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Audit Report Number 2008-AT-1005
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TO: Maria R. Ortiz, Director of Community Planning and Development, Miami Field Office, 4DD

FROM: *Sony Lucet for*  
James D. McKay, Regional Inspector General for Audit, 4AGA

SUBJECT: The City of Fort Lauderdale, Florida, Did Not Properly Administer Its Community Development Block Grant Program

## **HIGHLIGHTS**

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

We audited the Community Development Block Grant (CDBG) program administered by the City of Fort Lauderdale, Florida (City). The objective of the audit was to determine whether the City administered its CDBG program in accordance with applicable U.S. Department of Housing and Urban Development (HUD) requirements. We selected the City for review because the HUD Miami Office of Community Planning and Development ranked it as high risk in its fiscal years 2005 and 2006 risk assessments. In addition, a previous HUD on-site monitoring review identified concerns with the City's administration of the CDBG program.

### **What We Found**

The City did not administer its CDBG program in accordance with applicable HUD requirements. It did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that CDBG activities met national objectives. As a result, it had no assurance that more than \$5 million

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in expended CDBG funds achieved the intended national objective or met program requirements.

The City did not accurately report CDBG financial information in accordance with HUD requirements. The City's CDBG financial information in its Financial Accounting Management Information System did not agree with financial information reported to HUD. The City also failed to report CDBG program income to HUD for one project. As a result, there is no assurance that the City reported accurate CDBG financial information to HUD in accordance with HUD regulations.

The City improperly allocated 100 percent of its vehicle expenditures to the CDBG program without adequate supporting documentation demonstrating the use of the vehicles. As a result, there is no assurance that \$98,967 in vehicle expenses allocated to the CDBG program was accurate and CDBG program related.

### **What We Recommend**

We recommend that the Director of the Miami Office of Community Planning and Development require the City to (1) provide documentation to support that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public service activities or reimburse its program \$2.3 million from nonfederal funds; (2) provide an action plan for development of land parcels to include how national objectives will be achieved and if not developed within 90 days, reimburse its program the greater of \$2.6 million or the fair market value of the property from nonfederal funds; (3) maintain supporting documentation that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public service activities according to 24 CFR 570.506 to allow \$722,377 in unused funds to be put to better use by ensuring that the City effectively uses these funds for the intended clientele; and (4) update, implement, and enforce written monitoring policies and procedures to ensure effective performance and compliance with federal regulations for meeting CDBG national objectives.

The Director should also require the City to (1) reconcile its Financial Accounting Management Information System with the HUD Integrated Disbursement and Information System and notify HUD of the adjustments and (2) report rental and interest income for one project as CDBG program income.

In addition, the Director should require the City to reimburse the program \$98,967 from nonfederal funds, since there is no assurance that vehicle use was CDBG program related.

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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 findings with the City during the audit. We provided a copy of the draft report to City officials on November 6, 2007, for their comments and discussed the report with the officials at the exit conference on November 20, 2007. The City provided its written comments to our draft report on November 29, 2007. In its response, the City generally agreed with finding 1 and 2, but did not agree with finding 3.

The complete text of the City's response, along with our evaluation of the response, can be found in appendix B of this report. Attachments to the City's comments were not included in the report, but are available for review upon request.

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## **BACKGROUND AND OBJECTIVES**

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The City of Fort Lauderdale, Florida (City), receives annual Community Development Block Grant (CDBG) program funds from the U.S. Department of Housing and Urban Development (HUD). HUD awards annual grants to entitlement cities to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons. An activity that receives CDBG funds must meet one of three national objectives:

- Benefit low- and moderate-income families,
- Aid in the prevention or elimination of slums or blight, or
- Meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and when other financial resources are not available.

The City Housing and Community Development Division administers the CDBG program. This division administers programs intended to improve the character of existing neighborhoods and to provide quality housing for all of its citizens. Some of the services provided include administration, management, and coordination of CDBG activities, rental rehabilitation programs, the Emergency Shelter Grants Program, and other federal and state programs. The division is located at 1409 Northwest 6<sup>th</sup> Street, Fort Lauderdale, Florida.

The HUD Integrated Disbursement and Information System reported that the City expended CDBG funds of more than \$6.3 million for program years 2004 (October 1, 2004, to September 30, 2005) and 2005 (October 1, 2005, to September 30, 2006).

We selected the City for review because the HUD Miami Office of Community Planning and Development ranked it as high risk in its fiscal years 2005 and 2006 risk assessments. In addition, a previous HUD on-site monitoring review identified concerns with the City's administration of the CDBG program.

Our audit objective was to determine whether the City administered its CDBG program in accordance with applicable HUD requirements.

## RESULTS OF AUDIT

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### Finding 1: The City Did Not Demonstrate Compliance in Meeting National Objectives

The City did not demonstrate compliance with HUD requirements in meeting national objectives. It did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service, and land acquisition activities met national objectives. This condition occurred because the City lacked effective management controls over its CDBG activities and disregarded HUD requirements. As a result, it had no assurance that more than \$5 million in expended CDBG funds achieved the intended national objective or met program requirements.

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#### Supporting Documentation Lacking or Inadequate

Regulations at 24 of CFR [*Code of Federal Regulations*] 570.200(a) state that CDBG-funded activities must meet one of the national objectives: benefit low- and moderate-income families, prevent or eliminate slums or blight, or meet urgent community development needs. Regulations at 24 CFR 570.506 state that records must be maintained to demonstrate that each activity undertaken meets one of the national objective criteria.

The City did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service, and land acquisition activities met national objectives.

**Public facilities** – Regulations at 24 CFR 570.506(b)(2) require that for each activity determined to benefit low- and moderate-income families (area benefit), the grantee must provide documentation showing (1) the boundaries of the service area; (2) the income characteristics of families and unrelated individuals in the service area; and (3) if the percentage of low- and moderate-income persons in the service area is less than 51 percent, data showing that the area qualifies.

Regulations at 24 CFR 570.506(b)(3) require that for each activity determined to benefit low- and moderate-income families (limited clientele), the grantee must provide documentation showing (1) that the activity is designed for and used by a segment of the population presumed by HUD to be principally low and moderate income, (2) the nature of the services and how they were used predominantly by low- and moderate-income persons, or (3) the size and annual income of the family of each person receiving the benefit.

The City informed us that 29 public facility activities were awarded more than \$4.3 million in CDBG funds during the period October 1, 2000, through May 31, 2007. The City indicated that these public facility activities included senior services and infrastructure projects such as street improvements, parks, and recreational facilities. The national objective established for these 29 activities was to benefit low- and moderate-income families (area benefit or limited clientele).

The City was able to demonstrate compliance in meeting national objectives for nine activities. However, it lacked supporting documentation for 20 activities. It did not provide us with any supporting documentation for the 20 activities despite many requests for the records. As a result, it was unable to confirm whether a national objective was met for 20 public facility activities provided more than \$1 million in CDBG funds. The remaining \$620,158 in unspent CDBG funds for these 20 activities could be used effectively if the City can support that the activities met a national objective.

**Public services** – Regulations at 24 CFR 570.506(b)(8) require that for each activity determined to prevent or eliminate slums or blight, the grantee must address one or more of the conditions which qualified an area as a slum or blighted area, the boundaries of the area, and a description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the qualifying criteria.

The City informed us that nine public service activities administered by City departments and two activities administered by subrecipients were awarded more than \$1.3 million in CDBG funds during the period October 1, 2000, through May 31, 2007. The City indicated that these public service activities provided youth and general services. The national objectives established for these 11 activities were to benefit low- and moderate-income families (limited clientele) and prevent or eliminate slums or blight.

The City lacked supporting documentation or provided inadequate supporting documentation for the 11 public service activities. It lacked supporting documentation for two activities administered by City departments. The City did not provide us with any supporting documentation for these two activities because it could not locate the records. In addition, it provided inadequate supporting documentation for seven activities administered by City departments and two subrecipient activities.

The following two examples illustrate the lack of or inadequate supporting documentation.

- The national objective established for one activity was to prevent or eliminate slums or blight in a designated area. The purpose of this activity was to reduce graffiti through community involvement and educational

initiatives. The application in the file explained the geographical boundaries of the area in which this activity was to provide services. However, we did not find a description in sufficient detail of the conditions that qualified the area at the time of its designation to demonstrate how the area met the qualifying criteria. In addition, we did not find supporting documentation indicating that the subrecipient provided educational awareness to its citizens or other services.

- The national objective established for one activity was to benefit low- and moderate-income families (limited clientele). The purpose of this activity was to provide training and instruction to children participating in water safety. The file did not contain documentation to support that the children being served were from low- and moderate-income families. In addition, we did not find attendance sheets in the file to support that the eligible children participated in the activity.

In addition, the City (1) failed to monitor eight activities administered by City departments and (2) inadequately monitored one activity administered by a City department and the two subrecipient activities. For the three activities inadequately monitored, monitoring reports did not provide sufficient evidence that supported the reviewer's conclusions. Also, the City failed to execute agreements for the nine activities administered by City departments. Without an executed agreement, it is difficult for the City to monitor specific tasks that need to be accomplished to meet the national objective.

Although the City conducted monitoring of an activity administered by a City department,<sup>1</sup> City officials explained that they generally did not conduct monitoring of public service activities administered by City departments. The City's policies and procedures require monitoring of subrecipients but not activities administered by City departments.

As a result, we were unable to confirm whether a national objective was met for 11 public service activities that were provided more than \$1.2 million. The remaining \$102,219 in unspent CDBG funds for these 11 activities could be used effectively if the City can support that the intended clientele benefit from CDBG funds. In addition, it needs to execute agreements with all its subrecipients to ensure that the objectives of the agreements are met through monitoring.

**Land acquisition** – Regulations at 24 CFR 570.208(d) require that if the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. Regulations at 24 CFR 570.501(b) provide that the grantee is responsible for determining the adequacy of performance under

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<sup>1</sup> A monitoring review was conducted because technical assistance was requested. The staff from this City department were new and did not know how to proceed with the activity.

subrecipient agreements and for taking appropriate action when performance problems arise.

The City provided us with a list of 76 land parcels acquired with approximately \$4 million in CDBG funds. It directly acquired 68 parcels totaling \$3.5 million, while subrecipients acquired the remaining eight parcels totaling \$521,533. We selected five parcels directly acquired by the City totaling more than \$1.1 million and two parcels acquired by subrecipients totaling \$286,077 for further review. The table below summarizes pertinent information on the seven parcels.

<b>No.</b>	<b>Purchase date</b>	<b>Parcel ID/property ID</b>	<b>Purchase price</b>	<b>National objective</b>
1	1989-92	5042 03 24 0030	\$171,302	Benefit low/moderate-income housing; aid in prevention or elimination of slums or blight; low/moderate-income jobs
2	1989-92	5042 03 24 0030	81,584	Same
3	1989-92	5042 03 24 0040	96,584	Same
4	1989-92	5042 03 24 0030	66,099	Same
5	2002-06	5042 04 32 0040, 50, 60	<u>697,455</u>	Benefit low/moderate-income housing
		Total City acquisitions	<u>\$1,113,024</u>	
6	June 27, 2000	9234077130	145,007	Low/moderate-income area benefit
7	July 17, 2000	203012140	<u>141,070</u>	Low/moderate-income area benefit
		Total subrecipient acquisitions	<u>\$286,077</u>	
		Total for seven acquisitions	<u>\$1,399,101</u>	

The City did not meet the national objectives for these seven parcels because it did not complete projects within a reasonable period and did not have an action plan or conduct monitoring to determine how the acquisitions would be developed.

For example, one project included the acquisition of four parcels in 1989 totaling \$415,569. The City indicated that the project was to create commercial development and housing projects. At the end of the audit period, the City was still negotiating with a developer to determine whether the housing project would be homeownership or rental. In addition to these four parcels, the City acquired

31 parcels for this project. As a result, we consider all 35 parcels totaling more than \$1.3 million to be unsupported costs because the national objectives were not met and the intended clientele did not benefit from the expenditures of CDBG funds.

In addition, two projects included the acquisition of two parcels in 2000 totaling \$286,077. At the end of the audit period, the land was vacant. The City did not require an action plan from the subrecipient describing the proposed development, development schedule, or disposition according to HUD regulations and the executed contract with the subrecipient. The contract stipulated that the term of performance was 60 months from the date of execution of the contract. This stipulation expired May 2006. The City did not ensure (1) that these projects were carried out in a timely manner because it did not monitor the subrecipient for compliance with the terms of the contract and (2) that resources were efficiently managed and objectives were achieved in a timely manner. City officials informed us that staff shortages precluded them from monitoring this subrecipient. In addition to these two projects in the contract, the subrecipient received CDBG funds for seven other projects. As a result, we consider all nine projects totaling \$641,680 to be unsupported costs because the national objectives were not met and the intended clientele did not benefit from the expenditures of CDBG funds.

Some of the parcels we examined are part of a larger project or contract that was funded with CDBG funds. As a result, we questioned the total \$2.6 million acquisition cost that includes all parcels included in the project and contract because the City has not completed projects within a reasonable period of time and did not document whether the planned developments would meet a CDBG program objective.

## Conclusion

The City did not demonstrate compliance with HUD requirements in meeting national objectives. It did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service, and land acquisition activities met national objectives and program requirements. Also, it lacked effective management controls over its CDBG activities and disregarded HUD requirements. Specifically, the City (1) lacked policies and procedures to ensure effective performance and compliance with federal regulations for meeting national objectives, (2) lacked executed agreements with other City departments, (3) did not properly monitor other City departments and subrecipients, (4) allowed projects to remain open for an unreasonable period without an action plan to describe how national objectives would be met, and (5) did not maintain or lacked supporting documentation to meet national objectives. As a result, the City had no assurance that 20 public facility activities totaling more than \$1 million, 11 public service activities

totaling more than \$1.2 million, and more than \$2.6 million in land acquisitions achieved the intended national objective or met program requirements. See appendixes D and E for a listing of the public facility and public service activities that did not demonstrate compliance with national objectives. The remaining \$722,377 in unspent funds from October 1, 2000, through May 31, 2007, for 20 public facility activities and 11 public service activities could be put to better use if the City effectively uses these funds for the intended clientele to benefit from CDBG funds.

## Recommendations

We recommend that the Director of the Miami Office of Community Planning and Development require the City to

- 1A. Provide supporting documentation that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public service activities according to 24 CFR 570.506 or reimburse its program \$2,339,060 from nonfederal funds.
- 1B. Provide an action plan for development of the land parcels to include how national objectives will be achieved. If the action plan is not developed within 90 days, the City should reimburse its program the greater of \$2,676,103 or the fair market value of the property from nonfederal funds.
- 1C. Execute written agreements with City departments to formalize requirements such as the scope of work and timeframe to accomplish the work.
- 1D. Maintain supporting documentation that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public service activities according to 24 CFR 570.506 to allow \$722,377 in unused funds to be put to better use by ensuring that the City effectively uses these funds for the intended clientele.
- 1E. Update, implement, and enforce written monitoring policies and procedures to ensure effective performance and compliance with federal regulations for meeting CDBG national objectives.
- 1F. Ensure that all land acquisition files contain sufficient documentation to fully support the basis for the purchase of the land.

## Finding 2: The City Did Not Accurately Report CDBG Financial Information to HUD

The City did not accurately report CDBG financial information in accordance with HUD requirements. The City's CDBG financial information in its Financial Accounting Management Information System (FAMIS) did not agree with financial information reported in HUD's Integrated Disbursement and Information System (IDIS). The City also failed to report CDBG program income to HUD for one project. This condition occurred because the City lacked (1) adequate training for both financial information systems, (2) adequate supervision, (3) knowledge of HUD regulations for financial reporting, and (4) sufficient staffing. As a result, there is no assurance that the City reported accurate CDBG financial information to HUD in accordance with HUD regulations.

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### Inaccurate Financial Information Reported between HUD and the City

Regulations at 24 CFR 85.20(b)(1) state that the financial management systems of the grantees and subgrantees must meet the following standards: accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

For the fiscal year ending September 30, 2005, the single audit report of the City disclosed that an annual CDBG financial report submitted to HUD did not agree with the amounts reported as expended on the schedule of expenditures or the general ledger in FAMIS.

The City reports CDBG financial information in FAMIS and IDIS. We compared an annual report generated by IDIS for fiscal years 2004 and 2005<sup>2</sup> against CDBG financial information in FAMIS and found discrepancies between the systems.

Specific examples of inaccurate financial information include the following:

**Unexpended CDBG program fund balances** – Unexpended CDBG program fund balances reported to HUD and the City did not agree. The City did not report in IDIS the unexpended fund balance from program year 2003-2004 to program year 2004-2005. This error contributed to a negative unexpended fund balance for program year 2004-2005 reported in IDIS. In addition, the City inaccurately reported in IDIS the unexpended fund balance from program year 2004-2005 to program year 2005-2006. It failed to provide us with accurate

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<sup>2</sup> IDIS generates reports that are part of the grantee consolidated annual performance and evaluation report that is submitted to HUD annually. We compared the financial summaries report (PR 26) with the information in FAMIS.

financial information from FAMIS for unexpended CDBG program fund balances for program years 2004 and 2005.

<b>CDBG resources</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004-2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005-2006</b>
Unexpended funds at end of previous program year (beginning balance)	0.00	Not provided	\$ 2,336,925	Not provided
Total unexpended funds at end of current program year (ending balance)	(\$ 1,158,102)	Not provided	\$ 2,644,049	Not provided

City officials acknowledged submitting incorrect unexpended CDBG program fund balances to HUD with the intention of rectifying them later. They added that this financial information was not corrected because of the continued lack of staff and inadequate training for both systems. In addition, City officials explained that their accounting system did not provide accurate unexpended CDBG program fund balances because of the way in which CDBG accounts were set up in FAMIS. The City needs to reconcile unexpended CDBG program fund balances between FAMIS and IDIS.

**Disbursements** – CDBG planning and administration disbursements reported to HUD and the City did not agree. The City understated disbursements reported to HUD by \$40,998 in fiscal year 2004 and \$78,163 in fiscal year 2005. According to the City, discrepancies were due to late withdrawals and adjustments made after the annual report was submitted to HUD. Therefore, the amounts reported to HUD were inaccurate, and the City did not comply with HUD reporting requirements.

<b>CDBG resources</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004-2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005-2006</b>
Disbursements for planning & administration	\$ 417,847	\$ 458,835	\$ 507,343	\$ 585,506

In addition, the City reported other CDBG disbursements to HUD in IDIS but failed to provide us with accurate financial information from FAMIS for program years 2004 and 2005. According to the City, various internal, external, and state audits of its operations and limited staff contributed to the delay in providing this information.

<b>CDBG resources</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004-2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005-2006</b>
Disbursements other than section 108 repayments & planning/admin	\$ 3,362,201	Not provided	\$ 2,074,663	Not provided

### **CDBG Program Income Not Reported to HUD**

Regulations at 24 CFR 570.504 require that receipts and expenditures of program income be recorded as part of the financial transactions of the grant program and be subject to all applicable requirements governing the use of CDBG funds.

HUD had instructed the City to appropriately account for rental income as CDBG program income involving a post office project. We followed up on this matter.

The City disbursed more than \$4.8 million in CDBG funds to acquire land and construct a post office. It indicated that the post office was making annual lease payments of \$170,407 for the use of the property. These payments to the City represent CDBG program income. However, the City failed to report CDBG program income to HUD.

The City generated more than \$1.5 million in rental income from January 1998 to April 2007. However, the City only reported \$510,729 in rental income to HUD. City officials said the remaining amount was not reported to HUD because they did not know how to report more than \$1 million from prior years and \$14,201 from fiscal year 2005 had not been received from the post office.

The City also failed to report interest on the rental income as CDBG program income to HUD. City officials said they did not know that interest was earned on the rental income. Based on limited CDBG financial information provided by the City, we computed interest on rental income of approximately \$16,651 as of fiscal year 2003. Since more recent CDBG financial information was not provided by the City, we were unable to compute an accurate amount of interest on the rental income to be reported as CDBG program income to HUD.

## Conclusion

HUD relies on grantees to report accurate, current, and complete CDBG financial information. The City did not accurately report CDBG financial information in accordance with HUD requirements. It reported CDBG financial information in FAMIS that did not correspond with IDIS financial information reported to HUD. It also failed to report CDBG program income to HUD for one project. This condition occurred because the City lacked (1) adequate training for both financial information systems, (2) adequate supervision, (3) knowledge of HUD regulations for financial reporting, and (4) sufficient staffing. As a result, there is no assurance that the City reported accurate CDBG financial information to HUD in accordance with HUD regulations.

## Recommendations

We recommend that the Director of the Miami Office of Community Planning and Development require the City to

- 2A. Reconcile FAMIS with IDIS and notify HUD of the adjustments.
- 2B. Provide training and additional supervision to staff on using FAMIS and IDIS.
- 2C. Report rental and interest income of \$1,092,289 as CDBG program income in accordance with 24 CFR 570.504.
- 2D. Ensure that all CDBG program income is properly reported for all ongoing activities.
- 2E. Compute the amount of interest generated from the rental income received for the post office.

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### Finding 3: The City Improperly Allocated Vehicle Expenditures to the CDBG Program

The City improperly allocated 100 percent of its vehicle expenditures to the CDBG program without adequate supporting documentation demonstrating the use of the vehicles. This condition occurred because City officials did not know that they were required to maintain supporting documentation on miles driven among the City's programs. They said they charged all vehicle expenditures to the CDBG program because they received most of their funding from this program. As a result, there is no assurance that \$98,967 in vehicle expenses allocated to the CDBG program was accurate and CDBG program related.

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#### Unsupported Vehicle Expenditures

Regulations at 24 CFR 85.32(d)(1) require that records be maintained that include the percentage of federal participation in the cost and use of the property. Office of Management and Budget Circular A-87, attachment A, section C(1)(a), requires that costs be adequately documented. In addition, 24 CFR 85.20(b)(6) requires that accounting records be supported by such source documentation as cancelled checks, mileage logs, invoices, etc.

The City Housing and Community Development Division administers the CDBG and other federal and state programs. It did not document mileage and other vehicle expenditures among programs that it administered during fiscal years 1998 through 2006. At the time of our review, the Division used three City vehicles to monitor and provide technical assistance to the CDBG program and paid a monthly fee to the City Administrative Service Fleet department to cover fleet replacement, operation and maintenance, and gasoline. Between fiscal years 1998 and 2006, these fees amounted to \$75,647. However, the City allocated the entire amount to the CDBG program without adequate documentation to support that the vehicles were not used for other federal and state programs.

In addition, supervisors from the division received a monthly vehicle allowance for using their personal vehicles for various tasks associated with administering the CDBG and other federal and state programs. Between fiscal years 1998 and 2006, total allowances provided amounted to \$23,320. However, the division allocated the entire amount to the CDBG program without adequate documentation to support that the vehicles were not used for other federal and state programs.

The City did not maintain a log documenting mileage and the purpose for using the vehicles to determine the percentage that should have been allocated to the CDBG program.

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City officials said they did not know that they were required to maintain supporting documentation on miles driven among the City's programs. The City informed us that it allocated 100 percent of its vehicle expenditures to the CDBG program because it received most of its funding from this program.

## Conclusion

Since the City administers the CDBG and other federal and state programs, vehicle use must be allocated among the programs. However, the City did not maintain adequate documentation to support that vehicle expenditures were properly allocated between the CDBG and other federal and state programs. As a result, vehicle expenditures were allocated entirely to the CDBG program. This increased administrative and planning costs and prevented the City from using the funds for other necessary costs. The City should develop and implement policies and procedures requiring that supporting documentation be maintained on vehicle use for the CDBG program. We consider \$98,967 allocated to the CDBG program to be an unsupported cost since there is no assurance that the use of the vehicles was accurate and CDBG program related.

## Recommendations

We recommend that the Director of the Miami Office of Community Planning and Development require the City to

- 3A. Reimburse the program \$98,967 from nonfederal funds since there is no assurance that vehicle use was CDBG program related.
- 3B. Develop and implement policies and procedures requiring that supporting documentation be maintained on vehicle use for the CDBG program.

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## SCOPE AND METHODOLOGY

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Our audit objective was to determine whether the City administered its CDBG program in accordance with applicable HUD requirements. To accomplish our objectives, we

- Reviewed relevant HUD regulations and guidebooks,
- Reviewed HUD and City files and records,
- Interviewed HUD and City officials, and
- Accessed and reviewed various HUD and City automated systems.

We performed a cursory review of CDBG disbursements amounting to \$6,467,570 from January 1, 2005, to December 31, 2006. We observed unusual and excessive payments related to administrative/planning costs and selected seven specific CDBG expenditures totaling \$61,390 based on high dollar amounts and unusual payments for further analysis.

Upon learning from the City that it did not keep adequate supporting documentation for vehicle expenditures, we decided to review 100 percent or \$98,967 of the vehicle expenditures to the extent that information was available from fiscal years 1998 to 2006. We also compared financial information reported in FAMIS to that reported in IDIS for fiscal years 2004 and 2005 to ensure accurate reporting.

We selected public service activities for review because they had the largest amount of disbursements in the CDBG program for program year 2005. We selected two public service activities administered by subrecipients that were provided \$61,162 in CDBG funds. During our review of public service activities, we identified concerns with activities administered by other City departments. These concerns involved the City's not requiring written agreements with other City departments and not monitoring activities administered by other City departments. As a result, we asked the City to provide us with a listing of all CDBG funds administered by other City departments for fiscal years 2000-2006 (October 1, 2000, to May 31, 2007). We were provided a listing of 29 public facility activities that were awarded \$4,315,503 and 10<sup>3</sup> public service activities that were awarded \$1,346,483 in CDBG funds. During our review, we learned that one of the ten public service activities was not administered by a City Department. However, we included this activity since we had already reviewed it before learning that it was not administered by a City Department. Accordingly, we expanded our testing to include reviewing these 40 activities. During our review, we learned that the 29 public facility activities were not administered by other City departments.

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<sup>3</sup>One of the ten activities was already included in our survey. However, the City included this activity in the list since it received funding in previous years.

We selected land acquisitions for review because the most recent HUD monitoring review indicated that the City had a large inventory of parcels and did not have an approved plan for how these properties would be developed to meet national objectives. The City provided us with a list of 76 land parcels acquired with approximately \$4,022,135 in CDBG funds. City staff was updating this list so we have no assurance that the information was complete and accurate. In selecting land acquisitions for review, we excluded 22 parcels from a post office project that HUD previously approved. From the remaining 54 parcels, we selected those parcels (a) acquired by the City with the oldest purchase date and costing more than \$80,000, (b) transferred out with the oldest purchase date and costing more than \$50,000, and (c) acquired by subrecipients with the largest cost. Our selection resulted in seven parcels totaling \$1,399,100.

HUD instructed the City to appropriately account for rental income as CDBG program income on the post office project. We followed up on this matter.

We were unable to determine the reliability of computer-processed data from FAMIS. Preliminary testing resulted in the financial records' being incomplete. We performed additional transaction testing and tracing to/from source documentation to determine data reliability. As a result, we found limitations with the data because of

- Lack of supporting documentation to reconcile CDBG financial information,
- Lack of supporting documentation for vehicle expenditures prepared by the City, and
- Improper entering of CDBG financial information into the system.

The results of the audit apply only to the items selected and cannot be projected to the universe or population.

The audit generally covered the period January 1, 2005, through December 31, 2006, and we extended the period as needed to accomplish our objective. We conducted our fieldwork from February through May 2007 at the City offices located at 1409 Northwest 6<sup>th</sup> Street, Fort Lauderdale, Florida.

We performed our review in accordance with generally accepted government auditing standards.

## **Table of Contents**

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

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

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

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

- Controls over program operations,
- Controls over the reliability of data,
- Controls over compliance with laws and regulations, and
- Controls over the safeguarding of assets.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

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

- The City did not demonstrate compliance in meeting national objectives (see finding 1).
- The City did not accurately report CDBG financial information to HUD (see finding 2).
- The City improperly allocated vehicle expenditures to the CDBG program (see finding 3).

## APPENDIXES

### Appendix A

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

<u>Recommendation number</u>	<u>Unsupported 1/</u>	<u>Funds to be put to better use 2/</u>
1A	2,339,060	
1B	2,676,103	
1D		722,377
3A	<u>\$ 98,967</u>	
Total	<u>\$ 5,114,130</u>	<u>\$ 722,377</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 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. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. For recommendation 1D, the \$722,377 represents unspent funds that the City could effectively use if it maintains documentation that support these funds benefiting the intended clientele.

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## Appendix B

# AUDITEE COMMENTS AND OIG'S EVALUATION

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### Ref to OIG Evaluation

### Auditee Comments

 <p>CITY OF FORT LAUDERDALE</p> <p>Venice of America</p>
<p>November 29, 2007</p>
<p>Mr. James D. McKay Regional Inspector General for Audit U. S. Department of Housing and Urban Development Region 4, Office of the Inspector General Office of Audit, Box 42 Richard B. Russell Federal Building 75 Spring Street, S.W., Room 330 Atlanta, Georgia 30303-3388</p>
<p>Re: City of Fort Lauderdale Community Development Block Grant Audit</p>
<p>Dear Mr. McKay:</p> <p>We are in receipt of your letter dated November 6, 2007 with reference to your audit of the Community Development Block Grant (CDBG) program administered by the City of Fort Lauderdale, Florida. Your audit was performed to determine whether the City administered its CDBG program in accordance with applicable HUD requirements.</p> <p>You advise in your letter that there are findings relative to your review of the City's program and ask that the City review the findings, recommended corrective actions and provide written comments.</p> <p>Please find attached, the City's response to your review. Do not hesitate to contact me at (954) 828-4512 if you have questions or if additional information is required.</p> <p>Sincerely,</p> <p> Marguerite Hayes Housing and Community Development Manager</p> <p>MH/hmed/HUDOIGResponse</p>
<p>COMMUNITY DEVELOPMENT DIVISION 1409 N W SIXTH STREET (SISTRUNK BLVD ), FORT LAUDERDALE, FLORIDA 33311 TELEPHONE (954) 828-4527, FAX (954) 847-3754 <a href="http://www.fortlauderdale.gov">www.fortlauderdale.gov</a></p> <p>EQUAL OPPORTUNITY EMPLOYER</p> <p>PRINTED ON RECYCLED PAPER </p>

## **Results of Audit**

### **Finding 1**

**The City Did Not Demonstrate Compliance in Meeting National Objectives**

### **IG Comment**

The City did not demonstrate compliance with HUD requirements in meeting national objectives. It did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service and land acquisition activities met national objectives. This condition occurred because the City lacked effective management controls over its CDBG activities and disregarded HUD requirements. As a result, it had no assurance that more than \$5 million in expended CDBG funds achieved the intended national objective or met program requirements.

### **Supporting Documentation Lacking or Inadequate**

Regulations at 24 of CFR [Code of Federal Regulations] 570.200(a) state that CDBG-funded activities must meet one of the national objectives: benefit low-and moderate-income families, prevent or eliminate slums or blight, or meet urgent community development needs. Regulations at 24 CFR 570.506 states that records must be maintained to demonstrate that each activity undertaken meets one of the national objective criteria.

The City did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service, and land acquisition activities met national objectives.

**Public Facilities** – Regulations at 24 CFR 570.506(b)(2) require that for each activity determined to benefit low- and moderate-income families (area benefit), the grantee must provide documentation showing (1) the boundaries of the service area; (2) the income characteristics of families and unrelated individuals in the service area; and (3) if the percentage of low-and moderate-income persons in the service area is less than 51 percent, data showing that the area qualifies.

Regulations at 24 CFR 570.506(b)(3) require that for each activity determined to benefit low-and moderate-income families (limited clientele), the grantee must provide documentation showing (1) that the activity is designed for and used by a segment of the population presumed by HUD to be principally low and moderate income, (2) the nature of the services and how they were used predominantly by low- and moderate-income persons, or

(3) the size and annual income of the family of each person receiving the benefit.

The City informed us that 29 public facility activities were awarded more than \$4.3 million in CDBG funds during the period October 1, 2000, through May 31, 2007. The City indicated that these public facility activities included senior services and infrastructure projects such as street improvements, parks, and recreational facilities. The national objective established for these 29 activities was to benefit low- and moderate-income families (area benefit or limited clientele).

The City was able to demonstrate compliance in meeting national objectives for nine activities. However, it lacked supporting documentation for 20 activities. It did not provide us with any supporting documentation for the 20 activities despite many requests for the records. As a result, it was unable to confirm whether a national objective was met for 20 public facility activities provided more than \$1 million in CDBG funds. The remaining \$620,158 in unspent CDBG funds for these 20 activities could be used effectively if the City can support that the activities met a national objective.

## Comment 1

### City's Response:

Project files for City projects have been in the past maintained with the Engineering or other City Department responsible for operation of the project. Prior federal audits/monitoring have included visits to the respective departments for a review of the project files. The project files requested are now accessible in the Community Development offices and will be provided to the Miami Field Office for review.

**Public Services** – Regulations at 24 CFR 570.506(b)(8) require that for each activity determined to prevent or eliminate slums or blight, the grantee must address one or more of the conditions which qualified an area as a slum or blighted area, the boundaries of the area, and a description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the qualifying criteria.

The City informed us that nine public services activities administered by the City departments and two activities administered by subrecipients were awarded more than \$1.3 million in CDBG funds during the period October 1, 2000, through May 31, 2007. The City indicated that these public service activities provided youth and general services. The national objectives established for these 11 activities were to benefit low- and moderate-income families (limited clientele) and prevent or eliminate slums or blight.

The City lacked supporting documentation or provided inadequate supporting documentation for the 11 public service activities. It lacked

supporting documentation for two activities administered by City Departments. The City did not provide us with any supporting documentation for these two activities because it could not locate the records. In addition, it provided inadequate supporting documentation for seven activities administered by City departments and two subrecipient activities.

The following two examples illustrate the lack of or inadequate supporting documentation.

- The national objective established for one activity was to prevent or eliminate slums or blight in a designated area. The purpose of this activity was to reduce graffiti through community involvement and educational initiatives. The application in the file explained the geographical boundaries of the area in which this activity was to provide services. However, we did not find a description in sufficient detail of the conditions that qualified the area at the time of its designation to demonstrate how the area met the qualifying criteria. In addition, we did not find supporting documentation indicating that the subrecipient provided educational awareness to its citizens or other services.
- The national objective established for one activity was to benefit low- and moderate-income families (limited clientele). The purpose of this activity was to provide training and instruction to children participating in water safety. The file did not contain documentation to support that the children being served were from low- and moderate-income families. In addition, we did not find attendance sheets in the file to support that the eligible children participated in the activity.

In addition, the City (1) failed to monitor eight activities administered by City departments and (2) inadequately monitored one activity administered by a City department and the two subrecipient activities. For the three activities inadequately monitored, monitoring reports did not provide sufficient evidence that supported the reviewer's conclusions. Also, the City failed to execute agreements for the nine activities administered by City departments. Without an executed agreement, it is difficult for the City to monitor specific tasks that need to be accomplished to meet the national objective.

Although the City conducted monitoring of an activity administered by a City department, City officials explained that they generally did not conduct monitoring of public services activities administered by City departments. The City's policies and procedures require monitoring of subrecipients but not activities administered by City departments.

Comment 2

As a result, we were unable to confirm whether a national objective was met for 11 public service activities that were provided more than \$1.2 million. The remaining \$102,219 in unspent CDBG funds for these 11 activities could not be used effectively if the City can support that the intended clientele benefit from CDBG funds. In addition, it needs to execute agreements with all its subrecipients to ensure that the objectives of the agreements are met through monitoring.

City's Response:

As advised during the exit interview, the City has never monitored any of the City programs operated by other City departments. A policy decision was made several years ago by the then current HCD management that monitoring would be a function of the City's Internal Audit, External audit and HUD rep. This monitoring process has now been amended and intercity monitoring will be completed for current City projects.

Further, attached, as Exhibit 1 is a copy of an e-mail from the Assistant City Attorney advising that the City does not enter into agreements with itself. However, as further explained at the exit interview, HCD staff has met with the City Attorney's Office and a document is being discussed for execution by various City Departments receiving CDBG funds. The possible document is a memorandum of understanding. Once the document has been created, it will be forwarded to the Miami Field Office for review.

Also, please note that the compilation of the spreadsheet detailing the Public Services projects took two weeks to complete especially after the timeline for the audit was extended back to the year 2000. This was a timely process but the information is available and will be submitted to the Miami Field Office for review.

Land Acquisition – Regulations at 24 CFR 570.208(d) require that if the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. Regulations at 24 CFR 570.501(b) provide that the grantee is responsible for determining the adequacy of performance under subrecipients agreements and for taking appropriate action when performance problems arise.

The City provided us with a list of 76 land parcels acquired with approximately \$4 million in CDBG funds. It directly acquired 68 parcels totaling \$3.5 million; while subrecipients acquired the remaining eight parcels totaling \$521,533. We selected five parcels directly acquired by the City totaling more than \$1.1 million and two parcels acquired by

subrecipients totaling \$286,077 for further review. The table below summarizes pertinent information on the seven parcels.

NO	PURCHASE DATE	PARCEL ID/PROPERTY ID	PURCHASE PRICE	NATIONAL OBJECTIVE
1	1989-92	5042 03 24 0030	\$ 171,302	Benefit low/moderate income housing; aid in prevention or elimination of slums or blight; low/moderate income jobs
2	1989-92	5042 03 24 0030	\$ 81,584	Same
3	1989-92	5042 03 24 0040	\$ 96,584	Same
4	1989-92	5042 03 24 0030	\$ 66,099	Same
5	2002-06	5042 04 32 0040 50, 60	\$ 697,455	Benefit low/moderate income housing
		<u>Total City Acquisitions</u>	\$1,113,024	
6	June 27, 2000	9234077130	\$ 145,007	Low/moderate income area benefit
7	July 17, 2000	203012140	\$ 141,070	Low/moderate income area benefit
		<u>Total subrecipient acquisitions</u>	\$ 286,077	
		<u>Total for seven acquisitions</u>	\$1,399,101	

The City did not meet the national objectives for these seven parcels because it did not complete projects within a reasonable period and did not have an action plan or conduct monitoring to determine how the acquisitions would be developed.

For example, one project included the acquisition for four parcels in 1989 totaling \$415,569. The City indicated that the project was to create commercial development and housing projects. At the end of the audit

period, the City was still negotiating with a developer to determine whether the housing project would be homeownership or rental. In addition to these four parcels, the City acquired 31 parcels for this project. As a result, we consider all 35 parcels totaling more than \$1.3 million to be unsupported costs because the national objectives were not met and the intended clientele did not benefit from the expenditures of CDBG funds.

In addition, two projects included the acquisition of two parcels in 2000 totaling \$286,077. At the end of the audit period, the land was vacant. The City did not require an action plan from the subrecipient describing the proposed development, development schedule, or disposition according to HUD regulations and the executed contract with the subrecipient. The contract stipulated that the term of performance was 60 months from the date of execution of the contract. This stipulation expired May 2006. The City did not ensure (1) that these projects were carried out in a timely manner because it did not monitor the subrecipient for compliance with the terms of the contract and (2) that resources were efficiently managed and objectives were achieved in a timely manner. City officials informed us that staff shortages precluded them from monitoring this subrecipient. In addition to these two projects in the contract, the subrecipient received CDBG funds for seven other projects. As a result, we consider all nine projects totaling \$641,680 to be unsupported costs because the national objectives were not met and the intended clientele did not benefit from the expenditures of CDBG funds.

Some of the parcels we examined are part of a larger project or contract that was funded with CDBG funds. As a result, we questioned the total \$2.6 million acquisition cost that includes all parcels included in the project and contract because the City has not completed projects within a reasonable period of time and did not document whether the planned developments would meet a CDBG program objective.

**City's Response:**

Attached please find the following documentation for the above-mentioned acquisitions:

1. Copy of draft development agreement between the City and Milton Jones Development Corporation (Exhibit 2) for the parcels identified as 5042 03 24 0030 and 5042 03 24 0040 (\$415,569). The City Commission at their November 6, 2007 meeting authorized the completion of this agreement so that the project can get underway. It is anticipated that the development agreement will be fully executed by February 2008.
2. Copy of the RFP (Exhibit 3) issued for the Durr's Infill Affordable Housing Development Project for parcels 5042 04 32 0040, 50 and 60 (\$697,455). This project has been placed on hold pending the resolution

Comment 3

of environmental issues surrounding the suitability of the land for construction. The two developers that bid for this project have agreed to hold their bid pricing until January 2008 at which time it is anticipated that the environmental issues will be resolved.

3. Copy of the CRA Master Plan document (Exhibit 4) detailing plans for parcels identified as 9234077130 and 203012140 (\$286,077).

### **IG Conclusion**

The City did not demonstrate compliance with HUD requirements in meeting national objectives. It did not provide supporting documentation or did not maintain adequate supporting documentation to demonstrate that public facility, public service, and land acquisition activities met national objectives and program requirements. Also, it lacked effective management controls over its CDBG activities and disregarded HUD requirements. Specifically, the City (1) lacked policies and procedures to ensure effective performance and compliance with federal regulations for meeting national objectives, (2) lacked executed agreements with other City departments, (3) did not properly monitor other City departments and subrecipients, (4) allowed projects to remain open for an unreasonable period without an action plan to describe how national objectives would be met, and (5) did not maintain or lacked supporting documentation to meet national objectives. As a result, the City had no assurance that 20 public facility activities totaling more than \$1 million, 11 public services activities totaling more than \$1.2 million, and more than \$2.6 million in land acquisitions achieved the intended national objective or met program requirements. See appendixes D and E for a listing of public facility and public service activities that did not demonstrate compliance with national objectives. The remaining \$722,377 in unspent funds from October 1, 2000 through May 31, 2007, for 20 public facility activities and 11 public services activities could be put to better use if the City effectively uses these funds for the intended clientele to benefit from CDBG funds.

### **IG Recommendations**

We recommend that the Director of the Miami Office of Community Planning and Development require the City to:

### **IG Recommendation Comment**

- 1A. Provide supporting documentation that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public service activities according to 24 CFR 570.506 or reimburse its program \$2,339,060 from nonfederal funds.

Comment 1

**City's Response:**

The documentation attesting to the eligibility of the projects to meet the CDBG program requirements was retained in the City's Engineering Office during the time of the IG Audit review. That documentation is now available in the HCD Office and will be provided to the Miami Field Office.

**IG Recommendation**

- 1B. Provide an action plan for development of the land parcels to include how national objectives will be achieved. If the action plan is not developed within 90 days, the City should reimburse its program the greater of \$2,676,103 or the fair market value of the property from nonfederal funds.

Comment 3

**City's Response**

The action plan will be provided to the Miami Field Office by February 15, 2008.

**IG Recommendation**

- 1C. Execute written agreements with City departments to formalize requirements such as the scope of work and timeframe to accomplish the work.

Comment 2

**City's Response**

We have attached (Exhibit 1), a copy of the e-mail from the City Attorney's Office advising that the City does not execute Agreements with itself. After further discussion, it has been determined that a Memorandum of Understanding or similar document will be created for use with other City departments and that this document will include all of the CDBG requirements and executed by the appropriate Department Director. Monitoring will be conducted on an annual basis as all of the other programs to ensure compliance. A copy of the MOU or other document will be presented to the Miami Field Office once completed by the City Attorney's Office.

**IG Recommendation**

- 1D. Maintain supporting documentation that CDBG program requirements were followed and national objectives were met for the 20 public facility activities and 11 public services activities according

to 24CFR 570.506 to allow \$722,377 in unused funds to be put to better use by ensuring that the City effectively uses these funds for the intended clientele.

Comment 1

**City's Response**

The documentation attesting to the eligibility of the projects to meet the CDBG program requirements was retained in the City's Engineering Office during the time of the IG Audit review. That documentation is now available in the HCD Office and will be provided to the Miami Field Office.

**IG Recommendation**

1E. Update, implement and enforce written monitoring policies and procedures to ensure effective performance and compliance with federal regulations from meeting CDBG national objectives.

Comment 2

**City's Response**

The City's monitoring policies and procedures have been updated to ensure effective performance and compliance with federal regulations to meet CDBG national objectives.

Further, effective immediately, monitoring will be conducted for any City Department receiving CDBG funds.

**IG Recommendation**

1F. Insure that all land acquisition files contain sufficient documentation to fully support the basis for the purchase of the land

Comment 3

**City's Response**

HCD staff is in the process of retrieving all land acquisition project files from the CRA and securing documentation for land acquired by the CRA. That documentation will be retained within the HCD office.

**Finding 2: The City Did Not Accurately Report CDBG Financial Information to HUD**

The City did not accurately report CDBG financial information in accordance with HUD requirements. The City's CDBG financial information in its Financial Accounting Management Information System (FAMIS) did not agree with financial information reported to HUD's Integrated Disbursement and Information System (IDIS). The City also failed to report CDBG program income to HUD for one

project. This condition occurred because the City lacked (1) adequate training for both financial information systems, (2) adequate supervision, (3) knowledge of HUD regulations for financial reporting, and (4) sufficient staffing. As a result, there is no assurance that the City reported accurate CDBG financial information to HUD in accordance with HUD regulations.

#### **Inaccurate Financial Information Reported between HUD and the City**

Regulations at 24 CFR 85.20(b)(1) state that the financial management systems of the grantees and subgrantees must meet the following standards: accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant for subgrant.

For the fiscal year ending September 30, 2005, the single audit report of the City disclosed that an annual CDBG financial report submitted to HUD did not agree with the amounts reported as expended on the schedule of expenditures or the general ledger in FAMIS.

The City reports CDBG financial information in FAMIS and IDIS. We compared annual report generated by IDIS for fiscal years 2004 and 2005 against CDBG financial information in FAMIS and found discrepancies between the systems.

Specific examples of inaccurate financial information include the following:

Unexpended CDBG program fund balances – Unexpended CDBG program fund balances reported to HUD and the City did not agree. The City did not report in IDIS the unexpended fund balance from program year 2003-2004 to program year 2004-2005. This error contributed to a negative unexpended fund balance for program year 2004-2005 reported in IDIS. In addition, the City inaccurately reported in IDIS the unexpended fund balance from program year 2004-2005 to program year 2005-2006. It failed to provide us with accurate financial information from FAMIS for unexpended CDBG program fund balances for program year 2004-2005.

<b>CDBG RESOURCES</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004-2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005-2006</b>
Unexpended funds at end of previous program year (beginning balance)	0.00	Not provided	\$2,336,925	Not provided
Total unexpended funds at end of current program year (ending balance)	(\$1,158,102)	Not provided	\$2,644,049	Not provided

City officials acknowledged submitting incorrect unexpended CDBG program fund balances to HUD with the intention of rectifying them later. They added that this financial information was not corrected because of the continued lack of staff and inadequate training for both systems. In addition, City officials explained that their accounting system did not provide accurate unexpended CDBG program fund balances because of the way in which CDBG accounts were set up in FAMIS. The City needs to reconcile unexpended CDBG program balances between FAMIS and IDIS.

**Disbursements – CDBG planning and administration disbursements reported to HUD and the City did not agree. The City understated disbursements reported to HUD by \$40,998 in fiscal year 2004 and \$78,163 in fiscal year 2005. According to the City, discrepancies were due to late withdrawals and adjustments made after the annual report was submitted to HUD. Therefore the amounts reported to HUD were inaccurate, and the City did not comply with HUD reporting requirements.**

<b>CDBG RESOURCES</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004-2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005-2006</b>
Disbursements for planning & administration	\$417,847	\$458,835	\$507,343	\$585,506

In addition, the City reported other CDBG disbursements to HUD in IDIS but failed to provide us with accurate financial information from FAMIS for program year 2004-2005. According to the City, various internal, external and state audits of its operations and limited staff contributed to the delay in providing this information.

<b>CDBG RESOURCES</b>	<b>IDIS 2004-2005</b>	<b>FAMIS 2004- 2005</b>	<b>IDIS 2005-2006</b>	<b>FAMIS 2005- 2006</b>
Disbursements other than section 108 repayments & planning/administration	\$3,362,201	Not provided	\$2,074,663	Not provided

### **CDBG Program Income Not Reported to HUD**

Regulations at 24 CFR 570.504 require that receipts and expenditures of program income be recorded as part of the financial transactions of the grant program and be subject to all applicable requirements governing the use of CDBG funds.

HUD had instructed the City to appropriately account for rental income as CDBG program income involving a post office project. We followed up on this matter.

The City disbursed more than \$4.8 million in CDBG funds to acquire land and construct a post office. IT indicated that the post office was making annual lease payments of \$170,407 for the use of the property. These payments to the City represent CDBG program income. However, the City failed to report CDBG program income to HUD.

The City generated more than \$1.5 million in rental income from January 1998 to April 2007. However, the City only reported \$510,729 in rental income to HUD. City Officials said the remaining amount was not reported to HUD because they did not know how to report more than \$1 million from prior years and \$14,201 from fiscal year 2005 had not been received from the post office.

The City also failed to report interest on the rental income as CDBG program income to HUD. City officials said they did not know that interest earned on the rental income. Based on limited CDBG financial information provided by the City, we computed interest on rental income of approximately \$16,651 as of fiscal year 2003. Since most recent CDBG financial information was not provided by the City, we were unable to compute an accurate amount of interest on the rental income to be reported as CDBG program income to HUD.

**IG Conclusion**

HUD relies on grantees to report accurate, current and complete CDBG financial information. The City did not accurately report CDBG financial information in accordance with HUD requirements. It reported CDBG financial information in FAMIS that did not correspond with IDIS financial information reported to HUD. It also failed to report CDBG program income to HUD for one project. This condition occurred because the City lacked (1) adequate training for both financial information systems, (2) adequate supervision, (3) knowledge of HUD regulations for financial reporting, and (4) sufficient staffing. As a result, there is no assurance that the City reported accurate CDBG financial information to HUD in accordance with HUD regulations.

Comment 4

**City's Response:**

Recognizing the need for more accurate tracking of grant funds by fiscal year, in May 2007 the City began testing a new system of account organization and labeling for grant funds in FAMIS. This new system has been adopted for all HUD grant monies for the fiscal year that began on October 1, 2007. This will result in simplifying the reconciliation of FAMIS and IDIS going forward. Also, please note that HCD has been systematically confirming the previous expenditure of funds and expects to have a number balanced with IDIS for the CAPER within the next 60 days.

Comment 5

The one project mentioned above for which the City did not report all program income was the Sylvia Aldridge Post Office project. After construction of the Post Office, it was the City's position, as documented in communications between HUD and the City Manager that the Post Office rental income did not qualify as CDBG program income. When in 2004 HUD made its final decision that this rental income does indeed qualify as program income, the City from that moment on began to record all Post Office rental income as program income in FAMIS and began to report it as program income in IDIS. It was not the City's understanding at that time that it was required to report as program income the amounts of Post Office rental income received prior to HUD's decision. However, the City will not report the Post Office program income received prior to October 1, 2004 as program income. The City will also correct any errors made in the CAPER.

**IG Recommendations**

We recommend that the Director of the Miami Office of Community Planning and Development require the City to:

**IG Recommendation**

2A. Reconcile FAMIS with IDIS and notify HUD of the adjustments.

Comment 4

**City's Response**

The City concurs. This process is underway and the Miami Field Office will be notified when FAMIS and IDIS are reconciled.

**IG Recommendation**

2B. Provide training and additional supervision to staff on using FAMIS and IDIS.

Comment 4

**City's Response**

Due to budgetary restraints, it has been difficult to take advantage of courses offered by HUD Community Planning and Development. Many of the classes require two to three days away from the office plus the expense of hotel, travel and other expenses. An IDIS class was offered in August 2005 and City staff attended. The City's HCD staff has attended several training sessions this year on the IDIS system and has requested more intense training through the Miami Field Office. We will continue, when possible to attend those training sessions. Also, we will continue to work with the City Treasurer in an effort to fine tune the FAMIS system for compatibility with the HUD requirements.

**IG Recommendation**

2C. Report rental and interest income of \$1,092,289 as CDBG program income in accordance with 24 CFR 570.504.

Comment 5

**City's Response**

The City has not received substantiation from the IG for the amount stated above. The City will work with the HUD Field Office to determine the appropriate amount of rental and interest income to report as program income. The program income and related expenditures will be reported in IDIS prior to filing the CAPER.

**IG Recommendation**

2D. Ensure that all CDBG program income is properly reported for all ongoing activities.

Comment 5

**City's Response**

With the exception of the Post Office program income, all program income has been properly reported.

**IG Recommendation**

2E. Compute the amount of interest generated from the rental income received for the post office.

Comment 5

**City's Response**

As noted earlier, City Treasury staff and HCD staff will meet with the Miami Field Office staff to determine the amount of interest generated from the Post Office rental income.

**Finding 3: The City Improperly Allocated Vehicle Expenditures to the CDBG Program**

The City improperly allocated 100 percent of its vehicle expenditures to the CDBG program without adequate supporting documentation demonstrating the use of the vehicles. This condition occurred because City officials did not know that they were required to maintain supporting documentation on miles driven among the City's programs. They said they charged all vehicle expenditures to the CDBG program because they received most of their funding from this program. As a result, there is no assurance that \$98,967 in vehicle expenses allocated to the CDBG program was accurate and CDBG program related.

**Unsupported Vehicle Expenditures**

Regulations at 24 CFR 85.320(1) require that records be maintained that include the percentage of federal participation in the cost and use of the property. Office of Management and Budget Circular A-87, attachment A, section C(1)(a), requires that costs be adequately documented. In addition, 24 CFR 85.20(b)(6) requires that accounting records be supported by such source documentation as cancelled checks, mileage logs, invoices, etc.

The City Housing and Community Development Division administers the CDBG and other federal and state programs. It did not document mileage and other vehicle expenditures among programs that it administered during the fiscal years 1998 through 2006. At the time of our review, the Division used three city vehicles to monitor and provide technical assistance to the CDBG program and paid a monthly fee to the City Administrative Service Fleet department to cover the fleet replacement, operation and maintenance and gasoline. Between fiscal years 1998-2006, these fees amounted to \$75,647. However, the City allocated the entire amount to the CDBG

program without adequate documentation to support that the vehicles were not used for other federal and state programs.

In addition, supervisors from the division received a monthly vehicle allowance for using their personal vehicles for various tasks associated with administering the CDBG and other federal and state programs. Between fiscal years 1998-2006, total allowances provided amounted to \$23,320. However, the division allocated the entire amount to the CDBG program without adequate documentation to support that the vehicles were not for other federal and state programs.

The City did not maintain a log documenting mileage and the purpose for using the vehicles to determine the percentage that should have been allocated to the CDBG program.

City officials said they did not know that they were required to maintain supporting documentation on miles driven among the City's programs. The City informed us that it allocated 100 percent of its vehicles expenditures to the CDBG program because it received most of its funding from this program.

#### **IG Conclusion**

Since the City administered the CDBG and other federal and state programs, vehicle use must be allocated among the programs. However, the City did not maintain adequate documentation to support that vehicle expenditures were properly allocated between the CDBG and other federal and state programs. As a result, vehicle expenditures were allocated entirely to the CDBG Program. This increased administrative and planning costs and prevented the City from using the funds for other necessary costs. The City should develop and implement policies and procedures requiring that supporting documentation be maintained on vehicle use for the CDBG program. We consider \$98,967 allocated to the CDBG program to be an unsupported cost since there is no assurance that the use of the vehicle was accurate and CDBG program related.

#### **City's Response**

The City does not concur with this Finding. The three vehicles are budgeted: one to the SHIP Program; one to the HOME Program and one to the CDBG Program. Like the HCD payroll, the City processes the expenditures from the CDBG fund, and the cost is then distributed and transferred to the appropriate grant. When the Direct Labor transfers are done to reconcile the expenditures in CDBG, this includes those items expended in CDBG but budgeted in HOME and SHIP. This is a direct tie to the timesheet issue.

Comment 6

**IG Recommendations**

We recommend that the Director of the Miami Office of Community Planning and Development require the City to:

**IG Recommendation**

3A. Reimburse the program \$98,967 from nonfederal funds since there is no assurance that vehicle use was CDBG program related.

Comment 6

**City's Response**

The City does not agree with this recommendation. Construction and other HCD staff are required to sign out prior to leaving the office for any HUD related activities. That log is utilized to track which projects are visited on a daily basis. That information is also reflected on their time sheets and each grant is charged accordingly based on the amount of time spent working on that particular project. See Exhibit 5.

**IG Recommendation**

3B. Develop and implement policies and procedures requiring that supporting documentation be maintained on vehicle use for the CDBG program.

Comment 6

**City's Response**

The City concurs with this recommendation. Policies and procedures will be written to ensure that supporting documentation is maintained on vehicles use for the CDBG program. These policies and procedures will be written by January 31, 2008.

## OIG Evaluation of Auditee Comments

The City generally agreed with our recommendations, except for recommendation 3A.

**Comment 1** The City stated that files for City projects have been in the past maintained with the Engineering or other City Departments. The City also stated that the documentation attesting to the eligibility of the projects to meet the CDBG program requirements was retained in the City's Engineering office during the time of the IG audit review.

We were unable to review these files because the City did not specify which departments other than engineering maintained them. The City did not have a listing of projects and associated departments readily available. During our review, we were initially provided with a listing of projects. However, this listing was incomplete and was revised by the City several times because it included inaccurate information such as project and funding information. The City ultimately provided us with a listing that we used to review project files but this listing was also inaccurate. We repeatedly attempted to obtain project files, but the City said it was in the process of gathering the necessary information. As the CDBG administrator, the City needs to maintain accurate and updated information on the number of projects and the location of supporting documentation.

**Comment 2** The City agreed to conduct monitoring and execute a memorandum of understanding with City departments. The City indicated that it has updated its monitoring policies and procedures to ensure effective performance and compliance with federal regulations to meet CDBG national objectives. The City will also provide HUD with an updated list of all public service activities awarded to City Departments. However, the City did not address that supporting documentation was lacking or inadequate for the 11 public service activities we reviewed during our audit.

**Comment 3** The City provided us with documentation on the status of the seven land acquisitions and said that an action plan will be provided to HUD. However, we maintain that the City has not completed projects within a reasonable period and did not document whether the planned developments would meet a CDBG program objective. The City provided us with a draft development agreement for four land parcels. However, the City and developer have not yet come to a mutual agreement to develop the four land parcels that were acquired in 1989. This project also includes 31 other land parcels and the City should provide HUD with an action plan detailing the plan for the entire project. The City provided us with a request for proposal for another project, but the City still has not selected a developer since the acquisition of the land in 2002. The City also provided us with a draft Master Plan for two other land parcels. However, the plan does not clearly indicate the specific plan for the two projects associated with the two land parcels. In addition to these two projects, the subrecipient received CDBG funds

for seven other projects. The City should provide HUD with a specific action plan for all nine projects.

The City also stated that it is in the process of retrieving all land acquisition project files from a subrecipient and securing documentation for land acquired by the subrecipient. However, the City needs to insure that all land acquisition files contain sufficient documentation to fully support the basis for the purchase of the land.

**Comment 4** The City recognized the need for more accurate tracking of grant funds by fiscal year and has begun testing a new system that will result in simplifying the reconciliation between FAMIS and IDIS going forward. The City expects to have a number balanced with IDIS for the CAPER within the next 60 days and to notify HUD when FAMIS and IDIS are reconciled. We recognize the City's efforts in adopting a new system that will properly account for HUD funds and to reconcile FAMIS and IDIS. The City stated that staff has attended several training sessions this year on the IDIS system and has requested more intense training from HUD. The additional training and supervision on using FAMIS and IDIS should enhance their knowledge and improve the administration of the CDBG program.

**Comment 5** The City stated that it has reported program income on the post office project in both FAMIS and IDIS since HUD informed them that the rental income for this project qualifies as program income. The City said it understood that it was not required to report as program income the amounts of post office rental income received prior to HUD's decision. We disagree with this assessment. Regulations at 24 CFR 570.504 require that [all] receipts and expenditures of program income be recorded as part of the financial transactions of the grant program and be subject to all applicable requirements governing the use of CDBG funds. In addition, HUD's decision clearly stated that the City needed to determine and report the correct amount of program income received from the rental of the post office project, and to inform HUD of the assessment and reporting when it is completed. We found that the City did not determine and report to HUD the correct amount of program income received from the rental of the post office project. According to City staff, they knew they had to report program income for prior years, but they did not know how to report it.

The City stated that they have not received substantiation from the IG for reporting rental and interest income of \$1,092,289 as CDBG program income. During our review, the City provided us with post office project information and we computed and provided information regarding \$1,075,638 in rental income that needed to be reported as program income. We also notified the City during our review that the interest generated from the rental income should also be reported as CDBG program income. After repeated attempts, the City was unable to provide us with an accurate amount of interest income generated. Therefore, based on the limited post office project information provided by the City, we

computed estimated interest income to be \$16,651 and provided the information to the City. The City has agreed to meet and work with HUD to determine the appropriate amount of rental and interest income to report as CDBG program income generated from the post office project.

The City also stated that with the exception of the post office program income, all program income has been properly reported. The City did not provide us with documents to support that all program income has been properly reported. As the CDBG administrator, the City is responsible to accurately compute and report the amount of program income generated.

**Comment 6** The City stated that it budgets one vehicle for the CDBG program, one vehicle for the SHIP program, and another vehicle for the HOME program. The City processes expenditures from the CDBG fund, and the cost is then distributed and transferred to the appropriate grant. We believe that distributing total expenditures based on time spent on a particular program is inaccurate since each program has its own vehicle. Further, if the methodology used is based on a percentage of time spent on a program, then this method needed to be approved by HUD.

The City also stated that logs and timesheets are utilized to track which projects are visited on a daily basis. This information is used to charge each grant accordingly based on the amount of time spent working on a particular project. During our review, the City never provided us with any logs or timesheets to document that vehicle expenses were CDBG program related. City officials never informed us of this process. Instead, City officials repeatedly said that they charged all vehicle expenditures to the CDBG program. During our review, City officials repeatedly mentioned that the only document on file was an internal document illustrating the standard fee paid to the City's Administrative Service Fleet department.

Along with their response, the City provided us with the log used to track time spent working on those projects visited. This log is not sufficient to determine time spent working on a project. The log does not indicate the program (CDBG, HOME, SHIP) associated with the site visit or the reason for using the vehicle. In some cases, the time associated with using the vehicle is missing or incomplete. As a result, this information is insufficient to charge each program accordingly based on the amount of time spent working on a particular project.

In addition, the City did not address how it determined the amount of vehicle allowance charged to the CDBG program.

We recognize that the City is developing policies and procedures to ensure that supporting documentation is maintained on vehicle use for the CDBG program.

## Appendix C

### CRITERIA

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#### Federal (HUD) Regulations at 24 CFR

- **85.20(b)(1)** states: “The financial management systems of other grantees and subgrantees must meet the following standards: Financial reporting- Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.”
- **85.20(b)(6)** requires that accounting records be supported by such source documentation as cancelled checks, mileage logs, invoices, etc.
- **85.32(d)(1)** states: “Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.”
- **85.40(a)** states that grantees are responsible for managing the day-to-day operations of grant- and subgrant-supported activities. Grantees must monitor grant- and subgrant-supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved.
- **570.205(a)(6)** states: “Planning activities which consist of all costs of data gathering, studies, individual project plan (but excluding engineering, architectural and design costs related to a specific project), analysis, and preparation of plans and the identification of actions that will implement such plans, including, but not limited to: Policy—planning—management—capacity building activities which will enable the recipient to: Carry out management, coordination and monitoring of activities necessary for effective planning implementation, but excluding the costs necessary to implement such plans.”
- **570.206** states that program administrative costs do not include staff and overhead costs directly related to carrying out activities eligible under sections 570.201 through 570.204, since those costs are eligible as part of such activities.
- **570.208** states: “Additional criteria: (1) where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition.”
- **570.501(b)** states that the grantee is responsible for determining the adequacy of performance under subrecipient agreements and for taking appropriate action when performance problems arise.

- **570.503(a)** requires that before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.
- **570.504(a)** states that the receipt and expenditure of program income as defined in section 570.500(a) shall be recorded as part of the financial transactions of the grant program. Section 570.500(a) defines program income as gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, which includes gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income and interest earned on program income pending its disposition.
- **570.506** states: “each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed: (a) records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location; the amount of CDBG funds budgeted, obligated, and expended for the activity; and the provision in subpart C under which it is eligible; and (b) records demonstrating that each activity undertaken meets one of the criteria [national objective] set forth in 570.208.
- **570.506(b)(2)** requires that for each activity determined to benefit low- and moderate-income families (area benefit), the grantee must provide documentation showing (1) the boundaries of the service area; (2) the income characteristics of families and unrelated individuals in the service area; and (3) if the percentage of low- and moderate-income persons in the service area is less than 51 percent, data showing that the area qualifies.
- **570.506(b)(3)** requires that for each activity determined to benefit low- and moderate-income families (limited clientele), the grantee must provide documentation showing (1) that the activity is designed for and used by a segment of the population presumed by HUD to be principally low and moderate income, (2) the nature of the services and how they were used predominantly by low- and moderate-income persons, or (3) the size and annual income of the family of each person receiving the benefit.
- **570.506(b)(8)** requires that for each activity determined to prevent or eliminate slums or blight, the grantee must address one or more of the conditions which qualified an area as a slum or blighted area, the boundaries of the area, and a description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the qualifying criteria.

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## **HUD Handbook 1378, CHG-7, Chapter 6, Recordkeeping Requirements for Real Property Acquisitions**

- **(c) Acquisition case file.** For each property acquired and each property for which acquisition was initiated but not completed, a separate case file should be created to include the documentation to substantiate the agency's actions and compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Case files should include documents such as appraisals, eminent domain filings, court decisions, closing statements (HUD-1), title documentation, copy of recorded deed, claim forms, etc.

## **Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments**

- **Attachment A, section C(1)(a)** requires that the cost be necessary and reasonable for proper and efficient performance and administration of federal awards. As such, the monthly car allowance provided to its employees must be documented to determine whether the cost was necessary and program related, and costs must be adequately documented.

## **Contract between the City and a Subrecipient for Land Acquisitions**

- The subrecipient will develop a "description of proposed redevelopment" and a "time schedule for development and disposition" for all real property purchased in accordance with this agreement within 60 days from the date of execution of this agreement. The "description of proposed redevelopment" and the "time schedule for development and disposition" will be provided to the grantee.
- The subrecipient will provide written reports to the City on a quarterly basis, summarizing the status of proposed redevelopment activities, including any changes in the time schedule. The term of this agreement is 60 months from the date of execution of the agreement. The agreement was executed on May 9, 2001.

## Appendix D

### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE FOR PUBLIC FACILITY ACTIVITIES

No.	Fiscal year	Activity ID (a)	Unsupported costs	Funds to be put to better use
1	2000-2001	804	\$55,671	0
2		864	50,000	0
3		795	4,411	0
4		798	17,145	0
5	2001-2002	932	1,214	\$35,303
6		939	42,084	0
7		940	12,686	0
8		941	24,500	0
9		938	28,286	0
10		910	58,294	0
11		928	222,916	0
12	2002-2003	1032	123,934	49,034
13		1031	195,803	104,197
14		1039	23,560	0
15		1040	35,000	0
16	2004-2005	1208		150,000 <sup>4</sup>
17	2005-2006	1304		83,282 <sup>4</sup>
18		1307		100,000 <sup>4</sup>
19	2006-2007	1438	1,658	98,342
20		1435	<u>162,760</u>	
			<u>\$1,059,922</u>	<u>\$620,158</u>

**Notes:**

(a) The activity ID number is from IDIS.

<sup>4</sup>Although funds were not disbursed, we recommend that the City also maintain documentation according to 24 CFR 570.506 (b)(2) and (b)(3) that indicates the activities met the intended national objectives.

## Appendix E

### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE FOR PUBLIC SERVICE ACTIVITIES

No.	Subrecipient	Activity ID (a)	Unsupported costs	Funds to be put to better use
1	City department	805, 903, 1036, 1098, 1202 (b)	\$519,827	\$5,173
2	City department	1294	9,425	80
3	City department	1029, 1101, 1206, 1423 (b) (c)	310,241	17,088
4	City department	1387	7,855	8,345
5	City department	1385 (c)	709	43,051
6	City department	1386	87,883	2,117
7	City department	810, 909 (b)	197,851	0
8	City department	1052	50,000	0
9	City department	1099	36,238	100
10	Non-City subrecipient	1059	50,500	0
11	Non-City subrecipient	1301	31,336	3,538
			<u>1,301,865</u>	<u>79,492</u>
			(c) (\$22,727)	(c) \$22,727
			<u>\$ 1,279,138</u>	<u>\$ 102,219</u>

**Notes:**

(a) The activity ID number is from IDIS.

(b) A separate activity ID number indicates a different fiscal year funding source. For purposes of our review, we considered the activity to be one activity.

(c) Upon learning that \$22,727 (\$22,550 from activity ID No. 1423 and \$177 from activity ID No. 1385) had not been drawn down according to IDIS, we considered this amount to be funds to be put to better use rather than as an unsupported cost.