



Community Development Block Grant Follow-up

***For Audit Report
FY2019 Recommendations***

*City of Norfolk
Office of the City Auditor
Report No. 19-01A*

CDBG Recommendations Follow-up

-The Community Development Block Grant(CDBG) program is managed by the City's HUD Entitlement Unit.

-Beginning FY2019, the Unit transitioned from the Department of Neighborhood Development (DND) to the Budget Office.

-As a result, the Budget Director requested a turnover audit for CDBG.

-CDBG is an annual grant from HUD to States and Localities to assist in the development of viable communities. HUD offers grantees a high level of flexibility in choosing program activities.

-The City may engage in efforts which best meet the needs of its communities.

The initial audit report was issued 7/2019 and included 21 recommendations to help the CDBG program maintain compliance and assist the Unit in carrying out its mission.

CDBG Recommendations Follow-up

Of the 21 recommendations, 11 were addressed immediately by CDBG Management after audit completion.

Scope of this report is a follow-up on the 10 outstanding recommendations.

Methodology: We requested the status of and support for outstanding recommendations from the Office of Budget and Strategic Management.

Note: supporting documents referenced by Management are not included in this report.

Results: To date, 19 recommendations were implemented, one has a target date of 5/2/2021, one is N/A, and a Standard Operating Procedure is in development.

CDBG Recommendations Follow-up

I.1 IA Recommendation

A reconciliation between HUD's IDIS and the City's AFMS computer systems should be performed periodically to ensure data between the systems is accounted for properly, and reimbursements to HUD are requested on a timely basis by the City.

A cross-referencing process for matching transactions within and between IDIS and AFMS systems is recommended for reconciling the systems.

Management Follow-up

Two spreadsheets demonstrating the reconciliation between IDIS and AFMS are provided.

At least monthly, the AFMS 804D revenue report is downloaded and reconciled against each draw by voucher number. This will ensure accountability for each deposit.

A process for cross-referencing IDIS and AFMS has been established through the creation of an excel workbook titled "Program Budget Summary." This workbook is updated at least monthly to reconcile expenditures and to identify any inconsistencies between the accounts reflected in IDIS and AFMS.

The formal written SOP is still in the process of being developed.

Status —
Formal SOP
In Process

Reconciliations
implemented
Before Jan 2020

3.2 IA Recommendation

Develop a process to request funds from HUD, when possible, before paying subrecipients. This will ensure funds are available in the CDBG bank account, and subrecipient's program expenses are reviewed for eligibility prior to reimbursing subrecipients

Management Follow-up

We have a standard operating procedure for reimbursements and draws, *which is attached*.

Status — Implemented

Timeframe:
Before Jan. 2020

3.5 IA Recommendation

Develop a subrecipient annual training program for understanding the reimbursement process, program requirements, as well as allowable and unallowable program activities.

Management Follow-up

Last meeting with CDBG personnel and subrecipients was 12/06/2019, Broad Creek Library, approx. 20 people present. Training PowerPoint, Save-the-Date, and follow-up emails listing attendees, placed on S drive.

Due to COVID, another in-person event has not been held. However, we have continued communication and training through email and virtual events.

For example, on November 12th and 23rd, we hosted events with community and City partners related to our grants. We recently posted video training on our website to assist applicants with understanding the requirements as applicable for the upcoming FY 2022 grant awards; PowerPoint and video also placed on the S drive.

Status — Implemented

Timeframe:
Before Jan. 2020

3.6 IA Recommendation

Increase the number of FTE's and adequately train the HUD Entitlement Unit in a reasonably short time frame to ensure HUD requirements and City processes are completed efficiently, accurately, and in a timely manner; however, the possibility of the CDBG program being eliminated in FY 2021 should be considered.

Management Follow-up

HUD Unit currently has 5 full-time employees. A 6th employee has been sent an offer letter, which will fill the final vacancy.

The HUD Program Manager sets up a training plan for each of the new employees when they join. This includes a combination of Norfolk-specific training, reading through HUD guidelines and regulations, and participating or viewing HUD webinars. In addition, when available, the staff will attend trainings held by the National Community Development Association. For example, the HUD Compliance Manager and one of the HUD Program Specialists attended an 8-session training and became certified in subrecipient management.

There is no longer any discussion of elimination of the program.

Status: Implemented

Timeframe: N/A

CDBG Recommendations Follow-up

3.7 IA Recommendation

Continue to use the group email so that several employees will have access to all incoming emails to the HUD Entitlement Unit from recipients, eliminating the issue of emails being over-looked due to employee absences.

Management Follow-up

Yes, subrecipients are aware and utilize the "HUDentitlement@norfolk.gov" email address. This is the email used in formal correspondence and public notices. All HUD Unit employees have access to the email account. Depending on the question and who sent the email, staff responds according to their portfolio assignments. The inbox is reviewed during weekly staff meetings to ensure all correspondence is appropriately answered.

Status — Implemented

Timeframe:
Before Jan. 2020

CDBG Recommendations Follow-up

4.4 IA Recommendation

Allocate HOME and ESG program funds to eligible projects by timeframes as specified in the HUD Richmond Field Office letter, so the City's HUD Entitlement Program does not lose grant fund amounts.

Management Follow-up

Yes, this has been resolved. Emails from our HUD field rep indicate that final de-obligation amounts are:

\$10,726.03 for PY 2013 (FY 2018) ESG

\$20,050.54 for PY 2016 (FY 2017) ESG

\$109.72 of PY 2014 (FY 2015) HOME funds

The emails from HUD regarding final de-obligation amounts are on the S drive.

Status — Implemented

Timeframe: Jan. 2020

CDBG Recommendations Follow-up

Management Follow-up

Unfortunately, the timeliness requirement was not met in 2019 due to a planned acquisition of the Hunton YMCA, the organization backed out, if proceeded as expected our timeliness goal w/ have been exceeded.

There is no field office report showing timeliness was or was not met.

Due to COVID, HUD has suspended all corrective actions, sanctions, and informal consultations for timeliness. FAQ document from HUD explaining (*page 23*), and also saved the grant allocations for the past two years showing the grant was higher this year.

“HUD will consider an entitlement recipient to be failing to carry out its CDBG activities in a timely manner if, 60 days prior to the end of the grantee’s current program year, the amount of entitlement grant funds available to the recipient, but undisbursed by the U.S. Treasury, is more than 1.5 times the entitlement grant for its current program year.” [24 CFR §570.902(a)]

For the first year, HUD may request a "workout plan." If timeliness deadline is missed 2 yrs in a row, HUD may reduce the following yr grant award-it would be reduced by the dollar amount by which the grantee failed to meet the standard. This process is described in webinar transcript:
<https://www.hudexchange.info/sites/onecpd/assets/File/CDBG-Timeliness-Transcript.pdf>

HUD has not requested a formal workout plan. However, we have developed an expenditure timeline and are tracking it to ensure we meet timeliness this year.

4.5 IA Recommendation

Meet the timeliness ratio for the current year to prevent any future grant fund reductions.

Status —
Planned

Next deadline
May 2, 2021

CDBG Recommendations Follow-up

4.6 IA Recommendation

Contact the HUD Richmond Field Office and report discrepancies noted in the report data to ensure the information used is accurate and complete.

Management Follow-up

The formal City response to the March 11 letter, as well as HUD's response to that letter, are on the S drive.

Status — Implemented

Timeframe: May, 2020

CDBG Recommendations Follow-up

5.1 IA Recommendation

The HUD Entitlement Unit should develop a procedure to record and maintain property records of equipment purchased with Federal funds per 2 CFR 200.313(D)(1) as a part of the CDBG Operating Procedures Manual, in accordance with the external auditors' recommendation.

Management Follow-up

The SOP was submitted on the S drive.

Status — Implemented

Drafted before Jan. 2020

CDBG Recommendations Follow-up

6.1 IA Recommendation

It is recommended the City develop a plan outlining procedures, processes, and communication to citizens, citizen participation groups, subrecipients, City Departments, and any other parties affected by the elimination of the CDBG and HOME Program funding by the federal government.

Management Follow-up

There is no longer any discussion of elimination of the program, and no action plan was necessary.

Status — N/A

Timeframe: N/A

**Thank
you!**

**We would like to thank the Office of Budget
and Strategic Management for their
assistance in completing this follow-up
review.**