



Issue Date September 22, 2011
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Audit Report Number 2011-NY-1016
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TO: William O'Connell, Director, Community Planning and Development, Buffalo,  
New York, 2CD

FROM: *Edgar Moore*  
Edgar Moore, Regional Inspector General for Audit, New York/New Jersey, 2AGA

SUBJECT: The City of Buffalo, NY, Did Not Always Disburse Homelessness Prevention and  
Rapid Re-Housing Program Funds in Accordance With Regulations

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the City of Buffalo, NY's administration of its Homelessness Prevention and Rapid Re-Housing Program (HPRP) funded under the American Recovery and Reinvestment Act of 2009. We selected the City based on the concerns identified in our audit of the City's Community Development Block Grant (CDBG) program.<sup>1</sup> The objectives of the audit were to determine whether the City efficiently and effectively administered its HPRP in compliance with Recovery Act and other applicable requirements. Specifically, we wanted to determine whether City officials had adequate policies and procedures to ensure that (1) program funds drawn from HUD's Line of Credit Control System were supported with adequate documentation, (2) subrecipients were properly procured, and (3) subrecipients were monitored to ensure compliance with all applicable requirements.

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<sup>1</sup> Audit Report Number 2011-NY-1010, issued April 15, 2011

## What We Found

City officials did not always administer the HPRP grant in accordance with applicable rules and regulations. Specifically, they (1) made cash advances to a subrecipient that were not supported by the immediate cash requirements, (2) failed to provide adequate support for the selection of subrecipients, and (3) did not adequately monitor subrecipients. As a result, City officials could not assure HUD that they had effective control and accountability over all funds, and that those funds were used solely for authorized purposes.

## What We Recommend

We recommend that the Director of HUD's Buffalo Office of Community Planning and Development instruct City officials to (1) provide documentation to support advances of \$138,268, (2) provide documentation to justify the costs of two subrecipients with contracts totaling \$392,141, and (3) revise its monitoring policies and procedures to ensure that it monitors the day-to-day activities of all subrecipients during the term of the grant agreements.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

## Auditee's Response

We discussed the results of the review during the audit, provided a copy of the draft report to City officials, and requested their comments on August 25, 2011. We held an exit conference on September 6, 2011, and City officials provided their written comments on September 6, 2011, at which time they generally disagreed with the finding. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

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## **BACKGROUND AND OBJECTIVES**

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The Homelessness Prevention and Rapid Re-Housing Program (HPRP) is a new housing program under the U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development. It was funded on February 17, 2009, under the American Recovery and Reinvestment Act of 2009, which provided \$1.5 billion in funding. The purpose of HPRP is to provide temporary homelessness prevention assistance to households that would otherwise become homeless but for this assistance, many due to the economic crisis, and to provide assistance to rapidly re-house persons who are homeless.

The City of Buffalo was awarded \$6.5 million in HPRP funds in 2009, and as of June 30, 2011, it has drawn down more than \$4.5 million in HPRP funds. The Buffalo Urban Renewal Agency is the City's agency responsible for administering the HPRP grant. City officials developed a plan to administer the HPRP in a collaborative effort with over 50 agencies that received a lot of positive feedback on efforts to combat homelessness. The City and agencies' effort lead to innovative ideas to administer the program such as contracting with a central finance agency and having all supporting documentation maintained in electronic files utilizing the existing Homeless Management Information Systems (HMIS).

The City of Buffalo Housing/Homeless Outreach Program is comprised of the nine local not-for-profit organizations that responded to City officials' request for proposals for the management, implementation, and delivery of services relating to the HPRP grant. The nonprofit organizations, consisting of the American Red Cross, Suicide Prevention & Crisis Services, Inc., Neighborhood Legal Services, Inc., Community Action Organization, Housing Opportunities Made Equal, Homeless Alliance of WNY, Lt. Col. Matt Urban Center, Saving Grace Ministries, and Catholic Charities, developed the policies and procedures for the program. The City of Buffalo Housing/Homeless Outreach Program's resources are targeted to households that are most in need of temporary assistance and most likely to achieve and maintain stable housing once the program ends. The American Red Cross functioned as the Central Finance Agency and distributed HPRP client funds. All case management agencies were to conduct intake, direct applicants to the appropriate agencies, and provide case management. All agencies were to participate in data collection activities using HMIS. The HMIS provides grantees the opportunity to (1) re-examine how homeless services are provided in their community, (2) make informed decisions, and (3) develop appropriate action steps, in order to meet needs in a more streamlined manner and obtain information to guide future planning. Further, use of the HMIS allows for the collecting of an array of data on homelessness, including unduplicated counts, use of services, and the effectiveness of the local homeless assistance system.

The objectives of the audit were to determine whether the City had efficiently and effectively administered its HPRP in compliance with Recovery Act and other applicable requirements. Specifically, we wanted to determine whether City officials had adequate policies and procedures to ensure that (1) program funds drawn from HUD's Line of Credit Control System were supported with adequate documentation, (2) subrecipients were properly procured, and (3) subrecipients were monitored to ensure compliance with all applicable requirements.

## RESULTS OF AUDIT

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### Finding 1: City Officials Did Not Always Administer the HPRP Grant in Accordance With Applicable Rules and Regulations

City officials did not always administer the HPRP grant in accordance with Federal regulations. Specifically, they did not (1) ensure that cash advances drawn down from HUD's Integrated Disbursement and Information System were supported by the immediate cash requirement of the subrecipient, (2) justify that the City's procurement of subrecipients was the most advantageous to the HPRP, and (3) adequately monitor subrecipients. These deficiencies occurred because City officials had weaknesses in their implementation of HPRP grant controls. As a result, \$432,427 in unsupported costs was charged to the program. Consequently, City officials' ability to administer their HPRP funds efficiently and effectively and ensure that HPRP objectives were met was diminished.

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#### Cash Advances Were Not Supported

City officials advanced \$138,268 in HPRP grant funds without support that the subrecipient had an immediate cash requirement. The Central Finance Agency made an advance request of \$100,000 on June 16, 2011, when \$38,268 from the previous advance had not been expended. Regulations at 24 CFR (Code of Federal Regulations) 84.22 require that recipients be paid in advance, provided they maintain or demonstrate the willingness to maintain (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and (2) financial management systems that meet the standards for funds control and accountability, whereby cash advances to a recipient organization are limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project.

This deficiency occurred because City officials failed to ensure that controls provided in their agreement with the Agency were followed. The agreement between the City and the Agency provided that advances of funds would be made only after a full accounting of the previous advance of funds and estimate of future need was provided. However, although vouchers provided the accounting of the previous advance, no evidence of the estimate of future needs was provided. As a result, City officials could not assure HUD that they had effective control over and accountability for all funds and that those funds were used solely for authorized purposes. At one point, the Agency had more than \$165,000 in previous cash advances available when it requested an additional \$100,000 without an estimate of the future need. The stockpiling of HPRP funds was susceptible to fraud; for

example, there were three unauthorized transfers from the Agency's client fund account that was solely funded with HPRP funds. The funds were transferred to pay the cell phone bill of an HPRP client; however, the Agency identified the issue, and the bank reimbursed the funds to the account.

### **The City's Subrecipient Selections Were Questionable**

City officials awarded \$392,141 in contracts to two subrecipients, the selection of which was not adequately supported. City officials identified on their substantial amendment to the consolidated plan 2008 action plan for HPRP that they would use a competitive process in their selection of subgrantees. The City's application review committee recommended seven agencies for funding, and City officials funded nine agencies. The documentation to support the selection of two additional agencies for funding was incomplete. An interoffice memorandum indicated that after receiving the recommendations from the committee, City administrators added the Community Action Organization and Saving Grace Ministries. City officials did not provide justification for the selection of the two agencies. In addition, they did not provide procurement procedures that would have allowed them to select agencies that were not recommended by the committee. Federal regulations at 24 CFR 85.36(d)(3)(iii), pertaining to solicitation by competitive proposal require that grantees have a method for conducting technical evaluations of the proposals received and for selecting awardees.

This deficiency occurred because City officials failed to follow the proper selection requirement for the competitive process. Further, officials failed to document that the selection of subrecipients was based upon the technical merits of the applications it reviewed. Thus, their solicitation for the management, implementation, and delivery of services relating to the HPRP grant did not allow for the selection of firms with proposals that were the most advantageous to HPRP, based upon the documentation. Therefore, City officials expended \$294,159 in HPRP funds on unsupported costs for these two agencies. In addition, if City officials cannot demonstrate that the selection of the two agencies complies with program requirements, the \$97,982 in remaining contract funds should be reprogrammed for other eligible purposes and put to better use.

### **City Officials Did Not Adequately Monitor Their Subrecipients**

City officials did not adequately monitor their subrecipients as required by Federal regulations and the HPRP Notice of Allocations, Application Procedures, and Requirements for Homelessness Prevention and Rapid Re-Housing Program Grantees under the American Recovery and Reinvestment Act of 2009.

Specifically, they did not (1) take timely and appropriate action against a poorly performing subrecipient, (2) perform timely onsite monitoring, and (3) ensure the accuracy of Homeless Management Information Systems data. Regulations at 24 CFR 85.40(a) provide that grantees are responsible for managing the day-to-day operations of grant and subgrant activities. In addition, section V.I. of the HPRP notice provides that grantees are responsible for monitoring all HPRP activities, including activities carried out by a subgrantee.

#### 1. Untimely Action for a Poor Performer

The City's use of HPRP funds for the Community Action Organization's case management services was an inefficient use of funds. The Organization was awarded \$21,200 in year 1 of a potential 3-year contract. Its budget was increased by \$60,000 to hire additional case managers due to the overwhelming demand for HPRP services once the program was started. Then it was awarded a budget revision of \$231,669 and a time extension for year 2 of the contract. Thus, the total amount awarded to the Organization was \$312,869. However, its performance did not justify the increase in award amounts. The Organization submitted HPRP funding applications for only 29 of 1,197 households that the Central Finance Agency approved. Therefore, less than 2.5 percent of the clients receiving HPRP funding were serviced by the Organization. In comparison, the Lt. Col. Matt Urban Center serviced 402 of the 1,197 households, or more than 30 percent.

The Central Finance Agency documented its problems with the Organization's performance. These issues resulted in multiple meetings and technical assistance being provided to the Organization. The Organization explained that it had no experience with clients needing rental assistance going forward or with clients having utility issues. As documented in the January 2011 meeting notes, the City's housing director informed the Organization that November 19, 2010, would be the marker for improvements. However, the Central Finance Agency and other agencies in the program continued to document the Organization's poor performance. In May 2011, the Agency's executive director recommended to the City's housing director that the City retrieve all outstanding Organization cases for redistribution to other agencies and review Organization cases to ensure that they were closed appropriately. Also in May 2011, the Agency's HPRP program manager notified the City's housing director that the Organization's performance had not improved. The program manager stated that in April 2011, the Organization referred only 5 cases for HPRP assistance; in comparison, the Matt Urban Center had referred 36 cases. The Agency spent program resources reviewing incomplete Organization applications and providing technical assistance, and clients were not serviced properly or in a timely manner by the Organization. In conclusion, Organization officials acknowledged to the OIG auditors that they didn't have the experience needed to manage the HPRP. These deficiencies occurred because the City failed to take timely and appropriate actions related to the Organization's failure to comply with its agreements.

## 2. Untimely Monitoring

City officials had not performed onsite monitoring of their subrecipients as of the end of the audit period, February 28, 2011. Likewise, they did not provide documentation showing how they planned to monitor their subrecipients. The City officials' substantial amendment to their consolidated plan and the preliminary HPRP plan provided that monitoring would be performed by the subrecipient. However, City officials did not identify their plan to monitor subrecipients. In addition, the City's HPRP policies and procedures provided that an evaluation committee would meet regularly to monitor the various processes and systems developed to administer the program. However, City officials did not provide the fiscal and programmatic monitoring procedures implemented specific to HPRP. As a result, City officials could not provide HUD assurance that their subrecipients performed in accordance with HPRP requirements. They did not perform their first onsite monitoring of subrecipients until after notification of our audit. These deficiencies occurred because City officials did not replace the HPRP project monitor upon his retirement in August 2010. A person dedicated to the program could have implemented monitoring controls such as remote monitoring of the client files and the performance of the Central Finance Agency.

## 3. Inaccurate Systems Data

The reports City officials submitted regarding program performance contained mistakes. Specifically, the Homeless Management and Information Systems reports that were used for reporting performance on the HPRP quarterly performance reports did not reconcile. We brought this matter to the attention of the Homeless Management Information Systems provider, who worked with the vendor and fixed the data. However, City officials did not question that the data did not reconcile. In addition, the Central Financial Agency's chief administrative officer stated that the information in the system regarding the amount of HPRP funds expended could not be reconciled to the actual disbursements that were made. The amounts in the system were used in the reporting of HPRP performance on the federalreporting.gov Web site. In addition, the information provided to City officials regarding the advances of funds between homeless prevention and rapid rehousing was incorrect. Thus, City officials failed to ensure that the data provided by subrecipients was accurate. These deficiencies occurred because City officials did not replace the HPRP project monitor. A person at the City dedicated to the program would likely catch these basic reconciling mistakes and ensure that data from the two agencies matched.



## Conclusion

City officials did not always administer the HPRP grant in accordance with Federal regulations. The deficiencies occurred because City officials had weaknesses in their implementation of HPRP grant controls. As a result, \$432,427 in unsupported costs was charged to the program. Consequently, the City's ability to administer its HPRP funds efficiently and effectively and ensure that HPRP objectives were met was diminished. Therefore, City officials need to provide an action plan that documents how the remaining \$2 million in HPRP funds will be spent to ensure that the program objectives are met. For example, the City's HPRP budget included almost \$300,000 for program administration. However, as of June 2011, City officials had only expended a little more than \$35,000 for program administration. Also, City officials need to identify what their future administration needs are and reallocate the remaining funds to other eligible HPRP activities.

## Recommendations

We recommend that the Director of HUD's Buffalo Office of Community Planning and Development instruct City officials to

- 1A. Provide documentation to justify the \$138,268 in unsupported advances made to the Central Finance Agency so that HUD can make an eligibility determination. Any costs determined to be ineligible should be reimbursed from non-Federal funds.
- 1B. Establish and implement policies and procedures to ensure that adequate source documentation is reviewed, future needs are documented, and there is an immediate cash requirement before advancing HPRP funds.
- 1C. Provide documentation to justify the \$294,159 in HPRP funds expended on the Community Action Organization and Saving Grace Ministries. Any costs determined to be ineligible should be reimbursed from non-Federal funds. Also, if determined to be ineligible, the remaining \$97,982 in contract funds should be reprogrammed for other eligible purposes to be put to better use, and the HPRP agreement with the Community Action Organization should be terminated based on the subrecipient's default of its agreement with the City.
- 1D. Review all clients referred to the Community Action Organization and ensure that the proper case management procedures were implemented. For clients determined eligible and not provided assistance, their cases should be reopened to ensure that HPRP objectives were met.

- 1E. Revise their monitoring policies and procedures to ensure that City officials monitor the day-to-day activities of all subrecipients during the term of the grant agreement in compliance with all applicable Federal requirements. Also, City officials should assign a qualified HPRP project monitor to oversee the HPRP grant until it is completed.
  
- 1F. Provide an action plan that documents how the remaining \$2 million in HPRP funds will be spent to ensure that the objectives of the program are met.

## SCOPE AND METHODOLOGY

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We performed onsite audit work at the City's offices in City Hall, located in Buffalo, NY, between March and August 2011. In addition, we performed onsite audit work at the offices of the Homeless Management Information Systems provider, the Central Finance Agency, and the case management agencies. The audit scope covered the period August 1, 2009, through February 28, 2011, and was extended as necessary. We relied in part on computer-processed data primarily for obtaining background information on the City's expenditure of HPRP funds. We performed a minimal level of testing and found the data to be adequate for our purposes.

To accomplish the objectives, we

- Reviewed the HPRP Notice of Allocations, Application Procedures, and Requirements for Homelessness Prevention and Rapid Re-Housing Program Grantees under the American Recovery and Reinvestment Act of 2009, program guidance issued by HUD, and applicable Federal regulations.
- Interviewed HUD Office of Community Planning and Development officials to obtain HUD's understanding of the City's HPRP operations.
- Reviewed quarterly performance reports and annual performance reports that had been submitted related to HPRP.
- Analyzed reports from HUD's computer systems, including the Integrated Disbursement and Information System, Line of Credit Control System, and Homeless Management Information Systems.
- Reviewed the City's preliminary plan and its substantial amendment to its program year 2008 action plan.
- Reviewed the Buffalo Housing/Homeless Outreach Program's policy and procedures manual.
- Interviewed key City personnel responsible for the administration of HPRP.
- Obtained the grant agreement between the City and HUD and agreements between the City and its subrecipients.
- Interviewed key personnel at the subrecipient agencies.

We selected a nonstatistical sample 6 of 37 cash advance requests for HPRP client funds. The \$525,000 in advances represented more than 18 percent of the \$2.85 million in cash advance requests made as of June 30, 2011. In addition, we selected a nonstatistical sample of 29 of 1,197 HPRP clients who received funding from 2 of the 6 subrecipients that performed case

management services. The cases were selected based upon the dollar amounts and the volume of transactions. The \$94,404 in program funds expended on the clients' behalf represented just less than 4 percent of the total client funds expended. The client fund payments consisted of invoices and disbursements covering the period December 2009 through April 2011.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# INTERNAL CONTROLS

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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.

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## Relevant Internal Controls

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

- Effectiveness and efficiency of operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Compliance with applicable laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding of resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

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

- City officials did not have adequate controls over compliance with laws and regulations, as they did not adequately monitor subrecipients or always comply with HUD regulations while disbursing HPRP funds (see finding).
- City officials did not have adequate controls over safeguarding resources when they advanced program funds to a subrecipient (see finding).

## APPENDIXES

### Appendix A

#### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Unsupported 1/	Funds to be put to better use 2/
1A	\$138,268	
1C	\$294,159	\$97,982
Total	<u>\$432,427</u>	<u>\$97,982</u>

1/ 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.

2/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if City officials implement our recommendations to reprogram the remaining \$97,982 in contract costs, they can assure HUD that these funds will be properly put to better use.

# Appendix B

## AUDITEE COMMENTS AND OIG'S EVALUATION

### Ref to OIG Evaluation

### Auditee Comments



#### Buffalo Urban Renewal Agency

920 City Hall, 65 Niagara Square  
Buffalo, New York 14202-3376  
716-851-5035

Byron W. Brown, Chairman

September 6, 2011

Mr. Edgar Moore  
Regional Inspector General for Audits  
U.S. Department of Housing and Urban Development  
Office of Inspector General  
26 Federal Plaza  
Room 3430  
New York, NY 10278-0068

Re: Written Comments to Draft Audit Report  
(Cover Letter Dated August 25, 2011)

Dear Mr. Moore:

We appreciate the opportunity to review the Draft Audit Report with your staff during our exit conference on September 6, 2011. We recognize that the Office of Inspector General ("OIG") has reviewed a number of matters and we have certain concurrences and corrections. As we understand the Draft Audit, there is essentially one Finding, but that Finding has several parts.

### **Comment 1**

In the first part, OIG provides that the City advanced \$138,268 in HPRP grant funds without support the subrecipient had an immediate cash requirement. We are enclosing a copy of an e-mail exchange with HUD dated August 27, 2010, indicating that the additional advance was part of an effort to provide timely cash flow. This appears to be reasonable in light of check processing and clearing delays. The City will revisit this issue with the HUD program office as well as explore certain processing improvements, including wiring funds where practical.

### **Comment 2**

The second portion of the Finding states that two subrecipients were selected outside of the normal selection process. We disagree with this characterization. The two agencies in question submitted applications as part of the competitive process. It was reasonable to extend support into communities that were not well served or represented among the seven entities initially chosen by the review committee. One of the additional entities selected served the lowest income communities, while the other served parolees as they attempted to reintegrate into society.

### **Comment 3**

The third area in the Finding was that City officials did not adequately monitor subrecipients. We recognize the comments in the Draft Audit regarding the need to timely replace departing staff. The City will review their procedures and prepare an action plan that includes steps to replace officials more promptly. However, we would like to note that funding uncertainties.

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**Ref to OIG Evaluation**

**Auditee Comments**

**Comment 4**

**Comment 5**

Mr. Edgar Moore  
September 6, 2011  
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including threatened and actual federal budget cutbacks, have made it difficult to plan and arrive at new hiring decisions.

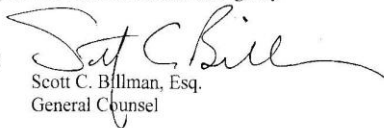
Within this third area there were three additional concerns. Specifically, the need to address Community Action Organization's ("CAO") performance, the need to provide additional monitoring, and the need to revisit account reconciliation. These last two points should be addressed and resolved with replacement of departed or retired staff. The City is also reviewing additional staff strengthening.

CAO plays an important role in serving Buffalo's neediest neighborhoods. The City recognized early on that the technical requirements and complexity of the newly established HPRP program would challenge this organization. Prior to the HUD OIG audit, the City reached out numerous times to CAO to understand the apparent technical difficulties it was experiencing and bolster its capacity to match the high expectations of the HPRP Program. Based on its performance, we consistently reviewed and monitored CAO's case management and volume and directed corrective actions as deficiencies were noted. This included notification of CAO on or about July 5, 2011 that no further HPRP referrals would be provided to the organization.

On behalf of the Mayor of the City of Buffalo, thank you for this opportunity and request that you consider these written comments in any final report.

City of Buffalo Urban Renewal Agency

By:

  
Scott C. Billman, Esq.  
General Counsel

SCB/rga

Enclosure

cc: The Honorable Byron W. Brown, Mayor, City of Buffalo  
Brendan R. Mehaffy, Vice Chairman, City of Buffalo Urban Renewal Agency  
Richard Price, Esq., Nixon Peabody

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## OIG Evaluation of Auditee Comments

- Comment 1** Officials for the City provided email documentation from HUD subsequent to the audit work to support their contention that additional advances was part of an effort to provide timely cash flow. City officials plan to revisit the issue with the HUD program office, as well as explore certain processing improvements. We agree that the City should work with the HUD program office during the audit resolution process to explore certain processing improvements. However, the specific amount of advances is not in question, but rather, the lack of an estimate providing the actual, immediate cash requirements. Further, HUD's concurrence documented in the email to increase advances does not indicate a waiver of regulations pertaining to the provision of an estimate detailing the actual immediate cash requirements.
- Comment 2** Officials for the City disagree with the characterization of subrecipients selected outside the normal selection process. City officials contend that extending support into communities that were not well served or represented among the seven entities initially chosen by the review committee is reasonable. Notwithstanding this notion, City officials failed to follow the proper selection requirement for the competitive process in that the selection process was not clearly disclosed or defined. Further, officials failed to document that the selection of subrecipients was based upon the technical merits of the applications it reviewed.
- Comment 3** City officials agree that subrecipients were not monitored adequately and they also recognize the need to timely replace departing staff. The officials plan to review their procedures and prepare an action plan that includes steps to replace officials more promptly is responsive to the finding.
- Comment 4** City officials agree additional monitoring and account reconciliation is needed. The officials' plan to replace departed or retired staff and review additional staff strengthening is responsive to the finding.
- Comment 5** Officials for the City recognized early on that the technical requirements and complexity of the newly established HPRP would challenge the Community Action Organization and reached out numerous times to understand the technical difficulties the Organization was experiencing in order to bolster its capacity. Despite the City official claims, the officials failed to take timely and appropriate actions related to the Organization's failure to comply with its agreements.