

November 14, 1996

Board of County Commissioners
Brevard County, Florida
Post Office Box 1496
Titusville, Florida 32780

Commissioners:

Pursuant to the provisions of Section 125.01(1)(s), Florida Statutes; Article V, Section 16 and Article VIII, Section 1(d) of the Constitution of the State of Florida; and Article 4, Section 4.2.1, of the Brevard County Home Rule Charter, we conducted an audit of Housing Services, a program administered by the Housing and Human Services Department.

PURPOSE

We conducted this audit to assess compliance with applicable Federal laws and regulations, Chapters of Florida Statutes, Florida Administrative Code, grants, agreements, and the Board of County Commissioners' (hereinafter referred to as the "Board") policies, procedures, resolutions, and ordinances. Further, we evaluated the adequacy and effectiveness of the program's system of internal accounting and administrative control. We also appraised the economy and efficiency with which resources were employed. Additionally, we performed other auditing procedures that we considered necessary in the circumstances.

BACKGROUND

Housing Services administers federal and state grants and other funds acquired to implement the Brevard County HOME Consortium Consolidated Plan and the SHIP Housing Assistance Plan which meet locally determined housing needs. Formerly a part of the Growth Management Department, Housing Services was transferred to the Housing and Human Services Department in April 1995. Among its objectives are the facilitation of home ownership among low and very low income families, assistance to very low income homeowners in the repair of their aging homes, and the coordination of the efforts of the HOME Consortium, an agreement between the County and local (city) governments to provide affordable housing.

SCOPE

We tested compliance by examining Housing Services' records for the period of October 1, 1993 through June 30, 1995. In particular, we examined Housing Services' revenues, expenditures, and transfers between funds. We also audited grants and agreements for compliance with applicable requirements. After the audit period and during the course of our fieldwork, we tested internal controls in place and certain areas for compliance with laws, regulations, and Board directives.

OVERALL EVALUATION

Federal Laws and Regulations, Florida Statutes, Florida Administrative Code, Grants, Agreements, and Board Policies, Procedures, Resolutions, and Ordinances

Except as noted below, the results of our tests indicated that, with respect to the items tested, Housing Services complied with applicable provisions of Federal laws and regulations, Florida Statutes, Florida Administrative Code, grants, agreements, and Board policies, procedures, resolutions, and ordinances. With respect to items not tested, nothing came to our attention that would cause us to believe that Housing Services had not complied with those provisions.

System of Internal Accounting and Administrative Control

In our opinion, Housing Services' systems of accounting and administrative control appeared adequate except with respect to the use of the data system for monitoring agreements. In addition, some improvement is needed to ensure that Housing Services deletes signature authorizations for transferred employees.

FINDINGS AND RECOMMENDATIONS

Federal Laws and Regulations, Florida Statutes, Florida Administrative Code, Grants, Agreements, and Board Policies, Procedures, Resolutions, and Ordinances

FINDING 1 - Housing Services did not document the basis for the selection of contractors.

The grant agreements for the Weatherization Assistance Program (hereinafter referred to as "WAP"), Low Income Home Emergency Assistance Program (hereinafter referred to as "LIHEAP"), and Low Income Emergency Home Repair Program (hereinafter referred to as "LEHRP") require that Housing Services utilize vendors who are pre-qualified for the program on a rotating basis. Also, Section 6 of the Weatherization and Repair Program's (hereinafter referred to as "WARP") procurement procedures, as amended and approved by the Board on October 5, 1993, require that Housing Services ". . . track all vendors, dates and amounts of awards, notification of unavailability, and other information which may be deemed appropriate." We examined all disbursements to pre-qualified contractors paid during the audit period. We noted that, of 13 pre-qualified vendors, Housing Services utilized only two of them on 40% of the projects completed. Housing Services did not maintain records to document the explanation for the selection of vendors for individual projects. Therefore, we could not determine compliance with Section 6 of the WARP procedures and provisions of the above noted grant agreements.

Section 7 of the procurement procedures further require that Purchasing periodically perform an audit to ensure that all vendors are given an equal opportunity to work for the County. The Director of Purchasing stated that no audits of Housing Services have been performed.

The lack of documentation noted may constitute a default by the County, for which the State may, at its own option, terminate the grant agreement, withhold or suspend payments, or exercise other corrective actions under the agreement. Also, the absence of adequate records does not ensure the Board's objectives are met.

RECOMMENDATION - We recommend Housing Services implement the procedures developed for selecting contractors for the WAP, LIHEAP, and LEHRP grant projects. We also recommend Housing Services comply with Sections 6 and 7 of the WARP procurement procedures.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Contractor rotation records have been modified to provide additional information."

FINDING 2 - Certain First Time Home Buyer project files did not include documentation required by federal regulation.

As part of the Brevard County Affordable Housing Incentives Plan, Housing Services administers the First Time Home Buyer Program, which is funded by the HOME Investment Partnerships (hereinafter referred to as "HOME") grant and State Housing Initiatives Partnership (hereinafter referred to as "SHIP") allocation. We reviewed 32 project files for the First Time Home Buyer Program and noted that 26 or 81% of the project files tested did not include appraisals for the homes purchased. Section 254(a)(1) of 24 CFR 92, "HOME Investment Partnerships Program; Interim Rule," requires that for homes assisted with HOME grant funds or money used to match HOME grant funds, the appraised value be less than 80% of the median value of homes in the area. For Brevard County, this threshold amount was \$93,600 in fiscal years 1994 and 1995. Although the selling prices of all homes tested were below this amount, documentation for the appraised values was not on file.

Although management has established procedures, it has not provided for the review of project files. By not administering these projects in compliance with 24 CFR 92, the County risks sanctions, including the loss of grant funds under the provisions of 24 CFR 92.552(a).

RECOMMENDATION - We recommend Housing Services implement procedures requiring the review of project files to ensure that the First Time Home Buyer Program meets all federal standards including the provisions of 24 CFR 92.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Staff is now requiring "hard" copies of all appraisal reports and is meeting all federal requirements, including 24 CFR 92." Also, Ms. Jackson stated in her response to Finding 3 below that ". . . Procedures for review of project files have been implemented . . ."

FINDING 3 - Housing Services did not comply with the Board's First Time Home Buyer procedures.

Some First Time Home Buyer Program project files did not include documentation required by the First Time Home Buyer Procedures (hereinafter referred to as "FTHBP") approved by the Board of County Commissioners on July 20, 1993. These procedures authorized Housing Services to approve deferred loans within specified guidelines. We tested 32 First Time Home Buyer Program project files for compliance with these procedures and noted the following:

A. Per FTHBP's Exhibit B, "Funding Allocation Guidelines," any family that has cash over \$2,000 beyond the minimum cash obligation for their income, must put those funds toward meeting their down payment or closing costs before receiving funds through this program. Based on available documentation, one client contributed \$870 less than the required amount of \$1,402. In addition to the above contribution deficiency, two client files did not contain evidence of cash assets and thus we could not verify the cash contribution requirements.

B. FTHBP's Exhibit B, "Client's Cash Obligation," requires low income families to provide a minimum of \$1,000 for down payment or closing costs. Documentation for one low income client indicated that only \$913 was contributed.

C. FTHBP's Exhibit B, "Available Assistance," provides for down payment assistance for very low and low income families up to 5% of the mortgage value, with a limit of \$3,000 for low income families. However, since Housing Services indicated it is normal business practice, they use sales price rather than mortgage value to determine the amount of assistance. Consequently, three projects exceeded the limitations as defined by the procedures by a total of \$368.

D. Prospective clients are required by FTHBP's Attachment A, "Application Package," to provide certain documentation to determine eligibility. Our test reflected that three client files did not contain copies of tax returns. Another did not contain a copy of the client's credit report.

E. The resale guidelines of FTHBP's Exhibit B state that Brevard County will recapture its HOME investment if the property is sold prior to the end of the "affordability" period. This period is defined as 15 years for existing units, and 20 years for newly constructed units. To enforce the resale guidelines, Housing Services requires the clients to sign a First Time Home Buyer agreement and a mortgage deed and note for the amount of assistance given. We noted the following:

13 files contained a First Time Home Buyer agreement with an incorrect term or time period;

Four files contained a recorded mortgage note, but the term or time period did not meet the above criteria.

Although management has made an effort to develop and carry out procedures that instruct staff on the administration of the First Time Home Buyer Program, the lack of management review has permitted the above errors and deficiencies to exist undetected. Without management review, the risk that Housing Services is not administering the program as the Board intended is greater.

RECOMMENDATION - We recommend Housing Services comply with First Time Home Buyer Procedures. We also recommend Housing Services implement procedures for a review of project files. These procedures should include verification of assistance amount, documentation, and accuracy of contract requirements. We also recommend Housing Services amend its procedures to allow for the use of sales price to determine the amount of assistance.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Standardized forms have

been developed and ongoing staff training is being provided. Procedures for review of project files have been implemented . . ." Ms. Jackson also stated that, since ". . . sales price is the defining factor for the program . . . This policy was brought back to the Board and corrected." In addition, with respect to incorrect agreements and notes, she stated ". . . all clients (were) notified and documents corrected, Staff has received additional training." (paren added)

FINDING 4 - Housing Services did not comply with certain WARP procedures.

Housing Services did not comply with Board approved procedures for administering the WARP program which is funded by both HOME and SHIP. The Board of County Commissioners, on August 17, 1993, approved procedures for administering WARP; an amendment to the procurement procedures was approved on October 5, 1993. We tested six WARP project files to determine compliance with these procedures and noted the following:

A. Of four projects tested costing over \$5,000, one did not contain evidence that three quotes were solicited, as required by Section 4 of the amended procurement procedures. This project was increased by a change order request from \$4,235 to \$9,234 because the client did not qualify for the additional work under another (WAP) program, as originally anticipated. However, the procedures do not provide an exception for this change.

B. None of the project files contained a properly completed checklist showing that all work was completed and all documentation was on file as required by Section III.6.a. of the WARP procedures.

C. One of the project files was funded with HOME grant funds and therefore the project was subject to an environmental review as set forth in 24 CFR 92 and Section III.9.a. of the WARP procedures. Documentation was not on file that Housing Services performed the required environmental review.

Although management has established procedures, it has not provided for the review of project files. Without this review, Housing Services cannot ensure that the program is administered according to the Board's intentions. In addition, by not complying with HOME regulations, the County risks sanctions, including the loss of grant funds under the provisions of 24 CFR 92.552(a).

RECOMMENDATION - We recommend Housing Services comply with WARP procedures. We also recommend Housing Services initiate a review of all project files to ensure compliance with these procedures and 24 CFR 92.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part:

A. One exception to the procedures was taken after considerable deliberation between Housing and Purchasing, which resulted in actions taken in a change order being used, which required additional funding for which the client was eligible.

B. Checklists are now in place, properly completed and in project files.

C. A replacement review was completed, no concerns were noted, and placed in the file.

Also, Ms. Jackson stated in her response to Finding 3 above that ". . . Procedures for review of project files have been implemented . . ."

FINDING 5 - Housing Services did not comply with copyright laws pertaining to software licenses.

We performed an examination of all personal computer software utilized by Housing Services' personnel. Of 71 copies for 30 applications on ten computers, Housing Services could not document the authorization for one copy. The Copyright Act of Title 17 of the United States Code allows a purchaser of a copy of software to load it onto a single computer and to make another copy for archival purposes only. Penalties include liability for damages suffered by the copyright owner or statutory damages of up to \$100,000 for each work infringed. Housing Services deleted the unauthorized software when informed of the copyright violation.

Although Housing Services could not support the license for only one application copy, the disks and manuals for the 70 licensed copies were not readily available for inspection. A list of applications on each computer was also not available. Further, there were several software applications on hand that were not being used. For example, to become more standardized, Housing Services was discontinuing the use of dBase which was being replaced by Access. This software could be made available to other departments so that the funds expended on them might be at least partially recovered.

We attribute these conditions to Housing Service's lack of controls to ensure employee compliance with copyright regulations.

RECOMMENDATION - We recommend Housing Services establish and implement controls to ensure software usage is in accordance with federal regulations. In addition, we recommend Housing Services turn any software determined to be surplus over to Property Control for proper disposition.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Every six months, each staff member is required to file with the supervisor, a listing of all software programs on their respective PCs, with a written certification of proper licensing."

FINDING 6 - Several Project Completion Reports were inaccurate.

The United States Department of Housing and Urban Development requires that Housing Services submit a Project Set-Up Report upon commencement. Also, a Project Completion Report (24 CFR 92.502(e)) is required upon completion of each project funded with HOME Investment Partnership grant monies. Further, per 24 CFR 92.502(e), ". . . If a satisfactory

project completion report is not submitted by the due date, HUD will suspend further project set-ups for the participating jurisdiction." (emphasis added)

During our audit, we tested 22 Project Completion Reports for the First Time Home Buyer program. We determined that 18 of the reports tested were not properly completed. Specifically, 12 reports did not agree to supporting documentation of the amount contributed by the owner. These reports understated owner contributions by a total of \$2,973.

Although funding relating to subsequent projects was continued by HUD, failure to submit accurate reports risks future funding of this project.

We attribute this condition to a lack of training of personnel responsible for preparing these reports.

RECOMMENDATION - We recommend Housing Services complete reports properly and comply with 24 CFR 92.502(e). In addition, we recommend management ensure that all personnel responsible for preparing the Project Completion Reports are properly trained.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . HUD is experimenting with a new cash management system, and staff is participating in the training."

FINDING 7 - Housing Services did not maintain petty cash records in accordance with County procedures.

During our audit, we tested 24 petty cash disbursements. Vendor receipts did not contain the information required by Section V.B.1.b of Procedure, BC-4, "Petty Cash and Change Funds":

- One receipt did not contain the description of the purchase.
- Six receipts did not contain the vendor's name and address.
- One receipt did not reflect the date of purchase.
- Thirteen receipts did not contain the purchaser's signature.

Also, Housing Services used petty cash funds to purchase one item that was available through Stores. The classes of supplies available through Stores are listed in Purchasing Procedure PD-12 "Stores," Section II.C. Section VI.D.1 of Procedure BC-4 prohibits the use of petty cash for the purchase of items available through Stores.

We also noted that Housing Services did not submit a Petty Cash Reimbursement Request in the last week of the 1994 fiscal year, as required by Section V.B.3 of Procedure BC-4.

We attribute all of the above to the fund controller's unfamiliarity with the requirements of BC-4. The petty cash fund controller is responsible for restricting and monitoring the use of petty cash and ensuring that the receipt contains the proper information. Non-compliance with petty cash procedures does not minimize the risk of improper purchases. In addition, failure to submit the year-end reimbursement request results in improper classification of expenditures.

RECOMMENDATION - We recommend Housing Services ensure that the petty cash fund controller comply with all of the requirements of BC-4.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Current petty cash controller has been instructed per BC-4 and will fully comply."

FINDING 8 - Housing Services authorized payments without sufficient documentation.

We reviewed the agreement with Thaddeus Cohen Architect, PA for architectural consulting services and noted the following:

Housing Services authorized payments for services that were not properly detailed. The agreement states in Section 6, Billing and Time of Payment, that "All requests for payment must separately detail work performed on a monthly basis." Four invoices totaling \$30,200 were paid since the execution of the contract on June 16, 1992. No documentation detailing the work performed was on file at Housing Services.

Section 9, Insurance, states that certificates evidencing required general liability, professional liability, workers' compensation and automobile insurance coverage are to be furnished to the County within five days of execution of the contract. Proof of insurance was not on file at Housing Services.

Without required documentation, Housing Services cannot properly monitor the performance of the services contracted. Further, failure to obtain evidence of current certificates of insurance may result in increased liability to the County.

RECOMMENDATION - We recommend Housing Services ensure compliance with Sections 6 and 9 of the above agreement.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Current staff has been instructed to require proper documentation for payment of invoices and the necessity for maintaining accurate records."

System of Internal Accounting and Administrative Control

FINDING 9 - Housing Services did not effectively monitor its contracts.

Of the 197 contracts in effect during the audit period, Housing Services did not enter 96 or 49% of them into the contract data system, as required by BC-20, Contract Administration. The contract data system was designed to be an effective management tool for control over agreements. However, for it to be effective, it must be complete and properly maintained. The absence of this control increases the risk of improper and inefficient use of taxpayer funds and increased liability to the County.

We believe this lack of control over contracts may have contributed to the expiration of the CAN-AM Holdings, Inc. contract on May 31, 1995, before the renewal amendment could be approved by the Board. An interoffice memorandum dated July 24, 1995 from the Director of Housing and Human Services Department stated that "The expiration of this Agreement posed a serious potential liability to the County."

RECOMMENDATION - We recommend Housing Services comply with BC-20, by using the contract data system to record and monitor its contracts.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated, in part, ". . . Staff is in the process of entering repair and First Time Homebuyer agreements on an internal data base."

In additional information provided on January 21, 1997, Bernice Jackson, Director of Housing and Human Services, stated "Staff will fully comply with BC-20 and will continue to maintain an in-house contract database, for weekly monitoring."

FINDING 10 - Housing Services did not rescind the signature authority for transferred employees.

County Finance maintains a signature card file and a mainframe signature file for authorized signers in the accounts payable system. We tested all signature authorizations for Housing Services' funds and accounts for validity. The signature authorizations for two transferred employees were not removed from the signature files. Housing Services could not provide documentation that it requested County Finance to delete the authorizations.

Property Control maintains signature cards for employees authorized to acquire and dispose of tangible personal property and real property. The signature authorizations for one transferred employee was not removed from the signature file. Housing Services could not provide documentation that it requested Property Control to delete the authorization.

Good internal controls require that transactions are properly authorized. To maintain proper internal controls, all signature authorizations must be reviewed and updated regularly. Due to Housing Services' oversight, the risk of unauthorized transactions was not minimized.

RECOMMENDATION - We recommend Housing Services ensure the timely review and revision of all signature authorizations.

MANAGEMENT RESPONSE - In the reply (see Exhibit A) dated December 9, 1996, Bernice Jackson, Director of Housing and Human Services, stated "Housing Services maintains it did submit requests to rescind signature authorities to Finance. Housing Services cannot certify their disposition after that."

In additional information provided on January 21, 1997, Bernice Jackson, Director of Housing and Human Services, stated "Housing and Community Development staff is now maintaining hard copy records of all signature authority transactions."

SUMMARY

We held an exit conference on November 14, 1996 during which we discussed the audit report with Tom Jenkins, County Manager; Bernice Jackson, Director, Housing and Human Services; Jasper Trigg, Assistant Department Director, Housing and Human Services; Bob Lambert, Housing and Community Development Supervisor and Elizabeth Swanke, Senior Housing Planner. We have attached Housing Service's formal reply to the audit report as Exhibit A.

Respectfully submitted,

SANDY CRAWFORD
CLERK OF THE CIRCUIT COURT

Richard L. Scoles, C.P.A., C.I.A.
Chief Internal Auditor

Auditor-in-charge:

Annette Clark, C.P.A., C.I.A.
Senior Internal Auditor

Attachment: Exhibit A

cc: Each Commissioner
Tom N. Jenkins, County Manager
Scott Knox, County Attorney
Joan Madden, Assistant County Manager
Bernice Jackson, Director, Housing and Human Services
Jasper Trigg, Assistant Department Director, Housing and Human Services
Jim Giles, Chief Deputy Clerk
Steve Burdett, C.P.A., Finance Director

[Exhibit A]

TO: Tom Jenkins, County Manager

FROM: Bernice G. Jackson, Director
Housing and Human Services

SUBJECT: Formal Reply to Audit Findings of Housing Services, October 1, 1993 through June 30, 1995

DATE: December 9, 1996

Enclosed you will find the formal reply to audit findings as prepared by the Housing and Community Development Program.

The findings are addressed as they appear in the report and, where applicable, remedial measures are noted.

FINDING 1: Housing Services did not document the basis for the selection of contractors.

RECOMMENDATION - We recommend Housing Services implement the procedures developed for selecting contractors for the WAP, LIHEAP, and LEHRP grant projects. We also recommend Housing Services comply with Sections 6 and 7 of the WARP procurement procedures.

RESPONSE:

There were procedures in place but not in a format the auditors accepted.

Many contractors refuse small projects (under \$5,000) as they are deemed "unprofitable", therefore they chose to be passed over on the rotation list.

Proper documentation of contractor rotation was maintained by staff but not in a format that the auditor felt was easy to review.

ACTION TAKEN:

Contractor rotation records have been modified to provide additional information.

FINDING 2: Certain First Time Home Buyer project files did not include documentation required by federal regulation.

RECOMMENDATION - We recommend Housing Services implement procedures requiring the review of project files to ensure that the First Time Home Buyer Program meets all federal standards including the provisions of 24 CFR 92.

RESPONSE:

Staff received verbal "appraisal information as provided by certified appraisers through sales and

lending companies but did not obtain "hard" copies. Appraisal amounts were noted in all files and reports and used by staff where applicable.

ACTION TAKEN:

Staff is now requiring "hard" copies of all appraisal reports and is meeting all federal requirements, including 24 CFR 92.

FINDING 3: Housing Services did not comply with the Board's First Time Home Buyer procedures.

RECOMMENDATION - We recommend Housing Services comply with First Time Home Buyer Procedures. We also recommend Housing Services implement procedures for a review of project files. These procedures should include verification of assistance amount, documentation, and accuracy of contract requirements. We also recommend Housing Services amend its procedures to allow for the use of sales price to determine the amount of assistance.

RESPONSE:

A. Human error appears to have occurred in calculations of three files out of approximately 150 files.

ACTION TAKEN:

Standardized forms have been developed and ongoing staff training is being provided. Procedures for review of project files have been implemented.

RESPONSE:

B. Documentation was lacking, however, client did provide necessary down payment contributions as verified through Realtor records.

RESPONSE:

C. "Mortgage value" was an incorrect term used when developing the policy. "Sales Price" is the defining factor for the program, is widely used in the industry, and was being used by staff.

ACTION TAKEN:

This policy was brought back to the Board and corrected.

RESPONSE: D. Staff disagrees with this notation. Although staff accepts tax returns for information regarding client's income, there is not a stated requirement to obtain a copy of tax returns.

RESPONSE:

E. Concur. Thirteen (13) files had 15 year and 20 year liens incorrectly interchanged.

ACTION TAKEN:

All clients notified and documents corrected. Staff has received additional training.

FINDING 4: Housing Services did not comply with certain WARP procedures.

RECOMMENDATION - We recommend Housing Services comply with WARP procedures. We also recommend Housing Services initiate a review of all project files to ensure compliance with these procedures and 24 CFR 92.

RESPONSE:

A. One exception to the procedures was taken after considerable deliberation between Housing and Purchasing, which resulted in actions taken in a change order being used, which required additional funding for which the client was eligible.

RESPONSE:

B. Checklists were partially completed and were construction work files.

ACTION TAKEN:

Checklists are now in place, properly completed and in project files.

RESPONSE:

C. An environmental checklist had been completed but misplaced in one file. A replacement review was completed, no concerns were noted, and placed in the file.

FINDING 5: Housing Services did not comply with copyright laws pertaining to software licenses.

RECOMMENDATION - We recommend Housing Services establish and implement controls to ensure software usage is in accordance with federal regulations. In addition, we recommend Housing Services turn any software determined to be surplus over to Property Control for proper disposition.

RESPONSE:

This audit was performed in a time frame when two departments were in the process of merging operations. There is no evidence of software bootlegging and one out of seventy-one licenses was missing.

ACTION TAKEN:

Every six months, each staff member is required to file with the supervisor, a listing of all software programs on their respective PCs, with a written certification of proper licensing.

FINDING 6: Several Project Completion Reports were inaccurate.

RECOMMENDATION - We recommend Housing Services complete reports properly and comply with 24 CFR 92.502(e). In addition, we recommend management ensure that all personnel responsible for preparing the Project Completion Reports are properly trained.

RESPONSE:

Staff did not receive training from HUD on a system consequently declared inadequate.

HUD is cognizant of the problems involving Project Completion Reports and their Cash Management System and, consequently, their audit did not find Housing Services in non-compliance.

ACTION TAKEN:

HUD is experimenting with a new cash management system, and staff is participating in the training.

FINDING 7: Housing Services did not maintain petty cash records in accordance with County procedures.

RECOMMENDATION - We recommend Housing Services ensure that the petty cash fund controller comply with all of the requirements of BC-4.

RESPONSE:

There were no dollar issues involved. One receipt did not contain a description of purchase, another receipt lacked a date, and six receipts did not have a vender's name and address, thirteen receipts did not have purchaser's signature. Petty cash controllers, during the audit dates are no longer with the department and little information is available.

ACTION TAKEN:

Current petty cash controller has been instructed per BC-4 and will fully comply.

FINDING 8: Housing Services authorized payments without proper documentation.

RECOMMENDATION - We recommend Housing Services ensure compliance with Sections 6 and 9 of the above agreement.

RESPONSE:

This related to a single project. Staff disagrees with this finding and submits that proper documentation was provided according to architectural agreement covering fee schedules and proof of delivery of work. Documents on hand for the audit met industry standards.

ACTION TAKEN:

Current staff has been instructed to require proper documentation for payment of invoices and the necessity for maintaining accurate records.

FINDING 9: Housing Services did not effectively monitor its contracts.

RECOMMENDATION - We recommend Housing Services comply with BC-20, by using the contract data system to record and monitor its contracts.

RESPONSE:

Approximately half of the contracts did not get entered in the County's master list. This had no impact on the department's monitoring of the contracts. Staff is in the process of entering repair agreements and First Time Homebuyer agreements on an internal data base.

FINDING 10: Housing Services did not rescind the signature authority for transferred employees.

RECOMMENDATION - We recommend Housing Services ensure the timely review and revision of all signature authorizations.

RESPONSE:

Housing Services maintains it did submit requests to rescind signature authorities to Finance. Housing Services cannot certify their disposition after that.