



**SINGLE AUDIT SUPPLEMENT**

**AND**

**INDEPENDENT AUDITORS' REPORTS**

**ON COMPLIANCE AND INTERNAL CONTROL**

**SEPTEMBER 30, 2010**

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**OKLAHOMA HOUSING FINANCE AGENCY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2010**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Section 8 Contract Administration Program	14.195	\$ 65,394,065
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>131,856</u>
Section 8 Project - Based Cluster		65,525,921
Section 8 Housing Choice Vouchers Program	14.871	<u>50,142,703</u>
Total Section 8 Related		115,668,624
Housing Opportunities for Persons with AIDS	14.241	276,377
HOME Investment Partnerships Program	14.239	12,537,050
Tax Credit Assistance Program (American Recovery and Reinvestment Act)	14.258	4,534,183
Disaster Housing Assistance Program - IKE	14.IKE	<u>6,651</u>
Total U.S. Department of Housing and Urban Development		133,022,885
U.S. Department of the Treasury:		
Section 1602 Grants to States for Low-Income Housing in Lieu of Low-Income Housing Credits for 2009 (American Recovery and Reinvestment Act)	21.XXX	<u>12,870,323</u>
Total Federal Awards		<u>\$ 145,893,208</u>

**OKLAHOMA HOUSING FINANCE AGENCY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**September 30, 2010**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes all federal grant activity of the Oklahoma Housing Finance Agency (the Agency) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

**Note 2 – Commitments and Contingencies**

The Agency participates in various federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Agency has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2010, may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants.

**Note 3 – Subrecipients**

Of the federal expenditures presented in the Schedule, the Agency provided federal awards to subrecipients as follows:

<u>Program Title Provided</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
HOME Investment Partnerships Program	14.239	\$ 12,537,050
Housing Oportunities for Persons with AIDS	14.241	276,377

**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**

To the Board of Trustees  
Oklahoma Housing Finance Agency

We have audited the financial statements of Oklahoma Housing Finance Agency (the Agency) as of and for the year ended September 30, 2010, and have issued our report thereon dated May 18, 2011. 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 the 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 *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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the 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 of the Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hogan Taylor LLP*

May 18, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Oklahoma Housing Finance Agency

**Compliance**

We have audited the compliance of Oklahoma Housing Finance Agency (the Agency) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. The Agency's major federal programs are identified in the Summary of Independent Auditors' Results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Agency's management. Our responsibility is to express an opinion on the 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 the 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 on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

**Internal Control Over Compliance**

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 and to test and report on internal control over compliance in accordance with OMB circular A-133, 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.

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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 Awards**

We have audited the basic financial statements of the Agency as of and for the year ended September 30, 2010, and have issued our report thereon dated May 18, 2011. 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 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. 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 of the Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

This report is replacing our report previously issued on May 18, 2011. The identification of major programs reflected in the schedule of findings and questioned costs has been changed to properly include only those major programs tested during the current period.



May 18, 2011, except for the identification of major programs tested in the schedule of findings and questioned costs, which is as of September 19, 2012.

**OKLAHOMA HOUSING FINANCE AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2010**

**Section I – Summary of Independent Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified		
	Yes	No	None Reported
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Internal control over financial reporting:			
Material weakness(es) identified?		X	
Significant deficiency(ies) identified that are not considered to be material weaknesses?			X
Noncompliance material to financial statements noted?		X	

*Federal Awards*

	Yes	No	None Reported
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Internal control over major programs:			
Material weakness(es) identified?		X	
Significant deficiency(ies) identified that are not considered to be material weaknesses?			X
Type of auditors' report issued on compliance for major programs:	Unqualified		
	Yes	No	None Reported
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		X	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.195 14.856	Section 8 Project Based Cluster: Section 8 Contract Administration Program Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation
14.871 14.258 21.XXX	Section 8 Housing Choice Vouchers Program Tax Credit Assistance Program (ARRA) Section 1602 Grants to States for Low-Income Housing in Lieu of Low-Income Housing Credits for 2009 (ARRA)

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Yes	No
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Auditee qualified as low-risk auditee?

X

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**OKLAHOMA HOUSING FINANCE AGENCY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended September 30, 2010**

There were no prior year findings or questioned costs.