



INTEROFFICE MEMORANDUM

TO: Fulton County Board of Commissioners

FROM: *Anthony Nicks*, County Auditor

DATE: November 6, 2014

RE: Audit Response- Housing and Human Services
Department-HOME Program Grant Infrastructure Audit
Report dated September 8, 2014

The Office of Internal Audit completed the Housing and Human Services Department-HOME Program Grant Infrastructure Audit Report on September 8, 2014. Attached is the corresponding audit response received from the Housing and Human Services Department in relation to the finding(s) referenced in their audit.

Please note due to the size of the response and corresponding attachments, the audit response in its entirety has been scanned on a disc for your convenience under file name "Audit Response 10/27/14". However, the audit responses and corrective action plans for each finding is being provided along with this correspondence.

If you have any questions or need additional information, please contact me at extension 21019. Thank you.

Attachment: Audit Response- Housing and Human Services Department-HOME
Program Grant Infrastructure Audit Report

Cc: Patrick O'Connor, Interim County Manager



HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

October 27, 2014

Anthony Nicks, County Auditor
Fulton County Office of Internal Audit
141 Pryor Street, 8th Floor
Atlanta, GA 30303

Dear Mr. Nicks:

In response to the Onsite Housing Monitoring Summary sent on September 16, 2014, please find our responses to the audit items which are enclosed.

The Housing and Community Development understands the need for improvements within the Department to increase the effectiveness of our grants management process for several areas. Some of the responses are detailed due to the complex and complicated grant programs administered by the Department. It is always the Department's desire to make any necessary adjustments in or process and procedures in order to improve our performance levels.

The Department would also request that as part of our process improvement plan that members of the Office of the Internal Audit team be allowed to attend trainings provided by the U.S. Department of Housing and Urban Development (HUD) on our grant programs.

Thank you for your cooperation and continued support as we strive to provide excellent services to the citizens of Fulton County. If you have any questions concerning the attached information, please contact myself at 404-612-7187.

Sincerely,

Mike Rowicki, Deputy Director
Fulton County Housing and Community Development

cc:

Patrick O'Connor, Interim County Manager, Office of the County Manager
Leonard Westmoreland, Division Manager, Housing and Community Development

Finding #1 – Failure to Comply with Audit Recommendations (IA/HUD):

Response:

The Department agrees with this finding, and will take all corrective actions allowed within approved staffing levels and budgetary limitations.

Attachments for this Item:

1. Copy of Fulton County Response to HUD Monitoring Dated May 4, 2007 noting the County acknowledges that adequate staffing levels has been identified as one of the challenges facing the County in both 2006 and 2007.
2. Copy of March 7, 2008 Audit report from the HUD Field Office and the Inspector General noting that staffing levels and training of staff is a finding.
3. Copy HUD response to Fulton County's corrective action plan for the OIG Audit that approves the staffing level and plan for the grant programs (CDBG, HOME and NSP)
4. Copy of Memo requesting Budget Enhancement for FY2013 to address remaining staff positions. (Budget Enhancement Request dated October 8, 2012)
5. Copy of HUD Monitoring Letter closing Finding and Concerns dated June 6, 2013 for HOME Program.

It has always been and always will be the Housing and Community Development Department's goal to comply and take corrective actions on all items identified in internal and external audits of the HUD grant funded programs in order to not jeopardize existing and future funding. The Department has had and continues to have the desire to implement all the best practices for grants management programs, and strive to be an effective and efficient to produce results that meet all local, state and federal regulations and guidelines.

As noted in the attachments listed above the County and HUD has identified that past and current staffing levels have not been in place to adequately implement all of the requirements of the grant programs. This staffing capacity issue is identified as "Issue" in these documents stating:

- 1) Adequate staffing and training was identified as an issue in April 2006. (Monitoring Letter Response date May 4, 2007)
- 2) Adequate staffing and training was identified as an issue in April 2007. (Monitoring Letter Response date May 4, 2007)
- 3) Adequate staffing and training was identified as an issue in March 2008. (HUD/OIG Audit Report March 7, 2008)
- 4) Adequate staffing and training was identified as an issue in September 2009. (Monitoring/Audit Response September 25, 2009)

As noted in the backup documentation the consistent identified weakness that keeps repeating as a corrective action is that adequate staffing with proper training needs to be put in place to ensure compliance with all program rules and regulations. Other actions have been taken by Fulton County Executive Management related to these items, but these actions have not resulted in solving all the items that need to be addressed by the program. The documents before September 2009 do not show plans to address these staffing issues identified or that the additional

staffing and training was put into place to address concerns internally and externally for the programs in dealing with compliance issues. This shortage of staffing assisted in the County losing the HOME allocations for 2008, 2009 and 2014 and repaying HUD \$3,239,530. The County paid this amount by using Cash totaling \$1,733,028 and the forfeiture of the 2008 Grant award.

In the June 17, 2009 response to HUD, one of the former County Managers and Deputy County Managers who reviewed the Departmental organizational model for Housing and Community Development revised it to operate on a programmatic basis. The letters and organizational charts which were established reflecting four different divisions in the Department: CDBG, HOME, NSP, and Financial Reporting were sent along with an explanation of staffing roles and background to ensure accuracy and proper oversight to the U.S. Department of Housing and Urban Development (HUD). This staffing plan was approved by HUD (as noted in the September 25, 2009 letter) and the Office of the Inspector General's Office with a staff of 21 full-time positions.

The County started to fill the necessary positions as agreed with HUD/OIG, but did not complete the process of hiring all the staff that was agreed upon by County Officials as a condition of the audit. Several employees were hired as part of the reorganization at that time: Director, Deputy Director, two CD Managers and two CD Specialist that had capacity and experience in grants management to rebuild the grant program to comply with all HUD requirements.

Under this new management structure the HUD Field Office agreed that the County was making progress on the process improvements needed, and allowed the County to start receiving HOME grant awards. Over the course of a review, HUD awarded the County allocations in intervals with the County receiving funding for FY2010, then FY 2009 and later FY2011 HOME grants.

HUD also expressed that the County should continue to hire additional persons with experience and provide additional training opportunities for current staff in order to reach its goal of producing affordable housing units under the grant programs for income-eligible families in light of all the new programmatic requirements. The Department did request budget enhancements (as noted in October 8, 2012 Memo) to cover the cost of salaries that were needed at that time to fulfill the staffing plan for the Department that was agreed upon by the County and HUD. These requests for the budget enhancement have not been approved as part of the budget process. The Department at this time has not been able to fill positions to satisfy the agreed upon staffing levels given to the County in the HUD audit.

Since this implementation staffing plan by one of the former County Managers, the Department has experienced a cut of three staff members due to budget reductions. This has left the current staffing levels at 14 employees compared to the 21 employee agreed upon based on discussions with HUD. The Department has also had several staff members with many years of experience with the HUD programs retire, which has reduce the capacity of staff to administer operations of the program and for compliance with programmatic rules and regulations.

Senior management recommended to Executive Management that the Department be allow to fill all positions agreed to under the HUD OIG audit and requested those positions in the budget. Senior management also recommended at the time when staff reductions were being implemented to not allow reductions to occur due to placing the program in jeopardy of losing funding in the future due to compliance with federal regulations.

Corrective Action Plan:

Senior Management in the Department will continue to restructure and improve the operations of the program to comply with federal programs by utilizing and having staff attend trainings provided by HUD and accepting any consulting assistance that HUD may designate through a Technical Assistance provider. Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process.

This includes additional positions to cover the areas that have been identified as critical areas in the staffing pattern for the Department, and will allow the County to come into compliance with the agreements made with HUD after the audits/monitoring to build the capacity of staff.

- o Community Development Specialist – HOME
- o Community Development Specialist – Fair Housing
- o Community Development Manger – Fiscal and Program Reporting
- o Administrative Coordinator III – Quality Assurance Review

These staffing augmentations will allow the Department to address the items noted in the audits and fulfill the agreement made with HUD on staffing levels noted from the 2008/2009 OIG reports throughout the FY2015 program year. If adequate staffing levels are not maintained the County may be in jeopardy of losing access to future grant funds from HUD; and if continued project monitoring is not sustained repayment of grant funds may be required from local funds.

As part of the original process improvement plan for the Department that started in 2010 each Department staff members was provided the opportunity to attend one training each year that had an exam or certification that showed they sufficient understanding of the rules and regulations. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved.

The Department also needs the ability to look at cost efficiencies that could be made by split funding positions between the grants and the general funds. This may require policy changes to allow employee to have a home unit in either grants or general fund, but be able to charge to the funding line that should be drawdown for the type of task the employee is completing. This will also prevent future possible findings form federal funding agencies.

Finding #2 - Unreimbursed HUD Expenditure:

Response:

The Department agrees that the Fulton County Housing Authority should provide all necessary documentation under the federal requirements to justify expenses and a contract modification according to HUD's amendment process.

Attachments for this Item:

1. Summary of Federal Register Notices
2. NSP Categories and corresponding CDBG Entitlement Regulations
3. Copy of BOC Recess Meeting Post Agenda including the item #08-0920 on Neighborhood Stabilization Plan (NSP)
4. Copy of BOC Recess Meeting Post Agenda for August 18, 2010
5. Copy of Agenda Item #10-0827 for Termination of NSP Contract with the Fulton County Housing Authority
6. Copy of NSP Policy Alert – Guidance on Procurement of Developers and Subrecipients June 1, 2012
7. Copy of Termination Letter from the Fulton County Housing Authority dated August 13, 2010
8. Copy of email with recommendation from staff dated May 2, 2013

Congress established the Neighborhood Stabilization Program (NSP1 and 3) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. HUD implemented the program under authorizing laws using several Federal Registers and NSP Policy Alerts over a course of three years. The overarching Federal Register notices, which provided guidance retroactive to the beginning of the program summaries, are attached as Summary of Federal Register Notices. NSP funds had to be used for activities under a NSP category and correspond to CDBG entitlement regulations, which are attached as NSP Categories and corresponding CDBG Entitlement Regulations.

HUD required grantees to submit an Application/ Action Plan Substantial Amendment for its grant allocation by December 1, 2008. The County submitted its plan to carry out its NSP activities in the context of a comprehensive plan for the County's vision of how it can make its neighborhoods not only more stable, but also more sustainable, competitive, and integrated into the overall metropolitan fabric.

The County adhered to the initial program guidelines of NSP by soliciting partners to assist under one or more of five broad eligible categories defined by the program. A RFP process through the Department of Purchasing was conducted and three vendors selected to assist the County. The former Director of Department acting in the capacity of Project Manager started the NSP implementation plan. The Director coordinated and created contracts with the County's Legal staff for the selected three vendors through the RFP process. The contact developed at that time

contained all three roles for each partner: Housing Partner, Sub Housing Partner, and Sub-Recipient. At the time of contact execution HUD had not clearly defined the roles of the partners.

Since Fulton County Board of Commissioners approved the Office of Housing to accept NSP funding on November 19, 2008 as Agenda Item 08-9020 both single and multifamily units could be acquired and rehabilitated. Through the partnership with the HAFC, The Terraces would have provided eligible renters an opportunity for a decent, safe and sanitary place to live and was an eligible property for the use of NSP dollars. It should be noted that the not having HOME funds available in 2008 or 2009 did not affect the eligibility of this multifamily project being funded by NSP dollars.

The Terraces of East Point, which was an abandoned, vacant, and a blighted structure, qualifies as an eligible project under Neighborhood Stabilization Program (NSP). As noted in the rollout of the NSP regulations, the program is based on the regulatory items from the Community Development Block Grant (CDBG) program and Home Investment Partnership Program (HOME), and has similar eligible activities as noted in the HOME program.

Since NSP rules were constantly changing, HUD quickly mandated that each grantee receive Technical Assistance and during one of those sessions, it was recommended that amendments be completed to clearly define each of the partner's roles. The amendment, coordinated with the Legal staff, was completed for two vendors ANDP and APD Solutions to delete all references to the previous roles and adding Developer only. The amendment with the Housing Authority was never completed due to guidance from the former Director since the Partnership with HAFC was terminated as a result of failure to secure a multifamily property. In order to allow the County the opportunity to obligate the NSP funds by the HUD Commitment Deadline the HAFC Executive Director agreed to a Termination for Convenience under Article 16 of the NSP contract (please see Termination Letter from Fulton County Housing Authority). Under this article it requires that a 30 day notice be provided for such termination. The HFAC Board approved on August 16, 2010 to terminate the contract noting that funds would be reimbursed; with the Authority providing documentation for the expenses incurred. The Fulton County BOC approved this termination provision on August 18, 2010 as Agenda Item 10-0827. This termination also allowed the County the opportunity to transfer funding to the other approved Developers to meet the obligation deadline and secure more single family units for serving the families of Fulton County.

Efforts were made to obtain all the documentation required under federal regulations from the HAFC to draw NSP funds from treasury to repay the County's General funds. Several meetings were conducted between the Department and HAFC. These meetings consisted of the former Director of Department, Fulton County Legal Staff, HAFC Legal staff and the CD Financial/NSP Manager. There was no resolution met and the Department CD Financial/ NSP Manager and Deputy Director were advised to stop contacting the HAFC for additional information by the former Director. Contact with the HAFC resumed after the resignation of the former Director and a HUD Technical Assistance Meeting from HUD with the Deputy Director and CD Manager. HUD provided guidance of how the Department should proceed within the NSP regulations. The

guidance provided by HUD stated that before the County could draw down the funds that the Housing Authority would have to sign a modification to an agreement to designate them as a subrecipient of funds under the NSP program. The County would also be required to get all necessary backup documentation from the HAFC to support any costs as a subrecipient.

Once it was determined by staff that the HAFC would not comply with HUD's guidance to the Department, management and staff recommended to the Interim Director, Acting County Manger's staff and County Attorney's office to inform the BOC and look at pursuing legal action for the HAFC to refund NSP/General Fund dollars or provide the documentation to satisfy the federal regulations and refund the difference for any remaining gaps (Email from May 2, 2013).

The HAFC would not agree to sign a contract modification and provide the necessary documentation, without being held harmless and indemnified if HUD came back to request payment of cost that were determined to be ineligible. Staff was informed by the County Attorney's Office that current BOC policy does not allow for such indemnification.

Corrective Action Plan:

The Department has already taken corrective action by updating the Closing Document process for such future transactions directing the Closing Attorney that if a transaction is not completed at the closing table that any check submitted must be returned to the Department. The Department is updating its policy for acquisition closings to include specific recapture funds instructions of any failed acquisition closing.

The staff will work with the legal Department to improve legal recourse action language to be included in all contracts to protect the interest of the County in the future.

Staff is also recommending policy changes to ensure the developer has the financial capacity to complete a development deal prior to closing and that no funds be released to any recipient of funds prior to the date of closing for real estate transactions. These changes in policy are in line with the new HOME regulations that have recently been released from HUD.

The Department will need a written legal opinion from the County Attorney's Office that if an indemnifications is granted on this contract for the Housing Authority, what will future legal ramifications does it have on the negations of future contracts with vendors. Based on this opinion that is given by the County Attorney's Office, direction by the Department as to options for policy changes could be provided to the BOC.

Finding #3 Community Development lack of access to Financial System:

Response:

The Department agrees with the recommendation.

As part of the original process improvements made in the Department access in AMS was limited to specific staff members to ensure proper separation of duties in the processing of financial payments. It was determined that there were several employees that had access in the AMS system that allowed them to process and approve payments for projects that they managed. The reduction in access in the AMS system was originally initiated to prevent any conflict of interest CD Specialist might have in the processing these payments for grant partners. The CD Specialist had access to staff that could provide the financial information if requested during that time.

Corrective Action Plan:

The Department will coordinate with the Finance Department to provide the required training on the AMS system that will allow inquiry access for the CD Specialist to review obligations and expenses.

The NSP/HOME CD Manager has made a request to the Finance Department to ensure all CD Specialist have view only access in the AMS system granted and to have the training provided at this time. Once the training schedule is developed and finalized staff will be trained accordingly. This training will not occur until the 1st quarter of FY2015.

Finding #4 Failure to reconcile AMS and IDIS in accordance with HUD Guidelines:

Response:

The Department agrees with this finding with the understanding that the HUD IDIS system does not meet federal financial standard for reporting and reconciliation purposes as noted below.

Attachments for this Item:

1. Email from HUD Field Office on IDIS updates dated May 12, 2014.
2. Memo from Assistant Secretary of HUD on IDIS update dated May 9, 2014

The HUD Office of the Inspector General (OIG) and the Office of Management and Budget (OMB) have determined that the First-In-First-Out (FIFO) accounting methodology used by HUD's CPD's Integrated Disbursement and Information System (IDIS) does not comply with federal financial standards. Based on these findings HUD has also notified the Housing Department that the IDIS system will have several releases over the next year for better efficiencies of tracking and funding activities along with regulatory changes that will significantly impact the administration of HOME, ESG and CDBG programs. These improvements will allow the Housing Department to perform better reconciliations between our internal AMS system and the HUD IDIS system once it is completed.

In addition, the Government Accountability Office (GAO) is requiring a change to the way that HOME commitments are calculated. These determinations have resulted in material weakness findings by the OIG against HUD's Financial Statements. CPD must re-engineer IDIS over the next 18 months to make the necessary changes, issue revised regulations and train HUD and grantee staff on the new accounting methods and the impact they will have on local program design and operations going forward.

The first release of IDIS updates was sent on August 29, 2014 which went live on September 1, 2014 as a result of the release.

Corrective Action Plan:

Department staff has started meeting with the Grants and Finance staff and Internal Audit to discuss a process to assist in responding to this finding until such time that the IDIS system meets federal account standards. Department staff has completed a reconciliation to the best of our ability at this time and has implemented process where the Grants and Finance staff is providing updated reports on all draw information. Several draws have since been completed utilizing this process improvement.

Additionally, the Department is requesting a Community Development Manager focused on reconciliations of these systems fiscally and programmatically as part of the FY2015 Budget requests. If this position is approved as part of the FY2015 Budget it will also allow the Department to cover items addressed in Finding #1 as an agreement for a specific staffing level.

Finding #5 Failure to Review Performance Evaluations of Community Housing Development Organizations (CHDO)

Response:

The Department agrees with recommendation, but disagrees with portions of the statements made in the finding. These disagreements are specific to how the HOME Rules were defined prior to August 23, 2013 under the old HOME rules and regulations and how the HOME Final Rule regulations are to be implement at that time. Please note PowerPoint slide from HUD Building HOME Training on October 21, 2014. The date as to when the new HOME Final Rule went into effective

Attachments for this Item:

1. Fulton County Request for Proposals for \$1,300,000 in CHDO Set Aside Funds.
2. Fulton County Packet for CHDO Certification 2011.
3. Fulton County Community Housing Development Organizations 2011 Request for Proposals.
4. Summary Sheet of CHDO Qualification and Evaluations for Certification.
5. PowerPoint Slide from HOME Training on effective date of HOME Final Rule from October 21, 2014.
6. Staff notes on CHDO Certifications and Proposals from April 4, 2012.
7. Copy of Contract with Provisions for Hamilton Project and Summerwood Project.
8. Copy of Exhibit 9-1 Required Provisions in Written Agreements from HUD Training on October 21, 2014.
9. Copy of Certification Letters sent to CHDO's

The updated HOME Final Rule went into effective August 23, 2013 is important in reviewing how CHDO's have been and will be evaluated, certified and how funds are committed. Activities funded prior to that time need to be evaluated under the old HOME regulations.

It should be noted that local jurisdictions could commit HOME funds to a certified CHDO prior to any specific project being identified under the old HOME regulations. This allowed the CHDO to go into the community and develop a project utilizing these funds as leverage to entice other funding sources to commit funds to produce affordable housing units. Under the new HOME Final Rule the process for certifying a CHDO changed to be at the point at which the organization brings a shovel ready project to the table with the other financing already secured. This was a significant change in the HOME regulations and how staff needed to look at CHDO projects after the adoption of the new rule.

Under the old HOME rule the Department did advertise a request for Community Housing and Development Organizations (CHDO) Certification in October 2011 and a Request for Proposals at the same time. The Department solicited organizations through a request for funding process by advertising on the County's internal website, used a mailing list from a nonprofit agency and Georgia Department of Community Affairs and provided an application package in three locations and a downloadable document on the County's website. The Department did receive six (6) requests for certification (Please see Summary Sheet of CHDO Qualification and Evaluations

for Certification) from organizations to be certified as a CHDO and only one request for funding during this time period (Please see staff notes from April 4, 2012)

Staff did evaluate applications at that time to verify they met the standards to qualify as a CHDO. These organizations were then included as part of the Action Plan that was adopted by the BOC in 2012. Please see certification letters to each organization that met the CHDO designation at that point and time. The plan at that point and time was that staff would work with the these six organizations to help them build capacity as housing developers utilizing the capacity they defined in the applications based on their skill sets and projects being reviewed.

The funds identified in the finding for the Hamilton and Summerwood projects were dedicated to the CHDO for these activities under the older HOME rules, which allowed the CHDO the opportunity to work on finalizing the details on the project and did not require a shovel ready project. In this case the CHDO was working to acquire properties for affordable rental housing and partner with a private developer. The owner of the properties that the CHDO was seeking to purchase decided that they did not wish to sell the properties and the private developer did not want to give the CHDO 51% control of management, therefore the CHDO needed to take the funds that were reserved for them and reprogram these funds for a new project. The Department would classify this as a breakdown in the negotiations for the projects, rather than being noted as an "operational breakdowns within" the non-profit. The CHDO did make a request that these funds be dedicated to a new project called Providence Place.

The evaluation and certification of the six CHDO's was performed when they originally applied for the designations under the old HOME rules, utilizing the HUD checklist for CHDO qualifications. The old HOME rules at that time allow local jurisdictions to award funds to such organization at time when they were working to finalize an affordable housing development. This non-profit was the only organization that staff noted applied for specific project funds at the time of application. .

Corrective Action Plan:

New process and procedure are being developed that include additional documentation requirements and senior management reviews and approval via signature. The Department will continue to work with non-profits that have development activities that are CHDO eligible and organization and meet the certification requirements on a project-by-project basis under the HOME Final Rule that was effective August 23, 2013.

As per the 24 CFR 92.300 the Department will document that the organization has the capacity to own, develop, or sponsor housing (as required by the revised definition of CHDO in §92.2) *each time* it commits CHDO funds to an organization for a specific project. This new requirement under the HOME Final Rule regulations will be implemented as the Department moves forward.

Senior Management of the Department has removed the HOME program from under the supervision of the Community Development Manager that was assigned to the program at that time, and started a reorganization of staff and programs that matches the skills sets of the

managers with the programs for which they may best be suited to implement as suitable performance levels.

Senior Management in the Department will continue to restructure and improve the operations of the program to comply with federal programs by utilizing and having staff attend trainings provided by HUD and accepting any consulting assistance that HUD may designate through a Technical Assistance provider. Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process.

This includes additional positions to cover the areas that have been identified as critical areas in the staffing pattern for the Department, and will allow the County to come into compliance with the agreements made with HUD after the audits/monitoring to build the capacity of staff.

- Community Development Specialist – HOME
- Community Development Specialist – Fair Housing
- Community Development Manger – Fiscal and Program Reporting
- Administrative Coordinator III – Quality Assurance Review

As part of the original process improvement plan for the Department that started in 2010 each Department staff members was provided the opportunity to attend one training each year that had an exam or certification that showed they sufficient understanding of the rules and regulations. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved.

Finding 6: Non Compliance with Established HUD and HHS Contract Execution Process:

Response:

The Department agrees with portions of this finding and recommendations, but disagrees with portions of the finding and recommendation as well.

Attachments for this Item:

1. Copy of Contract with Provisions for Hamilton Project and Summerwood Project.
2. Copy of Exhibit 9-1 Required Provisions in Written Agreements from HUD Training on October 21, 2014.
3. Copy of Exhibit 9-1 showing the pages with the required provision are noted in the Hamilton and Summerwood Project.
4. Draft of memo with legal opinion from the County Attorney's Office
5. Emails from January 30, 2014 with recommendation on staff.

There is no HOME contract template that HUD has authorized for all HOME assisted activities; however HUD does required all HOME Agreement have required provisions that are included as noted in the attached Exhibit 9-1 Required Provisions in Written Agreements from HUD Training on October 21, 2014. The attached contract for the project(s) noted is/are included and does contain the provisions required by HUD as noted on a copy of Exhibit 9-1 noting the pages for which the sections have been written. Additional requirements can be included contracts as determined by the each local jurisdictions based on their local desires.

Each HOME Agreement can be unique in how it is developed depending on the development deal that is being structured to produce safe, decent affordable housing within the federal regulations. This requires programmatic and legal staff to be up to date on all HUD regulations and how they relate to the real estate transactions that are being developed. One of the gaps that has been identified by the Department is the need to have legal staff attend regular training provided on our programs to ensure these is effective communications occurring with all parties developing the contracts that must be approved by the BOC.

HUD does require that all contracts to be fully executed by all parties in order to be entered in the IDIS system by the HOME Commitment Deadline. The Department was unsuccessful in having a fully executed contract that contained all the necessary signatures required under the HOME regulations. The contract was signed by the CHDO, but was not presented for final signatures. This was an error that did cause the loss of grant funds from HUD. This issue was discussed with the County Attorney's Office and a legal opinion drafted on this item.

Corrective Action Plan:

The Department was working with an outside attorney to structure a base HOME contract, and will continue the development this new base HOME contract that will include all the required

provisions outlined by HUD under the HOME Final Rule which will include the items noted on Exhibit 9-1 Required Provision in Written Agreements.

Use of funds

1. Affordability
2. Program Income
3. Uniform Administrative Requirements
4. Project Requirements
5. Property Standards
6. Other Federal Requirements
7. Affirmative marketing
8. Requests for Disbursement of Funds
9. Reversion of Assets
10. Records and Reports
11. Service Fees
12. Enforcement
13. Duration of Agreement
14. Religious Organizations
15. CHDO Provisions

The Department will make a request of the County Attorney's Office that legal counsel that is assigned to work with these federal programs be allowed to attend HUD training to become familiar with the details of the rules and regulations that help to guide the development of contracts under the HUD programs. This should help in the amount of time reviewing documents and expedite the timeline for finalizing contracts for the required signatures.

Senior Management of the Department has also removed the HOME program from under the supervision of the Community Development Manager that was managing the program at the time that these items were noted, and started a reorganization of staff and programs that better matches the skills sets of the managers with the programs for which they may best be suited to implement for appropriate performance levels. Disciplinary actions were recommended to the Interim Director at the time the error was identified, but the recommendation was not support at that time. (Please see email from January 30, 2014 with back-up materials)

Finding 7 – Non Compliance with Established HUD Project Contract Structure Guidelines:

Response:

The Department agrees with the recommendation in this finding.

Attachments for this Item:

1. Copy of Contract with Provisions for Hamilton Project and Summerwood Project.
2. Copy of Exhibit 9-1 Required Provisions in Written Agreements from HUD Training on October 21, 2014.
3. Copy of Exhibit 9-1 showing the pages the with required provision are noted in the Hamilton and Summerwood Project.

The Department agrees that having a Quality Assurance review of all contracts and files is a need to ensure compliance with all local, state and federal regulations. This is one of the items that the Department has been requesting as process improvements in past budget requests. The proposal for the FY2015 budget includes the addition of an Administrative Coordinator III for Quality Assurance reviews along with that position being dedicated to Policy and Procedure updates for all programs.

Contract Development is one of the key elements of any grant program to ensure the performance and accountability of the partner receiving the funds. The contracts for the Department can be strengthened in partnership with having dedicated internal and legal staff properly trained on the programs to work on addressing the items noted in the finding.

Corrective Action Plan:

Senior Management in the Department will continue to restructure and improve the operations of the program to comply with federal programs by utilizing and having staff attend trainings provided by HUD and accepting any consulting assistance that HUD may designate through a Technical Assistance provider. Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process.

This includes additional positions to cover the areas that include Quality and Compliance reviews. The history of the Department not having adequate staff has been identified as a critical point several times in this audit report and if the Department is approved for the budget enhancements for FY2015 this will allow the address the item sin this finding. The enhancements requested for FY2015 include:

- o Community Development Specialist – HOME
- o Community Development Specialist – Fair Housing
- o Community Development Manger – Fiscal and Program Reporting
- o Administrative Coordinator III – Quality Assurance Review

The Department was working with an outside attorney to structure a base HOME contract, and will continue the development this new base HOME contract that will include all the required provisions outlined by HUD under the HOME Final Rule which will include the items noted on Exhibit 9-1 Required Provision in Written Agreements.

The Department will make a request of the County Attorney's Office that legal counsel that is assigned to work with these federal programs be allowed to attend HUD training to become familiar with the details of the rules and regulations that help to guide the development of contracts under the HUD programs. This should help in the amount of time reviewing documents and expedite the timeline for finalizing contracts for the required signatures.

Finding #8 – Inadequate HSHD Staffing:

Response:

The Department agrees with this item, and will take all corrective actions allowed within approved staffing levels and budgetary limitations approved by the BOC.

Attachments for this Item:

1. Copy of Fulton County Response to HUD Monitoring Dated May 4, 2007 noting the County acknowledges that adequate staffing levels has been identified as one of the challenges facing the County in both 2006 and 2007.
2. Copy of March 7, 2008 Audit report from the HUD Field Office and the Inspector General noting that staffing levels and training of staff is a finding.
3. Copy HUD response to Fulton County's corrective action plan for the OIG Audit that approves the staffing level and plan for the grant programs (CDBG, HOME and NSP)
4. Copy of Memo requesting Budget Enhancement for FY2013 to address remaining staff positions. (Budget Enhancement Request dated October 8, 2012)

It has been and always will be the Housing and Community Development Department's goal to comply and take corrective actions on all items identified in internal and external audits of the HUD grant funded programs in order to not jeopardize existing and future funding. The Department has had and continues to have the desire to implement all the best practices for grants management programs, and strive to be an effective and efficient to produce results that meet all local, state and federal regulations and guidelines.

As noted in the attachments listed above the County and HUD has identified that past and current staffing levels have not been in place to adequately implement all of the requirements of the grant programs. This issue is identified as issue in these documents stating:

- 5) Adequate staffing and training was identified as an issue in April 2006. (Monitoring Letter Response date May 4, 2007)
- 6) Adequate staffing and training was identified as an issue in April 2007. (Monitoring Letter Response date May 4, 2007)
- 7) Adequate staffing and training was identified as an issue in March 2008. (HUD/OIG Audit Report March 7, 2008)
- 8) Adequate staffing and training was identified as an issue in September 2009. (Monitoring/Audit Response September 25, 2009)

As noted in the backup documentation the consistent item keeps repeating as a corrective action is that adequate staffing with proper training needs to be put to place to ensure compliance with all program rules and regulations. The documents all indicated that a history or pattern of changing management at times when issues have been identified, as noted in the May 4, 2007 and the September 25, 2009 letters. This change in management did not adequately address the staffing needs identified as the reason for compliance purposes. The documents before September 2009 do not show a plans to address these issues or that the additional staffing and

training was put into place to address concerns internally and externally for the programs for compliance purposes. This shortage of staffing assisted in the County losing the HOME allocations for 2008 and 2009.

In the June 17, 2009 response to HUD one of the former County Managers and Deputy County Managers reviewed the Departmental organizational model for Housing and Community Development and revised it to operate on a programmatic basis. Letters and organizational charts were established reflecting four different divisions in Department: CDBG, HOME, NSP, and Financial Reporting were sent along with an explanation of staffing roles and background to ensure accuracy and proper oversight to the U.S. Department of Housing and Urban Development (HUD). This staffing plan was approved by HUD (as noted in the September 25, 2009 letter) and the Office of the Inspector General's Office with a staff of 21 full-time positions.

The County started to fill the necessary positions as agreed with HUD/OIG, but did not complete the process of hiring all the staff that was agreed upon by County Officials as a condition of the audit. Several employees were hired as part of the reorganization at that time: Director, Deputy Director, two CD Managers and two CD Specialist that had capacity and experience in grants management to rebuild the grant program to comply with all HUD requirements. Under this new management structure the HUD Field Office agreed that the County was making progress on the process improvements needed, and allow the County to start receiving HOME grant awards in 2011. At that time HUD awarded the County both the FY2010 and FY2011 HOME grants. This included hiring for the vacant positions and sending staff to trainings provided on the HUD programs.

HUD also expressed that the County should continue to hire additional persons with experience and provide additional training opportunities for current staff in order to reach its goal of producing affordable housing units under the grant programs for income-eligible families in light of all the new programmatic requirements. The Department did request budget enhancements (as noted in October 8, 2012 Memo) to cover the cost to cover the salaries that were needed at that time to fulfill the staffing plan for the Department that was agreed upon by the County and HUD. These requests for the budget enhancement have not been approved. The Department at this time has not been able to fill positions to satisfy the agreed upon staffing levels given to HUD.

Since this implementation staffing plan by one of the former County Managers, the Department has experienced a cut of three staff members due to budget reductions. This has left the current staffing levels at 14 employees compared to the 21 employee agreed upon based on discussions with HUD. The Department has also had several staff members with many years of experience with the HUD programs retire, which has reduce the capacity of staff for compliance with programmatic rules and regulations.

Senior management recommended to Executive Management that the Department be allow to fill all positions agreed to under the HUD OIG audit and requested those positions in the budgets. Senior management also recommended at the time when staff reductions were being implemented that this not occur due to placing the program in jeopardy of losing funding in the future due to compliance with federal regulations.

Corrective Action Plan:

Senior Management in the Department will continue to restructure and improve the operations of the program to comply with federal programs by utilizing and having staff attend trainings provided by HUD and accepting any consulting assistance that HUD may designate through a Technical Assistance provider. Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process.

This includes additional positions to cover the areas that have been identified as critical areas in the staffing pattern for the Department, and will allow the County to come into compliance with the agreements made with HUD after the audits/monitoring to build the capacity of staff.

- Community Development Specialist – HOME
- Community Development Specialist – Fair Housing
- Community Development Manger – Fiscal and Program Reporting
- Administrative Coordinator III – Quality Assurance Review

These staffing augmentations will allow the Department to address the items noted in the audits and fulfill the agreement made with HUD on staffing levels noted from the 2008/2009 OIG reports throughout FY2015. If adequate staffing levels are not maintained the County may be in jeopardy of losing access to future grant funds from HUD; and if continued project monitoring is not sustained repayment of grant funds may be required from local funds.

As part of the original process improvement plan for the Department that started in 2010 each Department staff members was provided the opportunity to attend one training each year that had an exam or certification that showed they sufficient understanding of the rules and regulations. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved.

Finding #9 Loss of Viable Business Project Due to Untimely Communication:

Response:

The Department agrees with this finding and recommendation.

Attachments for this Item:

1. Copy of draft Department Operational Plan (DOP) - The DOP specifically describes each program within the Department, including the allocated resources, contractual deliverables, goals, performance/outcome measures, related methodologies and responsible staff.
2. Copy of draft Weekly Deliverables/Task Audit

The Department would also like to note that adequate training of staff that understands how to structure Multi-Family Developments that meets all the federal guidelines is a key staff weakness at this time. Allowing staff to attend this type of training will be critical in moving the program forward and communicating with the multi-family developers. The ability to look at the financial layering with tax credits, bonds and other outside resources and matching them to the appropriate rules and regulations. This was a factor in the loss of communications with the private developer looking to partner with Fulton County.

Adequate staffing to manage the programs as noted under Finding # 8 is a key factor in the Department ensuring that that productive and effective communications methods are used to reach both internal and external entities. The proposed staffing plan for the Housing and Community Development Department in 2009 was for it to be a standalone area that managed the CDBG, HOME and NSP programs as part of the compliance requirements in the settlement agreement with HUD. Then in 2010 the Department was merged with Human Services Department to include:

1. Aging
2. Children and Youth
3. Workforce Development
4. Emergency and Transitional Housing
5. Grants and Community Partnerships
6. Housing and Community Development

The Director for Housing and Community Development was assigned the management duties over the areas listed above as the new Housing and Human Services Department. The merger of the areas at that time was counterproductive to the settlement agreement that was made with HUD to have dedicated staff for the Housing programs. Several of the staff members identified in the plan were required to take on multiple programs and duties that were outside of the identified duties agreed to with HUD and had an effect on the communication levels that could be provided to all division within the Department.

Corrective Action Plan:

Senior Management in the Department will continue to restructure and improve the operations of the program to increase communications both internally and externally. The Office of Housing has been in operations without the position of a Division Manager position, which was in the management structure of all other division under the former Housing and Human Services Department. The Department has started by reorganizing the division to have all Community Development Manager reporting to the existing Division Manager to the Office of Emergency and Transitional Housing. With the closure of the emergency shelters operations by the County, it has allowed management to realign staff to fill gaps that have been identified. This will allow for more day to day communications at multiple levels to resolve issues.

The addition of the Division Manager in the management structure will for better performance evaluations of staff, policies and procedural improvement that are needed for better communications. The use of this position has become even more critical since there has been no permanent Director for the Department. The structure for the "chain of command" for the Department will be:

- The CD Specialists within the Department are responsible for the day to day communications for the activities/contracts for which they are assigned. If there are issues or concerns those should be raised to their assigned Community Development Manager to resolve.
- The Community Development Managers are responsible for communicating with the CD Specialist and ensuring these employees are managing contracts properly and in a timely fashion to meet deadlines. This includes proper documentations and review of files for compliance. If concerns are raised on activities this level of staff should try and resolve the matter at their level.
- The Division Manager will be responsible for the Community Development Managers and operations of Homeless Services to ensure that all staff members below this level are on schedule to meet reporting requirements and deadlines for federal grant programs. This positions will be the third level of communications to address issues or concerns on activities and projects.
- The Deputy Director position will be responsible for management of four division managers to include: Office of Housing, Office of Homeless Services, Office of Workforce Development and Office of Grants and Community Partnerships. This position will be responsible communicating the Departments mission, goals, objectives, program performance level expectations for all areas being directed.

Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process. This includes additional positions to cover critical areas that have been identified to help strengthen the needs of the Department and address compliance requirements that include communications of such requirements with possible partners from the community. These staff positions will allow for expertise areas of staff for improved communications from top to bottom and bottom to top for the Department both internally and externally.

As part of the original process improvement plan for the Department that started in 2010 each Department staff members were provided the opportunity to attend one training each year that

had an exam or certification that showed they had sufficient understanding of the rules and regulations. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved, that includes the structuring of Multi Family developments.

Finding 10 – Inaccurate IDIS Commitment Entries

Response:

The Department agrees with this finding and recommendation.

Attachments for this Item:

1. Copy of Contract Tracking Log that has been implemented

An error was made when staff entered commitment into the IDIS system that was not compliant with the HOME requirements and caused the de-obligation of funds from HUD. The first part of the de-obligation was caused due to errors in the HUD IDIS system as noted in Finding #4 in this audit report. The changes that HUD is implementing in the IDIS system should correct this issue in the future. The CD Specialist that handled these entries tried to commit the funds, but the system did not recognize any funds remaining to obligate. The second de-obligation was strictly due to the error of not getting contracts fully executed by all parties.

Corrective Action Plan:

The Department has started to update policies and procedures to include the Contract Tracking Log under the HOME program at this time and it will be requesting several process improvement items in the FY2015 Budget process. This includes additional positions to cover critical areas that have been identified to help strengthen the needs of the Department and address compliance requirements that include one for fiscal management and IDIS management; and a second will be for quality assurance reviews that will include update to all policies and procedures. These staff positions will allow for expertise areas of staff and allow for improved project management and data entry into the HUD IDIS system which will include commitment of projects in the system.

As part of process improvement plan for the Department the management team will ensure that additional training is provided to the staff on the HOME requirements. This training will include the commitment requirements for all HUD grant programs to ensure staff understands the difference of the requirements under all programs. This is part of the training budget requested in FY2015.

Finding #11 – Incompatible Job Functions and Titles:

Response:

The Department agrees with this item, and will take all corrective actions allowed within approved staffing levels and budgetary limitations to have staff properly trained and assigned to specific programs if requests are approved in the FY2015 budget process.

Attachments for this Item:

1. Copy of Fulton County Response to HUD Monitoring Dated May 4, 2007 noting the County acknowledges that adequate staffing levels has been identified as one of the challenges facing the County in both 2006 and 2007.
2. Copy of March 7, 2008 Audit report from the HUD Field Office and the Inspector General noting that staffing levels and training of staff is a finding.
3. Copy HUD response to Fulton County's corrective action plan for the OIG Audit that approves the staffing level and plan for the grant programs (CDBG, HOME and NSP)
4. Copy of Memo requesting Budget Enhancement for FY2013 to address remaining staff positions. (Budget Enhancement Request dated October 8, 2012)

It has been and always will be the Housing and Community Development Department's goal to comply and have staff possess sufficient knowledge and the skill sets necessary to fulfill all the requirements under the HUD program rules and regulations. The reduction in staffing levels has required management to utilize the staff to cover multiple areas for which they may not have the specific skill sets needed. Management has tried to seek training opportunities for these staff members to increase their skills for tasks they are assigned to complete. The training opportunities for specific skill sets has limited availability for staff to attend, and is often not local. This increases the cost to have staff attend these trainings under the very limited budget the Department has available at this time.

As part of the original process improvement plan for the Department started in 2010 each Department staff members was provided the opportunity to attend one training each year that had an exam or certification that showed they sufficient understanding of the rules and regulations. This allowed HUD the ability to start awarding HOME dollars to the County again in FY2011. Having the staff attend tested or certification training assisted management in accountability of the staff and increasing performance. This process improved has to be cut based on the availability of funding to implement training plans for staff. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved.

As noted in the attachments listed above the County and HUD has identified that past and current staffing levels have not been in place to adequately implement all of the requirements of the grant programs. This issue is identified as issue in these documents stating:

- 1) Adequate staffing and training was identified as an issue in April 2006. (Monitoring Letter Response date May 4, 2007)
- 2) Adequate staffing and training was identified as an issue in April 2007. (Monitoring Letter Response date May 4, 2007)

- 3) Adequate staffing and training was identified as an issue in March 2008. (HUD/OIG Audit Report March 7, 2008)
- 4) Adequate staffing and training was identified as an issue in September 2009. (Monitoring/Audit Response September 25, 2009)

Adequate staffing with proper training needs to be put to place to ensure compliance with all program rules and regulations. . This shortage of staffing assisted in the county losing the HOME allocations for 2008, 2009 and 2014 and repaying HUD \$3,239,530. The County paid this amount by using Cash totaling \$1,733,028 and the forfeiture of the 2008 Grant award.

In the June 17, 2009 response to HUD one of the former County Managers and Deputy County Managers who reviewed the Departmental organizational model for Housing and Community Development and revised it to operate on a programmatic basis. Letters and organizational charts were established reflecting four different divisions in the Department: CDBG, HOME, NSP, and Financial Reporting were sent along with an explanation of staffing roles and background to ensure accuracy and proper oversight to the U.S. Department of Housing and Urban Development (HUD). This staffing plan was approved by HUD (as noted in the September 25, 2009 letter) and the Office of the Inspector General's Office with a staff of 21 full-time positions.

The County started to fill the necessary positions as agreed with HUD/OIG, but did not complete the process of hiring all the staff that was agreed upon by County Officials as a condition of the audit. Under this new management structure the HUD Field Office agreed that he County was making progress on the process improvements needed, and allow the County to start receiving HOME grant awards. Over the course of a review, HUD awarded the County allocations in intervals with the County receiving funding for FY2010, then FY 2009 and later FY2011 HOME grants. This included hiring for the vacant positions and sending staff to trainings provided on the HUD programs.

HUD also expressed that the County should continue to hire additional persons with experience and provide additional training opportunities for current staff in order to reach its goal of producing affordable housing units under the grant programs for income-eligible families in light of all the new programmatic requirements. The Department did request budget enhancements (as noted in October 8, 2012 Memo) to cover the cost to cover the salaries that were needed at that time to fulfill the staffing plan for the Department that was agreed upon by the County and HUD. These requests for the budget enhancement have not been approved. The Department at this time has not been able to fill positions to satisfy the agreed upon staffing levels given to HUD.

Since this implementation staffing plan by one of the former County Managers, the Department has experienced a cut of three staff members due to budget reductions. This has left the current staffing levels at 14 employees compared to the 21 employee agreed upon based on discussions with HUD. The Department has also had several staff members with many years of experience with the HUD programs retire, which has reduce the capacity of staff for compliance with programmatic rules and regulations.

Senior management recommended to Executive Management that the Department be allowed to fill all positions agreed to under the HUD OIG audit and requested those positions in the budgets. Senior management also recommended at the time when staff reductions were being implemented that this not occur due to placing the program in jeopardy of losing funding in the future due to compliance with federal regulations.

The Department has had and continues to have the desire to implement all the best practices for grants management programs, and strive to be an effective and efficient to produce results that meet all local, state and federal regulations and guidelines.

Corrective Action Plan:

Senior Management in the Department will continue to restructure and improve the operations of the program to comply with federal programs by utilizing and having staff attend trainings provided by HUD and accepting any consulting assistance that HUD may designate through a Technical Assistance provider. Additionally, the Department will be requesting several process improvement items in the FY2015 Budget process.

This includes additional positions to cover the areas that have been identified as critical areas in the staffing pattern for the Department, and will allow the County to come into compliance with the agreements made with HUD after the audits/monitoring to build the capacity of staff.

- Community Development Specialist – HOME
- Community Development Specialist – Fair Housing
- Community Development Manager – Fiscal and Program Reporting
- Administrative Coordinator III – Quality Assurance Review

These staffing augmentations will allow the Department to address the items noted in the audits and fulfill the agreement made with HUD on staffing levels noted from the 2008/2009 OIG reports throughout FY2015. If adequate staffing levels are not maintained the County may be in jeopardy of losing access to future grant funds from HUD; and if continued project monitoring is not sustained repayment of grant funds may be required from local funds.

As part of the original process improvement plan for the Department that started in 2010 each Department staff member was provided the opportunity to attend one training each year that had an exam or certification that showed they sufficient understanding of the rules and regulations. The Department plans to reinstitute this practice as a process improvement if the training budget requested for FY2015 is approved.

Finding #12 Failure to Timely Secure Viable HOME Program Projects Reply

The Department agrees with the finding and recommendation.

Response:

The Department would also like to note that adequate training of staff that understands how to structure Multi-Family Developments that meets all the federal guidelines is a key staff weakness at this time. Allowing staff to attend this type of training will be critical in moving the program forward and communicating with the multi-family developers. The ability to look at the financial layering with tax credits, bonds and other outside resources and matching them to the appropriate rules and regulations. This was a factor in the loss of communications with the private developer looking to partner with Fulton County

Under the HOME Final Rule qualifying viable single family and multifamily development has become more complicated in finding developers/vendors that have projects that can fulfill the timelines established by HUD. This makes the request for process improvement/enhancement funds even more critical moving forward in FY2015.

The County received HUD Concern Letters regarding Fiscal Years 2008 and 2009 HOME Program, the former County and Deputy County Managers reviewed the Departmental organizational model for Housing and Community Development and revised it to operate on a programmatic basis. Organization charts established reflecting four different divisions in Department: CDBG, HOME, NSP, and Financial Reporting were sent along with an explanation of staffing roles and background to ensure accuracy and proper oversight.

HUD also expressed that the County should hire additional persons with HOME experience in order to reach its goal of producing affordable housing units for HOME income-eligible families in light of all the new programmatic requirements. In reviewing the staff capacity and experience of existing staff, it was noted that a number of program persons with extensive HOME experience was already employed. Many of those persons were reassigned to the HOME Program. Since this implementation by the former County Manager, reorganizations, retirements and a reduction in staffing occurred. Senior Management in the Department will continue to restructure and improve the operations of our federal programs by approval of staff requested trainings offered by HUD and/or designated TA providers. Additionally, DEPARTMENT will also be requesting additional staff positions for the 2015 Budget as part of the October 5, 2014 budget submission specifically an additional CD Specialist.

The Department needs the ability to fully implement that staff and training plan that was established in FY2010.

Finding 13 – Failure to Timely Post Expenditures to the IDIS; Expense Posted to IDIS without Documented Approval:

Response:

The Department agrees with the recommendation in this audit finding, but disagrees with items stated in the finding.

Attachments for this Item:

1. Copy of signed draw request by the Deputy Director for March 17, 2014 for \$43,193.50.
2. Copy of signed draw request by the Deputy Director for the August 2013.
(note these are the same documents)

The Department did submit the official signed draw request form(s) to the Finance Grants area for processing. These documents are signed off by the CD Specialist and the CD Manager prior to coming to the Director or Deputy Director to sign. Staff believes that audit team was looking at a cover sheet for the documents that may not have been signed, but the official draw request must be signed for the Finance Grants section to process any draws through the HUD systems.

Corrective Action Plan:

The Department has instituted additional procedures under the new HUD regulations and will continue to adhere to the IDIS process for IDIS setup and completions and submitting draw requests. IDIS draws are created and approved by Fulton County Finance Department/Grants Administration. The action steps include:

1. The CD Project Financial Specialist handles:
 - a. Conducting and verifying a funding source determination & assignment
 - b. Completing a summary of IDIS approval with expenditures, voucher form by month, running and attaching the corresponding appropriation and expenditure budget and obligation report.
 - c. Signing and dating the information and then forwarding to the CD Manger
2. The CD Manager reviews and either rejects the package for further documentation or additional revisions/corrections or approves and signs the IDIS package for the Director or appointee approval.
3. The Director or appointee reviews and approves the package by signing and forwards back for processing.
4. After all signatures, the CD Specialist makes photocopies with one copy being date-stamped at the Fulton County Department of Finance front-desk receptionist for the master record that is maintained in the Department and provides a package for Grant staff review and approval.
5. Grants reviews the IDIS package and provides the HUD Draw certification for Department signature.
6. The CD Manager certifies that, in accordance with HUD s regulations at 24 CFR Part 92 the draw should be completed and all necessary supporting documentation is in each contract file..

7. Upon receipt of the certification, Grants completes the draw and provides documentation to the CD Specialist to reconcile with financial records.