



**Date:** May 22, 2007  
**To:** Mitchell Johnson, City Manager  
**From:** Internal Audit Division  
**Subject:** Guilford Interfaith Hospitality Network

The Internal Audit Division has completed our annual review of The Guilford Interfaith Hospitality Network in conjunction with a Programmatic Review by the Housing & Community Development Department for the 2005-2006 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'.

Len Lucas  
Internal Audit Director

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



**Date:** April 24, 2007  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit  
**Subject:** Guilford Interfaith Hospitality Network

The Internal Audit Division has performed our yearly monitoring visit of the Guilford Interfaith Hospitality Network which received a Shelter Operations grant in the amount of \$17,000 and an Emergency Assistance grant in the amount of \$5,000 from the City of Greensboro during the 2005 to 2006 grant year.

**The Shelter Operations** grant in the amount of \$17,000 was to help support the operational costs incurred, including salaries, insurance, accounting fees, van expenses, postage and printing and supplies for a Day Care center located at 707 N. Greene St. Approximately 26 homeless families were assisted as the result of this grant.

**The Emergency Assistance** grant in the amount of \$5,000 was used to assist with past due rents and utilities; rental and utility deposits; and emergency hotel shelter for homeless families to enable them to move from homelessness to self-sufficiency. Approximately 30 families were served as a 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 except for the following findings:

**FINDING:**

Audited financials for the 12 months ending December 31, 2005 and the Management Letter were due to the City by March 31, 2006. However, we did not receive the financials and Management Letter until July 27, 2006.

**RECOMMENDATION:**

The Grantee should provide financials as per the grant agreement within 90 days of their fiscal year end.

**FINDING:**

The Grantee only requisitioned from the Emergency Services grant for 2005 to 2006 approximately 26% of the \$5,000 or \$1,306.25 leaving an unexpended balance of \$3,693.75. Only two requisitions were sent in for the Emergency Services grant and the first was dated March 9, 2006. In reference to the Shelter Operations grant only three requisitions were sent in and the first was dated February 8, 2006.

**RECOMMENDATION:**

The Grantee should have controls in place that insure the entire grants from the City are requisitioned on a monthly basis. If there are no payments to requisition for a month, then the Grantee should issue a negative report for that month.

We request a written signed response from Guilford Interfaith Hospitality Network and the Department of Housing & Community Development by May 9, 2007.

We would like to thank Ms. Kenyatta Richardson, Executive Director; Mr. Eric Cassetty, Board Treasurer and the staff of the Guilford Interfaith Hospitality Network 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  
Kenyatta Richardson, Executive Director of Guilford Interfaith Hospitality Network



Department of Housing & Community Development

**Date:** April 23, 2007  
**To:** Kenyatta Richardson, Director, Guilford Interfaith (GIHN)  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** *FY06/07 GIHN Paisley House & EA Programmatic Evaluation*

The City of Greensboro Department of Housing and Community Development (HCD) and city Internal Audit staff conducted an onsite visit at the administrative offices of Guilford Interfaith Hospitality Network (GIHN) on March 21<sup>st</sup>, 2007. HCD staff appreciates the time and cooperation provided for this review.

### **Project Information:**

Guilford Interfaith Hospitality Network operates Paisley House which is an emergency shelter for homeless families often with children. The shelter was funded for \$17,000 for FY05/06 which was successfully completed June 30, 2006. In addition Paisley House received \$14,000 in FY04/05. The FY06/07 grant year is currently underway.

Emergency Assistance was provided for families who were homeless and participating in the program; this was a \$5,000 grant in FY05/06. These funds were used to pay deposits, rent and utility bills to prevent the return to homelessness.

The program is unique in that the participants do not stay over-night at the shelter. A coalition of churches takes participants in for the evening to spend the night. Then they return to Paisley House for the day hours. Typically a family will stay with one congregation for a week then move to another.

### **Spending:**

The full amount funded for shelter operations was expended before the fiscal year end. Three requisitions were submitted but only three monthly reports were provided to HCD. HCD had requested that monthly reports be submitted for every month during FY05/06.

Emergency Assistance requisition requests for clients of Paisley House were not entirely spent and \$3,693.75 remained at the end of the grant year. This is the second consecutive year where a sizable percentage of available assistance went unexpended.

HCD recognizes that there can be difficulties in spending emergency assistance funds for small agencies however if such funding is requested HCD expects the funding to be spent in a timely manner.

**Paisley House Measures:**

	<b>FY04/05</b>	<b>FY05/06</b>
Total Families FY04/05 Served:	49	21
Total Individuals Served:	159	77
Client Nights:	6,676	3,778
Average Occupancy:	157%	73.3%
Ave. Families/Night:	6	4
Ave. Individuals/Night:	18	10
Adults:	58	30
Children:	101	47
Maximum Stay:	6 Months	105 Days
Average Length of Stay (days):	44	44

The number of families/individuals served FY05/06 was 21. This is a significant decline from FY04/05 (49) as well as below the proposed total of 26 to be served in FY05/06. Unfortunately in FY05/06 GIHN only reported January through March (of 2006) which does not allow HCD to verify these measures.

**GIHN Board Composition:****11 Members with the Following Areas Represented:**

2 Local Government Administration; 1 Legal; 1 Medical; 1 Construction; 2 Finance; 1 Former Guest; 1 Education

GIHN has fulfilled the HCD Board Training (3 members) requirement in 2004, 2005 and 2006. Three board members attended a state sponsored fiduciary training in March 2007. HCD also recommends the Duke Non-Profit Management program for board members of all agencies. The board attempts to meet monthly. Minutes are maintained and are understandable. They maintain several committees with the Finance Committee acting as the board Audit Committee.

**Financial Review:**

No disqualifying conditions. Please refer to the Internal Audit for details.

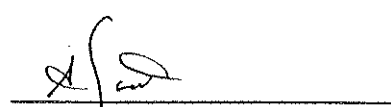
**Appropriateness for City Funding: ELIGIBLE**

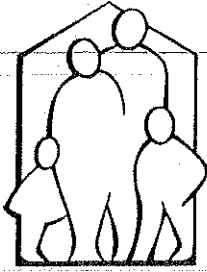
(An "Eligible" agency is not guaranteed funding only eligibility to participate in the Continuum of Care/GCHPC competitive process for City funding. The CRB is then responsible to make funding recommendations to City Council which makes the final decision for funding for an agency.)

GIHN Paisley House is an eligible use of Homelessness Prevention funding. The concept is unusual but appears to be effective in assisting homeless families. Performance records show a decline in the number of people served which needs to be addressed. There are no disqualifying financial concerns for future City funding.

- Relationship to 2005-2009 Consolidated Plan: Priority 2A and 2A-C

  
Michael Blair  
Specialist Grants Compliance

  
Andy Scott  
Director HCD



# Interfaith Hospitality Network

P.O. Box 20227  
Greensboro, NC 27420  
Phone (336) 574-0333  
Fax (336) 574-0575

1307 Guyer St.  
High Point, NC 27265  
Phone (336) 886-1121  
Fax (336) 886-1125

**Date:** Wednesday, May 09, 2007  
**To:** Mickey Kerans  
**From:** Kenyatta Richardson, Executive Director  
**Subject:** Guilford Interfaith Hospitality Network Audit Response

Guilford Interfaith Hospitality Network is in receipt of your Internal Audit Letter for our 2005 -2006 Emergency Assistance and Shelter Operations Grants. The Executive Board and Finance Committee have reviewed your findings and recommendations and have prepared the following responses.

With regard to the finding that audited financials were due to the city by March 31, 2006 but were not received until July 27, 2006, GIHN maintains no fault. Our audit was scheduled to be completed before the date that it was due. It was, however, rescheduled repeatedly by the contracted auditor (Cherry, Baekert, Holland, LLP). We were informed in late May, while awaiting our completed audit, that the local office was closing and that our field work would be reviewed and completed by another branch office in Raleigh. Though we were promised a smooth transition and a speedy resolution this was not to be the case. Our completed audit was not received until late July at which time it was forwarded to your offices after board approval.

With regard to the finding that only 26% of the Emergency Services grant was used by our organization, GIHN experienced a change in administrative management soon after the first requisition was made. There were many files and information that went unaccounted for during this time. The former administrative manager failed to communicate to the Board of Trustees the necessary processes to draw down funds on these grants and I attempted to make up the difference based on the files that I was able to locate when I arrived. This accounts for the 26% that was expended. Going forward, as the Executive Director, I am very clear on the process and currently make proper use of these funds in a timely and consistent manner. When there are no payments to requisition, I understand that a negative report should be issued.

Thank you, Mr. Kerans, for your fair assessment during our audit. We appreciate your recommendations and plan to utilize them in hopes of continuing to provide assistance to homeless citizens in Greensboro. If you have further questions or comments please contact me at 574-0333.

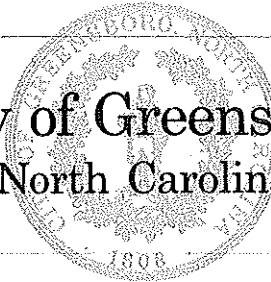
Sincerely

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Kenyatta Richardson  
Executive Director

Cc: Bo Morgan, GIHN Board President

City of Greensboro  
North Carolina



May 11, 2007

Ms. Kenyatta Richardson  
Executive Director  
Guilford Interfaith Hospitality Network  
P. O. Box 20228  
Greensboro, NC 27420

Re: Guilford Interfaith Hospitality Network Grant Year-2005 to 2006

Dear Kenyatta:

We are in receipt of your letter dated May 9, 2007 reference the City Internal Audit Department report of the grant for 2005-2006 Year. Your timely response to our report is appreciated. We have reviewed your letter and agree with your responses and corrective measures.

Sincerely,

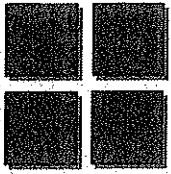
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Mickey Kerans  
Internal Auditor

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



# HCD

Department of Housing & Community Development

## MEMO

*AL*

**Date:** May 14, 2007  
**To:** Len Lucas, Internal Audit Director  
**From:** Michael Blair, Specialist Grants Compliance  
**RE:** FY06/07 HCD Review of GIHN Audit Report

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After review of the March 26<sup>th</sup>, 2007 Internal Audit report on Guilford Interfaith Hospitality Network, for 2005-2006, HCD submits the following:

### IA FINDING 1:

Audited financials for the 12 months ending December 31, 2005 and the Management Letter were due to the City by March 31, 2006. However, we did not receive the financials and Management Letter until July 27, 2006.

### IA RECOMMENDATION 1:

The Grantee should provide financials as per the grant agreement within 90 days of their fiscal year end.

- HCD Reply to Recommendation 1: *No comment.*

### IA FINDING 2:

The Grantee only requisitioned from the Emergency Services grant for 2005 to 2006 approximately 26% of the \$5,000 or \$1,306.25 leaving an unexpended balance of \$3,693.75. Only two requisitions were sent in for the Emergency Services grant and the first was dated March 9, 2006. In reference to the Shelter Operations grant only three requisitions were sent in and the first was dated February 8, 2006.

### IA RECOMMENDATION 2:

The Grantee should have controls in place that insure the entire grants from the City are requisitioned on a monthly basis. If there are no payments to requisition for a month, then the Grantee should issue a negative report for that month.

- HCD Reply to Recommendation 2: *Concur*

**Summary:** HCD concurs with finding 2 and has responded with a "no comment" on finding one.





**Date:** May 16, 2007  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit Division  
**Subject:** HCD Reply to GIHN Grant 2005-2006

Thank you for your reply of May 14, 2007. Internal Audit agrees with Housing & Community Development's response to IA' subject report dated April 24, 2007.

Handwritten signature of Mickey Kerans in black ink.

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