



Internal Audit Department  
NeighborWorks® America

# **Audit Review of Network Affiliations**

Project Number: NW.FLD.NAP.2025

# **Audit Review of Network Affiliations**

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**TO:** Members of the NeighborWorks America Board of Directors

**FROM:** Frederick Udochi, Chief Audit Executive

**CC:** Marietta Rodriguez, President & Chief Executive Officer  
Lee Anne Adams, Executive Vice President, Chief Operating Officer  
Nakeasha Sanders-Small, General Counsel/Corporate Secretary  
Kemba Edmonds, Executive Vice President, Chief Financial Officer  
Lance Schine, Interim Chief Information Officer

**RE:** **Network Affiliations**

**DATE:** **September 30, 2025**

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**Function Responsibility and Internal Control Assessment  
Audit Review of Network Affiliations**

<b>Business Function Responsibility</b>	<b>Report Date</b>	<b>Period Covered</b>
Field Operations	September 30, 2025	FY2023 Affiliations Process December 2022 – March 2025
<b>Assessment of Internal Control Structure</b>		
Effectiveness and Efficiency of Operations		<b>Generally Effective<sup>1</sup></b>
Reliability of Financial Reporting		<b>Not Applicable</b>
Compliance with Applicable Laws and Regulations		<b>Not Applicable</b>

This report was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

<sup>1</sup> **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

## Executive Summary of Observations, Recommendations and Management Responses

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response and Timeline
<p>There are no observations to report with this review.</p> <p><b>Risk Rating: NA</b></p>	N/A	N/A	N/A	N/A	N/A	N/A

## Risk Rating Legend

### Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

### Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

### Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

<b>Management Responses to the Audit Review of:  Network Affiliations</b>		
<b># Of Responses</b>	<b>Response</b>	<b>Recommendation #</b>
N/A	Agreement with the recommendation(s)	N/A
N/A	Disagreement with the recommendation(s)	N/A

## Background

Periodically, NeighborWorks America administers a due diligence process that reviews applications of organizations to affiliate as chartered members of the national NeighborWorks Network (the Network). Presentations that detail and govern the affiliation process are documented on both the internal and external facing websites. The affiliation process enables NeighborWorks to evaluate prospective organizations to assess whether they align with affiliation priorities, contribute to the strategic plan of NeighborWorks, and add value to the Network. The Affiliations Process includes the collaborative efforts of NeighborWorks Senior Management, Field Operations, and the Organizational Assessment Division (OAD).

The components of the affiliations process are listed below:

- Organization Self-Assessment
- Application Part One – All qualified applicants considered
- Application Part Two
  - Detailed Data Entry
- Review
  - Regional review
  - National review
  - Recommendations for finalist presented to Officers
- Onsite Assessment
- Chartering

The charter affiliations process requires a considerable commitment of time and resources from both NeighborWorks and the applicant because the process may take 18 – 24 months.

The following components were evaluated during this audit:

***Application (Part One)*** – Any organization interested in becoming a member of the Network may apply during Part One of the Application period. The NeighborWorks America Grants Portal Application for Affiliation to the NeighborWorks Network (Part 1) is used to facilitate the application process. The application process starts with interested applicants answering basic questions about their organization, attesting to certain requirements, and uploading threshold documentation including consolidated audit package (three years), most recent IRS 990 Form, Official Certificate of Good Standing/Existence/Compliance, and official 501(c)(3) IRS letter. All complete applications that were submitted by the deadline are approved and allowed to progress to Part Two of the application process.

***Application (Part Two)*** – Approved organizations are extended an invitation to submit a more comprehensive application. Organizations are given a deadline to complete the full Application for Affiliation to the NeighborWorks Network (Part 2) application. In addition, charter applicants proceeding through the application process are required to obtain a resolution from their respective Board of Directors in support of the organization’s affiliation with NeighborWorks.

***Reviews*** – The first review is conducted by the applicable regional team. The regions submit their recommendations to the national team (Vice President (VP) and Senior Vice President

(SVP) of the Field Operations division). The national team uses the regional review to conduct their review and then makes a recommendation to the Chief Operating Officer. These recommendations are then presented to the Officers for their input prior to a final decision being made.

**Onsite Assessment** – An onsite assessment of the charter applicant is performed by OAD. The results of the onsite assessment are documented in a final report, which is vetted with and distributed to Field Operations and the charter applicant. OAD highlights any chartering issues that may have been identified as a result of the onsite assessment.

**Charter** – Following the onsite review, the chartering process commences.

## Objective

The objective of this review was to obtain reasonable assurance:

- That the Affiliations policies and procedures are designed to support an effective and efficient due diligence process for Network membership.
- That adequate controls exist and are operating effectively over the Affiliations Process.

## Scope

FY2023 Network Affiliations: December 2022 (Affiliations Process preparation) – March 2025

## Methodology

The Internal Audit Division reviewed the prior audit review <sup>2</sup>and met with Field Operations to obtain an understanding of the network affiliations process. The Internal Audit Division also reviewed supporting documentation relevant to the Network Affiliations process. This included documents and information located on both the internal facing (Inside NeighborWorks) and external facing ([www.nw.org](http://www.nw.org)) websites which included, but was not limited to, the FY2023 Affiliations Process Overview call (May 30, 2023) and the April 27<sup>th</sup> webinar presentation (Affiliation to the NeighborWorks Network 2023 Opportunity for Charter membership) where the overall process, requirements, and timelines were documented.

The population of applications for Part One and Part Two were obtained from the Field Operations division. The Internal Audit Division reviewed each application that was incomplete, withdrawn, or where Part One of the application was not approved. In addition, a sample of applications from Part Two that were not approved were judgmentally selected for detailed testing. The population of organizations that were affiliated was also obtained from Field Operations. Since the population of affiliated organizations was small, the entire population was tested. Each application selected for detailed testing was reviewed to ensure that the application process was carried out in accordance with policies and procedures. Reviews of the applications

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<sup>2</sup> *NeighborWorks Network Charter Affiliations Process* Project Number: OAD.CharterAffil.2012 Report issued: May 4, 2012

completed by Field Operations occurred both in the system (Grants Portal/FLUXX)<sup>3</sup> and outside of the system and were a focus of the audit review. Supporting documentation that was evaluated included but was not limited to: submitted applications, documents in Grants Portal/FLUXX, emails, memos, regional recommendation spreadsheets, affiliation review reports, PROMPT Portal, and affiliation packages.

## **Observations and Recommendations**

Based on the review conducted by the Internal Audit Division, there are no significant observations to report at this time.

## **Conclusion**

Based on the audit review of the Network Affiliations Process, the controls in place during the period in review appear to be adequate and operating effectively. In addition, the policies and procedures appear to be designed to conduct an effective and efficient due diligence process for network affiliations. The review process appeared to be collaborative with potential recommendations being discussed along the decision points in the process helping to ensure that the applicants selected would best fit the organization's priorities. The Internal Audit Division's interactions with Field Operations were collaborative and productive. We would like to take this opportunity to extend our thanks to the SVP of Field Operations and team for their cooperation and assistance during this review.

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<sup>3</sup> FLUXX (internally referred to as Grants Portal) is the Corporations grant management application used to approve grant applications and disburse grants.

**Appendix A – Affiliation Process and Timeline from Internal Website, Inside NeighborWorks**

## Affiliation Process and Timeline



# Appendix B – Process Overview from Presentation on Internal Website, Inside NeighborWorks

## AFFILIATIONS PROCESS OVERVIEW

