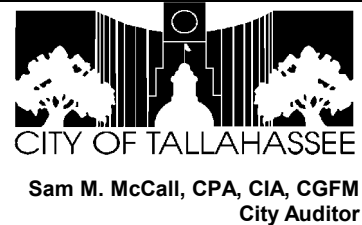


Audit

Follow up

As of March 31, 2001



“Audit of Housing and Human Services Contract Monitoring”

(Report #0118, Issued March 8, 2001)

Report #0128

June 7, 2001

Summary

This report follows up on report #0118, issued March 8, 2001. That audit of the Housing and Economic Development (Housing) and Human Services divisions within Neighborhood and Community Services (NCS) identified areas for improvement in the fiscal and programmatic monitoring of organizations receiving grant funding from the City.

In that audit we identified the need for the Human Services division to finalize policies and procedures that:

- Explain the monitoring process,
- Outline the tasks to be performed during the process, and
- Assign authority and responsibility for those tasks to employees within the department.

In addition, the Housing and Human Services divisions need to review and/or develop procedures that:

- Provide for training staff in monitoring activities,
- Describe a program of periodic monitoring based upon a plan, available resources, and an assessment of the sub-recipient's risk management, control, and governance process,
- Require retention of documentation relating to the monitoring performed, and
- Promote consistency in contract management practices.

Purpose

Report #0118

The purpose of report #0118 was to identify opportunities for improvement in the processes used by the divisions to monitor the fiscal and programmatic aspects of organizations receiving grant funding from the City.

Report #0128

The purpose of this report is to follow up on report #0118, Audit of Housing and Human Services Contract Monitoring, issued March 8, 2001.

Scope, Objectives, and Methodology

Report #0118

The scope of report #0118 was to focus on the process the City used to monitor organizations receiving grant funding from the Housing and Human Services divisions within NCS during the period October 1999 through September 2000. The primary objectives of the audit were to determine if:

- The Housing and Human Services divisions within NCS complied with applicable federal requirements,
- The Housing and Human Services divisions established and implemented monitoring policies and procedures and maintained adequate documentation to support the granting of funds to the agencies, and

- Sub-recipients receiving Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), State Housing Initiative Partnership (SHIP), and City general funds are being adequately monitored by the NCS department.

Report #0128

This follow up report focuses on action steps taken by the Human Services division of NCS. This follow up report was conducted in accordance with Generally Accepted Government Auditing Standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

Background

Each year, NCS receives federal and state grants to provide housing and community development programs to low-income families. The City also provides moneys from the General Fund to support these programs. These funds are allocated to the Housing and Human Services divisions within NCS. The divisions are responsible for contracting with non-profit organizations to carry out these community programs and for monitoring the organizations for compliance with contract provisions and grant requirements.

Previous Conditions and Current Status

In Report #0118 we identified that the Human Services division needed to continue efforts to finalize policies and procedures that explain the monitoring process, outline the tasks to be

performed, assign authority and responsibility for those tasks to employees within the department, and increase the frequency of periodic on-site visits of sub-recipient organizations. The Housing and Human Services divisions needed to review and/or develop procedures that provide for training staff in monitoring activities; describe a program of periodic monitoring based on a plan, available resources, and a risk assessment; require retention of documentation relating to monitoring performed; and promote consistency in contract management practices.

In addition, the City Auditor committed to issuing a guidance and assistance report on contract monitoring as a follow-up to the report. On April 4, 2001, we issued a draft contract monitoring guidance and assistance report. NCS and City Auditor staff have scheduled meetings to discuss the draft report and a final guidance and assistance report will be issued prior to our next follow up report.

The following tabulation shows that three of six action steps due by March 31, 2001, have been completed. In view of our original report date of March 8, 2001, (only 23 days earlier) we do not see amended due dates by the Human Services Division as a concern at this time.

Tasks Due and Completed by Division

Responsible Division	Total Tasks	Completed	Percent Completed
Human Services	6	3	50%
Housing	0	0	NA
Total	6	3	50%

Table 1 shows the conditions in the audit and the current status.

**Table 1
Conditions Identified in Report #0118 and Current Status**

Previous Conditions	Current Status
Human Services Division	
<ul style="list-style-type: none"> • Finalize and implement monitoring policies and procedures and include steps for maintaining documentation to support the granting of funds to organizations. 	<ul style="list-style-type: none"> ✓ Draft monitoring policies and procedures have been developed. ✗ The amended date for completion of the task due for this condition is before September 2001.
<ul style="list-style-type: none"> • Conduct monitoring of sub-recipients to ensure federal funds are expended in accordance with grant provisions. 	<ul style="list-style-type: none"> ✓ A Human Services grant compliance monitoring review instrument has been developed and distributed.

<ul style="list-style-type: none"> • Ensure applicable federal requirements that specifically address pass through entity responsibilities are appropriately followed. 	<ul style="list-style-type: none"> x The amended date for tasks due for this condition is before September 2001.
Housing Division	
<ul style="list-style-type: none"> • Improve and implement monitoring policies and procedures and include steps for maintaining documentation to support the granting of funds to the organizations. 	<ul style="list-style-type: none"> ◇ None of the tasks for this condition were due as of March 31, 2001. The tasks are scheduled to be completed before September 2001.
<ul style="list-style-type: none"> • Ensure applicable federal requirements that specifically address pass through entity responsibilities are appropriately followed. 	<ul style="list-style-type: none"> ◇ None of the tasks for this condition were due as of March 31, 2001. The tasks are scheduled to be completed before September 2001.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- x Issue not resolved
- ◇ Issue on schedule

Outstanding Issues

As noted above, the majority of action items are scheduled to be completed by September 2001.

We appreciate the cooperation of the Department of Neighborhood and Community Services for the assistance provided in this Audit Follow Up.

Appointed Official Response

City Manager Response:

As noted, most of the action items are scheduled to be completed by September 2001. We also appreciate the process improvements recommended by the Auditing Department and have scheduled a meeting to discuss the recommendations in detail.

Copies of this Audit Follow Up or audit report #0118 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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