

City Clerk



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**Implementation Status of  
2001 Audit Recommendations for  
Community Block Grant Agency  
Program Monitoring**

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**W. MARTIN MORICS  
City Comptroller  
City of Milwaukee, Wisconsin**

**May 2004**

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Office of the Comptroller

May 28, 2004

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To the Honorable  
the Common Council  
City of Milwaukee

Dear Council Members:

The attached report summarizes our follow-up Audit on the Implementation Status of 2001 Audit Recommendations for Community Block Grant Agency Program Monitoring. This follow-up Audit disclosed that five of the nine recommendations are fully implemented, two recommendations are at least partially implemented and two recommendations have not been implemented.

The Community Block Grant Agency has made significant progress in implementing the recommendations contained in our 2001 audit. However, further improvements are needed, as detailed in this report. The 2001 Audit made nine recommendations.

Appreciation is expressed to the Community Block Grant Agency for the full cooperation extended to the auditors.

Very truly yours,

W. MARTIN MORICS  
Comptroller

## Objectives and Scope

In 2001, the Comptroller's Office performed an audit of the program monitoring process as administered by the Community Development Block Grant Agency (CBGA)<sup>1</sup>. This audit focused on required grantee performance reporting and the CBGA program monitoring activities during the years 1999 and 2000. Overall, the 2001 audit concluded that the City possessed a sound grantee performance monitoring process, featuring monthly reporting of program activity by each grantee which provides the basis for continued reimbursement or cash advance within a given funding cycle. The 2001 audit included recommendations to better communicate and use the performance information to make Community Development Block Grant (CDBG) and HOME grant funding recommendations to the Common Council Community Development Committee.

The objective of the current follow-up Audit described in this Report is to examine the implementation status of the prior audit recommendations. This included interviews with CBGA and Comptroller's Office staff and a review of sixteen randomly selected grantee agency files. Neither this follow-up Audit nor the 2001 audit included an evaluation of CBGA staff performance.

## Recommendation Implementation Status

Issued in June of 2001, the Comptroller's Audit of the Community Block Grant Agency Program Monitoring in the City of Milwaukee contained nine recommendations. The current follow-up Audit determined that five of the nine recommendations are fully implemented, two recommendations are at least partially implemented and two recommendations have not been implemented.

For each of the nine 2001 Audit Recommendations, the original recommendation, original CBGA response and current implementation status is reported below.

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<sup>1</sup> Audit of the Community Development Block Grant Agency Program Monitoring in the City of Milwaukee, June 2001.

## **Status of Recommendation 1**

Audit Recommendation 1, calling for narrative interpretation of grantee performance scores, is fully implemented.

### **Original Audit Recommendation**

*"The CBGA should add narrative interpretation of grantee performance scores in the Activity & Funding Recommendations Report. Such narrative should include key grant applicant strengths and weaknesses and rationale for each funding recommendation referred to the Community Development Committee."*

### **Original CBGA Response**

*"Short, concise talking points accompany grantees performance scores along with comment on each application during the CBGA Director's report to the Community Development Committee. CBGA receives three times as many applications as there is funding available. The application review is condensed to a few short weeks, making it virtually impossible to provide a detailed narrative analysis of each application."*

### **Current Implementation Status – Fully Implemented**

For the grantee files examined, all contained brief narrative interpretations of grantee performance scores. CBGA staff indicated that CBGA will continue to include short talking points rather than more detailed narratives due to time constraints. Auditors observed that of the 152 individual grants funded for 2003-2004, all included brief narrative evaluations. These additional points are a positive response to this 2001 audit recommendation even though some of the talking points were unclear. This recommendation is considered fully implemented.

## **Status of Recommendation 2**

Audit Recommendation 2, calling for written rationale in support of decisions to fund grantees with lower proposal evaluation scores, is partially implemented.

More complete explanations should be included in the CBGA's report to the Community Development Committee whenever the CBGA is recommending a grant applicant for

funding whose application score is below that of other grant applicant(s) not recommended for funding. This would provide a clear public record of the rationale for such exception situations.

### **Original Audit Recommendation**

*“When the CBGA recommends funding for an applicant whose proposal does not possess the highest score among its competitors, a rationale for the selection including any subjective factors should be clearly documented by the CBGA in its report to the Community Development Committee.”*

### **Original CBGA Response**

*“The proposal evaluation criteria is detailed in the Funding Allocation Plan. Before implementation, the Funding Plan is reviewed by the public and approved by the Community Development Committee and the Common Council.”*

### **Current Implementation Status – Partially Implemented**

This recommendation did not apply to any of the sixteen grantee files examined by the auditors. Of the 152 grantees recommended for funding by the CBGA in the past funding cycle, eleven grantees did not receive the highest score. All eleven of these grantee evaluations had at least some information on why the grantees were recommended for funding by the CBGA. (Example: *“Agency has not met performance goals, however this is the current NSP [Neighborhood Strategic Plan] agency”*). This recommendation is partially implemented.

### **Status of Recommendation 3**

Audit Recommendation 3, calling for CBGA to document all grantee contacts, is partially implemented.

Logs of grantee contacts should include all phone, personal and written contacts, whether or not the grantee is a “problem” grantee. This promotes early identification of those grantees whose performance may need special oversight.

### **Original Audit Recommendation**

*"CBGA monitors and grantees should document all field, phone and other contacts with each other, clearly describing the substance and required follow-up resulting from these contacts. Further, the CBGA's grantee correspondence file should contain an agency contact log. This log could indicate the date, time, person contacted and the subject of the contact. Such a log could be helpful to new monitors, giving the new monitors a sense of what has transpired in the past with particular agencies. If there is a rule or regulation interpretation by the monitor, a file memo should be prepared referenced to the grant file to which the interpretation applies. The CBGA has indicated its agreement with this recommendation."*

### **Original CBGA Response**

No formal response given in 2001.

### **Current Implementation Status – Partially Implemented**

Interviews with CBGA staff and a review of CBGA files indicate that logs are in-place with some but not all grantees. An April 2004, letter written by CBGA in response to this recommendation states: *"CBGA is in agreement with the recommendation of monitors maintaining a grantee correspondence file. In addition to formal letters, emails and site visit audit documentation CBGA has required all monitoring staff to maintain a Phone/Contact Log as an office protocol. These files are maintained in an Access database on the Department of Administration's network system."* CBGA provided the auditors with copies of phone logs for two grantees. Also, the CBGA shifts from phone calls to email and letter communications when grantee problems are identified to strengthen the documentation record. This is an important strength.

An audit sample of sixteen additional agency files indicated the presence of phone logs in each file. However, for eight of the grantee agencies tested, the phone logs contained no entries. When asked, CBGA staff indicated that they do not keep a list of all grantee phone calls received or placed; only those calls that appear to deal with problems are recorded. One agency that was in the sample list, was a problem agency, which required all correspondence to be written.

Without a complete log of all telephone, mail and personal contacts, early identification of grantee problems will be more difficult to identify. This recommendation is partially implemented.

#### **Status of Recommendation 4**

Audit Recommendation 4, calling for extending the grantee funding cycle, is fully implemented.

#### **Original Audit Recommendation**

*“Consider extending the funding cycle for selected additional grants from two to three years. This would help existing monitors handle the required workload. With this same intent the CBGA is also proposing to extend funding without an RFP process to those grantees with a proven performance record, a stable program and no newly proposed services. The Audit supports this proposal as another way to help monitor staff to handle the current workload.”*

#### **Original CBGA Response**

No formal response given in 2001.

#### **Current Implementation Status – Fully Implemented**

Interviews with CBGA staff indicate that funding cycles have been extended for most grants. Follow-up interviews with staff from the Comptroller’s Office involved with the CDBG program indicate that grant cycles have been extended to at least two years. This recommendation is fully implemented.

#### **Status of Recommendation 5**

Audit Recommendation 5, calling for distribution of CBGA site visit letters or summary of site visits to all Community Development Committee members, is not implemented.

Reports of CBGA program monitor site visits, or summaries of these reports, should be distributed to all members of the Community Development Committee. Letter communications regarding block grant agencies problems or performance issues sent to



one Committee member should be sent to all Committee members. This would allow the Committee to develop a more complete understanding of the strengths and weaknesses of the grantee agencies where a site review was performed by the CBGA.

#### **Original Audit Recommendation**

*"The monitors' reports of their individual site visit results, or a summary of site visit results, should be transmitted to the Community Development Committee. While copies of site visit letters are sent to the affected alderman when problems arise, such information would be beneficial to the entire Committee by giving the Committee early warning of grantee problems and what corrective actions are needed."*

#### **Original CBGA Response**

*"CBGA currently provides the Community Development Committee a quarterly Accomplishment Report on agency activities and believes other meetings should involve only substantive issues, to be determined by CBGA."*

#### **Current Implementation Status – Not Implemented**

Interviews with CBGA staff and a review of recent quarterly reports indicate that the CBGA is providing more grantee accomplishment information with its quarterly reports to the Community Development Committee. However, there was no indication that all Committee members are now receiving either copies of the grantee site visit results or a summary of these site visit results.

The Audit sample of sixteen agencies identified five site visits in 2003. Letters documenting the results of these site visits were sent only to the affected grantee agency and the local alderman, with one exception. In this single instance copies of the site visit letter went to select Committee members, the Mayor and other interested parties. This recommendation is not implemented.

#### **Status of Recommendation 6**

Audit Recommendation 6, calling for narrative interpretation of grantee performance and periodic performance review meetings with the Community Development Committee, is fully implemented.

### **Original Audit Recommendation**

*"The CBGA should consider complementing its annual numerical evaluations with quarterly narrative interpretations of grantee performance reported to the Community Development Committee. We understand that the CBGA has previously suggested periodic performance review meetings with the Community Development Committee, presenting grantee performance by grant category. The Audit strongly supports such meetings with the Committee as an excellent method of keeping the Committee and the public informed about the use of Block Grant and related Federal funds."*

### **Original CBGA Response**

*"CBGA currently provides the Community Development Committee quarterly accomplishment reports on agency activities and believes other meetings should involve only substantive issues, to be determined by CBGA."*

### **Current Implementation Status – Fully Implemented**

The CBGA's April 2004 response to this recommendation states *"...probationary, problematic and newly funded groups are routinely scheduled to appear before the committee to provide activity and financial status reports."*

Interviews with CBGA, supported by Auditor review of Community Development Committee meeting minutes and CBGA quarterly reports, indicate that CBGA has implemented this recommendation.

CBGA staff also indicated the desirability of receiving a letter from the Comptroller's Office identifying financial problems uncovered in the Comptroller's financial site reviews. This information would be included in the CBGA's quarterly Committee report. The Comptroller concurs with this CBGA suggestion.

## **Status of Recommendation 7**

Audit Recommendation 7, calling for an assessment of the long-term impact of grant funding, is not implemented.

The CBGA and the Community Development Committee should seek to determine the impact that the Block Grant/HOME programs are having on each of the Neighborhood Strategic Planning areas over time. Developing an ability to monitor the neighborhood changes in employment, home ownership, property values, crime, etc. which can be properly correlated to the Community Development Block Grant (CDBG) and its allied program spending would aid in the City's decisions as to how to better allocate these limited Federal and State funds in the future.

### **Original Audit Recommendation**

*"CBGA monitoring should seek to determine the impact that Block grant program is having in the CDBG NSPs over time. Toward this end, the CBGA should require that major grantees conduct targeted longitudinal or other cost-benefit evaluations to determine the mid to long-term impact of their activities on the affected neighborhoods. (For example, for a job training program, a grantee study would determine how many of those who completed training over the past three years are still employed, other assessments could explore reduction in youth crime, changes in housing condition, etc.)."*

### **Original CBGA Response**

*"CBGA always acknowledged when NSP and outcome reporting became a funding priority in 1998 that a statistical analysis be conducted on the long-term impact of funded activities on the affected neighborhoods. CBGA supports funding an independent consultant to perform this activity."*

### **Current Implementation Status – Not Implemented**

In its April 2004 response, CBGA states: *"CBGA supports the recommendation of funding an independent consultant to conduct a long-term impact analysis of CDBG, HOME, ESG and HOPWA activity funding. CBGA will make a formal request for*

*funding from the Community Development Committee for this activity during the next funding cycle.”* However, while the CBGA apparently agrees with the recommendation to evaluate the long term impact of the CDBG Program on the Neighborhood Strategic Planning areas, such an analysis has yet to be undertaken. This recommendation is not yet implemented.

### **Status of Recommendation 8**

Audit Recommendation 8, calling for routine activity reporting by grant funded City departments, is fully implemented.

#### **Original Audit Recommendation**

*“Unless there is a compelling reason to the contrary, all City Departments (should) be required to report their grant activities in the same manner as the other grantees.”*

#### **Original CBGA Response**

No formal response given in 2001.

#### **Current Implementation Status – Fully Implemented**

Interviews with CBGA staff, Comptroller’s Office and an audit review of grantee reports indicate that this recommendation is fully implemented.

### **Status of Recommendation 9**

Audit Recommendation 9, calling for consolidation of performance reporting, is on going and fully implemented.

The Community Development Committee, the CBGA and the Comptroller’s Office should continue to seek ways to further streamline and simplify current program performance and financial reporting so as to maximize staff time available for on-site grantee monitoring and assistance.

**Original Audit Recommendation**

*“The Agency should carefully examine current performance reporting to determine if there are any opportunities to consolidate or eliminate any current data collection or reporting requirements.”*

**Original CBGA Response**

No formal response given in 2001.

**Current Implementation Status – Fully Implemented**

Interviews with CBGA staff and the Comptroller’s Office indicate an on-going effort to consolidate reporting requirements for grantee performance reporting. Currently all reports are consolidated. However, reporting requirements are subject to change by the Federal grantors. When such changes occur, efforts are made to consolidate reports further. The audit identified the consolidation of financial reports for agencies with multiple contracts. According to Comptroller’s Office staff this consolidation reduced the amount of cost reports for review. This recommendation is an on going process and considered fully implemented.

Follow-up 4  
Mjd, Dos, jtm



Tom Barrett  
Mayor

Department of Administration  
Community Block Grant Administration

May 25, 2004

W. Martin Morics, Comptroller  
Office of the Comptroller – Room 404  
City Hall - 200 E. Wells Street  
Milwaukee, Wi. 53202

RE: Audit of Community Block Grant Program

Dear Mr. Morics:

Attached is the response of the Community Block Grant Administration to the draft document entitled, "Implementation Status of 2001 Audit Recommendations for Community Block Grant Agency Program Monitoring."

If you have any questions, please contact me at 286-3647.

Sincerely,

Steven L. Mahan,  
Director

Cc: Michael Daun

Attachment

**CBGA Response to "Implementation Status of 2001 Audit"**

- 1) Status of Recommendation #1 – Fully Implemented
- 2) Status of Recommendation #2 - Partially Implemented

CBGA Response: CBGA currently provides the Community & Economic Development Committee(which is the oversight committee for Federal funds), a detailed spreadsheet which includes selection criteria, scores, funding recommendations and a brief narrative on the rationale for each funding recommendation. In addition, the CBGA Director expands upon the narrative provided to the Committee at all meetings where funding is approved. However, CBGA will add additional narrative to the funding recommendations provided to the Community & Economic Development Committee.

- 3) Status of Recommendation #3 – Partially Implemented

CBGA maintains its response from the April 2004 correspondence whereby *"CBGA is in agreement with the recommendation of monitors maintaining a grantee correspondence file. In addition to formal letters, e-mails and site visit audit documentation, CBGA has required all monitoring staff to maintain a Phone/Contact Log as an office protocol. These files are maintained in an Access database on the Department of Administration's network system."*

In addition, there appears to be an assumption that all phone logs would necessarily have entries. All agency phone logs, project contact reports, e-mails and other forms of correspondence are necessitated by each individual group's technical assistance needs and subsequent level of interaction with CBGA. Not all of the funded agencies however, require the same level of interaction as others.

- 4) Status of Recommendation #4 – Fully Implemented
- 5) Status of Recommendation #5 – Not Implemented

CBGA currently provides the Community & Economic Development Committee with a Quarterly Accomplishment Report on agency activities and regularly briefs committee members on substantive issues relating to funded groups. After discussions with the Comptroller's Office, it was agreed that the Community & Economic Development Committee will receive quarterly reports on the fiscal and activity audits of funded groups.

- 6) Status of Recommendation #6 – Fully Implemented

**CBGA Response to "Implementation Status of 2001 Audit"**

7) Status of Recommendation #7 – Not Implemented

CBGA will seek funding from the Year 2005 Entitlement Allocation to engage a consultant(s) to conduct a statistical analysis on the long-term impact of funded activities on the affected neighborhoods.

8) Status of Recommendation #8 – Fully Implemented

9) Status of Recommendation #9 – Fully Implemented

Per Dennis Smith of your office, this item is fully implemented.