



INTER-OFFICE MEMORANDUM

TO: Anthony Nicks, Director
Office of Internal Audit

FROM: Troy D. White, Director
Housing and Human Services

DATE: July 1, 2012

RE: Second Quarter 2011-Third Quarter 2011
Internal Audit of the HOME Program's
Policy & Procedures Implementation

The monitoring report prepared by the Internal Audit Department for second quarter 2011 and third quarter 2011 listed the following findings and recommendations in their assessment of the procedures and controls of the HOME Investments Partnerships Program. Of the two (2) findings noted, both are financial in nature and reflect inconsistencies that occurred in 2011 related to department procedures. Neither of the findings noted identify any fraudulent activities, nor do they denote any practices that are not in concert with federal regulations.

The recommendations provided are currently in practice and are being adhered to in the manners outlined in the corresponding responses below.

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.

Response

The Housing Department will adhere to its policies and procedures to ensure that draw requests are submitted to the Finance Department in a timely manner. Because compliance reviews are conducted prior the authorization of payments thus increasing the length of time to execute and process pay requests, the existing policy to submit draw requests by the 15th of each month is being revised. The revised

policy will reflect a suitable timeline that ensures adequate time for programmatic compliance reviews in addition to meeting all standards and level of review.

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 October 2010 through March 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.

Response

As recommended, the Housing Department will submit all schedules of salary allocations the Finance Department in a timely manner. A staffing restructuring occurred in early 2012 and procedures are in place to ensure that the recommendation is adhered to.