
Michigan State Housing Development Authority
(a component unit of the State of Michigan)

Federal Awards Supplemental Information
June 30, 2023

Independent Auditor's Reports

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

Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

We have audited the financial statements of the business-type activities and the discretely presented component unit of Michigan State Housing Development Authority (the "Authority"), a component unit of the State of Michigan, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 25, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 25, 2023.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

March 20, 2024

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 Management and the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

We have audited, 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, the financial statements of the business-type activities and the discretely presented component unit of Michigan State Housing Development Authority (the "Authority"), a component unit of the State of Michigan, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 25, 2023.

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) as a basis for designing 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 weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, 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 financial statements. 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*.

To Management and the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

The Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and 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 the financial statements, and, accordingly, we express no opinion on it.

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.

Plante & Moran, PLLC

October 25, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Michigan State Housing Development Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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, 2023. 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.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

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.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the 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 have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. 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 of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit and 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 it.

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.

Plante & Moran, PLLC

March 20, 2024

Michigan State Housing Development Authority

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 - Housing Assistance Payments	14.195		\$ -	\$ 410,905,454
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		-	916,044
Total Section 8 Project-Based Cluster			-	411,821,498
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871		-	256,193,830
COVID-19 - Section 8 Housing Choice Vouchers	14.871		-	7,033,314
Mainstream Vouchers	14.879		-	1,103,394
Total Housing Voucher Cluster			-	264,330,538
Housing Counseling Assistance Program	14.169		972,520	1,083,754
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		-	426,284
Emergency Solutions Grant Program	14.231		3,718,975	3,718,975
COVID-19 - Emergency Solutions Grant Program	14.231		11,057,848	11,057,848
Total Emergency Solutions Grants			14,776,823	14,776,823
Home Investment Partnerships Program	14.239		-	10,953,139
Tax Credit Assistance Program	14.258		-	1,670,216
Continuum of Care Program	14.267		2,210,157	2,210,157
Housing Trust Fund	14.275		-	16,625,245
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811				
Supportive Housing for Persons with Disabilities	14.326		1,171,475	1,194,932
Performance Based Contract Administration Program	14.327		-	13,773,170
Family Self-Sufficiency Program	14.896		-	1,159,127
Total U.S. Department of Housing and Urban Development			19,130,975	740,024,883
U.S. Department of the Treasury:				
COVID-19 - Coronavirus Relief Fund	21.019		-	(702,511)
COVID-19 - Emergency Rental Assistance Program	21.023		219,414,018	221,600,364
COVID-19 - Homeowner Assistance Fund	21.026		-	164,093,453
COVID-19 - State and Local Fiscal Recovery Funds - MI-HOPE Program	21.027		948,316	1,566,058
COVID-19 - State and Local Fiscal Recovery Funds - Missing Middle Program	21.027		-	156,134
COVID-19 - State and Local Fiscal Recovery Funds - Housing and Community Development Fund Program	21.027		-	647,485
Total COVID-19 - State and Local Fiscal Recovery Funds			948,316	2,369,677
Total U.S. Department of the Treasury			220,362,334	387,360,983
Other Federal Assistance -				
COVID-19 - Housing Stability Counseling Program	99.U19		-	83,177
Total expenditures of federal awards			\$ 239,493,309	\$ 1,127,469,043

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Michigan State Housing Development Authority (the "Authority") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Michigan State Housing Development Authority

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X Yes _____ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster	Opinion
14.195/14.856	Section 8 Project-Based Cluster	Unmodified
14.275	Housing Trust Fund	Unmodified
14.327	Performance Based Contract Administration Program	Unmodified
21.023	Emergency Rental Assistance Program, including COVID-19	Unmodified
21.026	Homeowner Assistance Fund, including COVID-19	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$3,382,407

Auditee qualified as low-risk auditee? _____ Yes X No

Michigan State Housing Development Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section II - Financial Statement Audit Findings

Reference Number	Finding
2023-001	<p data-bbox="362 531 797 556">Finding Type - Significant deficiency</p> <p data-bbox="362 581 1479 667">Criteria - Effective reconciliation procedures over federal grants should be in place in order to properly reflect activity for the COVID-19 Emergency Rental Assistance (ERA) program in accordance with generally accepted accounting principles (GAAP).</p> <p data-bbox="362 693 1479 810">Condition - During fiscal year 2023, MSHDA did not perform procedures to determine the amount of expenditures incurred by the subrecipients but not yet reimbursed by MSHDA through June 30, 2023 or to reconcile expenditures reported in the general ledger to ERA program reporting to the U.S. Department of the Treasury.</p> <p data-bbox="362 835 1479 921">Context - As a result, the federal expenditures and associated federal revenue and payables were understated and unearned revenue was overstated in the amount of \$21.4 million reported in the general ledger at June 30, 2023.</p> <p data-bbox="362 947 1479 1033">Cause - MSHDA did not have effective processes in place to accurately identify and record expenditures incurred by the subrecipients but not yet reimbursed by MSHDA at year end for the ERA program.</p> <p data-bbox="362 1058 1479 1173">Effect - The federal expenditures, federal revenue, unearned revenue, and payables on the June 30, 2023 financial statements were misstated in the original accounting records provided for audit and were adjusted by \$21.4 million at June 30, 2023 in order to be reported in accordance with GAAP.</p> <p data-bbox="362 1199 1479 1285">Recommendation - We recommend MSHDA enhance its internal control over the reconciliation of ERA program grant activity to ensure the financial statements accurately reflect expenditures incurred and revenue earned as of the fiscal year end.</p> <p data-bbox="362 1310 1479 1423">Views of Responsible Officials and Planned Corrective Actions - The Authority agrees with this finding. The Authority's finance team will work with the program area during its year-end closing process to obtain subrecipient accounting records. This information will be used to reconcile discrepancies and more accurately reflect programmatic expenditures.</p>

Michigan State Housing Development Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings

Reference Number	Finding
2023-002	<p>Assistance Listing Number, Federal Agency, and Program Name - 14.327, U.S. Department of Housing and Urban Development (HUD), Performance Based Contract Administration Program</p> <p>Federal Award Identification Number and Year - n/a</p> <p>Pass-through Entity - N/a</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR 200.508 requires MSHDA to prepare appropriate financial statements, including the schedule of expenditures of federal awards (SEFA), in accordance with 2 CFR 200.510. The SEFA must list individual federal programs as required by 2 CFR 200.501(b)(1). The SEFA is the basis for the auditor determination of major programs as required by 2 CFR 200.518.</p> <p>Condition - The original SEFA prepared for audit purposes included expenditures that should have been reported under ALN 14.327 under the Section 8 Project-Based Cluster.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - n/a</p> <p>Context - Approximately \$13.8 million of expenditures were included in the original SEFA prepared for audit purposes under the Section 8 Project-Based Cluster instead of ALN 14.327.</p> <p>Cause and Effect - Because there is no ALN indicated in the Annual Contributions Contract (ACC) provided to MSHDA by HUD stipulating the rules and regulations associated with this funding, and due to changes in the Section 8 Project-Based Cluster compliance supplement for 2023, MSHDA questioned HUD as to the appropriate ALN for all Section 8 Project-Based expenditures, including administrative fees. Based on the HUD response, the administrative fees were moved to ALN 14.327. Because of this change, ALN 14.327 was identified as a major program.</p> <p>Recommendation - MSHDA should implement controls to determine the appropriate ALN either through review of the grant agreements/funding documents or discussion with the funding agency in the absence of the ALN from these sources. Further, MSHDA should implement controls to review the compliance supplement on an annual basis to identify any potential changes to the ALNs.</p> <p>Views of Responsible Officials and Corrective Action Plan - MSHDA agrees with this finding. As part of SEFA preparation going forward, MSHDA staff will review the associated ALN for each federal program to verify it is still active and in agreement with program reporting requirements.</p>



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

AMY HOVEY
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

**Michigan State Housing Development Authority
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2023**

Prior Year Finding Number:

2022-001

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

N/A

Original Finding Description:

Monthly and year-end close process was not performed timely resulting in delayed reconciliations and interim reporting. Also, certain general ledger account balances were not appropriately stated on the trial balance and manual financial statements received.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A

Prior Year Finding Number:

2022-002

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

U.S. Department of Housing and Urban Development
14.231 Emergency Solutions Grant Program

U.S. Department of Treasury
21.023 COVID-19 Emergency Rental Assistance Program

Original Finding Description:

MSHDA understated ERA Program expenditures by \$11.5 million and overstated ESG Program expenditures by a net of \$12,015. In addition, for ESG, MSHDA did not have expenditure information through June 30, 2022 for 20 subrecipients because subrecipients did not submit their quarterly financial status reports resulting in a potential understatement on the SEFA.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A

Prior Year Finding Number:

2022-003

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

U.S. Department of Housing and Urban Development
14.231 Emergency Solutions Grant Program

Original Finding Description:

MSHDA did not fully establish effective security management and access controls over the MSHDA Activity Tracking Tool (MATT) 2.0 users. Federal program subrecipients utilize MATT 2.0 to submit financial status reports and payment requests. Also, MSHDA program staff utilize MATT 2.0 to manage subgrants and review and approve subrecipient payment requests.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A

Prior Year Finding Number:

2022-004

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

U.S. Department of Housing and Urban Development
14.231 Emergency Solutions Grant Program

Original Finding Description:

MSHDA had not fully implemented its change management process over MATT 2.0 during fiscal year 2022. We sampled 17 MATT 2.0 change records and noted for 4 (24%) records, MSHDA did not document approvals prior to implementation of changes in the production environment.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A

Prior Year Finding Number:

2022-005

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

U.S. Department of Housing and Urban Development
14.239 Home Investment Partnerships Program

Original Finding Description:

MSHDA did not sufficiently monitor rental housing properties to ensure federal housing quality standards were met for 2 (8%) of 25 sampled properties receiving Home Investment Partnerships Program (HOME Program) funding.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A

Prior Year Finding Number:

2022-006

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Agency, Assistance Listing Number and Name:

U.S. Department of Treasury
COVID-19 21.026 Homeowner Assistance Fund

Original Finding Description:

MSHDA did not obtain and maintain sufficient documentation to support the Homeowner Assistance Fund (HAF) applicants' eligibility was properly determined for 3 (12%) of 25 HAF

assistance payments reviewed.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

N/A



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

AMY HOVEY
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

Management Views and Corrective Action Plan

Findings Related to the Financial Statements

Finding Reference Number: 2023-001

Recommendation: We recommend MSHDA enhance its internal control over the reconciliation of ERA program grant activity to ensure the financial statements accurately reflect expenditures incurred and revenue earned as of the fiscal year end.

Agency Response:

The MSHDA agrees with this finding. The MSHDA's finance team will work with the program area during its year-end closing process to obtain subrecipient accounting records. Program area staff will review subrecipient financial status reports to reconcile incurred expenses not yet reimbursed and relay this information to the finance team so that they accurately reflect programmatic expenditures.

Anticipated Completion Date:

6/30/2024

Responsible Individual(s):

Kelly Rose, Chief Operating Officer
Jeff Sykes, Chief Financial Officer
Jason Fedewa, Chief Accountant

Findings Related to the Federal Awards

Finding Reference Number: 2023-002

14.327, U.S. Department of Housing and Urban Development (HUD), Performance Based Contract Administration Program

Recommendation: MSHDA should implement controls to determine the appropriate ALN either through review of the grant agreements/funding documents or discussion with the funding agency in the absence of the ALN from these sources. Further, MSHDA should implement controls to review the compliance supplement on an annual basis to identify any potential changes to the ALN numbers.

Management Views

The MSHDA agrees with this finding.

Planned Corrective Action

The MSHDA agrees with this finding. As part of SEFA preparation going forward, MSHDA staff will review the associated ALN for each federal program to verify it is still active and in agreement with program reporting requirements.

Anticipated Completion Date(s)

6/30/2024

Responsible Individual(s)

Jeff Sykes, Chief Financial Officer

Jason Fedewa, Chief Accountant