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ALBUQUERQUE HOUSING AUTHORITY

### **Attachment 3: AHA FY2020 Audit Results**

The Authority received two findings that are significant deficiencies and not considered to be material weaknesses to the financials.

**1. Finding 2020-001 (2019-001): Internal Control over Financial Reporting, Significant deficiency (Repeated and Modified)**

**Management's Progress for prior year:** The Authority established controls to ensure that year-end recorded balances appear reasonable and appropriate so that the unaudited FDS filing does not have significant errors. There is a lag time between capital fund vendors paid and HUD reimbursement of such funds and accruals will need to be established for that gap period. This would include a careful review of the general ledger and activity and comparison to the draft unaudited FDS before filing.

**Cause:** While some improvements were noted from the prior period, due to position vacancies, the Authority did not have the necessary controls over the financial reporting process to detect material misstatements.

**Management's Response to finding:** The Finance Director will establish controls to ensure that the year-end recording balances appear reasonable and appropriate so that the unaudited FDS filing does not have significant errors. This would include a careful review of the general ledger and activity and comparison to the draft unaudited FDS before filing.

**2. Finding 2020-002 - Timely Completion and Submission of the Annual Audit**

**Condition and cause:** The Authority failed to make available financial records to the auditors in a timely manner in order to meet the five-month audit filing deadline requirements of NM administrative code and the Office of the State Auditor of New Mexico.

**Management Response:** The Authority's year-end close process was delayed due to circumstances caused by the COVID -19 Pandemic. As a result, the Authority was unable to provide all of the documentation necessary to meet the five-month audit filing deadline requirements. The Authority has implemented new year-end close procedures for future audits to ensure timely completion of the financial records and submission of the audit report.