



City of Chattanooga

INTERNAL AUDIT

City Hall

Chattanooga, Tennessee 37402

Stan Sewell
Director

Ron Littlefield
Mayor

October 3, 2012

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: Post Audit Review of Home Repair Assistance Programs, Audit 11-12

Dear Mayor Littlefield and Council Members:

On February 10, 2012, the Internal Audit Division released an audit on the Home Repair Assistance Programs. We performed certain procedures, as enumerated below, with respect to activities of the Neighborhood Services Department in order to render a conclusion on the status of the recommendations made as a result of that audit.

This Post Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The conclusions of Audit 11-12 were that:

1. While recipients met income eligibility requirements set by the City, annual income calculations used to determine eligibility should be amended to comply with HUD regulations.
2. Additional documentation in project files would improve utility of the files for project management and strengthen documentation of compliance with HUD regulations and City policies.
3. While programs adhered to City Purchasing policies, additional efforts are needed to ensure all projects are permitted and inspected in accordance with City building codes.
4. Expenditures we reviewed were appropriately determined to be eligible for CDBG reimbursement.

The audit contained three (3) recommendations that addressed the audit's findings. Based on the review performed, we concluded the recommendations were implemented.

Recommendations Implemented [1, 2, 3]

We recommended (Recommendation 1) NSD include steps to determine income earned from assets in its calculation of annual household income for Home Repair Assistance applicants.

The updated application process requires applicants to provide documentation for income derived from assets. The department developed an *Asset Checklist* form to capture the necessary information. Further, applicants are required to sign the form attesting that the information provided is correct.

We recommended (Recommendation 2) NSD staff ensure all World Changers projects involving construction are properly permitted and pass final building inspections upon completion. Work started, but not completed, by the World Changers volunteers should be completed and inspected, where necessary, for the health and safety of occupants.

The updated *World Changers Home Repair Program Policies and Procedures* manual requires notifying Land Development Office to conduct final inspections of work sites. We reviewed a sample of 2012 project files to verify inspections were requested and completed. Inspection results were located in each project file reviewed.

We recommended (Recommendation 3) NSD include additional supporting documents in project files for both Home Repair Assistance Programs. Supporting documents we identified above would better demonstrate compliance with federal grant regulations and City building codes as well as improve project administration.

Based on our review of eleven project files from 2012, the department has included all the recommended supporting documents identified in the audit report.

We thank the personnel in Neighborhood Services Department for their assistance in conducting this review. We will consider this report to be final unless directed to continue our review.

Sincerely,



Stan Sewell, CPA, CGFM
City Auditor

cc: Audit Committee
Dan Johnson, Chief of Staff
Beverly Johnson, Administrator Neighborhood Services