

Internal Audit Division
City of Greensboro



May 20, 2011

TO: Rashad Young, City Manager
FROM: Internal Audit Division
SUBJECT: Ole Asheboro Neighborhood Association

The Internal Audit Division has completed our annual review of Ole Asheboro Neighborhood Association along with a Programmatic Review by the Planning & Community Development Department for the 2008-2009 grant year. Attached you will find our review report; the agency response; the departmental response and our replies to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Sue Schwartz, Interim Director of Planning & Community Development

Internal Audit Division
City of Greensboro



September 21, 2010

TO: Sue Schwartz, Interim Director of Housing & Community Development
FROM: Internal Audit Division
SUBJECT: Ole Asheboro Neighborhood Association 2008-2009

The Internal Audit Division has performed our compliance review of the year ended December 31, 2009 of the Nettie Coad Apartments, which consists of 30 units for low-income individuals or families located in the buildings formerly known as David Caldwell School at 503 Martin Luther King Drive. These units are owned by the City of Greensboro and are managed by the Ole Asheboro Street Neighborhood Association, Incorporated (OASNA).

The lease extension agreement which the City and the Association are presently working under is dated July 1, 2009 and expires on July 31, 2010. The rent is \$1.00 per year and is due in advance on August 1st of every year. The lease states that any excess funds from the rental of these units after all expenses incurred and funding of the reserve accounts must be used in the OASNA self-sufficiency programs. As of the date of this report, no excess funds have been transferred for the year.

The OASNA, Inc. received a grant in the amount of \$72,000 from the Cemela Foundation for the Nettie Coad Apartments in 2003 for the purpose of constructing a multi-purpose room on site for the use of the local community. As of the date of the review, the project was not complete and a certificate of occupancy had not been issued and is therefore not being used by the Association. The project when complete will include computer access outlets, a meeting room, two restrooms, a food pantry and a kitchen. The plans call for a handicap access ramp and steps to the exterior door. The Board of OASNA approved on November 3, 2008, to hire J&C Contracting to build a handicap accessible ramp in the amount of \$4,250.00. As of our inspection date of July 22, 2010 the work had been completed for this ramp.

We accompanied Mr. Jim Teele, Housing Rehabilitation Specialist of the Department of Housing & Community Development (HCD), as he inspected approximately 15 percent of the units and some minor repairs were noted. Overall the units inspected appear to be well maintained. He did inspect the multi-purpose room and there has been no further work been done since the original renovation but the ramp has been completed with minor repairs suggested. These issues have been forwarded to the Property Director to address before they escalate into costly problems.

We examined selected program documentation maintained by the Association for compliance with the existing lease agreement and found everything agreed except for the following findings:

FINDING:

The auditor's recommendation in his Management letter dated June 9, 2010 for fiscal year ended December 31, 2009 recommend that a vacancy report should be with the Property Manager's Nettie Coad Apartments' quarterly report to OASNA and HCD. In the June quarter 2010 Nettie Coad Apartments' income statement prepared for HCD and OASNA, Inc., there wasn't a six month ending, 2010 Profit and Loss included.

RECOMMENDATION:

The Property Manager should include a vacancy report in quarterly financials to management. The Property Manager should include a cumulative to date Profit and Loss statements in their quarterly financials statements to management.

FINDING:

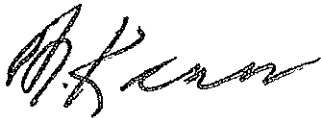
We were not provided the 2009 tax form 990 for OASNA

RECOMMENDATION:

OASNA should provide the 990 Tax Return for 2009 as soon as it is signed and completed.

We request a written and signed response from OASNA, Inc. and HCD which should be received by October 5, 2010 and mailed to the Internal Audit Division at address, P. O. Box 3136, Greensboro, NC 27402.

We would like to thank Ms. Jan Malone, Property Manager of Nettie Coad Apartments for her courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.



Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Barbara Akins, President of the Board of Directors of Ole Asheboro Street Neighborhood Association

September 20, 2010
Nettie Coad Apartments
Barbara Akins, President, Ole Asheboro Street Neighborhood Association
503 Martin Luther King Jr. Drive
Greensboro, NC 27406-1675



Re: Nettie Coad Apartments Limited Partnership Management Agreement - City Owned

Ms. Akins,

City of Greensboro staff conducted an on-site monitoring visit of Nettie Coad Apartments on July 22, 2010. The property is located at 503 Dr. Martin Luther King Jr. Dr., in Greensboro, NC.

The property was acquired and rehabilitated with \$1,708,568 in local bond funds in 1989. No HOME Program funds were expended on this property therefore the lease agreement is the only controlling document regarding occupancy and tenancy requirements. This letter summarizes the results of the City's monitoring on the above date.

Certification of Tenant Incomes: The onsite file review confirmed compliance with certification and recertification requirements. The files were in good condition and included most required documents. The units inspected by City staff on July 22, 2010 were: 102; 118; 205; 210; 214 and 220. No Findings or Concerns noted.

Observation # 1: While incomes are being calculated correctly the files did not contain the NCHFA LIHTC Tenant income certification worksheet which allows for much quicker review and certification.

Required Corrective Action: To utilize the NCHFA LIHTC Tenant income certification worksheet. A copy has been attached and the website download is available at <http://www.nchfa.com/Rental/Mforms.aspx>.

Rents: The property consists of 30 units and would be made available to households with incomes at or below 50% of the adjusted area Median Income. From April 2010 the rents ranged between \$328 to \$414 a month with utilities not recently calculated.


- Occupancy Requirement (20% rule): N/A
- Rent Requirements: None of the units had rents that exceeded the allowable rent.
- Over-Income Tenants: One of the households had a recertification income that exceeded the 60% level.
- Rent Increase: All sampled files contained a written 30 day notice of rent increase.

Concern #1: According to the annual compliance form submitted to the city unit #201 had a household income of \$25,688. This exceeds the current one person 60% limit of \$24,600. Per the Lease Agreement §9 if a tenant's income exceeds 60% of the adjusted median family income then that tenant should be given notice to vacate within one year.

Indicator	Result	Deducted or added
Physical Occupancy FY09/10	94.9%	0
Difference between Physical Occupancy and Econ. Occupancy (CY2009)	<1%	0
Average Vacant Unit Off-line Time	79.3 days	-8
Maintenance Response Time	around 1 day	0
Overall Physical Condition	"Satisfactory"	0
Per Unit Cash Flow (due to decrease in Net Income of (\$23,570) from 2008 to 2009)	-648.47	-5
Hard Debt Service Coverage Ratio	N/A	-
Timely Delivery of External Audit	Yes	0
Adhering to HOME, PJ, Agreement and/or Note and Deed	Yes	0
Adhering to Reporting Standards	Yes	0
Cash Flow	negative	-5
Resident Turnover Rate	7%	0
Property Taxes Paid Ontime	N/A	0
Reserve requirements met	Yes	0
Replacement reserve Minimum of \$1,000/unit	Yes	0

Summary: Overall the property is well maintained and managed and provides decent housing to qualified residents. Please respond as requested to Concern #1 and Observation #2 identified in this letter and the necessary repairs associated with the physical inspection dated July 22, 2010; a response to the issues detailed are due to HCD by November 5, 2010. The Internal Audit report requested a reply.

HCD staff appreciates the assistance and documentation that Ms. Jan Malone, On-site Property Manager, and the rest of the staff, provided during the monitoring visit.



Michael Blair
Analyst Grants Compliance



Sue Schwartz
Interim Director HCD



MEMO

Date: September 28, 2010
To: Len Lucas, Internal Audit Director
From: Michael Blair, Analyst Grants Compliance
RE: HCD Review of Nettie Coad Apartments Audit Report

HCD concurs with the Internal Audit review of Nettie Coad Limited Partnership 2008-2009.

Internal Audit Division
Executive Department
City of Greensboro



September 30, 2010

TO: Sue Schwartz, Interim Director of Housing & Community Development
FROM: Internal Audit Division
SUBJECT: Nettie Coad Apartments, 2008-2009

Thank you for your reply of September 28, 2010. Internal Audit agrees with the Department of Housing & Community Development's response to Internal Audit's subject report dated September 21, 2010.

A handwritten signature in black ink, appearing to read "M. Kerans".

Mickey Kerans
Internal Auditor

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager

NETTIE COAD APARTMENTS
503 MLK JR DRIVE, GREENSBORO, NC 27406
PHONE: 336-272-6844 FAX: 336-574-2410
Email: nettiecoadapts@bellsouth.net

May 11, 2011

Tina McKoy
City of Greensboro, Internal Audit
Greensboro, NC 27402

Response to: Compliance Review, Internal Audit

Dear Ms. McKoy:

FINDING: Auditor's recommendation that a vacancy report be included in quarterly reports. Also that Profit and Loss statements "cumulative" report is included in quarterly reports.


Action: A vacancy report has been included in quarterly reports beginning September 2010 and will continue. Profit and Loss cumulative report was added to quarterly report in September and will continue.

FINDING: 2009 tax form 990 not provided

Action: Auditor requested extension for tax form until November 15, 2010, completed and submitted 990 to OASNA shortly after. It has been copied and included in package today.

Please let us know anything else needed. Thanks so much!

Sincerely,


Jan Malone
Property Manger

Cc: President, Ole Asheboro Neighborhood Association



Internal Audit Division
City of Greensboro

May 18, 2011

Ms. Jan Malone
Property Manager
Nettie Coad Apartments
503-106 Martin Luther King, Jr. Drive
Greensboro, NC 27406

Re: Nettie Coad Apartments Review -2008 to 2009

Dear Ms. Malone:

We are in receipt of your letter dated May 11, 2011 which we received on May 13, 2011. We appreciate your reply to our review report dated September 21, 2010 which we requested response on or before October 5, 2010. We are in agreement with your responses to our findings.

Sincerely,

Tina McKoy
Internal Auditor

Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Sue Schwartz, Interim Director of Planning & Community Development
Barbara Akins, President of the Board of Directors of OASNA

Attachment