



John Keel, CPA
State Auditor

A Report on
**The Audit of the Department of Housing
and Community Affairs'
Fiscal Year 2012 Financial Statements**

December 21, 2012

Members of the Legislative Audit Committee:

In our audit reports dated December 20, 2012, we concluded that the Department of Housing and Community Affairs' (Department) financial statements and the Revenue Bond Program Enterprise Fund's financial statements for fiscal year 2012 were materially correct and presented in accordance with accounting principles generally accepted in the United States of America. We also concluded that the Department's computation of unencumbered fund balances of the Department's Housing Finance Division complies with Texas Government Code, Sections 2306.204 and 2306.205. The Department published our audit reports as part of its financial statements, which it intends to post on its Web site at www.tdhca.state.tx.us.

We also issued a report on internal control over financial reporting and on compliance and other matters as required by auditing standards. Our procedures did not identify any material weaknesses in internal control over financial reporting or any noncompliance with laws or regulations, including the Public Funds Investment Act (Texas Government Code, Section 2256), that materially affected the financial statements or the computation of unencumbered fund balances. In addition, the major internal controls that we tested for the purpose of forming our opinions were operating effectively.

Our procedures were not intended to provide an opinion on internal control over financial reporting or to provide an opinion on compliance with laws and regulations. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance with laws and regulations.

Auditors communicated certain issue(s) that were not material or significant to the audit objectives in writing to the Department's management.

As required by auditing standards, we will also communicate to the Department's Board of Directors certain matters related to the conduct of a financial statement audit.

In addition, auditors performed agreed-upon procedures to assist the Department in determining whether the electronic submission of certain information to the U.S. Department of Housing and Urban Development, Real Estate Assessment Center agreed with related hard-copy documents. Our procedures determined that the Department's electronically submitted information to the U.S. Department of Housing and Urban Development, Real Estate Assessment Center agreed with the related hard-copy documents.

SAO Report No. 13-014

We appreciate the Department's cooperation during this audit. If you have any questions, please contact Verma Elliott, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: Members of the Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Ozer, P.E., Chair
Mr. Tom H. Gann, Vice Chair
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Mr. J. Mark McWatters
Dr. Juan Sanchez Muñoz
Mr. Timothy Irvine, Executive Director, Department of Housing and Community Affairs



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