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**DEDICATED FUNDING SOURCE FOLLOW-UP  
PERFORMANCE AUDIT**

**MARCH 2015**



**CITY OF DURHAM**  
AUDIT SERVICES DEPARTMENT

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assurance and investigative services”*

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**To:** Audit Services Oversight Committee  
**From:** Germaine Brewington, Director  
Audit Services Department  
**Date:** March 23, 2015  
**Re:** Dedicated Funding Source Follow-Up  
Performance Audit (March 2015)

The Department of Audit Services completed the report on Dedicated Funding Source Follow-Up Performance Audit dated March, 2015. The purpose of the audit was to verify whether the recommendations proposed in the Dedicated Funding Source Performance Audit dated March 2014 were implemented by the Department of Community Development.

This report presents the observations and results of the Dedicated Funding Source Follow-Up Performance Audit. No recommendations were proposed as all previous recommendations were fully implemented.

The Department of Audit Services appreciates the contribution of time and other resources from employees of the Department of Community Development in the completion of this audit.

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## BACKGROUND INFORMATION

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The Department of Audit Services performed the Dedicated Funding Source Performance Audit in March 2014. The purpose of the audit was to determine the adequacy of controls to validate that Dedicated Funding Source funds are provided to eligible recipients and used for their intended purposes. The results of the audit were as follows:

- The Dedicated Funding Source funds were managed adequately by the Department of Community Development. Adequate controls existed over the process of allocating the use of Dedicated Funding Source funds. Adequate controls existed over programs administered internally by the Department of Community Development staff. These included the First Time Home Buyers Program, Elderly Disabled/Urgent Repairs Programs and the Neighborhood Revitalization Southside West (activities funded by Dedicated Funding Source funds only). The documentation maintained to support the eligibility requirements and approval process for the First Time Home Buyers Program was excellent. The Elderly Disabled/Urgent Repairs Program also had adequate controls to ensure funds were provided to eligible recipients. The Department of Community Development staff could strengthen the controls around the Dedicated Funding Source funds allocated to the Elderly Disabled/Urgent Repairs Program by ensuring that project managers complete a Disclosure of Conflict of Interest Form to mitigate the risk of fraud, waste, or abuse in the Program.
- Adequate controls existed to monitor activities carried out by the sub-recipient Housing for New Hope for the Rapid Re-Housing Program. The Department could improve its processes of documenting the review performed of the eligibility requirement documentation provided by Housing for New Hope. In addition, developing written standard operating procedures for the Rapid Re-Housing as well as Elderly Disabled/Urgent Repairs Programs would help standardize the process in case of staff turnover.

The audit proposed three recommendations to address the areas of concern.



## EXECUTIVE SUMMARY

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### **Purpose**

The purpose of the audit was to verify if the recommendations proposed in the Dedicated Funding Source Performance Audit dated March 2014 were implemented by the Department of Community Development.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Results in Brief**

The Dedicated Funding Source Performance Audit dated March 2014 proposed three recommendations to management. All three recommendations were implemented.



## OBJECTIVES, SCOPE AND METHODOLOGY

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### Objectives

The objective of the audit was to verify if:

- Proposed recommendations were implemented by the Department of Community Development.

### Scope

The scope of the audit included examining the current controls as they relate to the proposed recommendations of the Dedicated Funding Source Performance Audit dated March 2014.

### Methodology

To accomplish the objective of the audit, staff performed the following:

- Interviewed various City personnel responsible for implementing the proposed recommendations; and
- Obtained and reviewed policies, procedures, and documentation to support the implementation of the proposed recommendations.

During the audit, staff also maintained awareness to the potential existence of fraud.

## AUDIT RESULTS

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The recommendations in the Dedicated Funding Source Performance Audit dated March 2014 and the accompanying status of each recommendation follows.

### **Recommendation 1 (March 2014 Audit)**

The Department of Community Development project managers involved in administering programs within the Department must complete a “Disclosure of Conflict of Interest Statement” for each application processed; and document the disclosure in the program files.

*Status: Fully Implemented*

The Department of Community Development requires its staff to complete a Conflict of Interest Disclosure Form for each application that is processed for programs administered in house. Audit staff verified that a Conflict of Interest Disclosure Form was completed by the project manager for all of the Elderly Disabled/Urgent Repairs applications processed for FY 2015 and all of the First Time Home Buyers applications processed for FY 2015. No exceptions were noted.

### **Recommendation 2 (March 2014 Audit)**

The Department of Community Development staff should develop an internal checklist or other reporting mechanism to record the validation/review of information provided, to support the eligibility/contract requirements for the monitoring of the Rapid Re-Housing Program provided by the sub-recipient.

*Status: Fully Implemented*

The Department of Community Development staff have established an internal checklist to record the validation/review of information provided to support the eligibility/contract requirements for the monitoring of the Rapid Re-Housing Program provided by the sub-recipient. Audit staff verified the use

## AUDIT RESULTS

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of the checklist for 14 beneficiary applications and no exceptions were noted.

### **Recommendation 3 (March 2014 Audit)**

The Department of Community Development staff should develop written standard operating procedures for the Elderly Disabled/ Urgent Home Repairs Program and the Rapid Re-Housing Program.

*Status: Fully Implemented*

The Department of Community Development is in full compliance with the stated recommendation and they have developed written standard operating procedures for the Elderly Disabled/ Urgent Home Repairs Program and the Rapid Re-Housing Program. Audit staff reviewed the established standard operating procedures. No exceptions were noted.

## RECOMMENDATIONS

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No Recommendations Proposed.