

EXPANDED AGENDA
SPECIAL SESSION – November 24, 2020

		Res #
2:00 p.m.	<u>SPECIAL SESSION MEETING</u>	
Page 3 Separate Cover	I. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u> A. Acceptance of HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter <ul style="list-style-type: none"> • CAFR for the Fiscal Year Ended June 30, 2020 • Single Audit Report Year Ended June 30, 2020 • Management Letter 	20-82 (pg 7)
3:00 p.m.	<u>ADJOURN</u>	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion.***
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Deliberation

and/or

Action

Acceptance of HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter

November 24, 2020

- HOC received an unqualified audit opinion on the Financial Statement Audit.
- HOC received an unqualified audit opinion on the Housing Choice Voucher Program and the Housing Finance Agencies Risk Sharing Program.
- There are significant deficiencies reported in the internal controls over compliance for the Housing Choice Voucher Program.
- HOC received a Management Letter with one item: (1) Presentation of Blended Component Unit Financial Statements.

Single Audit Report

Attached is the final Single Audit Report for FY'20. HOC received an unqualified opinion on the housing choice voucher program and the Housing Finance Agencies Risk Sharing Program. There are two significant deficiencies reported in the internal control over compliance for the Housing Choice Voucher Program.

Finding 2020-001: Housing Choice Voucher Cluster, CFDA No. 14.871/14.879

Condition/Context: During our testing, we noted the Commission's internal controls did not always ensure that tenant files included all required documentation. During our testing of 40 tenant files, one recertification packet could not be located.

Management's Action Taken in Response to Finding: The HOC acknowledges the finding and continues to emphasize the importance of daily scanning upon completion of a file. Moreover, staff are held accountable for their actions, as scanning is a performance expectation and measured in the annual review. The HOC hired an internal Staff Trainer in the Housing Resources Division, to provide ongoing education and instructions to new and existing staff. The Trainer will introduce new concepts and re-emphasize existing policies to reduce the error rate and improve the rate of accuracy.

Lynn Hayes is the contact responsible for this corrective action.

Finding 2020-002: Housing Choice Voucher Cluster, CFDA No. 14.871/14.879

Condition/Context: During our testing, we noted that the Commission's internal controls did not always ensure that annual inspections were performed timely and/or properly documented. Out of 40 units tested for annual HQS testing requirements, exceptions were noted for four units. Three units did not have an annual inspection performed within one year of the previous inspection and one unit had no inspections during fiscal year 2020.

Management's Action Taken in Response to Finding: The Commission continues to make modifications to the inspection procedures in an effort to reduce the number of findings. A Financial Analyst, effective July 2020, will be reviewing the inspection records on a monthly basis to prevent missed annual inspections. This added layer will provide oversight of the inspections process. These procedures include but are not limited to, running monthly reports prior to inspection scheduling, monthly review of completed inspections and requests for technology enhancements to assist in the monitoring of inspections.

Renee Harris is the contact responsible for this corrective action.

Management Letter

A requirement when performing an audit of an entity's financial statements is to write a Management Letter which communicates audit related findings related to internal controls to Management's Commission as required by SAS No. 112.

The Commission received Management Letter comments in the following area: Presentation of Blended Component Unit Financial Statements. Please see attached letter and management's response.

BUDGET IMPACT:

None. A funding source for the audit is budgeted during the HOC budget process each year.

TIME FRAME:

Action is requested at the November 24, 2020 Commission meeting. The Audited Financial Statements must be published by December 1, 2020.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends to the full Commission acceptance of the HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter.

RESOLUTION NO.: 20-82

RE: Acceptance of HOC FY'20 Audited Financial Statements, Single Audit Report, and Management Letter

WHEREAS, the independent auditors, CliftonLarsonAllen LLP, presented their report for FY'20, which included the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter, to the Housing Opportunities Commission of Montgomery County (the "Commission"); and

WHEREAS, at a meeting held on November 24, 2020, the Commission reviewed the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accept the FY'20 Audited Financial Statements, Single Audit Report, and Management Letter prepared by CliftonLarsonAllen LLP.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a special session conducted on November 24, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission