



A Report on

The Audit of the Department of Housing and Community Affairs' Fiscal Year 2021 Financial Statements

December 27, 2021

Members of the Legislative Audit Committee:

In our audit report dated December 20, 2021, we concluded that the Department of Housing and Community Affairs' (Department) basic financial statements and Revenue Bond Program financial statements for fiscal year 2021 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 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 an opinion on the Department's compliance with the Public Funds Investment Act for the year ended August 31, 2021. In our opinion, the Department complied, in all material respects, with the Public Funds Investment Act, which is prescribed by Texas Government Code, Chapter 2256.

Additionally, we concluded that the Financial Data Schedule the Department prepared was fairly stated in all material respects in relation to the fiscal year 2020 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.

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

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

cc: The Honorable Greg Abbott, Governor
Department of Housing and Community Affairs' Board of Directors
Mr. Leo Vasquez, Chair
Mr. Paul A. Braden, Vice Chair
Mr. Brandon Batch
Mr. Kenny Marchant
Mr. Ajay Thomas
Ms. Sharon Thomason
Mr. Robert Wilkinson, Executive Director, Department of Housing and Community Affairs



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