

**DEVELOPMENT AND ECONOMIC OPPORTUNITY
HOUSING AND COMMUNITY DEVELOPMENT
HOUSING OPPORTUNITIES FOR PERSONS
WITH AIDS
AUDIT 24-11
JUNE 18, 2024**



City of Tampa
Jane Castor, Mayor

Internal Audit Department

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

June 18, 2024

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

RE: Housing Programs – HOPWA, Audit 24-11

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Housing Opportunities for Persons with AIDS (HOPWA).

The Division of Housing and Community Development has already taken positive actions in response to our recommendation. We thank the management and staff of the Division of Housing and Community Development 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, Administrator for Development and Economic Opportunity
Dennis Rogero, Chief Financial Officer
Kayon Henderson, Director of Housing and Community Development
Megan Birnholz, Assistant City Attorney

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/s/ Jimmy Yu

Senior Auditor

/s/ Vivian Walker

Lead Senior Auditor

/s/ Christine Glover

Audit Director

**DEPARTMENT OF DEVELOPMENT AND ECONOMIC OPPORTUNITY
DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
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BACKGROUND

Housing Opportunities for Persons with AIDS (HOPWA) is a federally funded program managed by the U.S. Department of Housing and Urban Development (HUD). The goal of the program is to help low-income people with Human Immunodeficiency Virus (HIV) and their families to secure stable housing, access comprehensive healthcare, and adhere to HIV treatment. HUD provides funding for this program through grants to States, Counties, Cities, and other non-governmental organizations.

The City of Tampa (City) is a grantee and administers grant funds benefiting the Eligible Metropolitan Statistical Area (EMSA) covering Hillsborough, Hernando, Pasco, and Pinellas Counties. It does so through the Housing and Community Development Division (HCD) within the City. To serve the target population more effectively within the EMSA, HCD has contracted with various project sponsors or sub-recipients more widely serving the area. Each project sponsor is selected through a rigorous evaluation process by the City and must work closely with the City to achieve program objectives and adhere to program rules and regulations.

Each year, the City receives a HOPWA formula grant amount which is based on but not limited to HIV cases, poverty levels, and fair market housing rates in the EMSA. Grantees may also apply and qualify for HOPWA competitive grants (HOPWA-C) based on a more bespoke plan to address program objectives within a community. For the most recently completed 3-year funding cycle, fiscal years 2021 through 2023, the City received an allocation of \$13.25M in HOPWA grants and a HOPWA-C grant of \$2.25M. During fiscal year 2023, the sub-recipients provided tenant-based rental assistance (TBRA), permanent supportive housing assistance, and facility-based supportive housing operations to 362 eligible households. They also provided supportive services such as case management, medical assistance, nutrition, and transportation to approximately 922 eligible beneficiaries.¹

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's fiscal year 2024 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to the HOPWA program for housing is adequate.
2. Confirm project sponsors selected are the best qualified to deliver program objectives in terms of effectiveness, efficiency, and compliance.
3. Verify that HCD has established appropriate procedures to monitor sub-recipient's compliance with rules and regulations.

¹ Source: 2022 Consolidated Annual Performance and Evaluation Report

4. Verify reimbursement payments to project sponsors are for allowable program costs under HOPWA.

STATEMENT OF SCOPE

The HOPWA program is part of a Universal Request for Application (RFA) for all HCD housing programs. The RFA was released in April of 2020 and covers a three-year funding cycle, fiscal year 2021 through fiscal year 2023. We reviewed the grant expenditures for this recently completed funding cycle as our scope. Our scope also included a review of the project sponsor selection process, the effort and frequency of monitoring activities, and the adequacy of documentation supporting reimbursement payments to project sponsors.

STATEMENT OF METHODOLOGY

To achieve our objectives, we reviewed and evaluated a range of documents related to the HOPWA program, including:

- HCD’s policies and procedures for project sponsor selection and monitoring.
- The relevant Code of Federal Regulations (24 CFR Part 574).
- The HOPWA Grantee Oversight Resource Guide.
- Project sponsor selection / evaluation criteria.
- Executed contracts between the City and project sponsors.
- Single Audit reports for sub-recipients meeting the Office of Management and Budget (OMB)’s Circular A-133 criterion for compliance with Federal programs.
- Grant payment transactions and related supporting documentation for allowable expenditures.
- HOPWA client files retained by project sponsors for eligibility documentation.
- Other related program performance reports.

The currently reported metrics on Tampa.Gov for the Housing Division are not specific to the HOPWA program. Relevant metrics were identified during the 23-10 audit of the State Housing Initiatives Program.

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.

NOTEWORTHY ACCOMPLISHMENTS

On December 1, 2021, HUD announced a newly available competitive grant, the Housing as an Intervention to Fight AIDS one-time funding opportunity under the HOPWA-C program.

This award targets local government programs that show a high level of coordination among community partners and are also culturally competent. The programs has an emphasis on stable housing and positive health outcomes and help improve national place-based models. The City of Tampa was one of the grantees awarded \$2.25M to be expended in fiscal year 2023 through fiscal year 2025.²

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 the HOPWA program for housing is adequate.
2. Project sponsors selected by HCD were well qualified to deliver program objectives.
3. HCD has established appropriate procedures for monitoring sub-recipient compliance; however, enhancements could be made to be more effective.
4. Reimbursement payments to project sponsors were appropriate under the program.

² Source: 2022 Consolidated Annual Performance and Evaluation Report

SINGLE AUDIT REPORTS

STATEMENT OF CONDITION: Single audit reports, as required by the Single Audit Act requires auditors to provide an opinion on whether the organization complied in all material respects with major federal programs administered by the auditee. Furthermore, the report must also identify whether there were deficiencies or material weaknesses in internal controls that could affect compliance with federal programs for that audit period.

The HCD does not have a formal process to track receipt of each project sponsor's single audit reports. Nor do they have a process to document and investigate any findings in the reports that may affect compliance with federal programs and follow up with project sponsors regarding corrective action. Our review did note sub-recipients whose Single Audit reports noted material weaknesses and/or significant deficiencies.

CRITERIA: Chapter 8 of the HOPWA Grantee Oversight Resource Guide published by HUD outlines practical policies and procedures regarding the collection and review of sub-recipients' single audits. HCD is responsible for monitoring sub-recipients or project sponsors for program compliance. Each project sponsor contracted with the City is required to submit their single audit reports to HCD within the earlier of 30 calendar days after receipt or nine months after the end of the audit period.

CAUSE: Currently, HCD requests the project sponsor's most recent or available Single Audits as part of their annual monitoring process. However, HCD does not track or log the receipt of all audits required by contract, nor do they document the review, discussion, or final resolution of any findings with project sponsors.

EFFECT OF CONDITION: Although Management request that project sponsors provide their most recent or available audits during annual monitoring, the process does not ensure every audit report required under contract is collected and reviewed by HCD. Each project sponsor contracted with the City will have varying fiscal year ends; consequently, the audit reports will be issued at different times during the year. Also, some project sponsors may be reluctant to provide an audit report with findings that could affect future awards.

The potential gap created by the current process may cause HCD to miss the opportunity to assess deficiencies or material weaknesses in the project sponsor's internal controls over compliance with federal program rules; or worse, could provide an opportunity for fraud or abuse at the project sponsor level.

RECOMMENDATION: Management should develop a more proactive process regarding collection and review of Single Audits as prescribed by the HOPWA Grantee Oversight Resource Guide.

MANAGEMENT RESPONSE: HCD recognizes that although staff follows Department protocol and procedures required for assessing project sponsor single audits, including a standardized audit review process would be additional support. This process would further document that audit review procedures have been followed and would ensure that

documentation of such review by HCD staff is clearly found in one place within the program files. HCD staff will follow up on any known audit findings with the project sponsor to ensure they have been addressed or resolved if applicable. It will be the responsibility of the project sponsor to follow up with the preparer of the audited financials.

TARGET IMPLEMENTATION DATE: Within one year, HCD staff will develop a standardized audit review process that is consistent with HUD requirements and guidance.