

# Schedule of Federal Findings

## Kitsap County Consolidated Housing Authority July 1, 1999 through June 30, 2000

- 1. The Housing Authority did not prepare its annual financial reports within the required deadlines.**

### **Description of Condition**

The Kitsap County Consolidated Housing Authority did not complete its June 30, 2000, year-end financial reports until March 9, 2001. State law required the Housing Authority to submit its financial reports to the Washington State Auditor by November 30, 2000, 150 days after the fiscal year-end.

The Housing Authority received federal funds and is subject to the audit requirements of the Office of Management and Budget Circular A-133. Circular A-133 states that the financial reports must be audited and submitted to the Department of Housing and Urban development (HUD) within nine months after year-end. Because of the delay in completing the financial reports, the Housing Authority could not meet the Single Audit Act's reporting deadline of March 31, 2001.

In addition, HUD required the Housing Authority to submit audited financial statements, financial data schedules, and our audit reports through the Real Estate Assessment Center website by March 31, 2001 (extended by the Center to April 15, 2001).

We received the financial data schedules on March 22, 2001.

### **Cause of Condition**

The management of the Housing Authority was not able to prepare timely financial statements due to staff turnover and changes in accounting software.

### **Effect of Condition**

Because the Housing Authority did not prepare and file financial reports within the prescribed time, HUD, bond holders, and other users of these reports were denied timely access to the Housing Authority's financial information. Additionally, when the Housing Authority does not provide financial information in a timely manner, audit time and costs increase.

### **Recommendations**

We recommend the Housing Authority prepare and submit its annual financial reports and financial data schedules within the prescribed time periods.

### **Housing Authority's Response**

*The Housing Authority was late in completing its financial reports because of staff turnover and our change to new accounting software.*

*We are now employing an outside accounting firm to help us prepare for the next audit, including the preparation of our financial statements.*

*We do expect to be on time for our next audit.*

## **Auditor's Remarks**

We commend the Housing Authority for its efforts in correcting the reported condition and we look forward to reviewing the improvements during our next audit.

We thank the Housing Authority's staff and management for their cooperation and assistance during our audit.

## **Applicable Laws and Regulations**

RCW 43.09.230 provides:

Such reports shall be prepared, certified, and filed with the state auditor within one hundred fifty days after the close of each fiscal year.

OMB Circular A-133, section \_\_\_\_\_.320 additional provides:

(a) General. The audit shall be completed and the data collection form described in this paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The REAC website extends the period allowed for audited submissions as follows:

Audited submissions due by March 31, 2001, may be submitted by April 15, 2001, before presumptively failed under the existing PHAS regulation.