DEVELOPMENT AND
GROWTH MANAGEMENT DEPARTMENT
HOUSING AND
COMMUNITY DEVELOPMENT DIVISION
HOUSING – ESG FUNDING
AUDIT 22-12
OCTOBER 27, 2022

City of Tampa
Jane Castor, Mayor

Internal Audit Department
315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

October 25, 2022

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

RE: Housing - Emergency Solutions Grants (ESG) Funding, Audit 22-12

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Housing - ESG Funding.

We thank the management and staff of the Housing and Community Development Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Nicole Travis, Development and Economic Opportunity Administrator
Dennis Rogero, Chief Financial Officer
Abbye Feeley, Development and Growth Management Director
Kayon Henderson, Housing and Community Development Manager
Carl Brody, Assistant City Attorney

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/s/ Abram Gablla

Senior Auditor

/s/ Vivan Walker

Senior Auditor

/s/ Christine Glover

Audit Director

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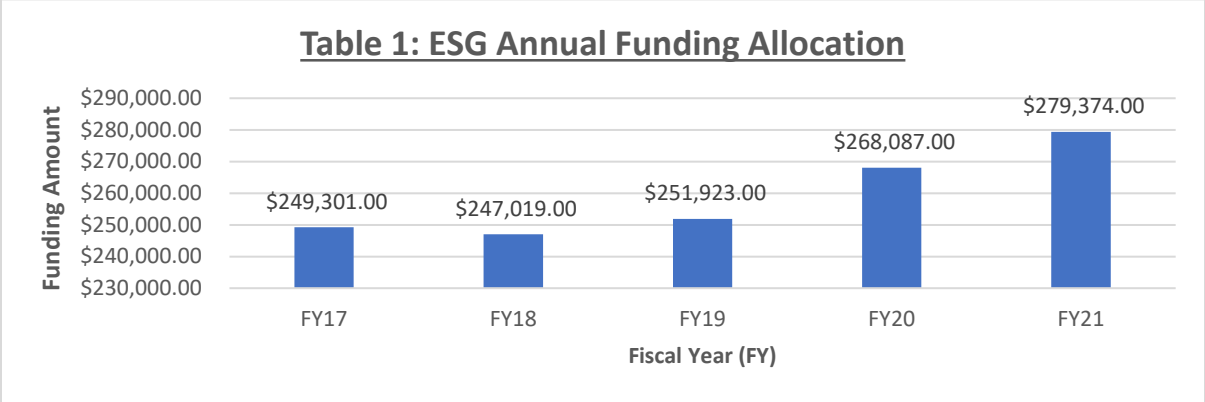
BACKGROUND

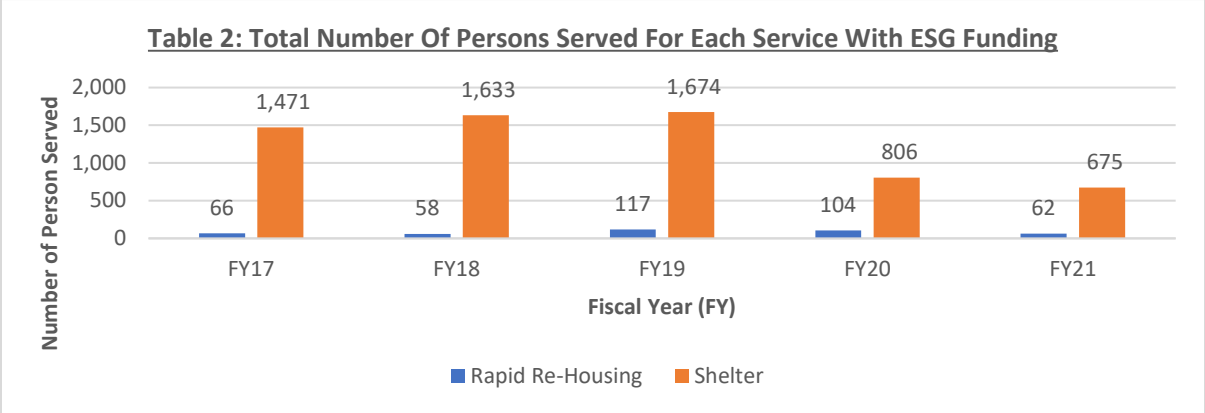
The City of Tampa (City) is an entitlement jurisdiction receiving an annual allocation of Emergency Solutions Grants (ESG) program funds from the Department of Housing and Urban Development (HUD). The purpose of the ESG program is to assist with quickly regaining stability in permanent housing after experiencing a housing crisis or homelessness. The City awarded ESG funds to three sub-recipients to use towards emergency shelter and rapid rehousing for homeless persons throughout the City. On December 1, 2020, the City entered into an agreement with Tampa Hillsborough Homeless Initiative (THHI) to administer ESG funding on behalf of the City.

Table 1 below shows the annual amounts of ESG grants HUD made available to fund services from fiscal year (FY) 2017 through 2021.



Source: *Annual Action Plans published on the HUD Exchange portal, accessed at https://cpd.hud.gov/cpd-public/consolidated-plans*

Table 2 below shows the total number of persons served for each service from FY 2017 through 2021.



Source: *Consolidated Annual Performance and Evaluation Report (CAPER) published on the HUD Exchange portal, accessed at https://cpd.hud.gov/cpd-public/consolidated-plans*

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. HUD awarded the City an ESG-CARES Act grant totaling $3,972,865. The grant was to be used for preventing and responding to the coronavirus pandemic (COVID-19) among individuals and families who are homeless or receiving homeless assistance. The City awarded the funding to five sub-recipients to provide rapid rehousing, street outreach, shelter operations, and homeless prevention activities to mitigate the impacts of COVID-19.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2022 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to managing ESG Funding is adequate.

2. The FY 2021 Action Plan and the FY 2018-2022 Consolidated Plan reports submitted to HUD and published to the public were accurate and complete.

3. The Consolidated Annual Performance and Evaluation Report (CAPER)[1] for FY 2021 submitted to HUD and published to the public reported accurate ESG and ESG-CV information.

4. The payments to ESG and ESG-CV sub-recipients for FY 2021 were adequately supported and approved.

5. The matching contributions process related to ESG and ESG-CV for FY 2021 is in compliance with HUD requirements.

STATEMENT OF SCOPE

The audit period covered ESG and ESG-CV funding activities that occurred from October 1, 2020, through September 30, 2021. Tests were performed to determine whether Housing and Community Development Division (HCD) personnel are 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.

Although ESG-CV funds have been received, the City has until September 30, 2023 to spend and drawdown funding for the project. Therefore, no testing could be performed to verify the overall accuracy of information being reported in the FY 2021 CAPER.

STATEMENT OF METHODOLOGY

Listed are the steps performed to determine compliance with the established objectives:

- Evaluated HCD implemented internal controls including ESG and ESG-CV policies and procedures.

[1] CAPER provides annual performance reporting on client outputs and outcomes that enables an assessment of grantee performance in achieving the housing stability outcome measure.

- Reviewed ESG and ESG-CV funding information in the FY 2021 Action Plans and FY 2018-2022 Consolidated Plan for accuracy and completeness.

- Reviewed judgmentally selected sample of FY 2021 annual CAPER, quarterly performance reports, Sage[2] reports, and reimbursement request packets to verify the accuracy of ESG and ESG-CV performance results reported.

- Reviewed judgmentally selected sample of accounts payable documentation submitted to HCD by sub-recipients for reimbursement for proper approval and timely payment.

- Reviewed a sample of match summary reports and match backup documentation submitted to HCD by sub-recipients for compliance with HUD requirements.

- Discussed with HCD Management and reviewed Tampa.gov, Intranet, and budget books for performance metrics related to Housing - ESG funding. While HCD does have performance metrics, none are specific to ESG funding.

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 managing ESG Funding is adequate.

2. The ESG information reported in the FY 2021 Action Plan is accurate. The ESG information reported in the FY 2018-2022 Consolidated Plan is inconsistent with the activities undertaken by HCD.

3. To date, ESG information reported in CAPER for FY 2021 is accurate. However, the overall accuracy of ESG-CV information couldn't be finalized because the project is still active.

4. The payments to ESG and ESG-CV sub-recipients for FY 2021 are properly supported and approved.

5. The matching contributions process related to ESG and ESG-CV for FY 2021 is in compliance with HUD requirements.

[2] Sage Homeless Management Information System Reporting Repository (Sage) is a web-based reporting portal that provides data on persons assisted with ESG. Sage was designed to provide access to the same information to multiple parties: grant recipients, Continuum of Care leaders, and HUD staff.

INCONSISTENCY OF CONSOLIDATED PLAN

STATEMENT OF CONDITION: HCD is required to submit to HUD a 5-year Consolidated Plan (Plan), which is intended to inform and guide the City's use of HUD dollars. The Plan also lays out the City's process for engaging the public to inform them about decision-making over the course of a five-year HUD program cycle. Additionally, the Plan describes multi-year goals for using ESG. Our review noted conflicting information and a lack of consistency in the FY 2018-2022 Plan with activities undertaken by HCD. Examples include:

- HCD sub-awards ESG funding to nonprofit organizations that provide services to the homeless. HCD selects the sub-recipients through a Request for Proposal process (RFP). The Plan states that HCD performs RFP annually, but the RFP documentation states it is completed every three years.

- HCD entered into an agreement with The Tampa Hillsborough Homeless Initiative (THHI), effective December 1, 2020, to administer ESG funding on behalf of the City. The agreement states that HCD would disburse ESG funds to THHI, and THHI would disburse to each sub-recipient. The Plan was not amended to reflect the changes that occurred in the reimbursement, administration, and monitoring processes of ESG funding.

CRITERIA: 24 Code of Federal Regulation 91.505 requires Consolidated Plans to be amended and submitted to HUD whenever it decides to change its allocation priorities, make a change to the method of fund distribution, or carry out activities not previously described in the Plan.

CAUSE: This condition occurred because no amendment was made to the Consolidation Plan when management decided to change its activities after submission of the Plan to HUD.

EFFECT OF CONDITION: Inaccurate information available to both HUD and the public puts the City at risk of reduction of future entitlements or reimbursement of funds.

RECOMMENDATION: HCD should implement policies and procedures and provide staff training to ensure that the Consolidated Plan is accurate and amended in accordance with HUD regulations.

MANAGEMENT RESPONSE:

1. HCD sub-awards ESG funding to nonprofit organizations that provide services to the homeless. HCD selects the sub-recipients through a Request for Proposal process (RFP). The Plan states that HCD performs RFP annually, but the RFP documentation states it is completed every three years.

Management agrees with the above listed Condition. There was a typographical error in the Plan that stated that the RFP process occurs annually. Although the RFP process occurs annually for other programs, it is completed every 3 years for the ESG program.

2. HCD entered into an agreement with The Tampa Hillsborough Homeless Initiative (THHI), effective December 1, 2020, to administer ESG funding on behalf of the City. The agreement states that HCD would disburse ESG funds to THHI, and THHI would disburse to each sub-recipient. The Plan was not amended to reflect the changes that occurred in the reimbursement, administration, and monitoring processes of ESG funding.

Management agrees with the above listed Condition. The method for reimbursement/administration of ESG funds was a decision made by the previous HCD Manager after the publication of the Plan. The division will properly document all changes moving forward to be in compliance with all future Consolidated Plans, as applicable.

TARGET IMPLEMENTATION DATE:

1. Effective August 15, 2022, management will inform and train all pertinent staff and any consulting partners of the need to correct the typographical error and change the wording for any upcoming 5-Year Consolidated Plan and Annual Action Plan, as needed, for the Emergency Solutions Grant (ESG) program. Any new staff that may work on these Plans will be trained accordingly. The next RFP for the ESG Program will clearly state that the RFP process and selection will occur every 3 years.

2. Effective August 15, 2022, management will inform and train all pertinent staff and any consulting partners that the next 5-Year Consolidated Plan and Annual Action Plan must reflect all procedures pertaining to the reimbursement, administration, and monitoring process of the ESG program.