



A Report on

# The Audit of the Department of Housing and Community Affairs' Fiscal Year 2019 Financial Statements

December 31, 2019

Members of the Legislative Audit Committee:

In our audit report dated December 20, 2019, we concluded that the Department of Housing and Community Affairs' (Department) basic financial statements and Revenue Bond Program financial statements for fiscal year 2019 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 Housing Finance Division's computation of unencumbered fund balances 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 <https://www.tdhca.state.tx.us/finan.htm>.

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 that materially affected the financial statements. In addition, the major internal controls that we tested for the purpose of forming our opinions on the financial statements 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.

We also issued a report on the Department's compliance with the Public Funds Investment Act for the year ended August 31, 2019. The results of our tests disclosed no issues of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

Additionally, we concluded that the Financial Data Schedule prepared by the Department was fairly stated in all material respects in relation to the fiscal year 2018 basic financial statements taken as a whole.

Auditors also performed agreed-upon procedures<sup>1</sup> and determined that the electronic submission of certain information to the U.S. Department of Housing and Urban Development's Real Estate Assessment Center agreed with related hard-copy documents.

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<sup>1</sup> In an agreed-upon procedures engagement, which is limited in scope, the auditor does not provide an opinion or conclusion and reports only on the procedures that the Department approved.

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Auditors communicated certain issues 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.

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

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA

First Assistant State Auditor

cc: The Honorable Greg Abbott, Governor  
Department of Housing and Community Affairs Board of Directors  
Mr. J.B. Goodwin, Chair  
Ms. Leslie Bingham Escareño, Vice-Chair  
Mr. Paul A. Braden  
Ms. Asusena Reséndiz  
Ms. Sharon Thomason  
Mr. Leo Vasquez  
Mr. Robert Wilkinson, Executive Director, Department of Housing and Community Affairs  
Mr. David Cervantes, Director of Administration, Department of Housing and Community Affairs



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