



City of Greensboro

Date: May 12, 2008
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Ole Asheboro Street Neighborhood Association, Incorporated

The Internal Audit Division has completed our annual review of the Ole Asheboro Neighborhood Association, Inc. in conjunction with a Programmatic Review by the Housing & Community Development Department for the 2005-2006 grant 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", with a long horizontal flourish extending to the right.

Len Lucas
Internal Audit Director

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



Date: August 21, 2007
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: Ole Asheboro Street Neighborhood Association 2005-2006

The Internal Audit Division has performed our compliance review of the year ended December 31, 2006 of the Nettie Coad Apartments, which consists of 30 units for low-income individuals or families located in the David Caldwell School at 503 Martin Luther King Drive. These units are owned by the City of Greensboro and are managed by the Ole Asheboro Street Neighborhood Association, Incorporated (Association).

The lease agreement which the City and the Association are presently working under is dated August 1, 2006 and has expired on July 31, 2007. The rent is \$1.00 per year and is due in advance on August 1st of every year. The lease states that any excess funds from the rental of these units after all expenses incurred and funding of the reserve accounts must be used in the Ole Asheboro Neighborhood self-sufficiency programs. As of the date of this report, we requested but were not provided any uses the excess funds for 2006 were used for regarding Ole Asheboro.

The Association received a grant in the amount of \$72,000 from the Cemela Foundation for the Nettie Coad Apartments in 2003 for the purpose of constructing a multi-purpose room on site for the use of the local community. As of the date of the review, the project was not complete and a certificate of occupancy had not been issued and is therefore not being used by Ole Asheboro. The plans call for a handicap ramp and steps to the exterior door. The project when complete will include computer access outlets, a meeting room, two restrooms, a food pantry and a kitchen.

We accompanied Mr. Jim Teele, Housing Rehabilitation Specialist of the Department of Housing & Community Development, as he inspected approximately 15 percent of the units and some minor repairs were noted. Overall the units inspected appear to be well maintained. We also inspected the Multi-Purpose room and although in fair condition, we noticed some improvement such as, in the kitchen that needed to be completed. Also, the original plans called for a handicap ramp to access the main door. This ramp has not been installed. We understand a certificate of occupancy will not be issued for the room until this ramp has been installed.

We examined selected program documentation maintained by the Association for compliance with the existing lease agreement and found everything agreed except for the following findings:

FINDING:

The external audit of the 2006 calendar year of the tenant per the lease agreement was due by June 15, 2007 however we did not receive it until August 13, 2007. The Management Letter and tax form 990 from the external auditor were also due with the audit but has not been received at time of this report.

RECOMMENDATION:

The Association should have satisfied the audit requirement and other financial documentation required by the lease agreement in order to be in compliance.

FINDING:

In regard to the financial situation of the Association at December 31, 2006, their working capital was a negative (\$7,442).

RECOMMENDATION:

In order for the Association to pay their current liabilities in a timely manner, they should keep their current assets greater than their current liabilities.

FINDING:

We requested the Organization Chart with names and addresses, the Board minutes for 2006, withdrawals from the Replacement Reserve and the liability and property insurance certificates from the Nettie Coad property manager but have not received them as of the date of this report.

RECOMMENDATION:

The Association should provide the City the requested documents whereby we can review.

We request a written signed response from Ole Asheboro Street Neighborhood Association which should be received by September 4, 2007 with a copy to the department of Housing & Community Development (HCD) and the Internal Audit Department.

We also request a written signed response from HCD on this review which should be received on or before September 4, 2007.

We would like to thank Ms. Jan Malone, Property Manager of Nettie Coad Apartments; and Ms. Dorothy Brown, President 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: Ben Brown, Assistant City Manager for Economic Development
Nettie Coad, President of the Board of Directors of Ole Asheboro Street Neighborhood Association



Date: July 19, 2007
To: Ms. Nettie Coad, Board Chair
From: Michael Blair, City of Greensboro HCD
RE: FY07/08 Nettie Coad Apts. Programmatic Evaluation

On June 22, 2007 HCD and Internal Audit (IA) staff conducted an on-site monitoring visit of the Nettie Coad Apartments. The property is located at 503 Dr. Martin Luther King Jr. Dr., in Greensboro, NC. Ole Asheboro Street Neighborhood Association, Inc. leases and manages the property and in this capacity is responsible to the City of Greensboro Department of Housing and Community Development for contractual compliance.

The property was acquired and rehabilitated with \$1,708,568 in local bond funds. No HOME Program funds were expended on this property therefore the lease agreement is the only controlling document regarding occupancy and tenancy requirements. The property consists of 30 units and would be made available to households with incomes at or below 50% of the adjusted area Median Income.

The primary purpose of the monitoring visit is to determine whether the property is meeting applicable contractual requirements. In addition attention was paid to financial management systems, along with a review of tenant files, a physical inspection and occupancy. The period under review, along with current conditions, was from July 1, 2006 to June 30, 2007. In addition to examining various program materials, a physical inspection and financial files, in the course of the review HCD and IA staff met with Ms. Jan Malone, Apartment Manager.

Resident incomes are certified, and recertified, annually according to HCD file review. The tenant files reviewed were in good condition and contained all required back-up documentation.

The reported occupancy has been 100% from January 2007 through June 2007. This is 10% higher than the April 2007 area occupancy rate of 90% and exceptional in any market.

Rents remain affordable at \$360/m (UA \$78) for a 2BR-2BA; \$325/m (UA \$75) for 2BR-1BA; \$310 (UA \$63) for a 1BR – 1.5BA; and \$285 (UA \$71) for a 1BR-1BA. The utility allowances (UA) are management averages from 2006.

HCD staff inspected five (5) units on June 28, 2007 and reported certain minor deficiencies in four (4) of those units. The exterior and grounds are in good condition. The apartments are in a generally good state of repair. The interior is well maintained and comfortable. It should be noted that there is a small hole in the back parking lot that appears to have released water out recently although not during the visit. This hole should be repaired. Please forward in writing any repairs or other actions referenced in the HCD inspection report dated June 28, 2007 to Internal Audit.

As a result of this review HCD staff is making zero (0) findings and noting two (2) concerns. A *finding* is defined by HCD as a project element that does not comply with a local, federal, or contractual, rule or regulation whereas a *concern* is either a potential finding or management weakness that should be improved to avoid future problems.

Concern Number 1 – Audit

The Association fiscal year end is December 31st and as of the date of this report the 2006 independent external audit has not been delivered to the City.

Requested Action

Management should submit to Internal Audit the December 31, 2006 audit as soon as possible. HCD understands that management has been in contact with Internal Audit regarding this issue, and the audit should be delivered soon, however it is over 180 past fiscal year end which is not a best practice.

Concern Number 2 – Multi-Purpose Room

The multi-purpose room remains unfinished and unusable.


Requested Action

Management should include plans for the completion of the multi-purpose room in the reply to the Internal Audit report (which is in draft form at the time of this review.).


The concerns in this review, in our view, do not reflect negatively on property management staff and their work ensuring continued affordability compliance. The intent of the concerns expressed in this report are to heighten management awareness.

It is HCD staff opinion that the Nettie Coad Apartments is contractually compliant concerning affordability requirements. The property appears to be in good condition and remains a decent housing option for qualified households.

HCD staff appreciates the assistance provided during the monitoring visit by Nettie Coad Apartment staff.



Michael Blair
Specialist Grants Compliance



Andy Scott
Director HCD

R. 8/24/07

Ole Asheboro Street Neighborhood Association Inc.

A Non-Profit Organization

503 Martin Luther King Jr. Drive
Greensboro, NC 27407
Phone 336-574-2408 Fax 336 574-2410

Board of Directors

7/24/2007

President

Nettie L. Coad
336 275-4836

Mr. Len Lucas
Internal Audit Director
City of Greensboro
PO Box 3136
Greensboro, NC 27402

Vice President

Carl Brower Jr
336 370-1752

Dear Mr. Lucas:

Secretary

Marguerite Ray
336 333-2949

Upon being elected as new directors of the Ole Asheboro Street Neighborhood Association, Inc., we incurred undocumented expenditure that we have not been able to reconcile. For this reason we have implemented check and balance procedures to insure our asset protection.

Assistant Secretary

Dorothy Rankin
336 273-8779

The board of directors has initiated a monitoring system to check all transactions. The board chair has access to the computer system to verify deposits and withdrawals from all financial records.

Treasurer

Tanya Bynum Kirby
336 691-0714

In addition to maintaining accurate records for the neighborhood membership, and finances, we will monitor the Nettie Coad Apartments accounts by:

- Checking all transactions posted to books
- Back up files to be kept off sight by president and treasurer monthly
- Back up disk will be interchanged monthly with apartments manager
- Research and/or change banking to maximize interest on funds deposited

Rent reports will show everything paid during the year and we will randomly pull every 10th deposit for:

- Recertification
- Date of recertification
- Verify any balances

We welcome any comments or suggestions going forward.

Sincerely,



Nettie Coad



City of Greensboro
North Carolina

August 28, 2007

Ms. Nettie Coad
President
Ole Asheboro Street Neighborhood Association, Inc.
503 Martin Luther King Jr. Drive
Greensboro, NC 27407

Re: Nettie Coad Apartments

Dear Ms. Coad:

Thank you for your letter dated July 24, 2007 which Mr. Lucas received August 24, 2007 from you in reference to the Nettie Coad Apartments. We agree with the Board's control procedures as outlined in your letter. These procedures will help to properly monitor the financial processes of Nettie Coad Apartments. The more the board members the of Ole Asheboro can get involved in the management of Nettie Coad Apartments the better off Nettie Coad Apartments will be. We would like to suggest another control and that would be for the Treasurer to reconcile the bank statements each month separately from the Property Manager. If the Treasurer can not do the reconciliation then you should instruct the bank to mail the monthly statements directly to the Treasurer for review before handing them over to the Property Manager.

We are in receipt of the minutes and the list of members, and the 990 Tax return for year ended December 31, 2006 of the Board of Ole Asheboro Street Neighborhood Association, Inc. as requested per my e-mail to Jan Malone dated August 14, 2007. Jan sent us the current property insurance, however, the document did not show the City as an additional insured. Please have this added.

We also look forward to your written response regarding our annual review per letter dated August 21, 2007.

If you should have any questions, please let us know at telephone number 373-2821.

Sincerely,

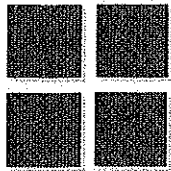


Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Andy Scott, Director of Housing & Community Development



HCD

Department of Housing & Community Development

MEMO

Date: August 31, 2007
To: Len Lucas, Internal Audit Director
From: Michael Blair, Specialist Grants Compliance
RE: HCD Review of Ole Asheboro St. (Nettie Coad) Audit Report

After review of the draft August 17, 2007 Internal Audit report of the Ole Asheboro Street Neighborhood Association, Incorporated (Association), for 2005-2006, HCD submits the following:

IA FINDING 1:

The existing lease agreement with the City and the Association expired July 31, 2006.

IA RECOMMENDATION 1:

The City and the Association should renew the existing lease agreement.

- **HCD reply to Recommendation 1:** *The existing lease expired in July 2007. The new agreement is in development.*

IA FINDING 2:

The external audit of the 2006 calendar year of the tenant per the lease agreement was due by June 15, 2007 however we did not receive it until August 13, 2007. The Management Letter and tax form 990 from the external auditor were also due with the audit but has not been received at time of this report.

IA RECOMMENDATION 2:

The Association should have satisfied the audit requirement and other financial documentation required by the lease agreement in order to be in compliance.

- **HCD reply to Recommendation 2:** *Concur.*

IA FINDING 3:

In regard to the financial situation of the Association at December 31, 2006, their working capital was a negative (\$7,442).

IA RECOMMENDATION 3:

In order for the Association to pay their current liabilities in a timely manner, they should keep their current assets greater than their current liabilities.

HCD reply to Recommendation 3: *Concur.*

IA FINDING 4:

We requested the Organization Chart with names and addresses, the Board minutes for 2006, withdrawals from the Replacement Reserve and the liability and property insurance certificates from the Nettie Coad property manager but have not received them as of the date of this report.

IA RECOMMENDATION 4:

The Association should provide the City the requested documents whereby we can review.

HCD reply to Recommendation 4: *Concur.*

On the above recommendations HCD generally concurs with the Internal Audit report.



Date: August 31, 2007
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: HCD Reply to IA Report-Nettie Coad Apartments 2005-2006

Thank you for your reply of August 31, 2007 regarding IA's review report dated August 21, 2007. We agree with HCD response except in the report that was sent to Ole Asheboro we deleted the finding concerning the term expiration of the lease agreement of July 31, 2006.

A handwritten signature in black ink, appearing to read 'M. Kerans'.

Mickey Kerans
Internal Auditor

A handwritten signature in black ink, appearing to read 'L. Lucas'.

Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development



City of Greensboro
North Carolina

October 16, 2007

Ms. Nettie Coad, President
Ole Asheboro Street Neighborhood Association, Inc.
503 Martin Luther King, Jr. Drive
Greensboro, NC 27403

Re: Nettie Coad Apartments-2005 to 2006

Dear Ms. Coad:

In reference the City's Internal Audit report letter dated August 21, 2007 (see copy attached) for the 2005 to 2006 year, this is to advise you that the City has not received your response which was due to us by September 4, 2007. So that we might finalize this review we would appreciate you response as soon as possible.

Sincerely,



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Andy Scott, Director of Housing & Community Development

City of Greensboro
North Carolina

March 28, 2008

CERTIFIED MAIL-Return Receipt Requested

Ms. Nettie Coad, President
Ole Asheboro Street Neighborhood Association, Inc.
503 Martin Luther King, Jr. Drive
Greensboro, NC 27403

Re: Nettie Coad Apartments-2005 to 2006

Dear Ms. Coad:

This letter is in reference the City's Internal Audit report letter dated August 21, 2007 (see copy attached) for the 2005 to 2006 year. This is the second follow up letter with the first being October 16, 2007. Please be advised that the City has not received your response which was due to us by September 4, 2007. So that we might finalize this review we would appreciate you response immediately.

Sincerely,



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

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

Ole Asheboro Street Neighborhood Association Inc.
503 Martin Luther King Dr. Greensboro, NC 27406

May 1, 2008

Mickey Kerns
City of Greensboro, Internal Audit
P O Box 3136
Greensboro, NC 27402

Dear Mr. Kearns:

Jan Malone and I really appreciate you and Len Lucas meeting with us on Tuesday April 29, to assist us with findings in our 2006 audit. Hopefully this letter will address the two outstanding issues.

Finding: The external audit for the calendar year 2006 was submitted late due to problems we incurred in locating documents and financials from the outgoing association president and board of directors. However we expect our 2007 audit to be completed and submitted by June 15, 2008 in compliance with our contract.

Finding: The financial situation of the association for 2006 had a negative in working capital. To address this we have plans and programs in place to increase our working capital while keeping our assets greater than our liabilities.

We hope this will serve as response to these outstanding issues and will complete the 2006 audit. Please be in touch if there is any other information needed.

Sincerely,



Nettie Coad
President, Ole Asheboro Neighborhood Association

Cc: Mr. Len Lucas Internal Audit
Mr. Andrew Scott Department of Housing & Community Development



City of Greensboro
North Carolina

May 6, 2008

Ms. Nettie Coad
President
Ole Asheboro Neighborhood Association
503 Martin Luther King Jr. Drive
Greensboro, NC 27406

Re: Ole Asheboro Street Neighborhood Association-2005 to 2006

Dear Ms Brown:

We are in receipt of your letter dated May 1, 2008 reference the City's Internal Audit report of the 2005 to 2006 Year for the Nettie Coad Apartments dated August 21, 2007. Your response to our report is appreciated. We have reviewed your letter and agree with responses and corrective measures. We wish you success in your endeavor.

.Sincerely,



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

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