



# City of Greensboro

**Date:** November 22, 2009  
**To:** Rashad Young, City Manager  
**From:** Internal Audit Division  
**Subject:** The Servant Center, Incorporated

The Internal Audit Division has completed our annual review of The Servant Center, Incorporated 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.

A handwritten signature in black ink, appearing to read "Len Lucas".

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:* June 1, 2009  
*To:* Dan Curry, Acting Director of Housing & Community Development  
*From:* Internal Audit Division  
*Subject:* The Servant Center, Inc.

The Internal Audit Division has performed our yearly monitoring visit of The Servant Center, Inc. which Received a Transitional Shelter Operations Services Grant in the amount of \$40,000 from the City of Greensboro during the 2007 to 2008 Grant years.

**This Transitional Shelter Operations** Nussbaum Housing Partnership Allocation grant for \$40,000 was used to providing shelter and support services to chronically homeless men and formerly homeless men from the Servant House located at 1312 Lexington Avenue. Eligible costs to be reimbursed are as follows: staff salaries; maintenance and security salary; maintenance and operations; insurance and utilities.

Approximately 50 beneficiaries were projected to be served as the result of this Grant.

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 contract except for the following:

Per Agency's external auditor's Management Letter dated September 29, 2008, there were several issues for fiscal year ended June 30, 2008 that were presented to the Agency's Board of Directors to address. We recommend we receive a copy of the written reply from the Agency's Board of Directors for each of the matters presented to them in the report.

We request a written and signed response from the Department of Housing & Community Development and The Servant Center by June 15, 2009 and mailed to the City of Greensboro, Internal Audit Division, P. O. Box 3136, Greensboro, NC 27402.

We would like to thank Ms. Gail Haworth, Executive Director; and Ms. Shanna Reece, Deputy Director; Mr. John Vaughn, Financial Officer and the staff of The Servant Center, Inc. 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.

Handwritten signature of Mickey Kerans.

Mickey Kerans  
Internal Auditor

Handwritten signature of Len Lucas.

Len Lucas  
Internal Audit Director

Cc: Andy Scott, Interim Assistant City Manager for Economic Development  
Gail Haworth, Executive Director of the Servant Center, Inc.



**Date:** April 20, 2009  
**To:** Gail Haworth, Executive Director, Servant Center  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** FY07/08 Programmatic Evaluation

On February 25, 2009 HCD and Internal Audit (IA) staff conducted an on-site monitoring visit of the Servant Center. The Servant Center is a sub-recipient of the City of Greensboro Department of Housing and Community Development and is carrying out the activity of shelter operations. From their website, *"that provides medical services, case management, and other rehabilitative services for disabled men who are homeless—living in shelters, on the streets, in cars..."*

The purpose of the monitoring visit is to determine whether the sub-recipient has implemented and administered HCD-funded activities according to applicable program and contractual requirements. The period under review, along with current conditions, was from July 1, 2007 to June 30, 2008. In the course of the review HCD and IA staff met with Ms. Gail Haworth, Executive Director; and Ms. Shanna Reece, Deputy Director; Mr. Fred Darby, Facilities Manager at Servant Center.

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

The funding for FY07/08 was \$40,000 which was expended in its entirety. The program served 41 homeless disabled men in FY07/08. This is 82% of the estimated number served in the agreement (50).

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

Program participant files reviewed generally contained signed homelessness verification and community development household certification forms. One file examined did not contain the verification of homelessness form but overall the file was in excellent condition. Servant Center performs a quarterly review for file completeness which is commendable. The program relationship to 2005-2009 Consolidated Plan is Priority 2B-A.

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

The board generally meets quarterly (Four (4) is the HCD minimum number of annual board meetings with a quorum) and currently has 23 members, 6 women and 17 men, from a wide range of backgrounds. Minutes are maintained and are generally understandable. Please see observations below.

#### **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

Servant Center uses CHIN and has one license. Staff suggested that it was improved however Greensboro needs a designated data entry person and commented that High Point has a CHIN coordinator.

## Conditions

The facility was very clean and in overall good condition. It received a high score of 96.5% from the Guilford County Health Department (and NCDENR) inspection dated 02.18.09.

## Servant Center Measures 2007-2008:

	FY04/05	FY05/06	FY06/07	FY07/08
Total Served <sup>(HCD)</sup>	52 (31 New)	35 (18 New)	30 (20 New)	41 (28 New)
Client Nights <sup>(HCD)</sup>	6,973	5,019	4,890	4,784
Average Occupancy <sup>(HCD)</sup>	83%	70%	74%	72%
Average Daily Census <sup>(HCD)</sup>	19.37	13.75	13.40	13.07
Veterans <sup>(HUD APR)</sup>	18	6	12	24
Chronically Homeless <sup>(HUD APR)</sup>	10	12	12	26
Length of Stay <sup>(HUD APR)</sup>				
Less than 30 days:	9%	17%	16%	13%
1 to 2 months:	26%	21%	17%	21%
3-6 months:	35%	26%	25%	38%
7-12 months:	14%	26%	17%	21%
13-24 months:	17%	9%	25%	8%
Transitioned to Permanent Housing				
(90% set goal in City proposal)	69%	80%	65%	71%
Average Length of Stay <sup>(SC)</sup>	10 months	10 months	6 months	4 months

As a result of this review HCD staff is making zero (0) findings, zero (0) concerns and two (2) observations.

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 1 – Board Minutes

The FY07/08 board minutes reviewed did not show absent board members nor did they indicate a quorum.

### Recommendation

None. However not having attending/absent members listed, and that a quorum was achieved, written in the minutes made it difficult to confirm that Servant Center had four board meetings with a quorum in FY07/08 which is a RFP requirement. More recent minutes include attending and absent board members so a quorum can be confirmed.

Observation 2 – Quorum

The board meeting on November 21, 2007 with Hospice, the VA and Palliative Care, had five board members present. This was not a full agenda as it was mostly a tour of Servant House but a motion was made and carried. It appears from the minutes to have probably been done minus a quorum since a quorum needs half-plus-one per the bylaws.

Recommendation

To avoid making motions at board meetings short of a quorum. More recent minutes include attending and absent board members so a quorum can be confirmed.

The Internal Audit report has a comment (not a finding or concern) on the CPA management letter. Please reply to it as requested.

The observations in this review, in our view, do not reflect negatively on Servant Center staff and their work ensuring the continued success of the referenced program. The intent of the observations expressed in this case is to heighten agency awareness.

It is HCD staff opinion that Servant Center is an eligible and effective use of city Homelessness Prevention funding. The program appears to be an excellent alternative for disabled men, generally veterans, who have become homeless. Performance records were understandable and there are no disqualifying financial concerns for future City funding.

HCD staff appreciates the assistance provided during the monitoring visit by Servant Center staff.

  
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Michael Blair  
Specialist Grants Compliance

  
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Dan Curry  
Acting Director HCD



Hope and Healing for the Homeless  
Servant House & Glenwood Housing  
1312 Lexington Avenue, Greensboro, NC 27403  
Phone (336) 275-8585 Fax (336) 370-1540  
[www.theservantcenter.org](http://www.theservantcenter.org)

The Servant Center  
Board of Directors

Susan L. Lowe  
Chair

06/10/09

Mike Moye  
Vice Chair

Mickey Kerans  
C/O City of Greensboro  
Internal Audit  
P. O. Box 3136  
Greensboro, NC

Mac Stroupe  
Secretary

Chris Ratte  
Treasurer

Timothy Lane, M.D.  
Ex-Officio

Dear Mr. Kerans:

Elizabeth H. Alsbaugh

In response to your request addressing the things in the letter of September 29, 2008 by our auditors, Costello, Hill & business, we are attaching these comments.

Henry J. Carrison, III

Rev. Hilton J. Cochran

They are as follows:

Mark O. Costley  
(Chapel Hill/Durham)

Tenant Security Deposits:

David Craft

These tenant deposit funds are now being handled in this manner and deposits are being made into a separate account.

Lora Cabbage

Fred Darby

Reserve Requirements:

Don Darnell

Mike Geary

According to the City of Greensboro Loan Agreement and the NCHFA Loan Agreement on the Glenwood Housing Project, the separate Operating and Replacement Reserve Accounts have been established as interest bearing accounts and Federally Insured by RBC Bank our financial institution.

Danny Hall

W. Franklin Minton, Jr.

David Newman, M.D.

We have been making the monthly payment requirements to fund the Replacement accounts according to requirements and are currently keeping those accounts up to date as required.

Amelia Poole

Rev. Paula Rachal

Christopher Ratte

We have also requested that the Operating Reserve for Glenwood Housing be changed to an interest bearing account. This has been confirmed by RBC Bank.

Fred Smith

William B. Vernon

The monthly payment requirements for –Glenwood Housing has been made as specified in the auditor's letter of September 29, 2008 at \$188.00 per month and \$195.00 per month in the current half of this fiscal year.

Michael Woyahn

Carmen Allen

The monthly payment requirements for – Servant House is being made at \$371.00 per month and \$386.00 per month during the current second half of this fiscal year.

Executive Director

Gail C. Haworth

Acting Executive Director

Shanna Reece

Based on the recommendation of our outside auditor's report of September 29, 2008, our Board of Director's has elected an audit committee. It is consisting of five members to oversee the financial responsibilities of The Servant Center, Inc. The Chair of the Audit Committee is Mr. W. Franklin Minton, Jr. who is Controller of Starmount Company. The Servant Center, Inc has placed on staff in January 2009 John C. Vaughan as Financial Director. Since that time a revision of the Chart of Accounts has been made in our Quick Books system to conform the Budget Preparation of both our Income and Expense reporting system. We have also revised our accounts to recognize the Chart of Account requirements of AmeriCorps reporting of all activities connected with AmeriCorps.

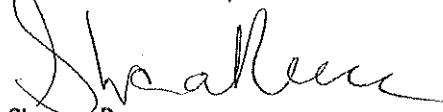
This committee will meet once each quarter to review budgets and financial reports for that period.

A budget system has been placed into our Quick Books system to reflect actual expenses against budgeted amounts for each category of income and expense.

Quarterly reports are being issued to the Executive Director and the members of the audit Committee.

We believe these changes will help give our audit committee and the Board of Director's a better view of our financial activities and the method of funding that is being used in our operations at The Servant Center, Inc. If there are any further questions, please do not hesitate to contact us.

Sincerely yours,  
The Servant Center, Inc.



Shanna Reece  
Acting Executive Director

Cc: Susan Lowe, Chair  
John Vaughan, Finance Director  
Costello, Hill & Co.

City of Greensboro  
North Carolina



June 9, 2009

Ms. Shanna Reece  
Acting Executive Director  
The Servant Center, Inc.  
1312 Lexington Avenue  
Greensboro, NC 27403

Re: The Servant Center Grant Year-2007 to 2008

Dear Shanna:

We are in receipt of your letter dated June 10, 2009 reference the City's Internal Audit report of the 2007 to 2008 Year. Your timely response to our report is appreciated. We have reviewed your letter and agree with the responses regarding the recommendations made by your external auditor's in their Management Letter dated September 29, 2008 except for the following:

"The City of Greensboro's Loan Agreement requires that any withdrawals, excluding interest, in excess of \$2,000 from any reserve account must be approved in writing by the Lender. There were two separate withdrawals during the year totaling \$34,000. No approval was obtained from the City."

Please respond to the above issue.

Sincerely,

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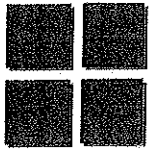
Mickey Kerans  
Internal Auditor

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Len Lucas  
Internal Audit Director

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






# HCD

Department of Housing & Community Development

## MEMO

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

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HCD generally 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-Servant House 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 June 1, 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