



HOUSING AND HUMAN SERVICES DEPARTMENT

May 6, 2013

The Housing and Human Services Department is in receipt of the Fulton County Internal Audit Review of the HOME Investment Partnerships Program's 2012 3rd and 4th quarter activities. The department is greatly appreciative of the time and energy invested in helping the HOME Program remain compliant with implementing the proper controls and procedures of the United States Department of Housing and Urban Development (HUD) funded activity.

The following action will take place to address the items noted.

- Finding 1: Tenant Based Rental Assistance (TBRA) Enrollment

Given challenges in the housing market such as increased rental rates versus increased HUD approved limits, HOME staff has recognized that contracting with the Housing Authority to maintain a set number of participants each month of the contract period is unrealistic. Changes will be made to adjust future contracts for TBRA providers to enforce a maximum monthly participation number versus a fixed monthly participation number. In addition, future TBRA contract terms will extend for 24 months versus the current 12 month term to help guarantee a longer funding stream which would allow providers, such as housing authorities, to renew or fund additional leases once old leases have expired.

- Finding 2: Georgia Urban County Consortium 2010 Contract (HM10-5300/Cobb County)

The 12 month contract between Fulton County and Cobb County did not expend 100% of the \$1.2 million of returned HUD funds. . A better forecasting model will be implemented as well as an improved process for research and information sharing with other HUD entities will be enacted with guidance from HUD and the Internal Audit Department

- Finding 3: CHDO contracts missing from organization files

A periodic review of the CHDO organization's files will be conducted with the use of the Rev 02/2010 HUD checklist. No payments will be made for CHDO projects without referencing the contract number of the project; however, the signed contract along with copies of the checks disbursed and the progress payment invoices for each project may not be included in the project file due to pending County policy that department will not distribute their program checks and no check will be held for stay to incorporate in the files and review process

- Finding 4 - Rehabilitation Program Project File's documentation should include a reconciliation of contracts and payments

Internal control measures will be put in place and review with Internal Audit Department to ensure and prevent overpayments. The process currently utilized at the



financial level will be duplicated at the client file level to ensure no losses to the County. All future Rehabilitation files will have a spreadsheet inserted into the permanent file that reconciles the project invoices and change orders to the checks issued for payment.

- Finding 5 –Home Ownership Program Inspections

The Home Ownership Program will determine the feasibility of not accepting loan request for properties that are bank owned short sale properties with limited to no access for inspections beyond the certified appraisal documentation. Inspection logs will also be tracked and included for future review.

- Concern 1-Response to Audit Department and HUD

The Housing Division will adhere to the policy of responding to all audit reports within 30 days of receipt.

- Concern 2-Proof of Management Review by Signature

The Affordability Tracking Database will be provided to Senior Management a minimum of annually to ensure a signed management review is properly documented.

- Concern 3 –Delayed Draw Down Requests

Coordination with the County’s financial department will commence to review and revise the County and Department procedures to increase the efficiency of its programmatic and financial reviews and the timeliness of submitting draw requests for HUD related expenditures. This action will involve cash flow management and cross-department coordination.

- Concern 2: Management Review

Management Review of the affordability periods for down payment assistance contract is a constant factor in the daily operations of the program. The HOME Program Manager is responsible for tracking program activity and has been instrumental in the design of the majority of all tracking logs for the unit. Please clarify which level of management review is needed and in what format to document that proper controls are in place.

