



City of Dallas

Update on Audits for the Department of Housing & Neighborhood Revitalization

**Housing and Homelessness
Solutions Committee
September 29, 2022**

Cynthia Rogers-Ellickson, Assistant Director
Aqwana Long, Housing Compliance Manager
Department of Housing & Neighborhood
Revitalization
City of Dallas

Presentation Overview



- Purpose
- Background/History
- Housing Department Changes for Compliance
- Recent Audits Conducted or Underway
- 2022 Audits
- Proposed Action
- Questions and Comments



Purpose



- The purpose of this briefing is to:
 - Provide updates on Housing & Neighborhood Revitalization (Housing) audits that were still underway in February 2020;
 - Provide information on new audits since February 2020; and
 - Describe the departments changes to meeting compliance.



Background/History



- Housing committed to updating the Dallas City Council on audits;
- There were four audits remaining to closeout at the time of the last audit update;
 - ✓ 2016 Internal City Auditor's Office:
 - Pending review of new construction project.
 - ✓ 2017 U.S. Department of Housing and Urban Development (HUD) Monitoring HOME Investment Partnerships Program (HOME):
 - Pending response from HUD on Finding #7-Rental conversions.
 - ✓ 2017 Office of Inspector General (OIG) Audit HOME Housing Reconstruction:
 - Pending engineer report and completion of repairs on eight homes.
 - ✓ 2018 OIG Audit Community Housing Development Organizations (CHDO):
 - Housing is working with HUD on resolving the findings.
- All the above were closed out through several resolutions including reaching regulatory compliance and HOME grant funds reduction in the 2020 grant funds.



Housing Department Changes for Compliance



- Reorganization
- Training to internal staff and external partners
- Policies and procedures
- Checks and balances
- Ongoing monitoring
- Improved portfolio management
- Clearly defined operations



Recent Audits Conducted or Underway



- FY 2020 audits:
 - In December 2020, the HOME Program was included in the Single audit by Weaver; and
 - The review included:
 1. Cash disbursements including processes and source documentation.
 2. Cash management/reimbursement including Integrated Disbursement and Information System (IDIS) process and drawdown process.
 3. Payroll including timesheets approved by the appropriate supervisor and finance team reviews.
 4. Program income including reconciliation of program income and how an individual transaction of program income is processed for approval.
 5. Special tests (Wage rate requirement) – Davis Bacon.
 6. Special tests - Housing Quality Standards.
 - There were no findings.



Recent Audits Conducted or Underway Cont.



- In March 2021, the Office of the City Auditor's started an audit on the home repair and homebuyer assistance programs funded with Community Development Block Grant (CDBG) and HOME for the period October 31, 2019 - December 31, 2020.
 - A review for compliance with City and Federal requirements for both programs has included the following:
 - 1.Policies and processes
 - 2.Program spending
 - 3.Eligibility processing
 - 4.Applicant final contracts
- The audit is ongoing, and no concerns or findings have been identified.



Recent Audits Conducted or Underway Cont.



- FY 2021 audits:
 - In March 2022, the HOME Program was included in the Single audit by Weaver; and
 - The review included homebuyer assistance, tenant based rental program, and development. Following are the areas reviewed:
 1. Allowability for cash/payroll disbursement.
 2. Eligibility for all the eligible participants in the grant and we ensured they met the income requirements in order to receive grant funding.
 3. Program income.
 4. Reporting/drawdown support.
 5. Wage rate requirement – Davis Bacon.
 6. Housing Quality Standards - Home Inspection.
 - There were no findings.



2022 Audits



- HUD conducted a monitoring on the HOME Program on July 25-August 5.
- Response letter from HUD dated August 29, 2022 and attached as Exhibit A.
- Following are the items/areas reviewed:
 - Homebuyer assistance program policies and procedures.
 - Financial management and audit requirements.
 - Limited environmental review.



2022 Audits Cont.



- No repayments or funding reductions identified.
- Findings:
 - ✓ Beneficiary Written Agreements.
 - ✓ Records Retention.
 - ✓ Identification of Federal and HUD Grant Awards.
- Concerns:
 - ✓ Differences in Recorded Expenditures between IDIS and the City's Accounting System AMS.
 - ✓ Ensure all signatures on loan agreements are executed and dated.
- Recommendation:
 - ✓ Add an item to the Homebuyer Approval Review Checklist for risky lending features.



Proposed Actions



- Make changes to procedures and implement stronger controls on procedures and documentation to ensure minimal discrepancies;
- Add identifiers to Housing reports for tracking purposes;
- Make changes to agreements and lock down loan templates to reduce unwanted changes; and
- Continue to provide ongoing department training on policies, procedures, and regulatory requirements.



Questions and Comments?



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