



**Date:** June 28, 2007  
**To:** Mitchell Johnson, City Manager  
**From:** Internal Audit Division  
**Subject:** Mary's House, Incorporated

The Internal Audit Division has completed our annual review of Mary's House, Incorporated 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.

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:** May 4, 2007  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit  
**Subject:** Mary's House, Inc.

The Internal Audit Division has performed our yearly monitoring visit of the Mary's House which received an Emergency Assistance grant in the amount of \$7,500 and a Shelter Assistance grant in the amount of \$30,000 from the City of Greensboro during the 2005 to 2006 grant year.

**The Emergency Assistance** grant for \$7,500 was used to provide emergency assistance with rental housing and utility deposits for residents or alumni of Mary's House. Approximately 24 clients were served as result of this grant. The grant was under requisitioned by the Agency in the amount of \$1,720.99.

**The Shelter Operations** grant in the amount of \$30,000 was to provide operational costs including food and provisions, medical supplies, resident travel and transportation, utilities, repairs and maintenance, insurance, security, cleaning expenses and costs of staff for Mary's House located at 520 Guilford Avenue. Approximately 34 clients were assisted as the result of this grant. The agency requisitioned the entire 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 their contracts except for the following:

**FINDING:**

Regarding the Shelter Operations grant, there were several instances whereby the Agency sent in documents for reimbursement that the total included NC Sales Tax. The Agency files to North Carolina for reimbursement of Sales Tax on goods and services.

**RECOMMENDATION:**

The Agency should only request reimbursement for goods and services which amounts are net of NC Sales Tax.

**FINDING:**

In reference to the Shelter Operations grant there were several occasions whereby the requisition amount submitted did not reconcile to the total of the documents submitted. Also, the Agency got off track in numbering the requisitions in sequence.

**RECOMMENDATION:**

The Agency should reconcile the requisition amount requested to the total of the documents submitted to make sure they equal. They also should maintain the requisition numbers in sequence to avoid possibility of a duplicate payment by the City.

We request a written signed response from Mary's House, Inc. and the Department of Housing & Community Development by May 18, 2007.

We would like to thank Ms. Craig Thomas, Executive Director; Ms. Ellen Edwards, Bookkeeper and the staff of the Mary's House 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.

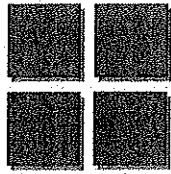


Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Craig Thomas, Executive Director of Mary's House, Inc.



# HCD

Department of Housing & Community Development

**Date:** May 3, 2007  
**To:** Ms. Craig Thomas, Executive Director, Mary's House  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** FY06/07 Mary's House & EA Programmatic Evaluation

HCD and Internal Audit staff conducted an off-site monitoring visit of Mary's House on April 13, 2007. HCD staff appreciates the assistance provided by Ms. Craig Thomas and Ms. Ellen Edwards, bookkeeper for Mary's House.

### Project Information:

Mary's House is a transitional shelter/emergency shelter for homeless women, and their children, who also suffer from substance abuse and/or addictions.

The shelter was funded by the City \$30,000 for FY05/06 and Mary's House also received \$7,500 for Emergency Assistance to assist 32 program participants for rental housing and utility deposits in FY05/06.

It should be noted that during the monitoring visit it was suggested by Ms. Thomas that an "Ethics and Personal Boundaries" should be offered to new staff of local agencies. HCD agrees and will investigate how this could be accomplished.

Mary's House subscribes to CHIN however is not pleased with the system.

### Spending:

Mary's House had regularly submitted Shelter Operations requisition requests during FY05/06. The FY05/06 Emergency Assistance allocation was not fully expended by \$1,720.99.

<b>Mary's House Shelter Operations Measures:</b>	<b>FY04/05</b>	<b>FY05/06</b>
Total Served <sup>(HCD)</sup>	27	37
Client Days <sup>(HCD)</sup>	4693 (391/m)	5,671 (472/m)
Average Occupancy <sup>(HCD)</sup>	83%	98%
Average Daily Census <sup>(HCD)</sup>	13	16
Veterans <sup>(HUD APR)</sup>	0	0
Chronically Homeless <sup>(HUD)</sup>	0	0
Length of Stay <sup>(HCD)</sup>		
Less than 30 days:	17%	13%
1 to 2 months:	0%	13%
3-6 months:	17%	13%
7-12 months:	17%	38%
13-24 months:	50%	25%
Transitioned to Permanent Housing <sup>(HUD APR)</sup>	89%	100%
Average Length of Stay <sup>(HCD)</sup>	324/d	315/d (10.5/m)
Graduation Rate Entry w/in FY <sup>(HCD)</sup>	58%	48%

**Mary's House Board Composition:**

13 members (6: W and 6: M) with the following categories represented:

- 2 education
- 4 mental health/pastoral counseling/medical
- 3 finance/accounting/cpa

Mary's House has fulfilled HCD Board Training (3 members) requirements for 2004, 2005 and 2006. The board meets every other month, plus May and June, which is a good level of activity. HCD recommends the Duke Non-Profit Management program for board members of all agencies.

Minutes are maintained and are understandable. The finance committee serves as the audit committee with Ms. Thomas and Ellen Edwards as ex-officio members. The finance chairperson is a CPA and talks with the Mary's House auditor and also gets the monthly bank statement. The Board evaluates the executive annually.

**Financial Review:**

No serious financial concerns. Please see the draft April 17, 2007 Internal Audit report for details.

**Appropriateness for City Funding: ELIGIBLE**

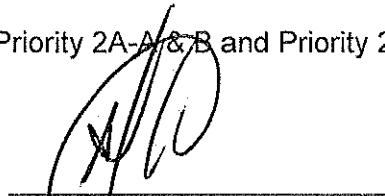
(The above is HCD staff opinion only. An "Eligible" agency is not guaranteed funding only eligibility to participate in the Continuum of Care/GCHPC competitive process for City funding. The CRB is then responsible to make funding recommendations to City Council which makes the final decision for funding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

Mary's House is an eligible and effective use of Homelessness Prevention funding. It provides a much needed service to women who are (or have been) homeless, and suffering from addiction, plus their children. Mary's Homes has been successfully launched and gives one more helpful housing alternative to program participants. Performance records were clear and understandable.

There are no disqualifying financial concerns for future City funding, no performance concerns, and in addition there are no annual external audit issues that prevent future funding.

√ Relationship to 2005-2009 Consolidated Plan: Priority 2A-A & B and Priority 2B-A & B.

  
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Michael Blair  
Specialist Grants Compliance

  
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Andy Scott  
Director HCD



# City of Greensboro

**Date:** May 23, 2007

**To:** Andy Scott, Director of Housing & Community Development

**From:** Internal Audit Division

**Subject:** HCD Reply to IA Report-Mary's House 2005-2006

Thank you for your reply of May 22, 2006 reference Mary's House's IA report dated May 4, 2007. Internal Audit agrees with Housing & Community Development's responses.

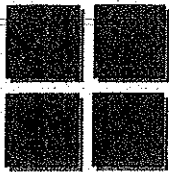


Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director


Cc: Ben Brown, Assistant City Manager for Economic Development



# HCD

Department of Housing & Community Development

## MEMO

**Date:** May 22, 2007  
**To:** Len Lucas, Internal Audit Director  
**From:**  Michael Blair, Specialist Grants Compliance  
**RE:** FY06/07 HCD Review of Mary's House Audit Report

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After review of the draft April 17<sup>th</sup>, 2007 Internal Audit report on Mary's House, for 2005-2006, HCD submits the following:

### IA FINDING 1:

Regarding the Shelter Operations grant, there were several instances whereby the Agency sent in documents for reimbursement that the total included NC Sales Tax. The Agency files to North Carolina for reimbursement of Sales Tax on goods and services.

### IA RECOMMENDATION 1:

The Agency should only request reimbursement for goods and services which amounts are net of NC Sales Tax.

- HCD Reply to Finding/Recommendation 1: Concur. This is in the agreement in §6-B which references Circular No. A-122, Attachment B.

### IA FINDING 2:

In reference to the Shelter Operations grant there were several occasions whereby the requisition amount submitted did not reconcile to the total of the documents submitted. Also, the Agency got off track in numbering the requisitions in sequence.

### IA RECOMMENDATION 2:

The Agency should reconcile the requisition amount requested to the total of the documents submitted to make sure they equal. They also should maintain the requisition numbers in sequence to avoid possibility of a duplicate payment by the City.

- HCD Reply to Finding/Recommendation 2: Concur

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**IA FINDING 3:**

Regarding the Emergency Services grant for \$7,500, the Agency only requisitioned \$5,779.01 leaving a balance that was not requisitioned of \$1,720.99.

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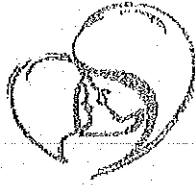
**IA RECOMMENDATION 3:**

The Agency should requisition the entire grant each year.

- **HCD Reply to Finding/Recommendation 3:** Concur

**Summary:** HCD generally concurs with the Internal Audit report.





**Mary's House**  
520 Guilford Avenue  
Greensboro, NC 27401  
336.275.0820

**To: Andy Scott**  
**Director of Housing and Community Development**

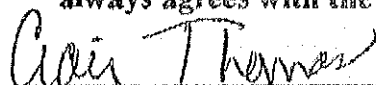
**From: Craig Thomas**  
**Executive Director**

**Date: May 8, 2007**

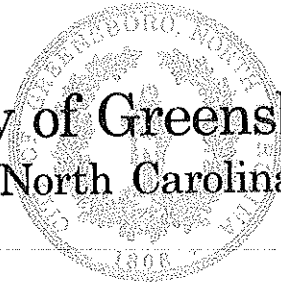
**RE: Response to Internal Audit**

**Thank you for the opportunity to serve Greensboro citizens in Mary's House and through emergency assistance.**

1. **Mary's House, Inc. agrees to carefully check invoices and to remove any sales tax prior to submission. We always submit invoices during a year that are not totally paid due to funding limits so any payback is not necessary.**
2. **Mary's House is currently using the city generated reporting system which automatically numbers the requisitions in sequence. No invoices were submitted for duplicate payment.**
3. **Mary's House will check to be sure the requisitions and the invoices match. However, upon occasion, the city grant staff will disallow an expenditure request for reimbursement (example-gift cards for food for residents) or reduce the amount the city wishes to reimburse. This is within the city's contractual right. Mary's House always agrees with the change requested by city staff.**

  
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**Craig Thomas**

City of Greensboro  
North Carolina



June 25, 2007

Ms. Craig Thomas  
Executive Director  
Mary's House  
520 Guilford Avenue  
Greensboro, NC 27401

Re: Mary's House Grant Year-2005 to 2006

Dear Craig:

We are in receipt of your fax dated June 22, 2007 reference the City's Internal Audit report of the 2005 to 2006 Year. As you stated in your fax, you responded to Andy Scott of the Department of Housing and Community Development by letter but you did not send Internal Audit a copy. In the future, please be sure that Internal Audit receives a copy of your response letter. We have reviewed your letter and agree with responses and corrective measures.

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