUMMARY
YEAR ENDED JUNE 30, 2021**

Exit Conference

On April 29, 2022, the Illinois Housing Development Authority waived the exit conference relating to the Single Audit.

The responses to the recommendations were provided by Tim Hicks, Controller, in an email dated April 29, 2022.



**INDEPENDENT AUDITORS' 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***

Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
The Board of Directors
Illinois Housing Development Authority

As Special Assistant Auditors for the Auditor General, 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 Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Authority's 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 the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.

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 consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Illinois Housing Development Authority's Responses to the Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 11, 2022



**INDEPENDENT AUDITORS’
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF FEDERAL AND
NONFEDERAL FINANCIAL ACTIVITY**

Honorable Frank J. Mautino
Auditor General of the State of Illinois and
Board of Directors
Illinois Housing Development Authority

Report on Compliance for Each Major Federal Program

As Special Assistant Auditor for the Audit General, we have audited the Illinois Housing Development Authority’s (the 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 the Authority’s major federal programs for the year ended June 30, 2021. The Authority’s major federal programs are identified in the summary of auditors’ 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.

Auditors’ 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

Honorable Frank J. Mautino
Auditor General of the State of Illinois and
Board of Directors
Illinois Housing Development Authority

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

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 2021-003, 2021-004, and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

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.

Honorable Frank J. Mautino
Auditor General of the State of Illinois and
Board of Directors
Illinois Housing Development Authority

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003, 2021-004, and 2021-005, that we consider to be significant deficiencies.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 and the Report on the Schedule of Federal and Nonfederal Financial Activity

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 Authority, a component unit of the state of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated March 11, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted 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. In addition, the accompanying Schedule of Federal and Nonfederal Financial Activity is presented for the purposes of additional analysis and is not a required part of the 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 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, and the Schedule of Federal and Nonfederal Financial Activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
May 24, 2022

**STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major federal programs: Unmodified

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

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee: Yes X No

**STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS
YEAR ENDED JUNE 30, 2021**

Finding 2021-001 – Inaccurate Financial Reporting

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process and the recording of financial transactions within its books and records.

During the year under audit, financial reporting problems continued to exist as the Authority failed to establish proper oversight and monitoring procedures to ensure the financial statements were properly prepared and presented. As a result, the draft financial statements prepared by management and provided to the auditors contained material errors which required numerous adjustments to the financial statements and footnotes.

During our review of the Authority's interim financial statements, we noted the Authority was initially recording all federal funding for the Emergency Rental Assistance Program Fund and the Coronavirus Urgent Remediation Emergency Fund as program revenue without having incurred any expenses. Program revenue not earned should have been recorded as a liability and recorded as revenue once earned. Due to these errors in the recording of these program revenues during the year, the Authority's major governmental fund determinations were impacted which resulted in the Authority not identifying the Build Illinois Bond Program Fund as a major governmental fund. Upon review of the final trial balance, the Authority attempted to correct the balances but did not make the correct entries to appropriately recognize the program revenue to match the Authority's program expenses. The following correcting entries were made to the Emergency Rental Assistance Program Fund and the Coronavirus Urgent Remediation Emergency Fund to correct program revenue:

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Coronavirus Urgent Remediation Emergency Fund	Unearned Revenue	\$ -	\$ (6,185,872)	\$ (6,185,872)
	Federal Program Revenue	(173,038,000)	(166,852,128)	6,185,872
Emergency Rental Assistance Program Fund	Unearned Revenue	(213,086,446)	(205,356,453)	7,729,993
	Federal Program Revenue	(103,971,429)	(111,701,422)	(7,729,993)

The following errors noted during the audit were corrected by the Authority after we brought them to their attention:

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Miscellaneous Fees	\$ (58,353)	\$ (72,366)	\$ (14,013)
	Unrestricted Equity	(256,140,082)	(256,126,069)	14,013
	Other Miscellaneous Expenses	(97,186)	1,117,113	1,214,299
	Miscellaneous Payable	(2,509,980)	(2,503,497)	6,483
	Admin Fund Accounts Payable	(3,244,393)	(4,465,175)	(1,220,782)
	Safekeeping Account	(6,383,073)	-	6,383,073
	Bond Pledged Security Account	351,202	-	(351,202)
	Access 4% DPA Safekeeping	6,000,000	-	(6,000,000)
	TBA Op Inc Safekeeping	31,871	-	(31,871)
	Bond Pledged Cash Account	(33,000)	-	33,000
	Cash DDA	78,078,511	78,045,511	(33,000)

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CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS
YEAR ENDED JUNE 30, 2021**

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Investment Discount Amortization	\$ 65,870,250	\$ (30,484,352)	\$ (96,354,602)
	Investment Premium Amortization	(65,091,779)	31,262,823	96,354,602
	TBA Securities Value - Asset	-	652,901	652,901
	TBA Securities Value - Liability	652,901	-	(652,901)
	Allowance for Estimated Losses	(16,005,577)	(5,656,843)	10,348,734
	Provisions for Estimated Losses on Loans	11,580,535	1,231,801	(10,348,734)
	Intercompany Transfers	24,610,404	49,800,404	25,190,000
	Due To Administrative Fund	(10,546,938)	(35,736,938)	(25,190,000)
Mortgage Loan Program Fund	Allowance for Estimated Losses	(2,793,678)	(3,572,335)	(778,657)
	Provisions for Estimated Losses on Loans	(1,466,918)	(688,261)	778,657
Single Family Program Fund	Bonds Payable	(253,530,000)	(251,235,000)	2,295,000
	Current Bonds Payable	(7,625,000)	(9,920,000)	(2,295,000)
	Allowance for Estimated Losses	(2,037,823)	(2,605,808)	(567,985)
HOME Program	Provisions for Estimated Losses on Loans	(148,847)	419,138	567,985
	Allowance for Estimated Losses	(22,706,038)	(29,034,699)	(6,328,661)
Build Illinois Bonds	Prov for Est Losses on Loans	(3,993,424)	2,335,237	6,328,661
	Allowance for Estimated Losses	(3,462,522)	(4,427,601)	(965,079)
Nonmajor Governmental Program Fund - ARRA	Provisions for Estimated Losses on Loans	30,371	995,450	965,079
	Allowance for Estimated Losses	(5,855,300)	(7,487,298)	(1,631,998)
Nonmajor Governmental Program Fund - Neighborhood Stabilization Fund	Provisions for Estimated Losses on Loans	580,859	2,212,857	1,631,998
	Allowance for Estimated Losses	(56,809)	(72,643)	(15,834)
Nonmajor Governmental Program Fund - Community Development Block Grant	Provisions for Estimated Losses on Loans	(2,760)	13,074	15,834
	Allowance for Estimated Losses	(71,220)	(91,071)	(19,851)
Nonmajor Governmental Program Fund - National Housing Trust Fund	Provisions for Estimated Losses on Loans	(773,469)	(753,618)	19,851
	Allowance for Estimated Losses	(145,908)	(186,576)	(40,668)
Program Grants	Provisions for Estimated Losses on Loans	54,265	94,933	40,668
	Loans Receivable	12,211,342	9,924,862	(2,286,480)
	Program Grants	-	2,286,480	2,286,480

- The Authority did not properly classify parts of cash and cash equivalents and investments as restricted and unrestricted in the Statement of Net Position resulting in a reclassification of \$99.8 million of cash to unrestricted and a reclassification of \$2.1 million of investments to non-current unrestricted.
- The Authority did not properly classify the fair market value adjustments between the Administrative Fund and the Single Family Fund resulting in a reclassification of \$2.1 million from the Single Family Fund to the Administrative Fund.
- Within the Statement of Cash Flows, the Authority incorrectly reported the following amounts:

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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YEAR ENDED JUNE 30, 2021**

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Receipts for state assistance programs	\$ -	\$ 451,000	\$ 451,000
	Payments for state assistance programs	-	(451,000)	(451,000)
	Payments for program grant	(19,136,000)	(18,686,000)	450,000
	Other Receipts	5,505,000	5,055,000	(450,000)
	Purchases of investments	(3,662,746,000)	(1,886,225,000)	1,776,521,000
	Proceeds from sales and maturities of investments	1,877,403,000	2,024,966,000	147,563,000
	Interest received on investments	1,932,688,000	8,604,000	(1,924,084,000)
Mortgage Loan Program Fund	Purchases of investments	(979,283,000)	(507,017,000)	472,266,000
	Proceeds from sales and maturities of investments	977,681,000	505,802,000	(471,879,000)
	Interest received on investments	2,241,000	1,854,000	(387,000)
Single Family Program Fund	Purchases of investments	(439,250,000)	(824,890,000)	(385,640,000)
	Proceeds from sales and maturities of investments	358,996,000	744,636,000	385,640,000

- Within the Statement of Net Position for the Administrative Fund under Business-Type Activities, the Authority incorrectly reported the following amounts:

Fund	Business-Type Activities	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Cash and cash equivalents-restricted	\$ 251,679,000	156,352,000	\$ (95,327,000)
	Cash and cash equivalents	—	95,327,000	95,327,000

- Within the Statement of Activities for the Administrative Fund, the Authority incorrectly grouped the following amounts:

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Charges for Services and Interest	\$ (28,189,000)	\$ (28,640,000)	\$ (451,000)
	Operating Grant/Federal	(39,491,000)	(39,040,000)	451,000

- Within the Statement of Net Position and the Combining Schedule of Net Position for the Mortgage Loan Program Fund, the Authority incorrectly grouped the following amounts:

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Mortgage Loan Program Fund	Deposits held in escrow	\$ 1,003,000	\$ -	\$ (1,003,000)
	Accrued liabilities and other	117,000	1,120,000	1,003,000

Uncorrected misstatements:

Within the statement of net position, the Authority did not book adjustments related to the following amounts (i.e. uncorrected misstatements):

Fund	Account Description	Uncorrected Misstatements
Administrative Fund	Investment Income	\$ 4,632,605
	Beginning Net Position	(4,632,605)
	Other Miscellaneous Expenses	(1,214,299)
	Ending Net Position	1,214,999
	Investments	934,697
	Ending Net Position	(934,697)
	Restricted Ending Net Position	5,894,900
	Unrestricted Ending Net Position	(5,894,900)

**STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS
YEAR ENDED JUNE 30, 2021**

Fund	Account Description	Uncorrected Misstatements
Single Family Program Fund	Investments	\$ (3,343,561)
	Ending Net Position	3,343,561
National Housing Trust Fund	Program Grants	(455,570)
	Beginning Net Position	455,570

Errors/Omissions from Required Financial Statement Disclosures Identified:

Additionally, the following were errors noted within the Management Discussion Analysis (MD&A) and footnote disclosures of the financial statements which were all corrected by the Authority:

- The Authority failed to present condensed financial information within the MD&A as required by governmental reporting standards to include items such as total assets, distinguishing between capital and other assets; total liabilities, distinguishing between long-term liabilities and other liabilities; total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts, program revenues, by major source, general revenues, by major source, total revenues, program expenses, at a minimum by function, total expenses, transfers, and change in net assets.
- Within footnote 1 of the financial statements, the Authority did not disclose required governmental reporting disclosure requirements regarding enabling legislation restrictions of the Authority's net position as of year-end.
- Within footnote 3 of the financial statements, the Authority:
 - Did not disclose total cash and cash equivalents of \$1.15 billion consisting of cash equivalents held in investments of \$882 million and cash of \$269.5 million.
 - Incorrectly reported cash & cash equivalents held in investments over interest rate risk by including cash as part of the sweep accounts resulting in an error of \$617.3 million, an error of \$334.9 million for restricted cash equivalents held in sweep accounts, and an error of \$12.9million in unrestricted cash equivalents held in sweep accounts.
 - Incorrectly reported the cash carrying value and bank balance resulting in an error of \$348 million and \$333 million.
 - Incorrectly reported fair value measurements over investments for the following:

Investments	Originally Reported Amount	Correct Amount	Difference
Federal National Mortgage Association	\$ 474,863,000	\$ 474,544,000	\$ (319,000)
Government National Mortgage Association	677,905,000	677,390,000	(515,000)
Federal Home Loan Mortgage Corp.	39,821,000	40,655,000	834,000

- Within footnote 4 of the financial statements, the Authority:
 - Incorrectly reported the proprietary funds interfund receivable to and payable for the following below:

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Item	Originally Reported Amount	Correct Amount	Difference
Administrative Payable due to Mortgage Loan Program	\$ 10,366,000	\$ 33,526,000	\$ 23,160,000
Administrative Payable due to Single Family Program due to Administrative	-	2,031,000.00	2,031,000
Single Family Program due to Mortgage Loan Program	33,387,000	58,578,000.00	25,191,000
Single Family Program due to Single Family	23,160,000	-	(23,160,000)
Single Family Program due to Single Family	2,031,000	-	(2,031,000)

- Did not disclose within the footnotes, details about interfund transfers which should have included transfers of \$18 million, \$10.4 million, and \$5.4 million between the Mortgage Loan Program and Administrative Fund.
- Within footnote 5 of the financial statements, the Authority:
 - Incorrectly reported beginning net program receivables for governmental funds and loan repayments made during the year resulting in an error of \$5 million and \$30 thousand, respectively.
 - Incorrectly reported the total amounts of Risk Sharing loans financed through Multi-Family Revenue Bonds and Administrative Fund resulting in an error of \$1.6 million for each fund.
 - Incorrectly reported amounts related to loans in arrears for loans financed under the Mortgage Participation Certificate program where the Authority had sold 100% participation interests in loans resulting in an error of \$72 thousand in debt service payments and an error of \$479 thousand in required deposits to tax and insurance and/or replacement reserves.
 - Did not disclose loans financed under the Mortgage Loan Program Funds for amounts equal to more than three months debt service payments of \$507 thousand or required deposits to tax and insurance and/or replacement reserves of \$1 million.
 - Did not disclose the nonaccrual of interest income on mortgage loans of \$5.8 million and annual interest of \$108 thousand within the Administrative Fund.
 - Did not disclose 17 loans for a total amount of \$121 million for sold beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program.
- Within footnote 8 of the financial statements, the Authority:
 - Incorrectly reported debt activity resulting in an error of \$1.2 billion for Single Family Program Fund for other debt.
 - Did not disclose that the 2020 Series D totaling \$1.7 million under Multifamily Revenue Bonds was a taxable bond.
 - Incorrectly reported debt service reserves resulting in an error of \$2 million for Housing Bonds, an error of \$2.5 million for Multifamily Revenue Bonds, and error of \$740 thousand for Homeowner Mortgage Revenue Bonds.
 - Utilized incorrect interest and principal amounts in calculating the future debt service requirements for the Authority's proprietary funds resulting in an error of \$35.5 million for the Single Family principal's amount and a net error of \$300 thousand for the Mortgage Loan Program's interest.
 - Incorrectly reported the Homeowner Revenue Bond interest swap for \$3 million and Revenue Bond interest swaps for \$2.9 million as deferred inflows when they should have been presented as deferred outflows and the Housing Bonds Interest Rate cap for \$12 thousand as deferred outflows when they should have been presented as deferred inflows.
 - Incorrectly reported total outstanding principal of the special limited obligations bonds for the

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Mortgage Loan Program Fund and Single Family Program Fund resulting in an error of \$50 million.

- Utilized incorrect interest principal, interest, and interest rate swap net amount in calculating debt service requirements of the Authority's outstanding variable-rate debt and net swap payments resulting in a total error of \$40 million in principal, a total error of \$195 thousand in interest, and a total error of \$6.7 million in interest rate swap, net.

- Within footnote 10 of the financial statements, the Authority did not disclose the required operating lease disclosures regarding their annual base rent amount of \$1.3 million, \$1 million of ownership taxes and operating expenses, the monthly amount of base rent abated for the first ten months of the lease of \$181 thousand per month, and the total rent expense of \$2.7 million. In addition, the Authority overstated the amount of future minimum lease commitments by \$915 thousand.

- Within footnote 12 of the financial statements, the Authority incorrectly reported payroll contributions resulting in an understatement of \$100 thousand for the Authority's contributions and an understatement of \$2.1 million for employee contributions.

- Within footnote 13 of the financial statements, the Authority incorrectly reported the series related to outstanding issuances for the Multifamily Revenue Bonds resulting in an error of \$8.6 million for the Major Jenkins series, an error of \$460 thousand for the Hebron Apartment series, and an error of \$10 million for the Maywood Support Living Facility Series.

- Within footnote 14 of the financial statements, the Authority did not disclose subsequent bond issuances for two Revenue Bonds for a combined total of \$144.3 million, and one Multifamily Revenue Bond for \$78 million.

Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires that resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as unearned revenues by recipients.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires that each fund financial statements should report separate columns for the general fund and for other major governmental and enterprise funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Any other fund may be reported as a major fund if agency officials believe that a fund is particularly important to financial statement users. Nonmajor funds should be reported in the aggregate in a separate column. Internal service funds also should be reported in the aggregate in a separate column on the proprietary fund statements. Condensed financial information derived from government-wide financial statements should present the information needed to support their analysis of financial positions and results of operations and included elements: total assets, distinguishing between capital and other assets, total liabilities, distinguishing between long-term liabilities and other liabilities, total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts, program revenues, by major source, general revenues, by major source, total revenues, program expenses, at a minimum by function, total expenses, transfers, and change in net assets. Governments that charge fund or programs (through internal service funds or the general fund) for

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“centralized” expenses, which may include an administrative overhead component, the summary of significant accounting policies should disclose they are included in direct expenses.

Governmental Accounting Standards Board (GASB) Statement No. 38, *Certain Financial Statement Note Disclosures*, requires disclosure of amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type, general description of the principal purposes of the government’s interfund transfers, and the intended purpose and the amount of significant transfers.

Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*, requires governments to disclose the portion of total net assets that is restricted by enabling legislation.

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires disclosed in the notes all operating leases, rental expense/expenditure for each period for which a flows statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals.

The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to accurately record financial transactions and accurately prepare the financial statements.

Authority management stated the misstatements related to the financial statements and footnote disclosures were mainly due to oversight, miscommunication and staff errors.

Failure to accurately record financial transactions resulted in misstatement of the Authority’s financial statements. (Finding Code No. 2021-001, 2020-001, 2019-001, 2018-003, 2017-002, 2016-001, 2015-001)

RECOMMENDATION

We recommend the Authority review its internal control policies and procedures to ensure financial transactions are accurately recorded in the general ledger and accurately reported in the financial statements and footnote disclosures.

AUTHORITY RESPONSE

Authority management agreed with the finding and stated in FY21, the Authority continued to enhance its internal control policies and procedures related to the preparation of its financial statements. The Authority management acknowledges that the financial reporting team needs to continue its efforts to focus on significantly enhancing its internal review processes to meaningfully improve the quality of the financial statements. Although some improvements have been made, miscommunications and following faulty precedent resulted in certain uncorrected misstatements.

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CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS*
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Finding 2021-002 – Inadequate Controls over Investments

The Illinois Housing Development Authority (Authority) did not have adequate controls over investments.

During our review of investments, we noted the Authority did not perform a monthly reconciliation of its investment statements to the general ledger. Although, the investments were recorded in the general ledger correctly, the Authority was unable to detect the following:

- An overstatement of 17,609,936 shares totaling \$18,015,123 on an investment statement
- Reconciling items due to timing of investment purchases at year-end totaling \$4,813,306

Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain systems of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Effective internal controls should ensure procedures are implemented to ensure that adequate monthly reconciliations are being performed between the Authority's accounting records and investment statements.

Authority management stated the bank error for investments and reconciling items were due to timing at year-end and insufficient reconciliations.

Failure to exercise adequate internal control over financial reporting by properly reporting investments of the Authority could have, if not detected and corrected, could result in a material misstatement of the Authority's financial statements. (Finding Code No. 2021-002)

RECOMMENDATION

We recommend the Authority perform monthly reconciliations of its investments recorded in the general ledger with the investment statements they receive from their investment companies.

AUTHORITY RESPONSE

Authority management agreed with the finding and stated moving forward, the Authority will further enhance its reconciliation controls to ensure that the GL balance and holdings report from the subledger is equal to the bank statement. In the future if the figures do not match, we will escalate to the bank promptly and clear the discrepancy in an efficient manner.

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Finding 2021-003 – Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project Based Cluster Program

Federal Agency: U.S. Department of Housing and Urban Development (USHUD)
Program Name: Section 8 Project-Based Cluster (Section 8)
Assistance Listing Numbers: 14.182/14.856
Award Numbers: IL901MR0001; IL901MR0003; IL901MR0004; IL901MR0006;
IL901MR0007; IL901MR0008
Program Expenditures: \$39,040,915
Questioned Costs: None

CONDITION FOUND

The Illinois Housing Development Authority (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. These reviews are formally documented and include the issuance of a report documenting the results of the review to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or performance improvement observations noted. The Authority's policies require the subrecipient file to be closed within 90 days of the subrecipient being notified of any findings.

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).

CRITERIA OR REQUIREMENT

A pass-through entity must monitor the activities of its subrecipients to ensure subawards are used for authorized purposes, comply with the terms and conditions of the subaward, and achieve performance goals (2 CFR sections 200.332(d) through (f)).

The Uniform Grant Guidance (2 CFR 200.303) requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include ensuring on-site review procedures are performed in a timely manner, are designed to monitor fiscal controls, and are performed to ensure compliance with program regulations.

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YEAR ENDED JUNE 30, 2021**

CAUSE:

Authority officials stated due to staff changes during the fiscal year, certain staff were not familiar with required processes and timeline requirements.

POSSIBLE ASSERTED EFFECT

Failure to adequately follow on-site monitoring procedures may result in subrecipients not properly administering the Section 8 Cluster program in accordance with statutes, regulations, and the grant agreement.

REPEAT FINDING

A similar finding was reported in the prior year audit as finding 2020-002. (Finding Code No. 2021-003, 2020-002, 2019-006, 2018-007, 2017-004, 2016-007, 2015-007, 2014-003, 2013-005, 12-05, 11-11)

STATISTICAL SAMPLING

This sample was not intended to be, and was not, a statistically valid sample.

RECOMMENDATION

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

AUTHORITY RESPONSE

The Authority has implemented several new policies and procedures to strengthen controls surrounding the sub monitoring process. All staff are scheduled to complete a full monitoring cycle and have been scheduled for additional trainings. Additionally, weekly team meetings are conducted, and the Authority has updated its written procedures to address the sub monitoring deficiencies. Management and Supervisors will be responsible for weekly quality control tasks that include, reviewing system reports, weekly one on one meetings with the Assistant Director and any staff. The quality control and one on one meetings will be used to reduce and eliminate delayed submissions, closeouts, and notification letters. The Supervisors will run internal reports weekly to identify what inspections are due and ensure they are submitted timely.

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YEAR ENDED JUNE 30, 2021**

Finding 2021-004 – Failure to Obtain Proper Support for Landlord Payments

Federal Agency: U.S. Department of the Treasury (Passed through the State of Illinois)
Program Name: Coronavirus Relief Fund (CRF)
Assistance Listing Number: 21.019
Award Number: SLT0042
Program Expenditures: \$330,621,446
Questioned Costs: \$5,000

CONDITION FOUND

The Illinois Housing Development Authority (the Authority) did not follow its established policies and procedures for rental assistance payments under the Coronavirus Relief Fund (CRF).

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.

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 its 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.

CRITERIA OR REQUIREMENT

The *Federal Register* (86 FR 4182) and its Frequently Asked Questions (FAQs) serve as the Department of the Treasury's guidance to be used for payments from the Coronavirus Relief Fund. FAQ #23 in 86 FR 4182 states that CRF payments may be used to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency, and that if a government determines such assistance to be a necessary expenditure, such assistance could include a program to assist individuals with payment of overdue rent.

The Uniform Grant Guidance (2 CFR 200.303) requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure applications are reviewed, and past due / unpaid rent is verified and documented.

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CAUSE

The Authority's management stated exceptions were due to application reviewer oversight.

POSSIBLE ASSERTED EFFECT

Failure to adequately follow procedures for application review may result in the Authority not properly administering the Coronavirus Relief Fund in accordance with statutes, regulations, and the grant agreement and could lead to landlords receiving funds they are not entitled to resulting in questioned costs. (Finding Code No. 2021-004)

STATISTICAL SAMPLING

This sample was not intended to be, and was not, a statistically valid sample.

RECOMMENDATION

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

AUTHORITY RESPONSE

The Authority is in agreement. While the emergency rental assistance program funded with CRF dollars and has since concluded, IHDA will consider this finding in any future similar program design and implementation to ensure appropriate quality control practices are put in place. Further, the Authority will continue to provide training to employees and/or contractual workers who perform eligibility reviews of applications for rental assistance provided via the Authority to ensure consistency.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS - FEDERAL COMPLIANCE
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Finding 2021-005 – Failure to Notify Timely Subrecipients of Federal Funding

Federal Agency: U.S. Department of the Treasury (Passed through the State of Illinois)
Program Name: Coronavirus Relief Fund (CRF)
Assistance Listing Number: 21.019
Award Number: SLT0042
Program Expenditures: \$330,621,446
Questioned Costs: None

CONDITION FOUND

The Illinois Housing Development Authority (the Authority) did not communicate timely all required federal program information to subrecipients of the Coronavirus Relief Fund (CRF).

During our testwork over ten CRF subrecipients (with expenditures totaling \$486,351), we noted the Authority did not communicate timely the Assistance Listing Number to the subrecipients. The Assistance Listing Number was communicated to subrecipients 266 days after the contract was awarded.

CRITERIA OR REQUIREMENT

The Uniform Guidance (2 CFR section 200.331 (a)) requires all pass through entities ensure that every subaward is clearly identified to the subrecipient as a subaward and include information to comply with Federal statutes, regulations, and the terms and conditions of the award. The required information includes the subrecipient's DUNS number, Assistance Listing Number and name, federal award date, and further additional requirements. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

Additionally, the Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal control should include procedures to ensure required information is communicated prior to the issuance of the subaward.

CAUSE

The Authority's management stated these exceptions were due to operational oversight.

POSSIBLE ASSERTED EFFECT

Failure to notify subrecipients of all required federal award information could result in subrecipients improperly omitting expenditures from their schedules of expenditures of federal awards, expending federal funds for unallowable purposes, or not receiving a single audit in accordance with Uniform Grant Guidance. (Finding Code No. 2021-005)

STATISTICAL SAMPLING

This sample was not intended to be, and was not, a statistically valid sample.

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RECOMMENDATION

We recommend the Authority ensure subrecipients of the Coronavirus Relief Fund (CRF) are notified the funds received are federally funded and the Assistance Listing Number is identified in accordance with statutes, regulations, and the grant agreement.

AUTHORITY RESPONSE

The Authority is in agreement. While the emergency rental assistance program funded with CRF dollars and has since concluded, IHDA will consider this finding in any future similar program design and implementation to ensure appropriate quality control practices are put in place. The Authority agrees and will ensure that all required federal program funding is consistently and clearly identified to all potential sub-recipient when a request for applications is released. The Authority has established an internal protocol to provide the best information, and this has been applied to subsequent similar federal programs.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PRIOR YEAR FINDINGS NOT REPEATED
YEAR ENDED JUNE 30, 2021**

A. Finding 2020-003 – Failure to Approve Weekly Payroll Reports

The Illinois Housing Development Authority (the Authority) did not approve Weekly Attendance Reports used to prepare payroll vouchers during the fiscal year ended June 30, 2020.

Disposition:

During the current year examination, we noted the Authority improved its internal controls over the approval of Weekly Attendance Reports used to prepare payroll vouchers. (Finding Code No. 2020-003)

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Agency/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass Through to Subrecipients
U.S. Department of Housing and Urban Development:				
Section 8 New Construction and Substantial Rehabilitation	14.182		\$ 35,367,888	\$ 34,598,494
Lower Income Housing Assistance Program - Section 8 Moderated Rehabilitation	14.856		3,673,027	3,276,706
Total Section 8 Project-Based Cluster			39,040,915	37,875,200
HOME Investment Partnerships Program:				
Beginning loan balances			300,490,954	300,490,954
Administrative expenditures	14.239		121,184	—
Administrative expenditures - program income	14.239		2,279,104	—
Current year loan disbursements - program income	14.239		1,848,611	1,848,611
Current year loan disbursements	14.239		13,900,606	13,900,606
Total HOME Investment Partnerships Program			318,640,459	316,240,171
National Housing Trust Fund:				
Administrative expenditures	14.275		459,285	—
Current year loan disbursements	14.275		4,797,414	4,797,414
Grant Expenditures	14.275		1,830,911	1,830,911
Total National Housing Trust Fund:			7,087,610	6,628,325
Section 811 Project Rental Assistance Program:				
Administrative expenditures	14.326		98,850	—
Grant expenditures	14.326		960,746	960,746
Total Section 811 Project Rental Assistance Program			1,059,596	960,746
Passed through the State of Illinois:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		B-08-DN-17-0001 & B-11-DN-17-0001		
Grant Expenditures	14.228		380,324	380,324
Total CDBG - State Administered Small Cities Program Cluster			380,324	380,324
U.S. Department of the Treasury:				
Passed through the State of Illinois:				
COVID-19 Coronavirus Relief Fund		NA		
Administrative expenditures	21.019		10,742,024 *	—
Grant Expenditures	21.019		319,879,422 *	2,405,243
Total COVID-19 Coronavirus Relief Fund			330,621,446	2,405,243
Passed through the State of Illinois:				
COVID-19 Emergency Rental Assistance Program		21-341111		
Administrative expenditures	21.023		7,068,477 *	—
Grant Expenditures	21.023		93,367,496 *	1,274,807
Passed through DuPage County:				
Administrative expenditures	21.023	NA	260,285 *	—
Grant Expenditures	21.023		4,161,669 *	—
Passed through Will County:				
Administrative expenditures	21.023	NA	267,485 *	—
Grant Expenditures	21.023		4,523,064 *	—
Passed through Kane County:				
Administrative expenditures	21.023	NA	133,743 *	—
Grant Expenditures	21.023		1,919,200 *	—
Total COVID-19 Emergency Rental Assistance Program			111,701,419	1,274,807
Total			\$ 808,531,769	\$ 365,764,816

*Cluster, program, or award tested as a major program.
See accompanying notes to the schedule of expenditures of federal awards.

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) summarizes the federal awards expended by the Authority for the year ended June 30, 2021.

NOTE 2 BASIS OF ACCOUNTING

The Schedule is presented on the accrual basis of accounting for proprietary funds and modified accrual basis of accounting for governmental funds.

For the Proprietary Fund, the types of costs that are found in this Fund are Grant Expenditures, Mortgage Loan Subsidies, Housing Assistance Payments and Administrative Fees.

For the Government Funds, the types of costs that are found in this Fund are Grant Expenditures, Program Loans, Recaptured Funds (Program Income), and Administrative Fee Reimbursements.

Amounts reported as expenses in the Schedule include \$2,279,104 in administrative expenditures funded by fees collected (program income) by the Authority.

NOTE 3 FEDERAL LOAN PROGRAM

The HOME program is administered directly by the Authority and balances and transactions relating to this program are included in the Authority's financial statements. Loans made by the Authority to eligible subrecipients under the HOME program during the fiscal year ended June 30, 2021, was \$15,749,217.

The balance of loans outstanding under the HOME program was \$312.1 million and \$300.5 million on June 30, 2021, and 2020, respectively. The Authority received administrative fees of \$2.4 million under the HOME program during the fiscal year ended June 30, 2021. The balance of loans outstanding on June 30, 2021, consist of the following amounts (in thousands):

Outstanding balance as of 7/1/20	\$ 300,491
Loans Disbursed	15,749
Principal Write Off	(48)
Repayments, Net of Interest	(4,114)
Outstanding balance as of 6/30/21	<u>\$ 312,078</u>

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 4 INDIRECT COSTS

The Authority does not use the de minimus indirect cost rate permitted under the Uniform Guidance or have a negotiated indirect cost rate. The Authority has a Cost Allocation Plan with HUD, the Authority's cognizant agency, which dictates how indirect costs are charged to the government funded programs.

The current Cost Allocation Plan was submitted to HUD in April 2013.

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY
YEAR ENDED JUNE 30, 2021**

	Amount	Percent
Federal Expenditures (A)	\$ 508,041	75%
Nonfederal Expenditures/Expenses	165,867	25%
Total Expenditures/Expenses	673,908	100%
Plus Amount Representing Loan Loss Offset by Applied Program Income	(18,383)	
Total Expenses (B)	\$ 655,525	

Source:

- (A) Schedule of Expenditures of Federal Awards (excluding beginning loan balance)
- (B) Statement of Activities for the year ended June 30, 2021

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