

INTER-OFFICE MEMORANDUM



FULTON COUNTY

TO: Trey White, Director of Housing and Human Services

FROM: *Anthony Micks*, Director of Internal Audit

SUBJECT: Monitoring of the Home Policies and Procedures 2nd through 3rd Quarter 2011

DATE: June 18, 2012

The Office of Internal Audit has completed an audit of the Home Program Policies and Procedures for the 2nd through 3rd Quarter of 2011. Attached is a copy of our audit report including findings and recommendations for corrective action.

If you have any additional questions please contact me.

Attachment

cc: Zachary Williams, County Manager



FULTON COUNTY, GEORGIA
OFFICE OF INTERNAL AUDIT
MONITORING OF HOME PROGRAM POLICIES
AND PROCEDURES

2ND QUARTER THROUGH 3RD QUARTER 2011

June 18, 2012

Monitoring of the Home Program Policies and Procedures Audit Second Quarter 2011 Through Third Quarter 2011

Introduction

At the request of the Department of Housing and Urban Development (HUD), we are required to monitor and assess the effectiveness of the policies and procedures implemented for the HOME Investment Partnership Program (HOME Program). The policies and procedures have been adopted by the Housing and Community Development Department (Housing Department). The programs include the Tenant Based Rental Assistance (TBRA), the American Dream Down Payment Initiative (ADDI), the Housing Rehabilitation Program (HRP), and the Home Ownership Program (HOP). The programs are described as follows:

- Tenant Based Rental Assistance (TBRA) program assists eligible participants with securing non-luxury safe and sanitary housing in the private rental market.
- American Dream Down payment Initiative (ADDI) is designed to help first-time homebuyers with the biggest hurdle to homeownership: down payment and closing costs. The program was created to assist low-income first-time homebuyers with purchasing single-family homes by providing funds for down payment, closing costs, and rehabilitation.
- Housing Rehabilitation Program (HRP) provides emergency assistance grants and deferred payment loans to improve living conditions of low and moderate income Fulton County residents, eliminate blighted conditions in targeted neighborhoods and preserve the basic character of the County's neighborhoods.
- Home Ownership Program (HOP) provides down payment and/or closing cost assistance to income-eligible first-time homebuyers and those who have not owned a home in the last three years.

Objective

The objective of our review was to assess the effectiveness of the procedures and controls implemented by the Housing Department. In addition, we determined if adequate internal controls have been implemented to address the audit findings issued in previous audit reports.

Scope

The periods covered by this review include the 2nd and 3rd quarters of 2011.

Methodology

The HOME programs reviewed include those which incurred expenditures within the scope period. Participant files and financial records were reviewed for compliance with HUD's requirements. Checklists provided on the HUD's website were used extensively as a source of guidance for the review of the participant files. The financial records were reviewed for their consistency, accuracy and timeliness. We also reviewed records for conformity with the Housing Department's policies and procedures as well as compliance for expenditures that pertain to the Georgia Urban County Consortium (GUCC) contract.

**Monitoring of the Home Program Policies and Procedures Audit
Second Quarter 2011 Through Third Quarter 2011**

Our findings and recommendations are listed below:

Findings and Recommendations

Finding 1 - Requests for Reimbursement Not Submitted Timely

According to the Housing Department's policies and procedures, the department should submit draw requests for current month's expenditures to the County's Finance Department by the 15th of the following month. We noted expenditures for April, July, August, and September 2011 were not requested for draw down in a timely manner. The Housing Department's delay in processing expenditures caused the draw requests to be submitted late. Late submission of draw requests may result in the delay of the recovery of funds from HUD.

Recommendation

The Housing Department should adhere to its policies and procedures to ensure that draw requests are submitted to the Finance Department in a timely manner. All expenditures should be submitted by the 15th day of the following month as required.

Finding 2- Salary Expenditures Not Drawn Down

The Housing Department should prepare a salary allocation for administrative costs based on time to be charged to a program. The schedule should be submitted with a draw request to the Finance Department to be properly drawn down. Based on our review of the 2nd and 3rd quarter of 2011, the salary expenditures were not drawn down. The Housing Department failed to prepare the support and allocate salary expenditures for the HOME program. Therefore, the Finance Department will not draw funds until a proper allocation is presented and approved.

Recommendation

The Housing Department should submit all schedules of salary allocation to the Finance Department in a timely manner so that funds can be drawn down.

We would like to thank the management and staff from Fulton County Housing and Community Development for their cooperation and assistance during this monitoring process.