

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

		Moving to Work Program								
Line Item #	Accounts Description	Moving to Work Demonstration Program 14.881	HCV for MTW 14 HCV	LIPH for MTW 14.OPS	CFP for MTW 14.CFP	AMPS 14.850/872	AMPS CARES	Total MTW Programs	Section 8 N/C S/R 14.182	State and Local
EXPENSES (Continued)										
97100	Extraordinary maintenance	\$ 622,403	\$ -	\$ -	\$ -	\$ 135,156	\$ -	\$ 757,559	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	585,742	-	585,742	-	-
97300	Housing assistance payments	212,634,195	-	-	-	-	-	212,634,195	-	-
97350	HAP portability - in	1,138,197	-	-	-	-	-	1,138,197	-	-
97400	Depreciation expense	84,076	-	-	-	15,780,003	-	15,864,079	-	-
	Total expenses	<u>237,564,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,956,083</u>	<u>9,646,343</u>	<u>343,167,245</u>	<u>-</u>	<u>7,847,292</u>
Other financing sources (uses):										
10010	Operating transfer in	322,803,135	-	-	-	-	-	322,803,135	-	-
10020	Operating transfer out	-	(232,012,356)	(70,020,015)	(20,770,764)	-	-	(322,803,135)	-	-
10093	Transfers between program and project- in	-	-	-	-	76,080,459	-	76,080,459	-	-
10094	Transfers between program and project- out	(76,080,459)	-	-	-	-	-	(76,080,459)	-	-
	Total other financing sources (uses)	<u>246,722,676</u>	<u>(232,012,356)</u>	<u>(70,020,015)</u>	<u>(20,770,764)</u>	<u>76,080,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES										
		<u>\$ 14,243,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,075,162)</u>	<u>\$ -</u>	<u>\$ 11,168,583</u>	<u>\$ -</u>	<u>\$ 1,002,771</u>
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ 2,150,000	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	70,640,720	-	-	-	285,958,776	-	356,599,496	130,819	231,340
11040	Prior period adjustments, equity transfers and correction	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY
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ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14.879	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund	Jobs Plus Pilot Initiative 14.895
EXPENSES (Continued)											
97100	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ 153,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	822,646	-	-	3,685	5,619,795	-	270,920	198,806	-	-
97350	HAP portability - in	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	137,728	-	-	-	-	-	-
	Total expenses	<u>855,782</u>	<u>-</u>	<u>701,540</u>	<u>5,249,595</u>	<u>5,622,169</u>	<u>4,319,499</u>	<u>381,618</u>	<u>238,279</u>	<u>48,985</u>	<u>457,567</u>
Other financing sources (uses):											
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project-in	-	-	-	-	-	-	-	-	-	-
10094	Transfers between program and project-out	-	-	-	-	-	-	-	-	-	-
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE											
OVER (UNDER) EXPENSES											
		<u>\$ 22,302</u>	<u>\$ -</u>	<u>\$ (5,691)</u>	<u>\$ (1,544,484)</u>	<u>\$ (59)</u>	<u>\$ -</u>	<u>\$ 6,286</u>	<u>\$ 23,102</u>	<u>\$ 179,487</u>	<u>\$ 3,698</u>
Memo Account Information											
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	-	-	23,262	12,729,792	105,857	-	61,575	43,780	16,661,474	-
11040	Prior period adjustments, equity transfers and correction	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14.866	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
EXPENSES (Continued)										
97100	Extraordinary maintenance	\$ -	\$ -	\$ 13,536	\$ -	\$ 924,512	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	585,742	-	-	-	-
97300	Housing assistance payments	-	1,234,968	-	-	220,785,015	-	-	-	-
97350	HAP portability - in	-	-	-	-	1,138,197	-	-	-	-
97400	Depreciation expense	-	-	846,001	-	16,847,808	1,854,193	-	-	-
	Total expenses	<u>2,459,917</u>	<u>1,235,713</u>	<u>15,326,318</u>	<u>-</u>	<u>387,911,519</u>	<u>6,984,232</u>	<u>3,355,727</u>	<u>1,861,568</u>	<u>5,217,295</u>
Other financing sources (uses):										
10010	Operating transfer in	-	-	-	(322,803,135)	-	-	-	-	-
10020	Operating transfer out	-	-	-	322,803,135	-	-	-	-	-
10093	Transfers between program and project- in	-	-	-	-	76,080,459	-	-	-	-
10094	Transfers between program and project- out	-	-	-	-	(76,080,459)	-	-	-	-
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES										
		<u>\$ 2,138,069</u>	<u>\$ (1)</u>	<u>\$ 6,496,136</u>	<u>\$ -</u>	<u>\$ 19,490,199</u>	<u>\$ (2,578,346)</u>	<u>\$ 2,492,505</u>	<u>\$ 1,628,908</u>	<u>\$ 4,121,413</u>
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ 2,161,020		\$ -	\$ -	\$ -
11030	Beginning equity	(84,182)	250,000	263,185,786	-	649,938,999	(14,423,085)	47,339,641	41,320,592	88,660,233
11040	Prior period adjustments, equity transfers and correction	-	-	1,698,805	-	1,698,805	9,173,705	-	-	-



INDEPENDENT AUDITORS' 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*

Board of Commissioners
Housing Authority of Baltimore City
Baltimore, Maryland

We have audited, in accordance with the 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, the aggregate discretely presented component units, and the aggregate remaining fund information of the Housing Authority of Baltimore City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of Baltimore City's basic financial statements, and have issued our report thereon dated December 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the Housing Authority of Baltimore City's financial statements. The audit of Sharp-Leadenhall Rental No. 1, LP was not performed in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reporting on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of Baltimore City'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 Housing Authority of Baltimore City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Baltimore City'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 entity'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Baltimore City’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*.

Authority’s Response to Finding

The Housing Authority of Baltimore City’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City’s response was not subjected to the 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 Housing Authority of Baltimore City’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 Housing Authority of Baltimore City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 29, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of Baltimore City
Baltimore, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of Baltimore City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Baltimore City's major federal programs for the year ended December 31, 2020. The Housing Authority of Baltimore City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Housing Authority of Baltimore City's basic financial statements include the operations of discretely presented component units which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2020. Our audit, described below, did not include the operations of the aggregate discretely presented component units because other auditors were engaged to perform audits of compliance, if applicable.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Baltimore City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Baltimore City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of Baltimore City's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of Baltimore City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The Housing Authority of Baltimore City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Housing Authority of Baltimore City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of Baltimore City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Baltimore City's internal control over compliance.

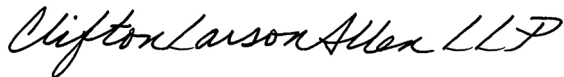
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

The Housing Authority of Baltimore City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 29, 2021

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Direct Programs				
Moving to Work Demonstration Program	14.881	N/A	\$ 82,014,538	\$ 322,803,135
COVID-19 Housing Choice Voucher CARES Act Funding	14.881	N/A	-	4,319,499
COVID-19 Public Housing CARES Act Funding	14.881	N/A	-	9,646,343
Total Moving to Work Demonstration Program			82,014,538	336,768,977
Revitalization of Severely Distressed Public Housing	14.866	N/A	-	4,597,986
Resident Opportunities and Supportive Services	14.870	N/A	-	701,540
Community Development Block Grant	14.218	N/A	-	1,235,713
Jobs-Plus Pilot Initiative	14.895	N/A	-	457,567
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance				
Program - Section 8 Moderate				
Rehabilitation	14.856	N/A	-	238,279
Section 8 Moderate Rehabilitation				
Single Room Occupancy	14.249	N/A	-	381,618
Total Section 8 Project-Based Cluster			-	619,897
Housing Voucher Cluster:				
Section 8 Housing Vouchers				
Section 8 Housing Vouchers	14.871	N/A	-	5,622,169
Mainstream Vouchers	14.879	N/A	-	855,782
Total Housing Voucher Cluster			-	6,477,951
Total Department of Housing and Urban Development			82,014,538	350,859,631
Total Expenditures of Federal Awards			\$ 82,014,538	\$ 350,859,631

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Housing Authority of Baltimore City (the Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *CFR* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the accompanying schedule, the Authority provided federal awards to a subrecipient (Baltimore Regional Housing Partnership) in the amount of \$82,014,538 under the Moving to Work program (Federal Assistance Listing #14.881) for the year ended December 31, 2020.

NOTE 4 INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
14.881	Moving to Work Demonstration Program
14.871/879	Housing Voucher Cluster

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000
- Auditee qualified as low-risk auditee? _____ yes x no

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section II – Financial Statement Findings

2020 – 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: While performing audit procedures, it was noted that management does not have sufficient internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. Additionally, the Authority prepares a Financial Data Schedule (FDS) that is submitted to the U.S. Department of Housing and Urban Development (HUD) to which internal controls are not in place to provide reasonable assurance that the unaudited FDS conforms to applicable standards and HUD guidance.

The Authority's internal controls over financial reporting are not sufficient to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the Authority's internal controls.

Criteria: The internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations, and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected. An inefficient and ineffective financial close process could result in inaccurate account balances that require a restatement, a significant number of audit adjustments, or a lack of timely financial information.

Cause: The Authority has not adopted a policy to provide reasonable assurance that (1) financial statements are prepared in accordance with U.S. GAAP and (2) the FDS is an accurate presentation of underlying accounting records and conforms to applicable standards and HUD guidance.

Repeat Finding: The finding is a repeat of finding 2019-001 in the prior audit period. Corrective action is on-going.

Recommendation: The Authority should evaluate its financial reporting processes and controls to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

The Authority should review the process and controls in place relating to the preparation of the unaudited FDS to ensure that the financial reporting to HUD agrees to the underlying accounting records of the Authority. The Authority has one primary person in the financial reporting process aligned to completing the FDS with a review done largely at the top level. We recommend management identify an additional resource to assist with preparation of the FDS to allow the Finance Department adequate time and separation to review the FDS prior to submission to HUD and the auditors.

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management will continue its aggressive staff training plan in building staff expertise and capacity, has recently procured and contracted Fee Accounting services to bring in high level financial review and additional hands-on assistance with preparation of certain reconciliation schedules and review of Financial Data Schedule. This will advance current review we have in place and provide layers of control on year-end statements, prior to finalization and submission of Financial Data Schedules to the auditor and HUD.

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 002

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: Housing Voucher Cluster

Federal Assistance Listing Numbers: 14.871; 14.879

Award Period: January 1, 2020 – December 31, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 24 CFR section 960.259 states that for both family income examinations and reexaminations, the Authority must obtain and document in the family file third-party verification of expenses related to deductions from annual income.

Condition/Context: Testing of 40 tenant files for eligibility found that 1 of the tenant files did not contain supporting documentation for medical expenses that were utilized in the calculation of housing assistance payments (HAP).

Questioned costs: \$817 of questioned costs (overpayment of HAP), calculated based on exclusion of the unsupported medical expenses.

Cause: The internal control in place did not identify the missing supporting documentation.

Effect: The HAP calculation is unsupported resulting in a misstatement of HAP.

Repeat Finding: No.

Recommendation: The Authority should perform a review of the implemented internal controls to verify that they are adequate to ensure all required documentation is obtained and retained in the tenant files.

Views of responsible officials: There is no disagreement with the audit finding.