File ID: 2026-01374 7/28/2026

Sacramento Housing and Redevelopment Agency Update Regarding 2024 Audit Findings and Corrective Action Progress

File ID: 2026-01374

Location: Citywide

Recommendation: Receive and file.

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Attachments:
1-Description/Analysis

Description/Analysis

Issue Detail: On December 3, 2025, the Sacramento Housing and Redevelopment Agency submitted financial reports related to the 2024 Single Audit and audited financial statements for the Housing Authority. On February 10, 2026, Principal Auditor Mandy Merchant of CliftonLarsonAllen LLP, formally presented the audited financial statements, Single Audit results, and related audit findings.

The audit firm of CliftonLarsonAllen LLP audited the basic financial statements of the Sacramento Housing and Redevelopment Agency for the year ended December 31, 2024, and issued an unmodified, or clean, opinion that the financial statements are fairly presented in accordance with Generally Accepted Accounting Principles in the United States of America. The 2024 Single Audit also reported an unmodified opinion on the Agency's financial statements, while identifying one financial-statement finding and five federal-award findings requiring corrective action.

THE 2024 SINGLE AUDIT IDENTIFIES THE FOLLOWING FINDINGS:

2024-001 Financial Close Process

Issue: Material weakness in internal control over financial reporting and correction of error.

Progress: Finance continues to work with industry experts to receive targeted training and perform key reconciliations to support timely close processes.
Update: Additionally, we are in the midst of our 2025 audit and are tracking appropriately to meet the required close out date.

2024-002 Housing Choice Voucher Cluster - Eligibility
Issue: Material weakness in internal control over compliance and material noncompliance.
Progress: Files were corrected and recertifications completed. Management continues to review recertification reports to ensure timely follow-up and prevent recurrence.

2024-003 Housing Choice Voucher Cluster - HQS Enforcement
Issue: Significant deficiency in internal control over compliance and other matters.
Progress: The file was corrected and the inspection completed. Monthly inspection tracking reports are being reviewed to ensure inspections occur within required timeframes.

2024-004 Housing Choice Voucher Cluster - Housing Quality Standards/Inspections
Issue: Significant deficiency in internal control over compliance and other matters.
Progress: The file was corrected and the inspection completed. Monthly inspection tracking reports are being reviewed to ensure inspections occur within required timeframes.

2024-005 Public and Indian Housing - Eligibility
Issue: Material weakness in internal control over compliance and material noncompliance.
Progress: Late recertifications were completed during the 2024 audit period. Enhanced escalation and oversight controls remain in place to prevent future occurrences.

2024-006 Emergency Solutions Grants Program - Subrecipient Payments
Issue: Significant deficiency in internal control over compliance and other matters.
Progress: ESG contracts will be managed directly by ESG program staff, and staff have been retrained on invoice processing requirements.

This update is provided to promote transparency, provide an update on the resolution of the 2024 audit findings, and give the City of Sacramento Housing Authority assurance that the Agency is making progress and actively working to resolve the findings. The purpose of this update is informational only. No policy action or budget action is requested at this time.

Policy Considerations: There are no policy implications as a result of this informational report.

Economic Impacts: None.

Environmental Considerations:
California Environmental Quality Act (CEQA): Pursuant to Cal. Code Regs., tit. 14., section 15378 subds. (b)(2) and (5), the recommended action is not considered a “project,” as it constitutes an

administrative activity that will not result in direct or indirect physical changes to the environment. Alternatively, if a determination is made that the action does constitute a project subject to CEQA, the recommended action is exempt pursuant to Cal. Code Regs., tit. 14, section 15061(b)(3), as it does not have the potential to have a significant effect on the environment.

National Environmental Policy Act (NEPA): Pursuant to 24 C.F.R. section 58.34(a)(1) and (3) (2025), the recommended action is considered an administrative and management activity exempt from NEPA review. With respect to the laws and authorities specified in section 58.6, the recommended action does not involve activity that would require compliance with:

- 24 C.F.R. section 51.300-305;
- 16 U.S.C. section 3501 (Coastal Barrier Resources Act); or
- 42 U.S.C. sections 4001-4128, 5154(a) (Flood Disaster Protection Act and National Flood Insurance Reform Act).

Sustainability: Not applicable.

Commission/Committee Action: The Sacramento Housing and Redevelopment Commission will receive this update at its meeting on August 5, 2026.

Rationale for Recommendation: Receive and file only as an informational report.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): M/WBE & Section 3 Considerations:
The items discussed in this report have no M/WBE or Section 3 impact; therefore, M/WBE and Section 3 considerations do not apply.