



Performance Audit:

Grants Management

What We Found

The Department of Grants and Community Development implemented new standard operating procedures in 2022 that addressed issues identified in previous audits, mitigating the risk of noncompliance with grant requirements and HUD recapturing funds.

The new procedures have helped clear the backlog of subrecipients' invoices and reduce the turnaround time to reimburse subrecipients, while increasing the number of active projects that are spending funds at the recommended burn rate. Enforcing monthly reimbursement requests from subrecipients could reduce the time lapse between invoice date and reimbursement submission, which averaged over eight months in 2021 and 2022, and help to ensure that subrecipients are spending at the recommended burn rate. During our audit, 70% of active projects were spending at the recommended burn rate.

The department could improve the accuracy of its tracking to ensure that drawdowns from HUD's system, IDIS, match what is recorded in Oracle. During our audit scope, Grants drew down \$122,000 more from IDIS than it recorded in Oracle for three projects. Because Oracle and IDIS are not integrated, the department is working with a third-party vendor to improve its tracking and data accuracy.

Grants could also improve the documentation of its monitoring processes and its oversight of the Section 8 program. We found that Grants documented 67% of its desk monitoring procedures, and 85% of its full monitoring procedures, and we were unable to determine the eligibility of 2 of 46 sampled client files that the department reviewed during its desk monitoring. Additionally, we could not determine the eligibility of 2 of 15 Section 8 clients based on the documents provided, and Section 8 files were missing 44% of required documentation. The department did not have procedures in place for the Section 8 program when we began the audit but has since drafted them to address these issues.

Why We Did This Audit

We undertook this audit of grants management because previous performance and financial audits identified heightened risk of noncompliance with grant requirements. This audit assesses controls to ensure timely and compliant administration of grant agreements.

What We Recommended

To improve project management and mitigate the risk of incurring unallowable expenses and HUD recapturing funds, the commissioner of the Department of Grants and Community Development should:

- enforce monthly reimbursement requests from subrecipients
- reconcile expenditures from Oracle with funds drawn down from HUD in IDIS before its next drawdown
- streamline Grants' internal trackers and link them to Oracle and HUD's reporting system if possible
- continue to develop and enforce procedures for Section 8
- implement a tracking system for Section 8 compliance
- establish a mechanism for documenting all steps of the monitoring process to ensure staff compliance and transparency
- update monitoring process and ensure the practices are consistent with procedures

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses		
Recommendation #1:		
We recommend that the commissioner of the Department of Grants and Community Development enforce monthly reimbursement requests from subrecipients consistent with the department's policies and procedures to improve burn rate tracking.		
Response: Agree	Status: Started	Estimated Completion Date (M/Y): January 2023
Recommendation #2:		
We recommend that the commissioner of the Department of Grants and Community Development reconcile expenditures from Oracle with the funds the department has drawn down from HUD in IDIS before its next drawdown to ensure actual expenditures match the amount reported.		
Response: Partially Agree	Status: Started	Estimated Completion Date (M/Y): January 2023
Recommendation #3:		
We recommend that the commissioner of the Department of Grants and Community Development 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.		
Response: Agree	Status: Implemented	Estimated Completion Date (M/Y): December 2022
Recommendation #4:		
We recommend that the commissioner of the Department of Grants and Community Development continue to develop and enforce standard operating procedures for Section 8.		
Response: Agree	Status: Implemented	Estimated Completion Date (M/Y): December 2022
Recommendation #5:		
We recommend that the commissioner of the Department of Grants and Community Development implement a tracking system for Section 8 compliance.		
Response: Agree	Status: Implemented	Estimated Completion Date (M/Y): December 2022

Recommendation #6:

We recommend that the commissioner of the Department of Grants and Community Development establish a mechanism for documenting all steps of the monitoring process, including supervisory review, to ensure that staff comply with procedures and the process is transparent.

Response:

Partially Agree

Status:

Implemented

Estimated Completion Date (M/Y):

February 2023

Recommendation #7:

We recommend that the commissioner of the Department of Grants and Community Development update monitoring procedures and ensure that practices are consistent with procedures.

Response:

Partially Agree

Status:

Implemented

Estimated Completion Date (M/Y):

March 2023