



# City of Greensboro

Date: November 23, 2009  
To: Rashad Young, City Manager  
From: Internal Audit Division  
Subject: The Salvation Army of Greensboro

The Internal Audit Division has completed our annual review of The Salvation Army of Greensboro along with a Programmatic Review by the Housing & Community Development Department for the 2007-2008 year. Attached you will find our review report; the agency response; the departmental response and our replies to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager  
Andy Scott, Interim Assistant City Manager for Economic Development  
Dan Curry, Interim Director of Housing & Community Development



Date: August 11, 2009  
To: Dan Curry, Acting Director of Housing & Community Development  
From: Internal Audit Division  
Subject: The Salvation Army

The Internal Audit Division has performed our yearly monitoring visit of the Salvation Army, which received an Emergency Assistance grant in the amount of \$31,500 and an Emergency Shelter Operations grant in the amount of \$70,101 from the City of Greensboro during the 2007 to 2008 grant year.

**The Emergency Assistance Nussbaum Housing Partnership Allocation Grant** for \$31,500 was used to perform all the necessary services provided in connection with administering emergency assistance grant funds for individuals at great risk of homelessness and homeless persons. Eligible assistance includes emergency assistance payments to landlords and utility companies to prevent homelessness or to move individuals from homelessness to sustainable housing. Payments may include past due charges, current payments and deposits. Approximately 3,500 beneficiaries were projected to be served by the Agency

**The Emergency Shelter Operations Nussbaum Housing Partnership Allocation Grant** in the amount of \$70,101 to perform all the necessary services provided with the operating and maintaining a shelter for homeless persons. The Agency will provide housing, job training, computer training, meals, childcare, substance abuse testing and treatment, access to mental and healthcare services and life skills training to residents to aid and improve their self sufficiency. The following costs are available for reimbursement: staff salaries; maintenance & security salary; maintenance and operations; insurance and utilities. Approximately 1,495 beneficiaries were projected to be served by the Agency.

We examined selected financial transactions and program documentation maintained by the agency for compliance with the contracts and for assurance that program goals were achieved. Based on our review, it appears that the funds have been spent according to the terms of the contracts except for the following findings:

**FINDING:**

Under the Emergency Assistant Grant contract #2007-1372, the Agency requested and was reimbursed by the City for client mortgage payments on four separate occasions in the aggregate amount of \$800.00

**RECOMMENDATION:**

As per the City contract, only emergency assistance payments to landlords and utility companies are reimbursable. The Department of Housing and Economic Development will contact the Agency to discuss this finding.

We request a written signed response from the Salvation Army of Greensboro and the Department of Housing & Community Development by August 25, 2009 and mailed to the City of Greensboro, Internal Audit Division, P. O. Box 3136, Greensboro, NC 27402.

We would like to thank Mr. Randy Loggins, Controller; Ms. Jackie Lucas, Director of the Center of Hope for the Salvation Army and the staff of the Salvation Army for their courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.



Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Andy Scott, Interim Assistant City Manager for Economic Development  
Major Paul Egan, Corps Officer of the Salvation Army



**Date:** August 6, 2009  
**To:** Major Paul Egan, Salvation Army Greensboro  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** *FY 08/09 Center of Hope & EA Programmatic Evaluation*

HCD and Internal Audit staff conducted an onsite visit at the Salvation Army offices on April 8, 2009.

The period under review, along with current site conditions, was from July 1, 2007 to June 30, 2008. In addition to examining various program materials and financial files, in the course of the review city staff met with and appreciates the assistance provided by Ms. Jackie Lucas, Director of the Center of Hope and Mr. Randy Loggins, Controller for the Salvation Army-Greensboro along with other Salvation Army staff.

#### **Funding and Number Served**

Salvation Army of Greensboro operates the Center of Hope which is an emergency shelter for the homeless. This shelter has 96 beds and also serves a winter overflow shelter where occupancy exceeds 100% including the in-program residents for several of the winter months. The shelter also provides free childcare to clients.

Emergency Shelter funding for FY07/08 was \$70,101 (1,459 new participants served) which was expended in its entirety and was successfully completed June 30, 2008; Emergency Assistance funding for FY07/08 was \$31,500 which was expended in its entirety and was successfully completed by June 30, 2008.

#### **CDBG Eligibility (file review) and Consolidated Plan Relationship**

All program participant files contained adequate verification of homelessness and used both of the required HCD verification forms. The files themselves were in excellent order. The program relationship to 2005-2009 Consolidated Plan is priority 2-C.

#### **Board and Board Minutes**

The advisory board met 9 times in the last year which is a good level of activity (six meetings had what appeared to be quorums - see observation below). The advisory board has around 34 members, 7 women and 27 men, from a wide range of professional backgrounds. Minutes are maintained and are generally understandable including the minutes where the external annual audit was reviewed and accepted by the board.

The advisory board is not identical to a typical 501c3 Board of Directors as the local Salvation Army entity is in a hierarchal relationship under the regional head quarters in Atlanta. It does however act similar in regards to meetings, evaluation of activities, finances and guidance. Please see observation below.

The agency has fulfilled the HCD Board Training requirement for the years 2004, 2005, 2006, 2007 and 2008. HCD also recommends the Duke Non-Profit Management program for board members of all agencies.

**Grievance Policy**

The agency has a multi-level (meaning that if a complaint is not resolved it goes to the next level for resolution) grievance policy.

**CHIN**

The Salvation Army uses CHIN.

**Conditions**

A site visit of the facility was conducted in FY07/08 and it was found to be well maintained. A site visit should be conducted in FY09/10.

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<b>Center of Hope Measures:</b>	<b>FY04/05</b>	<b>FY05/06</b>	<b>FY06/07</b>	<b>FY07/08</b>
Total Served (Including WO):	1,426	1,511	1,404	1,459
New Participants (COH):	590	654	612	602
Client Nights:	21,403	22,792	24,559	24,239
Average Occupancy (COH):	60%	65%	62%	69%

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<b>Emergency Assistance Measures:</b>	<b>FY04/05</b>	<b>FY05/06</b>	<b>FY06/07</b>	<b>FY07/08</b>
Total Vouchers:	256	174	?	328
Total Individuals Served by HCD funding:	517	395	718	1,292

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Emergency Assistance funds were used to pay deposits, past due rent and utility bills to prevent homelessness.

As a result of this review HCD staff is making zero (0) findings, zero (0) concerns and one (1) observation regarding the use of HCD funding.

A *finding* is defined by HCD as a program element that does not comply with a local, federal, or contractual, rule or regulation whereas a *concern* is either a potential finding or program weakness that should be improved to avoid future problems. An *observation* can be either a positive comment about the agency or a suggestion that may improve a service or element of operations.

Observation – Advisory Board Meetings

HCD staff is uncertain how the advisory board determines a quorum; the advisory board made motions and voted on items when a majority of the board was not present on at least one occasion according to the minutes.

Requested Action

Please explain in writing by September 7, 2009, to HCD staff (Michael Blair), how the advisory board determines a quorum and the rules that it uses to make motions and take votes; also please include the powers and duties assigned to the advisory board.

The Internal Audit report included one finding. The issue, mortgage payments which are not allowed, has since been resolved.

The observation in this review, in our view, does not reflect negatively on Salvation Army staff and their work ensuring the continued success of the referenced programs. The observation is intended to make certain that all nonprofit regulations are being adhered to and what applicability they may or may not have in the case of the advisory board.

It is HCD staff opinion that Salvation Army - Center of Hope (and emergency assistance) is an eligible and effective use of city Homelessness Prevention funding. It provides a much needed service to homeless men, women and families. There are no disqualifying financial concerns for future City funding.

HCD staff appreciates the assistance provided during the monitoring visit by Salvation Army staff.

  
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Michael Blair  
Specialist Grants Compliance

  
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Dan Curry  
Acting Director HCD

R- 8/24/09



William Booth, *Founder*  
Shaw Clifton, *General*  
Maxwell Feener, *Territorial Commander*  
Major Dalton Cunningham, *Divisional Commander*  
Majors Paul & Karen Egan, *Corps Officers*

August 24, 2009

City of Greensboro  
Department of Housing and Community Development  
P.O. Box 3136  
Greensboro, NC 27402-3136

Dear Len Lucas:

The Salvation Army of Greensboro received a copy of the comments and recommendations regarding the use of 2007-08 grants for Emergency Assistance in the amount of \$31,500 and Emergency Shelter Operations in the amount of \$70,101.

Regarding the finding under the Emergency Assistance Grant contract #2007-1372 (four requests and reimbursements for mortgage payments in the amount of \$200.00 each) these were mistakenly coded under City funds and we were reimbursed for them. However, this was resolved by re-submitting four requests that met the guidelines. Attached please find a letter dated August 6, 2009 from Michael Blair indicating the internal audit report regarding the non-allowed mortgage payments has been resolved.

We greatly appreciate the funding that we have continued to receive from the City and hope that it can continue. If you have any questions, please call Jackie Lucas or me at 336-273-5572.

Sincerely,

*Randy Loggins*

Randy Loggins  
Business Administrator  
The Salvation Army of Greensboro

cc: Mickey Kerans



City of Greensboro  
North Carolina

August 25, 2009

Mr. Randy S. Loggins  
Business Administrator  
The Salvation Army  
P. O. Box 5310  
Greensboro, NC 27435-0310

Re: The Salvation Army of Greensboro Grant Year-2007 to 2008

Dear Randy:

We are in receipt of your letter dated August 24, 2009 via e-mail attachment reference the City's Internal Audit report dated August 11, 2009 for the 2007 to 2008 grant year. Your timely response to our report is appreciated.

We agree with your response and wish you and the Salvation Army continued success.

Sincerely,



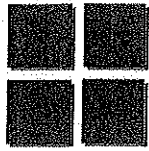
Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Major Paul Egan, Corps Officer of the Salvation Army  
Andy Scott, Interim Assistant City Manager for Economic Development  
Dan Curry, Acting Director of the Department of Housing and Community Development





# HCD

Department of Housing & Community Development

## MEMO

**Date:** November 10, 2009  
**To:** Len Lucas, Internal Audit Director  
**From:** Michael Blair, Analyst Grants Compliance  
**RE:** HCD Reply to Salvation Army Report

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HCD concurs with the Internal Audit review.



# City of Greensboro

Date: November 16, 2009  
To: Dan Curry, Acting Director of Housing & Community Development  
From: Internal Audit Division  
Subject: HCD Reply to IA Report-The Salvation Army Grant 2007-2008

Thank you for your reply of November 10, 2009. Internal Audit concurs with the Department of Housing & Community Development's (H&CD) response to Internal Audit's subject report dated August 11, 2009.

Mickey Kerans  
Internal Auditor

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager  
Andy Scott, Interim Assistant City Manager for Economic Development