



SINGLE AUDIT SUPPLEMENT

AND

INDEPENDENT AUDITORS' REPORTS

ON COMPLIANCE AND INTERNAL CONTROL

SEPTEMBER 30, 2011

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OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2011

<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	\$ 68,955,387
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>143,258</u>
Section 8 Project - Based Cluster		69,098,645
Section 8 Housing Choice Vouchers Program	14.871	<u>51,096,348</u>
Total Section 8 Related		120,194,993
Housing Opportunities for Persons with AIDS	14.241	220,141
HOME Investment Partnerships Program	14.239	12,028,044
Tax Credit Assistance Program (American Recovery and Reinvestment Act - ARRA)	14.258	19,396,605
Disaster Housing Assistance Program - IKE	14.IKE	<u>1,831</u>
Total Federal Awards		<u><u>\$ 151,841,614</u></u>

OKLAHOMA HOUSING FINANCE AGENCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2011

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, 2011, 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	\$ 12,028,044
Housing Oportunities for Persons with AIDS	14.241	220,141

Note 4 – ARRA Funded Programs not Subject to A-133 Audit

The Agency administered the U.S. Department of Treasury Section 1602 program which is not covered by the single audit requirements and is not required to be included in the Schedule. The Agency incurred expenditures of \$58,122,868 for this program during 2011.

Note 5 – State Grant Program

The Agency received an award from a state agency and incurred expenditures of \$64,716 during 2011.

**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, 2011, and have issued our report thereon dated January 26, 2012. 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

Management of the Agency is responsible for establishing and maintaining effective 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 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 management and the Board of Trustees, others within the entity 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

January 26, 2012

**INDEPENDENT AUDITORS' 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, 2011. 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, 2011.

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, 2011, and have issued our report thereon dated January 26, 2012. 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 management and the Board of Trustees, others within the entity 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 January 26, 2012. 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.

The image shows a handwritten signature in cursive script that reads "Hogan Taylor LLP". The signature is written in dark ink and is positioned to the left of the date and description of the report.

January 26, 2012, 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, 2011

Section I – Summary of 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?			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?			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	Section 8 Project Based Cluster:
14.856	Section 8 Contract Administration Program
	Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation
14.258	Tax Credit Assistance Program (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 – Findings and Questioned Costs for Federal Awards

None

OKLAHOMA HOUSING FINANCE AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2011

There were no prior year findings or questioned costs.