State of Wyoming, Cheyenne, WY

Community Development Block Grant Program

Office of Audit, Region 8
Denver, CO

Audit Report Number: 2015-DE-1001
May 26, 2015

To: Edward Atencio, Acting Director, Denver Office of Community Planning and Development, 8AD

//**signed**//

From: Ronald J. Hosking, Regional Inspector General for Audit, 8AGA

Subject: The State of Wyoming Did Not Always Administer Its CDBG Program in Accordance With Applicable Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the State of Wyoming's Community Development Block Grant program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at http://www.hudoig.gov.

If you have any questions or comments about this report, please do not hesitate to call me at 913-551-5870.

Audit Report Number: 2015-DE-1001
Date: May 26, 2015

The State of Wyoming Did Not Always Administer Its CDBG Program in Accordance With Applicable Requirements

Highlights

What We Audited and Why

We selected the State of Wyoming's Community Development Block Grant (CDBG) program for audit based on a risk analysis that considered the funding received and the rating received on the risk assessment conducted by the U.S. Department of Housing and Urban Development (HUD) for Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming). Our audit objective was to determine whether the State reimbursed only approved costs, its grant agreements contained all required language, it properly monitored its projects, and it ensured that projects met the national objective in accordance with HUD's CDBG requirements.

What We Found

The State reimbursed two subrecipients for costs that it had not formally approved, its grant agreements lacked the required language on program income, it did not adequately monitor the projects it funded, and it funded a project without ensuring that it would meet the national objective. These conditions occurred because the State (1) did not have a policy requiring formal approval for changes made outside the scope of the original contract, (2) did not realize that the projects it funded potentially generated program income, (3) relied on one staff member to monitor all activities throughout Wyoming, and (4) lacked a procedure requiring a subrecipient to market future homes in a subdivision to low- and moderate-income home buyers. As a result, (1) more than $371,000 in funding was not available to benefit low- and moderate-income people; (2) the State had no assurance that grant subrecipients accounted for program income and used it in accordance with requirements; (3) the grant funds were at increased risk for fraud, waste, and abuse; and (4) the State did not have assurance that the $500,000 used for one project would benefit low- and moderate-income home buyers.

What We Recommend

We recommend that the Director of HUD's Denver Office of Community Planning and Development require the Wyoming Business Council to (1) reimburse from non-Federal funds the $105,514 spent on ineligible costs and provide support for the $266,072 spent on projects or reimburse any ineligible amount from non-Federal funds, (2) ensure that future grant agreements meet requirements, (3) implement a procedure for conducting onsite monitoring over the course of each project, and (4) provide support for the $500,000 spent on one project or reimburse any ineligible amount from non-Federal funds.

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Background and Objective

Established in 1974, the Community Development Block Grant (CDBG) program provides assistance to ensure decent affordable housing, provides services to the most vulnerable in our communities, and creates jobs through expansion and retention of businesses. Annual grants are awarded on a formula basis to local governments and States. States then award grants to smaller units of local government based on their funding priorities and program criteria. Every funded activity must meet one of the following national objectives:

- Benefit low- and moderate-income persons,
- Aid in the prevention or elimination of slums and blight, or
- Meet community development needs having a particular urgency.

The State of Wyoming created the Wyoming Business Council in 1998 and made it responsible for encouraging, stimulating, and supporting the development and expansion of the State’s economy. The Council’s Investment Ready Communities Division administers the State’s CDBG program. Between April 1, 2010 and March 31, 2014, the Council received more than $13.4 million in grant funds from the U.S. Department of Housing and Urban Development (HUD), which it distributed for projects throughout Wyoming.

HUD’s Integrated Disbursement and Information System is used to track the grant funds allocated to the State. This system allows grantees to request their grant funds from HUD and report on what is accomplished with these funds. It is a nationwide database that provides HUD with current information regarding the program activities underway across the Nation so it can report to Congress and monitor grantees.

The objective of the audit was to determine whether the State reimbursed only approved costs, its grant agreements contained all required language, it properly monitored its projects, and it ensured that projects met the national objective in accordance with HUD’s CDBG requirements.

Results of Audit

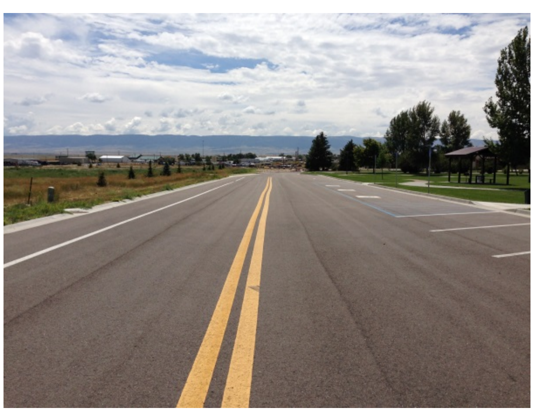
Finding 1: The State Reimbursed Subrecipients for Costs That It Had Not Formally Approved

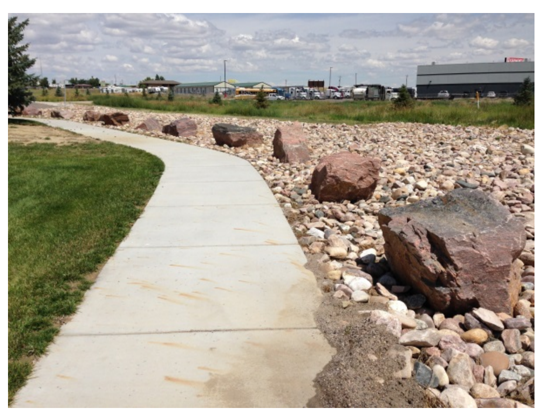
The State reimbursed two subrecipients for costs that it had not formally approved. This condition occurred because the State did not have a policy requiring formal approval for changes made outside the scope of the original contract. As a result, more than $371,000 in funding was not available to benefit low- and moderate-income people under the approved national objective.

The State Reimbursed Subrecipients for Costs That It Had Not Approved

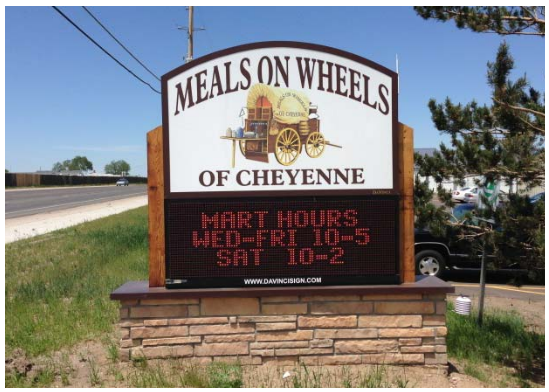
The State reimbursed subrecipients for costs that it had not formally approved for two projects. The approved use of funds for one project was "for the purpose of installing a turn lane on the Salt Creek Highway" so semi-trailer trucks could access a future parts store. The national objective was to create jobs at this store for low- and moderate-income persons. The turn lane was instrumental to building the parts store and, therefore, creating jobs because the Wyoming Department of Transportation required its installation due to safety concerns.

However, the State reimbursed a city (the subrecipient) for paving and landscaping a second street, although it did not evaluate how the paving and landscaping were needed to meet the project's purpose and formally approve these additions. A city official told us that once the project was underway, the fire department wanted a second entrance for emergencies. The store added a back entrance, and the City used more than $266,000 in grant funds to pave the street that met this entrance between the store and a park. Then it used the remaining funds totaling more than $93,000 for landscaping next to the street and park. The funds spent on landscaping were ineligible because the landscaping was not needed to create jobs at the parts store, and the funds spent on paving the street were unsupported because the street may have been considered necessary for the parts store with the proper supporting documentation. The photos below show the street behind the store and the landscaping, with the grey parts store in the upper right corner of the right picture.





The State also reimbursed a different subrecipient that spent unused funds on a sign without reevaluating and approving that the sign met the project's purpose of adding space for selling merchandise. The grant agreement stated that the subrecipient would "use the funds for Meals on Wheels to build an addition onto their retail store facility" to allow for more room to sell donated merchandise. However, after completing the addition, it used excess funds to install an electronic sign, when the store addition and Meals on Wheels buildings already had large signs on them. The portion of the electronic sign paid for with grant funds totaled more than $12,000. The sign, shown below, was ineligible because it did not meet the project's purpose.



These additional expenditures warranted reevaluation by the State under 24 CFR (Code of Federal Regulations) 570.209(c) because the scope of the projects changed. This regulation requires reevaluation of the project additions under HUD's requirements and the subrecipients' guidelines.

The State Did Not Require Formal Approval of Additional Costs

The State did not have a policy requiring formal approval for additional costs outside the scope of the original grant agreement. In the two projects referred to above, a State's staff member told the subrecipients to use the grant funds for the additional costs. The State's board of directors did not reevaluate or approve the project additions. The State should have formally approved or denied these costs based on how well these projects served low- and moderate-income persons.

Grant Funding Was Unavailable for the Intended Persons

More than $371,000 in grant funding was not available to benefit low- and moderate-income persons under the approved national objective. Without reevaluating the additions to the projects, the State did not ensure that these project additions were the most effective and efficient use of HUD resources.

Recommendations

We recommend that the Director of HUD's Denver Office of Community Planning and Development require the Wyoming Business Council to

1A. Reimburse from non-Federal funds the $105,514 spent on ineligible costs.

1B. Provide support for the $266,072 spent on projects for which the State did not maintain sufficient documentation to determine whether the costs were eligible and reimburse any amount that is not eligible from non-Federal funds.

1C. Implement policies and procedures for reviewing any costs outside the scope of the original grant agreement and either formally approve or deobligate these costs.

Finding 2: The State's Grant Agreements Did Not Contain Required Langauge on Program Income

The State's grant agreements lacked the required language on program income. This condition occurred because the State did not realize that the projects it funded potentially generated program income. As a result, the State had no assurance that grant subrecipients accounted for program income and used it in accordance with requirements.

Grant Agreements Did Not Contain Program Income Language

The State's grant agreements lacked the required language on program income. Grant agreements between the State and its subrecipients were required to contain the program income requirements found under the CDBG regulations at 24 CFR 570.504(c). The grant agreement had to specify whether program income generated from the project was to be returned to the State or kept by the subrecipient. If the subrecipient was allowed to keep the program income, the agreement needed to specify the activities it could be used for and that all provisions of the agreement applied to these activities.

The State Was Unaware That Its Funded Projects Potentially Generated Program Income

The State's staff did not realize that the projects it funded potentially generated program income. Because the staff did not have a correct understanding of what program income was, it was unaware of the requirements regarding program income and did not have a system in place to track or monitor the use of program income. The definition of program income found at 24 CFR 570.500(a) states that program income is income directly generated from the use of grant funds. Examples listed include proceeds or income from the sale or lease of property obtained with grant funds and payments of principal and interest on loans made using grant funds.

Of the 23 activities reviewed, the State was not aware that three activities generated lease payments from the properties acquired with grant funds, and one activity generated principal and interest from loans made with grant funds. These four activities did not exceed the $35,000 per year threshold to qualify as program income in accordance with 24 CFR 570.489(e)(2). However, without tracking the potential program income, the State would not know whether the activities produced more than $35,000 per year to qualify as program income.

The State Lacked Assurance That Program Income Was Accounted For

The State had no assurance that grant subrecipients accounted for program income. HUD's regulations at 24 CFR 85.25 state that grant recipients are encouraged to earn program income to offset additional program costs. Further, the program income earned needs to be spent according to the grant agreement provisions and tracked so that accurate data can be submitted to HUD. As a result of the State's omission of the program income requirements in its grant agreements, any program income generated was at an increased risk for fraud, waste, and abuse. Without monitoring program income, the State cannot be sure that these funds were available to benefit low- and moderate-income persons.

Recommendations

We recommend that the Director of HUD's Denver Office of Community Planning and Development require the Wyoming Business Council to

2A. Ensure that future grant agreements meet all requirements of 24 CFR 570.503.

2B. Develop and implement written procedures that include all program income requirements, including monitoring program income and reporting it to HUD.

2C. Review the remainder of the funded grant activities to ensure that all program income is accounted for and used for eligible purposes or is reimbursed from non-Federal funds.

2D. Obtain training for its staff on the program income requirements.

Finding 3: The State Did Not Adequately Monitor Grant Activities

The State did not adequately monitor the grant activities it funded. It did not always require subrecipients to obtain price estimates for contract changes and did not always verify that contractors and subcontractors were eligible to receive Federal funds. These weaknesses occurred because the State relied on one staff member to monitor all activities throughout Wyoming when it could have used regional directors to help with monitoring. As a result, the grant funds were at an increased risk for fraud, waste, and abuse.

The State Did Not Adequately Monitor Grant Activities

The State did not adequately monitor every grant activity it funded. It required subrecipients to submit quarterly reports containing the status of the funded activity. The State's staff reviewed the reports but did not verify the information contained in them. The State's program manager conducted an onsite visit after the activities were completed; however, the State did not perform site visits or inspections during the course of the activities to verify the accuracy of the information provided in the quarterly reports or the progress of the activity before its completion. Regulations at 24 CFR 85.40(a) required the State to manage the day-to-day operations of grant activities to ensure compliance with applicable Federal requirements and ensure that performance goals were achieved. This monitoring was to cover each program, function, or activity funded.

The State did not always require subrecipients to obtain price estimates for changes made from the original contract. One of the activities reviewed had four changes to its contract. None had price estimates to support the changes. According to 24 CFR 85.36(f), a price analysis must be completed for contract modifications when a catalog or market price of a product is not available.

The State did not always verify that contractors and subcontractors were eligible to receive Federal funds. Regulations in 2 CFR 180.305 do not allow transactions with an excluded or disqualified party. The Federal Acquisition Regulation, subpart 4.1103, requires that all contractors be checked in the System for Award Management database before a contract or agreement is awarded to determine whether they are excluded or disqualified. For those contractors and subcontractors that were unregistered, the State needed to communicate to them that they were required to register.

The State Did Not Use All Monitoring Resources

The State relied on one staff member to monitor all activities throughout Wyoming when it could have used its regional directors to help with monitoring. The State used regional directors to assist potential grant subrecipients in each of its seven regions in Wyoming. Since it was not practical for one staff member to travel throughout the State for the onsite monitoring of all of its funded activities during the year, the regional directors could have been used to assist.

Further, the State relied on subrecipients to obtain price estimates, although some of the subrecipients did not fully understand the requirements. The State also relied on subrecipients to verify that all contractors and subcontractors were eligible to receive grant funds in the System for Award Management or the previous Excluded Parties List System instead of having its own procedure. Some subrecipients were unaware that they needed to check the system until they received the closeout monitoring results after the project's completion.

Grant Funds Were at an Increased Risk for Fraud, Waste, and Abuse

The grant funds awarded by the State were at an increased risk for fraud, waste, and abuse. By conducting onsite monitoring of projects after completion, it was too late to correct the deficiencies uncovered during the monitoring, and the grant funds may have been used inappropriately. For example, a subrecipient may have paid unreasonable costs for contract changes, or a contractor may have received grant funds while it was disqualified from doing business with the Federal Government. For 21 of the 23 activities reviewed, at least 1 contractor or subcontractor received grant funds without the State verifying that it was eligible to receive the funds. Without performing a search in the System for Award Management, the State lacked assurance that all project contractors and subcontractors were not excluded from doing business with the Federal Government.

Recommendations

We recommend that the Director of HUD's Denver Office of Community Planning and Development require the Wyoming Business Council to

3A. Implement a procedure for conducting onsite monitoring over the course of each project, such as using regional directors to conduct monitoring.

3B. Ensure that each subrecipient understands procurement requirements by continuing to require training for all new subrecipients and for those that do not understand the requirements.

3C. Implement a procedure for checking all contractors in the System for Award Management before awarding any contract and all subcontractors before distributing Federal funds, such as requiring subrecipients to submit a copy of the System for Award Management results for each contractor and subcontractor seeking payment with each draw request to ensure that they are verified before receiving Federal funds.

Finding 4: The State Funded a Project Without Ensuring That It Would Meet the National Objective

The State funded a project without ensuring that it would meet the approved objective. This condition occurred because the State lacked a procedure requiring the subrecipient to market the future homes in the subdivision to low- and moderate-income home buyers. As a result, the State did not have assurance that the $500,000 used for the project would benefit low- and moderate-income home buyers.

A Project Was Funded Without Ensuring That It Would Meet The Objective

The State funded a project without ensuring that it would meet the approved national objective. The project involved replacing a cul-de-sac to extend Third Avenue to Pontiac Street, including improvements to the water and sewer lines, in the town of Mills, WY. This project opened up land plotted for needed affordable single-family housing as well as allowing for safe traffic flow and improved emergency vehicle access. The national objective in the application for the project was to benefit low- and moderate-income persons by providing decent housing. Regulations at 24 CFR 570.208(a)(3) specify the activities that qualify under the low- and moderate-income housing national objective. It states that an eligible activity is one that is carried out for the purpose of providing permanent residential structures, which upon completion, will be occupied by low- and moderate-income households. However, the State did not ensure that the homes in the subdivision would be for low- and moderate-income households.

The State Lacked a Procedure

The State lacked a procedure requiring the subrecipient to market the future homes in the subdivision to low- and moderate-income home buyers. The town’s project application did not contain support showing whom the homes in the subdivision would be marketed to. During the State’s review process, it did not ensure that such documentation was in place before approving this project.

The State Spent $500,000 on an Unsupported Project

The State did not have assurance that the $500,000 used for the project would benefit low- and moderate-income home buyers. At the time of our review, the subdivision was under construction. The completed homes may not benefit the intended home buyers since the State did not require that these homes be marketed to these home buyers. As a result, the $500,000 spent on this project was unsupported.

Recommendations

We recommend that the Director of HUD’s Denver Office of Community Planning and Development require the Wyoming Business Council to

4A. Provide support for the $500,000 spent on this project, demonstrating that the homes in the subdivision were marketed to low- and moderate-income households, or reimburse any amount that is not eligible from non-Federal funds.

4B. Implement adequate policies and procedures to ensure that future projects will meet all CDBG requirements before approval and maintain supporting documentation showing this compliance.

Scope and Methodology

We performed our onsite work between April and July 2014 at the Wyoming Business Council's office located at 214 West 15th Street, Cheyenne, WY, and conducted seven project site visits in Rawlins, Pinedale, Cheyenne, Glenrock, Mills, Bar Nunn, and Riverton, WY. The audit scope covered the period April 1, 2010, through March 31, 2014.

To accomplish our objective, we

- Reviewed CDBG rules and regulations.
- Reviewed the Council's policies and procedures.
- Analyzed reports submitted to HUD from the Council and HUD monitoring reports.
- Interviewed the Council's staff to obtain information on its CDBG program.
- Reviewed the Council's project files selected for our sample and conducted project site visits when appropriate.
- Calculated the amount of matching funds required and compared the yearly totals to the funds matched by the State.
- Met with HUD's Denver Office of Community Planning and Development staff.

We used computer-processed data provided by HUD's Integrated Disbursement and Information System to obtain a list of the CDBG-funded projects and their funded amounts for our audit period. We did not rely on these data for any of our conclusions. All conclusions were based on source documentation reviewed during the audit.

For our sample selection, we obtained a report from HUD's Integrated Disbursement and Information System of the activities awarded during our audit period. There were 96 activities on the report totaling $13.4 million. We selected a nonstatistical sample of the 2 highest dollar amount activities awarded for each year of the 4 years in our scope, the 5 funded activities that created or retained low- to moderate-income jobs, and the remaining 10 with project descriptions that indicated the potential to generate program income and those for improvements. These 23 activities total $7.6 million in grant funds.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Controls over compliance with CDBG program regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The State did not have a policy requiring formal approval for additional costs outside the scope of the original grant agreement (see finding 1).
- The State did not have a system in place to track or monitor the use of program income (see finding 2).
- The State did not adequately monitor every grant activity it funded (see finding 3).
- The State lacked a procedure requiring the subrecipient to market the future homes in the subdivision to low- and moderate-income home buyers (see finding 4).

Appendixes

Appendix A

Schedule of Questioned Costs

Recommendation number	Ineligible 1/	Unsupported 2/
1A	$105,514	
1B		$266,072
4A		$500,000
Totals	**$105,514**	**$766,072**

1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.

2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation | **Auditee Comments**

Wyoming
BUSINESS COUNCIL

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Mr. Ronald J. Hosking
Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
Office of Inspector General Region 8
1670 Broadway, 24th Floor
Denver, CO 80202

Dear Mr. Hosking,

Thank you for your April 15, 2015 letter conveying the discussion draft audit of Wyoming's Community Development Block Grant Program (CDBG). Attached are our responses.

If you have any questions please contact Molly Spangler, Investment Ready Communities Division at 307-777-2811, or Sandy Quinlan, CDBG Program Manager, at 307-777-2825.

Sincerely,

Shawn Reese

Shawn Reese
Chief Executive Officer

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation	Auditee Comments

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Comment 1

Finding #1 – The State Reimbursed Sub-recipients for Costs That It Had Not Approved

Bar Nunn project

The fire marshal required the street be paved to provide a second emergency access route. The town of Bar Nunn's environmental review of the project also required a paved street.

The landscape rock was installed as part of the Arena Street improvements, the purpose to prohibit and detour traffic from what was previously the southern entrance of Arena Street. Additionally, the landscaping is in place to minimize drainage runoff and erosion. This information was provided by the town's engineer, William Johnston.

The administrative approval was not formalized in an amendment to the grant agreement, but the changes were discussed by the CDBG Program Manager in consultation with the Division Director and approved internally.

Laramie County project

WBC staff toured the Meals on Wheels location and concluded that signage would make it easier for patrons, volunteers and contributors to locate because the building sits far from the road. Laramie County invoiced the WBC for $13,042.50 which was paid on August 31, 2013 for an electronic sign. In addition Meals on Wheels paid $12,892.50 of its own funds towards the sign.

WBC staff will update policies and procedures to include internal controls for reviewing and approving changes to a project's budget and/or scope. New policies and procedures will include, but not be limited to: approvals, required documentation, and thresholds for administrative authorization or amendments to grant agreement.

Comment 2

Finding #2 The State's Grant Agreement Did Not Contain Required Language on Program Income.

WBC staff has revised the WBC grant agreement to include the required language on program income. Staff will develop and implement written procedures that include all program income requirements, and monitoring and reporting requirements.

WBC staff will review the remainder of the funded grant activities to ensure that all program income is accounted for and used for eligible purposes.

WBC staff will continue to work with our HUD representative to meet all program income requirements, include necessary information in WBC procedures, and obtain training.

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

OIG Audit Response Page

Comment 3

Finding #3 The State Did Not Adequately Monitor Grant Activities

WBC staff conducts both desktop and file monitoring throughout the grant period. With limited staff it is difficult to conduct mid-project on-site monitoring but when staff perceives there are problems or challenges with a project, an on-site monitoring is scheduled. An additional staff member is in the process of being trained to assist with the monitoring and site visits.

In the past three months, the WBC has changed monitoring and reporting process. Regional Directors now approve quarterly reports and then forward to the Program Manager for final approval. Regional Directors will make periodic on-site visits to confirm reported project activities.

WBC will continue to require all grantees attend mandatory grant administration training to ensure that grantees and sub-recipients understand procurement requirements.

WBC staff is in the process of implementing a procedure for checking all contractors in the System for Award Management (SAM) before the grant is awarded and the contractors will be required to provide the WBC SAM certification for their subcontractors before payment is issued.

Comment 4

Finding #4 The State Funded a Project Without Ensuring That It Would Meet the National Objective

Staff incorrectly documented the national objective for this project. It was entered as Low to Moderate Income (LMI) Housing Benefit. The correct National Objective is Low to Moderate Income Area. The LMI area percentage in Mills is 56.3%. WBC staff has worked with our HUD representative and this has been corrected in the Federal Reporting System.

WBC staff has policies and procedures in place to ensure that future projects will meet all CDBG requirements before approval and maintaining supporting documentation.

OIG Evaluation of Auditee Comments

Comment 1 The State did not formally approve these two project's additions, therefore we still consider them to be findings. As part of the normal audit resolution process, HUD will work with the State to determine how to satisfy the recommendations.

Comment 2 We appreciate the proactive attention to our recommendations, however, we did not verify that the corrections satisfy the recommendations. Therefore, HUD will verify whether they adequately meet the intent of the recommendations during the normal audit resolution process.

Comment 3 We appreciate the proactive attention to our recommendations, however, we did not review the new processes stated in the response. Therefore, HUD will verify whether they adequately meet the intent of the recommendations during the normal audit resolution process.

Comment 4 We did not review this project under the updated national objective. As part of the normal audit resolution process, HUD will work with the State to determine if the recommendations are satisfied.