

HOUSING AUTHORITY OF THE CITY OF ASHEVILLE

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Corrective Action Plan

For the year ended December 31, 2023

U.S. Department of Housing and Urban Development:

The Housing Authority of the City of Asheville respectfully submits the following corrective action plan for the year ended December 31, 2023.

Auditor:

Novogradac and Company, LLP
Certified Public Accountants
1144 Hooper Avenue
Suite 203
Toms River, New Jersey 08753

The findings from the December 31, 2023, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Finding 2023-001

Criteria: Establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Condition: Based upon inspection of the Authority's payroll records, the Authority was not able to provide the appropriate overtime approvals as required by the Authority's Personnel Policy.

Context: The Authority did not have the appropriate overtime approval documentation on file for review.

Cause: The Authority switched payroll providers during the fiscal year and the prior payroll provider would not release any of overtime approval documentation.

Effect: The Authority is not in compliance with its accounting policies and procedures as they relate to payroll.

Findings – Financial Statement Audit (continued)

Finding 2023-001 (continued)

Auditors' Recommendation: We recommend that the Authority implement a process whereby Authority's documents are stored, safeguarded, and maintained under their control, to ensure compliance with its accounting policies as it relates to payroll.

View of Responsible Officials and Corrective Actions: The Authority has recognized the deficiencies related to payroll and will implement internal control procedures that will ensure compliance with the Authority's internal control policies and personnel policy. Rhodney Norman, Interim CEO, will be responsible to implement this corrective action by December 31, 2024.

Finding 2023-002

Criteria: General Procurement Standards - 2 CFR Chapter II, Part 200.318(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State and Local laws and regulations, provided that the procurements conform to applicable Federal law. In addition, the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price. The Authority has adopted a procurement policy that requires three or more bids to be obtained for all purchases expected to exceed \$250,000. If fewer than three bid packages are received, the bids will be retained unopened while the invitation for bids is readvertised, after which a contract may be awarded even if fewer than three bids are received, but only if the price can be determined to be reasonable, based on a cost or price analysis. If the use of sealed bids is deemed not appropriate, or when factors other than price need to be considered, the Authority may use competitive proposals for such contracts.

Condition: Based upon inspection of the Authority's procurement files there were vendors that were not properly procured or contracted during the fiscal year.

Context: As part of procurement testing, we selected a sample of contracts that were awarded during the year. Of a sample size of two (2) contracts, both contracts were not properly procured, and the Authority was unable to provide the applicable documents that are required to be kept on file as outlined in the Authority's procurement policy.

Additionally, we reviewed the Authority's vendor history report for total payments made to vendors in excess of the Authority's bid threshold of \$250,000. Of a sample size of two (2) vendors, one (1) vendor was paid in excess of the Authority's bid threshold, no contract was awarded, and the Authority did not procure the expenditures in accordance with the Authority's adopted procurement policy.

Cause: The Authority did not establish adequate internal controls over procurement, and did not properly consider Federal and State regulations related to sealed bids and competitive proposals.

Effect: The Authority did not comply with the Federal and State procurement regulations, and the Authority may have lost opportunities to best utilize Authority funds.

Auditors' Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Authority's procurement policy and Federal and State procurement regulations.

Findings – Financial Statement Audit (continued)

Finding 2023-002 (continued)

View of Responsible Officials and Corrective Actions: The Authority has recognized the deficiencies related to procurement and will implement internal control procedures that will ensure compliance of the Authority's procurement policy with Federal and State procurement regulations. Rhodney Norman, Interim CEO, will be responsible to implement this corrective action by December 31, 2024.

Findings – Federal Award Program Audit

Finding 2023-003

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Moving to Work Demonstration Program - Section 8 Housing Choice Vouchers
Federal Assistance Listing Numbers: 14.881
Noncompliance – N. Special Tests and Provisions – Housing Quality Standards
Non Compliance Material to the Financial Statements: Yes
Material Weakness in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards. For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct all life threatening HQS deficiencies within 24 hours after the inspections and all other deficiencies within 30 days or within a specified PHA-approved extension.

Condition: Based upon inspection of the Authority's files and on discussion with management, the Authority did not properly abate sixteen (16) out of twenty-five (25) annual failed inspections selected for testing.

Context: The Authority did not properly abate sixteen (16) out of twenty-five (25) failed inspections selected for testing. As a result, the Authority was not in compliance with the HQS as required by 24 CFR sections 982.158(d) and 982.405(b).

Known Questioned Costs: \$16,981

Cause: There is a material weakness in internal controls over the compliance in the Moving to Work Demonstration - Section 8 Housing Choice Vouchers Program for the special tests and provisions type of compliance related to HQS enforcement. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that assures the program is in compliance.

Effect: The Moving to Work Demonstration - Section 8 Housing Choice Vouchers Program is in material non-compliance with the special tests and provisions type of compliance related to HQS enforcement.

Auditors' Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Uniform Guidance and the compliance supplement.

View of Responsible Officials and Corrective Actions: The Authority accepts the recommendation of the auditor regarding HQS inspections and has made arrangements to comply with the Moving to Work Demonstration - Section 8 Housing Choice Vouchers program. Rhodney Norman, Interim CEO, will be responsible to implement this corrective action by December 31, 2024.

Schedule of Prior Year Federal Audit Findings

There were no prior year audit findings.

If the U.S. Department of Housing and Urban Development has any questions regarding this plan, please call Rhodney Norman, Interim CEO, at (828) 239-3513.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Rhodney Norman".

Rhodney Norman,
Interim CEO