

## NeighborWorks America – Financial Oversight, Audits and Reporting

NeighborWorks America was established by Congress in 1978 as the Neighborhood Reinvestment Corporation [Public Law 95-557] – and now does business as NeighborWorks America.

As a congressionally-chartered corporation, receiving a direct annual appropriation, the corporation holds itself to the highest operational standards, and benefits from multiple forms of oversight, including:

### **The Corporation's Board of Directors:**

The corporation's Board of Directors is defined by statute and consists of senior representatives of the federal financial regulatory agencies (the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Federal Reserve Board, and the Office of the Comptroller of the Currency) along with the Department of Housing and Urban Development. This is an active Board, meeting at least six times per year as a full Board, and further carrying out its fiduciary and oversight responsibilities through an Audit Committee and an *ad hoc* committee for any special need that may arise. The Audit Committee meets at least twice a year to review reports by internal and external auditors.

### **The Executive Office of the President -The Office of Management and Budget:**

The corporation prepares an annual Budget Submission for the Office of Management and Budget (OMB), providing detailed financial and programmatic information regarding how the prior year's appropriation was utilized, along with its plans for the requested funds for the next fiscal year. A recommended funding level for the corporation is included in the President's Budget to Congress.

A significant level of oversight and discussion (including a Budget Hearing with OMB) occurs each year, along with periodic meetings during the course of the year to check on adherence to the Budget Submission. OMB also evaluates the corporation's efficiency and effectiveness, looking at factors that affect and reflect program performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results.

### **Authorizing and Appropriations Committees in the House and Senate:**

The corporation submits an annual Budget Justification to its Authorizing and Appropriations Committees in both the House and Senate, which provides detailed financial and programmatic information regarding how the prior year's appropriation was utilized, programmatic outcomes and accomplishments, plans for the coming year, and other information. The Corporation typically meets during the course of each year with Committee Members and staff. Budget Justifications are available on the corporation's web site [[www.neighborworks.org/About-Us/Public-Policy/Budget-Justification](http://www.neighborworks.org/About-Us/Public-Policy/Budget-Justification)].

### **Annual Audit:**

NeighborWorks America undergoes an annual third-party financial audit by one of the nation's top public accounting firms. The external, independent auditors annually provide a full audit of the corporation's financial statements in accordance with formal industry standards prescribed by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The audits are available on the corporation's web site [[www.neighborworks.org/About-Us/Financial-Accountability/External-audits](http://www.neighborworks.org/About-Us/Financial-Accountability/External-audits)].

**A-133 Audit:**

As a recipient of federal funding (including its annual appropriation, as well as funding for the National Foreclosure Mitigation Counseling program) NeighborWorks America is also subject to a rigorous, organization-wide OMB A-133 compliance audit, which includes a thorough examination of the organization's financial records, financial statements, federal award transactions and expenditures, the general management of its operations, the systems of internal control, and the federal assistance received during the audit period. Both the regular annual audit and the A-133 compliance audit are submitted to OMB and Congress each year.

**Internal Auditor:**

To assure compliance with established regulations and financial and operational procedures, NeighborWorks America employs a full-time Internal Auditor and staff whose responsibilities are similar to those of an Inspector General in larger federal agencies, and involve a continual review of financial transactions, internal controls and adherence to established procedures. To assure objective review of transactions and procedures, the Internal Auditor reports directly to NeighborWorks America's Board of Directors, and works very closely with the Audit Committee of the Board. All reports issued by the Internal Auditor are posted in the reading room on the corporation's web site [[www.neighborworks.org/About-Us/Financial-Accountability/Internal-Audits](http://www.neighborworks.org/About-Us/Financial-Accountability/Internal-Audits)].

**Chief Financial Officer:**

NeighborWorks America's Chief Financial Officer serves as an Officer of the corporation, is senior advisor to the CEO and all Officers on financial matters, and oversees the finance and administration functions of the Corporation. The CFO is directly responsible for financial planning and budget forecasting, and for the preparation and submission of the organization's budget to its board of directors and to the Office of Management and Budget. In addition, the Chief Financial Officer is responsible for implementing financial best practices that enhance the organization's efficiency and effectiveness in meeting its mission.

**Government Accountability Office:**

NeighborWorks America is subject to review and audit at any time by the Government Accountability Office.

**Internal Performance Measures:**

NeighborWorks America uses a system of quarterly and annual internal performance measures and scorecards at the corporate and divisional level to track progress and monitor performance.

**Organizational Assessment of Local NeighborWorks Organizations:**

NeighborWorks America annually evaluates the performance of each affiliated local NeighborWorks organization using a system of on-site or off-site assessments, an annual review of independent audits submitted by each NeighborWorks organization for compliance and financial health, the collection and validation of network data, and the management of the Corporation's year-round Organizational Health Tracking System, and the use of a uniform program review system that evaluates each organization's performance and capacity issues.

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