



Boulder County, Boulder, CO

Community Development Block Grant Disaster Recovery

**Office of Audit, Region 8
Denver, CO**

**Audit Report Number: 2016-DE-1003
September 28, 2016**





To: Aaron B. Gagné, Director, Office of Community Planning and Development,
8AD

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

Subject: Boulder County, CO, Generally Approved Its Grants and Procured Consultants in
Accordance With Applicable Federal 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 Boulder County.

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.



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Highlights

What We Audited and Why

We audited Boulder County because it is a significant recipient of the State of Colorado's more than \$320 million Community Development Block Grant Disaster Recovery grant, having received grants of more than \$6 million. Our audit objective was to determine whether Boulder County approved its grants and procured consultants in accordance with applicable Federal requirements.

What We Found

Boulder County generally approved its grants and procured consultants in accordance with applicable Federal requirements. The CDBG-funded projects reviewed were generally eligible, and consultants were properly procured.

What We Recommend

This report contains no recommendations.

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Background and Objective

Boulder County, CO, is home to almost 300,000 residents and includes some of the most diverse natural landscapes and sustainable development along the Front Range. The County seat is in Boulder. Located in north-central Colorado, northwest of Denver, the County's landscape includes several dense urban centers surrounded by rural buffer zones and mountain communities, plus portions of Rocky Mountain National Park. Boulder County is made up of 741 square miles and is on the eastern slope of the Rocky Mountains. The elevation ranges from approximately 5,000 to 14,000 feet.

The 2013 Colorado floods had a catastrophic impact on the State, with unprecedented rainfall impacting 24 counties, causing the evacuation of more than 18,000 people. In September 2013, the entire Front Range of Colorado was hit by rainfall amounts over 5 days that neared totals for annual precipitation. More than 17 inches of rain fell in Boulder County, impacting the entire County. Access to the town of Lyons was cut off by the surging of St. Vrain Creek, and the communities of Estes Park, Jamestown, Loveland, Drake, Longmont, Glen Haven, Greeley, and Evans were among many other areas severely impacted.

The Boulder County Community Development Block Grant Disaster Recovery (CDBG-DR) staff is located at the Boulder County Flood Rebuilding and Permitting Information Center in Boulder. The staff is mainly composed of County employees, with assistance from some housing authority employees. The program area under review is the CDBG-DR grant. In response to presidentially declared disasters, Congress may appropriate additional funding for the CDBG program as CDBG-DR grants to rebuild the affected areas and provide crucial seed money to start the recovery process.

Since CDBG-DR assistance may fund a broad range of recovery activities, the U.S. Department of Housing and Urban Development (HUD) can help communities and neighborhoods that otherwise might not recover due to limited resources. CDBG-DR grants often supplement disaster programs of the Federal Emergency Management Agency, the Small Business Administration, and the U.S. Army Corps of Engineers.

The funds were provided by Public Law 113-2, Disaster Relief Appropriations Act, 2013. There were three rounds of grants issued to the State of Colorado totaling \$320 million. We observed Boulder County as a subgrantee with round 1 grants totaling more than \$6 million for rehabilitation, home access, temporary rental assistance, infrastructure, clearance and demolition, property acquisition, planning, and capacity building.

Our audit objective was to determine whether Boulder County approved its grants and procured consultants in accordance with applicable Federal requirements.

Results of Audit

Finding 1: The County Generally Approved Its Grants and Procured Consultants in Accordance With Applicable Federal Requirements

Boulder County generally approved its grants and procured consultants in accordance with applicable Federal requirements. The CDBG-funded projects reviewed were generally eligible, and consultants were properly procured.

CDBG Projects Were Generally Eligible

We reviewed 15 files for compliance with Boulder County policies, the State action plan, and HUD grant and program requirements. These files represent all rehabilitation assistance awarded through May 2015.

We reviewed each file to determine whether

- Applicant income and assets were reviewed to qualify as low or moderate income.
- CDBG-DR duplicated benefits of other disaster recovery assistance.

The projects reviewed generally complied with those requirements.

Consultants Were Properly Procured

We reviewed the two consultant agreements charged to the CDBG-DR grants and found that the consultants were properly procured. Boulder County's procurement policies complied with 24 CFR (Code of Federal Regulations) 85.36. These agreements extended existing contracts received immediately after the disaster, which we also reviewed.

Recommendations

There are no recommendations.

Scope and Methodology

We performed our audit work between June and September 2015 at 1301 Spruce Street, Boulder, CO. Our audit period generally covered September 1, 2013, through May 30, 2015, and was expanded as necessary.

To accomplish our objective, we

- Reviewed Public Laws 112-55 and 113-2, the Stafford Act, applicable portions of the Code of Federal Regulations, Federal Register notices, and Office of Management and Budget circulars;
- Reviewed the applicable HUD guidance and Office of Community Planning and Development notices, the State's action plans and CDBG-DR policies, and Boulder County's written policies and procedures for CDBG-DR;
- Interviewed HUD's Denver Office of Community Planning and Development's management and staff;
- Interviewed State of Colorado CDBG-DR staff;
- Interviewed Boulder County CDBG-DR staff;
- Reviewed prior State of Colorado monitoring reviews;
- Toured the disaster area to observe conditions facing victims and Boulder County;
- Reviewed Boulder County CDBG-DR files; and
- Reviewed procurement and consultant contracts.

Our audit focused on the County's CDBG-DR grant awards for rehabilitation and temporary rental assistance through May 2015 as well as procurement policies and general internal controls. We reviewed 100 percent of the files with rehabilitation awarded through May 2015. The amounts approved for award in these 15 case files totaled \$553,315 in CDBG-DR assistance. Of the approved assistance, \$188,736 (34 percent of our universe) was not funded because one recipient rejected funding and one was switched to another funding source.

We selected the rehabilitation and temporary rental assistance programs because the other County programs had not yet awarded CDBG-DR grant money at the start of our audit. We also reviewed the two consultant agreements charged to the CDBG-DR grants. We did not rely on computer-generated data as audit evidence or to support our audit conclusions. We primarily used data from Boulder County's case files and procurement files to meet our audit objective.

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 the County's CDBG-DR program award process and procurement.

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.

We evaluated internal controls related to the audit objective in accordance with generally accepted government audit standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the County's internal controls.

Appendix A

Auditee Comments and OIG's Evaluation

The auditee chose not to have an exit conference or provide written comments since there were no significant findings. Minor deficiencies and solutions will be communicated in a separate letter to management.