

**PLANNING AND DEVELOPMENT DEPARTMENT  
HOUSING DIVISION - CDBG  
AUDIT 19-03  
DECEMBER 30, 2019**



# CITY OF TAMPA

Jane Castor, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

December 30, 2019

Honorable Jane Castor  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Housing Division – CDBG, Audit 19-03

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Housing Division - CDBG.

The Housing Division of Planning and Development (Housing) has already taken positive actions in response to our recommendation. We thank the management and staff of Housing for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover  
Internal Audit Director

cc: John Bennett, Chief of Staff  
Dennis Rogero, Interim Chief Financial Officer  
Thomas Snelling, Director of Planning and Development  
Vanessa McCleary, Housing Division Manager

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/s/ Vivian N Walker

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Auditor

/s/ Christine Glover

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Audit Director

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**BACKGROUND**

The City of Tampa (City) is an awardee from the Housing and Urban Development (HUD) Agency of various federal grant funds. This audit reviewed the Community Development Block Grant (CDBG) administered by Planning and Development's Housing Division (Housing). CDBG can be used to support public services (for example job training and childcare), housing counseling, and economic development activities for low to moderate-income individuals who reside within the city limits of Tampa. Sub-recipients awarded funds from the City are required to submit proposals of how they will accomplish one of the areas identified as a need.

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY2019 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to separation of duties between invoice review and payment were adequate.
2. CDBG sub-recipients for program year 2017 were selected in compliance with the established guidelines.
3. CDBG sub-recipients for program year 2017 were monitored by the Housing Division in the frequency required based on the funding amount awarded.
4. Payments to CDBG sub-recipients for program year 2017 were properly supported and approved.
5. Information submitted to HUD for the program year 2017 Consolidated Annual Performance and Evaluation Report (CAPER) was accurate.

**STATEMENT OF SCOPE**

The audit period covered CDBG funding activity that occurred from October 1, 2017 through September 30, 2018. Tests were performed to determine whether Housing personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

**STATEMENT OF METHODOLOGY**

The objectives for this audit were accomplished by:

- Reviewing program year 2017 request for proposal file documentation for verification of sub-recipients selected.

- Reviewing judgmentally selected client files at sub-recipient locations for compliance with CDBG guidelines.
- Reviewing internal quarterly reports submitted to Housing by sub-recipients for verification of CDBG performance results reported.
- Reviewing accounts payable documentation submitted to Housing by sub-recipients for reimbursement for proper approval and timely payment.

Oracle was used to generate payments to sub-recipients. Oracle was previously reviewed during the audit of Accounts Payable, Audit 15-05, and deemed reliable. The adequacy of internal controls related to sub-recipient monitoring and the subsequent review and approval of invoices was assessed during the review of sub-recipient payments.

#### **STATEMENT OF AUDITING STANDARDS**

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

#### **AUDIT CONCLUSIONS**

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to separation of duties between invoice review and payment are adequate.
2. CDBG sub-recipients for program year 2017 are selected in compliance with the established guidelines.
3. CDBG sub-recipients for program year 2017 are monitored by the Housing Division in the frequency required based on the funding amount awarded.
4. Payments to CDBG sub-recipients for program year 2017 are properly supported and approved. However, improvement is required for timely review and payment of requests as required by the Florida Prompt Payment Act.
5. Information submitted to HUD for the program year 2017 Consolidated Annual Performance and Evaluation Report (CAPER) is accurate.

## **SUB-RECIPIENT PAYMENT PROCESSING**

**STATEMENT OF CONDITION:** The documentation maintained for verifying the accuracy of invoicing before submittal for payment needs to be improved. A sample of invoices, reflecting payment to each of the 10 sub-recipients, was selected and reviewed for:

- Date/time stamp
- Verification of payroll related expenses being reimbursed
- Re-calculation of invoice total
- Timely review by the Housing Program Compliance Coordinator, Community Development Coordinator, and Housing and Community Development Manager
- Payment within 45 days

An exception was noted with the invoices for each of the 10 sub-recipients. Specifically, invoices were not always being date and/or time stamped. As a result of not documenting the date received, timeliness of review and compliance with the Florida prompt payment act could not be determined. Additionally, the files did not always document a re-calculation of the amount billed for accuracy or a verification of payroll reimbursement requests.

**CRITERIA:** Community Development Specialist Process Memo establishes the procedure for payment processing.

**CAUSE:** Housing and Community Development has experienced staff turnover during the audit scope.

**EFFECT OF CONDITION:** Non-compliance with internal procedures as well as the potential to violate the State of Florida's prompt payment act (Act).

**RECOMMENDATION:** Management should review the current procedure and determine if the elements for proper payment processing are still required. If it is deemed applicable, a work flow should be established to ensure timely review and subsequent submittal to the City of Tampa's Revenue and Finance department so that it will be paid within the 45 days required by the Act.

**MANAGEMENT RESPONSE:** Agree

This assessment covered a period when HCD had just hired new staff for the Community Development Specialist position, one of which is no longer with the City. As new staff they were located at Lemon Street as an offsite training environment while the rest of HCD was at TMOB. During the time period of the audit review HCD staff was relocated from TMOB to Lemon Street. Last year was a whirl wind of changes and as such Policies and Procedures were not always adhered to. The Staff was always very conscious of the need for regulatory compliance which was met. As a result of Internal Audits findings, HCD Management went back and reviewed the P&P with all staff and reminded them of the importance of the internal procedures to insure external requirements are met. There were a few tweaks to designate one person to receive and date stamp all mail. HCD has always made payments

within 45 days of a correct payment request, with most payments being completed within two weeks of the payment submittal. All other noted discrepancies were:

- Verification of payroll related expenses being reimbursed.
- Re-calculation of invoice total.
- Timely review by the Housing Program Compliance Coordinator, Community Development Coordinator, and Housing and Community Development Manager.

TARGET IMPLEMENTATION DATE: Completed November 18, 2019.