



FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Housing and Community Development
HOME Program Monitoring Audit
3rd and 4th Quarter of 2024
May 15, 2026

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INTRODUCTION

In accordance with the 2025 approved Audit Plan, the Office of the County Auditor 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; and
- The HOME Ownership Program (HOP) assists low and moderate-income individuals and families of Fulton County with down payment assistance or closing cost assistance to purchase homes.

OBJECTIVE

The objective of the 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 3rd and 4th quarters of 2024 (July 1, 2024 – December 31, 2024).

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. We believe that the evidence obtained provides 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:

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

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

FINDINGS AND RECOMMENDATIONS

Finding 1 – Inaccurate Reporting of HOME Match Fund

HUD regulations require participating jurisdictions to accurately document and report all match contributions in accordance with 24 CFR §92.508 and maintain complete, verifiable records for the HOME Match Log (24 CFR §92.220–§92.222). According to 24 CFR §91.520(a), the Consolidated Annual Performance and Evaluation Report (CAPER) must reflect complete and accurate financial reporting.

During our review of the FY 2024 HOME Match Report, we noted several inaccuracies in the reported match contribution amounts. Specifically:

- The January 2024 total contained a reporting error;
- The March 2024 amount required correction; and
- A July 2024 amount was omitted from the report.

As a result of these inaccuracies, the reported FY 2024 match total was incorrect. The report reflected a total of \$218,840, while the correct total was \$212,730, resulting in an overstatement of \$6,110. Although the required match amount was met, this led to discrepancies between the ending 2024 match balance and the beginning match balance for 2025. Pursuant to discussion with the department’s management, the issue appears to be from manual reporting, combined with insufficient reviews to prevent and detect errors prior to reporting. A statement will be added to the FY 2025 CAPER to address the difference in the beginning and ending balances. Failure to accurately calculate and report financial information may result in inaccurate reporting, increased risk of audit findings, and noncompliance with HUD guidelines.

Recommendation

To address inaccuracies in the reporting of matching funds, we recommend that management strengthen internal controls over financial reporting to ensure calculations are accurate and complete prior to submission. Management should also establish clear communication with consulting groups to verify the accuracy and completeness of all reported information.

Finding 2 - Untimely Certification of Personnel Activity Reports

Federal regulations under 2 CFR § 200.430(i) require that compensation charged to federal awards be supported by contemporaneous Personnel Activity Reports (PARs). These records must accurately reflect the work performed and be timely certified by an authorized official to

ensure the documentation is reliable, complete, and aligned with the corresponding payroll periods.

During our review of Personnel Activity Reports for the period May 8, 2024, through January 3, 2025, we noted that PARs were not certified in a timely manner. Although the reports were signed by the Director, all certifications were completed on the same date, several months after the applicable payroll periods. In some instances, multiple PARs were certified on the same day, rather than contemporaneously with the payroll cycle. This is due to a lack of monitoring and review to ensure timely completion and certification of PARs. The delayed certification of PARs reduces the reliability of documentation supporting salaries charged to the grant.

Recommendation

To address the delay in certifying Personnel Activity Reports, we recommend that management establish a formal timeline for the submission and approval of PARs aligned with the payroll cycle. We also recommend implementing automated reminders or a tracking log to monitor outstanding certifications. Additionally, supervisory oversight, including monthly compliance checks, will help ensure PARs are reviewed and certified contemporaneously, as required by federal regulations.

Finding 3 - Missing and Incomplete Documentation

Program requirements and internal policies mandate that all loan files contain complete and accurate documentation to ensure program compliance. During our review of eleven (11) loan files for the Home Ownership Program (HOP), we identified ten (10) files with missing or incomplete documents necessary to support program compliance, such as income verification forms, borrower identification, pay stubs, credit reports, bank statements, and additional documentation to ensure eligibility for Home Program assistance. Additional documentation was requested; however, the documents could not be located.

The issue appears to have resulted from personnel changes during the review period, combined with insufficient controls over document retention and review processes. Failure to maintain complete loan documentation increases the risk of noncompliance with HUD program requirements, the inability to verify borrower eligibility, and potential exposure to questioned costs.

Recommendation

We recommend that management strengthen internal controls surrounding document review and retention to ensure all required documentation is properly maintained for program

compliance. Furthermore, update policies and procedures to clearly outline required documentation, and provide training to staff responsible for loan documentation and file review.

Finding 4 – Error in Income Eligibility Calculation

According to section 5.2 of the HOP Policy and Procedures Guidelines (Program Policy and Underwriting Guidelines), a HOP applicant’s stated income must be supported by two concurrent months of paystubs, three most recent years of tax returns (or transcripts), verification of employment, and other documentation as may be required. The multiple forms of proof ensure that stated income is adequately substantiated.

During our review, we noted that an external consultant determined the borrower’s projected income exceeded the applicable HOME/HOP Program limit. Using the established methodology, the consultant annualized the borrower’s income based on the average gross pay from the four (4) paystubs submitted with the application, resulting in a projected annual income of \$85,730.23. This amount significantly exceeds the allowable limit of \$77,400 for a three-person household. The Community Development Specialist performed an alternate calculation based on the weekly average of the year-to-date gross income and a newly obtained paystub. The projected income using this method was \$75,153, which is within the applicable limit. However, the Specialist miscalculated the number of weeks, overcounting by one (1) week, thereby understating the projected income. The correct projected income is \$76,898.20, which is below the limit. We note that the error did not affect the final eligibility determination. The departure from established procedures to meet eligibility thresholds without clear reasoning, justification, and documentation may be considered a policy violation and perceived as preferential treatment.

Recommendation

We recommend that management realign policies and procedures to ensure compliance with HUD HOME Program recordkeeping guidelines, promote consistency in processes and outcomes, and prevent actual or perceived bias.

Finding 5 –Undocumented Income Projection Procedures

According to the HUD’s Technical Guide for Determining Income and Allowances for the HOME Program (Chapter 2, “Anticipating Income”), alternate methods to project income may be used if there is verifiable evidence that current circumstances are unlikely to continue for the next twelve (12) months. Alternate procedures should be formalized through policy and written procedures and supported by documentation in the file.

In the above finding, two (2) of the four (4) paystubs originally submitted included significant overtime pay, which increased the projected income, and would have resulted in the applicant being ineligible for the program. The department, however, used an alternate method to calculate the projected income. Upon inquiry with the department, it was stated that the County has alternate processes that are used to approve applicants. However, there is no formal policy or documented procedure governing this process, and there is no evidence or approval in the loan file to justify the alternate method. The absence of formalized policies, procedures, and supporting documentation in income calculation methods increases the risk of errors, inconsistent eligibility determinations, and noncompliance with HUD guidelines.

Recommendation

We recommend that the department develop and implement formal written policies and procedures on the use of alternative income projection methods in accordance with HUD guidelines.

Finding 6 – Work Authorized Prior to Execution of Contract

Pursuant to 2 CFR §200.318(b) General procurement standards: “the non-federal entity must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders”. During our review, we noted that consulting services were performed prior to execution of the contract. The vendor performed services in January and February of 2024, although the contract was not fully executed until March 4, 2024. As a result, there was no enforceable document in place to ensure the contractor adhered to the terms, conditions, and specifications in the contract at the time the above services were performed.

Per discussion with the Department of Purchasing and Contract Compliance, the effective date for a procurement project is detailed in the action item presented to the Board of Commissioners (BOC) for approval. In this instance, the December 6, 2023 agenda item stated: “Effective upon BOC approval for the term January 1, 2024 – December 31, 2024”. Although the Board approved the item, the contract was not forwarded to the vendor until January 31, 2024. The vendor did not provide all required documentation and the signed contract until March 4, 2024. Failure to fully execute a contract before authorizing services puts the County at risk for disallowed costs, exposure to legal and financial risk in the absence of an enforceable contract, and noncompliance with federal requirements.

Recommendation

We recommend that the Department of Community Development strengthen coordination efforts with the Department of Purchasing and Contract Compliance to ensure contracts are fully executed before authorizing the performance of services. Additionally, we recommend that the department maintain documentation related to contract oversight, such as a tracking mechanism to show board approval, contract execution, service start dates, and contract performance monitoring, to ensure compliance with federal requirements.

Finding 7 – Inconsistent Information Between Contract and Purchase Order

In accordance with 2 CFR §200.303(a), the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” Additionally, under 2 CFR §200.318, the non-federal entity is required to maintain effective oversight of contractor performance, ensure procurement records are sufficient to support the full history of the transaction, including pricing, and retain responsibility for resolving contractual and administrative issues.

Per our review of the purchase order and executed contract, the scope of work, project deliverables, and the associated fee structure reflected in the purchase order were inconsistent with the fee schedule and deliverables outlined in the contract. The Department of Purchasing and Contract Compliance stated that they are responsible for the content included in the purchase order and indicated that the terms and details in the purchase order may not mirror the executed contract; however, the Board of Commissioners' approval information and the contract project title and number are included for reference.

Effective internal controls ensure that key purchasing documents, such as purchase orders and contracts, are aligned to support efficient contract administration, cost verification, and an adequate audit trail. Misalignment increases the risk of inaccurate tracking of expenditures by workstream and limits the County's ability to monitor contract performance and enforce accountability.

Recommendation

We recommend that the Department of Community Development, in coordination with the Department of Purchasing and Contract Compliance, implement procedures to verify that purchase orders are consistent with contract terms prior to issuance. Additionally, document any deviations and ensure approval prior to issuance.

Concern 1 – Program Inactivity and Inefficiency

The 2024 Consolidated Annual Performance and Evaluation Report (CAPER) highlights the Community Development Department’s collaborations to coordinate funding to enhance community development activities and services to Fulton County citizens. However, the CAPER indicates that the TBRA program achieved 0% of its anticipated one-year goal. Pursuant to management, the County is in the process of restructuring the TBRA program. This inactivity increases the risk of noncompliance with federal guidelines, heightens monitoring, and the potential for de-obligation of program funds.

Recommendation

We recommend that the department strengthen oversight to ensure compliance with grant requirements and progress towards achieving targeted goals. Additionally, the department should monitor grant funds to ensure all HOME programs are operational and funds are used for eligible activities within the required time frame.

CONCLUSION

Based on the audit performed, we identified the following seven (7) findings that require the attention of management:

- Inaccurate Reporting of HOME Match Funds
- Untimely Certification of Personnel Activity Reports
- Missing and Incomplete Documentation
- Error in Income Eligibility Calculation
- Undocumented Income Projection Procedure
- Work Authorized Prior to Execution of Contract
- Inconsistent Information Between Contract and Purchase Order

Additionally, we noted one (1) concern in reference to program inactivity and inefficiency. 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 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.