

City of Moore

**Internal Audit Report on Design and Operating
Effectiveness of Internal Controls over CDBG-
DR Transactions**

January 2016



I. Executive Overview

Introduction

We recently completed a review of functions outlined below with a primary objective of evaluating the process and significant control points for effectiveness, adequacy, and efficiency of operations for the CDBG-DR processes performed by City of Moore (the "City"). The audit was conducted in accordance with the terms of our engagement letter and applicable internal audit guidelines. This report is intended solely for the information and use of management and the City Council, and should not be used for any other purpose. The City's oversight authorities may be provided with a copy of this report in connection with fulfilling their respective responsibilities.

Audit Scope

We completed an audit of several functions of the City's CDBG-DR functions in accordance with the terms of our engagement letter. The audit period covered July 1, 2015 through September 30, 2015. The functions covered in our audit for this period are outlined, as follows:

- Program policies and procedures
- Financial internal controls
- Eligibility of cost and procurement method

Our procedures were performed to:

- Evaluate the adequacy of internal controls in place to mitigate the identified risks,
- Evaluate the allowability of transactions,
- Evaluate newly developed policies and procedures as well as changes to policies and procedures following the October 2015 audit.

To accomplish this, we performed the following:

- Reviewed the following documents:
 - Benefit Cost Analysis (BCA) File for Resiliency Center (P-12)
 - BCA File for Smart Meters (P-10)
 - BCA File for Regional Resiliency Impacts (P-08)
 - Master Plan file H-01-W-LMI

- Draft LMI Waiver Submitted for NDRC Consideration
 - Housing Rehab file 640 SW 12th Street
 - Bid/ Procurement packages for Internal Audit, Technical Assistance, and Engineering Services
 - Housing Rehab Program Guidelines
 - Housing Rehab file 1703 SW 23rd Street
 - Infrastructure & Public Facilities Policy and Procedures Manual
 - Draft of homebuyer Down Payment Assistance program guidelines
 - City of Moore Section 3 plan
 - Section 3 weekly reports since 2015
 - May 2013 Disaster Housing Rehab Program Tactical Marketing Plan
 - Davis Bacon Reports
 - Section 3 vendor training materials
 - City of Moore CDBG-DR Policies and Procedures: Infrastructure and Public Facilities
 - City of Moore CDBG-DR Policies and Procedures: Housing Rehabilitation
 - City of Moore and Oklahoma City Interlocal Agreement
- Interviewed key personnel in each function's area
 - Reviewed all payroll as well as a random sample of CDBG-DR transactions up to September 30, 2015

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate.

Overview of Issues

During the course of our work, we discussed our findings with management. Our detailed findings and recommendations for improving controls and operations are described in the detailed issue matrix in Section II of this report. A separate listing of general enhancement opportunities not considered to be findings is described in section III of this report.

A summary of key issues is provided below along with the following information:

- Relative Risk is an evaluation of the severity of the concern and the potential impact on the operations. Items rated as "High" are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner. Items rated as "Moderate" may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" could escalate into operational issues, but can be addressed through the normal course of conducting business.
- Resolution Level of Difficulty is an evaluation of the estimated level of difficulty and potential cost to resolve the concern based on our experience. Items rated as "High" are considered to be difficult to resolve and/or will require a significant amount of planning and management involvement/oversight in order to obtain resolution. Items rated as "Moderate" are not as difficult to resolve and/or do not require a significant amount of planning, but may be time-consuming to resolve. Items rated as "Low" are items that are not complex and/or do not require significant amounts of planning and time to resolve.

Summary of Results			
Issue Description	Page	Relative Risk	Resolution Level of Difficulty
2015-12-31 Housing Rehab Program files incomplete	6	High	Moderate
2015-12-31 Contract files for Benefit Cost Analysis vendors found incomplete	7	Moderate	Moderate
2015-12-31 Noncompliance with Davis Bacon monitoring	8	High	High
2015-12-31 Insufficient documentation of income eligibility in Housing Rehab Program	9	High	High
2015-12-31 Noncompliance with Section 3 program requirements	10	High	Moderate

Opportunities for enhancement are described in Section II of this report.

Conclusion

Audit ratings, as defined below, were assigned based on the identification of the key findings summarized above, as well as other less significant comments that can be addressed by management in the normal course of business.

Ratings	Conditions
Satisfactory	No significant issues noted. Controls are considered adequate and findings, if any, are not significant to the overall unit.

Needs Improvement	Some improvement is needed to bring the function to satisfactory status. If the deficiency continues without attention, it could lead to further deterioration and an unsatisfactory status.
Unsatisfactory	Significant deficiencies exist which could lead to financial loss or embarrassment to the City.

The following is a summary of the assigned rating for each function:

Ratings	Conditions
Internal Controls –Design Effectiveness	Needs Improvement
Program Design	Needs Improvement
Internal Controls – Operating Effectiveness	Unsatisfactory

I. Observations and Recommendations

Internal Controls – Operating Effectiveness

Observation	Recommendation
1. Housing Rehab Program files were found to be incomplete.	
<p>We observed that Housing Rehab applicant files did not consistently contain program forms in compliance with the CDBG-DR-HR 07 Applicant File Checklist, evidence of applicant eligibility status was not clear and communication with applicant was not logged.</p>	<p>We recommend the City review applicant files for completion according to the City’s CDBG-DR-HR-07 Applicant File Checklist as found in the Housing Rehabilitation Program Policies and Procedures. We also recommend the City update the signature line on form CDBG-DR 05 – DOB Worksheet to the current financial officer.</p> <p>As a best practice, we recommend each file include a summary sheet with clear indication of application status and notes to log communication with the applicant on top.</p>
<p>Management Response: City Staff has reviewed the Housing Rehabilitation Policy and Procedure and has updated all applicant files listed: Work Order (CDBG-DR HR 01), National Objective Determination (CDBG-DR-HR 15-A), Applicant File Checklist (CDBG-DR HR 07), Acknowledgement of the Receipt of the Grievance Procedure (CDBG-DR HR 17-B), Interview Summary Report (CDBG-DR HR 08), Income Self Certification Form (CDBG-DR HR 10). The City will update the CDBG-DR 05-DOB with a verification signature line for the current financial officer.</p>	

Observation	Recommendation
<p>2. Contract files for Benefit Cost Analysis vendors were found to be incomplete.</p>	
<p>We observed that contract files for three vendors on task order to perform Benefit Cost Analysis services were incomplete. Task orders were not supported by the following documentation as required in the contract:</p> <ul style="list-style-type: none"> • the hourly rate calculation; • Clear indication of percent of payment made to minority or women owned business subcontractor (MOB/WOB); and • Section 3 compliance documentation. 	<p>We recommend the City take immediate action to correct procedural steps in payment processing.</p> <p>The City should include a copy of each vendor’s hourly rate as submitted with original procurement proposal and include a memo to the file to explain any and all negotiated project rates.</p> <p>The City will need to collect corrected invoices to verify amount of payment made to MOB/WOB and obtain a copy of MOB/WOB business certifications for the file.</p> <p>The City will need to collect and verify supporting paperwork for Section 3 compliance regarding invoices already paid.</p>
<p>Management Response: The City is working with the contractors to provide documentation to the above observations and recommendations.</p>	

Observation	Recommendation
3. Noncompliance with Davis Bacon monitoring on King's Manor Street Repair project.	
<p>We observed an instance in notes from City staff on a Davis Bacon on-site monitoring form that indicated an interviewed employee could not be found on the contractor's payroll.</p>	<p>We recommend the City provide evidence of follow-up action to determine the reason employee was found missing from payroll records and confirm payment was received by obtaining a copy of the check issued to the employee and retain it within the file along with corrected payroll.</p>
<p>Management Response: The person that was not on the payroll was determined to be salaried staff which is reflected in the notes.</p>	

Observation	Recommendation
<p>4. Insufficient documentation of income eligibility in Housing Rehab Program</p>	
<p>We observed applicant income has been determined based on tax documents from 2012 or 2013 which is not the most current information at the time of eligibility determination.</p>	<p>We recommend the City collect current tax information from applicants. Income eligibility is calculated based on current financial status at the time eligibility for assistance is determined. We also recommend the City include a clear calculation of the applicant's income in the file.</p>
<p>Management Response: The 2012 tax return was obtained to confirm residency at the time of the tornado and was not used for income eligibility. The two applicants that have met all requirements provided the tax documents requested and signed an Income Self Certification Affidavit. Management is currently working with the remaining applicants to correct the deficiency.</p>	

Observation	Recommendation
5. Noncompliance with Section 3 program requirements.	
<p>We observed the following deficiencies in the Section 3 program:</p> <ul style="list-style-type: none"> • Noncompliance with Section 3 training goal • Noncompliance with Section 3 employment goal • No evidence of outreach and recruitment efforts • No documentation of impediments to meeting Section 3 goals • Lack of compliance monitoring 	<p>We recommend the City take immediate action to revise the current Section 3 Plan to meet compliance, revise training material to include vendor-specific goals and procedures, provide documentation of outreach and recruitment efforts to the file, collect narratives on impediments to meeting program goals, and establish a monitoring plan.</p>
<p>Management Response: The Section 3 Plan has been revised to meet requirements. The Weekly New Hire Report has been revised to require the employer to check off all methods used in outreach for each employee hired. Training materials are under development which will be more City specific. A monitoring plan will be developed.</p>	

II. Enhancement Opportunities

Internal controls

Observation	Recommendation
1. Supporting documentation for determining income eligibility more stringent than regulation calls for.	
We observed that income determination for applicants in the homeowner assistance program is based on annual tax return and extensive mortgage payment records.	We recommend the City establish less stringent supporting documentation requirements for the Down Payment Assistance program and make every effort to qualify applicants. Calculating Household Adjusted Gross Income can be fully completed by utilizing the IRS Form 1040 which tracks both income amounts (IRS Forms 1040 lines 7-21, 1040A lines 7-14, IRS Form 1040EZ lines 1-4) and deduction amounts (IRS Form 1040 lines 23-35, IRS Form 1040A lines 16-19, inapplicable to Form 1040EZ).
Management Response: The DPA program description reviewed is out of date. The program description, application and policies and procedure manual are currently under development. The revised DPA program will use the IRS 1040 methodology and a certification affidavit for income qualification.	

Observation	Recommendation
2. Procurement scoring for technical assistance contractor is unclear.	
We observed that the scoring sheet for technical assistance did not include all respondents.	We recommend the City write a memo to the file to explain the evaluation process.
Management Response: The remaining applicants provided full bids (time and materials was what was required), or made other errors in their submissions which resulted in elimination. Management has written a letter to the file explaining the evaluation process.	

Program Design

Observation	Recommendation
1. Contractor turn over creates possibility for duplication of services.	
We observed that the City fired the first contractor as the Master Planning Contract due to poor performance and hired a new contractor.	We recommend the City collect a statement from the new contractor formally accepting the project work performed by the previous contractor to avoid any unnecessary duplication.
Management Response: A memo and a letter from the new contractor has been added to the file reflecting the recommendations.	

Appendix I – Risk Assessment

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
1	H	H	H	Meeting required income requirements	Opening meeting	1-Oct	ALL	Test key controls
2	H	H	H	Lack of written workflows for the CDBG DR process.	Opening meeting	1-Oct		Report as design deficiency
3	H	H	H	Lack of written policies on separation of non-federal cash and in-kind expenditures and contributions related to CDBG DR funds.	Opening meeting	1-Oct		Report as design deficiency
4	H	H	H	OIG oversight.	Best practice	1-Oct	ALL	Test key controls
5	H	H	H	Monitoring forms and communication protocols may not be uniformly implemented.	Compliance and Monitoring Manual	2-Oct		Report as design deficiency
6	H	H	H	The City appears to lack written procedures describing allocation of employee expenses to CDBG DR funds.	Document review	2-Oct		Report as design deficiency
7	H	H	H	Potential fraud, waste and abuse.	Opening meeting	1-Oct	F 1-9	Test key controls
8	H	M	H	Experience of City personnel in disaster compliance.	Opening meeting	1-Oct	ALL	Test key controls
9	H	M	H	Potential duplication of benefits issues.	Best practice	1-Oct	DOB 1-19	Test key controls
10	M	H	H	Income verification method is excessive relative to the needs and capacity of the City's housing program.	Guidelines Review	1-Oct	H-4; H-11	Report as design deficiency
11	M	H	M	Oklahoma City is using different building codes than the City of Moore; these codes have been cross walked.	Opening meeting	1-Oct		Report as process improvement opportunity

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
12	M	H	M	Not repairing homes in a 100 year flood plain may be a fair housing violation.	Guidelines Review	1-Oct	H-26	Report as process improvement opportunity
13	M	H	M	Capacity issues related to meeting with sub-recipients each week.	Procedures to Determine Timely Expenditures	2-Oct	D-3	Report as process improvement opportunity
14	M	H	M	Capacity issues related to identifying FEMA IA through FEMA database review.	Duplication of Benefits Policy	2-Oct	DOB-11	Report as process improvement opportunity
15	M	H	M	Capacity issues related to identifying NFIP award through NFIP database review.	Duplication of Benefits Policy	2-Oct	DOB-13	Report as process improvement opportunity
16	M	H	M	Capacity issues related to identifying SBA award through SBA data matching.	Duplication of Benefits Policy	2-Oct	DOB-12	Report as process improvement opportunity
17	M	H	M	Cash outflows from the City may be made significantly in advance of drawdowns.	Interview	2-Oct		Report as process improvement opportunity
18	M	M	M	Insufficient inspection process.	Guidelines Review	1-Oct	H-27	Report as process improvement opportunity
19	M	M	M	Repairs for housing are for storm damages and resiliency only; this may cause persistence of unsafe living conditions.	Guidelines Review	1-Oct	H-23	Report as process improvement opportunity
20	L	M	L	80% AMI families are not able to provide common area repair funds.	Guidelines Review	1-Oct		Report as process improvement opportunity
21	L	M	L	Funding may be insufficient to support extended monitoring.	Best practice	1-Oct		Report as process improvement opportunity
22	L	M	L	Applicant is allowed to demonstrate insurance award documentation instead of being provided by the insurer.	Duplication of Benefits Policy	2-Oct	DOB-15	Report as process improvement opportunity
23	L	L	L	Difficulty in tracking draws by tranche and round.	Opening meeting	1-Oct		Report as process improvement opportunity

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
24	L	L	L	Publicity risk related to funds recapture in the event of default.	Best practice	1-Oct		Report as process improvement opportunity
25	L	L	L	Jurisdictional risk for monitoring the City of Oklahoma City.	Compliance and Monitoring Manual	2-Oct		Report as process improvement opportunity
26	L	L	L	Goods and services can be received by the individual making the purchase.	Purchasing Policy	2-Oct		Report as process improvement opportunity

Appendix II – COSO Control Linkage

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundant</i>	<i>COSO Component</i>
<i>City of Moore Purchasing Policy included in March 2013 Certification Checklist</i>	<i>1</i>	<i>P-1</i>	<i>The purchasing policy was approved by the City Council.</i>		<i>CE</i>
	<i>4</i>	<i>P-2</i>	<i>Purchasing approval limits segregated by level of authority.</i>	<i>K</i>	<i>CA</i>
	<i>5</i>	<i>P-3</i>	<i>Each department must purchase its own goods.</i>		<i>CA</i>
	<i>5</i>	<i>P-4</i>	<i>All purchasing transactions are recorded in the City's financial management system, including grant awards.</i>		<i>CA</i>
	<i>5</i>	<i>P-5</i>	<i>Fidelity bonds are required for all financially responsible positions.</i>		<i>CE</i>
	<i>6</i>	<i>P-6</i>	<i>A competitive bid process is required for all bids in excess of \$50,000.</i>		<i>CA</i>
	<i>7</i>	<i>P-7</i>	<i>Sole source awards are allowed only in pre-determined situations.</i>		<i>CA</i>
	<i>10</i>	<i>P-8</i>	<i>Competitive bidding is required for all circumstances, except those pre-determined by written policy.</i>		<i>CA</i>
	<i>14</i>	<i>P-9</i>	<i>The City maintains a requisition/purchase order policy.</i>		<i>CA</i>
	<i>14</i>	<i>P-10</i>	<i>All requisitions require approval.</i>		<i>CA</i>
	<i>14</i>	<i>P-11</i>	<i>All requisitions are reviewed by the Purchasing Agent.</i>		<i>CA</i>
	<i>16</i>	<i>P-12</i>	<i>The City maintains a Ethics in Purchasing policy, including a Conflict of Interest Policy.</i>		<i>CE</i>
	<i>17</i>	<i>P-13</i>	<i>The City maintains a policy for CDBG DR specific purchasing guidelines.</i>		<i>CE</i>
	<i>19</i>	<i>P-14</i>	<i>Non-collusion affidavits are required for all bids.</i>		<i>CA</i>
<i>The City of Oklahoma City Housing Programs Policy and Procedure Manual</i>	<i>1</i>	<i>H-1</i>	<i>Guidelines adopted and adapted for use by Moore OK.</i>		<i>CE</i>
	<i>32</i>	<i>H-2</i>	<i>Compliance with federal register.</i>		<i>CA</i>
	<i>32</i>	<i>H-3</i>	<i>Use of formal housing application.</i>		<i>CA</i>
	<i>32</i>	<i>H-4</i>	<i>Identification of income determination standard (IRS 1040).</i>		<i>CA</i>
	<i>32</i>	<i>H-5</i>	<i>Release form for the verification of application information.</i>		<i>CA</i>
	<i>32</i>	<i>H-6</i>	<i>Cancellation of application will be distributed to an applicant in writing.</i>		<i>CA</i>

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundant</i>	<i>COSO Component</i>
	33	H-7	<i>Income / debt ratio requirement for housing assistance. Ratio is 45%.</i>		CA
	33	H-8	<i>Liquid assets to be disclosed by applicant and reviewed by City for income verification.</i>		CA
	33	H-9	<i>Proof of hazard insurance required.</i>		CA
	33	H-10	<i>No liens on property required prior to award.</i>		CA
	33	H-11	<i>Housing expenses of principal, interest, taxes and insurance ratio to gross monthly income of 45% or less.</i>		CA
	33	H-12	<i>All lien and mortgage payments must have been current within 12 months prior to application submission.</i>		CA
	33	H-13	<i>Applicant must commit to making all health and safety repairs prior to award.</i>		CA
	34	H-14	<i>Property may be subject to no more than one existing lien prior to application.</i>		CA
	34	H-15	<i>Applications must be completed within 60 days of initial submission.</i>		CA
	34	H-16	<i>Applicant is required to disclose additional assistance subsequent to program award.</i>		CA
	35	H-17	<i>Applicant must demonstrate owner-occupancy of home.</i>		CA
	36	H-18	<i>Bankruptcy filed within 7 years prior to application must be disclosed.</i>		CA
	36	H-19	<i>Applicant may not have bankruptcy pending during the application process.</i>		CA
	36	H-20	<i>Applicant AMI may not exceed 80%.</i>		CA
	36	H-21	<i>Structure may contain no more than 4 contiguous units.</i>		CA
	36	H-22	<i>Structure must be for residential use only.</i>		CA
	36	H-23	<i>Structure must have unrepaired, Program-eligible damage.</i>		CA
	36	H-24	<i>Mobile/manufactured housing units must be permanently affixed to a foundation and placed on an individually owned lot.</i>		CA
	36	H-25	<i>Property must be located within the eligible Program area.</i>		CA
	36	H-26	<i>Properties located in a 100 year flood plain or flood way are ineligible for assistance.</i>		CA
	37	H-27	<i>Property must undergo an inspection process for work scope prior to construction.</i>		CA
	37	H-28	<i>Construction of a property will be bid to a contractor.</i>		CA

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundent</i>	<i>COSO Component</i>
	37	H-29	ADA modifications to the property are eligible with a certificate from a practicing physician.		CA
	37	H-30	No maximum loan amount, but repairs required at 80% of value may require demolition.		CA
	38	H-31	Lead-based paint reviews are mandatory for homes built prior to 1978.		CA
	38	H-32	Relocation assistance is possible but not guaranteed.		CA
	38	H-33	Cost of lead-based paint abatement is a grant and not a loan.		CA
	39	H-34	Closing costs are born by the applicant.		CA
	39	H-35	The first five years of the loan are forgivable; the balance is to be repaid in installments.		CA
	39	H-36	Loan repayments are to be made with 2% interest.		CA
	39	H-37	Loan balance is immediately due in the event of default.		CA
<i>City of Moore Duplication of Benefits Policy included in the March 2013 Certification Checklist</i>	1	DOB-1	The City maintains a duplication of benefits policy for CDBG DR.	K	CE
	2	DOB-2	Total cost of repair will be determined by Moore or a third party contracted with Moore.		CA
	3	DOB-3	All applicants are required to provide documentation supporting all benefits received for the specified purpose or activity to be undertaken with CDBG DR funds.	K	CA
	3	DOB-4	All applicants are required to sign an affidavit certifying as to duplication of benefits.	K	CA
	5	DOB-5	Receipts and sworn statements to be provided to document eligible use of awards.		CA
	7	DOB-6	Applicants must enter into a signed subrogation agreement to repay any assistance later received for the same purpose as the CDBG DR funds.	K	CA
	7	DOB-7	Applicants are required to submit an application that includes all sources of DR assistance received.		CA
	7	DOB-8	Prior to completing an award, the City will complete a Duplication of Benefits Worksheet.		CA
	8	DOB-9	A post award duplication of benefits worksheet will be completed in the event of an increase in costs incurred.		CA
	10	DOB-10	All applicants are required to self-certify all information provided on the application.		CA

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundant</i>	<i>COSO Component</i>
	10	DOB-11	FEMA IA assistance will be determined by Moore through the FEMA database.		CA
	10	DOB-12	The City will employ data systems and data sharing and data matching to identify duplication of benefits.		CA
	11	DOB-13	NFIP proceeds will be verified through the NFIP database.		CA
	12	DOB-14	Insurance awards verified through insurance settlement documentation.		CA
	12	DOB-15	Alternate proof of insurance award may be provided by the applicant.		CA
	13	DOB-16	The documentation to show insufficient SBA loan proceeds to cover all costs must be itemized and on the letterhead and signed by a licensed professional acceptable to the City.		CA
	13	DOB-17	Provider of Other Sources of funding must issue documentation for those funds.		CA
	14	DOB-18	Applicants must show evidence of funds spent for repairs and rehabilitation that would be subject to DOB.		CA
	14	DOB-19	Inspector will verify that repairs have been made in the event of self-certification of expenditures.		M
<i>City of Moore Procedures to Determine Timely Expenditures included in the March 2013 Certification Checklist</i>	1	D-1	The City maintains a policy to determine timely expenditures.		CE
	1	D-2	The City and HUD will confer monthly to evaluate progress and activities.		CE
	1	D-3	The Grant Manager will meet with the subrecipient each week to discuss grant activities and planned expenditures.		CA
	1	D-4	The Program Manager will receive the weekly schedule as well as planned activities.		CA
	1	D-5	A monthly review will be performed in which all parties review the performance plan, quarterly performance reports, and quarterly single purpose audit to ensure timely expenditures of funds.		M
	1	D-6	The Program Manager will monitor invoices once the requests for payment have been submitted.		CA
	1	D-7	Invoices will be verified against contracts, purchase requisitions, and purchase orders.		CA
	1	D-8	Other CDBG or Finance Department staff will review the monitoring completed by the Program Manager.		M

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundent</i>	<i>COSO Component</i>
<i>City of Moore Procedures to Maintain a Comprehensive Website included in the March 2013 Certification Checklist</i>	<i>1</i>	<i>C-1</i>	<i>The City maintains a policy regarding a comprehensive website.</i>		<i>CE</i>
<i>City of Moore Procedures to Detect Fraud, Waste, and Abuse of Funds included in the March 2013 Certification Checklist</i>	<i>1</i>	<i>F-1</i>	<i>The City maintains a policy to detect fraud, waste and abuse.</i>		<i>CE</i>
	<i>1</i>	<i>F-2</i>	<i>The City will monitor activities on an on-going basis to ensure that federal funds are spent in compliance with all applicable rules and regulations.</i>		<i>M</i>
	<i>1</i>	<i>F-3</i>	<i>The City external auditor will include CDBG-DR in the monitoring plan and treat funds as an A-133 Major program.</i>		<i>M</i>
	<i>1</i>	<i>F-4</i>	<i>All activities and transactions will be reviewed.</i>		<i>M</i>
	<i>1</i>	<i>F-5</i>	<i>The City will utilize the existing procurement system with segregation of duties.</i>		<i>CA</i>
	<i>1</i>	<i>F-6</i>	<i>All documentation will be maintained in the grant monitoring file.</i>		<i>CA</i>
	<i>1</i>	<i>F-7</i>	<i>Activities will be monitored by Community Development staff.</i>		<i>M</i>
	<i>2</i>	<i>F-8</i>	<i>City will request information related to other federal assistance programs to monitor potential duplication of benefits.</i>		<i>M</i>
	<i>2</i>	<i>F-9</i>	<i>The City will use standardized monitoring checklists.</i>		<i>M</i>
<i>City of Moore CDBG-DR Compliance and Monitoring Manual included in the March 2013 Certification Checklist</i>	<i>1</i>	<i>M-1</i>	<i>The City maintains a Compliance and Monitoring Manual which details monitoring procedures to be performed by City staff.</i>		<i>CE</i>
	<i>1</i>	<i>M-2</i>	<i>The City will conduct comprehensive monitoring reviews for all programs and activities included in CDBG DR.</i>	<i>K</i>	<i>M</i>
	<i>2</i>	<i>M-3</i>	<i>OKC designated as a sub-recipient.</i>		<i>CA</i>
	<i>4</i>	<i>M-4</i>	<i>The City will conduct a risk analysis on all project/activities in the CDBG DR program.</i>	<i>K</i>	<i>RA</i>
	<i>4</i>	<i>M-5</i>	<i>Desk reviews will be conducted throughout the year.</i>		<i>M</i>
	<i>5</i>	<i>M-6</i>	<i>Higher risk projects will be subject to on-site monitoring.</i>		<i>M</i>
	<i>5</i>	<i>M-7</i>	<i>Corrective action plans will be established for issues noted during site visits.</i>		<i>M</i>

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundant</i>	<i>COSO Component</i>
	6	M-8	City of Moore staff will be familiar with all appropriate rules and regulations.		CE
	7	M-9	The monitoring strategy will be communicated to all participants.	K	M
	7	M-10	Standardized checklists are to be used in the monitoring process based upon One CPD's manual.		M
	9	M-11	File reviews will be conducted as applicable.		M
	9	M-12	Random monitoring sample of 10-15%; sample size may vary based on risk.		M
	10	M-13	Monitoring includes an exit conference.		M
	11	M-14	Findings will be issued to the recipient with a timeline for resolution.		M
	14	M-15	All monitoring activities will be documented with the City.		M
City of Moore Accounting Manual (December 2013) as included in Exhibit 3-18	11	D-9	Checks are pre-numbered		CA
	14	PR-1	Employee time is entered in narrative format.		CA
	14	PR-2	Employee time is reviewed by supervisors and human resources.		CA
	14	PR-3	The Payroll calculation register is approved by the Finance Director.		CA
	14	PR-4	All payroll data is regularly backed up.		CA
	23	D-10	Cash receipts and disbursements are reconciled at the end of the month.		CA
	23	D-11	The cash reconciliation is reviewed by the Finance Director.		CA
	24	D-12	The City maintains a policy for grants management.		CE
City of Moore Personnel Policy and Procedures Manual (August 2011) as included in Exhibit 3-18	1	PR-5	The City maintains a written personnel policy.		CE
	72	PR-6	The City maintains an information systems usage policy.		CE
	100	F-10	All employees are required to sign a conflict of interest statement annually.		CE
City Policy regarding payment of CDBG – DR invoices (Draft)	1	D-13	The City has a written policy for the payment of CDBG-DR invoices.		CE
	1	D-14	Purchase orders and purchase requisitions will be prepared for all CDBG DR disbursements.		CA
	1	D-15	All purchase orders relating to CDBG – DR will be reviewed and signed by the Accountant II		CA

<i>Document Reference</i>	<i>Page Ref</i>	<i>Control Ref</i>	<i>Control</i>	<i>Key or Redundant</i>	<i>COSO Component</i>
	1	D-16	City Council will approve all bid items and ratify claims		CA
Interviews		C-2	Bi-monthly department head meetings are held by the City Manager.		C
		C-3	The City maintains an internal website.		C
		C-4	Regular small group meetings are held within departments.		C

Legend

Controls:

- P Procurement
- H Housing
- DOB Duplication of Benefits
- D Disbursement
- C Communication
- F Fraud
- M Monitoring
- PR Payroll

Findings:

- MLC Management letter comment