

EM SUBMISSION NO: 2012 EM 165

PRESENTED: 3/15/12

ADOPTED: 3/15/12

**Resolution to Approve Repayment to United States Department of Housing and Urban Development  
\$1,057,418.92 for 2011-CH-1001 HOME Audit Findings**

**BY THE EMERGENCY MANAGER:**

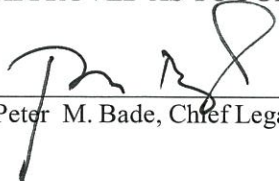
On October 13, 2010, the Department of Housing and Urban Development's Office of Inspector General informed the City of Flint Department of Community and Economic Development of 22 findings in the 2011-CH-1001 HOME Audit Report. Ten of the findings required repayment of \$2,236,680.00.

After being notified of the repayment penalty on October 13 2010, the city administration did not assess the accuracy of the findings, investigate documentation to evidence compliance or provide responses to the Department of Housing and Urban Development. On February 23, 2012, the Detroit Field Office of the Department of Housing and Urban Development contacted the City of Flint Department of Community and Economic Development to resolve the findings in the 2011-CH-1001 HOME Audit by March 2, 2012 or agree to repay the penalties.

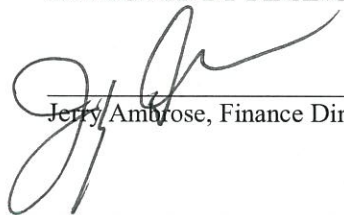
The Department of Community and Economic Development was able to resolve and close 14 of the 22 Findings resulting in a reduction of the penalty in the amount of \$1,179,261.10. The Department of Housing and Urban Development has agreed to a two-year repayment plan for the remaining penalty totaling \$1,057,418.92 with the first payment due by March 15, 2012. The City of Flint agrees to pay monthly installments with the first four payments totaling \$5,000.00 and the remainder to be paid in equal installments over the balance of the 20 month agreement. The Department of Housing and Urban Development has also agreed to let the City of Flint, Department of Community and Economic Development continue to address findings in the Audit report thereby further reducing the repayment amount and amending or adjusting the payment plan as findings are addressed.

**IT IS RESOLVED**, that the Emergency Manager on behalf of the City of Flint, shall authorize appropriate City Officials to do all things necessary to enter into an agreement with the Department of Housing and Urban Development to execute the repayment plan that addresses the 2011-CH-1001 HOME Audit findings totaling \$1,057,418.92. This will be paid from the Grant Ineligible Expense account number 101-690.100-964.100

**APPROVED AS TO FORM:**

  
Peter M. Bade, Chief Legal Officer

**APPROVED BY FINANCE:**

  
Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ FAIL       

DATED: 3-15-12

  
Michael K. Brown, Emergency Manager

## RESOLUTION STAFF REVIEW FORM

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**DATE:** March 14, 2012

**Agenda Item Title:**

**Prepared By:** Tracy B. Atkinson, The Department of Community and Economic Development

**Background/Summary of Proposed Action:**

On October 13, 2010, the Department of Housing and Urban Development's Office of Inspector General informed the City of Flint Department of Community and Economic Development of 22 findings in the 2011-CH-1001HOME Audit Report. Ten of the findings required repayment of \$2,236,680.00. This resolution provides authorization to enter into an agreement with the Department of Housing and Urban Development to execute the repayment plan that addresses the 2011-CH-1001 HOME Audit findings totaling \$1,057,418.92.

**Financial Implications:**

The approval of this resolution will ensure compliance with HOME federal requirements and close a findings included in the 2<sup>nd</sup> phase OIG audit for the HOME program.

**Budgeted Expenditure:** Yes \_\_\_ No x **Please explain, if no:**

**Pre-encumbered:** Yes \_\_\_ No x **Requisition #** \_\_\_\_\_

The expenditure was unexpected and will be expensed from the Grant Ineligible Expense account number 101-690.100-964.100

**Other Implications (i.e., collective bargaining)**

No other implications are known at this time.

**Staff Recommendation:**

Staff recommends approval this resolution.

**APPROVAL:**

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Tracy B. Atkinson, Director

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Howard Croft, Infrastructure and Development Director