

RESOLUTION 26-30

**TO ACCEPT FINAL FINANCIAL STATEMENTS AUDIT OF DCHA FOR FISCAL
YEAR 2025**

WHEREAS, District of Columbia Housing Authority (DCHA) is required to have an annual financial statements audit performed by an Independent Public Accounting firm; and

WHEREAS, the firm of CliftonLarsonAllen, LLP, conducted a financial audit of DCHA for the fiscal year that ended September 30, 2025; and

WHEREAS, the final audit report has been presented to the Board of Commissioners; and

WHEREAS, it is necessary that the Board of Commissioners accept DCHA's Audited Financial Statements, the Independent Auditors' Report, and the Management's Discussion and Analysis for the period that ended September 30, 2025;

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the District of Columbia Housing Authority accepts as submitted by Clifton, Larson, Allen LLP, the Audited Financial Statements, the Independent Auditors' Report, and the Management's Discussion and Analysis for the period that ended September 30, 2025.

ADOPTED, by the Board of Commissioners and signed in authentication of its passage the 16th day of September 2026.

ATTEST:



Nicole Wickliffe
Interim Executive Director/Secretary

APPROVED:



Raymond A. Hinner
Chairperson

APPROVED FOR FORM AND LEGAL SUFFICIENCY:



Eric D. Topor
Interim General Counsel

DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND UNIFORM GUIDANCE REPORTS
YEAR ENDED SEPTEMBER 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**DISTRICT OF COLUMBIA HOUSING AUTHORITY
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority
Washington, D.C.

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the District of Columbia Housing Authority (the Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our disclaimer of an opinion dated July 2, 2026. Our report disclaims an opinion on such financial statements because we were not able to obtain sufficient audit evidence on certain assets, liabilities, net position, revenues, expenses, and cash flows to form an opinion.

We did not audit the financial statements of Highland Residential, L.P. or Parkway Overlook II, LP, which represent 100 percent of the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units as of and for the year ended December 31, 2024. Those financial statements were audited by another auditor, whose reports expressed unmodified opinions have been furnished to us, and our opinion, insofar as it relates to the amounts included for Highland Residential, L.P. and Parkway Overlook II, LP is based solely on the reports of the other auditor. Those audits were not performed in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Authority, we considered the District of Columbia Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District of Columbia Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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, misstatements on a timely basis. A *material weakness* is deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-001 through 2025-008 to be material weaknesses.

Report on Compliance and Other Matters

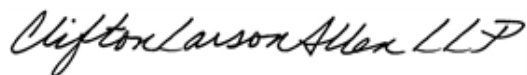
As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District of Columbia Housing Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Pittsburgh, Pennsylvania
July 2, 2026



CliftonLarsonAllen LLP
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority
Washington, D.C.

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the District of Columbia Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Moving to Work Demonstration Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Moving to Work Demonstration Program for the year ended September 30, 2025.

Qualified Opinion on Housing Voucher Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Housing Voucher Cluster for the year ended September 30, 2025.

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the Moving to Work Demonstration Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Assistance Listing No. 14.881 Moving to Work Demonstration Program as described in finding 2025-009 for Eligibility.

Matter Giving Rise to Qualified Opinion on the Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Assistance Listing No. 14.871/14.879 Housing Voucher Cluster as described in finding 2025-010 for Eligibility, 2025-011 for Special Tests – HQS Enforcement and 2025-012 for Special Tests – HQS Annual Inspections.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to the programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-013. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-009, 2025-010, 2025-011 and 2025-012. to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-013 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

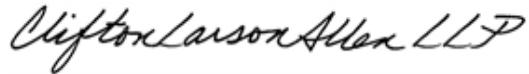
Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Authority as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 2, 2026, which contained a disclaimer of opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Because of the significance of the matter described in the *Basis for Disclaimer Opinion* section of the financial statement opinion, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Pittsburgh, Pennsylvania
August 7, 2026

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2025**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal ALN</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Moving to Work Demonstration Program	14.881	N/A	\$ -	\$ 474,488,179
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	-	18,625,085
Emergency Housing Vouchers	14.871	N/A	-	16,031,711
Mainstream Vouchers	14.879	N/A	-	<u>2,005,707</u>
Total Housing Voucher Cluster				36,662,503
Section 8 Project-Based Cluster:				
Section 8 Single Room Occupancy	14.249	N/A	-	1,171,965
Section 8 Moderate Rehabilitation	14.856	N/A	-	<u>1,491,805</u>
Total Section 8 Project-Based Cluster				2,663,770
Resident Opportunity and Supportive Services	14.870	N/A	-	<u>315,226</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 514,129,678</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards (Schedule) presents the activities of all federal award programs of the Authority. The Authority's reporting entity is defined in Note 1 of the Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Authority.

The Authority's reporting entity includes the operations of discretely presented component units which may have expended federal awards that are not included in the schedule of expenditures of federal awards for the year ended September 30, 2025.

Expenditures reported in the Schedule are reported on the accrual basis of accounting, as described in Note 1 of the notes to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

The Authority did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025**

Section I – Summary of the Auditors' Results

Basic Financial Statements

- | | | | |
|--|---------------|-----|--------------------------------|
| 1. Type of auditors' report issued: | Disclaimer | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ x _____ | yes | _____ no |
| • Significant deficiency(ies) identified? | _____ | yes | _____ x _____
none reported |
| 3. Noncompliance material to basic financial statements noted? | | | |
| | _____ | yes | _____ x _____ no |

Federal Awards

- | | | | |
|---|---------------|-----|---------------------|
| 1. Internal control over major federal programs: | | | |
| • Material weakness(es) identified? | _____ x _____ | yes | _____ no |
| • Significant deficiency(ies) identified? | _____ x _____ | yes | _____ none reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | | | |
| | Qualified | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | | | |
| | _____ x _____ | yes | _____ no |

Identification of Major Federal Programs

Name of Federal Program or Cluster	Assistance Listing Numbers
Moving To Work Demonstration Program	14.881
Housing Choice Voucher Cluster	14.871/14.879
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>3,000,000</u>
Auditee qualified as low-risk auditee?	_____ yes _____ x _____ no

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings

2025 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting - Financial Statement Closing and Verification of Balances

Condition: The Authority did not complete its financial statement close process in a timely manner. As a result, the unaudited financial statements submitted to HUD contained material misstatements. The Authority did not perform a quality control review to ensure that all material account balances in the general ledger were supported and accurate. The deficiencies in the close process resulted in CLA being unable to obtain sufficient audit evidence to verify or determine the proper accounting for \$51 million in unsupported receivables, \$8 million in unsupported other assets, \$96 million in unsupported liabilities, \$85 million in unsupported unearned revenue, \$378 million in revenues and \$166 million in prior period adjustments.

Criteria or specific requirement: The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Cod. Sec. 1100.101, a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected on a timely basis. Ineffective controls over the financial reporting and close process could result in inaccurate account balances, a significant number of audit adjustments or restatements or a lack of timely financial information. Inaccurate reporting to HUD could adversely affect the Authority's funding. The lack of internal controls resulted in a disclaimer of opinion issued on the financial statements as of and for the year ended September 30, 2025 because the necessary support to verify account balances could not be located.

Specifically, we noted the following:

- Multiple versions of the trial balance were provided for fiscal year 2024 and 2025.
- Several accounts were not properly classified in the correct financial statement grouping or financial data schedule line.
- Management was unable to provide explanations for changes of year-to-year balances for analytical purposes. This resulted in unexplained variances when performing predictive analytics.
- The Authority did not properly implement GASB Statement No. 101, *Compensated Absences*.
- The Authority did not properly implement GASB Statement Nos. 87, *Leases* and 96, *Subscription-Based Information Technology Arrangements* in 2024 or 2025.
- Developer fees are not properly recorded and tracked.
- Subsequent disbursements are not properly captured in the correct period.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 001 (Continued)

- Accrued wages are not properly recorded and supported.
- There were many account balances that were not supported by documentation.
- There were many schedules that did not agree to the trial balance.

Cause: The Authority lacked adequate internal controls over the financial statement close and verification process over account balances.

Repeat finding: Yes; 2024-002, 2023-001

Recommendation: We recommend the Authority strengthen its financial reporting and close processes by implementing a formalized month-end and year-end close timeline and checklist with clearly defined responsibilities. The Authority should enhance supervisory review controls over schedules, reconciliations, supporting documentation, and financial statements prior to submission to the auditors and HUD. Additionally, the Authority should perform timely reconciliations and analytical procedures to ensure accuracy and completeness of reported amounts.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 002

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting - Cash Adjustments

Condition: The initial cash reconciliation was materially misstated and required multiple revisions, including adjustments to the trial balance before an accurate reconciliation was provided. The final cash reconciliation still contained minor unresolved differences, which have been reported as a passed adjustment.

Criteria or specific requirement: Strong internal controls require that all cash accounts be monitored and properly adjusted as transactions occur, enabling accurate bank account reconciliations and book balances per the trial balance. Additionally, old balances in the general ledger should be cleared promptly and adjusted for if they do not represent valid cash. According to GASB Cod. Sec. 1100.101, A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: Errors in the reconciliation process increase the risk of undetected misstatements in cash and related accounts. The absence of supporting documentation for bank accounts led to inaccurate reporting of account balances, which necessitated audit adjustments.

Cause: The Authority did not maintain sufficient internal controls over financial reporting for cash, resulting in the lack of proper documentation and account reconciliation for bank and cash accounts.

Repeat finding: Yes; 2024-001

Recommendation: We recommend that the Authority strengthen controls over the cash reconciliation process by performing monthly bank reconciliations in a timely manner and writing off any unsupported balances in the general ledger.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 003

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Journal Entry Authorization, Review and Approval

Condition: We identified several journal entries that were not reviewed properly by management and lacked sufficient supporting documentation. In addition, the Authority utilizes an outsourced accounting firm with access to the financial system to post journal entries. Journal entries prepared by the outsourced accounting firm also lacked supporting documentation and were not approved or reviewed by Authority management.

Criteria or specific requirement: Effective internal controls over financial reporting require that all journal entries be supported by appropriate documentation and be subject to timely review and approval by authorized personnel. Proper segregation of duties and oversight over third-party service providers are essential to ensure the accuracy and completeness of financial records. Internal controls should be place in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Concepts Statement No. 1 -Objectives of Financial Reporting, financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability. Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent.

Effect: The absence of adequate review and supporting documentation over journal entries increases the risk of errors, unauthorized transactions, or potential misstatements in the financial statements not being detected in a timely manner.

Cause: The Authority lacks established procedures and internal controls to ensure that all journal entries are properly supported, reviewed, approved, and recorded.

Repeat finding: Yes; 2024-003

Recommendation: We recommend that management strengthen controls over the journal entry process by requiring all entries to include adequate supporting documentation and documented evidence of review and approval. Standard monthly and year-end journal entries should be established as part of the financial closing process.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 004

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Capital Assets

Condition: The Authority does not maintain proper internal controls over capital assets. The Authority does not maintain schedules for additions and deletions, does not monitor construction in progress (CIP) and does not ensure that capital asset schedules reconcile to the trial balance. Additionally, the Authority does not maintain proper controls or supporting documentation over retainage payables.

Criteria or specific requirement: Financial reporting standards require the Authority to maintain proper internal controls over capital assets to ensure that amounts per the capital asset software are reconciled to the general ledger and that capital assets are accurately reported, documented, and reconciled in accordance with GASB Codification Section 1400.

Effect: Capital assets may be misstated and related disclosures may be incorrect in the financial statements. Capital assets may not exist if they are unable to be supported by documentation. Assets may not be properly depreciated when placed in service or properly disposed.

Specifically, we noted the following:

- Accumulated depreciation per the capital asset roll forward schedule did not agree to the trial balance by \$6.1 million.
- Detailed schedules were not provided to support additions of \$111 million, deletions of \$60 million and adjustments of \$133 million.

Cause: The Authority did not maintain sufficient controls over capital assets to ensure that the Authority's general ledger agrees to the capital asset software. The Authority does not properly monitor or track capital assets or CIP.

Repeat finding: Yes; 2024-005, 2024-007 and 2024-019

Recommendation: We recommend that management implement adequate controls over capital assets, establish criteria for transferring project costs out of CIP, and ensure proper supporting documentation for transfers to appropriate asset classes. The capital asset software should be monitored and updated monthly to ensure it agrees to the trial balance accounts. Construction management should play a key role in determining when a project is placed in service and communicate this information to the finance team. In addition, the corresponding retainage payable should be reconciled on a monthly basis.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 005

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Monitoring of Loans and Mortgages Receivables

Condition: The Authority does not maintain an adequate monitoring process over loans and mortgage receivables. Specifically, the Authority lacks procedures to consistently assess the collectability of outstanding loans and mortgages and does not have sufficient controls in place to ensure timely and accurate recognition of new loan and mortgage receivable balances. We noted a \$20 million variance between the records of a related party and the Authority. Accrued interest on notes receivable per the schedule prepared by the Authority did not agree to the trial balance.

Criteria or specific requirement: The Authority must maintain an adequate monitoring process over loans and mortgage receivables. This is to ensure the Authority is properly recording collections and new issuances. Proper control allows the Authority to perform timely identification of potential impaired loans, inquire about uncollected principal and interest that should be paid, and properly evaluate the collectability of loans and mortgages. According to GASB Codification Section 1100.101, A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: Loans and mortgages receivable balances and corresponding allowances could be misstated in the financial statements. The Authority may fail to collect amounts owed or identify loans in default.

Cause: The Authority does not have a formal process in place for servicing or monitoring loans and mortgages receivable and it does not have a team responsible for this function. The Authority has reestablished the department responsible for this function, but they are presently accumulating documentation for loans and mortgages and establishing contact with the borrowers.

Repeat finding: Yes; 2024-008 and 2024-009

Recommendation: We recommend that the Authority implement a formal process to monitor all loans and mortgages receivable, with regular updates provided to finance when conditions change. Management should also implement controls to ensure that new loans and mortgage receivables are recorded timely, supported by appropriate documentation, and reviewed for accuracy and completeness.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 006

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Insufficient Collateralization of Cash Deposits

Condition: The Authority did not provide adequate insurance or collateralization to fully cover all deposits held in financial institutions. Specifically, certain cash balances exceeds the federal deposit insurance corporation (FDIC) coverage of \$250,000 and were not sufficiently collateralized to mitigate custodial credit risk. As of September 30, 2025, the Authority did not provide us with support that it had adequate insurance or collateral that its banks had pledged to protect its deposits. As of September 30, 2025, \$12,586,952 was not collateralized.

Criteria or specific requirement: Government and state statutes require that all bank deposits over the FDIC limit be adequately collateralized or insured to mitigate the risk of fund loss in the event of a bank failure. 24 CFR Section 982.156 requires public housing authorities to enter into agreements with the depositary in the form prescribed by HUD.

Effect: The Authority is exposed to custodial credit risk for the portion of deposits that are uninsured and uncollateralized. In the event of a financial institution failure, the Authority may not be able to recover these funds, potentially impacting its financial position and ability to meet operational obligations.

Cause: The Authority did not have proper oversight over its bank deposits to ensure the deposits were properly collateralized or insured.

Repeat finding: Yes; 2024-015

Recommendation: We recommend that the Authority implement procedures to ensure that all deposits exceeding FDIC insurance limits are properly collateralized in accordance with applicable requirements. Additionally, management should review and strengthen its investment and cash management policies to explicitly address custodial credit risk and related monitoring controls.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 007

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Reconciliation of Transfers and Inter-entity Accounts

Condition: Significant increases in inter-entity financial activity were identified. Inter-entity balances increased by approximately \$134,143,601 and interfund transfers increased by approximately \$438,761,595 compared to the prior year.

In addition, at year-end, several federal programs reflected interfund receivables due from other funds, including:

- Emergency Housing Vouchers – \$2,080,103
- Section 8 Moderate Rehabilitation Program – \$3,261,655
- Section 8 Single Room Occupancy – \$2,397,473

These balances indicate that federal program funds were used to support other funds or activities and were not settled within an appropriate timeframe.

Criteria or specific requirement: In accordance with 2 CFR 200.302 (Financial Management) and 2 CFR 200.305 (Payment), recipients must maintain effective control over, and accountability for, federal funds and ensure that federal program resources are used only for authorized purposes. Additionally, interfund activity should be properly supported, monitored, and settled timely to ensure compliance with program requirements and proper financial reporting.

Effect: Failure to properly monitor and settle interfund activity may result in misstatements to the financial statements and noncompliance with federal cash management requirements.

Cause: The Authority lacks controls over monitoring, reconciliation, and timely settlement of interfund activity and balances. Additionally, there appears to be inadequate oversight of cash management practices across funds, including those related to federally funded programs.

Repeat finding: Yes; 2024-013

Recommendation: We recommend that the Authority establishes a formal process to monitor and analyze inter-entity and transfer balances to ensure they are properly accounted for and that the same amounts are recorded in each funds general ledger. They should also reconcile all inter-entity balances and transfers as part of the close process.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 008

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Internal Controls over Receipts and Disbursements

Condition: During our audit, we noted the following issues related to the Authority's internal controls over receipts and disbursements:

- Receipts
 - a. We were unable to observe adequate support for 4 sampled other receipt transactions (excluding rental income). Adequate supporting documentation for cash receipts or approved bank reconciliations was not provided.
 - b. We were unable to observe adequate support for 6 sampled rental receipts. Supporting documentation was not provided, including HUD 50058 forms, lease agreements, and deposit slip information.
- Disbursements
 - a. American Express (General Disbursements): We were unable to observe adequate support for 8 sampled general disbursements, including appropriate transaction approvals, copies of signed checks, or bank reconciliations.
 - b. HAP Expenses: We were unable to observe adequate support for 2 HAP expenses. Issues included missing approvals via signed lease agreements, one instance where the HAP contract address did not match the HAP register, and one transaction supported by an outdated 50058. It appeared that annual recertification had not been completed for several years.
 - c. American Express (Credit Card): We were unable to observe adequate support for 3 sampled AMEX credit card disbursements. Invoices supporting the payments did not include evidence of approval.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Concepts Statement No. 1 -Objectives of Financial Reporting, financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability. Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The Authority does not have formalized controls or procedures over disbursements and cash receipt accounts and a process to retain appropriate backup documentation.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 008 (Continued)

Repeat finding: No

Recommendation: The Authority should evaluate its financial reporting processes and controls, including consideration of the COSO Internal Control–Integrated Framework, to determine and implement appropriate controls over receipts and disbursements. These controls should provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials: There is no disagreement with the finding.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs

2025 – 009

Federal Authority: U.S. Department of Housing and Urban Development (HUD)

Federal Program Name: Moving To Work Demonstration

Assistance Listing Number: 14.881

Federal Award Identification Number and Year: DC001 - 2025

Award Period: October 1, 2024 – September 30, 2025

Type of Finding:

- Material Noncompliance and Material Weakness in Internal Control over Compliance for Eligibility

Criteria or specific requirement: Beneficiaries must be "low-income families," as defined in Section 3(b)(2) of the 1937 Housing Act (42 USC 1437a(b)(2)) (Section 204(b) of Pub. L. No. 104-134 (42 USC 1437f (note))).

Condition:

Housing Choice Vouchers - During testing, we identified the following eligibility issues in twenty separate files:

- 6 out of 60 sampled tenant files lacked documentation supporting income eligibility.
- 2 out of 60 sampled tenant files did not include evidence of annual inspections completed during the year.
- 14 out of 60 sampled tenant files did not contain a QC checklist signed off by a specialist.
- 1 out of 60 sampled tenant files did not have inspector signoff on the inspection performed during the year.
- 4 out of 60 sampled tenant files did not follow the simplified recertification process.

Public Housing Program - During testing, we identified the following eligibility issues in four separate files:

- 1 out of 60 sampled tenant files lacked documentation supporting income eligibility.
- 1 out of 60 sampled tenant files did not include evidence of annual reexaminations completed during the year.
- 1 out of 60 sampled tenant files did not accurately reflect annual income obtained from the Enterprise Income Verification (EIV) system.
- 1 out of 60 sampled tenant files did not verify that the tenant was under the low-income limit.

Questioned costs: Unknown.

Cause: The Authority did not sufficiently monitor controls to ensure compliance with eligibility requirements.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs (Continued)

2025 – 009 (Continued)

Effect: The Authority is not in compliance with federal regulations regarding eligibility. Tenant rent or HAP may have been miscalculated due to using incorrect information in the calculations. Tenant recertifications were not shown to be performed on a timely basis.

Repeat Finding: Yes; 2024-021

Recommendation: We recommend that the Authority staff review the controls in place to ensure that required eligibility determination documentation is complete, accurate, and available for audit.

Views of responsible officials: Management agrees with the finding. Refer to the corrective action plan on current findings in this report.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs (Continued)

2025 – 010

Federal Authority: U.S. Department of Housing and Urban Development (HUD)

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871 and 14.879

Federal Award Identification Number and Year: DC001 - 2025

Award Period: October 1, 2024 – September 30, 2025

Type of Finding:

- Material Noncompliance and Material Weakness in Internal Control over Compliance for Eligibility

Criteria or specific requirement: For both family income examinations and reexaminations, the PHA must obtain and document in the family file third party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 982.516).

Condition:

- For 3 out of 60 beneficiaries selected for eligibility, the expenses reported on the 50058 form were not supported.
- For 4 out of 60 beneficiaries selected for eligibility, we did not observe 3rd party verification of reported income.
- For 3 out of 60 beneficiaries selected for eligibility, we did not observe biennial reexaminations of Family income and composition
- For 1 out of 60 beneficiaries selected for eligibility, we did not observe a signed Authorization for Release of Information/Privacy Notice Act(HUD-9886) form.
- For 1 out of 60 beneficiaries selected for eligibility, we did not observe a General Release form signed by all members of the household over the age of 18.
- For 1 out of 60 beneficiaries selected for eligibility, we did not observe a signed move-in or recertification checklist completed by a housing specialist.

Questioned costs: Unknown.

Cause: The Authority did not sufficiently monitor controls to ensure compliance with eligibility requirements.

Effect: The Authority is not in compliance with federal regulations regarding eligibility. Tenant rent or HAP may have been miscalculated due to using incorrect information in the recalculations. Tenant recertifications were not shown to be performed on a timely basis.

Repeat Finding: Yes: 2024-022

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs (Continued)

2025 – 010 (Continued)

Recommendation: We recommend that Authority staff review the controls in place to ensure that required eligibility determination documentation is complete, accurate, and available for audit.

Views of responsible officials: Management agrees with the finding. Refer to the corrective action plan on current findings in this report.

2025 – 011

Federal Authority: U.S. Department of Housing and Urban Development (HUD)

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871 and 14.879

Federal Award Identification Number and Year: DC001 - 2025

Award Period: October 1, 2024 – September 30, 2025

Type of Finding:

- Material Noncompliance and Material Weakness in Internal Control over Compliance for Special Tests and Provisions – HQS Enforcement

Criteria or specific requirement: When performing HQS inspections that result in an owner failed to correct cited HQS deficiencies within a specified time frame, the PHA must show that it properly stopped (abated) HAPs or terminated the HAP contract (24 CFR sections 982.158(d) and 982.404).

Condition:

- For 30 of 60 files tested, the reinspection was not completed within the required timeframe. Additionally, the Authority did not place the unit under abatement and stop HAP during this period.
- For 11 of 60 files tested, the unit failed reinspection and there was no documentation that the deficiencies were corrected within the allowable correction period.
- For 7 of 60 files tested, there was no evidence that the PHA took proper steps to properly enforce family obligations when the Unit failed inspection due to tenant responsibilities.
- For 2 of 60 files tested, there was no evidence that the Landlord and tenant were notified about their scheduled inspection.
- For 2 out of 60 files tested, there was no inspector signature on the original failed inspection

Questioned costs: \$333,801

Cause The Authority did not reinspect or abate units timely.

Effect: The Authority is not in compliance with HQS enforcement requirements.

Repeat Finding: Yes; 2024-023

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs (Continued)

2025 – 011 (Continued)

Recommendation: We recommend the Authority implements controls to ensure that the Authority requires HQS deficiencies to be corrected within the timeframe set forth by 2 CFR section 982.404(a). We recommend the Authority implements controls to ensure abatement is timely for units that do not correct the cited HQS deficiencies within the required timeframe.

Views of responsible officials: Management agrees with the finding. Refer to the corrective action plan on current findings in this report.

2025 – 012

Federal Authority: U.S. Department of Housing and Urban Development (HUD)

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871 and 14.879

Federal Award Identification Number and Year: DC001 - 2025

Award Period: October 1, 2024 – September 30, 2025

Type of Finding:

- Material Noncompliance and Material Weakness in Internal Control over Compliance for Special Tests and Provisions – Annual HQS Inspections

Criteria or specific requirement: The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS). The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

Condition:

- For 22 of the 60 samples, we were unable to view biennial inspections being performed.
- For 3 of 60 samples, we were unable to see Inspector signature on the inspection report provided.

Questioned costs: \$254,638

Cause: The Authority did not sufficiently monitor controls to ensure compliance with reporting requirements.

Effect: The Authority is not in compliance with federal regulations regarding HQS inspections.

Repeat Finding: Yes; 2024-024

Recommendation: We recommend the Authority implements controls to ensure that HQS inspections are completed in accordance with their administrative plan.

Views of responsible officials: Management agrees with the finding. Refer to the corrective action plan on current findings in this report.

**DISTRICT OF COLUMBIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section III – Federal Award Findings and Questioned Costs (Continued)

2025 – 013

Federal Authority: U.S. Department of Housing and Urban Development (HUD)

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871 and 14.879

Federal Award Identification Number and Year: DC001 - 2025

Award Period: October 1, 2024 – September 30, 2025

Type of Finding:

- Noncompliance and Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions – Waiting List

Criteria or specific requirement: The PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. (24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207). When a family has been selected from the waiting list, the PHA must notify the family (24 CFR 982.544(a)). Each family member, regardless of age, must submit the following evidence to the responsible entity: For U.S. citizens or U.S. nationals, the evidence consists of a signed declaration of U.S. citizenship or U.S. nationality. The responsible entity may request verification of the declaration by requiring presentation of a United States passport or other appropriate documentation, as specified in HUD guidance. (24 CFR 5.508)

Condition: During testing, we identified the following eligibility issues in four separate files:

- For 1 of the 60 files tested, there was no documentation indicating the reason why a tenant was not admitted to the program.
- For 3 of the 60 files tested, there was no documentation indicating that the tenant was notified that they have reached the top of the waiting list.

Questioned costs: Unknown

Cause: The Authority did not sufficiently monitor controls to ensure compliance with waiting list requirements.

Effect: The lack of internal controls over the waiting list requirements could result in individuals not being selected or housed in accordance with the Authority's and HUD's requirements.

Repeat Finding: No

Recommendation: We recommend the Authority implements controls over the waiting list process to ensure all documentation is maintained at the time of each applicant is selected from the waiting list.

Views of responsible officials: Management agrees with the finding. Refer to the corrective action plan on current findings in this report.



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