

Internal Audit Report on Employee Home Purchase Assistance Program (EHPAP)

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #297
May 9, 2025**

HENRICO COUNTY INTERNAL AUDIT

<http://henrico.gov/audit>

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Summary

- Scheduled Audit
- Conclusions on Audit Objectives:
 - Determine that controls exist to ensure approved employees meet the eligibility requirements
 - Determine that controls exist to ensure approved employees are within the income and sales price limits
 - Test expenditures for proper procurement and appropriate documentary support for payments
 - Determine that controls exist to ensure eligible employees are not denied participation in the program
 - Determine that sufficient monitoring controls have been implemented over the third-party administrator
- Exception Oriented
- No reportable Issues or other Observations
- No Management Action Plans required for this audit



Insufficient-Immediate Attention



Improvement Needed



Sufficient

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Contents

- Introduction and Background
- Scope, Internal Controls, and Methodology
- Conclusions on Audit Objectives
- Issues and Management Action Plans
- Closing and Report Distribution



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Introduction

- Audit Manager Joyce Aikor-Richardson performed audit work
- Used professional auditing standards
- Examined controls and tested for selective compliance
- All exceptions given to Agency
- Reported control design issues and significant test exceptions
- Work for same Government we audit



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Background

- Henrico has launched a program to help qualifying full-time employees of the county's government, school system and constitutional officers buy a home in Henrico in 2023.
- With \$2 million in initial funding, the Board of Supervisors established the Employee Home Purchase Assistance Program (EHPAP) to help make homeownership accessible to eligible employees who meet income and other requirements.
- Employees are able to apply through the program's vendor.
- The program provides up to \$25,000 in assistance for down payment and closing costs.
- Department of Community Revitalization oversees the program

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Background



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EHPAP Applications submitted to Third-Party Administrator

Applications submitted:103

Applications approved:86

Applications denied:17

Denials due to:

- Applicant did not meet minimum credit score requirements(10 applicants)
- Applicant exceeded the program's maximum allowable amount of collections (3 applicants)
- Applicant did not meet minimum credit score requirements and exceeded the program's allowable amount of collections (4 applicants)

Reporting period: 8/1/2024-9/30/2024

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Funds Spent to Date (from May 1 to November 7, 2024)

Employee Home Purchase Assistance Program

Operating Budget

\$3,728,325

Remaining Balance

Program Expenses

DPA	\$175,000.00
Administration	\$94,400.00
Trustee Services	\$2,275.00
Total Program Costs	\$271,675.00

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Audit Scope

Employee Home Purchase Assistance Program

Operating Budget

\$3,728,325

Remaining Balance

Program Expenses

DPA	\$175,000.00
Administration	\$94,400.00
Trustee Services	\$2,275.00
Total Program Costs	\$271,675.00

Online employee submissions for initial eligibility determination:
• 517 as of 12/12/24

All expenditures to date from May 1 to November 7, 2024; no exclusion

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Internal Controls *Objectives*

- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Safeguarding of assets
- Effectiveness and efficiency of operations



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Internal Controls Cont'd

General Limitations of any Controls

- Errors and irregularities may go undetected
- Inherent limitations in any control structure
- Limitations include resource constraints, legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate



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Audit Methodology

- Determined Program processes and control procedures
- Evaluated strengths and weaknesses of control procedures
- Randomly sampled recorded transactions and traced to supporting documents for accuracy and compliance with policy
- Randomly sampled online employee submissions for initial eligibility determination and traced to support for accuracy
- Worked with Agency on a survey of Applicants to get feedback on the process/experience



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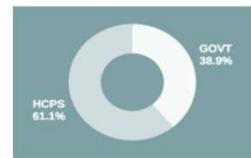
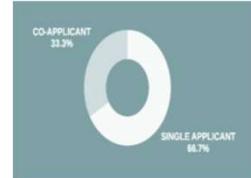
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Sale Summary

Departments Served:

- General Government
 - Fire (3)
 - Mental Health and Developmental Services (2)
 - Public Works (1)
 - Social Services (1)
- Henrico County Public Schools
 - High School Education (3)
 - Elementary Education (2)
 - Exceptional Education (1)
 - Pupil Transportation (1)
 - Construction and Maintenance (1)
 - Guidance and School Counseling Services (1)
 - Social Work Services (1)



From April 8, 2025, Board Work Session Presentation

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Testimony from Program Participant

“Honestly, it feels like the county believes in me and they’re investing in me, and it feels very validating that they want me to grow and prosper in my own personal journey.”

- EHPAP assisted employee, 5+ years of service

Indication of Program success

From April 8, 2025, Board Work Session Presentation

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Conclusions on Audit Objectives

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- Determine that sufficient monitoring controls have been implemented over the third-party administrator

■ Insufficient-Immediate Attention

▲ Improvement Needed

■ Sufficient

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Major Issues

None



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Other Observations

None

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Closing

- Appreciate Agency's cooperation
- Thank you for your effort during the audit



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Report Distribution

Audit Committee (Mr. Cooper, Mr. Schmitt, County Manager)	Board of Supervisors, Non-Committee Members
Director of Community Revitalization Director of Human Resources Chief Human Resources Officer, Schools	Deputy County Manager for Public Safety
Internal Audit Staff	

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