



U.S. Department of Housing and Urban Development
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District Inspector General for Audit

April 25, 1997

Audit Related Memorandum
No. 97-PH-241-1806

MEMORANDUM FOR: Bruce D. Crawford, Director of Community
Planning and Development Division, Pittsburgh
Area Office, 3ED

FROM: Edward F. Momorella, District Inspector General
for Audit, Mid-Atlantic, 3AGA

SUBJECT: City of Erie
Survey of CDBG Program
Erie, Pennsylvania

We have completed a survey of the City of Erie's CDBG Program. The purpose of the survey was to review the City's administration of the program and determine whether further audit work was necessary.

We interviewed Community Planning and Development staff, reviewed area office files, the City's latest IPA audit report, and the Grantee Performance Report. We interviewed staff at the City and three subrecipients. We reviewed financial statements, minutes of meetings, subrecipient management reviews, and other relevant data and tested transactions when applicable. We also conducted on-site inspections of CDBG work performed and reviewed subrecipient records.

Transaction tests were performed in the following areas:

- Housing Rehabilitation Program,
- Economic development activities,
- Non-profit subrecipients,
- Management oversight activities,
- Section 108 Loan, and
- Community policing.

Our survey disclosed the following:

- The City was not performing the required annual monitoring review of the Redevelopment Authority of the City of Erie (RACE). The last review was done in December 1994.

- The RACE's staff policies and procedures manual for housing rehabilitation programs was not current.
- City of Erie inspectors were not present during the RACE's progress and final housing rehabilitation inspections, as required by RACE's policy.
- The RACE was not performing 60 day follow-up inspections of rehabilitated homes, as required by its policy.
- Various minor deficiencies were identified during OIG inspection of homes rehabilitated under the RACE's rehabilitation programs.
- No significant deficiencies were disclosed in the other areas surveyed.

Recommendations

Based on the conditions cited we recommend the City of Erie:

- 1A Perform annual monitoring reviews of subrecipients as designated by their policy. Perform a current monitoring review of RACE and assure RACE maintains current program policies and procedures.
- 1B Evaluate the feasibility of RACE's policy requiring the presence of City inspectors for rehabilitation inspections. Advise RACE whether the City will participate in rehabilitation inspections, and under what conditions.
- 1C Require RACE to follow its current program guidelines and perform the 60 day follow-up rehabilitation inspections.
- 1D Notify RACE of the need to ensure all work specification items are completed prior to disbursing the final progress payment. Assure compliance by follow-up monitoring reviews.

Based on our review, we have concluded that no additional audit work is necessary.

If you have any questions please contact Irving I. Guss, Assistant District Inspector General for Audit at (215) 656-3401.

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CC: OSWALD
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