

Richmond Housing Authority

Richmond, California

Single Audit Reports

For the year ended June 30, 2020

Richmond Housing Authority
Single Audit Reports
For the year ended June 30, 2020
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**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**

Independent Auditor's Report

To the Commissioners
of the Richmond Housing Authority
Richmond, California

We were engaged to audit, 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 business-type activities and the aggregate discretely presented component units of the Richmond Housing Authority (Authority), a component units of the City of Richmond, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated April 10, 2025. Our report contains disclaimers of opinions on such financial statements because of unbalanced Statement of Net Position, untimely reconciliations of multiple accounts, unsupported adjustments, and missing documentation for its reported activities from RHA Housing Corporation, a component unit of the Authority.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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 weakness or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned

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Costs, we identified certain deficiencies in internal control that we consider to be material weakness. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 to be a material weakness.

Report on Compliance and Other Matters

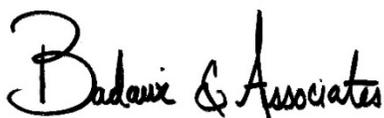
In Connection with our engagement to audit the financial statements of the Richmond Housing Authority, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other 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 the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Badawi & Associates, CPAs
Emeryville, California
April 10, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Independent Auditor's Report

To the Commissioners
of the Richmond Housing Authority
Richmond, California

Report on Compliance for Each Major Federal Program

Disclaimer of Opinion on Each Major Federal Program

We were engaged to audit 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 the Authority's major federal programs for the year ended June 30, 2020. 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.

We do not express an opinion on Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Major Federal Program. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Major Federal Program section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Major Federal Program.

Basis for Disclaimer of Opinion on Each Major Federal Program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* applicable to the Major Federal Programs as described in finding number SA2020-002 through SA2020-008. As a result of these matters, we were unable to determine whether the Authority complied with the requirements applicable to the Major Federal Programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 SA2020-001 to SA2020-008 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.

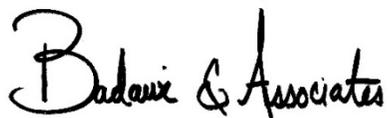
Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Richmond Housing Authority, a component units of the City of Richmond, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2025, which contained disclaimers opinions on those financial statements because of a lack of supporting documentation for account reconciliations and transactions and the inability to balance the statement of net position. Our engagement to 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. 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.



Badawi & Associates, CPAs
Emeryville, California
July 28, 2025, except for the schedule of expenditures
of federal awards on page 7, which are as of April 10, 2025

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Richmond Housing Authority
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

Grantor Agency and Grant Title	Assistance Listing Number	Pass-Through Identifying Number	Program Expenditures	Amounts Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development:</u>				
<i>Direct Program:</i>				
Public and Indian Housing	14.850	n/a	\$ 1,864,354	\$ -
Public Housing Capital Fund	14.872	n/a	1,418,331	-
Total U.S. Department of Housing and Urban Development			3,282,685	-
Total Expenditures of Federal Awards			\$ 3,282,685	\$ -

Richmond Housing Authority
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

A. 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.

B. Basis of Accounting

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 actual basis of accounting. Expenditures of federal awards reported on the Schedule of Expenditures of Federal Awards (Schedule) are recognized when incurred.

C. Relationship of Schedule of Expenditures of Federal Awards to Financial Statements

The accompanying Schedule presents the activity of all federal financial assistance programs of the Authority. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California is included in the Schedule.

The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the Authority.

D. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Authority determined that no identifying number is assigned for the program, or the Authority was unable to obtain an identifying number from the pass-through entity.

E. Indirect Costs

The Authority did not elect to use the 10% de minimis indirect cost rate.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued: Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None noted

Any noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None noted

Type of auditor's report issued on compliance for major programs Disclaimer

Any audit findings disclosed that are required to be reported in Accordance with section 200.516(a) No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster	Expenditures
14.850	Public and Indian Housing	\$ 1,864,354
14.872	Public Housing Capital Fund	1,418,331
Total Expenditures of All Major Federal Programs		\$ 3,282,685
Total Expenditures of Federal Awards		\$ 3,282,685
Percentage of Total Expenditures of Federal Awards		100.0%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? No

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II - Current Year Findings

A. Current Year Findings - Financial Statement Audit Finding

Finding 2020-001: Recording and Analyzing Activity in General Ledger Funds, Developing Monthly and Annual Reconciliation Processes and Document Maintenance and Retention

Documents supporting financial transactions should be maintained in a systematical manner to allow for future retrieval. In addition, financial information should be produced and analyzed to ensure timeliness and accuracy of account reconciliations and financial reporting.

As also noted in the prior year, activity for the Authority should be recorded in the general ledger throughout the fiscal year. Since the Authority records certain activities in a general ledger system separate from the City's "main" general ledger system (MUNIS), the activity in that system should be reconciled to the MUNIS system on at least a monthly basis. Year-end closing entries to post receivable and payable accruals should be reversed in the subsequent fiscal year, assuming the associated transactions have occurred. After initial year-end closing entries are posted for the current year, all funds should be analyzed to ensure that additional closing entries are not required prior to providing the general ledger for audit.

In addition to the out of balance issues as of June 30, 2019 discussed in prior year comment 2019-001, which affected the beginning balance as of July 1, 2019, during our engagement to audit the financial statements for the year ended June 30, 2020, we noted the following conditions:

(1) As noted in Material Weakness in prior years, the Authority did not perform timely reconciliations of cash, investments and other balance sheet accounts during the fiscal year. Some of the reconciliations could not be subsequently completed due to lack of supporting documents and others had to be revised after we inquired about variances between the reconciliations and the general ledger balances provided for audit.

(2) The Authority posted many adjustments after year end in an attempt to close the books. These entries affected material revenue, expenditure, and balance sheet accounts and resulted in multiple versions of the general ledger data being provided to us. The adjustments were to right off accounts for which supporting documentation were lacking.

(3) The initial Statement of Net Position at June 30, 2020 prepared by the Authority, did not balance by \$1,362,869, with credits exceeding debits. As a result, this difference was reported as Other Debits on the Authority's Statement of Revenues, Expenses and Changes in Net Position.

(4) The Authority's tenant files were not maintained in an orderly and easy to locate manner and therefore, certain tenant files were unavailable for review upon request.

Due to these conditions, we could not obtain sufficient audit evidence to render opinions on the Authority's annual financial statements.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II - Current Year Findings, Continued

A. Current Year Findings - Financial Statement Audit Finding, Continued

Management Response: As of December 2020, dedicated staffing for the Authority has increased. The City's Finance Department designated a Senior Accountant to review, monitor, and process transactions for the Authority. Transactions include revenue and expenditure records to the General Ledger as well as bank reconciliations.

In January 2022, the City designated an additional Accountant to further support the Authority's financial operations. As of April 18, 2022, the City contracted with an additional financial consultant who is a former Finance Director at another well managed Housing Authority to provide expertise, support and training on housing authority finance related matters and reviews all financial data submitted to HUD financial systems, including audits.

The Authority is now following the City's formal monthly and year-end closing procedures to ensure that accounts are analyzed throughout the fiscal year and after the year-end closing. This ensures the inclusion of all current year activity and appropriate presentation of the financial data.

In regard to the records maintenance system, all financial records have transitioned to MUNIS, the City's financial system, which is systematic and accessible. Authority staff participate in yearly City trainings on all financial systems used including procurement, contracting, budget development, and year end close. The Authority has identified labeling deficiencies in the off-site document storage system. The Authority is evaluating options to improve access and organization.

B. Current Year Findings - Federal Award Program Audit Findings and Questioned Costs

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

Finding SA2020-001: Internal Control

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 (2020)

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, as current personnel could not respond to the processes and procedures.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 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.

Identification as a repeat finding: Yes, since 2019.

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

Management Response: The City has assigned staff to specific duties to support the Authority's financial operations. Staff have implemented new processes that align with the City's policies and procedures, while also in accordance with HUD regulations and requirements, to improve the integrity and accuracy of the Authority's financial reporting and management of federal awards. The procedures ensure separation of duties and levels of approval to handle and manage federal funds. Staff also continue to attend trainings to understand Federal statutes and regulations.

Finding SA2020-002: Lack of Supporting Documentation for Expenditures

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 (2020)

Criteria: 2 CFR part 200, subpart E, costs charged to federal funds must be allowable, reasonable, and properly documented. Costs should be adequately supported to demonstrate they were necessary and directly related to the deferral programs.

Condition: During our audit, we tested a sample of 51 transactions. Of these, 5 transactions with amount \$46,490 lacked sufficient supporting documentation to verify the nature and allowability of the expenditures.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide supporting and documentation was not properly maintained, resulting in missing records to support certain expenditures.

Effect: The Housing Authority may have charged unallowable costs to the Operating Fund, resulting in noncompliance with federal requirements.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Questioned Costs: We question the costs in the amount of \$46,490 noted above.

Recommendation: The Housing Authority should develop and implement procedures to ensure that all required documentation related to public housing expenditures is properly maintained and supported.

Staff responsible for approving and managing these records should be trained to ensure they understand and comply with applicable program requirements.

Management Response: The Authority understands and accepts the recommendation to ensure that all required documentation is maintained and accessible. The Authority staff will follow the City's processes by having management review invoices/charges for approval then will be scanned and attached to the payment records in MUNIS.

In addition, the delay in timing to review and audit these records have allowed for documents to be transferred offsite and not easily accessible.

Finding SA2020-003: 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 (2020)

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 noted that operating subsidy payments totaling \$728,553 made to Easter Hill for Richmond Village I, II, and III during fiscal year 2020 were not supported by HUD Form 52723. As a result, we were unable to determine whether the subsidy amounts were properly calculated in accordance with the requirements of 24 CFR Part 990.

Cause: Due to staffing shortage, operating subsidy payments were 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.

Questioned Costs: We question the costs in the amount of \$728,553 noted above.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Identification as a repeat finding: Yes, since 2019.

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.

Management Response: The operating subsidy payments to Easter Hill Development for the properties Richmond Village I – III are processed based on the property management’s request. The amount paid can differ from the Form 52723 which reflects the eligible amount for the calendar year ending December 31, compared to the drawn down and paid amount which is in each fiscal year ending June 30.

The City and the Authority staff require a document/invoice from Easter Hill Development to request the amount of operating subsidy to be drawn down from eLOCCS and paid via wire transfer as a pass-through payment, based on their needs and/or eligible amount set forth by HUD.

Finding SA2020-004: 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 (2020)

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 sixty tenant files for existing and new tenants for FY2020 and noted that the Authority did not maintain all required documentation. Furthermore, approximately 70% of the tenants are missing required forms, and 10 had no related forms and documents for FY2020. We also noted the reflected rent amounts did not align with the rent calculation or reexamination amount.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 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.

Identification as a repeat finding: Yes, since 2017.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Recommendation: The Housing Authority must develop procedures to ensure that all required documentation for public housing tenants is properly maintained.

Management Response: As part of ongoing efforts to strengthen file integrity and compliance standards, the Authority has implemented the following measures:

- **Standardized File Checklist:** A comprehensive checklist has been developed and is included in all resident files. This tool is designed to ensure that all required documentation is accounted for and consistently organized.
- **Dedicated File Oversight Personnel:** The Authority has hired designated staff responsible for the oversight, organization, and quality control of file documentation. These individuals will ensure ongoing compliance with HUD regulations and internal standards, as well as support audit readiness.
- **Income Certification Systemization:** All income calculations for resident certifications are now completed and documented exclusively within the Property Management system, Yardi One. This centralizes data processing, improves accuracy, and ensures a reliable audit trail for all income determinations.

Finding SA2020-005: Lack of Documented Suspension and Debarment Verification for Vendors

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 (2020)

Criteria: 24 CFR parts 180 required non-federal entities including Public Housing Authorities (PHA) must verify that vendors and contractors are not suspended or debarred prior to entering into a contract.

Condition: During our audit, we noted four vendors have no documentation to proof that vendors were not suspended or debated.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide the supporting documents.

Effect: The Housing Authority is not compliance with the suspension and debarment requirements as stated in 24 CFR part 180.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Recommendation: The Housing Authority should retain documentation that vendors are not suspended or debarred prior to awarding federally funded contracts.

Management Response: The Authority understands and accepts the recommendation that documentation of vendor suspension or debarment status must be retained. The Authority staff has followed the City’s process in verifying this information, but there was no proof retained. It has been inquired on the sufficient requirement and the understanding is that a screenshot will suffice. Staff will proceed with retaining a screenshot of vendor verification.

Finding SA2020-006: Lack of documentations for Declaration of Trust (DOT) and Declaration of Restrictive Covenants (DORC)

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 (2020)

Criteria: 24 CFR section 905 required non-federal entities including Public Housing Authorities (PHA) are required to maintain current or valid DOT or DORC recorded against all public housing properties that have received funding under the U.S. Housing Act of 1937.

Condition: During our audit, we noted the DOTs provided for certain housing properties are outdated and didn’t reflect subsequent modernization improvements.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide the supporting documents.

Effect: The Housing Authority is not compliance with the HUD requirements as stated in 24 CFR section 905.

Recommendation: The Housing Authority should maintain a list of all owned and insured properties, including land, non-residential facilities, and modernization efforts, and ensure that each property has a current and valid DOT/DORC on record.

Management Response: The Authority maintains a comprehensive list of all owned and insured assets within our Asset Repositioning strategy document. In alignment with the recommendation, the Housing Authority will establish an electronic filing system to securely store all declarations of trust. In accordance with PHI Notice 2014-14, the Housing Authority will formally request the release of the Declaration of Trust (DOT) from HUD prior to the closing or transfer of the title of any public housing property.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II - Current Year Findings, Continued

B. Current Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

Finding SA2020-007: Environmental Review

AL number: 14.850 and 14.872

AL Title: Public and Indian Housing and Public Housing Capital Fund

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2020)

Criteria: 24 CFR parts 50 and 58 required non-federal entities including Public Housing Authorities (PHA) must complete environmental reviews for all the operating and capital activities every five years. This review must result in a formal approval signed by a HUD Approving Official, such as Form HUD-7015.16, Form HUD-4128, or another acceptable format as outlined in PIH Notice 2016-22.

Condition: During our audit, we noted no environmental review approval documentation was provided for the Nevin and Hacienda properties for FY2020.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide the supporting documents.

Effect: The Housing Authority is not compliance with the environmental review requirements as stated in 24 CFR parts 50 and 58.

Recommendation: The Housing Authority should ensure that a current environmental review is completed for all applicable properties and retain the related documentation properly.

Management Response: On May 6, 2025, the Authority Board of Commissioners passed a resolution to authorize a contract for conducting a physical needs assessment of Nystrom Village and Richmond Village. This assessment aims to identify repair, maintenance, and capital improvement activities for future environmental reviews.

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Current Year Findings, Continued

B. Current Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

Finding SA2020-008: Capital Funds for Operating Costs

AL number: 14.872

AL Title: Public Housing Capital Fund

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification number and year: CA010 (2020)

Criteria: 24 CFR section 905 required Public Housing Authorities (PHA) transferred capital funds to operations under BLI 1406 are not considered obligated until the PHA has both budgeted and drawn down the funds. Funds must be budgeted under BLI 1406 (Operations), and a voucher request must be submitted in LOCCS. The amount reported in LOCCS must match the amount recorded in the PHA's accounting system.

Condition: During our audit, we noted Authority recorded capital fund transfer in its general ledger that didn't align with the LOCCS.

Cause: We understand that the staff overseeing the federal awards during fiscal year 2020 are no longer with the Authority, and therefore, the staff overseeing the federal awards subsequent to the fiscal year were unable to provide properly explanation.

Effect: The Housing Authority is not compliance with the requirements as stated in 24 CFR section 905.

Recommendation: The Housing Authority should ensure that all obligations of Capital Funds for operations (BLI 1406) are recorded in its accounting system based on the actual voucher request in LOCCS. Staff should be trained and keep track of the requirements align with the compliance.

Management Response: The Authority understands and accepts the recommendation to retain documentation for Capital Fund drawdowns. The City and Authority staff have implemented a process of providing a form that is reviewed and approved by the Authority Director before drawdowns are processed in eLOCCS. This process also ensures the separation of duties of funding requests, cash handling, and reporting.

Richmond Housing Authority
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Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section III - Prior Year Findings

A. Prior Year Findings - Financial Statement Audit Findings

Finding Reference Number: 2019-001 Recording and Analyzing Activity in General Ledger Funds, Developing Monthly and ANNUAL Reconciliation Processes and Document Maintenance and Retention

Criteria: General ledger activity should be recorded systematically and in a timely manner throughout the fiscal year. Monthly and year-end reconciliations of balance sheet accounts—such as cash, investments, receivables, and payables—must be performed and supported by documentation to ensure the accuracy and completeness of financial reporting. Reconciliations should align with the City’s primary accounting system (MUNIS), and year-end closing entries should be reversed in the subsequent year as appropriate. Financial records must be maintained in an organized and retrievable manner.

Condition: During the audit for FY2019, the following conditions were noted:

- 1) The Authority did not perform timely reconciliations of cash, investments and other balance sheet accounts during the fiscal year. Some of the reconciliations could not be subsequently completed due to lack of supporting documents and others had to be revised after we inquired about variances between the reconciliations and the general ledger balances provided for audit.
- 2) The Authority posted many adjustments after year end in an attempt to close the books. These entries affected material revenue, expenditure, and balance sheet accounts and resulted in multiple versions of the general ledger data being provided to us. Included in these entries was an adjustment to write off a loan receivable in the amount of \$9,146,374 that was found to be incorrect. The Authority could not provide sufficient documentation or explanations with regard to the other entries.
- 3) The initial Statement of Net Position at June 30, 2019 prepared by the Authority, did not balance by \$5,488,610, and after the adjustments noted above and multiple revised general ledger reports were provided, the Statement did not balance by \$6,589,113 with credits exceeding debits. As a result, this difference was reported as Other Debits on the Authority’s Statement of Revenues, Expenses and Changes in Net Position.
- 4) The Statement of Cash Flows for the year ended June 30, 2019 prepared by the Authority, did not balance by \$6,589,113. As a result, this difference was reported as Other Debits on the Authority’s Statement of Cash Flows.
- 5) The Authority’s tenant files were not maintained in an orderly and easy to locate manner and therefore, certain tenant files were unavailable for review upon request.

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Section III – Prior Year Findings, Continued

A. Prior Year Findings – Financial Statement Audit Findings, Continued

Cause: The Authority experienced substantial staff turnover during fiscal year 2018 that continued into 2019 and thereafter. As a result, supporting documents stored in the Authority’s office could not be located by current staff. In addition, due to delay of the year-end close in the prior year and limitations of the Authority’s accounting system, the accountant in the City of Richmond who kept the books for the Authority had to create an Excel spreadsheet to capture the year-end closing entries for fiscal year ended June 30, 2019, separate from the MUNIS general ledger. This accountant departed the City in October 2020 and after her departure, the Authority found it difficult to provide documents to support the year-end closing entries.

Effect: Due to these conditions, we could not obtain sufficient audit evidence to render opinions on the Authority’s annual financial statements.

Recommendation: The City and/or Authority staff must develop formal monthly and year-end closing procedures to ensure that accounts are analyzed throughout the fiscal year and after the year-end closing to ensure that they include all current year activity, and the presentation is appropriate. The Authority must also develop a records maintenance system that is systematic and accessible. Once the system is developed, Authority staff should be educated on the procedures to ensure uniform records maintenance in all areas.

Management’s Response: The City of Richmond (COR) and Richmond Housing Authority (RHA) concur with the findings and recommendations. The recommendations have been addressed and implemented subsequent to fiscal year 2019. The City hired effective April 25, 2019, a Financial Consultant to oversee the financials of the RHA and contracted additional consultants to complete the bank reconciliations for Fiscal Year (FY) 2017, FY 2018 and FY 2019. On July 1, 2019, the Housing Choice Voucher Program (HCV) (Section 8) was transferred to the Contra Costa County Housing Authority (CCCHA) significantly lowering the tenant and landlord financial transactions and decreasing the workload for the RHA (decrease of 2,004 Housing Choice Vouchers, and HUD funding for the program ~\$26 million). As of December 2020, dedicated staffing for RHA finances increased, the City of Richmond Finance Department designated a Senior Accountant to review, monitor, and process transactions for RHA. Transactions include revenue and expenditure records to the General Ledger as well as bank reconciliations. In January 2022, the City designated an additional staff person, an Accountant, to support RHA in financial matters. As of April 18, 2022, the City contracted with an additional financial consultant who is a former Finance Director at another well managed Housing Authority to provide their expertise, support and training on housing authority finance related matters and reviews all financial data submitted to HUD financial systems such as audits. In March 2023, the Nevin Plaza affordable housing development was repositioned, decreasing again the financial transaction of an additional 142 tenants in the public housing program. The RHA is now following the City of Richmond’s formal monthly and yearend closing procedures to ensure that accounts are analyzed throughout the fiscal year and after the year-end closing to ensure that they include all current year activity, and the presentation is appropriate.

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Section III - Prior Year Findings, Continued

A. Prior Year Findings - Financial Statement Audit Findings, Continued

In regard to the records maintenance system all financial records have transitioned to the City's MUNIS financial system which is systematic and accessible. RHA staff participate in the yearly City of Richmond trainings related to all financials systems used such as MUNIS, procurement, contracting, budget development, and year end closing.

Status: The Authority continues to work with the City staff assigned to maintain the financial records in the General Ledger for current year activities, including monthly bank reconciliations and annual processes. The Authority has also agreed that the off-site document storage system needs improved labeling to ensure faster, more reliable access. Time will be scheduled to update stored documents at the off-site location.

Finding Reference Number: 2019-002 Richmond Housing Corporation - Document Maintenance and Retention

Criteria: As noted in prior year audits, Documents supporting financial transactions should be maintained in a manner to allow for future retrieval. In addition, financial statements should be produced and analyzed to ensure timeliness and accuracy of account reconciliations and financial reporting.

Conditions: During the audit for FY2019, the following conditions were noted:

- 1) The general ledger of the RHA Housing Corporation showed different account balances at December 31, 2016, than what were reported in its Basic Financial Statements for the year ended December 31, 2016, which affected the beginning balance as of January 1, 2018.
- 2) The RHA Housing Corporation was not able to provide documents to support the activities reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2017, which affected the beginning balance as of January 1, 2018.
- 3) The RHA Housing Corporation was not able to provide documents to support the activities reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2018.

Cause: While the RHA Housing Corporation has a fiscal year end of December 31, its financial data is kept in the Authority's financial system which has a fiscal year end of June 30. During the RHA Housing Corporation's fiscal year 2016 audit, financial data was provided to the auditor through December 31, 2016. However, confusion might have occurred in which the financial statements preparer only reported financial data related to the period from January 1, 2016 to June 30, 2016.

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Section III – Prior Year Findings, Continued

A. Prior Year Findings – Financial Statement Audit Findings, Continued

Effect: Due to these conditions, we could not obtain sufficient audit evidence to render opinions on the RHA Housing Corporation financial statements.

Recommendation: The RHA Housing Corporation should develop a record maintenance system that is systematic and accessible. Once the system is developed, staff should be educated on the procedures to ensure uniform record maintenance throughout the organization. In addition, the annual financial statement draft provided for audit should be reviewed thoroughly and compared to the general ledger to ensure report accuracy.

Management’s Response: The recommendations have been addressed and implemented subsequent to fiscal year 2019. Richmond Housing Corporation financial transactions have transitioned to the City’s MUNIS financial system which is systematic and accessible. RHA staff participate in the yearly City of Richmond trainings related to using all financial transaction systems used by the City such as MUNIS, procurement, contracting, budget development, and year end closing. To prevent the reoccurrence of the above condition (2019-002), the current City of Richmond and RHA staff compiles data for the RHA Housing Corporation’s financial statements by gathering financial information from both fiscal years in the general ledger system that relate to the appropriate RHA Housing Corporation’s fiscal year. Annual financial statements draft is reviewed thoroughly and compared to the general ledger to ensure report accuracy. The City created a separate fund for RHA Housing Corporation so transactions can be recorded and tracked separately.

Status: Recommendations were implemented; RHA Housing Corporation transactions are recorded in the General Ledger in a separate Fund. City and Authority staff compiles data for RHA Housing Corporation’s financial statements by gathering financial information from both fiscal years in the general ledger to prepare for RHA Housing Corporation’s annual financial statements. Annual financial statements drafts are reviewed thoroughly and compared to the general ledger to ensure report accuracy.

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Section III – Prior Year Findings, Continued

A. Prior Year Findings – Financial Statement Audit Findings, Continued

Finding Reference Number: 2019-003 Unprocessed Invoices and Impact of Late Payments

Criteria: Vendor invoices should generally be processed within 30 days of receipt, unless there is an unresolved dispute with the vendor. If invoices are not paid timely, it could mean that critical payments are delinquent, such as those related to insurance policies, and contracts may lapse and put the City at risk of exposure to claims and other fines or penalties.

Condition: Accounts Payable staff indicated that there were unprocessed invoices related to the Housing Authority applicable to the period ended June 30, 2019 and prior. Upon inspection, we noted multiple file folders full of unprocessed invoices related to the Housing Authority. These invoices were received by Accounts Payable staff but remained unprocessed due to the lack of payment approval from department heads. Accounts Payable staff were also unsure of the number of invoices, or the total dollar amount contained in the folders. Additionally, we noted the Housing Authority’s property insurance policy for the Hacienda property expired on June 27, 2019. Upon inquiry, we determined that the lapse was due to nonpayment of premium invoices. A new policy became effective July 1, 2019, resulting in a three-day lapse in insurance coverage.

Cause: Invoices were not processed because they lacked department head approval. In addition, there was no effective process in place to track or follow up on unprocessed invoices, and some invoices appeared to be paid only after persistent vendor follow-up.

Effect: The delay in payment of insurance premiums resulted in a lapse in property coverage, exposing the Authority to potential uninsured risk for three days.

Recommendation: Housing Authority staff must review the unprocessed invoices to determine whether they were subsequently paid, or if they are still due and payable and make the payments, as applicable. In the future, invoices should be reviewed and approved for payment in a timely manner and any invoices that are in dispute should be documented and resolved.

Management’s Response: The recommendations have been addressed and implemented subsequent to fiscal year 2019. RHA staff reviewed all unprocessed invoices highlighted by the audit and paid all outstanding invoices. Unprocessed invoices from the past fiscal years were due to changes in staffing through layoffs, retirement and/or resignation which included the Executive Director leaving the invoice processing tasks (including PO processing) unattended for a short while. An additional challenge was the cash flow issue due to grant revenues and rental income received not covering the expenditures for services pertaining to the Low-Income Public Housing Facilities, which was addressed. The new management assigned responsible staff and this issue has been corrected. All unprocessed invoices are now analyzed at two levels, the first level is the City of Richmond Finance Department Accounts Payable (AP) who receives all invoices and processes for payment, tracks all unpaid invoices, and sends to RHA an invoice aging spreadsheet to keep track of the invoices that need to be paid.

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Section III – Prior Year Findings, Continued

A. Prior Year Findings – Financial Statement Audit Findings, Continued

The second level of analysis consists of RHA staff reviewing the invoices forwarded from AP to PO receive for payment and reviewing the invoice aging spreadsheet to pay invoices on time. Vendor inquiries regarding nonpayment has decreased significantly. In addition, to facilitate the paying of invoices on time they are now processed weekly for payment, in the past the RHA check run was every two weeks. RHA staff participate in the yearly City of Richmond trainings related to all financials systems and in particular for this recommendation, procurement, creation of PO's and contracts and PO receiving.

Status: Recommendations were implemented; City staff tracks all outstanding invoices and sends monthly reminders to the Authority.

Finding Reference Number: 2019-004 Schedule of Expenditures of Federal Awards (SEFA) Preparation

Criteria: In accordance with the Uniform Guidance, the Authority should report all Federal awards expended each fiscal year for each individual Federal program and the CFDA number, or other identifying number when the CFDA information is not available, in the Schedule of Expenditures of Federal Awards (SEFA).

Condition: During our fiscal year 2019 audit, we received four versions of the fiscal year 2019 SEFA. Each version of the SEFA had material revisions to the federal award expenditures. The total federal expenditures in the original SEFA provided for audit totaled \$29,149,315. After multiple revisions as noted, the fourth amended SEFA provided for audit included federal expenditures totaling \$31,388,110. However, after additional revisions, the final federal expenditures in the SEFA totaled \$29,205,403.

Cause: The Authority experienced substantial staff turnover during fiscal year 2019 and as a result there was a delay of the year-end close during the year and limitations of the Authority's accounting system. The Authority found it difficult to reconcile the data to support the SEFA as a result.

Effect: SEFA was incorrectly reported and misstated, which results in noncompliance with the requirements of individual federal grant awards and the Uniform Guidance. Future federal funding could be adversely affected as a result.

Recommendation: The Authority must develop procedures to ensure that the SEFA is accurately reported.

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Section III – Prior Year Findings, Continued

A. Prior Year Findings – Financial Statement Audit Findings, Continued

Management’s Response: The recommendation to develop procedures to ensure that the SEFA is accurately reported have been addressed subsequent to fiscal year 2019. The previous versions of the 2019 SEFA were developed by staff who are no longer employed by the RHA to explain the criteria of the report. The revisions made by current staff was to align the SEFA to be more accurately reported following the guidelines of reporting the expenditures for the specific RHA Program. The staff working on the revisions follow the best practices from the City of Richmond Finance Department. For RHA the funding provided by HUD does not cover all expenses to manage the public housing properties. The expenditures exceeded the federal grant receipts. A new best practice by RHA during the annual budget approval process is to highlight the financial gap and request a subsidy from the City of Richmond General Fund to approve a balanced RHA budget with sufficient revenue and expenditures to run the organization. RHA and City staff currently record all expenditures in the General Ledger with attached supporting documents and will be able to explain future SEFA reports.

Status: Recommendations were implemented; during the Year-End audit process, the SEFA is prepared with the General Ledger as supporting documentation of expenditures.

B. Prior Year Findings – Federal Award Program Audit Findings and Questioned Costs

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.

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Section III – Prior Year Findings, Continued

B. Prior Year Findings – Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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 nonlife- threatening deficiencies.

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.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit 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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.
- 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.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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.

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

Richmond Housing Authority
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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Completed / Housing Choice Voucher (HCV) Program has been transferred to Contra Costa County as of July 1, 2019 for full responsibility.

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit 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.

Status: Not implemented

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Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

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.

Status: Not implemented

Richmond Housing Authority
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For the year ended June 30, 2020

Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit Findings and Questioned Costs, Continued

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.

Status: Implemented

Richmond Housing Authority
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section III - Prior Year Findings, Continued

B. Prior Year Findings - Federal Award Program Audit 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.

Status: Not Implemented