



Date: January 8, 2008
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: City of High Point Consortium – Federal HOME Funds FY 2006-2007

The Internal Audit Division has performed our compliance review of the year ended June 30, 2007 on the HOME Funds Program by the City of High Point's Community Development and Housing Department. Under the Joint Cooperative Agreement, Greensboro / Guilford County / High Point / Burlington / Alamance County Housing Consortium; the City of Greensboro is the lead entity and is held accountable by the Department of Housing and Urban Development for Federal HOME Funds received by the Consortium. The City of High Point decided to discontinue its participation in the Consortium effective with Fiscal Year Ended June 30, 2005. However, there are still reimbursed funds prior to June 30, 2005 which needs to be presented for reimbursement. Per the Department of Housing & Community Development of Greensboro the present unencumbered balance for the City of High Point amounts to \$362,400.46.

We tested samples of program income and expenditures incurred with the use of HOME Funds for the fiscal years ended 2007. These funds are appropriated to help promote affordable housing and community development for qualified individuals and families. Also, any income generated with the use of these funds is to be used by the respective entities for qualified projects before any new funds are drawn. Based on our review, it appears that the funds have been spent according to the terms of the agreement with no exceptions noted.

We would like to thank Mr. Michael McNair, Director; Mr. Calvin Slade, Affordable Housing Manager; Mr. Clarence Grier, Accounting Manager and the staff of the Department of Community Development and Housing for the City of High Point. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.

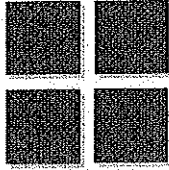
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Mickey Kerans
Internal Auditor

Handwritten signature of Len Lucas in black ink.

Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Michael McNair, Director of Community Development and Housing



HCD

Department of Housing & Community Development

Date: January 7, 2007
To: Michael McNair, Director, High Point CD and Housing Department
From: Michael Blair, City of Greensboro, HCD
Cc: Ben Brown, Assistant City Manager for Economic Development
RE: FY07/08 HOME Program Monitoring

The City of Greensboro Department of Housing and CD (HCD), the Participating Jurisdiction of the Greensboro HOME Program Consortium, conducted an on-site program review of the City of High Point HOME Program on December 4th and 5th of 2007.

As a point of reference High Point left the Greensboro Consortium after FY04/05 to regain Participating Jurisdiction status. However funds and projects which were received while High Point was still a member of the Greensboro Consortium remains the responsibility of Greensboro per HUD.

In addition to a review of HOME Program compliance a financial review was conducted by the City of Greensboro, Internal Audit Department.

We would like to express our gratitude for the assistance provided to Greensboro staff by High Point staff that assisted both the HCD and Internal Audit reviews.

HOME Program Compliance:

The HOME Program review did not generate any "Findings" and only one "Concern"; also certain observations and recommendations follow. A *finding* is defined by HCD as a project element that does not comply with a federal rule or regulation whereas a *concern* is either a potential finding or program weakness that should be improved to avoid future problems.

Homebuyer Assistance:

Three Homebuyer Assistance files were inspected and found to be generally in order and easy to review. The files were for 1433 Bailey Circle; 1705 Beaucrest Avenue; and 1839 Chatfield Drive (Formerly listed in error as 711 Willoubar Terrace).

Concern: It appears that both Resale and Recapture provisions may still be contained within the Homebuyer agreements.

Recommendation: High Point should review Homebuyer agreements to make certain that either Resale or Recapture is used (but not both) per HOME Regulation §92.254.

Homeowner Rehabilitation:

Six Homeowner Rehabilitation files were inspected and found to be generally in order. The files were for 511 Amos Street; 1229 South Downing Street; 736 Montelieu Avenue; 911 Willoubar Terrace; 1010 Sharon Street; and 1029 Asheboro Street.

Observation 1: After-rehabilitation values are calculated and present within the rehab files per §92.254(b) however the value is sometimes difficult to locate and it is not certified or signed by staff.

Recommendation 1: High Point should include in every file the estimate of after-rehabilitation value and document the basis for this estimate on a separate signed form.

Observation 2: Debarred contractor information, verification and monitoring, was not found in rehab project files which would show compliance with §92.350.

Recommendation 2: High Point should include in every file some record of debarred contractor monitoring. Per the HUD website "a handwritten note that is dated and initialed is sufficient".

Environmental Review:

Environmental reviews were present in all files examined.

Observation 1: Environmental reviews were not signed by the completing staff.

Recommendation 1: The High Point staff that completes the reviews should also sign or initial the reviews.

Administrative Review:

HCD is requesting that High Point submit in writing by no later than Friday, February 1, 2008 a detailed spending plan for what remains of \$362,400.46 in unexpended (and/or unrequisioned) HOME funds from the Greensboro Consortium. This is necessary in order for Greensboro staff to make the appropriate budget adjustments.

Any outstanding activity or any other activity not previously billed for will be deducted from the \$362,400.46. The rest shall be primarily allocated to the new Southside project.

HCD also requests that the following acquisitions (and subsequent demolitions) 801 Park Street, 803 Park Street, 805 Park Street (**Consortium PR-22**), 807 A & B Park Street (**Consortium PR-22**), 809 A & B Park Street (**Consortium PR-22**), 811 A & B Park Street, 813 A & B Park Street (**Consortium PR-22**) and 815 A & B Park Street (**Consortium PR-22**), which were replatted and conveyed to SHARE be identified with appropriate new construction addresses which follow:

- 502 Wise Avenue; 504 Wise Avenue; 503 Clay Avenue (already assisted with \$15,000 Downpayment Assistance (DPA)); 507 Clay Avenue; 805 Park Street; 809 Park Street; 813 Park Street.


Acquisitions and demolitions which were attributed to, paid for and reported by, the Greensboro Consortium in IDIS to HUD cannot be given High Point HOME DPA and reported again in IDIS as a High Point activity/accomplishment. Should DPA be necessary to complete an acquisition, demolition and new construction activity, the appropriate HOME funds should be applied and counted in IDIS.

Reporting and Disbursement of Program Income:

HOME funds in the local account of the HOME Investment Trust Fund must be disbursed before drawdown requests are made for HOME funds in the United States Treasury account, in accordance with 24 CFR 92.502 (C)(3). Therefore, program income which is deposited into the local account must be used before additional HOME allocation funds are drawn down. A participating jurisdiction may not draw down HOME allocation funds while allowing program income to accumulate in its local account. As previously agreed, High Point should submit a statement of program income earned no later than the 15th of the preceding month in which program income is earned.



Michael Blair
Specialist Grant Compliance



Andy Scott
Director HCD