



## Staff Report

**File #:** 20-265  
**Version:** 1

**Date:** 7/27/2020  
**Item #:** 3.3b.

**TO:** Chair and Housing Authority Commissioners

**THROUGH:** Steve Powers, Executive Director

**FROM:** Nicole Utz, Administrator

**SUBJECT:**

Independent Financial Audit Report for the Fiscal Year ending September 30, 2019

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Safe Community; Welcoming and Livable Community.

**ISSUE:**

Shall the Commission adopt Resolution No. 2263 to receive and accept the Salem Housing Authority's Independent Financial Audit Report for the fiscal year ending September 30, 2019?

**RECOMMENDATION:**

Adopt Resolution No. 2263 (Attachment 1) to receive and accept the Salem Housing Authority's Independent Financial Audit Report for the fiscal year ending September 30, 2019.

**SUMMARY:**

The Salem Housing Authority (SHA) engages in a series of annual audits to review all agency housing programs and properties and to monitor the overall financial condition of the Authority.

The auditor's reported opinion of the financial statements is unmodified, and all information is fairly stated (Attachment 2). There were no findings, material weaknesses, or significant deficiencies identified.

The audit also reports on compliance for major federal programs, in addition to the financial statements. The auditor's reported opinion on compliance for major federal programs is unmodified, with no material weaknesses identified. During testing of annual inspections, two tenant files were noted where the inspection of the unit was not performed within the required time frame. SHA has addressed this deficiency implemented additional procedures to ensure adherence to the required

regulations.

## **FACTS AND FINDINGS:**

The audit was conducted in accordance with standards generally accepted and applicable to government auditing. These standards mandate auditors to obtain reasonable assurance that SHA's financial statements (Attachment 3) are free from material misstatement. The independent auditors are required to conduct compliance reviews of the Authority's internal control structure and ensure compliance with federal regulations.

Upon discovering the inspection deficiency, the SHA immediately reviewed all Housing Choice Voucher files and determined that a total of nine inspections required correction. All inspections discovered were then subsequently scheduled and completed. Review procedures have been implemented to prevent this in the future (Attachment 4).

## **BACKGROUND:**

The audit includes an examination of the SHA records for tenant eligibility, types of services to clients that were approved or denied, accuracy of program reporting, accuracy of claims for financial advances and reimbursements, and the Authority's Public Housing Assessment System (PHAS) financial data reporting.

The independent audit report for the SHA's fiscal year that began October 1, 2018, and ended September 30, 2019, covers Public Housing, Housing Choice Vouchers and Moderate Rehabilitation subsidies, locally owned units of non-subsidized housing, the Security Deposit housing assistance program, the Capital Fund Grant, and supportive service grant programs.

Project-specific audits are conducted according to a separate reporting timeline and are not included in this report.

Kalena Plath  
Financial Operations Manager

## **Attachments:**

1. Resolution No. 2263
2. Exhibit A - Salem Housing 2019 Audit Report
3. Salem Housing 2019 Financial Statements
4. Corrective Action Plan