



FULTON COUNTY

FULTON COUNTY, GEORGIA

OFFICE OF INTERNAL AUDIT

**FULTON COUNTY DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
AUDIT OF THE HOME PROGRAM POLICIES AND
PROCEDURES**

March 26, 2009

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Introduction

At the request of the Department of Housing and Urban Development (HUD), we conducted a review of the implementation of the policies and procedures of the Home Investment Partnership Program adopted by the Fulton County Housing and Community Development (FCHCD). The purpose of our review was to determine if FCHCD has established adequate internal control procedures to correct the audit findings issued in the HUD report dated March 7, 2008. Our review consisted of an examination of files from the Home Ownership Assistance Program, The Community Housing and Development Organization, and Homeowner Rehabilitation Program. The scope of our review was limited to those files that are affected by the implementation of the newly adopted policies and procedures to determine if the implementation of those policies and procedures are effective. As a result, only a small number of files were available for review. However, we intend to conduct a more comprehensive review of the implementation of the policies and procedures during our next quarterly review. Information regarding the review of each program follows.

Community Housing and Development Organization (CHDO)

A Community Housing and Development Organization (CHDO) is a non-profit, 501 C 3 organization, that retains housing for the community it serves. The CHDO communities must serve a defined geographic community. The target populations that benefit from CHDO housing are the low to moderate-income groups. The Fulton County Housing and Community Development is a sub recipient of grant funds and distribute the funds by its own selection process. The families who benefit from this grant are selected from a pool of applicants based on background and need.

Objective

The audit objective of the review of the CHDO file was to determine if all required documentation was obtained prior to issuing the funds. In addition, the file was examined to determine if the program is monitored per HUD regulations.

Methodology

The documentation in the grant file was cross-referenced to the checklist and to the CHDO documents. The grant file and the CHDO documents were compared to the policies and procedures to insure completeness. The results indicate that the checklist is sufficient in its coverage of the applicable policy sections.

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Conclusion

The checklist used for the North Georgia Housing Development Corporation Grant was sufficient and relevant for the review of compliance by the Fulton County Department of Housing and Development. It is our opinion that the content of the file supports the areas detailed on the checklist. It is our conclusion that the funds issued for this grant received an adequate amount of documentation and oversight.

Home Ownership Assistance Program

Home Ownerships Assistance Program is an innovative homebuyer assistance program that enhances home ownership opportunity for low-income families. This program is funded primary by the Department of Housing and Urban Development (HUD). The Home Ownership Assistance Program (HOAP) has provided down payment and closing cost assistance to hundreds of low-income families in unincorporated Fulton County.

The program provides up to \$15,000 for down payment and closing costs in the form of a deferred payment loan, which requires no form of payment as long as the home remains the primary residence of the homebuyer. Twenty percent of the loan is forgiven annually.

Objective

The audit objective of this program was to determine whether Fulton County's Housing and Community Development Agency has implemented adequate policies and procedures to correct the audit findings and whether those policies and procedures are effective.

Methodology

To accomplish the objective, we reviewed all of the HOAP files completed since the HUD 2008 Audit. Specifically, we performed the following:

- Examined the individual file check list for completeness of records
- Reviewed the homeowner's assistance loan application and the income eligibility documents
- Reviewed the lender's documents for completeness
- Reviewed the individual monitoring reports
- Reviewed the homeowner's closing documents

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- Conducted interviews with the program officials on policies and other matters relevant to the program execution.
- Evaluated the internal control policies and procedures for adequacy and compliance with HUD program guidelines.

Conclusion

Based on this review, it is our opinion that the Fulton County Housing and Community Development Agency has implemented adequate and effective policies and procedures, and the records are in compliance with HUD program guidelines.

Housing Rehabilitation Program

The Fulton County Housing and Community Development annually receives funds from the U.S. Department of Housing and Urban Development (HUD) under the HOME Investment Partnerships Program (HOME), and the Community Development Block Grant (CDBG) Program. These funds are used for Emergency Assistance Grants (EAG), and Deferred Payment Loans (DPL).

The Fulton County Housing and Community Development administered the Housing Rehabilitation Program. The Housing Rehabilitation Program utilizes funds from both the HOME grants and the CDBG grants. The HOME grant provides funds to the Deferral Payment Loans Program (DPL). The Emergency Assistance Grants receive funds from the CDBG grants.

Objective

The objective of this review was to determine if FCHCD has met the HUD requirements for administering the Housing Rehabilitation Program.

Methodology

We conducted interviews with the Director of Housing and the Program Coordinator to obtain general information about the operation of the program and the status of the implementation of the new policies and procedures. We reviewed a sample of four project files for compliance with the HUD Housing Rehabilitation Program regulations. In addition, the HUD audit report was examined. Specifically, we reviewed the files to determine their compliance with HUD regulations 24 CFR 92.203(b), 24 CFR 92.254(a)

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(2) (iii), and 24 CFR 92.251(a) (1). Moreover, we reviewed the project files also to substantiated whether they were in compliance with HUD requirements 24 CFR 92.203(a) (2), 24 CFR 92.254(b) for project file documentation and for participant eligibility.

Conclusion

In our opinion, the files met all of the requirements established in the aforementioned regulations. FCHCD is implementing the procedures and controls. Based on this review, the controls are working effectively.

Summary

The implementation of the newly created policies and procedures is an ongoing process. Our review indicates the policies and procedures that have been implemented meet the HUD requirements. We will continue to monitor the implementation status of all of the recommendations that are outlined in the HUD 2008 Audit Report by performing quarterly reviews.

We would like to thank the staff of the Fulton County Housing and Community Development for their cooperation in this matter.