

**STATE OF ILLINOIS**  
**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

State Compliance Examination  
Year Ended June 30, 2022

Performed as Special Assistant Auditors for the  
Auditor General, State of Illinois



CPAs | CONSULTANTS | WEALTH ADVISORS

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**STATE OF ILLINOIS  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2022**

	<b>PAGE(S)</b>
<b>AGENCY OFFICIALS</b>	<b>1</b>
<b>MANAGEMENT ASSERTION LETTER</b>	<b>2</b>
<b>STATE COMPLIANCE REPORT</b>	
<b>SUMMARY</b>	<b>4</b>
<b>ACCOUNTANTS' REPORT</b>	
<b>INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE</b>	<b>7</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	
<b>CURRENT FINDINGS</b>	<b>10</b>
<b>PRIOR YEAR FINDINGS NOT REPEATED</b>	<b>29</b>

\*Separate reports were issued for the Authority's basic financial statements and federal single audit.

**STATE OF ILLINOIS  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
AGENCY OFFICIALS  
YEAR ENDED JUNE 30, 2022**

**BOARD OFFICERS**

Chairman (07/11/16 – Present)	Mr. King Harris
Vice Chair (03/13/17 – Present)	Ms. Luz Ramirez
Treasurer (02/25/13 – Present)	Mr. Salvatore Tornatore
Secretary (09/14/21 – Present)	Mr. Tommy Arbuckle
Member (12/16/22 – Present)	Mr. Daniel Hayes
Member (10/21/19 – Present)	Ms. Sonia Berg
Member (12/16/22 – Present)	Mr. Brice Hutchcraft
Member (11/19/19 – Present)	Mr. Tom Morsch

**AGENCY OFFICIALS**

Executive Director	Ms. Kristin Faust
Assist. Executive Director/Chief of Staff (as of 10/05/21)	Mr. Lawrence Grisham
Deputy Executive Director (as of 8/18/20)	Ms. Karen Davis
General Counsel	Ms. Maureen G. Ohle
Chief Information Officer (as of 07/022)	Mr. Keith Evans
Chief Financial Officer	Mr. Edward Gin
Deputy Chief Financial Officer/ Assistant Treasurer	Ms. Tracy Grimm
Controller	Mr. Timothy J. Hicks
Chief Internal Auditor (as of 12/15/2020)	Ms. Christina Lopez

Agency Officials are located at:

111 East Wacker Drive, Suite 1000  
Chicago, Illinois 60601



**ILLINOIS HOUSING  
DEVELOPMENT AUTHORITY**  
WWW.IHDA.ORG

111 E. Wacker Drive  
Suite 1000  
Chicago, IL 60601  
312 636 5200

April 25, 2023

CliftonLarsonAllen LLP  
1301 West 22<sup>nd</sup> Street, Suite 1100  
Oak Brook, IL 60523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Housing Development Authority (the Authority). We are responsible for, and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following specified requirements during the year ended June 30, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, the Authority has materially complied with the specified requirements listed below.

- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

\*\*\*\*\*

Yours truly,

Illinois Housing Development Authority

**SIGNED ORIGINAL ON FILE**

Kristin Faust  
*Executive Director*

**SIGNED ORIGINAL ON FILE**

Ed Gim  
*Chief Financial Officer*

**SIGNED ORIGINAL ON FILE**

Madreen Ohle  
*General Counsel*

**SIGNED ORIGINAL ON FILE**

Timothy Hicks  
*Controller*

**STATE OF ILLINOIS  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
COMPLIANCE REPORT SUMMARY  
YEAR ENDED JUNE 30, 2022**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)*.

**Accountants' Report**

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**Summary of Findings**

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	11	15
Repeated Findings	8	10
Prior Recommendations Implemented or Not Repeated	7	4

**Schedule of Findings**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2022-001	10	New	Inadequate Controls over Service Providers	Material weakness and material noncompliance
2022-002	12	2021/2021	Inadequate Controls over Investments	Significant deficiency and noncompliance
2022-003	14	2021/2011	Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project Based Cluster Program	Significant deficiency and noncompliance
2022-004	16	New	Failure to Execute Intergovernmental Agreements	Significant deficiency and noncompliance

**STATE OF ILLINOIS  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
COMPLIANCE REPORT SUMMARY  
YEAR ENDED JUNE 30, 2022**

**Schedule of Findings (continued)**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
2022-005	18	2021/2021	Cybersecurity	Significant deficiency and noncompliance
2022-006	21	2021/2019	Delinquent Bond Reporting	Significant deficiency and noncompliance
2022-007	22	2021/2020	Inadequate Controls Over I-9 Forms	Significant deficiency and noncompliance
2022-008	23	2021/2020	Inadequate Controls Over Time Reporting	Significant deficiency and noncompliance
2022-009	24	2021/2020	Inadequate Controls Over Contracts	Significant deficiency and noncompliance
2022-010	26	New	Inadequate Controls Over Voucher Processing	Significant deficiency and noncompliance
2022-011	27	2021/2020	Failure to Comply with the State Employment Records Act	Significant deficiency and noncompliance

**Prior Findings Not Repeated**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
A	29	2021/2015	Inaccurate Financial Reporting	Material weakness and noncompliance
B	29	2021/2021	Failure to Obtain Proper Support for Landlord Payments	Significant deficiency and noncompliance
C	29	2021/2021	Failure to Notify Timely Subrecipients of Federal Funding	Significant deficiency and noncompliance
D	29	2021/2020	Outdated Policies and Procedures	Significant deficiency and noncompliance
E	30	2021/2020	Improper Accrual of Compensated Absences	Significant deficiency and noncompliance
F	30	2021/2020	Inadequate Controls Over Termination Payouts	Significant deficiency and noncompliance
G	30	2021/2021	Lack of Disaster Recovery Testing	Significant deficiency and noncompliance

**STATE OF ILLINOIS  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
COMPLIANCE REPORT SUMMARY  
YEAR ENDED JUNE 30, 2022**

**Exit Conference**

On April 17, 2023, the Illinois Housing Development Authority waived the exit conference relating to the State Compliance Examination.

The responses to the recommendations were provided by Muhammad Jalaluddin, Deputy Controller, in an email dated April 19, 2023.



## INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
and  
Board of Directors  
Illinois Housing Development Authority

### Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois Housing Development Authority (Authority) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2022. Management of the Authority is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Honorable Frank J. Mautino  
Auditor General of the State of Illinois and  
Board of Directors  
Illinois Housing Development Authority

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Authority during the year ended June 30, 2022.

As described in the accompanying Schedule of Findings as item 2022-001, the Authority had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Authority complied with the specified requirements during the year ended June 30, 2022, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2022-002 through 2022-011.

The Authority's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Authority's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Honorable Frank J. Mautino  
Auditor General of the State of Illinois and  
Board of Directors  
Illinois Housing Development Authority

### **Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

*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, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

*A significant deficiency in internal control* 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. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items 2022-002 through 2022-011 to be significant deficiencies.

There were no immaterial findings that have been excluded from this report.

The Authority's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Authority's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
April 25, 2023

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-001 – Inadequate Controls over Service Providers**

The Illinois Housing Development Authority (Authority) did not maintain adequate controls over service providers.

During the audit, we requested the Authority to provide a population of third-party service providers utilized. Although the Authority provided the population, they did not provide documentation demonstrating the population was complete and accurate. Due to this condition, we concluded the Authority's population was not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205).

Despite the population limitations noted above, we performed testing. During testing of five service providers, we noted:

- The Authority had not reviewed the service providers' System and Organization Control (SOC) reports.
- The contracts with the service providers did not document roles and responsibilities, controls over the security, integrity, availability, confidentiality, and privacy. In addition, the contracts did not require the service provider to undergo a SOC examination.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

The Authority management stated they do not centrally manage vendor relationships and have not assigned responsibility for overall administration of service providers.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Authority does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2022-001)

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-001 – Inadequate Controls over Service Providers (Continued)**

**RECOMMENDATION**

We recommend the Authority perform procedures to ensure its listing of service providers utilized is complete and accurate. In addition, we recommend the Authority review SOC reports and review its contracts with service providers to ensure roles and responsibilities and security controls are documented and SOC examinations of the service providers' controls are carried out.

**AUTHORITY RESPONSE**

Authority management agreed with the finding. The Authority will enhance its contract request process to ensure that SOC related questions are addressed to position IHDA's IT team to conduct a review of SOC 1, SOC 2 or other independent review reports to ensure adequate internal controls exists related to services being provided for all Authority contracts.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
 (A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
 SCHEDULE OF FINDINGS AND RESPONSES  
 CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS  
 YEAR ENDED JUNE 30, 2022**

**Finding 2022-002 – Inadequate Controls over Investments**

The Illinois Housing Development Authority (Authority) did not have adequate controls over its investments.

During our review of investments, we noted the Authority did not properly state its Admin Change in Market Value and Single-Family Change in Market Value accounts in Changes in Net Position/Proprietary Funds due to adjustments that were made before year-end. Although the quantity of shares in investments were correctly stated, the following errors noted during the audit were corrected by the Authority after we brought them to their attention:

- An overstatement of \$12,306,420 in the Admin Change in Fair Market Value account.
- An understatement of \$5,919,883 in the Single-Family Change in Fair Market Value account.

Additionally, during our review of investments, we noted the Authority did not properly review its investment roll forward to include adjustments that were made at year-end. The Authority also did not adequately address a transfer error of shares on Federal Home Loan Bank (FHLB) investments on its investment reconciliation in a timely manner. Although, the Authority identified this issue and properly stated investment values on their investment reconciliation, the following errors were noted and later corrected:

- A discrepancy on the investment reconciliation showing 4,994,198 shares that were not included in the correct bank in the investment holding system, resulting in \$4,924,616 in mis-placed funds. This error was not fixed until 127 days after the discrepancy was identified on the reconciliation.
- The Authority did not adequately review their investment roll forward after making adjusting entries before year-end, resulting in an overstatement of \$5,643,551 in the Admin Change in Fair Market Value and in the Admin Fair Market Value Adjustment account on the investment roll forward.

**Uncorrected Misstatements:**

During our review of investments, the Authority did not book adjustments related to the following investment amounts within the Single-Family Program Fund (i.e., uncorrected misstatements):

Fund	Account Description	Uncorrected Misstatement
Single-Family Program Fund	Investments	3,120,594.00
	Change in Fair Value of Investments	(3,120,594.00)

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-002 – Inadequate Controls over Investments (Continued)**

**Uncorrected Misstatements (Continued):**

GASB Statement No. 72, *Fair Value Measurement and Application*, states fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market two participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain systems of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Effective internal controls should ensure procedures are implemented to ensure that adequate monthly reconciliations are being performed between the Authority’s accounting records and investment statements.

Authority management stated the improper classification of investment income as net realized gain and the delay in resolution of investment reconciliation discrepancy was due to the following reasons: 1) lack of resources to perform adequate reconciliations, and 2) lack of internal communication between Accounting and Capital Management teams.

Failure to exercise adequate internal control over investment roll-forward and reconciliation by improperly reporting investments of the Authority could, if not detected and corrected, result in a material misstatement of the Authority’s financial statements. (Finding Code No. 2022-002, 2021-002)

**RECOMMENDATION**

We recommend the Authority perform monthly reconciliations of its investments recorded in the general ledger with the investment statements received from its investment companies.

**AUTHORITY RESPONSE**

Authority management agreed with the finding. The Authority will have better communication between Accounting and Capital Management by having monthly discussions to ensure outstanding issues with investment roll forward and related reconciliations are resolved. The Authority has added resources to properly perform investment roll forward and reconciliations.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
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SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – FEDERAL COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-003 – Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project Based Cluster Program**

Federal Agency: U.S. Department of Housing and Urban Development (USHUD)  
Federal Program Name: Section 8 Project-Based Cluster (Section 8)  
Assistance Listing Numbers: 14.182/14.856  
Federal Award Identification Number and Year: IL901 (2022)  
Award Period: July 1, 2021 to June 30, 2022  
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

**CRITERIA OR SPECIFIC REQUIREMENT**

A pass-through entity must monitor the activities of its subrecipients to ensure subawards are used for authorized purposes, comply with the terms and conditions of the subaward, and achieve performance goals (2 CFR sections 200.332(d) through (f)).

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include ensuring on-site review procedures are performed in a timely manner, are designed to monitor fiscal controls, and are performed to ensure compliance with program regulations.

**CONDITION**

The Illinois Housing Development Authority (the Authority) did not follow its established policies and procedures for monitoring subrecipients of the Section 8 Project-Based (Section 8) program.

The Authority has implemented procedures whereby program staff perform periodic on-site inspections and desk reviews of subrecipients' compliance with regulations applicable to the Section 8 Cluster program. These reviews are formally documented and include the issuance of a report documenting the results of the review to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or performance improvement observations noted. The Authority's policies require the subrecipient file to be closed within 90 days of the subrecipient being notified of any findings.

**QUESTIONED COSTS:** None

**CONTEXT**

During our test work over monitoring review procedures performed for five subrecipients (with expenditures of \$3,420,351) of the Section 8 Cluster program, we noted the Authority has not established adequate control activities to ensure its monitoring procedures were followed in communicating the results of its monitoring reviews. We noted the Authority did not send the findings of the Management and Occupancy Reviews (MORs) to two subrecipients (with expenditures totaling \$1,799,238) in a timely manner (within 30 days of onsite inspection). Specifically, one MOR was sent 33 days after the onsite inspection and the other MOR was not sent until 41 days after the onsite inspection.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – FEDERAL COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-003 – Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project Based Cluster Program (Continued)**

**CAUSE**

Authority officials stated staff members responsible for completing the Management and Occupancy Review (MOR) procedure within the 30-day period were not following the prescribed program regulations as documented in both Authority training and staff performance materials.

**EFFECT**

Failure to adequately follow on-site monitoring procedures may result in subrecipients not properly administering the Section 8 Cluster program in accordance with statutes, regulations, and the grant agreement.

**REPEAT FINDING**

A similar finding was reported in the prior year audit as finding 2021-003. (Finding Code No. 2022-003, 2021-003, 2020-002, 2019-006, 2018-007, 2017-004, 2016-007, 2015-007, 2014-003, 2013-005, 12-05, 11-11)

**RECOMMENDATION**

We recommend the Authority ensure monitoring files are completed and closed in accordance with established policies and procedures.

**AUTHORITY RESPONSE**

The Authority agrees with the finding and has implemented several new policies and procedures to strengthen controls surrounding the sub monitoring process. All staff are scheduled to complete a full monitoring cycle and have been scheduled for additional trainings. Additionally, weekly team meetings are conducted, and the Authority has updated its written procedures to address the sub monitoring deficiencies. Management and Supervisors will be responsible for weekly quality control tasks that include, reviewing system reports, weekly one on one meetings with the Assistant Director and any staff. The quality control and one on one meetings will be used to reduce and eliminate delayed submissions, closeouts, and notification letters. The Supervisors will run internal reports weekly to identify what inspections are due and ensure they are submitted timely.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
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SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – FEDERAL COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-004 – Failure to Execute Intergovernmental Agreements**

Federal Agency: U.S. Department of the Treasury (Passed through the State of Illinois)

Federal Program Name: COVID-19 Homeowner Assistance Fund (HAF) /  
COVID-19 State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Numbers: 21.026 / 21.027

Federal Award Information  
Number and Year: None

Award Period: July 1, 2021, to June 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance

**CRITERIA OR SPECIFIC REQUIREMENT**

Uniform Guidance (2 CFR section 200.1) defines a subrecipient as ‘an entity, usually but not limited to nonfederal entities, that receives a subaward from a pass-through entity to carry out part of a federal award.’ This relationship between pass-through entity and subrecipient must be formalized in a written agreement communicating the identification of the federal award, as well as all requirements imposed by the pass-through entity.

The Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal control should include procedures to ensure agreements are in place between pass-through entity’s and subrecipients before funding is received and programs carried out.

**CONDITION**

The Illinois Housing Development Authority (IHDA, or the Authority) did not execute an intergovernmental agreement with other State of Illinois agencies before being subgranted funding for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and Housing Assistance Fund (HAF) programs.

**QUESTIONED COSTS:** None

**CONTEXT**

During our testwork over the SLFRF and HAF programs, we requested IHDA provide us with the grant agreement/subrecipient agreements between IHDA and other State of Illinois agencies who passed through SLFRF and HAF funding to the Authority during fiscal year 2022. After discussion with Authority management, we learned that no such subrecipient agreements/intergovernmental agreements were executed for the SLFRF and HAF funding IHDA received.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – FEDERAL COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-004 – Failure to Execute Intergovernmental Agreements (Continued)**

**CAUSE**

Authority's management stated during fiscal year 2022, at the height of the COVID-19 pandemic and in order to disburse emergency funding as quickly as possible, the Authority and the Illinois Department of Revenue followed the existing written internal control processes and procedures in place between the agencies with respect to drawing HAF and SLFRF money from Fund 286 in order to operate the programs.

**EFFECT**

Failure to notify subrecipients of all required federal award information could result in subrecipients improperly omitting expenditures from their schedules of expenditures of federal awards, expending federal funds for unallowable purposes, or not receiving a single audit in accordance with Uniform Grant Guidance. Additionally, failure to formalize agreements between entities could lead to disputes as to who was responsible for carrying out federal programs. (Finding Code No. 2022-004)

**RECOMMENDATION**

We recommend the Authority obtain intergovernmental agreements with other State of Illinois agencies before being subgranted funding.

**AUTHORITY RESPONSE**

The Authority is in the process of working with Illinois Department of Revenue to obtain an agreement for fiscal year 2023. Unless extraneous circumstances prevent the Authority from obtaining an agreement in a timely manner, the Authority will ensure intergovernmental agreements exist before commencing new program administration. The Authority will implement new policies and procedures to strengthen control.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-005 – Cybersecurity**

The Illinois Housing Development Authority (Authority) had not implemented adequate internal controls related to cybersecurity programs and practices.

The Authority relied on several critical applications which store and maintain confidential, financially sensitive and personally identifiable information such as name, addresses, and social securing number.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Authority's cybersecurity programs, practices, and control of confidential information, we noted the Authority had not:

- Reviewed the security policies and procedures during the examination period.
- Developed project management framework to ensure new applications were adequately developed and implemented in accordance with management's expectations.
- Developed a cybersecurity plan documenting the security program, policies and procedures.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Developed a data classification methodology to address the category, retention, and destruction of data, storage media, and access permissions.
- Developed an incident response plan documenting the action to be taken in the event of a security incident.

The Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and maintain accountability over the State's resources.

Authority management indicated due to lack of available resources, the risk assessment was not performed and policies and plans were not reviewed or updated. In addition, management indicated they did not recognize the need for classifying data into separate categories and defining specific data elements individually for each category.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities which could lead to the Authority's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-005, 2021-015)

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-005 – Cybersecurity (Continued)**

**RECOMMENDATION**

We recommend the Authority:

- Review the security policies and procedures periodically, at least annual basis.
- Develop project management framework to ensure new applications are adequately developed and implemented in accordance with management’s expectations.
- Develop a cybersecurity plan documenting the security program, policies, and procedures.
- Develop a risk management methodology, conduct a comprehensive risk assessment, or Implement risk reducing internal controls.
- Develop a data classification methodology to address the category, retention, and destruction of data, storage media, and access permissions.
- Develop an incident response plan documenting the action to be taken in the event of a security incident.

**AUTHORITY RESPONSE**

<b>Recommendation</b>	<b>Authority Response</b>
Review the security policies and procedures periodically, at least annual basis.	The Authority concurs with the finding. All existing security policies that require review will be reviewed by 6/30/23 and will be reviewed on an ongoing basis per the designated periodic review period.
Develop project management framework to ensure new applications are adequately developed and implemented in accordance with management’s expectations.	The Authority concurs with the finding. The IT Department is revising current documents to create a comprehensive project management framework to ensure new applications are adequately developed and implemented in accordance with management’s expectations by 06/30/23.
Develop a cybersecurity plan documenting the security program, policies, and procedures.	The Authority concurs with the finding. The IT Department is revising current documents and creating new policy documents to create a comprehensive cybersecurity plan per a third-party remediation plan that has already been created. IT will present the proposed policies to IHDA’s Policy Committee during Fiscal Year 2023 and will work with IHDA’s Policy Manager to establish the proper review cycle.
Develop a risk management methodology, conduct a comprehensive risk assessment, or Implement risk reducing internal controls.	The Authority concurs with the finding. A third-party risk assessment was performed during calendar year 2022. The IT Department will review the assessment to develop risk management methodology and to implement risk reducing internal controls.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-005 – Cybersecurity (Continued)**

**AUTHORITY RESPONSE (Continued)**

Develop a data classification methodology to address the category, retention, and destruction of data, storage media, and access permissions.	The Authority concurs with the finding. The IT Department is addressing this issue in phases. The first phase started in October of 2022. Data classification will be included in the rollout.
Develop an incident response plan documenting the action to be taken in the event of a security incident.	The Authority concurred with the finding at the time the PAF was issued. As of September 2022, the Authority developed an incident response plan documenting the action to be taken in the event of a security incident.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-006 – Delinquent Bond Reporting**

The Illinois Housing Development Authority (the Authority) did not timely report certain bond payments and maturity schedules to the Office of the Comptroller (IOC) during the fiscal year ended June 30, 2022.

The Authority contracts with a bank to administer some of its bonds and related reporting. Under the terms of the contract, the bank is responsible to prepare and submit the Notice of Payment of Bond Interest and/or Principal forms (Form C-08) or an adjusted maturity schedule (Form C-05) if needed, to the IOC on the Authority's behalf. During our test work, we noted the bank and/or trustees on the bond issues were late in submitting fifty-two Notices of Payment (Form C-08) during the fiscal year ended June 30, 2022. Seven of these late C-08's were submitted late to the bank and/or trustees from the Authority. Additionally, the Authority was also late on submitting five adjusted maturity schedules (Form C-05) during the fiscal year ended June 30, 2022. Of all fifty-seven late reports, seven C-08 reports and five C-05 reports were solely the fault of the Authority, as the Authority prepared and submitted the reports directly to the IOC.

Statewide Accounting Management System manual Section 31.30.20 requires a Notice of Payment (C-08) to be submitted within 30 days from the date the voucher is processed for payment of principal and/or interest or within 15 days from agency receipt of the trustee's monthly statement.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure notices of bond payments are reported in a timely manner.

This finding was first reported during the fiscal year ended June 30, 2019. In subsequent years, the Authority has been unsuccessful in implementing a corrective action plan.

The Authority's management stated, outside the seven C-08 reports and five C-05 reports, the payments were not appropriately submitted due to errors on behalf of the trustee, as they are responsible for all conduit C-08 related filings. The issues identified at the fault of the Authority were due to turnover of newly appointed staff assigned to these responsibilities. The Authority has increased training and reviewed and revised policies and procedures, as necessary.

Failure to timely report the Notice of Payment inhibits the IOC from performing its statutory obligation to maintain current records indicating the outstanding bond indebtedness of the State agencies. (Finding Code No. 2022-006, 2021-007, 2020-005, 2019-007)

**RECOMMENDATION**

We recommend the Authority review its current procedures for preparing and submitting bond reports to ensure all required reports are submitted as required.

**AUTHORITY RESPONSE**

The Authority concurs with the finding. The Authority continues to reach out to all Trustees to stress the importance of completing their obligations under their respective Conduit Bond Disclosure obligations. The Authority has also implemented a quarterly reconciliation process with the IOC, which has allowed for a more complete and accurate process, as it allows the Authority to be tied out with the IOC for their reporting purposes. Finally, internally, the Authority has implemented increased training and reviewed and revised policies and procedures.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-007 – Inadequate Controls Over I-9 Forms**

Illinois Housing Development Authority has not established adequate controls over the appropriate completion of I-9 Forms for employees hired by the Authority.

During our review of 40 employees, we noted the following:

- 5 employees (13%) did not fully complete section 1 of the I-9 Form as there was no indication as to whether the employee used a preparer, translator, or other individual to assist in completing Form I-9 on or before their respective hire date.
- 3 employees (8%) failed to date section 1 of the I-9 Form by their respective hire date.
- 6 employees (15%) dated and completed the I-9 Form prior to their hire date.

U.S. Citizen and Immigration Services (USCIS) instructions for Form I-9 require Section 1 to be completed no later than the first day of employment. Section 1 should never be completed before employee has accepted a job offer. After completing Section 1, the employee is to sign their name and document the date signed. Employee must check the box marked *I did not use a Preparer or Translator*.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure that employee I-9 forms are properly completed and adequately reviewed by the Authority to ensure compliance.

This finding was first reported during the fiscal year ended June 30, 2020. In subsequent years, the Authority has been unsuccessful in implementing a corrective action plan.

The Authority's management stated, the exceptions were due to HR personnel oversight and proper procedures not being followed during the completion and review of the I-9 form at orientation.

Failure to properly complete I-9 Forms results in violation of USCIS requirements and could expose the Authority to penalties. (Finding Code No. 2022-007, 2021-010, 2020-008)

**RECOMMENDATION**

We recommend the Authority enhance their controls over the process for preparing and reviewing I-9 Forms to ensure compliance with USCIS requirements.

**AUTHORITY RESPONSE**

The Authority concurs with the finding. The Authority will continue to train members of the HR team to remain compliant with USCIS requirements and best practices. The Authority will also continue to utilize E-Verify to further reinforce the correct processing of these forms. The Authority has plans to complete and document an internal I-9 audit to update and correct forms for all active employees.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-008 – Inadequate Controls Over Time Reporting**

The Illinois Housing Development Authority (the Authority) did not approve payroll reports timely.

Authority employees are paid on the 15th and the last day of each month. For payroll documentation purposes, all employees are required to report their time in accordance with the State Officials and Employees Ethics Act. At the end of each week, all information is compiled by a designated department timekeeper through payroll service provider system Weekly Attendance Reports. Employees are required to promptly review their own time entries within payroll service provider system to determine whether they accurately reflect time spent working on Authority business. Subsequently, the payroll service provider system Weekly Attendance Reports must be approved by the employee's supervisor.

During our testwork of 40 Weekly Attendance Reports prepared during the fiscal year ended June 30, 2022, we noted the following:

- Twenty-one (53%) reports were not approved by the designated Department Director within two weeks of the related pay period end date. Specifically, we noted the review timeframe ranged from 1 to 373 days subsequent to the pay period end date.
- Twelve (30%) reports were not approved by the designated Department Timekeeper within two weeks of the related pay period end date. Specifically, we noted the review timeframe ranged from 1 to 373 days subsequent to the pay period.

The Illinois State Finance Act (30 ILCS 105/9.03) requires all payroll vouchers to be certified by an authorized individual to ensure all working time was expended in the service of the State and that the employees named are entitled to payment in the amounts indicated. In addition, Statewide Accounting Management System (Section 23.10.10) requires all payroll warrants and direct deposits to be supported by a precalculated payroll voucher submitted and approved by authorized agency personnel.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure Weekly Attendance Reports are reviewed and approved timely.

This finding was first reported during the fiscal year ended June 30, 2020. In subsequent years, the Authority has been unsuccessful in implementing a corrective action plan.

The Authority's management stated, due to ineffective oversight and human error of the timekeepers and directors, the timecards were not audited and approved in a timely manner.

Failure to ensure payroll is approved timely results in noncompliance with State regulations and could result in unapproved payments to employees. (Finding Code No. 2022-008, 2021-009, 2020-007)

**RECOMMENDATION**

We recommend the Authority enforce existing policies and procedures to ensure payroll is approved timely.

**AUTHORITY RESPONSE**

The Authority concurs with the finding. The Authority will reinforce the existing policies and procedures for the Weekly Attendance Reports to obtain timely approvals.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-009 – Inadequate Controls Over Contracts**

The Illinois Housing Development Authority (the Authority) has not established adequate internal controls over contracts to ensure goods and services receive prior approval and comply with all applicable State laws, regulations and internal policies and procedures.

During our review of 25 contracts (totaling \$13,187,510) for year ended June 30, 2022, we noted the following:

- For thirteen contracts (52%) totaling \$7,396,826 the Authority did not initiate a purchase requisition and purchase order with the proper approvals prior to incurring services.
- For two contracts (8%) totaling \$62,038 services were incurred prior to the execution date of the contract.

The Illinois Housing Development Authority Purchasing Policies and Procedures states all purchases for goods and services, regardless of value, must have a purchase requisition with the proper approvals in order to establish a purchase order.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure that purchase requisitions and purchase orders are executed prior to the receipt of goods and services, approval for expenditures are obtained where required, and comply with State laws, regulations, and internal policies and procedures.

This finding was first reported during the fiscal year ended June 30, 2020. In subsequent years, the Authority has been unsuccessful in implementing a corrective action plan.

The Authority's management stated that due to the delay in the implementation of their revised process over purchase requisitions and purchase orders, the Authority was unable to initiate the purchase requisition and purchase order prior to incurring the services.

Lack of adherence to internal policies and procedures by not fully complying with the purchase requisition/purchase order process prior to the receipt of goods and services leaves the Authority vulnerable to unnecessary liabilities and unapproved costs. In addition, failure to have an executed contract agreement in place prior to the start of services or receipt of goods could leave the Authority vulnerable to unnecessary costs and potential legal issues. (Finding Code No. 2022-009, 2021-013, 2020-013)

**RECOMMENDATION**

We recommend the Authority establish and maintain internal control procedures to ensure the purchase requisition/purchase order is in place prior to the receipt of goods and services. We further recommend that contracts are executed prior to the receipt of goods and services.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-009 – Inadequate Controls Over Contracts (Continued)**

**AUTHORITY RESPONSE**

The Authority accepts the finding. The Authority commenced the initiative to transition its accounting system from JDE to Oracle earlier this year. The Oracle system, expected to go live on July 1, 2024, will support the rollout of purchase requisition controls intended to address the finding. With respect to the thirteen contracts noted in bullet one, although purchase requisitions for those thirteen contracts were not initiated in advance, the contract was approved and executed prior to incurring the services.

With respect to the two contracts noted in bullet one, applicable Authority staff in the business unit that incurred the services have been reminded that services may not be incurred prior to obtaining proper approvals, including but not limited to an executed contract being in place.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-010 – Inadequate Controls over Voucher Processing**

The Illinois Housing Development Authority (the Authority) did not process certain expenditures timely. Additionally, the Authority did not establish adequate internal controls over vouchers to ensure goods and services receive prior approval and comply with all applicable State laws, regulations and internal policies and procedures.

During our testing of 40 expenditures (totaling \$5,361,058.54), we noted the following:

- Four expenditures (10%) totaling \$2,779,466 were not approved for payment within 30 days of receipt of bill or invoice date. The approvals ranged from between 7 to 37 days late after receipt of a proper bill.
- Thirty-two expenditures (80%) totaling \$5,174,214 did not initiate a purchase requisition and purchase order with the proper approvals prior to incurring services.

The Illinois Housing Development Authority Purchasing Policies and Procedures states all purchases for goods and services, regardless of value, must have a purchase requisition with the proper approvals in order to establish a purchase order.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure transactions are approved for payment in a timely manner.

The Authority's management stated that due to the delay in the implementation of their revised process over purchase requisitions and purchase orders, the Authority was unable to initiate the purchase requisition and purchase order prior to incurring the services. Additionally, late approvals were due to training required for new staff in the requisition process.

Failure to implement timely approvals may result in late approval of invoices which could lead to unauthorized purchases. (Finding Code No. 2022-010)

**RECOMMENDATION**

We recommend the Authority improve controls to ensure expenditures are properly supported and approved.

**AUTHORITY RESPONSE**

The Authority concurs with the finding. The accounts payable department will implement a system to closely monitor new staffing hired in the requisition process to ensure that expenditures are approved for payment in a timely manner.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-011 – Failure to Comply with the State Employment Records Act**

The Illinois Housing Development Authority’s (the Authority) 2021 Agency Workforce Report was not completed accurately.

The Agency Workforce Report is submitted annually to the Governor’s Office and the Office of the Secretary State as part of the State Employment Records Act. The report is designed to provide data relative to: (1) the number and income levels of the Agency employees, (2) the number of employees by gender, (3) the number of employees by minority group, (4) the number of physically disabled employees, (5) the number of open positions of employment, and (6) the total number of persons employed as professionals.

Based on our review of the Authority’s 2021 Agency Workforce Report, we noted the following:

- The Agency Workforce Report did not report the total number and percentage of professionals by minorities, women, and person with disabilities.
- The Agency Workforce Report did not correctly report the number of females with disabilities. Females with disabilities was understated by 1 employee.
- The Agency Workforce Report did not correctly report the total number of promotions. Total promotions were understated by 16 employees.
- The Agency Workforce Report did not correctly report the total number of new hires. Total new hires were understated by 5 employees.
- The Agency Workforce Report did not correctly report the number of women and men by ethnicity for the following:

Type	Total report per Agency Workforce Report	Correct Number	(Overstated)/ Understated
Hispanic Female	25	28	3
Two or more races (Not Hispanic or Latino) Female	0	2	2
Two or more races (Not Hispanic or Latino) Male	0	1	1

The State Employment Records Act (5 ILCS 410/5(b)) requires State agencies to collect, classify, maintain, and publish, for State and public use, certain employment statistics in a prescribed format.

The Fiscal Control and Internal Auditing Act (30 ILCS 10-3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure accurate reports are submitted to the Governor’s Office and the Office of the Secretary of State.

This finding was first reported during the fiscal year ended June 30, 2020. In subsequent years, the Authority has been unsuccessful in implementing a corrective action plan.

Authority’s management stated the exceptions were due to oversight on the part of personnel to ensure reports pulled from the payroll system were accurate and contained consistent information.

Failure to include accurate information in the annual Agency Workforce Report could deter efforts by the State to achieve a more diversified workforce. (Finding Code No. 2022-011, 2021-006, 2020-004)

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT FINDINGS – STATE COMPLIANCE  
YEAR ENDED JUNE 30, 2022**

**Finding 2022-011 – Failure to Comply with the State Employment Records Act (Continued)**

**RECOMMENDATION**

We recommend the Authority implement procedures to capture and retain accurate information to support the preparation of the annual Agency Workforce Report. We also recommend the Authority file a corrected report in accordance with 30 ILCS 5/3-2.2.

**AUTHORITY RESPONSE**

The Authority concurs with the finding. The Authority will implement procedures to capture and retain accurate information to support the preparation of the annual Agency Workforce Report.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
PRIOR YEAR FINDINGS NOT REPEATED  
YEAR ENDED JUNE 30, 2022**

**A. Finding 2021-001 – Inaccurate Financial Reporting**

During the prior year financial audit, the Illinois Housing Development Authority (the Authority) failed to establish proper oversight and monitoring procedures to ensure the financial statements were properly prepared and presented.

**Disposition:**

During the current year financial audit, we noted no similar internal control weaknesses in the financial reporting process and that the Authority had strengthened its controls over this area. (Finding Code No. 2021-001, 2020-001, 2019-001, 2018-003, 2017-002, 2016-001, 2015-001)

**B. Finding 2021-004 – Failure to Obtain Proper Support for Landlord Payments**

During the prior year single audit, the Illinois Housing Development Authority (the Authority) did not follow its established policies and procedures for rental assistance payments under the Coronavirus Relief Fund.

**Disposition:**

During the current year single audit, we noted no internal control weaknesses and the Authority followed established policies and procedures for administration of rental assistance payments under the Coronavirus Relief Fund. (Finding Code No. 2021-004)

**C. Finding 2021-005 – Failure to Timely Notify Subrecipients of Federal Funding**

During the prior year single audit, the Illinois Housing Development Authority (the Authority) did not communicate timely all required federal program information to subrecipients of the Coronavirus Relief Fund.

**Disposition:**

During the current year single audit, we noted no internal control weaknesses and the Authority communicated timely all required federal program information to subrecipients of the Coronavirus Relief Fund. (Finding Code No. 2021-005)

**D. Finding 2021-008 – Outdated Policies and Procedures**

During the prior year examination, the Illinois Housing Development Authority (the Authority) did not have updated records documenting its current policies and procedures.

**Disposition:**

During the current year examination, we noted the Authority had updated its records documenting the current policies and procedures in place. (Finding Code No. 2021-008, 2020-006)

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)  
SCHEDULE OF FINDINGS AND RESPONSES  
PRIOR YEAR FINDINGS NOT REPEATED  
YEAR ENDED JUNE 30, 2022**

**E. Finding 2021-011 – Improper Accrual of Compensated Absences**

During the prior year examination, the Illinois Housing Development Authority (the Authority) did not properly accrue for compensated employee absences.

**Disposition:**

During the current year examination, our sample testing indicated the Authority had properly accrued for compensated employee balances. (Finding Code No. 2021-011, 2020-010)

**F. Finding 2021-012 – Inadequate Controls Over Termination Payouts**

During the prior year examination, the Illinois Housing Development Authority (the Authority) did not properly calculate termination payouts.

**Disposition:**

During the current year examination, our sample testing indicated the Authority had properly calculated its employee termination payouts. (Finding Code No. 2021-012, 2020-012)

**G. Finding 2021-014 – Lack of Disaster Recovery Testing**

During the prior year examination, the Illinois Housing Development Authority (the Authority) had not conducted enterprise disaster recovery testing during the examination period.

**Disposition:**

During the current year examination, we noted the Authority had properly conducted enterprise disaster recovery testing. (Finding Code No. 2021-014)



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