

Audit

Follow Up

As of March 31, 2001



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City Auditor

“City Grant to the Housing Foundation, Inc.”

(Report #0105, Issued December 14, 2000)

Report #0126

June 7, 2001

Summary

The Department of Neighborhood and Community Services (NCS) has implemented the action plan steps due to date, as identified in our previously issued audit report #0105, City Grant to the Housing Foundation, Inc. In audit report #0105, issued December 14, 2000, we identified actions that should be taken to recover City funds expended by the Housing Foundation for unauthorized purposes as well as City funds advanced to, but not earned by, the Housing Foundation. In that report we also identified actions that should be taken by NCS to enhance accountability and the desired level of assurances in future grant contracts. As of March 31, 2001, NCS had developed and initiated an appropriate course of action to recover applicable funds from the Housing Foundation. Furthermore, NCS ensured that subsequent grant contracts included appropriate terms that established the basis on which payments for administrative costs would be made.

The primary objectives of the audit were to determine whether:

- the Housing Foundation established adequate internal controls to account for and ensure compliance with its City grant,
- the Housing Foundation owed funds to the City for the unauthorized use of City grant funds, and
- NCS properly administered its contract with the Housing Foundation.

Report #0126

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of March 31, 2001. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation. This audit was conducted in accordance with Generally Accepted Government Auditing Standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

Scope, Objectives, and Methodology

Report #0105

The scope of report #0105 was a review of available records and bank account activity of the Housing Foundation and records and related correspondence at NCS for the period March 1999 through September 2000.

Previous Conditions and Current Status

In report #0105, we identified two main areas that needed to be addressed: recovery of funds from the Housing Foundation and NCS contract administration practices. NCS completed all four (100%) of the action plan tasks that were due to be completed by March 31, 2001. Table 1 provides a summary of the conditions and tasks due as of that date.

**Table 1
Conditions Identified in Report #0105 and Current Status**

Previous Conditions	Current Status
Recovery of Funds from the Housing Foundation	
<ul style="list-style-type: none"> Develop an appropriate course of action to recover the \$4,944 from the Housing Foundation for project costs not paid to vendors. 	<ul style="list-style-type: none"> ✓ After various NCS written and verbal requests of the President of the Foundation's board of directors to secure a formal audit and reimburse the funds, the matter was turned over to the City Attorney. The City Attorney prepared the necessary documentation to file suit against the Foundation to seek recovery of the funds. That suit will be filed in the county court in the near future.
<ul style="list-style-type: none"> Develop an appropriate course of action to address the "unearned" administrative funds. 	<ul style="list-style-type: none"> ✓ Same as above.
<ul style="list-style-type: none"> Continue efforts to require the Housing Foundation to obtain the contractually-required audit. 	<ul style="list-style-type: none"> ✓ Same as above.
Contract Administration Issues	
<ul style="list-style-type: none"> Include in contractual agreements with grantees appropriate terms that establish the basis on which payments for administrative costs will be made. 	<ul style="list-style-type: none"> ✓ Subsequent contracts with other subrecipients contain terms that provide the basis on which payments for administrative costs will be made.

Table Legend:

- Issue addressed in the original audit

- ✓ Issue addressed and resolved

Significant Outstanding Issues

As noted above, NCS has taken appropriate steps to complete the action plan steps due for completion by March 31, 2001. Other steps, including the development of written guidelines as to the specific factors to consider in determining documentation requirements for potential grantees and for determining documentation requirements for grantees, will be addressed in our subsequent follow up reports for this audit.

We appreciate the assistance provided by NCS during this audit follow up.

Appointed Official Response

City Manager's Response:

As noted, Neighborhood and Community Services completed 100% of the action plans that were due by March 31, 2001. Neighborhood and Community Services has also requested that the City Attorney's office file suit against the Housing Foundation to recover the \$4,944 for the project costs not paid to vendors.

Copies of this Audit Follow Up or audit report #0105 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail, or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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