



Date: April 30, 2007
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Ole Asheboro Neighborhood Association / Nettie Coad Apartments

The Internal Audit Division has completed our annual review of The Ole Asheboro Neighborhood Association in conjunction with a Programmatic Review by the Housing & Community Development Department for the 2004-2005 fiscal 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', is written over a horizontal line.

Len Lucas
Internal Audit Director

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



Date: August 22, 2006
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: Ole Asheboro Street Neighborhood Association 2004-2005

The Internal Audit Division has performed our compliance review of the year ended December 31, 2004 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 Ole Asheboro are presently working under is dated October 20, 2004 and expired July 31, 2006. 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.

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 December 31, 2003, the reserve for this project had a balance of \$33,218 but at December 31, 2004 the balance was \$1,215. 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. As per note X of the 2003 external audit, the auditor mentioned that the contract for the project was \$94,500 and the grant was only \$72,000. There were no plans for raising the remaining \$22,500 by the Association. The project when complete will include computer access outlets, a meeting room, two restrooms, a food pantry and a kitchen.

We accompanied Mr. Doug Booth, Housing Construction Manager 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 lease agreement and found everything agreed except for the following findings:

FINDING:

The external audit of the 2005 calendar year of the tenant per the lease was due 90 days their fiscal year end or by March 31, 2006. We were advised at time of our fieldwork and inspection that the external audit for fiscal year ended 2005 would be delivered to us by July 31, 2006 by their auditor. On July 28, 2006, we were advised by Ole Asheboro, that the audit would be due to us within one week. As of this report date, we have not received Ole Asheboro's 2005 audit.

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:

We have not received the Management Letter or 990 tax return from Ole Asheboro for year ended December 31, 2005.

RECOMMENDATION:

Ole Asheboro should provide to the City the Management Letter and the 990 tax return for 2005.

We request a response from the Department of Housing & Community Development and the Ole Asheboro Street Neighborhood Association by September 6, 2006.

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
Dorothy Brown, President of the Board of Directors of Ole Asheboro Street Neighborhood Association



Date: August 21, 2006
To: Dorothy Brown, Board Chair
From: Michael Blair, City of Greensboro, HCD
RE: *FY06/07 Nettie L. Coad Apartments Programmatic Evaluation*

Project Information:

The Nettie L. Coad Apartments are located at 503 Martin Luther King Jr. Drive in Greensboro, NC. It is managed by Ole Asheboro Street Neighborhood Association, Inc.

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.

Programmatic & Contract Compliance:

The affordability requirement of 50% of Median has been met according to documentation received from management.

Incomes of residents are certified annually per the agreement.

All six of the tenant files contained required income, lease and inspection documentation. The files are in good condition.

The property does maintain a current waiting list and the lease provided is greater than 12 months in length. There are no prohibitions on the length of lease terms in the agreement.

Last year the following recommendation was made: *It is recommended that on the certification of tenant rent rolls should include columns for move-in income as well as annual re-certification income. This will help with compliance reviews in the future.*

This recommendation has been implemented and HCD appreciates the effort.

The management office needs to post a fair housing sign in English however it does have a sign posted in Spanish which is commendable.

Contractual, affordability and income, requirements have all been met.

Additional Financial & Board Review:

Last year's review noted that Management had been using 60% of Median Income for move-in qualification instead of 50% which is stipulated by the agreement. This issue has been resolved according to documentation provided by management.

HCD requests that the external audit and other financial reports be delivered to Internal Audit as soon as it becomes available.

Condition:


The apartments are in a generally good state of repair. The interior is well maintained and comfortable. The unit visited by HCD staff was both well furnished and nicely laid out.

Please forward in writing any repairs or other actions referenced in the HCD inspection report to Internal Audit once they are completed.

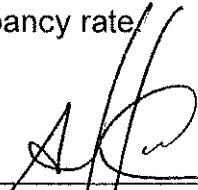
Occupancy:

The reported occupancy rate from January 2006 to July 2006 has been 98% (2% vacancy rate) which is excellent in the current market.

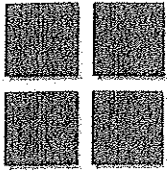
October 2005 Carolina Real Data vacancy rate for the Greensboro/Winston Salem MSA is 9.1%. The general vicinity in Greensboro where the Nettie Coad Apartments are located had a 10.5% vacancy rate or an 89.5% occupancy rate.



Michael Blair
Specialist Grants Compliance




Andy Scott
Director HCD



HCD

Department of Housing & Community Development

MEMO

 **Date: September 27, 2006**
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 August 22, 2006 Internal Audit report of the Ole Asheboro Street Neighborhood Association, Incorporated (Association), for 2004-2005, HCD submits the following:

IA FINDING 1:

The external audit of the 2005 calendar year of the tenant per the lease was due 90 days their fiscal year end or by March 31, 2006. We were advised at time of our fieldwork and inspection that the external audit for fiscal year ended 2005 would be delivered to us by July 31, 2006 by their auditor. On July 28, 2006, we were advised by Ole Asheboro, that the audit would be due to us within one week. As of this report date, we have not received Ole Asheboro's 2005 audit.

IA RECOMMENDATION 1:

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 1:** *The current lease requires that OASNA submit an audit by June 15th, not March 15th as stated. However, it has not been submitted so HCD agrees that this can be a finding.*

IA FINDING 2:

We have not received the Management Letter or 990 tax return from Ole Asheboro for year ended December 31, 2005.

IA RECOMMENDATION 2:

Ole Asheboro should provide to the City the Management Letter and the 990 tax return for 2005.

- **HCD reply to Recommendation 2:** *HCD believes that "Finding 2" should be included with "Finding 1" and does not merit being listed as its own finding.*

On the above recommendations HCD concurs with the Internal Audit report with the reservations mentioned.



Date: September 29, 2006
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: HCD Reply to IA Report-Nettie Coad Apartments 2004-2005

Thank you for your reply of September 27, 2006. Internal Audit agrees with Housing & Community Development's response to IA's subject report dated August 22, 2005.

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 23, 2006

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Ms. Dorothy Brown
Executive Director
Ole Asheboro Street Neighborhood Association
503 Martin Luther King Jr. Drive
Greensboro, NC 27406

Re: Ole Asheboro Street Neighborhood Asssocation-2004 to 2005

Dear Ms. Brown:

This letter is a follow up to our review report of August 22, 2006 on subject agency. See copy of our report enclosed. We asked you to reply in writing to our report by September 6, 2006. As of today we have not received your written response. Your timely response to our report will be appreciated. If you should have any questions, please call me at 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

Ole Asheboro Street Neighborhood Association Inc

December 6, 2006

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

Dear Mr. Lucas:

This is to inform you that the Ole Asheboro Street Neighborhood Association, Inc, voted in a new board of directors on October 9, 2006 at its regular monthly neighborhood meeting held at the Musikgarten 507 Arlington at 7 PM.

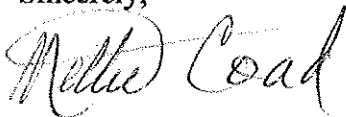
The new directors plan to retain the services of Jan Malone as manager of the Nettie Coad Apartments. We are working with Ms. Malone and our auditor, Ronnie Nelson Davis, CPA, to complete the external audit that was due March 31, 2006, and we will also submit the Management Letter and 990 tax return for 2005.

Moving forward we will see that all reports and financial disclosures are submitted to your office in a timely manner.

We will request a meeting with Mr. Andrew Scott and his staff to review responsibilities associated with management of the Nettie Coad Apartments in order to comply with all legal and other requirements of the city.

We appreciate the leniency with which you have worked with the neighborhood and management and it is our intent to satisfy the contractual agreement going forward.

Sincerely,



Nettie Coad, President
Ole Asheboro Street Neighborhood Association, Inc.

Directors:

Carl W. Brower Jr.
Dorothy Rankin
Margurite Ray
Adrien Lewis

Vice President
Secretary
Asst- Secretary
Treasurer



City of Greensboro
North Carolina

January 3, 2007

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

Re: Nettie Coad Apartments-2004 to 2005

Dear Ms. Coad:

We are in receipt of your letter dated December 6, 2006 reference the City's Internal Audit report letter dated August 22, 2006 for the 2004 to 2005 Year. Your timely and concise response to our report is appreciated. We have reviewed your letter and our response is as follows:

1. We are in agreement that as soon as Ronnie Davis, CPA completes her audit, you should forward the external audit, management letter and 990 tax return for the year ended December 31, 2005.
2. We also agree that going forward all reports required by the contract should be delivered to the City in a timely manner.
3. You will be requesting a meeting with Mr. Andrew Scott to review staff responsibilities associated with the City contract.

Please send us the above documents as soon as possible.

Sincerely,



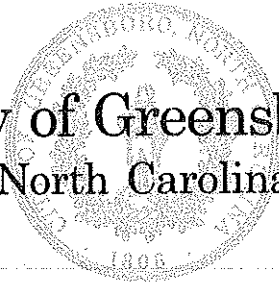
Mickey Kerans
Internal Auditor



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 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-2004 to 2005

Dear Ms. Coad:

We are in receipt of Ole Asheboro Street Neighborhood Association, Inc.(OASNA) audited financials for Year Ended December 31, 2005. This is in reference the City's Internal Audit report letter dated August 22, 2006 for the 2004 to 2005 Year. This report was due to us per the agreement between OASNA and the City in June, 2006. As a reminder, the audit report and Management Agreement for OASNA for Year Ended December 31, 2006 will be due in June, 2007.

We have reviewed the Audit and Management Letter prepared by Ronnie Nelson Davis, CPA. There are some concerns in the Management Letter that need to be addressed and rectified as soon as possible by OASNA's Board of Directors. Please advise.

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

OLE ASHEBORO STREET NEIGHBORHOOD ASSOCIATION INC.

A Non-Profit Organization

503 Martin Luther King Jr. Drive, Suite 106
Greensboro, North Carolina 27406

Monday, April 16, 2007

BOARD OF DIRECTORS:

PRESIDENT

Nettie M. Coad
275-4836

VICE-PRESIDENT

Carl Brower Jr.
370-1752

SECRETARY

Marguerite B. Ray
333-2949

ASSISTANT SECRETARY

Dorothy Rankin
273-8779

TREASURER

Adriane Lewis
272-0928

CHAPLAIN

John Waddell
275-7955

Mr. Mickey Kearns
Internal auditor
City of Greensboro
PO Box 3136
Greensboro, N. C. 27402

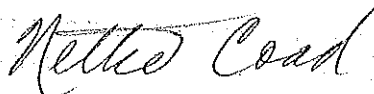
Dear Mr. Kearns:

This is response of your letter regarding the Ole Asheboro Street Neighborhood Association, Inc. audit report and management letter.

In answer to your concerns about the management letter, the neighborhood under new leadership, has worked to reorganize the association, develop a work plan and to the build the capacity to implement the goals and objectives. In addition, some of the new families in the neighborhood helped develop the work plan and have signed on to committees to work in various areas of activity related to the plans goals. We feel confident this will be a very positive year!

Mrs. Ronnie Davis will begin the 2006 audit within the next couple of weeks and hopefully will have it completed by the end of June. In the future it is our goal to have all reports and documentation required by your office submitted in a timely manner.

Sincerely Yours,

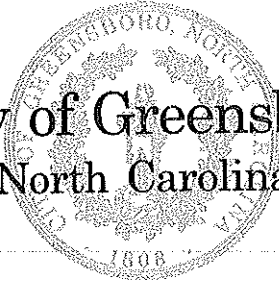


Nettie Coad

cc: Mr. Andrew Scott
Director, HDC

Nettie Coad Apartments Manager Jan Malone
Community Resource Center 574-2408

City of Greensboro
North Carolina



April 17, 2007

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

Re: Nettie Coad Apartments-2004 to 2005

Dear Ms. Coad:

We are in receipt of Ole Asheboro Street Neighborhood Association, Inc.(OASNA) letter dated April 16, 2007. This is in reference the City's letter dated March 16, 2007 concerning the Management Letter prepared by Ms Ronnie Davis, CPA for the fiscal year ended December 31, 2005.

We have reviewed your goals and objectives and wish you much success in solving the issues outlined in Ms. Davis' Management Letter. The City will continue to monitor OASNA on a periodic basis.

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