



Date: November 6, 2006
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Maggie & Erma's House 2004-2005

The Internal Audit Division has reviewed Maggie & Erma's House 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'.

Len Lucas
Internal Audit Director

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



Date: May 31, 2006
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit
Subject: Maggie & Erma's House, Inc.

The Internal Audit Division has performed our yearly monitoring visit of the Maggie & Erma's House (Agency) which received a Shelter Operations grant in the amount of \$3,609 from the City of Greensboro during the 2004 to 2005 grant year.

The Shelter Operations grant in the amount of \$3,609 was used to provide operational costs for rent and utilities for clients of Maggie & Erma's House located at 1501 W. Friendly Avenue. Approximately 7 homeless single women clients were assisted as the 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 their contract except for the following findings:

FINDING:

Maggie & Erma's external audited financials, 990 tax return and management letter for twelve months ended December 31, 2005 were due to the City by March 30, 2005, however, neither the financials, 990 tax return nor the audit were received because the Agency has not contracted them to be prepared as of date of this report. The Agency is maintaining its books on a cash basis.

RECOMMENDATION:

As per the grant contract with the City, the Agency is to submit audited financials, 990 tax return and management letters within 90 days of the end of their fiscal year end. The grant states that the financials of the Agency should be maintained in accordance with generally accepted accounting principles and practices.

FINDING:

The Agency sent their requisitions to Housing & Community Development without adequate support documentation of disbursements. The Agency requisitioned the monies before the disbursement was made. Housing & Community Development, however, reimbursed the Agency as the requisition was submitted and did not request copies of disbursements.

RECOMMENDATION:

The Agency should send in copies of paid disbursements with each requisition. Housing & Community Development should only reimburse the Agency when copies of disbursements add to the total of the requisition from the Agency.

FINDING:

City check #109226 dated September 28, 2004 in the amount of \$680.00 was not deposited into the Agency's bank account until November 1, 2004.

RECOMMENDATION:

City checks should be deposited into the Agency's bank account in a timely manner.

We request a written signed response from the Agency and the Department of Housing & Community Development by June 14, 2006.

We would like to thank Ms. Josette Daniels, Executive Director of the Maggie & Erma's House for her 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.

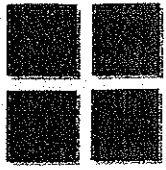


Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Josette Daniels, Executive Director of Maggie & Erma's House, Inc.



HCD

Department of Housing & Community Development

Date: May 26, 2006
To: Josette Daniels, Director, Maggie and Erma's
From: Michael Blair, City of Greensboro HCD
RE: *Maggie and Erma's House Programmatic Evaluation*

Project Information:

Maggie and Erma's House is a 9 to 12 month transitional program for single women with substance abuse issues (Primarily Crack Cocaine). The shelter was funded by the City \$3,609 for 2004-2005 which was successfully completed June 30, 2005.

HCD staff has evaluated program information and wishes to make note of the fact that 2 of the 4 women that exceeded 4 months in the program had very positive outcomes. While the other 3 FY04/05 participants, who stayed for shorter periods, had either relapses or unknown outcomes (Not necessarily negative just abrupt and unknown results) HCD is very pleased to see that Maggie and Erma's House makes the effort to track and document the outcomes of their program.

Spending:

The FY04/05 funding was fully spent.

There was a documentation error in the agency requisitions however HCD staff has obtained the necessary backup material for records. This may have occurred due to the agency not using the HCD funding as a reimbursable but as a direct payment.

Maggie and Erma's House Measures 2004-2005:

Total Served (set goal in City Proposal)	7 (7)
Length of Stay	
Less than 30 days:	14%
1 to 2 months:	14%
3-6 months:	14%
7-12 months:	57%
Transitioned to Permanent Housing	43%
Average Length of Stay	142 days

Maggie and Erma's Board Composition:

6 members with the following categories represented:

- 1 former participant
- 2 educational
- 1 social work
- 1 legal
- 1 self employed
- 4: W
- 2: M

Maggie and Erma's fulfilled the HCD Board Training (3 members) requirement on June 22nd, 2004. HCD recommends the Duke Non-Profit Management program for board members of all agencies. HCD staff did not have access to board minutes for this review.

HCD does not recommend that an Executive Director sit on a Board of Directors in a voting capacity. If deemed as necessary for Board membership then the Executive Director should participate in an ex-officio capacity. It must be noted that this is not a regulatory or statutory requirement simply HCD's concept of a "Best Practice". It is intended to address Board Independence and Transparency.

Financial Review:

No serious financial concerns.

Appropriateness for City Funding: CONTINGENT

The above is HCD staff opinion only. A "Contingent" agency is not guaranteed funding only eligibility to participate in the HPCGC competitive process for City funding. If the agency meets HPCGC/City project requirements the CRB is then responsible to make funding recommendations to City Council which makes the final decision for funding for an agency.

Maggie and Erma's is an effective use of Homelessness Prevention funding. It provides a much needed service to women with serious substance abuse problems. Performance records were clear and understandable and they show a successful program.

There are minor record keeping concerns which can easily be addressed by the agency should it desire to pursue future City funding.

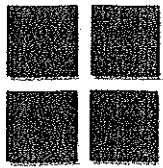
√ Relationship to 2005-2009 Consolidated Plan: Priority 2B-A and Priority 2B-B.



Michael Blair
Specialist Grants Compliance



Andy Scott
Director HCD



HCD

Department of Housing & Community Development

MEMO

Date: May 4, 2006
To: Len Lucas, Internal Audit Director
From: Michael Blair, Specialist Grants Compliance
RE: HCD Review of Maggie & Erma's Internal Audit Report

After review of the April 10th, 2006 Internal Audit report on Maggie and Erma's House, for 2004-2005, HCD submits the following:

IA FINDING 1:

Maggie & Erma's external audited financials, 990 tax return and management letter for twelve months ended December 31, 2005 were due to the City by March 30, 2005, however, financials, 990 tax return nor the audit were received because the Agency has not contracted them as of date of this report. The Agency is maintaining its books on a cash basis.

IA RECOMMENDATION 1:

As per the grant contract with the City, the Agency is to submit audited financials, 990 tax return and management letters within 90 days of the end of their fiscal year end. The grant states that the financials of the Agency should be maintained in accordance with generally accepted accounting principles and practices.

- *HCD Reply to Recommendation 1:* *Concur with the audit portion of the finding but is a Form 990 required of all non-profits?*

IA FINDING 2:

The Agency sent their requisitions to Housing & Community Development without adequate support documentation of disbursements. The Agency requisitioned the monies before the disbursement was made. Housing & Community Development, however, reimbursed the Agency as the requisition was submitted and did not request copies of disbursements.

IA RECOMMENDATION 2:

The Agency should send in copies of paid disbursements with each requisition. Housing & Community Development should only reimburse the Agency when copies of disbursements add to the total of the requisition from the Agency.

- **HCD Reply to Recommendation 2:** *HCD now has copies of requisition backup. The system currently in place would not allow a similar situation to occur.*

IA FINDING 3:

City check #109226 dated September 28, 2004 in the amount of \$680.00 was not deposited into the Agency's bank account until November 1, 2004.

IA RECOMMENDATION 3:

City checks should be deposited into the Agency's bank account in a timely manner.

- **HCD Reply to Recommendation 3:** *Concur.*

IA FINDING 4:

As per the Agency's roster of clients, they served clients outside the Greensboro area.

IA RECOMMENDATION 4:

As per the grant contract with the Agency, section 1. Scope of Services it states "Contractor shall provide the services under this Agreement only to the residents of the City of Greensboro.

- **HCD Reply to Recommendation 4:** *Concur unless those clients served were homeless prior to entry into the program. In that case it would not make a difference if their last address prior to homelessness was outside of the city limits of Greensboro.*

Examples of what determines being Homeless for our purposes:

A person is considered homeless only when he/she resides in one of the places described below:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street). (1 or 2)*
- In an emergency shelter. (3)*
- In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters (make sure you have evidence that the person came from the streets or emergency shelter situation). (4)*
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution. (5)

- Is being evicted within a week (7 days) from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (6)
- Is being discharged within a week (7 days) from an institution, such as a mental health or substance abuse treatment facility in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (7)
- Is being released from prison/jail with no subsequent residence identified and the person lacks the resources and support networks needed to obtain housing. (8)
- Is fleeing a domestic violence-housing situation, no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (9)
- Is living in substandard housing that has been condemned. (10)

Summary: On recommendation one (1) and (2) HCD concurs with the Internal Audit report. On recommendation three (3) HCD concurs under certain circumstances.



Date: May 8, 2006
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: HCD Reply to IA Report-Maggie & Erma's House Grant 2004-2005

Thank you for your reply of May 4, 2006. Internal Audit agrees with Housing & Community Development's response to IA's subject draft report dated April 10, 2006.

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

City of Greensboro
North Carolina

October 3, 2006

Ms. Josette Daniels
Executive Director
Maggie & Ermas's House, Inc.
1501 W. Friendly Avenue
Greensboro, NC 27403

Re: Maggie & Erma's House Grant Year-2004 to 2005

Dear Ms. Daniels:

This letter is a follow up to our review report of May 31, 2006 on subject agency. See copy of our report enclosed. We asked you to reply in writing to our report by June 14, 2006. As of today we have not received your 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

City of Greensboro
North Carolina

October 23, 2006

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Ms. Josette Daniels
Executive Director
Maggie & Ermas's House, Inc.
1501 W. Friendly Avenue
Greensboro, NC 27403

Re: Maggie & Erma's House Grant Year-2004 to 2005

Dear Ms. Daniels:

This letter is the second follow up to our review report of May 31, 2006 on subject agency. We asked you to reply in writing to our report by June 14, 2006. As of today we have not received your written response. Your timely written response to our report will be appreciated. If you should have any questions, please call me at 373-2821

Sincerely,

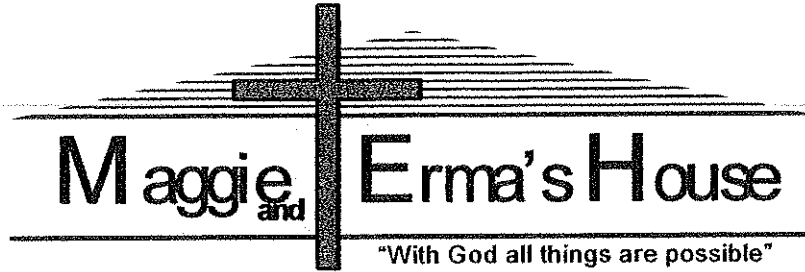


Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

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



1501 West Friendly Avenue
Greensboro, North Carolina 27407
336-691-1604

October 26, 2006

Dear City of Greensboro:

I apologize for not responding by letter before now. I have a brother who has brain cancer and I have been dividing my time in Greenville, North Carolina as well.

Maggie and Erma's House, Inc. has not had an audit due to a low budget. We have inquired of an audit with a couple of Certified Public Accountants in the city. However, due to cost of \$4000.00-5,000.00 fees that would have hurt our budget.

The year 2004 to 2005 was the first year we have received grant money from the City of Greensboro. We paid our bills from our account and asked for reimbursement to be deposited into our bank account. However, in the letter we received, it was stated that we asked for money before paying the bills.

City check #109226 (\$680.00) was not deposited after September 28, 2004 (when received) because it was misplaced and found later and deposited on November 1, 2004. In error, the check was filed in with some other papers.

Enclosed is the 990 form for 2005. If I have not answered all of your questions, please call me at 336-987- 9227.

Sincerely,

Josette L. Daniels

Josette L. Daniels
Founder/Director

City of Greensboro
North Carolina

October 31, 2006

Ms. Josette Daniels
Executive Director
Maggie & Erma's House, Inc.
1501 West Friendly Avenue
Greensboro, NC 27407

Re: Maggie & Erma's House Grant Year-2004 to 2005

Dear Ms. Daniels:

We are in receipt of your letter dated October 26, 2006 reference the City's Internal Audit report dated May 31, 2006 for the 2004 to 2005 Year for Maggie & Erma's House. We have reviewed your letter and accept your responses. If Maggie & Erma's House receives City Funding in the future, the external audit requirement will have to be met.

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