DEPARTMENT OF GRANTS AND COMMUNITY DEVELOPMENT

PRESENTATION TO COMMUNITY DEVELOPMENT AND HUMAN SERVICES COMMITTEE

APRIL 25, 2023

AMANDA NOBLE, CITY AUDITOR

STEPHANIE JACKSON, DEPUTY CITY AUDITOR

MICHEAL JONES, PERFORMANCE AUDIT MANAGER

REBECCA ROBINSON, PERFORMANCE AUDIT SUPERVISOR

LINDSAY KUHN, SENIOR PERFORMANCE AUDITOR

NEEKA BENTON, PERFORMANCE AUDITOR

OBJECTIVES

- Are controls in place to ensure:

    - that the Department of Grants and Community Development spent grant funds on allowable goods and services within the specified timeframe?

    - that the department is accurately reporting?

- Does the department comply with policies, procedures, and federal regulations for subrecipient monitoring?

NEW GRANTS DEPARTMENT CREATED IN 2020

- Department of Grants and Community Development created by merging offices within Mayor's Office and Department of Finance

- Currently managing HUD-awarded funds only

- Previous audits identified heightened risks of non-compliance

DEPARTMENT CURRENTLY MANAGES FIVE AWARDS

Exhibit 1: Grants Staff Managed Nearly $200 Million in HUD Awards Active Between 2021 and 2022

Award Name	Period(s)	Total Awarded (in millions)
Housing Opportunities for Persons with AIDS (HOPWA)	2018-2025 (5 awards)	$94.9
Community Development Block Grant (CDBG)	2014-2028 (10 awards)	$63.4
Emergency Solutions Grant (ESG)	2019-2024 (6 awards)	$16.7
Home Investment Partnership Program (HOME)	2015-2029 (8 awards)	$21.0
Section 8 Moderate Rehabilitation Program (Section 8)	2020-2023 (6 awards)	$2.2

Source: Award contracts provided by staff and descriptions of the awards provided on Grants' website and in HUD publications
Note: HUD monitored the city's Home Investment Partnership program in 2021, and the city suspended activities on the award pursuant to HUD's findings. HUD acquired technical assistance for the city for the award and provided a plan to spend the existing funds.

FINDINGS OVERVIEW

- Department implemented procedures to address most past control deficiencies with grants management

- Employees have improved financial management of grants but could strengthen tracking

- Grants staff could improve subrecipient and Section 8 oversight

GRANTS IMPLEMENTED PROCEDURES TO ADDRESS MOST PAST CONTROL DEFICIENCIES

- Staff developed standard operating procedures to implement controls for all awards except Section 8

- Department exceeded HUD standards by requiring subrecipients to submit monthly accomplishment reports
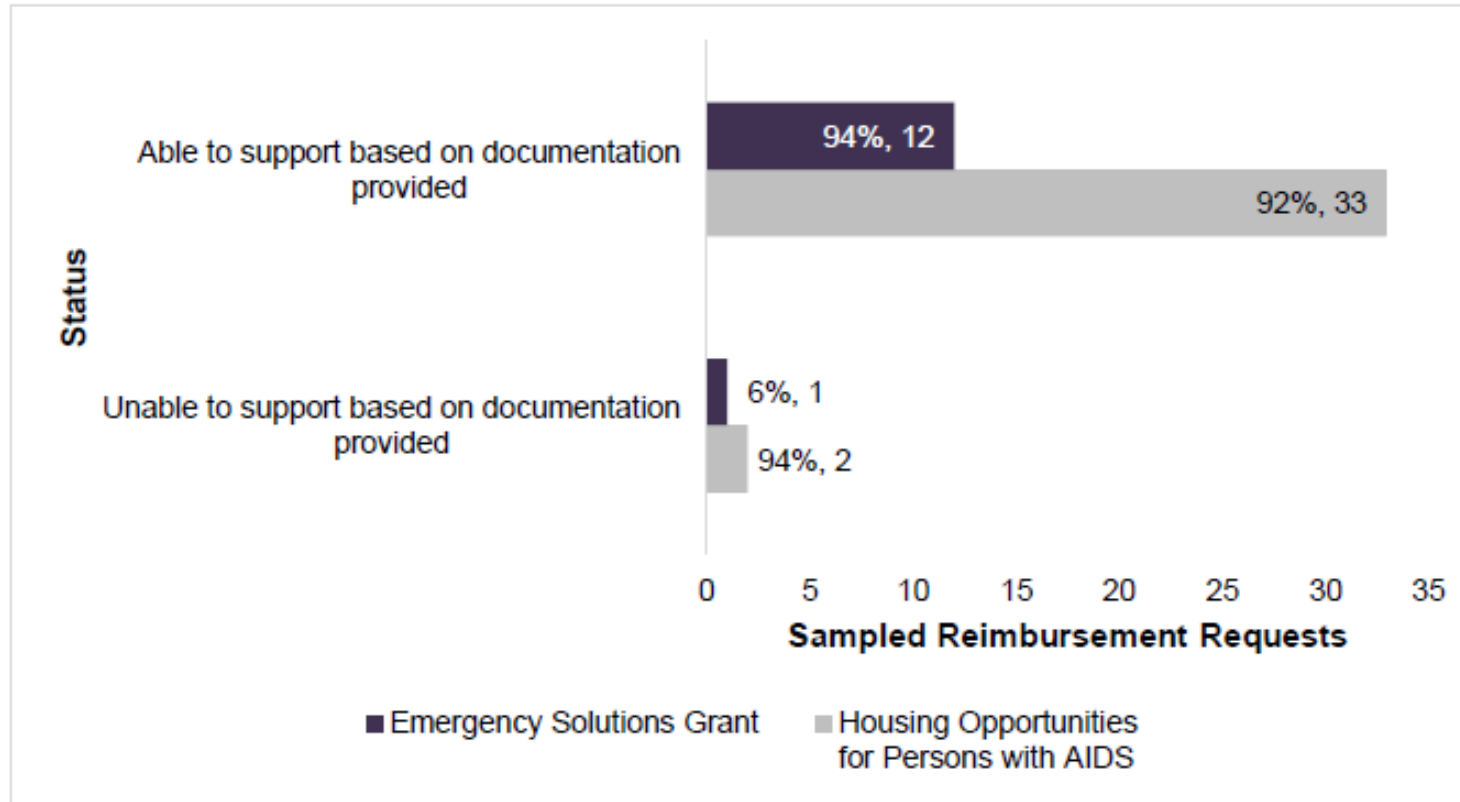
Exhibit 4. Section 8 Had the Highest Percentage of Active Projects Within Recommended Burn Rate
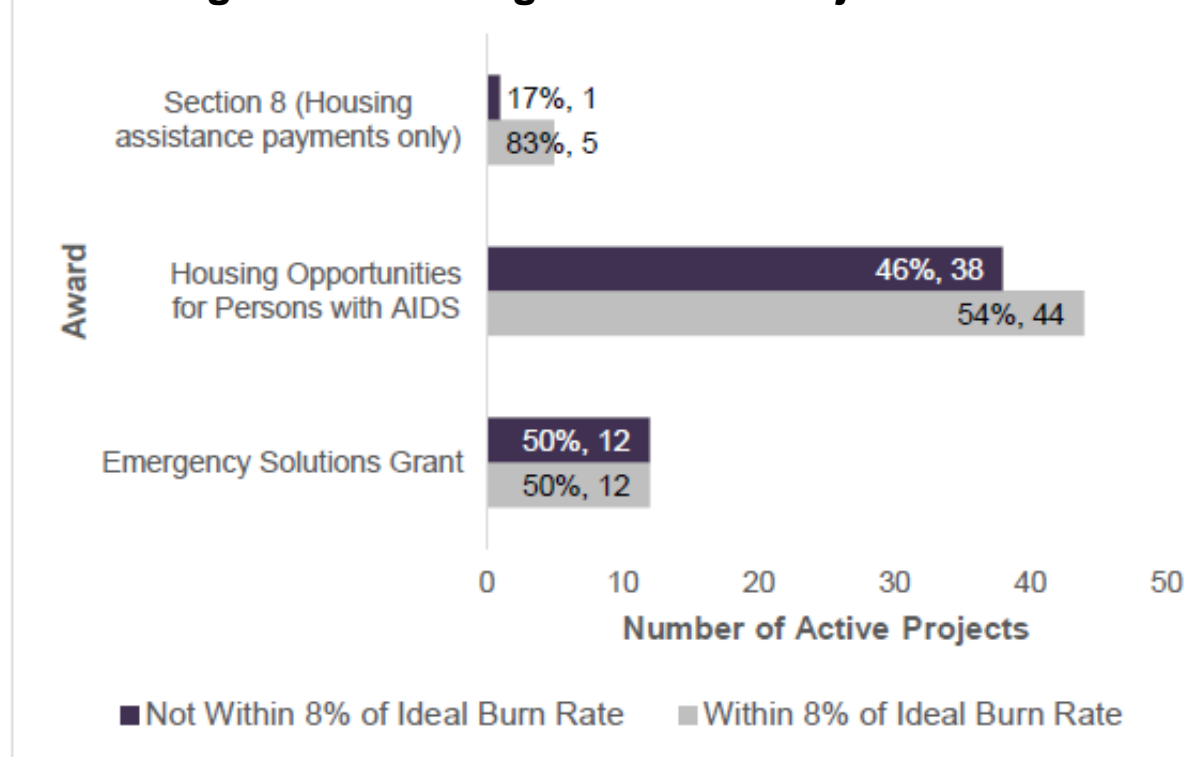
Source: Auditor's analysis of Oracle PnG Award Status and Project Status reports pulled on 11/23/22

OVER 90% OF REIMBURSEMENT REQUESTS INCLUDED MOST REQUIRED DOCUMENTATION

Exhibit 5: Documentation Available to Support 45 of 48 Reimbursement Requests

Source: Auditor's analysis of sampled reimbursement requests based on documents from Oracle and the department's files

Internal Requirements/ Sample Results	Type of Review	
	Full Monitoring Review (1 sampled)	**Desk Monitoring Review** (5 sampled)
Files required for subrecipients to submit	• 21 documents, cover areas such as financial management, policies and procedures, performance data, and governance documents	• 4 documents, cover financial and project policies and files and 10 sampled client files
Results	• All 20 applicable documents provided by subrecipient	• 10 of 20 documents (50%) provided by subrecipients
Files & steps required for Grants staff to complete	• 3 documents, covers accounting system, a sample monthly reimbursement, and a sample HUD report • 20 steps/documentation, including internal risk assessment, monitoring schedule, subrecipient notification, interviews, sampling, reports, corrective action plan, filled out HUD program exhibits, and correspondence between subrecipient and Grants staff	• Between 7 and 8 steps/documentation, including sample performance report, sample monthly reimbursement, internal risk assessment, monitoring tool, summary form, corrective action plan, and burn rate • Financial management review covering 12 financial measures • Review of 10 client files for eligibility
Results	• All 3 internal documents documented • 3 of 20 steps (15%) not documented	• 13 of 39 steps/documentation (33%) missing • 13 of 60 financial measures (22%) missing • 2 of 46 clients (4%) did not meet eligibility criteria

9

RECOMMENDATIONS

1. Enforce monthly reimbursement requests from subrecipients consistent with the department's policies and procedures to improve burn rate tracking.

2. Reconcile expenditures from Oracle with the funds the department has drawn down from HUD in IDIS before its next drawdown.

3. Work with AIM and representatives from Neighborly to streamline Grants' internal trackers and identify if these could be linked to Oracle and HUD's reporting systems.

4. Continue to develop and enforce standard operating procedures for Section 8.

RECOMMENDATIONS (CONT.)

5. Implement a tracking system for Section 8 compliance

6. Establish a mechanism for documenting all steps of the monitoring process, including supervisory review, to ensure that staff comply with SOPs and the process is transparent

7. Update monitoring procedures and ensure that practices are consistent with procedures

QUESTIONS?

FULL REPORT:

GRANTS MANAGEMENT - APRIL 2023 (ATLAUDIT.ORG)