



FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Housing and Community Development
HOME Program Monitoring Audit Report
3rd and 4th Quarter of 2023
July 19, 2024

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 – Insufficient Staffing..... 3

 Recommendation..... 4

 Concern 1: AMS and IDIS Systems Not in Alignment..... 4

 Recommendation..... 4

 Concern 2: Program Inactivity and Inefficiency 4

 Recommendation..... 5

CONCLUSION..... 5

INTRODUCTION

In accordance with the 2024 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 Community Development Department receives funding from HUD to administer the HOME Program. HUD also provides funding for other federal housing grants including the Community Development Block Grant (CDBG), the Neighborhood Stabilization Program (NSP), and, the Emergency Solutions Grant (ESG).

The Community Development Department 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 benefit from CHDO housing are low to moderate-income individuals. The department 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 to mitigate an emergency situation; and
- The 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 Community Development Department, as it relates to the compliance and administration of the HOME program.

SCOPE

The scope of the audit was for the 3rd and 4th quarters of 2023 (July 1, 2023 – December 31, 2023).

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 audit objectives.

To achieve our audit objectives, we evaluated the Community Development Department'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 the 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 six (6) draw requests, totaling \$60,300.00 that were not processed timely. Per the department, the delay in processing the drawdowns is attributed to the accounting practices within the Community Development Department and the Grants Division of Fulton County. Not adhering to the monthly drawdown requirement increases the risk of noncompliance with HUD’s financial reporting requirements, de-obligation of federal funds, and a delay in the reimbursement of funds to the County.

Recommendation

We recommend the Community Development Department work in conjunction with the Grants Division to ensure all drawdown requests are prepared, properly reviewed and approved monthly

Finding 2 – Insufficient Staffing

According to the *Uniform Guidance*, “Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.” According to this guideline, sufficient staffing, with the appropriate skill sets, are required to effectively administer the HOME Program. During the 2022 audit of the HOME program, management’s response to insufficient staffing was to hire a Compliance Officer to assist in monitoring the administration of the HOME program. This position was not filled until November of 2023; although, funding for this position was transferred to the department in June of 2022. Per discussion with the department, the job posting remained open for several months to attract qualified candidates. A Compliance Officer was hired in January of 2023; however, the salary demand could not be met, and no other candidates were recommended for hire. Failure to maintain necessary and knowledgeable staff to operate the program at all levels, could lead to a decrease in the program's operational effectiveness and reduce the efficient administration of the HOME Program.

Recommendation

We recommend management develop the necessary steps to ensure staffing is maintained at the appropriate level, and knowledgeable personnel are in place to administer the HOME Program efficiently and effectively.

Concern 1: AMS and IDIS Systems Not in Alignment

According to the policy, “On a monthly basis, the Community Development Department, Finance Division Manager or designee will verify program funds expended, utilizing the AMS Advantage A491D Report. The Division Manager, Financial Services, or its designee will also use the IDIS PR01 Report of HUD Grants and Program Income Report and the PR02 List of Activities by Program Year and Project Report to identify activities and program funds available to draw.” During the scope of the audit, the department expended 2015 and 2016 HUD HOME funds, which were reimbursed by HUD. The reimbursed funds are then reallocated to the unobligated balance in the AMS system for FY 2020 and 2021. As such, the IDIS 2015 and 2016 available balance does not match the AMS HM15 and HM16 unobligated balance. This is due to the IDIS system having remaining balances for prior years, based on the first-in, first-out methodology previously used. This lack of alignment may cause inaccuracies in record keeping, and reporting, and may cause unallowed disbursement of funds.

Recommendation

We recommend the department make diligent efforts to exhaust prior year grant funds through HUD approved expenditures, to aid in the progression of aligning the two systems.

Concern 2: Program Inactivity and Inefficiency

The 2023 Consolidated Annual Performance and Evaluation Report (CAPER) illustrates the Community Development Department’s collaborations to coordinate funding to enhance community development activities and services to Fulton County citizens. Based upon the 2023 CAPER, the CHDO, TBRA, and the Rehab programs completed 0% of the anticipated goals, and only eight (8) homeowners received down payment assistance through the HOP program. Per discussion with the department, the TBRA program was last active in 2021, while the department focused on creating the policies and procedures manual and hiring a Division Manager to oversee the program. Additionally, the inactivity of the CHDO program was due to the rejection of the Requests for Proposals not being in alignment with program guidelines. This inactivity creates a risk for noncompliance with federal guidelines and the potential for de-obligation of funds.

Recommendation

We recommend the department ensure compliance with grant guidelines to achieve targeted goals. Additionally, the department should monitor grant funds, to ensure all HOME programs are active and funds are used on eligible programs within the required time frame.

CONCLUSION

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

- Untimely Drawdown of Funds
- Insufficient Staffing

Additionally, we noted two (2) concerns in reference to program inactivity and inefficiency, as well as a concern regarding the AMS and IDIS systems not being in alignment. Management should continue to ensure that appropriate corrective actions are taken to strengthen the operational efficiency of the Community Development Department.

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 Shauna Herbert, Audit Manager, in the Office of the County Auditor at shauna.herbert@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.