



**FULTON COUNTY, GEORGIA**  
**OFFICE OF THE COUNTY AUDITOR**  
**Housing and Community Development**  
**HOME Program Monitoring Audit Report**  
**3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2021**  
**April 26, 2022**

**TABLE OF CONTENTS**

INTRODUCTION..... 1

BACKGROUND..... 1

OBJECTIVE ..... 2

SCOPE ..... 2

METHODOLOGY ..... 2

FINDINGS AND RECOMMENDATIONS ..... 3

    Finding 1 – Untimely Drawdown of Funds ..... 3

        Recommendation ..... 3

    Finding 2 – Incomplete and Missing Documentation for HOP Files ..... 3

        Recommendation ..... 4

    Concern: Monitoring of Expiring Funds ..... 4

        Recommendation ..... 4

CONCLUSION ..... 4

## INTRODUCTION

In accordance with the 2022 approved Audit Plan, the Office of the County Auditor has conducted a monitoring audit of Fulton County's Home Investment Partnerships (HOME) Program. The HOME Program monitoring audit is required by the Department of Housing and Urban Development (HUD) to ensure the program is being administered properly.

## BACKGROUND

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA). Under the HOME Program, HUD allocates funding by formula to participating jurisdictions to fund a wide range of activities including building, buying and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME funding allocations are awarded to participating jurisdictions based on the submission of a Consolidation Plan. As such, the Fulton County Housing and Community Development (FCHCD) Department receives funding from HUD to administer the HOME Program. HUD also provides funding to FCHCD for other federal housing grants including the Community Development Block Grant (CDBG), the Neighborhood Stabilization Program (NSP) and the Emergency Solutions Grant (ESG).

FCHCD uses HOME funds to deliver the following HOME funded activities:

- Community Housing and Development Organizations (CHDO) are non-profit, tax exempt, 501(C)(3) organizations that retain housing for the community it serves. The CHDO communities must serve a defined geographical community. The target populations that benefits from CHDO housing are low to moderate income individuals. FCHCD is required to set-aside at least 15% of the annual HOME allocation to fund CHDO projects.
- Homeowner Rehabilitation provides deferred payment loans to improve the living conditions of low and moderate income Fulton County residents. Additionally, the rehabilitation eliminates distressed conditions in targeted neighborhoods and preserves the basic character of Fulton County's neighborhoods;
- Tenant Based Rental Assistance (TBRA) provides temporary rental assistance to those very low to moderate income individuals and families who are on the housing choice voucher waiting list and/or require immediate rental assistance in order to mitigate an emergency situation; and
- Home Ownership Program (HOP) assists low and moderate income individuals and families of Fulton County with down payment assistance or closing costs funds to purchase homes.

## OBJECTIVE

The objective of this audit was to assess the effectiveness of procedures and controls implemented by the Fulton County Housing and Community Development Department, as it relates to the compliance and administration of the HOME program.

## SCOPE

The scope of the audit was for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2021 (July 1, 2021 – December 31, 2021).

## METHODOLOGY

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence, to provide a reasonable basis for our findings and conclusions based on our findings and conclusions based on our audit objectives.

To achieve our audit objectives, we evaluated FCHCD's administration of the HOME Program, which included a review of the effectiveness of controls over compliance with the program. We performed procedures to ensure:

- Sufficient staffing was present to effectively administer the HOME Program;
- Timely reconciliation between HUD's Integrated Disbursement and Information System (IDIS) and the County's Automated Management System (AMS);
- Proper documentation was obtained, reviewed and approved prior to disbursing HOME Program funds;
- HOME Program funds were committed by the required deadline;
- HOME Program activities were accurately recorded in HUD's Integrated Disbursement and Information System (IDIS);
- Proper monitoring was conducted of the HOME Program and projects;
- Appropriate documentation was maintained to validate compliance with HOME Program requirements and support performance information; and
- HOME Program funding was provided to eligible recipients.

Additionally, we interviewed key staff within the departments to determine the established processes and procedures related to contractual management and day-to-day operations.

We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below:

**FINDINGS AND RECOMMENDATIONS**

**Finding 1 – Untimely Drawdown of Funds**

According to the Fulton County Financial Management of Grant and General Funds Policies and Procedures Manual; “On a monthly basis, the Finance Division Manager or designee will verify program funds expended utilizing the AMS Advantage A491D Report.” The Standard Operating Procedures for Drawdowns further states; “Draw requests are prepared on a monthly basis, or as necessary, by the Division Manager, Financial Services or designee.”

During our review, we noted thirty-five (35) transactions, totaling five (5) draw requests, in the amount of \$333,614 that were not processed timely. The department delayed drawdowns to conduct research of 2015 HOME funds; thereby, preventing the timely submission of draw down requests to the Finance Department. By circumventing the monthly drawdown requirement, FCHCD increases the risk of noncompliance with HUD’s financial reporting requirements, de-obligation of Federal funds, and a delay in reimbursement of County funds.

**Recommendation**

We recommend management ensure all drawdown requests are properly reviewed and approved on a monthly basis.

**Finding 2 – Incomplete and Missing Documentation for HOP Files**

Section 3.12 of the HOP Policies and Procedures Manual states, “HOP loans require a Rental History Verification to be included in the applicant file.” Applicants for HOP Loans must demonstrate that they meet HOP’s eligibility criteria. We obtained and reviewed the two (2) HOP participants’ files to determine if proper supporting documentation was maintained, as required by HUD’s regulatory guidelines. Upon our review of the files, we noted the Authorization for the Release of Information form was not signed for one (1) of the two (2) participants. We also noted that the Rental Verification forms were not found in either file. The submission of incomplete

and/or missing documentation was due to an oversight by staff. The absence of required documentation could result in noncompliance with HUD's guidelines and cause eligible participants to be deemed ineligible for HOME funds due to missing or incomplete documentation.

**Recommendation**

In an effort to strengthen the department's internal controls and to comply with HUD's regulatory guidelines, we recommend management establish a review process to ensure the required documents are complete and maintained in the participant's file prior to the determination of eligibility and receiving funding from the HOME program.

**Concern: Monitoring of Expiring Funds**

HOME funds must be expended within five years of the receipt of funds. Per review of the IDIS PR01 HUD Grants and Program Income Report, there was \$179,473.20 in HOME Program Entitlement (EN) funds available to commit/draw from grant year 2015. This amount is inclusive of remaining balances carried forward from prior years. However, AMS displayed an unobligated balance of \$0. The department completed a review of these funds and concluded that the amounts available to commit/draw in IDIS did not match the unobligated balance in AMS. This difference was a result of expenditures in AMS being applied to the oldest grant funding first, also known as the First in First out (FIFO) method.

We were informed that the department requested permission to record expenditures and draw down available funds from program year 2015; however, the drawdowns were put on hold in March, 2021 to allow research of grant activity by the FCHCD and Finance, with the assistance of HUD. Finance granted permission to utilize funds and drawdowns resumed in November, 2021. Failure to meet expenditure deadlines and utilize funds within the required time frame may cause de-obligation of HOME funds, significant delays in business processes and noncompliance with Federal guidelines.

## Recommendation

We recommend the department strengthen internal controls over compliance with grant guidelines, to include monitoring of all grants, ensuring grant funds are used within the required time period, expending funds in the order in which they are received and frequently reconciling balances within IDIS and AMS.

## CONCLUSION

Based on the audit performed, we identified the following two (2) findings that require the attention of management:

- Untimely Drawdown of Funds
- Incomplete and Missing Documentation for HOP Files

Additionally, we had one concern in reference to monitoring of expiring funds.

Management should continue to ensure that appropriate corrective actions are taken to strengthen the internal controls and improve the operations of the Housing and Community Development Department. Management should work expeditiously to develop effective departmental operating policies and procedures in an effort to efficiently operate and administer the HOME Program.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Joi Hargis, Audit Coordinator, in the Office of the County Auditor at [joi.hargis@fultoncountyga.gov](mailto:joi.hargis@fultoncountyga.gov). We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.