

**COMPLIANCE REPORTS UNDER OMB CIRCULAR A-133
SEPTEMBER 30, 2009**

OKLAHOMA HOUSING FINANCE AGENCY

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**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***

To the Board of Trustees,
Oklahoma Housing Finance Agency
Oklahoma City, Oklahoma

We have audited the financial statements of Oklahoma Housing Finance Agency as of and for the year ended September 30, 2009, and have issued our report thereon dated May 17, 2010. We conducted our audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Oklahoma Housing Finance Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

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**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***

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

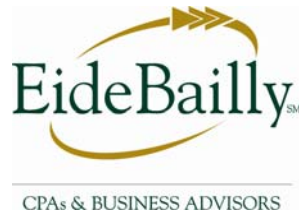
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma Housing Finance Agency's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Norman, Oklahoma
May 17, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees,
Oklahoma Housing Finance Agency
Oklahoma City, Oklahoma

Compliance

We have audited the compliance of the Oklahoma Housing Finance Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Oklahoma Housing Finance Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oklahoma Housing Finance Agency's management. Our responsibility is to express an opinion on Oklahoma Housing Finance Agency's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Oklahoma Housing Finance Agency'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 opinion. Our audit does not provide a legal determination of Oklahoma Housing Finance Agency's compliance with those requirements.

In our opinion, Oklahoma Housing Finance Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Oklahoma Housing Finance Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oklahoma Housing Finance Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Agency's internal control over compliance.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of Oklahoma Housing Finance Agency as of and for the year ended September 30, 2009, and have issued our report thereon dated May 17, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Oklahoma Housing Finance Agency. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Norman, Oklahoma
May 17, 2010

OKLAHOMA HOUSING FINANCE AGENCY
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2009

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	(Accrued) Deferred Revenue 9/30/2008	Add Program Receipts (Net)	Less Administrative Fees	Less Federal Grant Expenditures	Addition to (deduction from) Restricted Net Assets	(Accrued) Deferred Revenue 9/30/2009
U.S. Department of Housing and Urban Development								
Direct Programs								
Section 8 Contract Administration Program	14.195		\$ (511,965)	\$ 64,538,873	\$ 2,930,063	\$ 61,643,854	\$ --	\$ (547,009)
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	FW-3113	3,023	163,947	33,246	137,427	--	(3,703)
Section 8 Project-Based Cluster			<u>(508,942)</u>	<u>64,702,820</u>	<u>2,963,309</u>	<u>61,781,281</u>	<u>--</u>	<u>(550,712)</u>
Section 8 Housing Choice Vouchers	14.871	FW-3113	--	49,592,676	5,385,582	48,569,029	(4,361,935)	-
Total Section 8 Related			<u>\$ (508,942)</u>	<u>\$ 114,295,496</u>	<u>\$ 8,348,891</u>	<u>\$ 110,350,310</u>	<u>\$ (4,361,935)</u>	<u>\$ (550,712)</u>
Housing Opportunities for Persons with AIDS	14.241	OK56H98-F999	(2,978)	639,217	15,723	627,318	--	(6,802)
HOME Investment Partnerships Program	14.239		<u>(205,256)</u>	<u>10,810,858</u>	<u>948,547</u>	<u>10,036,200</u>	<u>--</u>	<u>(379,145)</u>
Total Assistance from U.S. Department of Housing and Urban Development			<u>\$ (717,176)</u>	<u>\$ 125,745,571</u>	<u>\$ 9,313,161</u>	<u>\$ 121,013,828</u>	<u>\$ (4,361,935)</u>	<u>\$ (936,659)</u>
U.S. Department of Homeland Security								
Disaster Housing Assistance Grant	97.109		--	321,749	32,945	141,897	--	146,907
Total Federal Awards			<u>\$ (717,176)</u>	<u>\$ 126,067,320</u>	<u>\$ 9,346,106</u>	<u>\$ 121,155,725</u>	<u>\$ (4,361,935)</u>	<u>\$ (789,752)</u>
Oklahoma Department of Human Services								
Homeless Prevention	n/a		94,413	103,311	--	111,364	--	86,360
Total Federal and State Awards			<u>\$ (622,763)</u>	<u>\$ 126,170,631</u>	<u>\$ 9,346,106</u>	<u>\$ 121,267,089</u>	<u>\$ (4,361,935)</u>	<u>\$ (703,392)</u>

Note Program receipts represents cash receipts during the current fiscal year. Grant expenditures are presented on the accrual basis of accounting. Therefore, some amounts in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**OKLAHOMA HOUSING FINANCE AGENCY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
SEPTEMBER 30, 2009**

Section III – Findings and Questioned Costs for Major Federal Awards

08-2 Condition: Section 8 rental assistance payments were made to a landlord who failed multiple inspections.

Recommendation: Controls need to be implemented to ensure that all Section 8 rental assistance payments are in compliance with Federal Housing Quality Standards.

Current Status: No similar findings found during the current year.

**OKLAHOMA HOUSING FINANCE AGENCY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SEPTEMBER 30, 2009**

Section I -- Summary of Auditors' Results

Financial Statements:

Type of audit report: Unqualified opinion

Internal Control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant Deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements ___ yes X no

Federal Awards:

Internal Control over major programs:

Material weakness(es) identified? ___ yes X no

Significant Deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.195, 14.856	Section 8 Cluster
14.871	Section 8 Housing Choice Vouchers
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and type B programs: \$3,634,717

Auditee qualified as low-risk auditee? ___ yes X no

**OKLAHOMA HOUSING FINANCE AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2009**

Section II – Findings relating to the Financial Statements

NONE

Section III – Findings and Questioned Costs for Major Federal Awards

NONE