



A Report on

The Audit of the Department of Housing and Community Affairs' Fiscal Year 2020 Financial Statements

December 31, 2020

Members of the Legislative Audit Committee:

In our audit report dated December 18, 2020, we concluded that the Department of Housing and Community Affairs' (Department) basic financial statements and Revenue Bond Program financial statements for fiscal year 2020 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 the Texas Government Code, Sections 2306.204 and 2306.205. The Department published our audit report as part of its financial statements, which it intends to post on its website 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, 2020. The results of our tests disclosed no issues of noncompliance or other matters that are required to be reported under *Government Auditing 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 2019 basic financial statements taken as a whole.

Auditors also performed agreed-upon procedures¹ 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.

¹ 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.

SAO Report No. 21-005

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 appreciate 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. Leo Vasquez III, Chair
Ms. Leslie Bingham, Vice-Chair
Mr. Paul A. Braden
Mr. Ajay Thomas
Ms. Sharon Thomason
Mr. Robert Wilkinson, Executive Director, Department of Housing and Community Affairs



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: www.sao.texas.gov.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government visit <https://sao.fraud.texas.gov>.