

NORTHERN MARIANAS HOUSING CORPORATION

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE**

FOR THE YEAR ENDED SEPTEMBER 30, 2021



BURGER · COMER · & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

Board of Directors
Northern Marianas Housing Corporation:

We have audited, 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 Northern Marianas Housing Corporation (NMHC), which comprise the statement of net position as September 30, 2021, and the related statements of revenues, expenses and changes in net position, and of cash flows for the year then ended, and notes to the financial statements and have issued our report thereon dated October 7, 2025. Our report was qualified due to our inability to determine the effects of Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting Pensions* on NMHC's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NMHC'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 NMHC's internal control. Accordingly, we do not express an opinion on the effectiveness of NMHC's internal control.

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 a 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. A *significant deficiency* 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Cost as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Saipan Office
1930 Picarro Lane, I Liyang Village
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office
333 South Marine Corps Drive
Tamuning, Guam 96913
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Palau Office
PIDC Apartment No. 11
PO Box 1266 Koror, PW 96940
Tel Nos. (680) 488-8615
Fax Nos. (680) 488-8616

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NMHC'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Finding and Questioned Cost as items 2021-002 and 2021-003.

NMHC's Response to Findings

NMHC's response to the findings identified in or audit is described in the accompanying Schedule of Findings and Questioned Costs. NMHC's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Tamuning, Guam
October 7, 2025



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT AND ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Northern Marianas Housing Corporation:

Report on Compliance for Each Major Federal Program

We have audited the Northern Marianas Housing Corporation’s (NMHC’s) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the NMHC’s major federal programs for the year ended September 30, 2021. NMHC’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the NMHC’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NMHC’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and modified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of NMHC’s compliance.

Basis for Qualified Opinion on the Home Investment Partnership Program and the Section 8 Housing Choice Voucher Program

As described in Findings 2021-002 and 2021-003 in the accompanying Schedule of Findings and Questioned Costs, NMHC did not comply with requirements regarding the following:

Finding No.	CFDA No.	Program Name	Compliance Requirement
2021-002	14.239	Home Investment Partnership Program	Eligibility
2021-003	14.871	Section 8 Housing Choice Voucher Program	Reporting

Compliance with such requirements is necessary, in our opinion, for NMHC to comply with the requirements applicable to that program.

Qualified Opinion on the Home Investment Partnership Program and the Section 8 Housing Choice Voucher Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, NMHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Home Investment Partnership Program and the Section 8 Housing Choice Voucher Program for the year ended September 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, NMHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2021.

NMHC’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The NMHC’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

NMHC is responsible for preparing a corrective action plan to address each finding included in the audit’s report. NNHC’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

Management of the NMHC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the NMHC’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the NMHC’s internal control over compliance.

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

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 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 findings 2021-002 and 2021-003 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 items 2021-001 to be a significant deficiency.

NMHC's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. NMHC's response was not subjected to the 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.

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

We have audited the financial statements of the NMHC as of and for the year ended September 30, 2021, and have issued our report thereon dated October 7, 2025, which contained an qualified opinion on those financial statements due to our inability to determine the effects of Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting Pensions* on NMHC's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bryce Comu & Associates

Tamuning, Guam
October 7, 2025

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	\$ -	\$ 1,435,990
Total Section 8 Project-Based Cluster		-	1,435,990
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant/Entitlement Grants COVID-19	14.225	130,543	168,208
Community Development Block Grants/Special Purpose Grants/Insular Area	14.225	479,835	582,007
Total CDBG - Entitlement Grants Cluster		610,378	2,775,732
State-Administered CDBG Cluster:			
Community Development Block Grant Disaster Recovery	14.228	-	2,025,517
Total State-Administered CDBG Cluster		-	2,025,517
Emergency Solutions Grants Program Cluster:			
Emergency Solutions Grant Program	14.231	-	40,845
Emergency Solutions Grant Program COVID-19	14.231	1,015,327	1,046,506
Total Emergency Solutions Grant Program Cluster		1,015,327	1,087,351
HOME Investment Partnerships Program Cluster:			
HOME Investment Partnerships Program	14.239	-	336,925
HOME Investment Partnerships Program - Loan or loan guarantees	14.239	-	6,990,789
Total HOME Investment Partnerships Program Cluster		-	7,327,714
Housing Voucher Cluster:			
Emergency Housing Voucher Program	14.EHV	-	23,392
HCV Cares Act Program	14.HCC	-	24,218
Section 8 Housing Choice Vouchers	14.871	-	3,702,466
Total Housing Voucher Cluster		-	3,750,076
<i>Total U.S. Department of Housing and Urban Development</i>		<u>1,625,705</u>	<u>16,376,863</u>
Total Expenditures of Federal Awards		<u>\$ 1,625,705</u>	<u>\$ 16,376,863</u>
Reconciliation of Statement of Revenues, Expenses and Changes in Net Position to expenditures:			
Operating expenses:			
HOME Investment Partnership Program Grant			\$ 572,545
HOME Investment Partnerships Program loans included in loans receivable			6,990,789
CDBG Program			2,843,578
ESG Program			1,086,700
Section 8 HAP expenditures included in operations			4,883,251
Federal award expenditures per above			<u>\$ 16,376,863</u>

See accompanying notes to schedule of expenditures and federal awards.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

(1) Scope of Review

The Northern Marianas Housing Corporation (NMHC), a division of the Commonwealth Development Authority (CDA), formerly the Mariana Islands Housing Authority (MIHA), was established to assist in the development and administration of low-cost residential housing in the Northern Mariana Islands. On September 24, 2020, the Governor of the CNMI signed Executive Order 2020-21 to rescind Section 407 of Executive Order 94-3, pertaining to the functions of NMHC and its assignment to CDA and allowing for NMHC to remain the successor agency to MIHA pursuant to Public Law 20-87. The operations of NMHC shall continue under the direction and control of the CDA Board of Directors until all positions of the NMHC Board of Directors are appointed and confirmed. All operations of NMHC are included in the scope of the Single Audit. The U.S. Department of Housing and Urban Development is NMHC's oversight agency for the Single Audit.

(2) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of NMHC under programs of the federal government for the year ended September 30, 2021. 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 NMHC, it is not intended to and does not present the financial position, changes in net position or cash flows of NMHC.

(3) Summary of Significant Accounting Policies

Basis of Accounting

For purposes of this report, certain accounting procedures were followed, which help illustrate the expenditures of the individual programs. Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Disbursements made to subrecipients related to grant agreements are reported as expenditures.

Subgrantees

Certain program funds are passed through NMHC to subrecipient organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipients outside of NMHC's control utilized the funds.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

(3) Summary of Significant Accounting Policies, Continued

Funds Received

U.S. Department of Housing and Urban Development - Community Development Block Grants/Special Purpose Grants/Insular Area; Emergency Solutions Grant Program; Continuum of Care; HOME Investment Partnerships Program; - NMHC received these funds in a direct capacity in fiscal year 2021; NMHC administers the funds and is responsible for compliance with laws and regulations. NMHC was designated administrator of Commonwealth Development Block Grants – Disaster Recovery.

U.S. Department of Housing and Urban Development – Section 8 Housing Assistance Payments Program; Section 8 Housing Choice Vouchers; – NMHC records federal rental assistance as Section 8 income.

Indirect Costs

NMHC does not have an indirect cost negotiation agreement and does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance. NMHC developed allocations for indirect costs to programs, which was fully implemented in fiscal year 2021. NMHC developed estimates and allocable costs in compliance with the Uniform Guidance and Code of Federal Regulations §200.404 *Reasonable Costs*, and §200.405 *Allocable Costs*.

(4) Loan Funds

NMHC, on behalf of the CNMI, has been designated the responsibility of implementing and carrying out the objectives of the HOME program. The purpose of the program is to provide no-cost or low-cost financing assistance to very low and low-income families. Under NMHC's policies and procedures, HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms of the homeowner rehabilitation assistance including the NMHC affordability period and principal residency requirements. Balances and transactions relating to the HOME program are included in NMHC's financial statements. Loans made during the year and the balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2021, the HOME Program expenditures included \$572,545 in current year disbursements and \$6,990,789 in outstanding HOME loans from previous years with continuing compliance requirements. The balance of HOME Investment Partnerships grant loans outstanding and recorded by NMHC at September 30, 2021 is \$7,231,836 of which \$6,990,789 have continuing compliance requirements.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|---|-----------|
| 1. | Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: | Qualified |
| Internal Control Over Financial Reporting: | | |
| 2. | Material weakness(es) identified? | Yes |
| 3. | Significant deficiency(ies) identified? | No |
| 4. | Noncompliance material to financial statement noted? | No |

Federal Awards

- | | | |
|---|--|------------|
| Internal control over major program programs: | | |
| 5. | Material weakness(es) identified? | Yes |
| 6. | Significant deficiency(ies) identified? | No |
| 7. | Type of auditors’ report issued on compliance for major federal programs: | |
| | ALN Number: 14.239 | Qualified |
| | All other major programs | Unmodified |
| 8. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 9. | Identification of major federal programs: | |

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Section 8 Project-Based Cluster
14.195	Section 8 Housing Assistance Payments Program
	CDBG – Entitlement Grants Cluster
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
	State-Administered CDBG Cluster
14.228	Community Development Block Grants/Disaster Recovery
	Emergency Solutions Grants Cluster
14.231	Emergency Solutions Grants Program
	Home Investment Partnerships Program Cluster
14.239	Home Investment Partnerships Program
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers

- | | | |
|-----|--|-----------|
| 10. | Dollar threshold used to distinguish between type A and Type B Programs: | \$750,000 |
| 11. | Auditee qualified as low-risk auditee? | No |

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section II – Financial Statement Findings

<u>Reference Number</u>	<u>Finding</u>
2021-001	Financial Reporting

Section III – Federal Award Findings and Questioned Costs

<u>Reference Number</u>	<u>Assistance Listing Numbers</u>	<u>Findings</u>	<u>Questioned Costs</u>
2021-002	14.239	Eligibility	\$ 146,636
2021-003	14.871	Reporting	-
			<u>\$ 146,636</u>

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding No.: 2021-001
Area: Financial Reporting

Criteria: In accordance with 2 CFR § 200.508 (Preparation for audit), the auditee must prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards (SEFA), and ensure that records and documentation provided for audit are accurate, complete, and support the amounts reported. Sound internal control practices require that accounting records, including trial balances, reconcile with the general ledger and accurately reflect the transactions within the audit period.

Condition: During our audit of the Northern Marianas Housing Corporation (NMHC) for fiscal year 2021, the fiscal division initially provided trial balances that did not reconcile to the general ledger and included transactions from period outside of the audit scope. As a result, the trial balances had to be revised and resubmitted on four separate occasions.

Cause: The inaccuracies and multiple revisions were primarily due to inadequate review and reconciliation procedures prior to submitting the trial balances for audit. Additionally, there was a lack of segregation of transactions by fiscal year and insufficient communication and coordination within the fiscal division.

Effect: The submission of inaccurate and untimely trial balances caused significant delays in the audit process, resulted in additional audit hours spent revising workpapers, and required extensive reconciliation procedures to trace amounts to the general ledger. This hindered the timely completion of the audit and could affect the timely submission of the Single Audit reporting package.

Recommendation: We recommend that NMHC strengthen its internal control procedures over financial reporting by:

- Implementing a formal review and reconciliation process to ensure trial balances agree with the general ledger and include only transactions within the appropriate audit period.
- Providing training to fiscal staff on year-end closing procedures and audit readiness.
- Establishing clear deadlines and accountability measures to ensure accurate and timely preparation of financial data for audits.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-001, Continued
Area: Financial Reporting

Views of Responsible Officials: Chief Financial Officer and Chief Account

Response/Corrective Action:

NMHC will strengthen the internal control procedures over financial reporting by implementing a formal review and reconciliation process to ensure trial balances agree with the general ledger and include only transactions within the appropriate audit period, providing training to fiscal staff on year-end closing procedures and audit readiness, establishing clear deadlines and accountability measures to ensure accurate and timely preparation of financial data for audits. Please note that the former CFO resigned and the transition process took long time to replacing the CFO that hindered the reconciling the financial data information.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding No.: 2021-002
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.239 HOME Investment Partnerships Program
Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
M06ST690203, M07ST690203, M08ST690203, M09ST690203,
M10ST690203, M11ST690203, M12ST690203, M14ST690203,
M15ST690203, M16ST690203
Area: Eligibility
Questioned Costs: \$146,636

Criteria: In accordance with applicable eligibility requirements, existing borrowers must satisfy annual requirements, and initial applicants must be qualified homebuyers or homeowners in order to review HOME funds. For homeownership housing projects imposing recapture/resale restrictions, records must be retained for five (5) years after the affordability period terminates.

Annual Requirements:

1. Upon completion of the HOME assisted project and during the term of the loan, the homebuyer shall be required to maintain, at personal expense, property insurance on the mortgaged property for fire, earthquake, typhoon, and flood damage covering the replacement value of all properties at a minimum equal to the loan amount.
2. All HOME-assisted borrowers, regardless of the type of assistance provided, shall be recertified annually to demonstrate compliance with the affordability restrictions.
3. All existing borrowers whose loans have been partially or entirely deferred prior to or on December 31, 2007, shall cease to be recertified for financial and eligibility requirement purposes. This provision shall apply and be made effective after each borrower(s) has/have been recertified for his/her/their last annual recertification due date and completed prior to or on July 28, 2018; and shall therefore be considered the last and final financial and eligibility recertification.

Application Requirements:

4. NMHC must perform income eligibility prior to providing HOME loan assistance and must use verification methods that are acceptable to HUD. Verification must be made in writing, from a reliable third party, including verification of birth, unemployment status, monthly income, social security income, income from assets and tax compliance. Such verifications shall be considered valid for a period of ninety (90) calendar days from the date the verification was completed for loans executed prior to July 23, 2009 or one hundred eighty (180) calendar days for loans executed on or after July 23, 2009. In addition, prior to verification, NMHC shall obtain written authorization from the applicant through the HOME Eligibility Release form or Authorization to Release Information.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-002, Continued
 Federal Agency: U.S. Department of Housing and Urban Development
 CFDA Program: 14.239 HOME Investment Partnerships Program
 Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
 M06ST690203, M07ST690203, M08ST690203, M09ST690203,
 M10ST690203, M11ST690203, M12ST690203, M14ST690203,
 M15ST690203, M16ST690203
 Area: Eligibility
 Questioned Costs: \$146,636

Criteria, Continued:

5. NMHC must determine an applicant's credit worthiness and repayment ability. NMHC shall request and obtain a written credit report from a recognized credit bureau. Poor repayment of credit obligations shall be considered a credit risk and shall be a reason for denial of assistance.
6. All approved applicants must attend a counseling session that will be provided by NMHC. The counseling session shall coincide with the day that NMHC issues a Commitment Letter to the applicant. Failure to attend a counseling session is grounds for denial of the assistance.
7. HOME rehabilitation activities to be undertaken by NMHC are subject to the environmental review requirements at 24 CFR Part 58. Environmental review and assessment forms must be documented in the Environmental Review Record as evidence of compliance before HOME funds are committed to a specific project site.

Condition: Of twenty (20) loans files tested for compliance with annual requirements, aggregating \$676,359 of a total population of \$6,990,789, we noted deficiencies, as enumerated below. Questioned costs, if any, are based on outstanding loan balances as of September 30, 2021 for loan files that lack sufficient documentation to demonstrate compliance with Federal requirements and therefore, might no longer satisfy conditions to continue as a Federal investment.

1. For seven (or 35%), the homeowner's property insurance coverages were not on file.

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Date of Certificate of Occupancy</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
DHNC-451	02/15/2011	08/15/2011	\$ 54,400	\$ 54,400
HL-178	10/19/2004	03/02/2005	\$ 25,000	9,168
HL-196	09/08/2005	None	\$ 24,137	1,898
HL-207	07/12/2005	03/01/2006	\$ 50,000	34,808
HR-461	08/09/2010	08/19/2011	\$ 20,000	9,880
HR-532	11/09/2012	04/18/2013	\$ 20,000	13,199
PIHL-33	06/29/2005	03/01/2006	\$ 14,100	719
				<u>\$ 124,071</u>

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-002, Continued
 Federal Agency: U.S. Department of Housing and Urban Development
 CFDA Program: 14.239 HOME Investment Partnerships Program
 Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
 M06ST690203, M07ST690203, M08ST690203, M09ST690203,
 M10ST690203, M11ST690203, M12ST690203, M14ST690203,
 M15ST690203, M16ST690203
 Area: Eligibility
 Questioned Costs: \$146,636

Condition, Continued:

2. For one (or 5%), the homeowner's property insurance coverage was obtained; however, the property was partially insured.

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Insurance Coverage Limits</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HP-722	12/30/2020	\$ 82,500	\$ 85,470	\$ -
				\$ -

No questioned costs are presented for HP-722, as the insurance policy was subsequently amended on 4/7/2022 to increase the insurance coverage to \$85,470.

3. For three or 15%, the homeowner's property insurance was obtained; however, the property was uninsured as 9/30/2021, as follows:

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Insurance Policy Period</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HNC-367	09/09/2010	01/27/2020 to 01/27/2021	\$ 57,000	\$ -
HNC-403	07/06/2010	06/26/2020 to 06/26/2021	\$ 57,000	-
HR-534	12/12/2012	09/11/2020 to 09/11/2021	\$ 20,000	-
				\$ -

Property insurance coverage for HP-367, HNC-403 and HNC-534 were subsequently renewed on 4/28/2022, 8/30/2022 and 11/16/2021, respectively.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-002, Continued
 Federal Agency: U.S. Department of Housing and Urban Development
 CFDA Program: 14.239 HOME Investment Partnerships Program
 Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
 M06ST690203, M07ST690203, M08ST690203, M09ST690203,
 M10ST690203, M11ST690203, M12ST690203, M14ST690203,
 M15ST690203, M16ST690203
 Area: Eligibility
 Questioned Costs: \$146,636

Condition, Continued:

4. For three or 15%, affidavits of principal residence signed by the borrowers or the borrower's surviving relatives were not on file. For PIHL-33, borrower has been incarcerated since January 2018 and as such, is unable to sign the affidavit of principal residence. Documentation to substantiate that the surviving household member has legal rights to the property and/or whether the surviving household member can assume the HOME grant assistance was not on file. Loan PIHL-33D of the same borrower has been forwarded to legal counsel for collection.

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Last Financial and Eligibility Recertification on File</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
DHNC-451	02/15/2011	None	\$ 54,400	\$ 54,400
HL-178	10/19/2004	None	\$ 25,000	9,168
PIHL-33	06/29/2005	03/12/2014	\$ 14,100	<u>719</u>
				64,287
		Less amount questioned at Condition 1 for DHNC-451		(54,400)
		Less amount questioned at Condition 1 for HL-178		(9,168)
		Less amount questioned at Condition 1 for PIHL-33		<u>(719)</u>
				<u>\$ -</u>

5. For two or 10%, the Letter of Tax Compliance was not on file for the following:

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Date of Letter of Tax Compliance</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HL-178	10/19/2004	None	\$ 25,000	\$ 9,168
HL-196	09/08/2005	None	\$ 24,137	<u>1,898</u>
				11,066
		Less amount questioned at Condition 1 for HL-178		(9,168)
		Less amount questioned at Condition 1 for HL-196		<u>(1,898)</u>
				<u>\$ -</u>

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-002, Continued
 Federal Agency: U.S. Department of Housing and Urban Development
 CFDA Program: 14.239 HOME Investment Partnerships Program
 Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
 M06ST690203, M07ST690203, M08ST690203, M09ST690203,
 M10ST690203, M11ST690203, M12ST690203, M14ST690203,
 M15ST690203, M16ST690203
 Area: Eligibility
 Questioned Costs: \$146,636

Condition, Continued:

6. For one or 5%, the credit report was not on file as follows:

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Date of Credit Report</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HL-178	10/19/2004	None	\$ 25,000	\$ 9,168
				9,168
				Less amount questioned at Condition 1 for HL-178 (9,168)
				<u>\$ -</u>

7. For four or 20%, documentation for the counseling session and/or commitment letters were not on file.

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Date of Counseling Session</u>	<u>Date of Commitment Letter</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HL-178	10/19/2004	None	None	\$ 25,000	\$ 9,168
HL-196	09/08/2005	None	04/22/2005	\$ 24,137	1,898
HR-461	08/09/2010	None	10/01/2009	\$ 20,000	9,880
PIHL-33	06/29/2005	None	01/05/2005	\$ 14,100	719
					21,665
					Less amount questioned at Condition 1 for HL-178 (9,168)
					Less amount questioned at Condition 1 for HL-196 (1,898)
					Less amount questioned at Condition 1 for HR-461 (9,880)
					Less amount questioned at Condition 1 for PIHL-33 (719)
					<u>\$ -</u>

8. For one (or 5%), the environmental review and assessment forms were not on file.

<u>Loan No.</u>	<u>Date of Loan Agreement</u>	<u>Date of Environmental Review</u>	<u>Loan Amount</u>	<u>Outstanding Loan Amounts and Questioned Costs</u>
HL-212	09/22/2005	None	\$ 32,500	\$ 22,565
				<u>\$ 22,565</u>

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-002, Continued
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.239 HOME Investment Partnerships Program
Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
M06ST690203, M07ST690203, M08ST690203, M09ST690203,
M10ST690203, M11ST690203, M12ST690203, M14ST690203,
M15ST690203, M16ST690203
Area: Eligibility
Questioned Costs: \$146,636

Cause: There was a lack of effective internal controls related to the review and monitoring of applicable program eligibility requirements.

Effect: NMHC is not in compliance with the applicable program requirements resulting in the questioned costs as follows:

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 146,636
8	-
	<u>\$ 146,636</u>

Identification as a Repeat Finding: Finding No. 2020-005

Recommendation: NMHC should strengthen its internal control procedures to ensure compliance with applicable eligibility requirements. This includes establishing formal review and monitoring processes to verify that all participants meet program criteria prior to approval.

Views of Responsible Officials:

Condition 1:

Response: This finding is a stay. However, we respectfully request for removal of question costs; MCD concurs that the homeowner’s property insurance was not in file. However due to circumstances at the time; such as natural disasters, like the Covid-19 pandemic (Mar. 28, 2020 to May 11, 2023), it negatively impacted clients in securing coverage and in MCD's immediate enforcement. Subsequently, after exhausting efforts, MCD eventually forwarded certain accounts to collection to the attorney.

Corrective Action:

The MCD has been sending notices to borrowers as a reminder to update or renew their homeowner insurance policy. We have created a monitoring spreadsheet to ensure that the insurance policies are being updated and that notices to homeowners are being sent to remind them of their insurance status. Moving forward, we will be sending out demand notices to those listed accounts that were affected.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding No.: 2021-002, Continued
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.239 HOME Investment Partnerships Program
Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
M06ST690203, M07ST690203, M08ST690203, M09ST690203,
M10ST690203, M11ST690203, M12ST690203, M14ST690203,
M15ST690203, M16ST690203
Area: Eligibility
Questioned Costs: \$146,636

Views of Responsible Officials, Continued:

Condition 2:

Response: This finding is a stay, however we respectfully request to remove the question cost. Corrective measure was taken on the renewal of insurance by adjusting the coverage to the loan amount of \$85,470 with the same insurance carrier.

Corrective Action:

This loan account is noted and being monitored to ensure that future policy coverage accurately reflects the loan amount as cited.

Condition 3:

Response: This finding is a stay. However, due to circumstances at the time; such as natural disasters, like the Covid-19 pandemic (Mar. 28, 2020 to May 11, 2023), it negatively impacted clients in securing coverage and in MCD's immediate enforcement.

Corrective Action:

Property insurance coverage for HP-367, HNC-403 and HNC-534 were subsequently renewed on 4/28/2022, 8/30/2022 and 11/16/2021, respectively. MCD will ensure that these account policies are being monitored for subsequent updates and renewals.

Condition 4:

Response: This finding is a stay. However, we respectfully request for removal of question costs; MCD concurs that the homeowner's property insurance was not in file. However due to circumstances at the time; such as natural disasters, like the Covid-19 pandemic (Mar. 28, 2020 to May 11, 2023), it negatively impacted MCD's immediate enforcement and ability to conduct home site visits for follow-ups.

Corrective Action:

MCD will ensure moving forward that these accounts are carefully monitored and in compliance with required annual recertifications.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding No.: 2021-002, Continued
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.239 HOME Investment Partnerships Program
Federal Award No: M02ST690203, M03ST690203, M04ST690203, M05ST690203,
M06ST690203, M07ST690203, M08ST690203, M09ST690203,
M10ST690203, M11ST690203, M12ST690203, M14ST690203,
M15ST690203, M16ST690203
Area: Eligibility
Questioned Costs: \$146,636

Views of Responsible Officials, Continued:

Condition 5:

Response: This finding is a stay MCD affirms that the documents are presently not in file.

Corrective Action:

The two loan accounts, HL-178 and HL-196 were underwritten twenty years ago; therefore, corrective action regarding these two accounts would not be applicable. MCD verified and confirmed that the required document was not in the respective files. It is also possible the document was received but might have been misplaced or got lost in the process.

Condition 6:

Response: This is a stay-MCD affirms that the credit report is presently not in file. And will be unable to perform any corrective action to obtain such document as account is nearly twenty years old. It should be noted that the account has been referred for collection. Request to remove question costs.

Corrective Action:

MCD will be unable to perform any corrective action to obtain such document as account is nearly twenty years old. It should be noted that the account has been referred for collection.

Condition 7:

Response: Request to remove finding and question costs. The Home Counseling Certificate and educational course checklist is provided for clients after 2012. HL-178, HL-196, HR-461, PIHL-33 Stay documents are not in the file and MCD will be unable to perform any corrective action to obtain such documents as the accounts are about twenty years old. Request to remove question costs.

Response: This is a stay-MCD affirms that the environmental assessment forms are presently not in file. And MCD will be unable to perform any corrective action to obtain such document as nearly twenty years has lapsed (possible misfiling). Request to remove question costs.

Corrective Action:

MCD will be unable to perform any corrective action to obtain such document as nearly twenty years has lapsed (possible misfiling or misplaced).

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding No.: 2021-003
 Federal Agency: U.S. Department of Housing and Urban Development
 CFDA Program: 14.871 Section 8 Housing Choice Vouchers
 Area: Eligibility
 Questioned Costs: \$-0-

Criteria: The Uniform Financial Reporting Standards require PHAs to submit timely GAAP-based unaudited financial information electronically to HUD that is accurately prepared.

Condition: Tests of the unaudited single audit information for the year ended September 30, 2021 that was electronically submitted to HUD noted the following:

Program Balance Sheet Summary:

Line Item	Per REAC Submission			Per Underlying General Ledger			Variance
	14.EHV Emergency Housing Vouchers	14.871 Housing Choice Vouchers	Total	14.EHV Emergency Housing Vouchers	14.871 Housing Choice Vouchers	Total	
124	\$ -	\$ 148,807	\$ 148,807	\$ 630,557	\$ -	\$ 630,557	\$ (481,750)
166	\$ -	\$ (96,093)	\$ (96,093)	\$ -	\$ (97,748)	\$ (97,748)	\$ 1,655
333	\$ -	\$ 5,624	\$ 5,624	\$ -	\$ (153,872)	\$ (153,872)	\$ 159,496
342	\$ 231,000	\$ -	\$ 231,000	\$ 630,557	\$ -	\$ 630,557	\$ (399,557)

Program Revenue and Expense Summary:

Line Item	Per REAC Submission			Per Underlying General Ledger			Variance
	14.EHV Emergency Housing Vouchers	14.871 Housing Choice Vouchers	Total	14.EHV Emergency Housing Vouchers	14.871 Housing Choice Vouchers	Total	
70600	\$ 422,949	\$ -	\$ 422,949	\$ 23,392	\$ -	\$ 23,392	\$ 399,557

For the amount reported in line item 124, the account pertains to 14.EHV Emergency Housing Voucher (EHV) program in the General Ledger, not the 14.871 Housing Choice Voucher (HCV) program per the REAC submission.

For the \$422,949 reported under 14.EHV Emergency Housing Vouchers Funding column for FDS line 70600, amount pertains to EHV funding that NMHC received in FY 2021, however, NMHC only incurred \$23,392 in EHV expenses. The variance should not be reported as grant revenue but rather as unearned revenue at FDS line 342 per the revenue recognition guideline on HUD’s Notice PIH-2020-24.

For the variance reported in line 166, this pertains to the FY 2021 adjustment to reconcile accumulated depreciation as of 09/30/2021.

NORTHERN MARIANAS HOUSING CORPORATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding No.: 2021-003, Continued
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.871 Section 8 Housing Choice Vouchers
Area: Eligibility
Questioned Costs: \$-0-

Cause: The cause of the above condition is the lack of monitoring controls over the Uniform Financial Reporting Standards reporting and untimely reconciliation of its general ledger accounts. In addition, NMHC not including accrued revenues at FDS Line 70600 is due to comments that NMHC received from REAC reviewer that the FDS and VMS should totally agree or closely match. Accordingly, as the VMS reporting is on a cash basis, amount reported at FDS Line 70600 was based on a modified cash basis to agree amounts to the VMS reporting and facilitate approval from the REAC reviewer.

Effect: NMHC is in noncompliance with the Uniform Financial Reporting Standards reporting requirements.

Identification of Repeat Finding: Finding No. 2020-009

Recommendation: NMHC should strengthen controls over compliance with applicable Uniform Financial Reporting Standards reporting requirements and the timely reconciliation of its general ledger accounts.

Views of Responsible Officials:
NMHC agrees with this finding.

Corrective Action:
NMHC will strengthen controls over compliance with applicable Uniform Financial Reporting Standards reporting requirements and the timely reconciliation of its general ledger accounts. NMHC will make sure to distinguish the reporting between the VMS and FDS for reporting purposes only.



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Tel. (670) 234-6866/234-9447/234-7689/234-7670 • Fax. (670) 234-9021 / 234-6890

Email: nmhc@nmhc.gov.mp • Website: http://www.nmhc.gov.net

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2021

Ref. No.	CFDA No.	Findings	Questioned Costs	Status	Corrective Action Plan	Remarks	QC Resolved	Carry Forward
Fiscal Year 2019								
2019-001	14.195	Eligibility	\$6,224	Unresolved	NMHC will ensure the following: 1) Certification forms will be revised to remove the applicable or not applicable wording, and the tenant will initial the "fill-in" blanks and initial certification forms. 2) Field Office representatives review documents before finalizing. Additionally, the Special Assistant will assist in quality checks of completed documents.	Unresolved		\$6,224
2019-002	14.195	Special Tests and Provisions Housing Quality Standards	\$7,120	Unresolved	Field Office Representatives will confirm that all appliances are in working order before any new tenant moves in. The FOR will also ensure that work orders indicate whether the tenant deficiencies were corrected and charged properly.	Unresolved		\$7,120
2019-003	14.225	Equipment and Real Property management	\$0	Unresolved	NMHC will ensure the following: 1) Inventory records reconciliations are completed timely 2) Inventory master listing in the Fiscal Division reflects all costs 3) Subrecipient monitoring, specifically related to federally-funded inventory are strengthened	Unresolved \$		\$0
2019-004	14.225	Reporting	\$0	Unresolved	NMHC will submit the HUD Form 60002 Section 2 Summary Report on a timely basis	Unresolved \$		\$0
2019-005	14.239	Eligibility	\$60,923	Unresolved	NMHC will ensure the following: 1) Accounts with the lack of cooperation be referred to the collection attorney 2) Insurance information is included in the MCD annual recertification monitoring to ensure there is no future oversight in coverage 3) MCD will be proactive in conducting field visits prior to annual recertification deadline, "if the required completed form has not been provided". For Condition 4, NMHC has done corrective measures to ensure that the forms in question are obtained for all loan applications, accordingly	\$		\$60,923
2019-006	14.871	Allowance Cost/Cost Principles	\$149	Unresolved	NMHC will ensure that recordkeeping controls are in accordance with applicable allowable costs/cost principle requirements. NMHC also stated that no further action is necessary since this was corrected within FY 2019.	Unresolved \$		\$149
2019-007	14.871	Eligibility	\$74,632	Unresolved	NMHC will ensure the following: 1) The Housing Specialists and Field Office Representatives must review all outdated third party verification documents which include affidavit of child support, notarized in-kind monetary contribution and the EIV summary and income reports. All documents that exceed 60 days must be updated for any certification/recertification or voucher issuance. 2) EIV summary and income report will be printed out and place in file 3) The Housing Specialists and Field Office Representatives will review and verify all third party verifications before finalizing. 4) The Housing Specialists and Field Office Representatives will review and use all reported income to determine family income. Employment verifications, affidavit of child support, notarized in-kind monetary contribution and check stubs will be used to verify all income 5) Tenants will be informed of any corrections that must be made to their forms in order to continue in the program 6) The Housing Specialists and Field Office Representatives will review and verify all inputted information before finalizing.	Unresolved \$		\$74,632
2019-008	14.871	Special Tests and Provisions Rolling Forward Equity Balances	\$0	Unresolved	NMHC will timely monitor, review, and reconcile revenues and expenditure transactions, as well as the HAP and Administrative Fee equity account balances before closing of the fiscal year. NMHC will record grant revenue at the time the expense is incurred.	Unresolved \$		\$0
Fiscal Year 2020								
2020-001	14.195	Eligibility	\$14,947	Unresolved	NMHC will strengthen controls over compliance with applicable eligibility requirements by having a checklist and reviewing it against the tenant files to ascertain that all required forms and information were completed and filed accordingly.	Unresolved		\$14,947



"NMHC is an equal employment and fair housing public agency"

Rota Field Office

Tel: (670) 532-9410 • Fax: (670) 532-9441

CDBG-DR Office

Tel: (670)233-9447/9448/9449

Tinian Field Office

Tel: (670) 433-9213 • Fax: (670) 433-3690



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Tel. (670) 234-6866/234-9447/234-7689/234-7670 • Fax. (670) 234-9021 / 234-6890

Email: nmhc@nmhc.gov.mp • Website: http://www.nmhc.gov.net

Fiscal Year	Account Number	Description	Amount	Status	Notes	Resolution	Amount
2020-002	14.195	Special Tests and Provisions (Utility Analysis)	\$0	Unresolved	NMHC will strengthen controls over compliance with applicable special tests and provisions requirements for utility analysis by completing the analysis early on in the year. Responsible personnel should monitor timeliness and completion of the utility analysis so that the gross rent changes will not be affected.	Unresolved	\$0
2020-003	14.195	Special Tests and Provisions (Housing Quality Standards)	\$10,152	Unresolved	NMHC will strengthen controls over compliance with applicable special tests and provisions requirements for housing quality standards by completing the unit's scheduled inspections. Responsible personnel should monitor housing quality inspection procedures so that any deficiencies noted during inspections are documented and addressed.	Unresolved	\$10,152
2020-004	14.225	Reporting	\$0	Unresolved	NMHC will adhere to Form HUD 60002 Section 3 Summary Report compliance requirements.	Unresolved	\$0
2020-005	14.239	Eligibility	\$338,177	Unresolved	Findings unjustifiable; Effective policy as reflected in the loan agreement did not require insurance coverage for this loan. No action is necessary and NMHC requests that this finding and question cost be removed. NMHC has provided documentation showing ownership of the property on January 25, 2022.	Unresolved	\$338,177
2020-006	14.871	Allowance Costs/Cost Principles	\$0	Unresolved	NMHC timely reconciles its general ledger accounts and record expenses in the period incurred. We further recommend that NMHC properly monitor and account for federal program expenditures.	Unresolved	\$0
2020-007	14.871	Eligibility	\$59,429	Unresolved	Housing Specialists and Field Office Representative will review and verify all inputted information including dates of affidavits/signed statements and/or third-party verifications supporting family income and assets within the time stated of 60 days preceding dates of when the certification/recertification were performed and/or 120 days from the effective recertification date. All income information that are outdated must be updated to determine continued eligibility. Special Assistant for Program and Housing will assist in quality check/control of completed documents. Housing specialist must inquire from the tenant if any of the household members had relocated or moved out from the unit. Furthermore, an affidavit from the head should be obtained as to when the household member left the unit. As outreach to tenants, Housing Specialist/Field Office Representative will educate head of household about the reporting. Immediately of household members moving/relocating and will no longer be participating in the HCV Program. Housing specialist must review all printed EVI report within 120 days to determine all household members' information and income are completed. Also, Housing Specialist will review all certification forms that require signatures of all HCV Adult members. NMHC will further inquire from the HoH to correct the information on the dependents identified as the biological parent. Furthermore, NMHC will require the HoH to provide legal documentation if the information does not match. NMHC had been practicing that all minor children must have a legal document from the courts or through birth certificate. The tenant will be informed that corrections must be made in order to continue in the program. Housing Specialists and Field Office Representative must review and verify all inputted information before finalizing. Special Assistant for Program and Housing will assist in quality check/control of completed documents.	Unresolved	\$59,429
2020-008	14.871	Reporting (HUD-52681-B, Voucher for Payment of Annual Contributions and Operating Statement)	\$0	Unresolved	NMHC will timely reconcile general ledger accounts and report HAP rental expenses in VMS in the period incurred.	Unresolved	\$0
2020-009	14.871	Reporting (Financial Assessment Sub-system, FASS-PH)	\$0	Unresolved	NMHC should strengthen controls over compliance with applicable Uniform Financial Reporting Standards reporting requirements and the timely reconciliation of its general ledger accounts. We also recommend for NMHC to seek clarification and/or concurrence from the REAC reviewers as to whether the amount to report at FDS Line 70600 should be on accrual basis or modified cash basis.	Unresolved	\$0

FY 2019
FY 2020
Summary for FY 2019 and FY 2020

\$149,048.00
\$422,705.00
\$571,753.00

\$149,048.00
\$422,705.00
\$0.00 \$571,753.00

NMHC reported that all prior-year questioned costs totaling \$571,753 from fiscal years 2019 and 2020 are considered resolved pursuant to 2 CFR § 200.511(b), as the federal awarding agency has not communicated any further action or disallowance.



“NMHC is an equal employment and fair housing public agency”

Rota Field Office
Tel: (670) 532-9410 • Fax: (670) 532-9441

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Tinian Field Office
Tel: (670) 433-9213 • Fax: (670) 433-3690