



Michigan
Office of the Auditor General
REPORT SUMMARY

*Performance Audit
Community Development and Revitalization
Programs
Michigan State Housing Development Authority
Department of Treasury*

Report Number:
641-0210-09

Released:
September 2011

The Michigan State Housing Development Authority (MSHDA) was established by Act 346, P.A. 1966, and is an autonomous entity within the Department of Treasury except for budgeting, procurement, and related functions. MSHDA provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing; engage in community economic development activities; develop vibrant cities, towns, and villages; and address homeless issues.

Audit Objective:

To assess the effectiveness of MSHDA's processes for identifying and awarding funds for projects for selected community development and revitalization programs.

Audit Conclusion:

We concluded that MSHDA's processes for identifying and awarding funds for projects for selected community development and revitalization programs were moderately effective. However, we question MSHDA's authority to fund non-housing related activities. We noted one material condition (Finding 1) and one reportable condition (Finding 2).

Material Condition:

MSHDA needs to seek an Attorney General Opinion regarding MSHDA's authority to fund activities that are not related to MSHDA-financed housing (Finding 1).

Reportable Condition:

Our audit also disclosed a reportable condition related to the awarding of Cities of Promise (COP) Program special project grants (Finding 2).

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Audit Objective:

To assess the effectiveness of MSHDA's efforts in measuring and evaluating performance outcomes for selected community development and revitalization programs.

Audit Conclusion:

We concluded that MSHDA's efforts in measuring and evaluating performance outcomes for selected community development and revitalization programs were moderately effective. We noted one reportable condition (Finding 3).

Reportable Condition:

Our audit disclosed one reportable condition related to performance measurement and evaluation (Finding 3).

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Audit Objective:

To assess the effectiveness of MSHDA's efforts in monitoring grants and loans to ensure compliance with program requirements for selected community development and revitalization programs.

Audit Conclusion:

We concluded that MSHDA's efforts in monitoring grants and loans for selected community development and revitalization programs to ensure compliance with program requirements were moderately effective except for the COP Program and the Housing Development Fund (HDF) special project grants, for which MSHDA's efforts in monitoring grants and loans to ensure compliance with program requirements were not effective. We noted five reportable conditions (Findings 4 through 8).

Reportable Conditions:

Our audit disclosed five reportable conditions related to the monitoring of COP Program blight elimination grants, COP Program grant progress, the monitoring of HDF special project grants, the tracking of HDF grants and loans, and potential conflicts of interest (Findings 4 through 8).

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Audit Objective:

To assess the effectiveness of MSHDA's efforts in monitoring contracts for services related to its community development and revitalization programs.

Audit Conclusion:

We concluded that MSHDA's efforts in monitoring contracts for services related to its community development and revitalization programs were moderately effective. We noted one reportable condition (Finding 9).

Reportable Condition:

Our audit disclosed one reportable condition related to contractual services (Finding 9).

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Audit Objective:

To assess the effectiveness of MSHDA's security and access controls over the MSHDA Activity Tracking Tool (MATT) System.

Audit Conclusion:

We concluded that MSHDA's security and access controls over the MATT System were not effective. We noted two material conditions (Findings 10 and 11).

Material Conditions:

MSHDA had not established sufficient access and security controls over the MATT System (Finding 10).

MSHDA had not implemented sufficient controls over grantee and lender data in the MATT System to prevent unauthorized changes in grantee and lender names and addresses (Finding 11).

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Agency Response:

Our audit report contains 11 findings and 13 corresponding recommendations. MSHDA's preliminary response indicates that it disagrees with 3 recommendations, partially agrees with 4 recommendations, and agrees with 6 recommendations and has complied or will comply with them.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General