



City of Greensboro

Date: April 24, 2008
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Greensboro Housing Coalition

The Internal Audit Division has completed our annual review of the Greensboro Housing Coalition in conjunction with a Programmatic Review by the Housing & Community Development Department for the 2006-2007 grant year. Attached you will find our review report; the programmatic 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, Director of Housing & Community Development



City of Greensboro

Date: April 10, 2008
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: Greensboro Housing Coalition, Inc.

The Internal Audit Division has performed our yearly monitoring visit of the Greensboro Housing Coalition, Inc. which received a Housing Administrative Services grant in the amount of \$20,000 and a Housing Information Referral Services grant for \$75,000 from the City of Greensboro during the 2006 to 2007 grant year.

The Housing Administrative Services Nussbaum Housing Partnership Allocation Grant for \$20,000 was used to provide strategic planning; program planning and communication with Board members; fiscal accountability; accounting, audits and tax returns; staff supervision: hiring, supervision, performance evaluations, and training arrangements; administrative details: arranging leases, telephones and insurance. Programs include: Housing Hotline; Lead Paint outreach and education; and counseling of homeowners facing foreclosure or needing repairs for their homes. Costs that are eligible for reimbursement are: staff salaries; maintenance and security salary; maintenance and operation; insurance and utilities.

The Housing Information Referral Services Nussbaum Housing Partnership Allocation Grant in the amount of \$75,000 was to provide a housing and information hotline to prevent homelessness. Operational costs eligible for reimbursement are: salaries; taxes; insurance; office supplies; telephone; postage; printing; mileage; rent and parking. Approximated 2,142 clients were 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 contracts with the exception of the following finding:

FINDING:

The Management Letter dated September 25, 2007 from Apple, Koceja & Associates, PA listed the following material weaknesses regarding fiscal year ended June 30, 2007 audited financials:

1. One individual is opening mail, preparing deposit slips and making bank deposits. Board minutes of September 26, 2007 address this issue but as of review date March 5, 2008, it appears one individual is still opening mail, preparing and making deposits.
2. The accrual method is not being used by the Agency which is a violation of Generally Accepted Accounting Principles (GAAP) and the City's grant contracts. This issue was also addressed in the Board minutes of September 26, 2007.
3. Journal entries resulting from prior year audit were not posted to Organization's books.

RECOMMENDATION:

We suggest the Agency follow their auditor's recommendations of:

1. Having two people open mail and prepare bank deposits.
2. Accruals should be made according to GAAP and City grant contracts.
3. Financials should be carefully reviewed each month by staff and board members.
4. Methods to record transactions should be reviewed with outside accountants so that the transactions will be recorded accurately.

We request a written signed response from the Greensboro Housing Coalition, Inc. and the Department of Housing & Community Development by April 24, 2008.

We would like to thank Ms. Beth McKee-Huger, Executive Director and the staff of the Greensboro Housing Coalition, 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.



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Beth McKee-Huger, Executive Director of the Greensboro Housing Coalition, Inc.



Date: April 8, 2007
To: Beth McKee-Huger, Director, Greensboro Housing Coalition
From: Michael Blair, City of Greensboro HCD
RE: FY07/08 Greensboro Housing Coalition Programmatic Evaluation

HCD and Internal Audit staff conducted an onsite visit at the Greensboro Housing Coalition office on March 5, 2008. HCD staff appreciates the time and assistance provided by Greensboro Housing Coalition staff.

The Greensboro Housing Coalition provides a wide range of housing counseling services. This includes the Housing Hotline, Homebuyer counseling (in English and Spanish), Lead Paint outreach and education, Housing Search Assistance Program, financial literacy classes, landlord education and counseling for homeowners facing foreclosure or serious home repairs. A new program called "Ready to Rent" helps potential tenants rebuild bad rental histories. This should help with access to better quality housing.

Housing Information and Referral (Housing Hotline) funding for FY06/07 was \$75,000 (2,000 calls projected) which was expended in its entirety and was successfully completed June 30, 2007; In addition the agency received \$20,000 in administrative funding. The agency was funded by the City \$30,000 for the Housing Hotline, and \$20,000 for administration, in fiscal year 2005-2006.

The period under review was from July 1, 2006 to June 30, 2007. In addition to examining various program materials and financial files in the course of the review city staff met with Ms. Beth McKee-Huger, Executive Director.

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. In this monitoring review attention was paid to contract compliance along with financial management systems, requisition practices and performance measures.

The Housing Coalition has fulfilled the HCD Board Training (3 members and 1 management staff) requirement for the years 2004, 2005, 2006 and 2007. HCD also recommends the Duke Non-Profit Management program for board members of all agencies.

The board met 10 times in the last year which is a high level of activity. The board has 17 members, 6 women and 11 men, from a wide range of professional backgrounds. Minutes are maintained and are generally (see observation #1) understandable including the minutes where the external annual audit was reviewed and accepted by the board.

As a result of this review HCD staff is making zero (0) findings, one (1) concern 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.

Concern 1 – Accrual Method

The management letter dated September 25, 2007 contained a weakness regarding the accrual method which is not being used.

Requested Action 1

The city agreement §6.a. requires the use of "generally accepted accounting principles" and practices (GAAP) of which the accrual method is the accepted method (the cash basis, while effective for certain types of agencies, is not).

Observation 1 – Board Minutes

Two of the agency minutes provided do not indicate whether a quorum is met by the attending number of members. This was discussed during the site visit and HCD realizes that the inconsistency has been addressed.

Requested Action 1

Only to ensure that minutes always indicate whether, or not, a quorum was met by using "Present" and "Not Present". Again HCD is confident that this has been addressed.

Housing Hotline Measures:

	FY04/05	FY05/06	FY06/07
Total Callers ^(HUD APR)	2,349	1,461	2,142
Total Individuals Served ^(HCD)	4,391	3,600	3,220
Average Daily Callers ^(HCD)	6.5	4.4	5.9
Income Levels of Callers ^(HUD APR)			
Under 50% of Median	91%	92%	97%
51-80% of Median	9%	8%	.02%
80-100% of Median	0.0%	.002%	0.0%
Seeking Assistance for the Homeless ^(HUD APR)	92	108	210

Performance records were understandable but because of slightly different reporting requirements by funding agencies "calls" (or households) v. "individuals served" are not matched over the same period of time. Information provided still gives a good measure of the activity level of the Housing Hotline.

The draft Internal Audit report is dated March 12, 2008 and should be replied to as requested.

The concern and observation in this review, in our view, do not reflect negatively on Housing Coalition staff and their work ensuring the continued success of the referenced program. The intent of the concern is to ensure contractual compliance. The observation is intended to enhance the agency minutes.

It is HCD staff opinion that the Greensboro Housing Coalition activities are an eligible and effective use of city Homelessness Prevention funding. It provides a much needed service to people in housing crisis. Performance records were understandable and there are no disqualifying financial concerns for future City funding. The program relationship to 2005-2009 Consolidated Plan are priorities 1A-A and 1.A1-C.

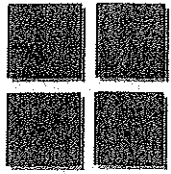
HCD staff appreciates the assistance provided during the monitoring visit by Housing Coalition staff.



Michael Blair
Specialist Grants Compliance



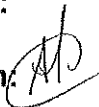
Andy Scott
Director HCD



HCD

Department of Housing & Community Development

MEMO

Date: March 25, 2008
To: Len Lucas, Internal Audit Director
From:  Michael Blair, Specialist Grants Compliance
RE: 2008 HCD Review of Greensboro Housing Coalition Audit Report

After review of the March 12, 2008 Internal Audit report on the Greensboro Housing Coalition, for 2006-2007, HCD submits the following:

IA FINDING 1:

The Management Letter dated September 25, 2007 from Apple, Koceja & Associates, PA listed the following material weaknesses regarding fiscal year ended June 30, 2007 audited financials:

1. One individual is opening mail, preparing deposit slips and making bank deposits. Board minutes of September 26, 2007 address this issue but as of review date March 5, 2008, it appears one individual is still opening mail, preparing and making deposits.
2. The accrual method is not being used by the Agency which is a violation of Generally Accepted Accounting Principles (GAAP) and the City's grant contracts. This issue was also addressed in the Board minutes of September 26, 2007.
3. Journal entries resulting from prior year audit were not posted to Organization's books.

IA RECOMMENDATION 1:

We suggest the Agency follow their auditor's recommendations of:

1. Having two people open mail and prepare bank deposits.
 2. Accruals should be made according to GAAP and City grant contracts.
 3. Financials should be carefully reviewed each month by staff and board members.
 4. Methods to record transactions should be reviewed with outside accountants so that the transactions will be recorded accurately.
- **HCD Reply to Recommendation 1:** Concur. These weaknesses should be addressed immediately.



City of Greensboro

April 9, 2008

Date:

Andy Scott, Director of Housing & Community Development

To:

Internal Audit Division

From:

HCD Reply to IA Report-Greensboro Housing Coalition 2006-2007

Subject:

Thank you for your reply of March 25, 2008. Internal Audit agrees with the Department of Housing & Community Development's response to IA's subject draft report dated March 12, 2008.

Mickey Kerans
Internal Auditor

Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager



greensboro housing coalition

www.greensborohousingcoalition.com

the advocate for safe and affordable housing

Board Members

Jim Keith, *Chair*
Ivan Mosley, *Vice-Chair*
Skip Crowe, *Secretary*
Larry Standley, *Treasurer*
Richard Craig,
Assistant Treasurer
Trudy Atkins
Wes Early
Sharon Fisher
Ron Halpern
Bob Kelley
Lori Loosmore
Mike Mochlenkamp
Erica Moore
Heidi Scheer
Javon Stallings
Denise Turner

Staff

Beth McKee Huger,
Director
Willena Cannon, *Healthy
Homes Organizer*
Deloris "Dee" Brown,
*Housing Counselor
Coordinator*
Housing Counselors:
Jeddy Rodriguez
Vivian Clarke
Dale Joyce
Andrew Kristel
Umba Bushiri

April 22, 2008

Andy Scott
City of Greensboro
P.O. Box 3136
Greensboro NC 27402

Dear Andy:

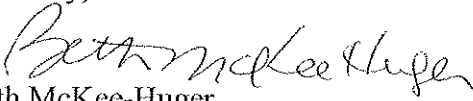
Thank you for Michael and Mickey's review of our contract compliance. We certainly want to address your requests about concerns and observations.

We are implementing our accountant's advice about accrual practices to approximate generally accepted accounting principles, posting journal entries at the fiscal year end and entering expenses and receipts in the accrual periods. We have also have two people open mail and prepare deposits so that we have separation of duties. After I designate the program for each expense, two board members sign off on the check request and I review reports to assure that the designations are clear. We are confident that we can comply with the city agreement.

Our board minutes are written to more clearly identify board members present and not present. Last week Jim Keith, the chair of our board, and I attended a two day training in board development and look forward to energizing our board of directors.

Again, thank you for your careful review.

Sincerely,


Beth McKee-Huger
Executive Director

cc: Bob Morgan
Len Lucas ✓
Mickey Kerans
Michael Blair

122 N. Elm St., Ste. M-6
Greensboro, N.C. 27401
336/691-9521
fax: 336/691-9046



City of Greensboro
North Carolina

April 24, 2008

Ms. Beth McKee-Huger
Executive Director
Greensboro Housing Coalition
122 N. Elm Street, Suite M-6
Greensboro, NC 27401

Re: Greensboro Housing Coalition Grant Year-2006 to 2007

Dear Beth:

We are in receipt of your letter dated April 22, 2008 reference the City's Internal Audit report dated April 10, 2008 for the 2006 to 2007 Grant Year. Your timely response to our report is appreciated. We have reviewed your letter and agree with responses and corrective measures.

Sincerely,



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Andy Scott, Director of Housing & Community Development