



# DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AUDIT OF SELECT FEDERAL PROGRAMS

FOR THE YEAR ENDED  
JUNE 30, 2023

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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## AUDIT SUMMARY

Our audit of the Coronavirus Capital Projects Fund (CCPF), Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), and Emergency Rental Assistance (ERA) federal grant programs, administered by the Department of Housing and Community Development (Housing and Community Development), for the fiscal year ended June 30, 2023, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and reporting system;
- no matters involving internal control and its operations necessary to bring to management's attention nor instances of noncompliance with applicable laws and regulations or other matters that are required to be reported;
- adequate corrective action with respect to prior audit findings and recommendations identified as complete in the [Findings Summary](#) included in the Appendix; and
- proper reporting of the status of corrective action in the Commonwealth's Summary Schedule of Prior Audit Findings as of June 30, 2023.

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# Commonwealth of Virginia

## *Auditor of Public Accounts*

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

January 29, 2024

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Bryan Horn, Director  
Department of Housing and Community Development

We have audited the financial records and operations of the Coronavirus Capital Projects Fund (CCPF), Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), and the Emergency Rental Assistance (ERA) federal grant programs, administered by the Department of Housing and Community Development (Housing and Community Development), for the year ended June 30, 2023. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, in support of the Commonwealth's Single Audit. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Audit Objectives**

Our audit's primary objective was to audit the CCPF, CSLFRF, and ERA federal grant programs in support of the Commonwealth's Single Audit for the year ended June 30, 2023. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system. We reviewed the adequacy of Housing and Community Development's internal controls over compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings and recommendations included in the fiscal year 2021 and 2022 Commonwealth of Virginia Single Audit Reports to confirm that Housing and Community Development properly reported the status of corrective action in the Commonwealth's Summary Schedule of Prior Audit Findings as of June 30, 2023.

## **Audit Scope and Methodology**

Housing and Community Development's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the CCPF, CSLFRF, and ERA federal grant programs.

We performed audit tests to determine whether Housing and Community Development's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel; inspection of documents, records, and contracts; and observation of Housing and Community Development's operations. We performed analytical procedures to determine which compliance requirements are direct and material to the CCPF, CSLFRF, and ERA federal grant programs and tested details of transactions to achieve our audit objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and, when appropriate, we projected our results to the population.

## **Conclusions**

We found that Housing and Community Development properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The results for the Commonwealth's Single Audit for the year ended June 30, 2023, are contained in a separate report, which will be available on our website at [www.apa.virginia.gov](http://www.apa.virginia.gov) in February 2024.

Housing and Community Development has taken adequate corrective action with respect to prior audit findings and recommendations identified as complete in the Appendix and has properly reported

the status of corrective action for prior audit findings in the Commonwealth's Summary Schedule of Prior Audit Findings as of June 30, 2023.

**Exit Conference and Report Distribution**

We discussed this report with management on February 14, 2024. This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

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## FINDINGS SUMMARY

Finding Title	Status of Corrective Action	First Issued
Complete FFATA Reporting for First Tier LIHEA Subawards*	Deferred	2021
Submit FFATA Reporting Changes Timely**	Complete	2021
Obtain Assurance that Subrecipients are not Suspended or Debarred	Complete	2021
Include Required Provisions in Contracts Supported with Federal Funds	Complete	2021
Complete FFATA Reporting for First Tier ERA Subaward	Complete	2021
Complete and Document Risk Assessment for Subrecipient to Determine Extent of Monitoring	Complete	2021
Develop and Implement Internal Controls to Obtain Reasonable Assurance over Contractor Compliance with Program Regulations	Complete	2021
Perform Subrecipient Monitoring Activities Required by the Risk Assessment	Complete	2022
Correctly Report Status of Prior Audit Findings as of Fiscal Year End	Complete	2022

\*This audit finding originated from the fiscal year 2019 audit of the Low-Income Household Energy Assistance (LIHEA) federal grant program. This federal grant program is not in cycle for the Commonwealth's 2023 Single Audit and audit procedures were limited to confirming the accuracy of the corrective action status in the Commonwealth's Summary Schedule of Prior Audit Findings. Per inquiry with Housing and Community Development, we determined that corrective action was ongoing as of June 30, 2023.

\*\*Housing and Community Development reported that it completed corrective action on this finding as of June 30, 2022, and we confirmed the accuracy of the corrective action status during the Commonwealth's 2022 Single Audit.