

AGENDA
ALASKA HOUSING FINANCE CORPORATION AUDIT
COMMITTEE OF THE BOARD OF DIRECTORS

October 26, 2016

8:30 am

- I. Roll Call
- II. Approval of Agenda
- III. Review and approval of the June 29, 2016 Internal Audit Committee minutes
- IV. Election of the Internal Audit Committee Chair
- V. Presentation and approval of IAD Reports:
 - A. HOME Program, Internal Audit Report 16-17
 - B. HOP Program, Internal Audit Report 16-18
 - C. Nome AMP 260, Internal Audit Report 16-22
 - D. Renovation Loan Program, Internal Audit Report 16-23
 - E. Fairbanks AMP 275, Internal Audit Report 16-24
 - F. Ketchikan HCV Program, Internal Audit Report 16-25
 - G. Valdez AMP 263/HCV Program, Internal Audit Report 16-26
 - H. Sourcing Contract Compliance, Internal Audit Report 16-27
 - I. Juneau AMP 277, Internal Audit Report 16-28
 - J. Denali Home Loans Servicer, Audit Report 17-01
 - K. Habitat For Humanity LTS, Audit Report 17-02
 - L. Petersburg HCV Program, Internal Audit Report 17-03
 - M. Cook Inlet Lending Center LTS Program, Audit Report 17-07
- VI. Presentation and discussion of IAD FY17 Activity
- VII. Presentation and discussion of IAD Follow-up Activity
 - A. FY16 Follow-up Activity
 - B. FY17 Follow-up Activity
- VIII. Presentation and discussion of IAD Compliance Activities
 - A. Fourth Quarter FY16
 - B. First Quarter FY17
- IX. Presentation and approval of the IAD Administrative Documents:
 - A. Internal Audit Committee Charter
 - B. Internal Audit Department Charter
- X. Any other matters to properly come before the Committee
- XI. Adjournment.

The Chair may announce changes in the Order of Business during the meeting.

This page intentionally left blank

MINUTES

ALASKA HOUSING FINANCE CORPORATION INTERNAL AUDIT COMMITTEE

June 29, 2016

8:30 a.m.

Anchorage

The Internal Audit Committee met June 29, 2016 in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 8:30 a.m. Board members present were:

MARTY SHURAVLOFF
Via teleconference

Committee Chairman

BRENT LEVALLEY
Anchorage

Committee Member

PAM LEARY
Via teleconference

Designee for Commissioner
Department of Revenue
Committee Member

I. ROLL CALL. BRENT LEVALLEY called the meeting to order. A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

*Due to weather issues the Chair MARTY SHURAVLOFF was unable to make it to Anchorage so he asked Committee Member BRENT LEVALLEY to Chair the meeting.

II. APPROVAL OF AGENDA. BRENT LEVALLEY asked for any additions or changes to the agenda. Seeing and hearing no objections, the agenda was approved as presented.

III. MINUTES OF FEBRUARY 24, 2016. BRENT LEVALLEY asked for revisions or acceptance. Seeing and hearing no objections, MARTY SHURAVLOFF moved the minutes be approved as submitted. BRENT LEVALLEY seconded the motion. The minutes were approved as presented.

IV. PRESENTATION BY BDO - AHFC'S FY16 EXTERNAL AUDITORS. Alex Beckman with BDO gave an overview of the FY16 external audit. No action was requested nor required of the Committee.

V. PRESENTATION AND APPROVAL OF THE FOLLOWING INTERNAL AUDIT REPORTS:

- A. **PHD Collections, Audit Report 16-09.** Kevin Tune introduced the item and Rich McKinstry presented. Mr. McKinstry stated that the primary purpose of this audit was to determine the effectiveness of the Public Housing Division's debt collection activities. The audit resulted in three observations with two being discussed with the Committee; the internal audit opinion was determined as in need of improvement. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.
- B. **PCard Purchasing, Audit Report 16-11.** Kevin Tune introduced the item and Kristian Beckner presented. Mr. Beckner stated that the primary purpose of this audit was to assess AHFC Departments for compliance with AHFC Purchasing Card (PCard) Policies relating to non-travel purchases. The audit resulted in one observation to discuss with the Committee; the internal audit opinion was determined as in need of improvement. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.
- C. **IT Security, Audit Report 16-12.** Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this audit was to assess the effectiveness of the IS Department in administering and managing IT Security. The audit resulted in two observations with one being discussed with the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.
- D. **AFIC Special Voucher Program, Audit Report 16-14.** Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this audit was to assess the Anchorage Family Investment Center's (AFIC) program and regulatory compliance in the areas of new admissions and annual reexaminations for the following special voucher programs: Veterans Affairs Supportive Housing (VASH) Program, Empowering Choice Housing Program (ECHP), HOME Tenant-Based Rental Assistance (TBRA) Youth Aging Out of Foster Care Program and Moving Home Program (MHP). The audit resulted in three observations with two being discussed with the Committee; the internal audit opinion was determined as in need of improvement. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.
- E. **Mortgage Operations, Audit Report 16-15.** Kevin Tune introduced the item and Rich McKinstry presented. Mr. McKinstry stated that the primary purpose of this audit was to determine the effectiveness of AHFC's Mortgage Originations staff in the areas of: Loan

Commitment, Program Compliance, Regulatory/Statutory Compliance, Quality Control Review and Mortgage Outreach Services. The audit resulted in one observation but it did not need to be discussed with the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

- F. **Accounts Payable, Audit Report 16-16.** Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this audit was to assess the efficiency and effectiveness of the Accounting Department's Accounts Payable (AP) operation. The audit resulted in one observation discussed with the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

- G. **Extraordinary Maintenance, Audit Report 16-19.** Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this audit was to assess the effectiveness of activities performed by the Extraordinary Maintenance Team (EMT) within Facilities Management (FM). The audit resulted in no observations to report to the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

- H. **Closing Cost Assistance Program, Audit Report 16-20.** Kevin Tune introduced the item and Rich McKinstry presented. Mr. McKinstry stated that the primary purpose of this audit was to determine the effectiveness of AHFC's administration of the Closing Cost Assistance Program (CCAP) in the areas of: Loan Funding, Loan Reservations, Program Compliance, Reimbursement Receipts and Program Income. The audit resulted in no observations to report to the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

VI. PRESENTATION AND DISCUSSION OF FY16 INTERNAL AUDIT ACTIVITY: Kevin Tune introduced and presented the report. Mr. Tune provided a summary of the FY 16 Internal Audit Activity. No action was requested of or taken by the Committee.

VII. PRESENTATION AND DISCUSSION OF FY16 FOLLOW-UP ACTIVITY: Kevin Tune introduced and presented. Mr. Tune provided a summary of the FY16 Follow-Up Activity and Observation Summary and Aging reports. No action was requested of or taken by the Committee.

VIII. PRESENTATION AND DISCUSSION OF FY16 THIRD QUARTER COMPLIANCE ACTIVITIES: Kevin Tune introduced and Dave White presented. Mr. White provided a summary of the FY16 Third Quarter Compliance activities. No action was requested of or taken by the Committee.

IX. PRESENTATION AND APPROVAL OF THE IAD'S FY17 INTERNAL AUDIT/COMPLIANCE PLAN: Kevin Tune introduced and presented. Mr. Tune provided a summary of the FY17 Internal Audit/Compliance Plan. Discussion followed. MARTY SHURAVLOFF made a motion to approve Resolution 2016-01. BRENT LEVALLEY seconded the motion. The resolution was unanimously approved. (3-0)

RESOLUTION #2016-01

**RESOLUTION APPROVING THE FY17 INTERNAL
AUDIT/COMPLIANCE PLAN.**

X. ANY OTHER MATTERS TO COME BEFORE THE COMMITTEE. BRENT LEVALLEY asked if there were any other matters to come before the Committee. There was none brought before the Committee.

XI. ADJOURNMENT: Seeing and hearing no objections, the meeting was adjourned at 9:08 a.m.

ATTESTED:

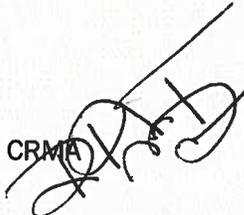
Brent LeValley Acting – Internal Audit Committee Chair

This page intentionally left blank

Interoffice Memorandum

Date: October 26, 2016

To: AHFC Audit Committee

From: R. Kevin Tune CIA, CCSA, CRMA
Director, Internal Audit 

Subject: Election of Internal Audit Committee Chair

The current position of Chair of AHFC's Internal Audit Committee was recently vacated. As required by the Internal Audit Committee Charter "*the Committee shall elect a Chair by majority vote of the full Committee membership*".

This page intentionally left blank

HOME Program Internal Audit Report 16-17

Internal Audit Date: March 14, 2016
Report Release Date: October 5, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess the effectiveness of the Planning Department's administration of the Home Investment Partnership Act (HOME) Program) for compliance with Housing and Urban Development's (HUD) 2013 Final HOME rule.

Scope

The scope of this internal audit focused on HOME Program activities for Fiscal Years (FY) 2014, 2015 and 2016.

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, the Planning Department's administration of the HOME is satisfactory to ensure compliance with HUD 2013 Final HOME Rule requirements. One Observation was noted during the internal audit but does not require inclusion in this report.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 5, 2016

Date

Audit Team:
K. Beckner

Prior Audit Observations

Audit Report 13-07

The previous internal audit of the HOME was performed as part of our September 2012 audit of the Planning Department's programmatic administration of grant programs. No Observations associated with the HOME were noted.

DRAFT

Detailed Audit Observations, Recommendations and Responses

No Observations were identified that required inclusion in this report.

DRAFT

This page intentionally left blank

HOME Ownership Program Internal Audit Report 16-18

Internal Audit Date: March 21, 2016

Report Release Date: July 1, 2016

Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess the effectiveness of the Planning Department's administration of the Home Investment Partnership Act (HOME) Ownership Program (HOP) for compliance with Housing and Urban Development's (HUD) 2013 Final HOME rule.

Scope

The scope of this internal audit focused on HOP Program activities for Fiscal Years (FY) 2014, 2015 and 2016.

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, the Planning Department's administration of the HOP is satisfactory to ensure compliance with HUD 2013 Final HOME Rule requirements.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

July 1, 2016

Date

Audit Team:
K. Beckner

Prior Audit Observations

Audit Report 13-07

The previous internal audit of the HOP was performed as part of our September 2012 audit of the Planning Department's programmatic administration of grant programs. No Observations associated with the HOP were noted.

DRAFT

Detailed Audit Observations, Recommendations and Responses

There are no Observations associated with this internal audit.

DRAFT

This page intentionally left blank

Nome AMP 260 Internal Audit Report 16-22

Internal Audit Date: April 27, 2016
Report Release Date: August 18, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess Nome AMP 260's compliance with applicable PHD's Policy and Procedure for the Conventional Low Rent (CLR) program under Rent Reform.

Scope

The scope of this internal audit focused on the following Rent Reform related activities for the period of May 1, 2014 to March 31, 2016:

- New Program Admissions
- Transitional Annual Reexaminations
- Second year Annual Reexaminations
- Tenant Hardships

In addition to Rent Reform activities, we also reviewed AMP 260's performance for Fiscal Year (FY) 16 in the areas of:

- Tenant Obligations
- Cash Management
- Maintenance Operations

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, AMP 260 has shown improvement since our Fiscal Year 2013 internal audit by reducing the number of Observations from seven to three. However; the site is still in need of improvement in the areas of Emergency Work Order documentation and serving default notices for delinquent Payment Agreements, both of which are repeat Observations from our FY 2013 internal audit and have been included in this report.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

August 18, 2016
Date

Audit Team:
K. Beckner

Prior Audit Observations

Audit Report 13-02

The last internal audit of Nome AMP 260 was conducted in July 2012 and indicated that operations were in need of improvement. Seven Observations were identified in the areas of:

- Incomplete Emergency Work Order documentation
- Missing Enterprise Income Verification (EIV)
- Missing Notices to Quit for Non-Payment of Rent
- Missing Default notices for Tenant Payment Agreements (now called Payment Agreements)
- Untimely deposit of daily rent receipts
- Untimely notification of Annual Reexaminations
- Incomplete unit inspection forms

Follow-up activities were performed in August 2013. Based upon documentation provided and Management's representation that corrective action had been implemented, the Observations were considered closed.

Detailed Audit Observations, Recommendations and Responses

Emergency Work Order Documentation

Observation:

Four of five (80%) Emergency Work Orders reviewed had start and completion times that were not supported by the Maintenance Mechanic's (MM) Work Order Logsheets.

Recommendation:

We recommended the Asset Supervisor (AS) receive training on the input of Work Order data into the Yardi application. The AS should review the MM's Work Order Logsheets against the Emergency Work Order report in Yardi on a weekly basis to determine if the MM is entering the Work Orders correctly.

Response:

The AS will monitor the MM's Work Order Logsheets every Friday beginning August 12, 2016 for eight consecutive weeks and keep the findings for a period of one year. Work Order Logsheets will be monitored on a monthly basis from that point on as a general practice.

Payment Agreement Default Notices

Observation:

Four of five (80%) Payment Agreements (PAs) with periods of delinquencies indicated that Default Notices were not served on the first business day following the sixth day of the month.

Recommendation:

We recommended that Management review existing Debt Policy and consider revising PA default date language to mirror language found in Section 8.13, Rent Nonpayment.

Response:

PHD Management is aware of the issue but due to a number of reasons there are no plans to change this policy in the near future. The Regional Manager will monitor the Default Notices monthly through 2016 to ensure timely service of the notices. The Regional Manager will maintain written records of the monthly reviews.

This page intentionally left blank

Renovation Loan Program (RLP) Internal Audit Report 16-23

Internal Audit Date: May 9, 2016
Report Release Date: August 12, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to determine the effectiveness of AHFC's administration of the Renovation Loan Program (RLP) in the areas of:

- Loan Commitment
- Program Compliance
- Allowable Costs
- Escrow for Completion Accounting
- Program Marketing Activities

Scope

The scope of this internal audit focused on RLP loan program activities conducted during the period of January 1, 2015, to April 30, 2016.

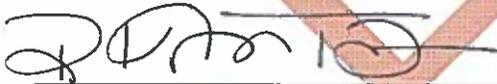
Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, it is our opinion that AHFC's administration of the RLP is in need of improvement. We noted two Observations during the audit, both of which are included in this report.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

August 12, 2016

Date

Audit Team:
R. McKinstry

Prior Audit Observations

This is the first internal audit of the RLP, which has received a renewed focus on activity beginning January 2015.

DRAFT

Detailed Audit Observations, Recommendations and Responses

Escrow for Completion Accounting

Observation:

Testwork performed on five RLP loans with escrow for completion accounts identified that:

- Two of five (40%) escrow for completion accounts reviewed indicated Seller documentation submitted for review did not contain required documentation for disbursement and disposition of escrow accounts.
- One of five (20%) escrow for completion accounts reviewed did not have sufficient evidence to determine if each account did not exceed \$50,000 plus 10% contingency at time of purchase by AHFC.

Recommendation:

We recommended AHFC Mortgage Operations require Sellers with Delegated Selling authority to provide documentation supporting the escrow for completion account balance and disbursements. These documents should be reviewed by AHFC Mortgage Operations Underwriters as part of the approval process for purchase of a Renovation Loan Program loan.

Response:

The recommendation that AHFC Mortgage Ops require Sellers to provide documentation supporting the escrow account balance and disbursements (if any) at the time of purchase will be implemented effective immediately. For any renovation which exceeds \$50,000.00 + the allowable 10% contingency, AHFC underwriting will issue a conditional commitment to require that evidence of the escrow balance must be submitted, for Underwriter review, at the time of purchase.

Quality Control (QC) Reviews

Observation:

Testwork performed on seven quality control reviews identified that:

- Two (28.6%) were missing required documentation.
- Two (28.6%) had issues of Program non-compliance, including disallowed expenditures impacting the "as completed" value.

Recommendation:

We recommended that AHFC Mortgage provide the Seller with additional technical assistance/training as well as enforce requirements of the program up to, and including, repurchasing loans as needed.

Response:

The recommendation that AHFC Mortgage Ops provide the Seller with additional technical assistance/training has been implemented.

AHFC Management staff met with a large group of the Seller's management and key staff in mid-April to discuss:

- Options for several closed loans in QC review with incomplete renovations

- Q&A and solutions for renovation loans currently in process
- Ideas for best practices
- A plan going forward

Additionally, AHFC Management met with the Seller's underwriters for Q&A/training as well as provided them with several tools tailored specifically to the Seller, including:

- A modified program compliance submission checklist which expanded the documentation required for AHFC to issue a commitment
- Bullet points of key renovation tips and guidelines, etc., which the Seller could incorporate into their own guidelines and/or overlays
- A copy of the streamlined and updated guide Section 7010

Mortgage also utilized the repurchase remedy on a loan the Seller sold to AHFC in April, 2015. During a quality Review of the subject loan, we determined that the escrow funds were being used for property repairs instead of the proposed renovation. AHFC agreed that should the Seller desire to sell the loan to AHFC once the project is complete, it may be eligible for resubmission based on updated credit and property information. Although a repurchase request was entered by the Seller on June 13, 2016 and the formal request was sent to the Seller on June 29, 2016, AHFC has not yet been contacted to complete the process. According to the Seller, the repurchase request is on their Finance Committee's 8/9/16 agenda and plan to complete the repurchase as requested by 8/15/16.

This page intentionally left blank

Fairbanks AMP 275 Internal Audit Report 16-24

Internal Audit Date: May 17, 2016
Report Release Date: October 14, 2016
Department: Internal Audit

DRAFT

Purpose

The primary purpose of this internal audit was to assess Fairbanks AMP 275's compliance with applicable Housing and Urban Development (HUD) Regulations and Public Housing Division's (PHD) Admissions and Occupancy Policy and Procedure under Rent Reform.

Scope

The scope of this internal audit focused on Rent Reform activities performed between May 1, 2014 thru April 30, 2016:

- New Program Admissions
- Transitional Annual Reexaminations
- Second year Annual Reexaminations
- Financial Management
- Maintenance Operations

Scope Limitation

During the course of internal audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, Fairbanks AMP 275's operations are unsatisfactory ensure compliance with Rent Reform requirements. Five of the eight Observations identified are presented in this report including one Observation regarding annual income calculations which is a repeat condition from our Fiscal Year (FY) 2014 audit.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 14, 2016
Date

Audit Team:
K. Beckner
S. Burrows

Prior Audit Observations

Audit Report 14-16

The last internal audit of Fairbanks AMP 275 was conducted in October 2013 and indicated that operations were in need of improvement. Five Observations were identified in the areas of:

- Annual Income Calculations
- Enforcement of Notices to Quit for Non-payment of Rent
- Non-compliance with Biennial Reexamination Schedule
- Untimely collection of Security Deposits
- Unsupported Tenant Maintenance Charges

Follow-up activities were performed in March 2014 and February 2015. Based upon documentation provided and Management's representation that corrective action had been implemented, these Observations were considered closed.

Detailed Audit Observations, Recommendations and Responses

Income Calculation Discrepancies (Repeat Condition)

Observation:

Seven of thirty-one (22.5%) files reviewed for income calculations had discrepancies between annualized income reported on the 50058 and income calculated from verifications provided in the file. (These discrepancies ranged between \$751 and \$4,000.)

Recommendation:

We recommended that staff utilize the calculator tape or income worksheet to document the source of the income data utilized to calculate income.

Response:

The Regional Manager has counseled staff on the importance of leaving a paper trail for calculation methodology. The RM will also reinforce this in monthly staff meetings through year end and will review the six month QA reviews and discuss them with staff to ensure income calculations can be easily followed and understood.

Second Year Rent Reform Enterprise Income Verification (EIV) Reporting

Observation:

Four of fourteen (29%) files reviewed indicated that EIV reports were not pulled prior to the annual reexamination effective date.

Recommendation:

We recommended that the Asset Supervisor utilize a tracking mechanism to identify upcoming annual reexamination dates for both Classic and Step participants. Sufficient time should be allowed for EIV reports to be generated and reviewed prior to the annual reexamination effective date.

Response:

Fairbanks staff will begin entering all new move-ins pending EIV verification deadlines in Outlook in order to complete the process within 120 days, effective October 17, 2016. In addition, our Public Housing Management Specialist sends two monthly emails to public housing staff, one to notify them that the reports are posted, and other a system rollover to remind them to check their EIVs'. The Regional Manager will discuss EIV requirements in staff meetings monthly, and will review the next six month PHD QA review for compliance and determine if more file reviews are needed. This practice will be documented to ensure the follow up audit is satisfied.

Untimely Annual Reexaminations

Observation:

Review of twenty-nine annual reexamination files indicated that seven (24%) did not provide three notices to the clients of their annual reexamination. These files also indicated that AMP 275 failed to provide 30 days calendar notice of rent increase to these clients.

Recommendation:

We recommended that the Asset Supervisor utilize tracking mechanisms to ensure that annual reexaminations due dates are being identified and tracked for both Classic and Step participants.

Response:

The Regional Manager will review policy requirements with staff and include this as a discussion item in monthly staff meetings through year end. Outlook calendars will be utilized to ensure proper notices are sent and that we follow required notice periods for rent changes.

Payment Agreements (PA) to Clients not in Good Standing

Observation:

Four of twelve (33.3%) PA files reviewed indicated that the client receiving the PA had been delinquent on a previous PA within the previous twelve month period.

Recommendation:

We recommend that if a client is ineligible for a PA per Chapter 13 Policy, AMP 275 staff provide the Regional Manager with written justification for offering the PA. Approval from Central Office should be obtained prior to executing the PA with the client.

Response:

The repayment policy will be reviewed with staff and discussed in future staff meetings. In the future, repayment agreements will not be offered to residents that are not in good standing unless approved in writing by the Regional Manager or Director of Operations.

Payment Agreement Enforcement

Observation:

Review of thirteen active PAs indicated that twelve had periods of delinquency. Of those twelve, seven (58.33%) had at least one month in which a Default Notice of was not served.

Recommendation:

We recommended that AMP staff consistently apply Default Notice Policy and Procedure to all AMP 275 clients.

Response:

The Repayment agreement policy will be reviewed with staff to ensure they understand the requirement for serving notices of default. The Regional Manager will be discussing this issue in monthly staff meetings through year end and will monitor the next six-month QA review to ensure compliance with this requirement.

This page intentionally left blank

Ketchikan Housing Choice Voucher Program Internal Audit Report 16-25

Internal Audit Date: June 1, 2016
Report Release Date: August 18, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess the Ketchikan Family Investment Center's (KFIC) administration of the Housing Choice Voucher (HCV) Program for compliance with the Public Housing Division's (PHD) HCV Administrative Plan under Rent Reform.

Scope

The scope of this internal audit focused on Rent Reform activities performed between May 1, 2014 and May 31, 2016 in the following areas:

- New Program Admissions
- Transitional Annual Reexaminations
- Second year Annual Reexaminations
- Tenant Hardships

Scope Limitation

During the course of internal audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, it is our opinion that KFIC's administration of the HCV Program is satisfactory to ensure compliance with Rent Reform requirements. No Observations were noted.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

August 18, 2016
Date

Audit Team:
K. Beckner
R. McKinstry

Prior Audit Observations

Audit Report 13-28

The previous internal audit of the KFIC HCV Program was performed as part of our May 2013 internal audit of the Ketchikan PHD Site. One Observation pertaining to the HCV Program was identified in the area of performance of Biennial HQS Inspections. Follow-up testwork performed in March 2014 indicated that corrective action had been implemented and the Observation was closed.

DRAFT

Detailed Audit Observations, Recommendations and Responses

There are no Observations associated with this internal audit.

DRAFT

This page intentionally left blank

Valdez AMP 263 and Housing Choice Voucher Program Internal Audit Report 16-26

Internal Audit Date: June 15, 2016
Report Release Date: October 3, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess Valdez AMP 263's and Housing Choice Voucher (HCV) Program's compliance with applicable Housing and Urban Development (HUD) Regulations, the Public Housing Division's (PHD) Admissions and Occupancy Policy and the PHD's HCV Administrative Plan in the following areas:

- Intake Processing
- New Program Admissions
- Annual Reexaminations
- Tenant Obligations
- Maintenance Operations

Scope

The scope of this internal audit focused on activities during the implementation of Rent Reform for the period of August 1, 2014 to May 31, 2016.

Scope Limitation

During the course of internal audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, it is our opinion that Valdez AMP 263 and HCV Program operations are in need of improvement. This opinion is based on the six Observations noted during the audit of which five have been included in this report and one that is a repeat condition from the previous audit.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 3, 2016
Date

Audit Team:
S. Burrows, CIA, CISA, CGAP

Prior Audit Observations

Audit Report 12-27 (Valdez AMP 263)

The last internal audit of Valdez AMP 263 conducted in June 2012 indicated that operations were in need of improvement. Two Observations were noted in the areas of untimely conducting and noticing of annual reexaminations and the absence of filing delinquency notices for clients with late rent. Follow-up performed in March 2013 indicated that corrective action had been implemented and both Observations closed.

Audit Report 12-28 (Valdez HCV Program)

The last internal audit of the Valdez HCV Program conducted in June 2012 indicated that operations were in need of improvement. Seven Observations were noted, five of which were presented to Audit Committee in the following areas:

- Low Voucher Utilization
- Mismatched HAP and Lease Terms
- Enterprise Income Verifications (EVI) That Were Not Performed Timely
- Missing Income Verifications or Discrepancies in Calculated Income Versus Verification
- Waitlists That Were Not Properly Documented

Follow-up performed in March 2013 indicated that corrective action had been implemented and all Observations were closed.

Detailed Audit Observations, Recommendations and Responses

Income Calculations

Observation:

Review of five AMP files indicated that one had an income discrepancy resulting in the client's income being understated by \$11,320.84.

Recommendation:

We recommended that staff project annual income based upon the client's verified income. Staff should review paystubs for year to date information to ensure that client's on a cyclical income cycle are not underreporting income. If staff elects not to use verified income amount a detailed explanation should be included in their client file.

Response:

PHD respectfully disagrees with this Condition. Staff followed the policy listed in Exhibit 3-1, page 1 that AHFC will generally use current circumstances to determine anticipated income for the coming 12-month period. Our Asset Supervisor did consider the year-to-date earnings listed on the check stub and then applied prudent professional judgement to use current circumstances to set the rent at an amount that she felt was accurate. The Statewide trainer presented the same methodology during the recent PHD workshop.

Enterprise Income Verification (EIV) (Repeat)

Observation:

Review indicated:

- Two of three (67%) AMP New Move-In files did not have EIV completed within 120 days of the 50058 new admission date.
- One of four (25%) AMP Annual Reexamination files did not have EIV pulled prior to the annual reexamination date.
- Three of five (60%) HCV New HAP files did not have EIV completed within 120 days of the 50058 new admission date.

Recommendation:

We recommended that staff develop a tracking mechanism to ensure EIV is pulled within 120 days of move-in. If EIV is not available staff should document in the file that an attempt was made and set up a reminder to ensure that EIV is obtained prior to the 120 day deadline.

Response:

The Asset Supervisor added the EIV pull dates to her monthly tracking sheet effective September 9, 2016. The Regional Manager shall review the master monthly track by the 4th Thursday of each month beginning in October 2016 and ending January 2017.

Payment Agreements

Observation:

Review indicated:

- One of two (50%) Payment Agreements (PA) had been input into Yardi but an agreement had not been executed.
- One of two (50%) PAs had an incorrect first payment date. In addition, tenant ledger history does not indicate that a down payment was made at time of execution.

Recommendation:

We recommended that the Regional Manager II review PA guidelines with Valdez staff to ensure that PAs are executed according to PHD Admissions and Occupancy Policy.

Response:

The Regional Manager reviewed the PA guidelines with the Valdez staff on September 9, 2016 and will review the PA report on a monthly basis, keeping copies from October 2016 to January 2017.

Financial Literacy Requirements

Observation:

Review indicated:

- Four of five (80%) AMP Step Annual Reexamination clients did not meet the financial literacy requirements after their first year and did not sign a written agreement to complete the requirement during their second year of participation.
- Two of three (67%) HCV Step Annual Reexamination clients did not meet the financial literacy requirements after their first year and did not sign a written agreement to complete the requirement during their second year of participation.

Recommendation:

We recommended that the Regional Manager II review Financial Literacy Requirements and how to handle client non-compliance with the Asset Supervisor.

Response:

The Regional Manager reviewed the financial literacy requirements with the Asset Supervisor on September 9, 2016 and will review the financial literacy status of 2nd year clients beginning October 2016 and ending January 2017.

50058 Family Information

Observation:

Review indicated:

- One of three (33%) AMP New Move-In files had incorrect family information on the 50058.
- Two of five (40%) HCV New HAP Contract files had incorrect family information on the 50058.

Recommendation:

We recommended that the Asset Supervisor review client family information in Yardi once identification and social security documents are obtained to ensure that family information has been correctly input into Yardi. We also recommended that the Regional Manager II review how to make updates and changes to 50058s to ensure that changes to data are properly transmitted to HUD.

Response:

The Regional Manager reviewed how to make updates and changes to the 50058s and how all changes made in Yardi will be reported to HUD upon the next 50058 submission. The Quality Assurance staff will conduct a review in December 2016 and will compare the 50058 entries to the file information.

DRAFT

This page intentionally left blank

Sourcing and Contract Compliance Internal Audit Report 16-27

Audit Date: June 27, 2016
Report Release Date: October 6, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to determine the effectiveness of the Sourcing and Contract Compliance (SCC) Department in the procurement of informal, sole-source, and formal contracts.

Scope

The scope of this audit focused on procurement activity for the period of December 5, 2014 to May 31, 2016 in the areas of:

- Informal non-catalog procurement
- Sole-Source procurement
- Formal Solicitation of Bids/Quotes
- Formal Bid/Quote Evaluation
- Formal Contract Awarding
- Federal Regulation Compliance (Section 3; MBE/WBE; Certified Payroll)
- Alaska Administrative Code Compliance

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, SCC procurement activities have shown improvement since our Fiscal Year 2012 (FY12) internal audit by reducing the number of Observations from four to three. However; it is our opinion that SCC remains in need of improvement in the areas of Informal Procurement Documentation and Request for Proposal Acceptance (RFR) both of which have been deemed significant enough for inclusion in this report.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 6, 2016

Date

Audit Team:
Rich McKinstry

Prior Audit Observations

The prior internal audit of SCC Procurement was conducted in FY12, which determined that SCC was in need of improvement based upon four Observations in the areas of:

- Price Negotiations
- Certified Payroll Reporting
- Section 3 Plan Reporting
- MBE/WBE Outreach

Based upon documentation provided and Management's representation that corrective action had been implemented, the Observations were considered closed.

DRAFT

Detailed Audit Observations, Recommendations and Responses

Informal Procurement Documentation

Observation:

Review of seven informal purchases indicated that three (42.9%) did not include copies of all informal proposals or quotations received.

Recommendation:

We recommended that SCC retain all required documentation for informal purchases within ARIBA On Demand or hard copy file, to meet requirements of the Alaska Administrative Code (ACC).

Response:

All future quotes/responses will become part of the solicitation record consistent with 15 AAC 150.341.

Request for Proposal (RFP) Acceptance

Observation:

Review of seven formal purchases identified one instance in which a Request for Proposal (RFP) submission was accepted after the deadline and was determined by SCC staff to be responsive.

Recommendation:

We recommended that SCC Management perform a secondary review of all bids received for criteria specified in each RFP for formal procurement submission evaluation when determining responsiveness of each bid received.

Response:

SCC staff have been instructed to carefully review receipt date and time of responses/bids. Additionally, SCC staff will monitor the reception area to reject any late response/bid.

This page intentionally left blank

Juneau AMP 277 Internal Audit Report 16-28

Internal Audit Date: June 20, 2016
Report Release Date: October 11, 2016
Department: Internal Audit

DRAFT

Purpose

The primary purpose of this internal audit was to assess Juneau AMP 277's compliance with applicable Housing and Urban Development (HUD) Regulations and Public Housing Division's (PHD) Admissions and Occupancy Policy and Procedure under Rent Reform.

Scope

The scope of this audit focused on Rent Reform activities performed between May 1, 2014 thru May 31, 2016:

- New Program Admissions
- Transitional Annual Reexaminations
- Second year Annual Reexaminations
- Financial Management
- Maintenance Operations

Scope Limitation

During the course of internal audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, Juneau AMP 277's operations are satisfactory to ensure compliance with new Rent Reform requirements. We did note one area, regarding annual tenant income calculations, which is in need of improvement. Of the four Observations identified during the audit, only this Observation was deemed significant to require inclusion in this report.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 11, 2016
Date

Audit Team:
K. Beckner
S. Burrows

Prior Audit Observations

Audit Report 12-22

The last internal audit of Juneau AMP 277 was conducted in May 2012 and indicated that operations were satisfactory. One Observation was identified in the area of:

- 90 Day Written Notice of Upcoming Annual Reexamination

Follow-up activities were performed in January 2013. Based upon documentation provided and Management's representation that corrective action had been implemented, the Observation was considered closed.

DRAFT

Detailed Audit Observations, Recommendations and Responses

Income Calculation Discrepancies

Observation:

Four of twenty-five (16%) files reviewed for income calculations had discrepancies in annualized income between the amount reported on the 50058 and income calculated from verifications provided in the file. (These discrepancies ranged between \$2,072 and \$6,076.)

Recommendation:

We recommended that staff utilize the calculator tape or income worksheet to document the source of the income data utilized to calculate income.

Response:

We will continue to provide ongoing training to the Asset Technicians. The Public Housing AMP files will be reviewed in compliance with the Public Housing Department's quality assurance policies. Additionally, we will continue to spot check files as time allows. All file errors noted that could be corrected were corrected in July 2016.

DRAFT

This page intentionally left blank

Denali Federal Credit Union Mortgage Servicer Audit Internal Audit Report 17-01

Audit Date: August 8, 2016

Report Release Date: September 27, 2016

Department: Internal Audit

DRAFT



Purpose

The primary purpose of this audit was to determine Denali Federal Credit Union's (DFCU) compliance with AHFC's Servicing Guide.

Scope

The scope of this audit focused on servicing activity for the period of July 1, 2015 to June 30, 2016 in the areas of:

- Payment Remittance
- Servicer Reporting
- AHFC Borrower Customer Service
- Loss Mitigation Activities
- Escrow and Hazard Insurance

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the audit, DFCU's servicing activities have shown improvement since our Fiscal Year 2013 (FY13) audit by reducing the number of Observations from four to two. However; DFCU is still in need of improvement in the areas of Property Inspections and SER-71 Submissions, both of which are repeat Observations from our FY13 audit and have been included in this report.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

September 27, 2016

Date

Audit Team:
Rich McKinstry

Prior Audit Observations

The prior audit of DFCU Servicing was conducted in FY13, at which time DFCU's servicing was named "Denali Alaskan Home Loans". Our FY13 audit determined that DFCU was in need of improvement based upon four Observations in the areas of:

- SER-71 Submissions
- Collection Activities
- Property Inspections
- Insurance Policies - Hazard Loss Payee

Based upon documentation provided and Management's representation that corrective action had been implemented, the Observations were considered closed.

DRAFT

Detailed Audit Observations, Recommendations and Responses

Property Inspections

Observation:

Review of six loans in delinquency status of 60+ days as of June 30, 2016 indicated that:

- Four of six (66.7%) files were missing evidence of inspections being completed (including exterior photos) by the 60th day of delinquency and every 30 days thereafter while loan was in delinquent status.

Recommendation:

We recommended that DFCU's AVP Central Operations monitor property inspections performed on all borrowers to ensure they are performed timely, as well as completed in accordance with procedures outlined in the AHFC Servicing Guide.

Response:

In addition to monitoring by AVP Central Operations, the Credit Administration Management team has revised the attached strategic procedures to ensure compliance and timely performance of inspections.

SER-71 Submission

Observation:

Review of three loans in delinquency status between 60 and 90 days as of June 30, 2016 indicated that:

- Two of three (66.7%) files were missing evidence that Form SER-71 was submitted by the 80th day of delinquency.

Recommendation:

We recommended that DFCU establish procedures and assign staff to monitor collection activity and verify that required actions are documented and completed in a timely manner.

Response:

In addition to the revision of the distressed mortgage procedure regarding AHFC collections, the AVP Central Operations will monitor the SER-71 submissions to ensure compliance with the AHFC Servicing Guideline.

Habitat for Humanity Anchorage Loans to Sponsor Program Internal Audit Report 17-02

Internal Audit Date: August 9, 2016
Report Release Date: October 11, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this audit was to assess Habitat for Humanity Anchorage's (H4HA) compliance with AHFC's Loans to Sponsor (LTS) Program requirements.

Scope

The scope of this iaudit covers the period of August 1, 2013 to July 31, 2016, focusing on the following areas:

- Loan Underwriting
- Loan Servicing
- Loan Delinquencies
- Loan Servicer Requirements
- LTS Reporting and Program Compliance

Scope Limitation

During the course of internal audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the audit, it is our opinion that H4HA activities remain in need of improvement to comply with LTS Program requirements. Two Observations were noted during the audit, one of which is a repeat condition from our Fiscal Year 2014 audit and has been included in our report.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 11, 2016

Date

Audit Team:
K. Beckner
S. Burrows

Prior Audit Observations

Internal Audit Report 14-01

The previous audit of H4HA's LTS program was performed in July 2013, and resulted in an opinion of needs improvement with the following two Observations identified:

- Annual LTS funding received in excess of \$625,000
- Inadequate Loan Loss Reserves

Based upon follow-up activities performed in November 2013, and representations received from AHFC's Mortgage Operations, both Observations were considered closed.

DRAFT

Detailed Audit Observations, Recommendations and Responses

Inadequate Loan Loss Reserves (Repeat Condition)

Observation:

For the quarter ended June 30, 2016, Habitat for Humanity Anchorage's (HFHA) Loan Loss Reserve balance was below minimum balance requirements for the LTS I loan by \$260.65 and \$2,142.58 for the LTS II loan.

Recommendation:

We recommended that H4HA utilize the tracking tool provided by AHFC Servicing to apply correct loan loss percentages to the outstanding balances for all three of H4HA's LTS loans.

Response:

Moving forward HFHA will make deposits to Loan Loss Reserve using the provided loan loss calculator. Deposits will be calculated and made quarterly.

This page intentionally left blank

Petersburg Housing Choice Voucher Program Internal Audit Report 17-03

Internal Audit Date: September 6, 2016
Report Release Date: October 6, 2016
Department: Internal Audit

DRAFT



Purpose

The primary purpose of this internal audit was to assess the Petersburg Family Investment Center's administration of the Housing Choice Voucher (HCV) Program for compliance with the Public Housing Division's (PHD) HCV Administrative Plan under Rent Reform.

Scope

The scope of this internal audit focused on Rent Reform activities performed between May 1, 2014 and August 31, 2016 in the following areas:

- New Program Admissions
- Transitional Annual Reexaminations
- Second year Annual Reexaminations
- Tenant Hardships

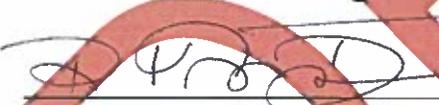
Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the internal audit, it is our opinion that the Petersburg Family Investment Center's administration of the HCV Program is satisfactory to ensure compliance with Rent Reform requirements. No Observations were noted.

This internal audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 6, 2015

Date

Audit Team:
K. Beckner

Prior Audit Observations

Audit Report 14-08

The last internal audit of Petersburg's HCV Program was performed in September 2013 and indicated that operations were satisfactory. No Observations were noted during the internal audit.

DRAFT

Detailed Audit Observations, Recommendations and Responses

No Observations were identified for this internal audit.

DRAFT

This page intentionally left blank

Cook Inlet Lending Center Loans to Sponsor Program Internal Audit Report 17-07

Internal Audit Date: September 27, 2016
Report Release Date: October 5, 2016
Department: Internal Audit

DRAFT

Purpose

The primary purpose of this audit was to assess Cook Inlet Lending Center (CILC) compliance with AHFC's Loans to Sponsor (LTS) Program requirements.

Scope

The scope of this audit covers the period of August 1, 2013 to July 31, 2016, focusing on the following areas:

- Loan Underwriting
- Loan Servicing
- Loan Delinquencies
- Loan Servicer Requirements
- LTS Reporting and Program Compliance

Scope Limitation

During the course of Internal Audit's examination, there were no circumstances that prevented satisfactory completion of all planned audit procedures.

Internal Audit Opinion

Based upon the results of the audit, it is our opinion that CILC's LTS activities are satisfactory in complying with LTS Program requirements. No Observations were noted during the audit.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

October 5, 2016
Date

Audit Team:
Sarah Burrows, CIA, CISA, CGAP

Prior Audit Observations

Internal Audit Report 14-30

The previous audit of the CILC LTS program was performed in August 2013, and resulted in an opinion of satisfactory with no Observations noted during the audit.

DRAFT

Detailed Audit Observations, Recommendations and Responses

There are no Observations for this audit.

DRAFT

This page intentionally left blank

CORPORATE INTERNAL AUDITS	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
Accounting						
Financial Accounting / Grant Program Accounting	Staff	FY13	200	0	200	0.00%
Special Requests	Staff	Pending Request	40	0	40	0.00%
Administrative Services						
SCC FY15 Carryover	Staff	In process	120	109	11	90.83%
Office Supplies	Staff	New	80	0	80	0.00%
Building Renovation Contract Consulting Request	Staff	Closed	40	51	40	127.50%
Special Requests	Staff	On Going	40	7.25	40	18.13%
Budget						
Operating Budget	Staff	FY12	100	0	100	0.00%
Capittal Budget	Staff	FY12	100	0	100	0.00%
RSA's (?)	Staff	New	120	0	120	0.00%
Special Requests	Staff	Pending Request	40	0	40	0.00%
Finance						
Bond Disclosure Requirements	Staff	In process	120	0.75	119.25	0.63%
Finance Operations	Staff	In process	120	2.75	117.25	2.29%
Special Requests	Staff	Pending Request	40	0	40	0.00%
Government Relations						
Marketing Plan	Staff	FY11	120	0	120	0.00%
Special Requests	Staff	On Going	40	6	40	15.00%
Human Resources						
Special Requests	Staff	Pending Request	40	0	40	0.00%
Information Systems						
Special Requests	Staff	On Going	40	4	40	10.00%
Mortgage						
AKUSA Mortgage Servicer	Staff	FY15	160	0	160	0.00%
CIHA LTS Program	Staff	Closed	80	61.75	18.25	77.19%
DAFCU Servicer	Staff	Follow-up	80	92.5	-12.5	115.63%
Denali State Bank Servicer	Staff	In process	80	9	71	11.25%
Habitat For Humanity LTS Program	Staff	In process	80	80.75	-0.75	100.94%
KIHA LTS Program and Servicer	Staff	FY13	100	0	100	0.00%
Mortgage Servicing	Staff	FY13	160	0	160	0.00%
Mt. McKinley Bank Servicer	Staff	In process	80	16	64	20.00%
NeighborWorks LTS Program	Staff	FY14	80	1	79	1.25%
Renovation Loan Program (Carryover)	Staff	Follow-up	40	26	40	65.00%
Spirit of Alaska Servicer	Staff	FY13	80	7	73	8.75%
THRHA LTS Program and Servicer	Staff	FY13	100	0	100	0.00%
Special Requests	Staff	Pending Request	40	0	40	0.00%
Mortgage Consulting Requests:						
HP Lofts	Staff	Pending Request	40	0	40	0.00%
Super 8	Staff	Pending Request	80	0	80	0.00%
Mortgage MF Documentation Review	Staff	On Going	80	9.5	70.5	11.88%
Compliance Assistance	Staff	On Going	40	11	29	27.50%
Planning						
HOME Program FY16 Carryover	Staff	Follow-up	20	32.25	-12.25	161.25%
HTF Bid/Award/Allocation	Staff	New	120	1.5	118.5	1.25%
MOA HTF \$500,000 Allocation	Staff	New	120	0	120	0.00%
New Goal Criteria	Staff	New	120	0	120	0.00%
Special Requests	Staff	On Going	40	5.5	40	13.75%
PPDD Consulting Requests:						
Single Service Agreements	Staff	Pending Request	40	0	40	0.00%
R2D2						
Rebate Program Closeout Activity	Staff	FY14	80	0	80	0.00%
Weatherization Program	Staff	FY14	120	0	120	0.00%
Special Requests	Staff	On going	40	4	40	10.00%
CORPORATE SUBSIDAIRIES AUDITS						
ACAH FY16 Consulting Project Carryover	Staff	In process	120	194.5	-74.5	162.08%
CORPORATE SPECIALITY PROJECTS						
Annual Officer Call Program	Staff	Pending	60	0	60	0.00%
Enterprise Risk Management	Staff	FY13	160	0	160	0.00%
IAD - QAR	Staff	FY12	120	0	120	0.00%
NPPI Security	Staff	FY13	120	0	120	0.00%
Total Corporate Internal Audit Hours			4080	733	3450.75	17.97%
Page 1						

PHD SITE AND DEPARTMENT AUDITS	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
Site Audits:						
Fairbanks AMP 275 FY16 Carryover	Staff	In Process	40	34.25	40	85.63%
Juneau AMP FY 16 Carryover	Staff	In Process	40	35.5	40	88.75%
Ketchikan HCV FY16 Carryover	Staff	Closed	40	36.5	40	91.25%
Nome AMP 260 FY16 Carryover	Staff	Follow-up	40	16.5	40	41.25%
Valdez AMP 263 FY16 Carryover	Staff	In Process	60	55.25	60	92.08%
Anchorage AMP 247	Staff	FY14	80	0	80	0.00%
AFIC HCV	Staff	FY15	120	0	120	0.00%
Homer HCV	Staff	In Process	80	54	80	67.50%
Kenai/Soldotna HCV	Staff	In Process	80	57	80	71.25%
Kodiak AMP 265	Staff	FY14	80	0	80	0.00%
Petersburg HCV	Staff	Closed	80	40	80	50.00%
Sitka AMP 280 & MTW	Staff	FY13	100	0	100	0.00%
Wrangell AMP/HCV	Staff	In process	100	65	100	65.00%
PHD SPECIALITY AUDITS						
JUMP Start Program	Staff	New	160	0	160	0.00%
Utility Allowances	Staff	FY13	120	0	120	0.00%
Special Requests	Staff	On going	40	3	40	7.50%
PHD Consulting Requests:						
Formal Construction Procurement Procedures	Staff	Pending Request	80	0	80	0.00%
Total PHD Internal Audit Hours			1340	397	1340	29.63%

FOLLOW-UP FY16 AUDITS	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
Accounts Payable	Staff	Closed	6	1.75	8	29.17%
Collections	Staff	In Process	8	0.5	7.5	6.25%
Fairbanks AMP	Staff	FY16	24	0	24	0.00%
IT Security	Staff	Closed	2	2	0	100.00%
Juneau AMP	Staff	FY16	8	0	8	0.00%
Ketchikan HVC	Staff	Closed	8	0	8	0.00%
Mortgage Operations	Staff	In Process	8	0.5	7.5	6.25%
Nome AMP	Staff	FY16	8	0	8	0.00%
Special Voucher Program	Staff	In Process	8	1.25	6.75	15.63%
Valdez AMP	Staff	FY16	8	0	8	0.00%
Total Follow-up Internal Audit Hours			88	6	85.75	6.82%

EXTERNAL AUDITORS	Staff	Project	Budgeted	Hrs.	Unused	% Budgeted
DOE/HUD/LBA/DOR	Staff	On Going	60	1.5	58.5	2.50%
BDO	Staff	On Going	200	46.25	153.75	23.13%
Total External Auditors Hours			260	47.75	212.25	18.37%

GRANTEE COMPLIANCE MONITORING	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
General	Staff	FY17	40	8	32	20.00%
Abused Women in Crisis	Staff	FY17	40	0	40	0.00%
Alaska Community Development Corporation	Staff	FY17	40	0	40	0.00%
Alaskan AIDS Assist Association	Staff	FY17	40	0	40	0.00%
Aleutian Housing Authority	Staff	FY17	40	0	40	0.00%
Anchorage Community Mental Health	Staff	FY17	40	0	40	0.00%
Anchorage Housing Initiatives	Staff	FY17	40	0	40	0.00%
AVCP Regional Housing Authority	Staff	FY17	40	0	40	0.00%
Baranof Island Housing Authority	Staff	In Process	40	15	25	37.50%
Bering Straits	Staff	FY17	40	0	40	0.00%
Catholic Social Services	Staff	FY17	40	0	40	0.00%
Copper River Basin Housing Authority	Staff	FY17	40	0	40	0.00%
Gastineau Human Services	Staff	In Process	40	4.5	35.5	11.25%
Interior AIDS Association	Staff	FY17	40	0	40	0.00%
Interior Alaska Center for Non Violent Living	Staff	In Process	40	2	38	5.00%
Interior Regional Housing Authority	Staff	In Process	40	2	38	5.00%
Interior Weatherization	Staff	FY17	40	0	40	0.00%
Juneau Housing First Collaborative	Staff	In Process	40	11.5	28.5	28.75%
Ketchikan Indian Corporation	Staff	FY17	40	0	40	0.00%
Live In Action Gateway	Staff	FY17	40	0	40	0.00%
Love Inc. of Kenai Peninsula	Staff	In Process	40	3	37	7.50%
New Life Development	Staff	FY17	40	0	40	0.00%
Nome Emergency Shelter	Staff	FY17	40	0	40	0.00%
North Pacific Rim	Staff	FY17	40	0	40	0.00%
Rural Alaska Community Action Program	Staff	FY17	40	0	40	0.00%
Salvation Army	Staff	FY17	40	0	40	0.00%
		Page 2				

GRANTEE COMPLIANCE MONITORING	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
Seaview Community Services	Staff	FY17	40	0	40	0.00%
Tanana Chiefs Conference	Staff	FY17	40	0	40	0.00%
Tlingit Haidi Regional Housing Authority	Staff	In Process	40	29.25	10.75	73.13%
The Lee Shore Center	Staff	In Process	40	2	38	5.00%
Valley Charities	Staff	FY17	40	0	40	0.00%
Valley Residential Services	Staff	FY17	40	0	40	0.00%
Yukon Koyukuk School District	Staff	FY17	40	0	40	0.00%
Total Grant Compliance Monitoring Hours			1280	69.25	1210.75	5.41%
Total Internal Audit Project Hours			7048	1253	6299.5	17.78%
AUDIT ADMINISTRATIVE HOURS	Staff	Status/Last Audit	Budget Hrs.	Hrs. Used	Hrs. Unused	% Budget Used
Audit Committee Preparation		On Going	120	5.5	120	4.58%
Audit Staff Meetings		On Going	60	10	50	16.67%
Budget Monitoring and Preparation		On Going	100	26.25	73.75	26.25%
General Reads - Audit		On Going	60	20.25	39.75	33.75%
Management Administration (RKT/KLB)		On Going	160	54.5	105.5	34.06%
Time Tracking and Input		On Going	40	9.75	30.25	24.38%
Corporate Meetings:						
AHFC Corporate Events		On Going	32	8	24	25.00%
Audit Committee Meetings		On Going	20	0	20	0.00%
Board Meetings		On Going	40	9	31	22.50%
IS Steering Committee Meetings		On Going	10	6	4	60.00%
Senior Staff Meetings		On Going	80	24.25	55.75	30.31%
Training:						
Audit Staff		On Going	320	98.5	320	30.78%
Time Off Audit Shop:						
Holidays (12 days * 8.0 hrs.)		On Going	384	64	320	16.67%
Vacations & Sick		On Going	720	324.5	395.5	45.07%
Total Internal Audit Admin Hours			2146	660.5	1589.5	30.78%
Total FY17 Internal Audit Hours			9194	1913.5	7889	20.81%
		Page 3				

COMPLIANCE MONITORING - General	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Owner/Manager General Assistance	Staff	On Going	200	27.75	172.25	13.88%
Program/Income Limits Revisions	Staff	Annual	25	0	25	0.00%
Web Compliance Manual Maintenance	Staff	Annual	62	3.5	58.5	5.65%
Compliance / Planning Qtrly Meeting	Staff	Quarterly	40	5.5	34.5	13.75%
Special Requests	Staff	Requested	150	35	115	23.33%
Total General Compliance Hours			477	71.75	405.25	15.04%

COMPLIANCE MONITORING Developments	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Access Apartments	Staff	D	40	13	27	32.50%
Adelaide SRO	Staff	D	40	5	35	12.50%
Alderbrook Phase I	Staff	T	30	11.25	18.75	37.50%
Alderbrook Phase II	Staff	T	30	3.75	26.25	12.50%
Alderview Apartments	Staff	T	35	25	10	71.43%
Anchor Point Seniors	Staff	D	12	2.75	9.25	22.92%
Angoon Elderly Center	Staff	T	25	6.75	18.25	27.00%
APD 18 Housing Partners	Staff	D	80	21	59	26.25%
Aurora Vista	Staff	T	55	2.25	52.75	4.09%
Baranof Island Housing Authority	Staff	D	15	9	6	60.00%
Bartlett Terrace	Staff	D	15	2	13	13.33%
Bayview Apartments	Staff	T	35	31.75	3.25	90.71%
Birch Creek Villas (Meadow Lake)	Staff	D	20	0	20	0.00%
Birch House	Staff	T	25	7	18	28.00%
Birch Terrace	Staff	T	30	2	28	6.67%
Birchwood Apartments	Staff	D	50	3	47	6.00%
Blueberry Pointe	Staff	T	35	15.5	19.5	44.29%
Brighton Park	Staff	D	45	0.5	44.5	1.11%
Brookside (Homes By the Sea)	Staff	T	30	1.75	28.25	5.83%
Captain Beans	Staff	T	35	1.25	33.75	3.57%
Caswell Court	Staff	D	60	6.25	53.75	10.42%
Carlanna Subdivision	Staff	D	70	29.75	40.25	42.50%
Channel View Apartments	Staff	D	35	0	35	0.00%
Channel Terrace (GMD)	Staff	T	60	26.5	33.5	44.17%
Chester Creek Apartments	Staff	D	50	0	50	0.00%
Chester Park Apartments	Staff	D	70	1.5	68.5	2.14%
Chickaloon Landing	Staff	T	40	21.5	18.5	53.75%
Chinook House	Staff	D	20	1.75	18.25	8.75%
Chinook & Northward (Acg/Rehab)	Staff	T	75	34	41	45.33%
APD 21 Housing Partners	Staff	D	65	3.75	61.25	5.77%
Chugach Colony Estates (Phase II)	Staff	T	40	20.5	19.5	51.25%
Chugach Senior Citizens Services	Staff	T	30	2.5	27.5	8.33%
Colony Estates	Staff	D	35	0.75	34.25	2.14%
Cordova Apartments (ACQ/REHAB) (HOME only '17)	Staff	T	25	44	-19	176.00%
Coronado Park (1st year)	Staff	T	70	44.25	25.75	63.21%
Creekside - Girdwood	Staff	D	40	2	38	5.00%
Crestview Plaza	Staff	Preliminary	5	1.25	3.75	25.00%
Creekwood	Staff	T	55	12.75	42.25	23.18%
Crest View	Staff	T	30	0.5	29.5	1.67%
Dusty Trails (Acg/Rehab)	Staff	T	65	49.25	15.75	75.77%
Eagle View Senior Housing	Staff	D	30	11.5	18.5	38.33%
Eagleridge	Staff	D	40	0	40	0.00%
Eagle's Nest	Staff	D	35	11	24	31.43%
Eaglewood	Staff	T	50	58.25	-8.25	116.50%
Eklutna Estates I	Staff	D	35	13	22	37.14%
Emerald Heights (Near Island Elderly Housing)	Staff	D	20	0.75	19.25	3.75%
Father Gromoff Senior (Aleutian Housing Senior)	Staff	D	25	8	17	32.00%
Fireweed Villa - Soldotna Senior Citizens	Staff	D	30	2.5	27.5	8.33%
Forest View Apartments	Staff	D	35	0	35	0.00%
Forrest Hill Phase I	Staff	T	65	12	53	18.46%
Forrest Hill Phase II	Staff	T	65	5.5	59.5	8.46%
Friendship Terrace	Staff	D	30	4.75	25.25	15.83%
Gateway Apartments	Staff	D	35	4.5	30.5	12.86%
Glacier Park Apartments	Staff	Preliminary	5	1.5	3.5	30.00%
Glacier Village I	Staff	T	55	30.5	24.5	55.45%
Glacier Village II & III	Staff	D	65	27.5	37.5	42.31%
Grass Creek	Staff	D	60	1.75	58.25	2.92%
Grass Creek North (1st year)	Staff	T	70	0.25	69.75	0.36%
Gruening Park I	Staff	T	70	91.25	-21.25	130.36%
Haines Senior Village	Staff	D	16	21.5	-5.5	134.38%
		Page 4				

COMPLIANCE MONITORING Developments	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Hampstead Heath	Staff	D	50	6	44	12.00%
Harbor Ridge	Staff	D	30	0.75	29.25	2.50%
Harmony Villas (KPHI)	Staff	Preliminary	5	0.25	4.75	5.00%
Heritage Heights (Kodiak Senior)	Staff	D	20	1.25	18.75	6.25%
Hillcrest Manor I	Staff	T	30	2	28	6.67%
Hillcrest Manor II	Staff	T	30	3.25	26.75	10.83%
Hillpoint Apartments	Staff	T	25	9	16	36.00%
Hillview Apartments	Staff	T	35	17.25	17.75	49.29%
Holiday Heights	Staff	D	20	0	20	0.00%
Home Run I (1st year)	Staff	T	65	0.25	64.75	0.38%
Hooper Bay (AVPRHA)	Staff	T	40	0	40	0.00%
Hunter Creek Apartments	Staff	T	45	13.25	31.75	29.44%
Inlet Ridge I	Staff	T	30	2.25	27.75	7.50%
Inlet Ridge II	Staff	Preliminary	5	0.25	4.75	5.00%
Jewel Lake Villa	Staff	T	65	1.25	63.75	1.92%
Kake Low Rent	Staff	T	40	25.5	14.5	63.75%
Kenaitze Point	Staff	D	30	6	24	20.00%
Kimberly Court Acg/Rehab	Staff	D	50	4.75	45.25	9.50%
Knik Manor Seniors Facility	Staff	D	35	1	34	2.86%
Little Dipper	Staff	T	50	54.25	-4.25	108.50%
Loussac LIHTC Project	Staff	D	45	22.5	22.5	50.00%
Loussac Sogn	Staff	D	45	5	40	11.11%
Lulu Heron	Staff	T	35	10.5	24.5	30.00%
Lumen Park Senior Housing	Staff	D	40	3	37	7.50%
MacKinnon Apartments	Staff	T	40	1.25	38.75	3.13%
Manokotak View Apartments	Staff	D	35	0	35	0.00%
Maurlut Eniit Senior Apts	Staff	D	35	6	29	17.14%
Meda Lord Senior	Staff	D	15	0	15	0.00%
MLH Manor	Staff	T	40	22.5	17.5	56.25%
Mooring Estates	Staff	D	20	3.75	16.25	18.75%
Mountain View Manor Assisted Living	Staff	T	25	1.5	23.5	6.00%
Mountain View Scattered Sites (Phase I)	Staff	D	35	24.5	10.5	70.00%
Mountain View Scattered Sites (Phase II)	Staff	T	45	0.25	44.75	0.56%
Mountain View Scattered Sites (Phase III)	Staff	D	35	0	35	0.00%
Mountain View Scattered Sites (Phase IV)	Staff	D	35	2.25	32.75	6.43%
Mountain View Scattered Sites V (1st year)	Staff	T	60	11.25	48.75	18.75%
Muklung Manor	Staff	D	35	7.25	27.75	20.71%
Muldoon Manor	Staff	T	30	14	16	46.67%
Munaqsri Senior Apartments	Staff	T	25	33	-8	132.00%
New Stuyahok Apartments	Staff	D	15	3.5	11.5	23.33%
Nikiski Senior Center Services	Staff	D	30	21.25	8.75	70.83%
Northward Building	Staff	T	70	40.5	29.5	57.86%
Orca Point	Staff	D	45	44.25	0.75	98.33%
Pacific Park Apartments	Staff	D	45	45	0	100.00%
Parkview Apartments	Staff	T	25	27.25	-2.25	109.00%
Pioneer Heights	Staff	T	20	9	11	45.00%
Pioneer Vista	Staff	D	10	0	10	0.00%
Ptarmigan Heights	Staff	D	30	10.75	19.25	35.83%
Raven Tree Court	Staff	T	40	0	40	0.00%
Ravens Landing I	Staff	T	18	6.4	11.6	35.56%
Raven's Landing II	Staff	T	18	6.15	11.85	34.17%
Raven's Landing III	Staff	T	18	6.2	11.8	34.44%
Raven's View (Cooper Landing)	Staff	D	20	0	20	0.00%
Ridgecrest Apartments	Staff	D	30	7.75	22.25	25.83%
Ridgeline Terrace (1st year)	Staff	T	80	1.75	78.25	2.19%
Riverpoint Village	Staff	D	35	11.5	23.5	32.86%
Sawmill Creek (replaces Tysons Terrace)	Staff	D	65	2.25	62.75	3.46%
Silverwood I	Staff	D	20	7.5	12.5	37.50%
Silverwood II	Staff	D	20	6.75	13.25	33.75%
Silverwood III	Staff	D	20	8.75	11.25	43.75%
S'it Tuwan Apts	Staff	T	40	9.75	30.25	24.38%
Sleepy Spruce	Staff	T	65	1.25	63.75	1.92%
Soundview Apartments	Staff	T	40	6.5	33.5	16.25%
South Vista Haven	Staff	T	45	41	4	91.11%
Southside Seniors	Staff	T	45	2.5	42.5	5.56%
Southwest Elderly	Staff	D	35	9.25	25.75	26.43%
Spnard Mixed Use (CIHA)	Staff	Preliminary	5	0.5	4.5	10.00%
Spruce View Apartments	Staff	D	50	8	42	16.00%

COMPLIANCE MONITORING Developments	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Sterling Moose River Manor I	Staff	T	20	1.5	18.5	7.50%
Sterling Moose River Manor II	Staff	T	20	1.5	18.5	7.50%
Strasbaugh Apartments	Staff	D	15	13.75	1.25	91.67%
Strawberry Village Cottages	Staff	D	40	1	39	2.50%
Sunrise House	Staff	D	40	3.5	36.5	8.75%
Sunshine Senior Village	Staff	D	10	6	4	60.00%
Susitna Place	Staff	D	25	1	24	4.00%
Susitna Square	Staff	T	50	0.75	49.25	1.50%
Swatzell Terrace	Staff	D	15	1	14	6.67%
Swanson House	Staff	T	25	8.75	16.25	35.00%
Taiga View Apartments	Staff	D	40	10.5	29.5	26.25%
Tanacross	Staff	??	5	0	5	0.00%
Terrace @ Lawson Lake (1st year)	Staff	T	65	26.75	38.25	41.15%
Terrace View	Staff	T	30	2	28	6.67%
The Birches @ Haley Hills (Phase I)	Staff	D	35	0	35	0.00%
The Birches @ Haley Hills (Phase II)	Staff	T	45	7	38	15.56%
Togjak View Apartments	Staff	D	45	2.25	42.75	5.00%
Tovarish Manor, PH I	Staff	D	20	0	20	0.00%
Tovarish Manor, PH II	Staff	D	25	4	21	16.00%
Tradewind Apartments	Staff	D	30	13.25	16.75	44.17%
Trailside Heights I	Staff	T	50	1.5	48.5	3.00%
Trailside Heights II	Staff	D	40	1.75	38.25	4.38%
Trailside Heights III (1st year)	Staff	T	65	39	26	60.00%
Tuyuryarmiat Tegganritta Eniit	Staff	D	25	3.5	21.5	14.00%
Tyee Court	Staff	T	30	2.5	27.5	8.33%
Tyonek Terrace	Staff	D	35	0	35	0.00%
Vista Drive II (VOL of America)	Staff	Preliminary	5	0	5	0.00%
Vista Rose	Staff	Preliminary	5	7.25	-2.25	145.00%
Weeks Field Estates I	Staff	T	70	59.25	10.75	84.64%
Weeks Field Landing II	Staff	T	65	75.75	-10.75	116.54%
Willow Haven Senior Villa	Staff	D	18	1	17	5.56%
Willow Parkway Senior Housing	Staff	D	26	7	19	26.92%
Willow Pointe Apartments	Staff	D	25	1.5	23.5	6.00%
Yenlo Square	Staff	T	50	47.5	2.5	95.00%
Total TC/HOME/Senior Compliance Hours			5941	1787.5	4153.5	30.09%

NSP COMPLIANCE MONITORING	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
General	Staff	N/A	15	12.25	2.75	81.67%
ANH - Connolly Square 202 Housing	Staff	T	10	0.5	9.5	5.00%
ANH - The Roosevelt 811 Housing	Staff	T	10	0.5	9.5	5.00%
ANH - The Arc of Anchorage - Kuskokwim	Staff	T	10	0	10	0.00%
ANH - Irely	Staff	T	10	0	10	0.00%
Community Development Inc. - Weeks Field II	Staff	T	18	2.75	15.25	15.28%
Cook Inlet Housing 631 North Klevin	Staff	T	10	0	10	0.00%
Cook Inlet Housing 715 North Klevin	Staff	T	10	0	10	0.00%
Cook Inlet Housing 839 North Klevin	Staff	T	10	0	10	0.00%
Cook Inlet Housing 418 North Park	Staff	T	10	0	10	0.00%
Cook Inlet Housing 523 North Park	Staff	T	10	0	10	0.00%
Cook Inlet Housing 534 North Park	Staff	T	10	0	10	0.00%
Cook Inlet Housing 633 North Park	Staff	T	10	0	10	0.00%
Cook Inlet Housing 610 North Hoyt	Staff	T	10	0	10	0.00%
Cook Inlet Housing 410 North Bunn	Staff	T	10	0	10	0.00%
Cook Inlet Housing 4340 Peterkin	Staff	T	10	0	10	0.00%
FNH Affordable Housing #1	Staff	T	15	0	15	0.00%
FNH Affordable Housing #2	Staff	T	15	0	15	0.00%
FNH Affordable Housing #3	Staff	T	15	0	15	0.00%
KPHI - Alderbrook II	Staff	T	10	1.5	8.5	15.00%
KPHI - Inlet Ridge I	Staff	T	10	0.75	9.25	7.50%
KPHI - Silverwood III	Staff	T	10	0	10	0.00%
KPHI - Tyee Court	Staff	T	10	0.5	9.5	5.00%
Raven's Landing I	Staff	T	10	0.75	9.25	7.50%
Raven's Landing II	Staff	T	10	0.75	9.25	7.50%
Raven's Landing III	Staff	T	10	1.75	8.25	17.50%
Raven's Landing IV	Staff	T	10	6.25	3.75	62.50%
Rural Cap Affordable Housing #1	Staff	T	12	0	12	0.00%
Rural Cap Affordable Housing #2	Staff	T	12	0	12	0.00%
Total NSP Compliance Hours			322	28.25	293.75	8.77%

Total Compliance Hours			6740	1887.5	4852.5	28.00%
		Page 6				

COMPLIANCE ADMINISTRATIVE HOURS	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Audit Committee Preparation		Ongoing	60	11.5	48.5	19.17%
Budget Monitoring and Preparation		Ongoing	60	39.75	20.25	66.25%
Compliance Staff Meetings		Ongoing	60	14	46	23.33%
General Reads - Compliance		Ongoing	70	27	43	38.57%
Management Administration		Ongoing	250	64.25	185.75	25.70%
Time Tracking and Input		Ongoing	40	19.5	20.5	48.75%
Corporate Meetings:						
AHFC Corporate Events		Ongoing	32	0.5	31.5	1.56%
Audit Committee Meetings		Ongoing	20	1	19	5.00%
Board Meetings		Ongoing	16	1	15	6.25%
Senior Staff Meetings		Ongoing	4	0	4	0.00%

COMPLIANCE ADMINISTRATIVE HOURS	Staff	Project (T/D)	Budgeted	Hrs.	Unused	% Budgeted
Training:						
Compliance Staff		Ongoing	320	1.75	318.25	0.55%
Time Off Compliance Shop:						
Holidays (12 days * 8.0 hrs.)		Ongoing	384	64	320	16.67%
Vacations & Sick		Ongoing	720	170.5	549.5	23.68%
Total Compliance Administrative Hours			2036	414.75	1621.25	20.37%
Total FY17 Compliance Hours			8776	2302.25	6473.75	26.23%

IAD - FY15 Total Department Hours	Budgeted	Hrs.	Unused	% Budgeted
DEPARTMENT TOTALS	Hours	Used	Hours	Hours Used
Total Audit/Comp Project Hours	13788	3140.5	11152	22.78%
Total Audit/Comp Admin Hours	4182	1075.25	3106.75	25.71%
Grand Total Audit/Compliance Hours:	17970	4215.75	14258.75	23.46%

Total Audit Dept. Hrs. Available 16640
 Current IAD FY17 Plan 17970
 Difference: -1330

This page intentionally left blank

MEMORANDUM

TO: AHFC Internal Audit Committee

FROM: R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit

DATE: October 14, 2016

SUBJECT: FY16 Follow-up Narrative

A total of twenty-seven internal/external audits were completed during FY16; resulting in fifty recommendations. Of these; nineteen (70%) have been closed and eight (30%) remain in follow-up status, with twenty-eight recommendations pending follow-up. Below is a summary of those internal audits that are still open and appear on IAD's Observation Aging Report FY16:

PHD Collections, Audit 16-09. Follow-up was started September 21, 2016; with a response due date of October 7, 2016. As of the issuance of this memorandum a response has not been received from the auditee and the recommendation pertaining to Observation #2 development of Policies and Procedures remains outstanding. This recommendation has been in Aging Status for 191 days. The remaining two recommendations are consider closed.

AFIC Special Voucher Program, Audit 16-14. Follow-up was started September 16, 2016; with a response due date of October 7, 2016. As of the issuance of this memorandum an adequate response has not been received from the auditee and the recommendation pertaining to Observation #2 Incorrect Income Calculations remains outstanding. This recommendation has been in Aging Status for 177 days. The remaining two recommendations are considered closed.

The following internal audits will be eligible for follow-up after presentation to the Internal Audit Committee on October 26, 2016:

Nome AMP 260, Internal Audit 16-22 - Three Observations

Renovation Loan Program, Internal Audit 16-23 - Two Observations

Fairbanks AMP 275, Internal Audit 16-24 - Eight Observations

Valdez AMP 263 and HCV Program, Internal Audit 16-26 - Six Observations

Sourcing and Contract Compliance, Internal Audit 16-27 - Three Observation

Juneau AMP 277, Internal Audit 16-28 - Four Observations

**AHFC INTERNAL AUDIT FY16
OBSERVATION SUMMARY (eff 7/01/16)**

AUDIT PROJECT NAME AND REPORT NUMBER	Audit Lead	Audit Date	Exit Date	Response Date	Draft Date	AC Date	Audit Rating	# of Observations	Follow-up Date	# Outstanding Observations	Status of Follow-up
Second Mtg. for Energy Conservation, 16-01	RAM	7/23/2015	10/7/2015	10/21/2015	11/3/2015	2/24/2016	Satisfactory	1	2/1/2016	0	Closed
Cordova AMP 216, 16-02	SEB	8/5/2015	9/21/2015	10/12/2015	10/13/2015	10/28/2015	Satisfactory	2	2/2/2016	0	Closed
Facilities Management, 16-03	SEB	8/17/2015	11/3/2015	11/18/2015	11/23/2015	2/24/2016	Satisfactory	2	5/10/2016	0	Closed
Matsu AMP 244 16-04	RAM	8/24/2015	N/A	N/A	10/2/2015	10/28/2015	Satisfactory	0	N/A	N/A	Closed
Matsu HCV Program 16-05	KLB	8/26/2015	N/A	N/A	10/6/2015	10/28/2015	Satisfactory	0	N/A	N/A	Closed
Anchorage AMP 271 16-06	RAM	8/31/2015	10/15/2015	11/25/2015	11/30/2015	2/24/2016	Needs Improvement	2	6/9/2016	0	MGT Accepts Liability
Bethel AMP 257 16-07	KLB	9/21/2015	11/24/2015	2/5/2016	2/8/2016	2/24/2016	Needs Improvement	3	6/6/2016	0	Closed
Kodiak HCV Program 16-08	SEB	9/30/2015	N/A	N/A	10/6/2015	10/28/2015	Satisfactory	0	N/A	N/A	Closed
AEERLP	RAM	10/5/2015									Postponed
PHD Collections 16-09	RAM	10/15/2015	3/15/2016	4/6/2016	5/20/2016	6/29/2016	Needs Improvement	3	9/21/2016	1	TBD
Corporate Vehicles 16-10	SEB	10/22/2015	12/24/2015	1/27/2016	1/28/2016	2/24/2016	Satisfactory	2	6/27/2016	0	Closed
Pcard Purchasing 16-11	KLB	11/8/2015	3/2/2016	3/31/2016	4/4/2016	6/29/2016	Needs Improvement	1	9/21/2016	0	Closed
IT Security 16-12	SEB	12/7/2015	2/4/2016	3/23/2016	3/29/2016	6/29/2016	Satisfactory	2	9/15/2016	0	Closed
Grants Management 16-13	RAM	12/14/2015	N/A	N/A	2/8/2016	2/24/2016	Satisfactory	0	N/A	0	Closed
AFIC Special Voucher Programs 16-14	SEB	1/19/2015	3/21/2016	4/20/2016	4/21/2016	6/29/2016	Needs Improvement	3	9/16/2016	1	TBD
Mortgage Operations 16-15	RAM	2/1/2016	5/10/2016	6/6/2016	6/7/2016	6/29/2016	Satisfactory	1	9/21/2016	0	Closed
Accounts Payable 16-16	SEB	2/16/2016	5/9/2016	5/31/2016	5/31/2016	6/29/2016	Satisfactory	1	9/16/2016	0	Closed
HOME Program 16-17	KLB	3/14/2016	7/26/2016	8/23/2016	10/5/2016	10/26/2016	Satisfactory	1	N/A	0	Closed
HOP Program 16-18	KLB	3/21/2016	6/24/2016	N/A	7/1/2016	10/26/2016	Satisfactory	0	N/A	0	Closed
Extraordinary Maintenance 16-19	SEB	3/21/2016	6/3/2016	N/A	5/25/2016	6/29/2016	Satisfactory	0	N/A	0	Closed
Closing Cost Assistance Program (CCAP) 16-20	RAM	3/21/2016	N/A	N/A	5/2/2016	6/29/2016	Satisfactory	0	N/A	0	Closed
Building Renovations Contract 16-21C	SEB	4/18/2016	N/A	N/A	7/18/2016	N/A	N/A	N/A	N/A	N/A	Closed
Nome AMP 260 16-22	KLB	4/27/2016	6/17/2016	8/11/2016	8/18/2016	10/26/2016	Needs Improvement	3	TBD	3	TBD
Renovation Loan Programs 16-23	RAM	5/9/2016	8/4/2016	8/5/2016	8/12/2016	10/26/2016	Needs Improvement	2	TBD	2	TBD
Fairbanks AMP 275 16-24	KLB	5/17/2016	9/16/2016	10/13/2016	10/14/2016	10/26/2016	Unsatisfactory	8	TBD	8	TBD
Ketchikan HCV 16-25	KLB	6/1/2016	N/A	N/A	8/18/2016	10/26/2016	Satisfactory	0	N/A	N/A	Closed
Valdez AMP 263 and HCV Program 16-26	SEB	6/07/2016	9/13/2016	9/29/2016	10/3/2016	10/26/2016	Needs Improvement	6	TBD	6	TBD
Sourcing and Contract Compliance 16-27	RAM	6/20/2016	10/5/2016	10/5/2016	10/6/2016	10/26/2016	Needs Improvement	3	TBD	3	TBD
Juneau AMP 277 16-28	KLB	6/20/2016	9/28/2016	10/7/2016	10/11/2016	10/26/2016	Needs Improvement	4	TBD	4	TBD
ACAH 16-29C\	SEB	6/24/2016	N/A	N/A		N/A	N/A	N/A	N/A	N/A	
Totals:								50	N/A	28	

- Follow-up in Process**
- Pending AC Presentation**
- Pending Response**
- Fieldwork In Progress**
- Postponed Due to Lack of Activity**
- Consulting Engagement NO AC report issued.**

FY16 IAD Observations Aging Report

Project Name: PHD Collections Audit Report 16-09 (Issue Date: 05/20/16)	Audit Start Date 10/15/15	Exit Conference Date 03/15/16	Audit Response Date 04/06/16	AC Presentation Date 06/29/16	Status: Follow-up
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Outstanding Debts Owed. We were unable to confirm the total record number and dollar volume of collection accounts.	N/A	N/A	Closed	Y	N/A
HUD EIV Debts Owed Data. Six of six (100%) who vacted their units owing a debt were not listed on the HUD EIV report.	9/21/2016				191
Missing Tenant File. One tenant file could not be located.	N/A	N/A	Closed	N/A	N/A

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: AFIC Special Voucher Programs Audit Report 16-14 (Issue Date: 04/21/16)	Audit Start Date 1/19/16	Exit Conference Date 3/21/16	Audit Response Date 4/20/16	AC Presentation Date 06/29/16	Status: Follow-up
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Special Voucher Program Files. One of twenty-one (5%) VASH a HH member was not included on the EIV; four of twenty-one (19%) VASH had unresolved income discrepancies; one of fourteen (8%) ECHP had unresolved income discrepancies.	9/16/2016	10/10/2016	Closed	N/A	173
Incorrect Income Calculations. Four of twenty-seven (15%) files did not have income calculations properly documented.	9/16/2016	10/10/2016			177
Anniversary Letter. Three (100%) did not have an Anniversary Letter sent to the landlord.	9/16/2016	N/A	Closed	N/A	0

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Nome AMP 260 Audit Report 16-22 (Issue Date: 08/18/16)	Audit Start Date 04/27/16	Exit Conference Date 06/17/16	Audit Response Date 08/11/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Emergency Work Orders. Four of five (80%) had start and completion times not supported by the Work Order Log Sheet.					64
Payment Agreements. Four of five (80%) with delinquencies indicated Default Notices were not served.					64
Annual Reexaminations. Five of five (100%) Step Program tenants entering year two the incorrect form was used for processing.					64

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Renovation Loan Program Audit Report 16-23 (Issue Date: 08/12/16)	Audit Start Date 05/09/16	Exit Conference Date 08/04/16	Audit Response Date 08/05/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Escrow Accounts. Two of five (40%) escrow for completion accounts did not contain required documentation for disbursement and disposition of escrow accounts. One of five (20%) escrow for completion accounts did not have sufficient evidence to determine if each account did not exceed \$50,000 plus 10% contingency at time of purchase by AHFC.					70
Quality Control Reviews. Two of seven (29%) were missing required documents and two had issues of program noncompliance, including disallowed expenditures.					70

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Fairbanks AMP 275 Audit Report 16-24 (Issue Date: 10/14/16)	Audit Start Date 05/17/16	Exit Conference Date 09/16/16	Audit Response Date 10/13/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Rent Reform Exam Files. Four of fourteen (29%) did not have an EIV report pulled prior to the effective date of the annual reexamination.					7
Annual Exam Files. Seven of twenty-nine annual reexamination files (24%) did not provide three notices to the clients of their annual reexamination. These files also indicated that AMP 275 failed to provide 30 days calendar notice of rent increase to these clients.					7
Income Discrepancies. Seven of thirty-one (22.5%) files had discrepancies between annualized income reported on the 50058 and income calculated from verifications provided in the file.					7
Payment Agreements. Four of twelve(33%) Payment Agreements (PAs) were executed with clients who had been delinquent on previous PAs within the last twelve months.					7
Payment Agreements. Seven of twelve (58%) active PAs had periods of delinquency. Of those twelve, seven (58.33%) had at least one month in which a Default Notice of was not served. Of those four or seven (57%) had payments that were not received during the month and the file was evident a Payment Agreement Final Default Notice was served.					7
Transition Years Files. Two of eight (25%) Classic participant files had incorrect next annual reexamination dates.					7
Sex Offender Registry. Four of fourteen (29%) Rent Reform Second Year annual reexamination files did not have evidence that Sex Offender Registry check was performed at time of reexamination.					7
UPCS/Housekeeping Inspections. Four of fourteen (29%) Rent Reform Second Year annual reexamination files did not have evidence UPCS and housekeeping inspections were performed.					7

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Valdez AMP 263 and HCV Audit Report 16-26 (Issue Date: 10/03/16)	Audit Start Date 06/07/16	Exit Conference Date 09/13/16	Audit Response Date 09/29/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Client Income. One of five (20%) AMP files had an income discrepancy resulting in the client's income being understated by \$11,320.84.					15
EIV. Two of three (67%) AMP New Move-In and three of five (60%) HCV New HAP files did not have EIV completed within 120 days of the 50058 new admission date: One of four (25%) AMP Annual Reexamination files did not have EIV pulled prior to the annual reexamination date.					15
Payment Agreements. One of two (50%) Payment Agreements (PA) had been input into Yardi but an agreement had not been executed. One of two (50%) Payment Agreements had an incorrect first payment date. In addition, tenant ledger history did not indicate that a down payment was made at time of execution.					15
Literacy Requirements. Four of five (80%) AMP Step Annual Reexamination clients and two of three (67%) HCV Step Annual Reexamination clients did not meet the financial literacy requirements after their first year and did not sign a written agreement to complete the requirement during their second year of participation.					15
Correctible Notice To Quit. Three of seven (43%) New Move-In and Annual Reexamination clients did not receive a Correctible Notice to Quit and Lease Termination for Nonpayment of Rent when rent was paid late.					15
Incorrect Family Information. One of three (33%) AMP New Move-In files and two of five (40%) HCV New HAP Contract file had incorrect family information on the 50058.					15

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Sourcing Contract Compliance Audit Report 16-27 (Issue Date: 10/06/16)	Audit Start Date 06/20/16	Exit Conference Date 10/05/16	Audit Response Date 10/06/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Informal Purchases. Three of seven (43%) did not include copies of all informal proposals or quotes received.	N/A	N/A	Closed	N/A	1
Informal Purchases. One of seven (14%) bids received after the due date was determined to be responsive.	N/A	N/A	Closed	N/A	1
Updated PP Manuals. AAC was updated in December 2014, SCC's internal PP has not been updated to reflect these changes.	9/1/2017				8

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY16 IAD Observations Aging Report

Project Name: Juneau AMP 277 Audit Report 16-28 (Issue Date: 10/11/16)	Audit Start Date 06/20/16	Exit Conference Date 09/28/16	Audit Response Date 10/07/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Move-in Rent/SD. Ten of thirteen (77%) new admissions file tenant ledgers identified that clients paid their 1 st month's rent portion and security deposit after the date of move-in.					7
Annualized Income Discrepancies. Two of twenty-five (8%) client files contained annualized discrepancies of greater than \$2,400 but the Client File Index did not indicate that the discrepancy was identified by staff, investigated and resolved.					7
Income Calculations. Four of twenty-five (16%) files had discrepancies between annualized income reported on the 50058 and income calculated from verifications provided in the file.					7
UPCS/Housekeeping Inspections. Six of twenty-five files (24%) did not have evidence UPCS and housekeeping inspections were completed as the inspection forms were blank and not signed or dated by the inspector.					7

* Note: The "Days Observation Open" is based on the date that IAD was to have received the Initial response.

This page intentionally left blank

MEMORANDUM

TO: AHFC Internal Audit Committee

FROM: R. Kevin Tune, CIA, CCSA, CRMA
Director, Internal Audit 

DATE: October 14, 2016

SUBJECT: FY17 Follow-up Narrative

A total of four internal/external audits have been completed during FY17; resulting in four recommendations. Of these; two (50%) have been closed and two (50%) will be eligible for follow-up after presentation to the Internal Audit Committee on October 26, 2016.

The following audits will be eligible for follow-up after October 26, 2016:

Denali Home Loans Servicer, Audit 17-01 – Two Observations

Habitat for Humanity, Audit 17-02 – Two Observations

AHFC INTERNAL AUDIT FY17
OBSERVATION SUMMARY (eff 7/01/16)

AUDIT PROJECT NAME AND REPORT NUMBER	Audit Lead	Audit Date	Exit Date	Response Date	Draft Date	AC Date	Audit Rating	# of Observations	Follow-up Date	# Outstand Observations	Status of Follow-up
Denali Home Loans Servicer 17-01	RAM	8/8/2016	9/8/2016	9/22/2016	9/27/2016	10/26/2016	Needs Improvement	2	TBD	2	TBD
Habitat for Humanity LTS 17-02	KLB	8/9/2016	9/26/2016	10/11/2016	10/11/2016	10/26/2016	Needs Improvement	2	TBD	2	TBD
Petersburg HCV 17-03	KLB	9/6/2016	N/A	N/A	10/6/2016	10/26/2016	Satisfactory	0	N/A	0	Closed
Wrangell PHD Site 17-04	KLB	9/7/2016									
Kenai/Soldotna HCV 17-05	RAM	9/12/2016									
Homer HCV 17-06	RAM	9/15/2016									
Cook Inlet Lending Center LTS 17-07	SEB	9/26/2016	N/A	N/A	10/5/2016	10/26/2016	Satisfactory	0	N/A	0	Closed
Mt. McKinley Bank Servicer 17-08	RAM	10/3/2016									
THRHA LTS 17-09	RAM	10/13/2016									
THRHA Servicing 17-10	RAM	10/13/2016									
Finance Department 17-11	SEB	10/19/2016									
Denali State Bank Servicer 17-12	SEB	11/1/2016									
Bond Issuance 17-13	SEB	11/14/2016									
							Totals:	4	N/A	4	

- Follow-up In Process
- Pending AC Presentation
- Pending Response
- Fieldwork In Process

FY17 IAD Observations Aging Report

Project Name: Denali Home Loan Servicer Audit Report 17-01 (Issue Date: 09/27/16)	Audit Start Date 08/08/16	Exit Conference Date 09/08/16	Audit Response Date 09/22/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Delinquent Loans Inspections: Four of six (67%) were missing evidence of inspection being completed.					22
Delinquent Loans SER71: Two of three (67%) were missing evidence that Form SER71 was submitted by the 80th day.					22

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

FY17 IAD Observations Aging Report

Project Name: Habitat for Humanity LTS Audit Report 17-02 (Issue Date: 10/11/16)	Audit Start Date 08/09/16	Exit Conference Date 09/26/16	Audit Response Date 10/11/16	AC Presentation Date 10/26/16	Status: Presentation
Observation(s) Noted	Follow-up Start Date	Follow-up Completion Date	Observation Open/Closed	Mgt. Accepts Risk	*Days Observation Open
Loan Loss Reserve: The loan loss reserve balance for the LTSI and LTSII programs were under funded by \$260.65 and \$2,142.58.					3
Income in Excess of 60%: Two of five (40%) borrower's income exceed 60\$ at the time of application.					3

* Note: The "Days Observation Open" is based on the date that IAD was to have received the initial response.

This page intentionally left blank



Headquarters
4300 Boniface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address:
PO Box 101020
Anchorage, AK 99510-1020

Internet Web site:
<http://www.ahfc.us>

AUDIT COMMITTEE MEMORANDUM

To: AHFC Internal Audit Committee

Thru: R. Kevin Tune, Director, AHFC Internal Audit

From: AHFC Internal Audit Compliance Staff

Date: July 15, 2016

Subject: Tax Credit/HOME/Senior Programs Compliance Review and Activity summary – 4th Quarter FY 2016

The Alaska Housing Finance Corporation's Internal Audit Department (IAD) is tasked with the responsibility of monitoring and determining development compliance for four affordable housing programs. Programs include the Low Income Housing Tax Credit Program (LIHTC), Home Investment Partnership Program (HOME), Senior Citizens Housing Development Fund Program (SCHDF), and the Tax Exempt Bond program when combined with at least one of the other three programs. Compliance reviews can include single and/or multi-family affordable housing developments and defined as either a 'site review' or 'desk review'.

'Site reviews' include physical on-site visits of a property. The purpose of the site review is to examine a select number of household files to assure income eligibility and to verify that the owner of the development has met proper rental rate limits. Site reviews also examine development administrative documentation as required by the Agreement between the development Owner and AHFC, and the requirements of the specific affordable housing program. On-site reviews also include a physical inspection of the development to determine compliance with health and safety requirements in accordance with the designated program inspection protocol. Site review scheduling varies depending on the affordable housing program and can occur on a one, two, or three year cycle.

'Desk reviews' are completed during all off-site annual reviews and examine only development operational administration documentation and a select number of household files as required by the AHFC agreement and the specific program regulations.

Emphasis is placed on the LIHTC program property in this memorandum due in part that when non-compliance is discovered, reporting is not only internal to both AHFC Planning & Program Development and Mortgage Servicing Departments, but also extends beyond the walls of AHFC to the Internal Revenue Service. In contrast and for HOME, SCHDF and Tax Exempt Bond programs, non-compliance is reported only to AHFC Planning and Program Development and AHFC Mortgage Servicing.

This memorandum is formatted in the following order:

- A) Pages 3 through 5 include narratives summarizing compliance reviews completed by the IAD during the 4th quarter determined to have reportable non-compliance issues.
- B) Page 6 provides a table listing property compliance reviews closed during the 4th quarter and found to have no non-compliance issues.
- C) Pages 7 through 9 provide a listing of property compliance reviews that were in progress but not

completed by the end of the 4th quarter.

- D) Pages 10 and 11 provide information pertaining to 18 developments that have either fulfilled the agreement and compliance requirements of AHFC, or have been removed from the portfolio for cause. The IAD will no longer monitor these developments.
- E) Pages 12 & 13 provide various development statistics related to the current Compliance Review Portfolio.

A) Compliance reviews completed during the 4th Quarter of FY 2016 and found to have reportable non-compliance issues:

1) Chinook House - Fairbanks (HOME)

- Owner: Fairbanks Neighborhood Housing Services – Fairbanks, Alaska
- Management Company: Fairbanks Neighborhood Housing Services – Fairbanks, Alaska
- Type of Review: Desk
- Placed in Service: 2002
- Building Configuration: Single story, 4 attached townhomes
- Set-aside: 1 unit @ 50% AMGI; 3 units @ 60% AMGI
- Review Start Date: 09/14/15
- Review Completion Date: 06/07/16
- Period of Non-compliance: 07/01/14 through 06/30/15

Non-compliance issue(s)

- Household certification lacked sufficient documentation to determine eligibility at time of move-in.

2) Hampstead Heath Apartments – Anchorage (LIHTC)

- Owner: Hampstead Heath Limited Partnership – Anchorage, Alaska
- Management Company: Neighbor Works, Anchorage – Anchorage, Alaska
- Type of Review: Desk
- Placed in Service: 1995
- Building Configuration: 11 buildings – 88 units
- Set-aside: 88 units @ 60% AMGI
- Review Start Date: 10/12/2015
- Review Completion Date: 04/08/2016
- Period of Non-compliance: 11/12/2014 – Ongoing

Noncompliance Issue(s):

- Household income above income limit upon initial occupancy.
- Owner failed to provide annual certifications or provided incomplete or inaccurate certifications.

Review closed with three (3) IRS Forms 8823 filed as 'Out-of-Compliance', and one (1) IRS Form 8823 filed as 'Noncompliance Corrected'.

3) Holiday Heights - North Pole (SCHDF)

- Owner: North Pole Area Housing Associates – Fairbanks, Alaska
- Management Company: MB Management – Fairbanks- Alaska
- Type of Review: Site
- Placed in Service: 1998
- Building Configuration: 1 building – 24 units
- Set-aside: 5 units @ 50% AMGI
- Review Start Date: 04/26/16
- Review Completion Date: 06/23/16
- Period of Non-compliance: 04/26/16 through 06/23/16

Non-compliance issue(s)

- Violation(s) of the Uniform Physical Condition Standards (UPCS) or Local Inspection Standards.

4) Knik Manor Senior Housing - Wasilla (LIHTC/HOME/SCHDF)

- Owner: Knik Manor Senior Housing, L.P - Wasilla, Alaska
- Management Company: Wasilla Area Senior Inc. - Wasilla, Alaska
- Type of Review: Site
- Placed in Service: 2004
- Building Configuration: 1 building, 22 units.
- Set-aside: 14 units @ 50% AMGI; 2 units @ 60% AMGI; 5 market rate unit; 1 manager's unit.
- Review Start Date: 01/05/16
- Review Completion Date: 05/06/16
- Period of Non-compliance: 02/18/16 through 02/26/16

Non-compliance issue(s)

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.

Review closed with one (1) IRS Form 8823 filed as '**Noncompliance Corrected**'.

5) MacKinnon Apartments - Juneau (LIHTC)

- Owner: MacKinnon Apartments L.P. - DuPont, Washington
- Management Company: Saint Vincent DePaul - Juneau, Alaska
- Type of Review: Desk
- Placed in Service: 2001
- Building Configuration: 1 Building - 23 units
- Set-aside: 12 Units @ 50% AMGI; 11 Units @ 60% AMGI
- Review Start Date: 2/29/16
- Review Completion Date: 4/19/16
- Period of Non-compliance: 10/16/15 - Ongoing

Noncompliance Issue(s):

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards. (Unit #3B offline since 10/16/15 due to a roof issue.)

Review closed with one (1) IRS Form 8823 filed as '**Out of Compliance**'.

6) Sunrise House - Yakutat (LIHTC/HOME)

- Owner: Yakutat Affordable Rentals, LP - Juneau, Alaska
- Management Company: Tlingit-Haida Regional Housing Authority - Juneau, Alaska
- Type of Review: Site
- Placed in Service: 2001
- Building Configuration: 2 buildings - 20 units
- Set-aside: 10 units @ 50% AMGI; 10 units @ 60% AMGI; 4 HOME @ 60% AMGI
- Review Start Date: 08/03/2015
- Review Completion Date: 05/03/2016
- Period of Non-compliance: 05/03/2014 - Ongoing

Noncompliance Issue(s):

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.
- Household income above income limit upon initial occupancy.
- Low-income units occupied by nonqualified by full-time students.

Review closed with two (2) IRS Forms 8823 filed as 'Noncompliance Corrected', and one (1) IRS Form 8823 closed 'Out-of-Compliance'.

7) Swatzell Terrace - Homer (HOME/SCHDF)

- | | | |
|--------------------------|---------------------------|--|
| <input type="checkbox"/> | Owner: | Homer Senior Citizens, Inc - Homer, Alaska |
| <input type="checkbox"/> | Management Company: | Homer Senior Citizens, Inc - Homer, Alaska |
| <input type="checkbox"/> | Type of Review: | Desk |
| <input type="checkbox"/> | Placed in Service: | 2010 |
| <input type="checkbox"/> | Building Configuration: | Single story, 4 attached townhomes |
| <input type="checkbox"/> | Set-aside: | 1 building; four (4) units |
| <input type="checkbox"/> | Review Start Date: | 02/29/16 |
| <input type="checkbox"/> | Review Completion Date: | 05/24/16 |
| <input type="checkbox"/> | Period of Non-compliance: | 02/01/16 through 05/17/16 |

Non-compliance issue(s)

- Utility Allowance not implemented annually.

8) The Birches at Haley Hills I - Wasilla (LIHTC)

- | | | |
|--------------------------|---------------------------|--|
| <input type="checkbox"/> | Owner: | The Birches Limited Partnership - Caldwell, Idaho |
| <input type="checkbox"/> | Management Company: | Somerset Pacific, LLC - Caldwell, Idaho |
| <input type="checkbox"/> | Type of Review: | Site |
| <input type="checkbox"/> | Placed in Service: | 2003 |
| <input type="checkbox"/> | Building Configuration: | 8 buildings; 32 units. |
| <input type="checkbox"/> | Set-aside: | 10 units @ 45% AMGI; 10 units @ 50% AMGI; 11 units @ 60% AMGI;
1 manager's unit |
| <input type="checkbox"/> | Review Start Date: | 04/28/2016 |
| <input type="checkbox"/> | Review Completion Date: | 06/06/2016 |
| <input type="checkbox"/> | Period of Non-compliance: | 04/28/16 through 05/26/2016 |

Noncompliance Issue(s):

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.

Review closed with eight (8) IRS Forms 8823 filed as 'Noncompliance Corrected'.

B) Following table identifies 5 affordable housing development compliance reviews that were completed by the IAD during the 4th Quarter of FY 2016 and determined to have no reportable items of non-compliance.

#	Property Name	Location	Program	Review Start Date	Review Close Date
1	Raven Tree Court	Wasilla	LIHTC/HOME	01/11/16	04/06/16
2	Pioneer Vista	Homer	SCHDF	04/07/16	04/12/16
3	Birch Terrace	Homer	HOME	05/27/15	04/14/16
4	Glacier Park Apartments	Ketchikan	LIHTC	03/15/16	05/10/16
5	Birch Creek Villas	Willow	HOME/SCHDF	04/01/16	06/10/16

C) The following table identifies 87 affordable housing development compliance reviews that were in progress by the IAD during the 4th Quarter of FY 2016 but not completed by 06/30/2016.

#	Property Name	Location	Program	Review Start Date
1	Carlanna Subdivision	Ketchikan	LIHTC	09/25/15
2	Eaglewood Apartments	Juneau	LIHTC/HOME	11/06/15
3	Forest Hills I	Wasilla	LIHTC/HOME	01/22/16
4	Forest Hills II	Wasilla	LIHTC/HOME	01/22/16
5	Ridgecrest Apartments	Wasilla	LIHTC	02/01/16
6	Hunter Creek	Palmer	LIHTC	02/03/16
7	Adelaide SRO	Anchorage	LIHTC	02/16/16
8	Taiga View	King Salmon & South Naknek	LIHTC/HOME	02/23/16
9	Manokotak View Apartments	Manokotak	LIHTC/HOME	03/01/16
10	Ptarmigan Heights	Fairbanks	HOME/SCHDF	03/01/16
11	Togiak View Apartments	Togiak	LIHTC/HOME	03/01/16
12	Tuyuryarmiat Tegganritta Eniit	Togiak	SCHDF	03/01/16
13	Bartlett Terrace	Homer	SCHDF	03/04/16
14	Friendship Terrace	Homer	HOME/SCHDF	03/04/16
15	Loussac Sogn Apartments	Anchorage	LIHTC	03/07/16
16	Forest View Apartments	Dillingham	LIHTC/HOME	03/09/16
17	Muklung Manor	Dillingham	LIHTC/HOME	03/09/16
18	Marrulut Eniit Senior Apartments	Dillingham	SCHDF	03/15/16
19	Southside Senior	Anchorage	LIHTC/SCHDF	03/15/16
20	Southwest Elderly	Naknek	LIHTC/HOME	03/15/16
21	Creekwood Apartments	Wasilla/Palmer	LIHTC	03/24/16
22	Caswell Court	Anchorage	LIHTC	03/25/16
23	Blueberry Pointe	Willow	HOME/SCHDF	04/01/16
24	Eagle's Nest	Wasilla	LIHTC/HOME	04/01/16
25	Mountain View Manor Assisted Living	Petersburg	SCHDF	04/01/16
26	New Stuyahok Senior Apartments	New Stuyahok	SCHDF	04/01/16
27	Sawmill Creek Apartments	Sitka	LIHTC	04/01/16
28	Si't Tuwan	Juneau	HOME	04/01/16
29	Strasbaugh Apartments	Juneau	LIHTC	04/01/16
30	Tradewind Apartments	Unalaska	LIHTC/HOME/RD	04/04/16
31	Unalaska Senior Center - Father Ishmael	Unalaska	SCHDF	04/04/16
32	Susitna Place	Wasilla	LIHTC/SCHDF	04/07/16

#	Property Name	Location	Program	Review Start Date
33	Access Apartments	Anchorage	LIHTC	04/08/16
34	Nikiski Senior Center	Nikiski	HOME/SCHDF	04/11/16
35	Sunshine Senior Village	Willow	SCHDF	04/11/16
36	Birch House	Fairbanks	HOME	04/12/16
37	Hillpoint Park Apartments	Anchorage	LIHTC	04/12/16
38	Lulu Heron	Bethel	SCHDF	04/14/16
39	Glacier Village II and III	Juneau	LIHTC	04/15/16
40	Willow Haven	Willow	SCHDF	04/15/16
41	Willow Parkway	Willow	HOME/SCHDF	04/15/16
42	Alderview I	Homer	HOME	04/18/16
43	Alderview II	Homer	HOME	04/18/16
44	Birch Terrace	Homer	HOME	04/18/16
45	Brookside	Homer	HOME	04/18/16
46	Crestview	Soldotna	HOME	04/18/16
47	Hillcrest Manor I	Soldotna	HOME	04/18/16
48	Hillcrest Manor II	Soldotna	HOME	04/18/16
49	Inlet Ridge I	Ninilchik	HOME	04/18/16
50	Silverwood I	Soldotna	SCHDF	04/18/16
51	Silverwood II	Soldotna	SCHDF	04/18/16
52	Silverwood III	Soldotna	HOME/SCHDF	04/18/16
53	Terrace View	Homer	HOME	04/18/16
54	Tyee Court	Soldotna	HOME	04/18/16
55	Mooring Estates	Soldotna	HOME	04/27/16
56	Kake Low Rent Apartments	Kake	HOME	05/01/16
57	Little Dipper Apartments	Fairbanks	LIHTC	05/01/16
58	Emerald Heights	Kodiak	SCHDF	05/02/16
59	ATC LIHTC (Capt. Beans)	Mountain Village	LIHTC/HOME	05/03/16
60	Chugach Colony Estates	Palmer	LIHTC/SCHDF	05/03/16
61	Loussac Manor Redevelopment	Anchorage	LIHTC/Workforce	05/03/16
62	Northward Apartments	Fairbanks	LIHTC	05/03/16
63	Hooper Bay Multi-Family Housing	Hooper Bay	HOME	05/11/16
64	The Birchers @ Haley Hills II	Wasilla	LIHTC/SCHDF	05/11/16
65	South Vista Haven	Fairbanks	LIHTC/HOME	05/13/16
66	Baranoff Island - Monastery Street	Sitka	SCHDF	06/01/16
67	Eagle View Senior Housing	Cooper Landing	SCHDF	06/01/16
68	Eklutna Estates	Anchorage	LIHTC/SCHDF	06/01/16
69	Gateway Apartments	Seward	LIHTC	06/01/16
70	Weeks Field Estates Phase I	Fairbanks	LIHTC/HOME	06/01/16

#	Property Name	Location	Program	Review Start Date
71	Yenlo Square Apartments	Wasilla	LIHTC/HOME	06/01/16
72	APD Housing Partners 18	Kodiak/Palmer	LIHTC	06/02/16
73	Bayview Apartments	Seward	LIHTC/HOME	06/02/16
74	Kimberly Court	Seward	LIHTC	06/02/16
75	Mountain View Village I	Anchorage	LIHTC	06/02/16
76	APD Housing Partners 21	Homer/Soldotna/Kenai/ North Pole	LIHTC	06/03/16
77	Weeks Field Estates Phase II	Fairbanks	LIHTC/HOME	06/08/16
78	Chinook House	Fairbanks	HOME	06/09/16
79	Pacific Park Apartments	Seward	LIHTC	06/09/16
80	Raven Landing I	Fairbanks	SCHDF	06/10/16
81	Raven Landing II	Fairbanks	SCHDF	06/10/16
82	Raven Landing III	Fairbanks	SCHDF	06/10/16
83	Angoon Senior	Angoon	SCHDF	06/16/16
84	Lumen Park Senior	Anchorage	LIHTC/SCHDF	06/17/16
85	Hillview Apartments	Juneau	LIHTC/HOME	06/23/16
86	Orca Pointe Apartments	Juneau	LIHTC	06/28/16
87	MLH Manor Senior Apartments	Fairbanks	LIHTC/HOME	06/29/16

D) Table provides information pertaining to 18 developments that have either fulfilled the Agreement and compliance requirements of AHFC and program, or removed for cause. Developments are no longer monitored by the IAD.

#	Name of Property	Location	Program	Removal Date	Removal or Modification Explanation
1	Parkwest Apartments	Fairbanks	LIHTC	02/15/01	Property foreclosure.
2	Ptarmigan Park Apartments	Anchorage	LIHTC	11/02/01	Owner elected to repay funds associated with program.
3	2122 Apartments	Ketchikan	LIHTC	11/01/06	Owner failed to respond to annual AHFC reviews. Property sold at foreclosure.
4	Tanacross Affordable Housing	Tanacross	LIHTC	09/25/09	Owner failed to respond to annual AHFC reviews.
5	Women's & Children's	Fairbanks	HOME	03/17/10	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
6	Iglut Senior Apartments	Kotzebue	LIHTC	06/25/10	Owner failed to respond to annual AHFC reviews.
7	Evergreen Apartments	Fairbanks	HOME	09/08/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
8	Dinaa Yah Our House	Fairbanks	HOME	09/22/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
9	Discovery Luxury Apartments	Anchorage	LIHTC	08/03/11	Owner requested to have development removed from LIHTC program subject to recapture provisions of Section 42.
10	Creekside Manor Apartments	Anchorage	LIHTC	08/03/11	Owner requested to have development removed from LIHTC program subject to recapture provisions of Section 42.
11	Back To Community	Bethel	HOME	12/16/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
12	Saint Vincent DePaul Transitional Housing	Juneau	HOME	11/09/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.

#	Name of Property	Location	Program	Removal Date	Removal or Modification Explanation
13	Rendezvous Senior	Ketchikan	HOME	09/04/13	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
14	Stebbins Elder Housing	Stebbins	HOME	01/06/14	HUD foreclosed on development. Project found out of compliance requirements of AHFC IAD since 2006. Review of project agreement with AHFC no longer required per PPDD.
15	Chickaloon House	Wasilla	HOME	04/15/11	Affordability Period met.
16	Sterling Court	Kenai	HOME	04/30/14	Affordability Period met.
17	Bear Creek Residences	Homer	HOME	03/06/16	Affordability Period met.
18	Klawock Low Rent Apartments	Klawock	HOME	12/31/15	Owner elected to repay HOME funds associated with program. Review of project agreement with AHFC no longer required per PPDD.

E) AHFC IAD Compliance Portfolio Statistical Summary.

The Compliance side of AHFC's Internal Audit Department (IAD) is responsible for compliance monitoring of the LIHTC, HOME and SCHDF programs. As of June 30, 2016 the compliance portfolio consisted of 161 privately owned affordable housing properties located throughout Alaska. Of the total IAD compliance portfolio, 18 developments had not been placed-in-service as of June 30, 2016, or were awaiting completion of occupancy certifications and documentation from AHFC Planning and Program Development prior to the first year compliance review.

In addition, the IAD will begin monitoring of the Neighborhood Stabilization Program (NSP) October 1, 2016. NSP monitoring will add an additional 31 reviews to the compliance monitoring portfolio.

The following details the current IAD Compliance Portfolio by Program:

- 46 - Low Income Housing Tax Credit Projects (LIHTC)
- 18 - Home Investment Partnership Program (HOME)
- 32 - Senior Citizens Housing Development Fund (SCHDF)
- 20 - Combination LIHTC & HOME
- 9 - Combination LIHTC & SCHDF
- 11 - Combination HOME & SCHDF
- 4 - Combination LIHTC, HOME & SCHDF
- 3 - Tax Exempt Bond & LIHTC
- 5 - Combination LIHTC & HOME with mutual reviews by USDA Rural Development
- 11 - LIHTC with mutual reviews by USDA Rural Development
- 1 - Combination LIHTC & SCHDF with mutual reviews by USDA Rural Development
- 1 - SCHDF with mutual reviews by USDA Rural Development
- 31 - Neighborhood Stabilization Program (NSP)

- The following table provides the geographic location of the 161 developments of the Compliance Portfolio:

34 - Anchorage - Chugach - Eagle River	1 - Houston	1 - Nenana	2 - Togiak
1 - Anchor Point	1 - North Pole - Kenai - Homer	1 - New Stuyahok	2 - Unalaska
1 - Angoon	15 - Juneau	1 - Nikiski	1 - Valdez
1 - Bethel	1 - Kake	4 - Ninilchik	2 - Willow
2 - Cooper Landing	1 - Kenai	1 - Nome	15 - Wasilla
1 - Cordova	3 - Ketchikan	1 - North Pole	1 - Wasilla - Soldotna
1 - Delta Junction	1 - King Salmon	5 - Palmer	1 - Yakutat
3 - Dillingham	0 - Klawock	1 - Petersburg	
2 - Douglas Island	2 - Kodiak	5 - Seward	
12 - Fairbanks	1 - Kodiak - Palmer	2 - Sitka	
1 - Girdwood	1 - Manokotak	11 - Soldotna	
2 - Haines	1 - Meadow Lake	0 - Stebbins	
9 - Homer	1 - Mountain Village	2 - Sterling	
1 - Hooper Bay	1 - Naknek	1 - Talkeetna	

- The following table provides the geographic location of the 31 NSP developments of the Compliance Portfolio:

19 - Anchorage
8 - Fairbanks
1 - Homer
1 - Ninilchik
2 - Soldotna

- During the 4th quarter of the FY 2016 reporting period, 13 development compliance reviews were completed and closed.
- Of the 13 reviews completed and closed, 7 were LIHTC program developments or developments with LIHTC.
- Of the 7 LIHTC program reviews completed and closed, 5 were found to have noncompliance issues as a result of tenant file issues and/or physical deficiencies.
- A total of 17 IRS Forms 8823; 'Reports of Noncompliance' were filed or reported during the 4th quarter of FY 2016.
- 12 IRS Forms 8823; 'Reports of Noncompliance' were filed with the IRS as '**Noncompliance corrected**'.
- 5 IRS Forms 8823; 'Reports of Noncompliance' were filed as '**Out-of-Compliance**' and remained in '**Out-of-Compliance**' status as of June 30, 2016.
- Of the reviews completed and closed, 10 were HOME or SCHDF program developments (or a combination of both and/or the LIHTC program).
- Of the 10 HOME or SCHDF program development reviews completed and closed, 5 were found to be out of compliance as a result of tenant file issues and/or physical deficiencies.

Should the Audit Committee have questions regarding any development within the current IAD Compliance portfolio or a specific compliance review included in this report, please feel free to contact any of the following Internal Audit Department Compliance staff:

Jerusha Gatfield
Direct: 330-8414
jgatfield@ahfc.us

Richard McKinstry
Direct: 330-8411
rmckinstry@ahfc.us

Megan Schmidt
Direct: 330-8408
mschmidt@ahfc.us

Karen Shull
Direct: 330-8409
kshull@ahfc.us

Dave White
Direct: 330-8413
dawhite@ahfc.us

This page intentionally left blank



Headquarters
4300 Boniface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address:
PO Box 101020
Anchorage, AK 99510-1020

Internet Web site:
<http://www.ahfc.us>

AUDIT COMMITTEE MEMORANDUM

To: AHFC Internal Audit Committee

Thru: R. Kevin Tune, Director, AHFC Internal Audit

From: AHFC Internal Audit Compliance Staff

Date: October 15, 2016

Subject: Tax Credit/HOME/Senior Programs Compliance Review and Activity summary – 1st Quarter FY 2017

The Alaska Housing Finance Corporation's Internal Audit Department (IAD) is tasked with the responsibility of monitoring and determining development compliance for four affordable housing programs. Programs include the Low Income Housing Tax Credit Program (LIHTC), Home Investment Partnership Program (HOME), Senior Citizens Housing Development Fund Program (SCHDF), and the Tax Exempt Bond program when combined with at least one of the other three programs. Compliance reviews can include single and/or multi-family affordable housing developments and defined as either a 'site review' or 'desk review'.

'Site reviews' include physical on-site visits of a property. The purpose of the site review is to examine a select number of household files to assure income eligibility and to verify that the owner of the development has met proper rental rate limits. Site reviews also examine development administrative documentation as required by the Agreement between the development Owner and AHFC, and the requirements of the specific affordable housing program. On-site reviews also include a physical inspection of the development to determine compliance with health and safety requirements in accordance with the designated program inspection protocol. Site review scheduling varies depending on the affordable housing program and can occur on a one, two, or three year cycle.

'Desk reviews' are completed during all off-site annual reviews and examine only development operational administration documentation and a select number of household files as required by the AHFC agreement and the specific program regulations.

Emphasis is placed on the LIHTC program property in this memorandum due in part that when non-compliance is discovered, reporting is not only internal to both AHFC Planning & Program Development and Mortgage Servicing Departments, but also extends beyond the walls of AHFC to the Internal Revenue Service. In contrast and for HOME, SCHDF and Tax Exempt Bond programs, non-compliance is reported only to AHFC Planning and Program Development and AHFC Mortgage Servicing.

This memorandum is formatted in the following order:

- A) Pages 3 through 7 include narratives summarizing compliance reviews completed by the IAD during the 1st quarter determined to have reportable non-compliance issues.
- B) Page 8 provides a table listing property compliance reviews closed during the 1st quarter and found to have no non-compliance issues.
- C) Pages 9 through 11 provide a listing of property compliance reviews that were in progress but not

completed by the end of the 1st quarter.

- D) Pages 12 and 13 provide information pertaining to 18 developments that have either fulfilled the agreement and compliance requirements of AHFC, or have been removed from the portfolio for cause. The IAD will no longer monitor these developments.**

- E) Pages 14 & 15 provide various development statistics related to the current Compliance Review Portfolio.**

A) Compliance reviews completed during the 1st Quarter of FY 2017 and found to have reportable non-compliance issues:

1) Blueberry Pointe – Houston (HOME/SCHDF)

- | | | |
|--------------------------|---------------------------|---|
| <input type="checkbox"/> | Owner: | Mid-Valley Seniors – Wasilla, Alaska |
| <input type="checkbox"/> | Management Company: | Wasilla Area Seniors – Wasilla, Alaska |
| <input type="checkbox"/> | Type of Review: | Site |
| <input type="checkbox"/> | Placed in Service: | 2010 |
| <input type="checkbox"/> | Building Configuration: | 3 buildings - 8 units |
| <input type="checkbox"/> | Set-aside: | 4 units @ 50% AMGI; 4 market rate units |
| <input type="checkbox"/> | Review Start Date: | 04/01/16 |
| <input type="checkbox"/> | Review Completion Date: | 08/30/16 |
| <input type="checkbox"/> | Period of Non-compliance: | 05/01/15 through 04/30/16 |

Non-compliance issue(s):

- Gross Rent Violations.
- Utility Allowance not Implemented Annually.
- Failure to Provide HOME Assisted Households with Required Lease Protections.
- Housing Quality Standards (HQS) Violations.

Review closed 'Out-of-Compliance' with the HOME program.

2) Carlanna Subdivision – Ketchikan (LIHTC)

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | Owner: | Ketchikan Affordable Rentals, LLC – Juneau, Alaska |
| <input type="checkbox"/> | Management Company: | Tlingit-Haida Regional Housing Authority – Juneau, Alaska |
| <input type="checkbox"/> | Type of Review: | Desk |
| <input type="checkbox"/> | Placed in Service: | 2007 |
| <input type="checkbox"/> | Building Configurations: | 12 buildings - 24 units |
| <input type="checkbox"/> | Set Aside: | 12 units @ 50% AMGI, 12 units @ 60% AMGI. |
| <input type="checkbox"/> | Review Start Date: | 09/25/15 |
| <input type="checkbox"/> | Review Completion Date: | 09/12/16 |
| <input type="checkbox"/> | Period of Noncompliance: | Development has been found out of compliance with LIHTC program or agreement with AHFC from placed-in-service date |

Noncompliance Issue(s):

- Household income above income limit upon initial occupancy.
- Full-time student household not verified or documented.

Review closed with three (3) IRS Forms 8823 filed as 'Out-of-Compliance' and two (2) IRS Forms 8823 filed as 'Noncompliance Corrected'.

3) Eagle's Nest Senior Housing – Wasilla (LIHTC/HOME)

- | | | |
|--------------------------|-------------------------|---|
| <input type="checkbox"/> | Owner: | Eagle's Nest Senior Housing Limited Partnership – Wasilla, Alaska |
| <input type="checkbox"/> | Management Company: | Wasilla Area Seniors, Inc. – Wasilla, Alaska |
| <input type="checkbox"/> | Type of Review: | Site |
| <input type="checkbox"/> | Placed in Service: | 2003 |
| <input type="checkbox"/> | Building Configuration: | 1 building – 26 units |
| <input type="checkbox"/> | Set-aside: | 7 units @ 60% AMGI; 10 units @ 50% AMGI; 9 market rate units |
| <input type="checkbox"/> | Review Start Date: | 04/01/16 |

- Review Completion Date: 08/18/16
- Period of Non-compliance: 05/01/16 through 07/28/16

Non-compliance issue(s)

- Violation(s) of the Uniform Physical Condition Standards (UPCS) or Local Inspection Standards.
- Household income above income limit upon initial occupancy (HOME program only)

Review closed with one (1) IRS Form 8823 filed as 'Noncompliance Corrected'.

4) Friendship Terrace - Homer (HOME/SCHDF)

- Owner: Homer Senior Citizens, Inc. – Homer, Alaska
- Management Company: Homer Senior Citizens, Inc. – Homer, Alaska
- Type of Review: Site
- Placed in Service: 1997
- Building Configuration: 1 building – 37 units
- Set-aside: 7 units @ 50% AMGI; 1 unit @ 60% AMGI; 29 market rate units
- Review Start Date: 03/04/16
- Review Completion Date: 08/15/16
- Period of Noncompliance: 04/07/16 through 04/29/16

Noncompliance Issue(s):

- Violation of the Housing Quality Standard (HQS) inspection protocol.

Review closed 'Out-of-Compliance' with the HOME program.

5) Hillview Apartments – Juneau (LIHTC/HOME)

- Owner: St, Vincent De Paul – Juneau, Alaska
- Management Company: St. Vincent De Paul – Juneau, Alaska
- Type of Review: Site
- Placed in Service Date: 1996
- Building Configuration: 2 buildings - 15 units
- Set-Aside: 15 units @ 50% AMGI; 8 units @ low HOME; 1 unit @ high HOME.
- Review Start Date: 06/23/16
- Review Completion Date: 08/26/16
- Period of Noncompliance: 09/27/16 - ongoing

Non-compliance issue(s):

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.

Review closed with two (2) 'Internal' AHFC Forms 8823's. One (1) closed as 'Non-compliance Corrected' and one (1) with ongoing 'Non-noncompliance'.

6) Kake Low Rent Apartments - Kake (HOME)

- Owner: Tlingit-Haida Regional Housing Authority – Juneau, Alaska
- Management Company: Tlingit-Haida Regional Housing Authority – Juneau, Alaska
- Type of Review: Site
- Placed in Service Date: 1999
- Building Configuration: 13 single family homes
- Set-Aside: 9 units @ 50% AMGI; 4 units @ 80% AMGI
- Review Start Date: 05/01/16

- Review Completion Date: 08/08/16
- Period of Noncompliance: 04/01/16 through current

Noncompliance Issue:

- Annual tenant recertification's not completed for four (4) households.

Review closed '**Out-of-Compliance**' with the HOME program.

7) Little Dipper – Fairbanks (LIHTC)

- Owner: 1910 Turner Street Associates – Fairbanks, Alaska
- Management Company: Ben Lomond, Inc. – Fairbanks, Alaska
- Type of Review: Desk
- Placed in Service Date: 1996 - 1997
- Building Configuration: 8 buildings - 52 units
- Set-Aside: 52 units @ 60% of AMGI
- Review Start Date: 05/01/16
- Review Completion Date: 08/10/16
- Period of Noncompliance: 08/09/10 - ongoing

Non-compliance issue(s):

- Household income above income limit upon initial occupancy.
- Change in Eligible Basis or Applicable Percentage.
- Violations of the Vacant Unit Rule.
- Violations of the Next Available Unit Rule.
- Violation of the Uniform Physical Condition Standards (UPCS) or Local Inspection Standard.

Review closed with 11 'Internal' AHFC Forms 8823. Eight (8) closed as '**Non-compliance corrected**', three (3) with ongoing '**Non-noncompliance**'.

8) Nikiski Senior Citizens, Inc. – Nikiski (HOME/SCHDF)

- Owner: Nikiski Senior Citizens, Inc. – Nikiski, Alaska
- Management Company: Nikiski Senior Citizens, Inc. – Nikiski, Alaska
- Type of Review: Desk
- Placed in Service Date: 2007
- Building Configuration: 2 buildings - 8 units
- Set-Asides: 3 units @ 50% AMGI; 5 market rate units
- Review Start Date: 04/11/16
- Review Completion Date: 09/08/16
- Period of Noncompliance: 06/01/13 through current date

Noncompliance issue(s):

- Lack of response to requests for audit documentation.

Review closed '**Out of Compliance**' for 2015/2016 with the HOME program.

9) Ridgecrest Apartments – Wasilla (LIHTC)

- Owner: Ridgecrest Park Limited Partnership – Caldwell, Idaho
- Management Company: Somerset Pacific – Caldwell, Idaho
- Type of Review: Site
- Placed in Service: 2002

- Building Configuration: 4 buildings – 40 units
- Set-aside: 14 units @ 45% AMGI; 16 units @ 50% AMGI; 9 units @ 60% AMGI;
1 manager's units.
- Review Start Date: 02/01/16
- Review Completion Date: 07/15/16
- Period of Non-compliance: 03/17/16 through 04/05/16

Non-compliance issue(s)

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.

Review closed with four (4) IRS Forms 8823 filed as '**Noncompliance Corrected**'.

10) Si't Tuwan Subdivision – Juneau (HOME)

- Owner: Tlingit-Haida Regional Housing Authority – Juneau, Alaska
- Management Company: Tlingit-Haida Regional Housing Authority – Juneau, Alaska
- Type of Review: Desk
- Placed in Service: 1997
- Building Configuration: 10 buildings - 20 units.
- Set-aside: 4 units @ 50% AMGI; 16 units @ 60% AMGI
- Review Start Date: 04/01/16
- Review Completion Date: 07/07/16
- Period of Non-compliance: 05/1/2016 thru current

Non-compliance issue(s):

- Household charged rent in excess of maximum allowable HOME rent limit.
- Household annual recertification's not completed.
- Household income in excess of 80% of AMGI.

Review closed as '**Temporary Non-Compliance**' with the HOME program due to over income household at move-in.

11) Susitna Place Senior Housing – Wasilla (LIHTC/SCHDF)

- Owner: Susitna Place Senior Housing, L.P. – Wasilla, Alaska
- Management Company: Wasilla Area Seniors, Inc. – Wasilla, Alaska
- Type of Review: Site
- Placed in Service: 1998
- Building Configuration: 1 building - 24 units.
- Set-aside: 18 units @ 50% AMGI; 6 market rate units
- Review Start Date: 04/07/16
- Review Completion Date: 07/11/16
- Period of Noncompliance: 04/28/16 through 05/03/16

Noncompliance Issue(s):

- Violation(s) of the Uniform Physical Conditions Standards (UPCS) or Local Inspection Standards.

Review closed with one (1) IRS Form 8823 filed as '**Noncompliance Corrected**'.

12) Taiga View Apartments – King Salmon/South Naknek (LIHTC/HOME)

- Owner: Taiga View Apartments Associates, LP; Dillingham, Alaska
- Management Company: Bristol Bay Housing Authority – Dillingham, Alaska

<input type="checkbox"/> Type of Review:	Site
<input type="checkbox"/> Placed in Service:	1999
<input type="checkbox"/> Building Configuration:	2 buildings - 16 units
<input type="checkbox"/> Set Aside:	12 units @ 50% AMGI; 4 units @ 60% AMGI
<input type="checkbox"/> Review Start Date:	02/23/16
<input type="checkbox"/> Review Completion Date:	09/15/16
<input type="checkbox"/> Period of Noncompliance:	05/06/16 thru 08/29/16

Noncompliance Issue(s):

- Violation of the Uniform Physical Condition Standards (UPCS) or Local Inspection Standard.
- Full-time student household not verified or documented.

Review closed with two (2) 'Internal' IRS Forms 8823 filed as '**Noncompliance corrected**'.

B) Following table identifies 17 affordable housing development compliance reviews that were completed by the IAD during the 1st Quarter of FY 2017 and determined to have no reportable items of non-compliance.

	Property Name	Location	Program	Review Start Date	Review Close Date
1	Mountain View Manor Assisted Living	Petersburg	SCHDF	04/01/16	07/06/16
2	Eagle's View Senior Housing	Cooper Landing	SCHDF	06/01/16	07/20/16
3	Adelaide SRO	Anchorage	LIHTC	02/16/16	08/09/16
4	The Birches II	Wasilla	LIHTC/SCHDF	05/11/16	08/09/16
5	Eaglewood Apartments	Juneau	LIHTC/HOME	11/06/15	08/16/16
6	Tuyuryarmiat Tegganritta Eniit Senior Apartments	Togiak	SCHDF	03/01/16	08/16/16
7	Forest Hills I	Wasilla	LIHTC/HOME	01/22/16	08/17/16
8	Forest Hills II	Wasilla	LIHTC/HOME	01/22/16	08/17/16
9	New Stuyahok Senior Apartments	New Stuyahok	SCHDF	04/01/16	08/17/16
10	Silverwood I	Soldotna	SCHDF	04/18/16	08/18/16
11	Silverwood II	Soldotna	SCHDF	04/18/16	08/18/16
12	Sunshine Senior Village	Willow	SCHDF	04/11/16	08/22/16
13	Gateway Apartments	Seward	LIHTC/RD	06/01/16	08/23/16
14	Bartlett Terrace	Homer	SCHDF	03/04/16	08/25/16
15	Silverwood III	Soldotna	HOME/SCHDF	04/18/16	09/16/16
16	Creekwood Park Apartments	Palmer	LIHTC	03/24/16	09/19/16
17	Heritage Heights	Kodiak	SCHDF	08/17/16	09/19/16

C) The following table identifies 97 affordable housing development compliance reviews that were in progress by the IAD during the 1st Quarter of FY 2017 but not completed by 09/30/2016.

	Property Name	Location	Program	Review Start Date
1	Hunter Creek	Palmer	LIHTC	02/03/16
2	Manokotak View Apartment	Manokotak	LIHTC/HOME	03/01/16
3	Ptarmigan Heights	Delta Junction	HOME/SCHDF	03/01/16
4	Togiak View Apartments	Togiak	LIHTC/HOME	03/01/16
5	Loussac Sogn Apartments	Anchorage	LIHTC	03/07/16
6	Forest View Apartments	Dillingham	LIHTC/HOME	03/09/16
7	Muklung Manor	Dillingham	LIHTC/HOME/RD	03/09/16
8	Marrulut Eniit Senior Apartments	Dillingham	SCHDF	03/15/16
9	Southside Senior	Anchorage	LIHTC/SCHDF	03/15/16
10	Southwest Elderly	Naknek	LIHTC/HOME/RD	03/15/16
11	Caswell Court	Anchorage	LITHC	03/25/16
12	Sawmill Creek Apartments	Sitka	LIHTC	04/01/16
13	Strasbaugh Apartments	Juneau	LIHTC	04/01/16
14	Tradewind Apartments	Unalaska	LIHTC/HOME/RD	04/04/16
15	Unalaska Senior Center-Father Ishmail	Unalaska	SCHDF	04/04/16
16	Access Apartments	Anchorage	LIHTC	04/08/16
17	Birch House	Fairbanks	HOME	04/12/16
18	Hillpoint Park Apartments	Anchorage	LIHTC	04/12/16
19	Lulu Heron	Bethel	SCHDF	04/14/16
20	Glacier Village II & III	Juneau	LIHTC	04/15/16
21	Willow Haven	Willow	SCHDF	04/15/16
22	Willow Parkway	Willow	HOME/SCHDF	04/15/16
23	Alderbrook I	Homer	HOME	04/18/16
24	Alderbrook II	Homer	HOME	04/18/16
25	Birch Terrace	Homer	HOME	04/18/16
26	Brookside	Homer	HOME	04/18/16
27	Crestview	Soldotna	HOME	04/18/16
28	Hillcrest Manor I	Soldotna	HOME	04/18/16
29	Hillcrest Manor II	Soldotna	HOME	04/18/16
30	Inlet Ridge I	Ninilchik	HOME	04/18/16
31	Terrace View	Homer	HOME	04/18/16
32	Tyee Court	Soldotna	HOME	04/18/16
33	Mooring Estates	Soldotna	HOME	04/27/16

34	Emerald Heights	Kodiak	SCHDF	05/02/16
35	ATC LIHTC (Captain Bean's)	Mountain Village	LIHTC/HOME	05/03/16
36	Chugach Colony Estates	Palmer	LIHTC/SCHDF	05/03/16
37	Loussac Manor Redevelopment	Anchorage	LIHTC/Work Force	05/03/16
38	Northward Apartments	Fairbanks	LIHTC	05/03/16
39	Hooper Bay Multi-Family Housing	Hooper Bay	HOME	05/11/16
40	South Vista Haven	Fairbanks	LIHTC/HOME	05/13/16
41	Baranof Island - Monastery Street	Sitka	SCHDF	06/01/16
42	Eklutna Estates	Anchorage	LIHTC/SCHDF	06/01/16
43	Weeks Field Estates Phase I	Fairbanks	LIHTC/HOME	06/01/16
44	Yenlo Square	Wasilla	LIHTC/HOME	06/01/16
45	APD Housing Partners 18	Kodiak/Palmer	LIHTC	06/02/16
46	Bayview Apartments	Seward	LIHTC/HOME	06/02/16
47	Kimberly Court	Seward	LIHTC	06/02/16
48	Mountain View Village I	Anchorage	LIHTC	06/02/16
49	APD Housing Partners 21	Homer/Kenai/Soldotna/ North Pole	LIHTC	06/03/16
50	Weeks Field Estates Phase II	Fairbanks	LIHTC/HOME	06/08/16
51	Chinook House	Fairbanks	HOME	06/09/16
52	Pacific Park Apartments	Seward	LIHTC	06/09/16
53	Raven Landing I	Fairbanks	SCHDF	06/10/16
54	Raven Landing II	Fairbanks	SCHDF	06/10/16
55	Raven Landing III	Fairbanks	SCHDF	06/10/16
56	Angoon Senior	Angoon	SCHDF	06/16/16
57	Lumen Park Senior	Anchorage	LIHTC/SCHDF	06/17/16
58	Orca Point Apartments	Juneau	LIHTC	06/28/16
59	MLH Manor Senior Apartments	Fairbanks	LIHTC/HOME	06/29/16
60	Pioneer Heights	Ketchikan	HOME/SCHDF	07/05/16
61	Anchor Point Seniors	Anchor Point	SCHDF	07/06/16
62	Glacier Village I	Juneau	LIHTC	07/07/16
63	Alderview	Wasilla	LIHTC/HOME/SCHDF	07/08/16
64	ChinNorth	Soldotna/Wasilla	LIHTC	07/08/16
65	Haines Senior Village	Haines	SCHDF	07/08/16
66	Parkview Apartments	Soldotna	LITHC	07/08/16
67	River Point Village	Fairbanks	LIHTC	07/08/16
68	Sunrise House	Yakutat	LIHTC/HOME	07/21/16
69	Birchwood Apartments	Eagle River	LIHTC	08/04/16
70	Dusty Trails	Haines	LIHTC	08/04/16
71	Soundview Apartments	Valdez	LIHTC	08/04/16
72	Trailside Heights III	Anchorage	LIHTC	08/04/16

73	Harbor Ridge	Homer	LIHTC/HOME	08/05/16
74	Colony Estates	Palmer	LIHTC	08/06/16
75	Swanson House	Wasilla	HOME	08/06/16
76	Eaglewood Apartments	Juneau	LIHTC/HOME	08/08/16
77	Munaqsri Senior Apartments	Nome	LIHTC/SCHDF	08/08/16
78	Cordova Mews	Cordova	LIHTC/HOME	08/16/16
79	Trailside Heights I	Anchorage	LIHTC	08/22/16
80	Mountain. View Village Phase IV	Anchorage	LIHTC	08/23/16
81	Trailside Heights II	Anchorage	LIHTC	08/23/16
82	Muldoon Manor	Anchorage	SCHDF	08/29/16
83	Chickaloon Landing	Anchorage	SCHDF	09/01/16
84	Creekside Apartments	Girdwood	LIHTC	09/06/16
85	Kenaitze Pointe	Anchorage	LIHTC	09/06/16
86	Willow Pointe Apartments	Palmer	LIHTC	09/06/16
87	Jewel Lake Villa	Anchorage	LITHC	09/07/16
88	Tyonek Terrace	Anchorage	LITHC	09/07/16
89	Chugjak Senior Citizens Services	Eagle River	SCHDF	09/08/16
90	Hampstead Heath Apartments	Anchorage	LIHTC	09/08/16
91	Mountain View Village Phase II	Anchorage	LIHTC	09/08/16
92	Carlanna Subdivision	Ketchikan	LIHTC	09/09/16
93	Mountain. View Village Phase V	Anchorage	LIHTC	09/14/16
94	Aurora Vista	Kenai	LIHTC	09/15/16
95	Fireweed Villa	Soldotna	SCHDF	09/15/16
96	Gruening Apartments	Juneau	HOME	09/20/16
97	Strawberry Village	Anchorage	LIHTC	09/28/16

D) Table provides information pertaining to 18 developments that have either fulfilled agreement and compliance requirements of AHFC and program or removed for cause. Developments are no longer monitored by the IAD.

	Name of Property	Location	Program	Removal Date	Removal or Modification Explanation
1	Parkwest Apartments	Fairbanks	LIHTC	02/15/01	Property foreclosure.
2	Ptarmigan Park Apartments	Anchorage	LIHTC	11/02/01	Owner elected to repay funds associated with program.
3	2122 Apartments	Ketchikan	LIHTC	11/01/06	Owner failed to respond to annual AHFC reviews. Property sold at foreclosure.
4	Tanacross Affordable Housing	Tanacross	LIHTC	09/25/09	Owner failed to respond to annual AHFC reviews.
5	Women's & Children's	Fairbanks	HOME	03/17/10	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
6	Iglut Senior Apartments	Kotzebue	LIHTC	06/25/10	Owner failed to respond to annual AHFC reviews.
7	Evergreen Apartments	Fairbanks	HOME	09/08/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
8	Dinaa Yah Our House	Fairbanks	HOME	09/22/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
9	Discovery Luxury Apartments	Anchorage	LIHTC	08/03/11	Owner requested to have development removed from LIHTC program subject to recapture provisions of Section 42.
10	Creekside Manor Apartments	Anchorage	LIHTC	08/03/11	Owner requested to have development removed from LIHTC program subject to recapture provisions of Section 42.
11	Back To Community	Bethel	HOME	12/16/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
12	Saint Vincent DePaul Transitional Housing	Juneau	HOME	11/09/11	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.

13	Rendezvous Senior	Ketchikan	HOME	09/04/13	Due to ongoing non-compliance with program requirements, Owner elected to repay funds associated with program. Review of project agreement with AHFC no longer required per PPDD.
14	Stebbins Elder Housing	Stebbins	HOME	01/06/14	HUD foreclosed on development. Project found out of compliance requirements of AHFC IAD since 2006. Review of project agreement with AHFC no longer required per PPDD.
15	Chickaloon House	Wasilla	HOME	04/15/11	Affordability Period met.
16	Sterling Court	Kenai	HOME	04/30/14	Affordability Period met.
17	Bear Creek Residences	Homer	HOME	03/06/16	Affordability Period met.
18	Klawock Low Rent Apartments	Klawock	HOME	12/31/15	Owner elected to repay HOME funds associated with program. Review of project agreement with AHFC no longer required per PPDD.

E) AHFC IAD Compliance Portfolio Statistical Summary.

The Compliance side of AHFC's Internal Audit Department (IAD) is responsible for compliance monitoring of the LIHTC, HOME and SCHDF programs. As of September 30, 2016 the compliance portfolio consisted of 161 privately owned affordable housing properties located throughout Alaska. Of the total IAD compliance portfolio, 14 developments had not been placed-in-service as of September 30, 2016, or were awaiting completion of occupancy certifications and documentation from AHFC Planning and Program Development prior to the first year compliance review.

In addition, the IAD will begin monitoring of the Neighborhood Stabilization Program (NSP) October 1, 2016. NSP monitoring will add an additional 31 reviews to the compliance monitoring portfolio.

The following details the current IAD Compliance Portfolio by Program:

- 46 - Low Income Housing Tax Credit Projects (LIHTC)
- 18 - Home Investment Partnership Program (HOME)
- 32 - Senior Citizens Housing Development Fund (SCHDF)
- 20 - Combination LIHTC & HOME
- 9 - Combination LIHTC & SCHDF
- 11 - Combination HOME & SCHDF
- 4 - Combination LIHTC, HOME & SCHDF
- 3 - Tax Exempt Bond & LIHTC
- 5 - Combination LIHTC & HOME with mutual reviews by USDA Rural Development
- 11 - LIHTC with mutual reviews by USDA Rural Development
- 1 - Combination LIHTC & SCHDF with mutual reviews by USDA Rural Development
- 1 - SCHDF with mutual reviews by USDA Rural Development

- The following table provides the geographic location of the 161 developments of the Compliance Portfolio:

34 - Anchorage - Chugach - Eagle River	1 - Houston	1 - Nenana	2 - Togiak
1 - Anchor Point	1 - North Pole - Kenai - Homer	1 - New Stuyahok	2 - Unalaska
1 - Angoon	15 - Juneau	1 - Nikiski	1 - Valdez
1 - Bethel	1 - Kake	4 - Ninilchik	2 - Willow
2 - Cooper Landing	1 - Kenai	1 - Nome	15 - Wasilla
1 - Cordova	3 - Ketchikan	1 - North Pole	1 - Wasilla - Soldotna
1 - Delta Junction	1 - King Salmon	5 - Palmer	1 - Yakutat
3 - Dillingham	0 - Klawock	1 - Petersburg	
2 - Douglas Island	2 - Kodiak	5 - Seward	
12 - Fairbanks	1 - Kodiak - Palmer	2 - Sitka	
1 - Girdwood	1 - Manokotak	11 - Soldotna	
2 - Haines	1 - Meadow Lake	0 - Stebbins	
9 - Homer	1 - Mountain Village	2 - Sterling	
1 - Hooper Bay	1 - Naknek	1 - Talkeetna	

- During the 1st quarter of the FY 2017 reporting period, 29 development compliance reviews were completed and closed.

- Of the 29 reviews completed and closed, 14 were LIHTC program developments or developments with LIHTC.
- Of the 14 LIHTC program reviews completed and closed, 7 were found to have noncompliance issues as a result of tenant file issues and/or physical deficiencies.
- A total of 26 IRS Forms 8823; 'Reports of Noncompliance' were filed or reported during the 1st quarter of FY 2017.
- 19 IRS Forms 8823; 'Reports of Noncompliance' were filed with the IRS as '**Noncompliance corrected**'.
- 7 IRS Forms 8823; 'Reports of Noncompliance' were filed as '**Out-of-Compliance**' and remained in '**Out-of-Compliance**' status as of June 30, 2016.
- Of the reviews completed and closed, 23 were HOME or SCHDF program developments (or a combination of both and/or the LIHTC program).
- Of the 23 HOME or SCHDF program development reviews completed and closed, 10 were found to be out of compliance as a result of tenant file issues and/or physical deficiencies.

Should the Audit Committee have questions regarding any development within the current IAD Compliance portfolio or a specific compliance review included in this report, please feel free to contact any of the following Internal Audit Department Compliance staff:

Jerusha Gatfield
Direct: 330-8414
jgatfield@ahfc.us

Richard McKinstry
Direct: 330-8411
rmckinstry@ahfc.us

Megan Schmidt
Direct: 330-8408
mschmidt@ahfc.us

Karen Shull
Direct: 330-8409
kshull@ahfc.us

Dave White
Direct: 330-8413
dawhite@ahfc.us

This page intentionally left blank

**ALASKA HOUSING FINANCE CORPORATION
INTERNAL AUDIT COMMITTEE
CHARTER**

I. PURPOSE

Alaska Housing Finance Corporation's (AHFC) Internal Audit Committee (Committee) assists the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and AHFC's process for monitoring compliance with laws and regulations and the code of conduct.

II. AUTHORITY

The Committee has authority to conduct or authorize investigations into any matters within its scope or responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the external auditors' employed by AHFC who conduct the annual audit.
- Resolve any disagreements between management and the external auditors' regarding financial reporting.
- Pre-approve all auditing and non-audit services performed by the AHFC's external auditors.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees all of whom are directed to cooperate with the committee's requests or external parties.
- Meet with AHFC directors, external auditors, or outside counsel, as necessary.

III. COMPOSITION

The Committee shall be comprised of three or more board of directors as determined by the Board, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of AHFC. The Committee shall elect a Chair by majority vote of the full Committee membership.

IV. MEETINGS

The Committee shall meet at least three times annually, or may meet more frequently as circumstances dictate. All Committee members are expected to attend each meeting, in person or via teleconference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

Meeting agendas, prior meeting minutes, and appropriate briefing materials will be prepared and provided in advance to Committee members.

V. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing *Standards*.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Internal Control

- Consider the effectiveness of the company's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant observations and recommendations, together with management's responses.

Internal Audit

- Approve the Internal Audit Department (IAD) charter.
- Approve decisions regarding the appointment and removal of the Director of the IAD.
- Approve the annual audit plan and all major changes to the plan. Review the IAD's audit activity's performance relative to its plan.
- Review with the Director of the IAD the department's budget, resource plan, activities, and organizational structure.
- Review the effectiveness of the IAD, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the *International Standards for Professional Practice of Internal Auditing*.
- On a regular basis, meet with the Director of the IAD to discuss any matters that the Committee or IAD believes should be discussed privately.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the external auditors.
- Review and confirm the independence of the external auditors.

- On a regular basis, meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the board of directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
- Review any other reports AHFC issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter every two years, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Perform any other activities consistent with this Charter, AHFC's By-laws and governing laws and regulations, as the Committee or the Board deems necessary or appropriate.

Audit Committee Approval, Dated this _____ day of _____.

TBA , Internal Audit Committee Chair

**ALASKA HOUSING FINANCE CORPORATION
INTERNAL AUDIT COMMITTEE**

Resolution No. 17- 01

Resolution amending the Alaska Housing Finance Corporation Internal Audit Committee Charter.

WHEREAS, the Director of Internal Audit for the Alaska Housing Finance Corporation submitted for Internal Audit Committee approval on October 26, 2016, a request for amendment of the Internal Audit Committee Charter; and

WHEREAS, the Internal Audit Committee of Alaska Housing Finance Corporation approved and adopted the submitted and amended Internal Audit Committee Charter to become effective October 26, 2016; and

WHEREAS, the current Director of Internal Audit for the Alaska Housing Finance Corporation is requesting that said Internal Audit Committee Charter be amended to reflect the current operating standards of said Committee; and

WHEREAS, there was presented to this meeting of the Alaska Housing Finance Corporation Internal Audit Committee, for its consideration and approval, a request to amend the Internal Audit Committee Charter; and

WHEREAS, the requested amendment to the revised the Internal Audit Committee Charter was reviewed and considered at said meeting.

NOW, THEREFORE, BE IT RESOLVED by the Internal Audit Committee of the Alaska Housing Finance Corporation as follows:

- A. That the amendments to the revised Internal Audit Committee Charter is hereby in all respects approved as presented at this meeting; and
- B. This resolution shall take effect immediately.

DATED THIS 26th day of October, 2016.

TBA, Chair, AHFC Internal Audit Committee

This page intentionally left blank

**ALASKA HOUSING FINANCE CORPORATION
INTERNAL AUDIT DEPARTMENT CHARTER**

INTRODUCTION

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve AHFC's operations. It helps AHFC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The purpose of this Internal Audit Charter is to define the Role, Professionalism, Authority, Organization, Responsibility, Internal Audit Plan, Reporting and Monitoring, and Quality Assurance and Improvement Program of AHFC's Internal Audit Department.

ROLE

The internal audit activity is established by the Board of Directors Internal Audit Committee (hereafter referred to as the AC). The internal audit activity's responsibilities are defined by the AC as part of their oversight role.

PROFESSIONALISM

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to AHFC's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

AUTHORITY

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of AHFC's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

ORGANIZATION

The Director of Internal Audit will report functionally to the Board and administratively (i.e. day to day operations) to the Chief Executive Officer (CEO). The Director of Internal Audit will communicate and interact directly with the AC, including in executive sessions and between AC meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report of content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's judgment.

RESPONSIBILITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the AC.
- Evaluating specific operations at the request of the AC or management, as appropriate.

INTERNAL AUDIT PLAN

Annually the Director of Internal Audit will submit to the CEO and AC an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Director of Internal Audit will communicate the impact of resource limitations and significant interim changes to the AC.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from senior management and the AC. The Director of Internal Audit will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the CEO and AC through periodic activity reports.

REPORTING AND MONITORING

A written report will be prepared and issued by the Director of Internal Audit following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the AC.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific observations and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement observations and recommendations.

All observations will remain in the Observation Aging Report as an open issue until cleared.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Director of Internal Audit will communicate to the CEO and AC on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

INTERNAL AUDIT CHARTER

Approved this _____ day of _____, _____.

R. Kevin Tune, CIA, CCSA, CRMA
Director Internal Audit

TBA, Internal Audit Committee Chair

Bryan Butcher, Chief Executive Officer

**ALASKA HOUSING FINANCE CORPORATION
INTERNAL AUDIT DEPARTMENT**

Resolution No. 17- 02

Resolution amending the Alaska Housing Finance Corporation Internal Audit Department Charter.

WHEREAS, the Director of Internal Audit of the Alaska Housing Finance Corporation submitted for Audit Committee approval on October 26, 2016, the fifth revision of the Internal Audit Department Charter; and

WHEREAS, the Audit Committee of Alaska Housing Finance Corporation approved and adopted the submitted Internal Audit Department Charter to become effective October 26, 2016; and

WHEREAS, the current Director of Internal Audit for the Alaska Housing Finance Corporation is requesting that said Internal Audit Department Charter be amended to reflect the current operating standards of said department; and

WHEREAS, there was presented to this meeting of the Alaska Housing Finance Corporation Internal Audit Committee, for its consideration and approval, a request to amend the revised Internal Audit Department Charter; and

WHEREAS, the requested amendment to the revised the Internal Audit Department Charter was reviewed and considered at said meeting.

NOW, THEREFORE, BE IT RESOLVED by the Internal Audit Committee of the Alaska Housing Finance Corporation as follows:

- A. That the amendments to the revised Internal Audit Department Charter is hereby in all respects approved as presented at this meeting; and
- B. This resolution shall take effect immediately.

DATED THIS 26th day of October 2016.

TBA, Chair, AHFC Internal Audit Committee