



# City of Greensboro

---

Date: September 28, 2007  
To: Mitchell Johnson, City Manager  
From: Internal Audit Division  
Subject: The Salvation Army

The Internal Audit Division has completed our annual review of The Salvation Army 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 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.

Len Lucas  
Internal Audit Director

---

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



**Date:** April 12, 2007  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit  
**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 \$26,500 and a Shelter Assistance grant in the amount of \$80,750 from the City of Greensboro during the 2005 to 2006 grant year.

**The Emergency Assistance** grant for \$26,500 was used to help provide emergency assistance to low-income households with past due rents, rental deposits, past due utilities, back payments, and payments to prevent foreclosure. Approximately 1,400 clients were served as result of this grant.

**The Shelter Operations** grant in the amount of \$80,750 was to help provide service to shelter homeless families and individuals including housing, job training, meals, daycare, substance abuse testing and treatment, transportation, mental and healthcare service and life skills training located at The Center of Hope facilities at 1311 South Eugene Street. Approximately 13,512 clients were assisted as the result of the grants.

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 findings:

**FINDING:**

Audited financial reports for fiscal year ended September 30, 2005 were due to the City by the Salvation Army on December 30, 2005 but were not received until June 5, 2006. Also, audited financial reports for fiscal year ended September 30, 2006 and any Management Letters that might have been issued were due to the City by the Agency on December 30, 2006 but have not been received as of this report.

**RECOMMENDATION:**

The Agency should deliver to the City the financial reports within 90 days of their fiscal year end.

**FINDING:**

The Agency did not begin requisitioning reimbursement for the Fiscal Year 2005-2006 until January, 2006. There were several instances whereby the total of the documents didn't agree with the requisitioned amount.

**RECOMMENDATION:**

The Agency should send in one requisition for reimbursement for each of the twelve months for the fiscal year. They should also reconcile the requisition amount to the total of the invoices sent with the requisition.

We request a written signed response from the Salvation Army of Greensboro and the Department of Housing & Community Development by April 26, 2007.

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.

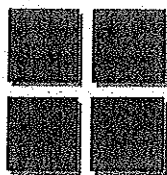


Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Major Paul Egan, Corps Officer of the Salvation Army



# HCD

Department of Housing & Community Development

**Date:** April 10, 2007  
**To:** Major Paul Egan, Salvation Army Greensboro  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** FY 06/07 Center of Hope & EA Programmatic Evaluation

HCD and Internal Audit staff conducted an onsite visit at the Salvation Army offices on March 14, 2007. HCD staff appreciates the assistance provided by the Salvation Army which was well represented by Center of Hope Director Jackie Lucas and Asst. Director Katina Troutman.

### Project Information:

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. The Center of Hope was funded for \$80,750 (CDBG) for the FY05/06 grant year.

Emergency Assistance was funded for \$26,500 (Nussbaum) in FY05/06. These funds were used to pay deposits, rent and utility bills to prevent homelessness. \$26,500 in Emergency Financial Assistance was also funded by the city in FY04/05.

At the time of the site visit the waiting list for the Center of Hope was at 124 individuals. The agency uses HMIS (11 licenses) and has no serious complaints with its use.

### Spending:

The Center of Hope had regularly submitted, monthly, requisition requests during the FY05/06 year. The full amount funded was expended.

<b>Center of Hope Measures:</b>	<b>FY04/05</b>	<b>FY05/06</b>
Total Served (Including Winter Overflow):	1,426	1,511
New Participants (COH):	590	654
Client Nights:	21,403	22,792
Average Occupancy (COH):	60%	65%
Ave. Length of Stay Shelter (days):	-	40
Ave. Length of Stay Trans/Shelter (days):	-	104

Emergency Assistance requisition requests were submitted on a fairly regular basis. The full amount was expended by the end of March 2006. In addition to HCD EFA 1,320 individuals were served with other funding. This totals (w/other funding) 1,715 individuals served with EFA.

<b>Emergency Assistance Measures:</b>	<b>FY04/05</b>	<b>FY06/07</b>
Total Vouchers:	256	174
▪ Rent	33%	28%
▪ Electricity	42%	41%
▪ Water	10%	6%
▪ Gas	11%	14%
▪ Mortgage	1%	1%
▪ Oil	3%	2%
Total Family Members Served by HCD funding:	517	395

**Salvation Army Advisory Board:**

44 Advisory Board members and 10 Emeritus members:

W: 11

M: 33

The organization fulfilled the Board Training (3 members) requirement for 2004, 2005 and 2006. HCD recommends the Duke Non-Profit Management program for board members of all agencies. The board meets almost monthly, met 10 times in FY05/06, and is composed of many different professional disciplines.

Minutes are maintained and are understandable.

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.

**Financial Review:**

No pressing financial concerns. Internal Audit does request the agency's independent external audit within 90 days of its September 30<sup>th</sup> fiscal year end.

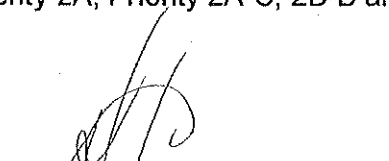
**Appropriateness for City Funding: ELIGIBLE**

(The above is HCD staff opinion only. An "Eligible" agency is not guaranteed funding only eligibility to participate in the Continuum of Care/GCHPC competitive process for City funding. The CRB is then responsible to make funding recommendations to City Council which makes the final decision for funding for an agency.)

The Salvation Army Center of Hope and Emergency Assistance programs are eligible and effective uses of Homelessness Prevention funding. Performance records were clear and understandable. There are no disqualifying financial concerns for future City funding.

- Relationship to 2005-2009 Consolidated Plan: Priority 2A; Priority 2A-C; 2B-B and Objective 2A.

  
\_\_\_\_\_  
Michael Blair  
Specialist Grant Compliance

  
\_\_\_\_\_  
Andy Scott  
Director HCD



# City of Greensboro

**Date:** March 28, 2007  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit Division  
**Subject:** HCD Reply to IA Report-Salvation Army 2005-2006

Thank you for your reply of March 26, 2007. Internal Audit agrees with Housing & Community Development's response to IA' subject draft report dated March 19, 2007. Please note we still need H&CD's programmatic report for the Salvation Army.

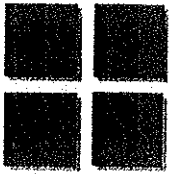


Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director


Cc: Ben Brown, Assistant City Manager for Economic Development



# HCD

Department of Housing & Community Development

## MEMO

Date: March 26, 2007  
To: Len Lucas, Internal Audit Director  
From:  Michael Blair, Specialist Grants Compliance  
RE: HCD Review of Salvation Army Audit Report

---

After review of the March 19<sup>th</sup>, 2007 draft Internal Audit report on the Salvation Army Center of Hope and Emergency Assistance, for 2005-2006, HCD submits the following:

### IA FINDING 1:

Audited financial reports for fiscal year ended September 30, 2005 were due to the City by the Salvation Army on December 30, 2005 but were not received until June 5, 2006. Also, audited financial reports for fiscal year ended September 30, 2006 and any Management Letters that might have been issued were due to the City by the Agency on December 30, 2006 but were not received as of this report.

### IA RECOMMENDATION 1:

The Agency should deliver to the City the financial reports within 90 days of their fiscal year end.

- **HCD Reply to Recommendation 1:** Concur.

### IA FINDING 2:

The Agency did not begin requisitioning reimbursement for the Fiscal Year 2005-2006 until January, 2006. There were several instances whereby the total of the documents didn't agree with the requisitioned amount.

### IA RECOMMENDATION 2:

The Agency should send in one requisition in for reimbursement for each of the twelve months for the fiscal year. They should also reconcile the requisition amount to the total of the invoices sent with the requisition.

- **HCD Reply to Recommendation 2:** Concur. HCD adjusted several requisition requests.

**Summary:** HCD generally concurs with the Internal Audit report. It should be noted that the agency agreements prevent over payment by setting a maximum amount to be requisitioned.



April 27, 2007

Major Paul Egan  
Corps Officer  
The Salvation Army  
P. O. Box 5310  
Greensboro, NC 27435-0310

Re: The Salvation Army of Greensboro Grant Year-2005 to 2006

Dear Major Egan:

We are in receipt of your letter dated April 26, 2007 reference the City's Internal Audit report dated April 12, 2007 for the 2005 to 2006. Your timely response to our report is appreciated.

Regarding the requirement that The Salvation Army of Greensboro's audited financials be received within 90 days of your fiscal year end, we appreciate that you are planning to meet with your auditors and your headquarters to discuss ways to speed up the process so that you will be able to meet the 90 day's requirement. As you are aware the City makes this a requirement of all its grantees so that we can have the latest financial data available in making the best decision possible about past and future grants.

We are aware that The Salvation Army of Greensboro must have its contracts reviewed and executed by its headquarters and that this process sometimes delays the requisition process. Also, thank you for adding the process of reconciling your requisition request amount to the total of your paid invoices.

The City of Greensboro appreciates The Salvation Army in its efforts for serving the citizens of Greensboro.

Sincerely,

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

Mickey Kerans  
Internal Auditor

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

Len Lucas  
Internal Audit Director

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





DOING  
THE MOST  
GOOD

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

April 26, 2007

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 2007-08 Housing and Community Development Grant Proposals.

The first recommendation requests that our audited financial reports be delivered within 90 days of our fiscal year end. This will be an extremely hard task to complete as these reports have not been completed this early ever before. We rely on our outside independent auditors and our headquarters for these reports. This is also our busiest program season of the year. We are planning to meet with our auditors and our headquarters' representatives in the coming weeks to discuss how to speed up the process.

Our hope is that the City will reconsider lengthening this time to turn in audits. It is my understanding that this is a hardship to the other funded agencies as well. Even when our audit is completed, it can take days or a few weeks to be reviewed by our headquarters before we can officially submit it.

The second recommendation is that we send in one requisition for reimbursement per month, and that we reconcile the requisitioned amount to the total of the invoices sent with the requisition. It is always with due diligence that we submit reports within the requested timeframe. However, locally, we are unable to sign off on the contracts. Contracts have to be submitted to our Divisional Headquarters Social Services Director and from there submitted to our Territorial Headquarters in Atlanta. There are always revisions made to the contracts as it relates to religion that both parties have to agree on. Once this process is finalized and all agree, the City Attorney makes the necessary changes. The contracts are then signed and re-submitted to our headquarters for final review and signing. As in the past we do not receive the signed approved contracts until the end of December. Per Susan Crotts, we cannot submit reimbursement requests without signed approved contracts, so that is why there is a delay in submitting the requisitions. As it relates to matching up the invoices against the requested amounts, we rectified that in early January by submitting summary reports with each requisition indicating exactly what each check total was covering, as well as the appropriate expense category. We will continue to strive with excellence in this area as you require.

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

Sincerely,

Major Paul Egan  
Corps Officer  
The Salvation Army of Greensboro

cc: Michael Blair  
cc: Gwen Torain  
cc: Mickey Kerans