

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: NOVEMBER 21, 2006

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

Consent  Discussion

SUBJECT:

Discussion and possible action on Audit of The Single Family Residential Rehabilitation Program (1801-0607-02)

Fiscal Impact

- No Impact
- Budget Funds Available
- Augmentation Required

Amount:  
Funding Source:  
Dept./Division:

PURPOSE/BACKGROUND:

To review the Audit of Single Family Residential Rehabilitation Program with the Audit Oversight Committee

This audit was part of the authorized Audit Plan FY 2006-2007

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Audit of The Single Family Residential Rehabilitation Program (1801-0607-02)
2. Submitted after meeting Folder PowerPoint Slides

Motion made by PAUL WORKMAN to Approve the report on Audit of The Single Family Residential Rehabilitation Program (1801-0607-02)

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

JOSE TRONCOSO, LARRY BROWN, LAWRENCE WEEKLY, MICHAEL W. KERN, PAUL WORKMAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

Nancy Beatty reported that the City Auditor's Office completed a performance audit of Neighborhood Services Single Family Residential Rehabilitation Program. The Neighborhood Development Division of Neighborhood Services oversees the Single Family Residential Rehabilitation Program. Community Development Block Grants and HOME Investment Partnership funding are used to provide repairs to low income single family residences within the City of Las Vegas. The objectives of the audit were to ensure that current policies and procedures were established in accordance with applicable guidelines and management controls are adequate and operating as intended. She indicated the scope of the audit was limited to

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selecting projects that were active or finalized during fiscal years 2004 - 2005 and 2005 -2006. Ten project files were judgmentally selected. Four projects were funded with Community Development Block Grants and six projects were funded with HOME Investment Partnership funding.

The following items were identified as significant findings of the audit. One of the criteria used to qualify applicants for the program is to calculate participant's anticipated income over the next twelve months. In testing the income verification process, staff found that anticipated income was not always used, not all income sources were verified, income from assets were not calculated, and research was not completed when source documents indicated potential income sources.

Audit staff also found that participants who received direct or deferred loans for the repairs on their homes are required to authorize their insurance company to add the City of Las Vegas as an insurance rider. However, follow-up was not completed by City staff to ensure that homeowners insurance policies were amended to include the insurance riders.

One of the findings related to the fact that seventeen bid forms were submitted by contractors relating to the ten projects audited. Of the seventeen bid forms were date/time stamped before the bid opening time, seven bid forms were not date/time stamped at all and one bid form was date/time stamped after the bid opening time.

The audit showed that various established policies and procedures were not followed. Department Management has developed action plans to address the issues within the report and estimated dates for completion. The responses are found at the back of the report.

Chairman Kern questioned when the next audit occurred. Mr. Snelding stated it is on schedule and will routinely go back. Staff should be reviewing again within the next three years and it will most likely be moved to a high risk status.

The Chairman asked if the completion date of 9/1/06 had been met. Ms. Beaty stated that deadline was met but due to time constraints, she had not been able to verify completion and implementation.

Chairman Kern indicated that he has been working with Councilman Weekly for some years on additional funding anticipated to come to the City, County and State through non-profit organizations, set up as qualified 501C3 designees. He mentioned to Mr. Houchens that he would like to follow-up with him on this topic. These organizations are out there looking for funding needs of government agencies and checks and balances are an important factor. This could be an additional source for the city and this well-done report could be a key factor. If this comes to fruition, as anticipated, checks and balances must be in place.

The Chairman indicated that some agencies put audits off thinking the information would not be necessary but it can be vital. Out of 223 tax exempt organizations, approximately 150 have lost their tax-exempt status due to improper use of funding for low-income housing, HUD, and other affordable housing. Part of the compliance issue was caused by the fact that the municipalities

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did not have proper controls in place. He stated he welcomed this report and would encourage it sooner rather than later.

Vice-Chairman Brown requested clarification on management responses and plans of action with estimated dates of completion. Most were to have been completed by 9/1/06, so those should currently be completed. He asked the Director of Neighborhood Services to update the committee on what has been done since the report was generated a few months ago.

Steve Harsin, Director of Neighborhood Services, explained that he had met with staff of the Auditor's Department and he accepted all recommendations. His department implemented all recommendations and would be happy to provide documentation for application and tracking of changes. Vice-Chairman Brown indicated he would like to see that documentation as it gives closure to the report. Chairman Kern asked Mr. Harsin to produce the necessary documents and requested that Mr. Snelding have the Oversight Committee members copied on that information. Mr. Harsin stated he could provide the paperwork within approximately ten days due to the holiday.

Chairman Kern stated he has a true passion for low-income, affordable housing and hoped organizations would step up and share resources. He complimented Mr. Houchens on the findings of the report could be useful. The report was well done and he complimented Ms. Betty on a job well done.

