



Mississippi Home Corporation

Single Audit Reports

Year Ended June 30, 2024



Mississippi Home Corporation
Contents
June 30, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Independent Auditor’s Report..... 1

Schedule of Expenditures of Federal Awards..... 4

Notes to Schedule of Expenditures of Federal Awards 5

Schedule of Findings and Questioned Costs..... 6

Summary Schedule of Prior Audit Findings..... 10

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Independent Auditor’s Report

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mississippi Home Corporation’s (Corporation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation’s major federal programs for the year ended June 30, 2024. The Corporation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Corporation's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Corporation is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Corporation's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Corporation is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Corporation's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of the Corporation, as of and for the year ended June 30, 2024. We have issued our report thereon dated December 11, 2024, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements that collectively comprise the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Jackson, Mississippi
December 11, 2024**

**Mississippi Home Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of Housing and Urban Development				
Housing Counseling Assistance Program	14.169		\$ 244,120	\$ 317,135
Home Investment Partnerships Program (HOME)	14.239		6,684,955	7,332,822
COVID-19 – Home Investment Partnerships Program (HOME)	14.239		-	151,844
			<u>6,684,955</u>	<u>7,484,666</u>
Housing Trust Fund	14.275		<u>3,619,456</u>	<u>3,769,308</u>
Emergency Solutions Grant Program	14.231		1,747,300	1,869,983
COVID-19 – Emergency Solutions Grant Program	14.231		<u>1,400,559</u>	<u>1,457,555</u>
			<u>3,147,859</u>	<u>3,327,538</u>
Housing Opportunities for Persons with AIDS	14.241		<u>2,307,972</u>	<u>2,383,250</u>
Total U. S. Department of Housing and Urban Development			<u>16,004,362</u>	<u>17,281,897</u>
U. S. Department of Treasury				
Passed Through the State of Mississippi, Department of Finance and Administration				
COVID-19 – Emergency Rental Assistance Program	21.023	ERA2 0373	-	1,740,454
COVID-19 – Homeowner Assistance Fund	21.026	HAF 0089	-	22,849,985
Passed Through the County of Washington Board of Supervisors				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA78050	<u>-</u>	<u>7,000</u>
Total U.S. Department of Treasury			<u>-</u>	<u>24,597,439</u>
Total Expenditures of Federal Awards			<u>\$ 16,004,362</u>	<u>\$ 41,879,336</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Corporation under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corporation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Mississippi Home Corporation
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor's report issued on compliance for major federal awards programs:

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program (HOME)
14.241	Housing Opportunities for Persons with AIDS
21.023	COVID-19 – Emergency Rental Assistance Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,256,380

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters are reportable.

**Mississippi Home Corporation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section III – Federal Award Findings and Questioned Costs

**Mississippi Home Corporation
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Reference Number	Finding
2024-001	<p style="text-align: center;">HOME Investment Partnership Program Assistance Listing Number 14.239 U.S. Department of Housing and Urban Development</p> <p>Criteria or Specific Requirement – Special Tests and Provisions – Housing Quality Standards, 24 CFR Sections 92.209(i), 92.251(f), and 92.504(d)</p> <p>Condition – The spreadsheet used by the Corporation for tracking of the status of housing quality inspections was not followed, and the position responsible for performing the inspections became vacant during the year, which caused certain property inspections to become delinquent.</p> <p>Questioned Costs – N/A</p> <p>Context – Housing quality inspections of 14 of 25 properties were delinquent at June 30, 2024.</p> <p>Effect – Housing quality property standards may be unmet, and the situation could go undetected by the Corporation.</p> <p>Prior Year Auditing Finding – N/A</p> <p>Cause – The position responsible for the Corporation was vacant during the year, and no other personnel in the department completed the required housing quality inspections.</p> <p>Recommendation – We recommend the Corporation utilize a tracking system to ensure properties are subject to housing quality inspections within their required timeframe. Further, we recommend the Corporation develop a contingency plan to ensure the inspections are completed if the position remains vacant.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Due to turnover and the existing labor market, positions within the HOME grant department were unfilled during most of the fiscal year. However, the Corporation’s Tax Credit Compliance Department has completed physical inspections on 8 HOME properties that also utilized the Low-Income Housing Tax Credit Program. The Corporation has now filled the position and implemented a plan to complete the remaining required inspections. In addition, a third-party inspector has been contracted and can be utilized to assist with the backlog of inspections.</p> <p>To improve internal controls for the tracking of physical inspections, the HOME grant department manager will prepare monthly progress reports on the status of scheduled inspection for review by the Senior Vice President of Federal Grants.</p> <p>Anticipated Completion Date: June 30, 2025</p>

**Mississippi Home Corporation
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Reference Number	Finding
2024-002	<p style="text-align: center;">Housing Opportunities for Persons with AIDS Assistance Listing Number 14.241 U.S. Department of Housing and Urban Development</p> <p>Criteria or Specific Requirement – Reporting – Under the requirement of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred to as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (<i>i.e.</i>, direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS)</p> <p>Condition – The Corporation did not report the subaward information for the fiscal year ended June 30, 2024.</p> <p>Questioned Costs – N/A</p> <p>Context – One of the Corporation’s ten subawards was initially selected for testing under the program. The Corporation did not report the subaward information for the approximately \$779,000 passed through to subrecipient in fiscal year 2024. The sample was not intended to be, and was not, a statistically valid sample. Upon further discussion and analysis, the Corporation did not report the subaward information for any of the subawards, which totaled approximately \$2,380,000 in fiscal year 2024.</p> <p>Effect – The Corporation did not report the subaward information as required.</p> <p>Prior Year Auditing Finding – N/A</p> <p>Cause – The Corporation did not have adequate controls or procedures in place to identify the applicable reporting requirements and ensure the information was filed accurately and timely.</p> <p>Recommendation – We recommend the Corporation implement policies and procedures to ensure required reports are completed and filed by their respective due dates as required by the grant agreement and Uniform Guidance.</p> <p>Views of Responsible Officials and Planned Corrective Actions – MHC has identified HOPWA subawards for submission in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) for fiscal year 2024. The subawards will be submitted in FSRS, and MHC has updated its procedures to ensure required reporting in the future. A decision tree outlining when subawards must be reported in the FSRS has been added to the HOPWA Post-Award Checklist. The reporting will be conducted by the Assistant Vice President of Grants Compliance and Reporting and will be verified by the Vice President of Grant Management.</p> <p>Additionally, MHC will continue to report subawards in the U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement and Information System (IDIS) and the Consolidated Annual Performance Evaluation Report (CAPER).</p> <p>Anticipated Completion Date: December 31, 2024</p>

**Mississippi Home Corporation
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

Reference Number	Summary of Finding
2023-001	Resolved. Management of the Corporation continued to follow ERA Program guidelines established by the Treasury and its internal controls for fraud prevention which self-identified potentially fraudulent applications in 2023. The Corporation did not identify any applicants with indicators of potential fraud during FY2024.