



# **Audit Finding and Corrective Plan**

**MEMPHIS HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2018 – 001**

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Capital Fund Program

CFDA Number: 14.872

Award Period: 7/1/17 to 6/30/18

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Per Section 13 of Part A of ACC (Form HUD-53012A), PHAs are required to use insurance proceeds to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except when written approval of HUD instructs a PHA to do otherwise.

**Condition:** During our testing of internal controls over the special test – Insurance proceeds compliance requirement, we noted instances of noncompliance.

**Questioned costs:** None noted

**Context:** 2 of 5 insurance proceeds received were not used to restore, reconstruct, and/or repair the damaged property. HUD approval for alternate use of funds was not obtained. The funds were deposited and remain in the Public Housing Program cash account.

**Cause:** The Authority did not use the insurance proceeds to place or repair the damaged property.

**Effect:** The Authority is not in compliance with the requirements over insurance proceeds.

**Repeat Finding:** No

**Recommendation:** We recommend Authority monitor the use of insurance funding and obtain HUD approval if they plan to not replace the property.

**Views of responsible officials:** There is no disagreement with this finding.

# MEMPHIS HOUSING AUTHORITY



Jim Strickland, Mayor  
Doug McGowan, COO



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## CORRECTIVE ACTION PLAN

March 12, 2019

U.S. Department of Housing and Urban Development

The Housing Authority of Memphis, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2018.

CliftonLarsonAllen LLP  
1966 Greenspring Drive, Suite 300  
Timonium, MD 21093

Audit period: July 1, 2017 – June 30, 2018

The finding from the June 30, 2018 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENTS AUDIT

#### **2018-001 Major Federal Programs**

*Significant Deficiency in Internal Control over Compliance*

Condition: During our testing of internal controls over the special test – Insurance Proceeds compliance requirement, we noticed instances of noncompliance.

Context: 2 of 5 insurance proceeds received were not used to restore, reconstruct, and/or repair the damaged property. HUD approval for alternate use of funds was not obtained. The funds were deposited and remain in the Public Housing Program cash account.

Auditor's Recommendations: We recommend the Authority monitor the use of insurance funding and obtain HUD approval if they plan to not replace the property.

Action Taken: The Memphis Housing Authority will monitor the use of insurance funding and obtain HUD approval if we plan to not restore, reconstruct, and/or repair the damaged property.

#### **Contact:**

If the Department of Housing and Urban Development has questions regarding this plan, please call Marcia E. Lewis, Chief Executive Officer at (901) 544-1102.

Best Regards,

Marcia E. Lewis,  
Chief Executive Officer

*"Striving for Excellence and Nothing Less"*

