



U.S. Department of Housing and Urban Development
Wanamaker Building, Suite 1005
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Philadelphia, PA 19107-3380

District Inspector General for Audit

April 13, 1998

**Audit Related Memorandum
No. 98-PH-241-1803**

MEMORANDUM FOR: Lynn Daniels, 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 Sharon
Survey of CDBG Program
Sharon, Pennsylvania

Based on a citizen complaint we surveyed the operation of the City of Sharon's CDBG Program. The purpose of the survey was to review the City's administration of the CDBG Program, pursue the complainant's allegations, and determine whether further audit work was necessary.

We interviewed Community Planning and Development staff, reviewed field office files, the City's latest IPA audit report, and Grantee Performance Report. We visited the City and interviewed City staff, and the complainant. We reviewed meetings of minutes, interviewed contractors and loan recipients, and performed on-site physical inspections of CDBG work performed.

The complainant alleged that HUD funds received by the City were improperly used and have disappeared. We interviewed the complainant who was unable to produce specific leads or documentation to support the allegations. The complainant was upset with the City because an application for a rehabilitation loan was determined not eligible. Further the complainant applied for rehabilitation loans for owned rental properties, but refused to provide the City income data on tenants.

Transaction tests were performed in the following areas:

- Procurement
- Public improvements
- Home rehabilitation

Independent Public Accountant audits and annual GPR submissions to the field office identify that all funds received by the City are accounted for. Field office staff advised us they had no concerns or outstanding issues relative to the City's CDBG Program.

Our review identified that the City's rehabilitation loan application required additional pertinent information, and should be amended to include the applicant's signature, social security number, and date. Our recommendation was brought to the attention of the Assistant Program Director for implementation.

Based on our review, we have concluded that the complainant's allegations were not justified, and no additional audit work is currently necessary.

A copy of this memorandum was provided to the City.

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

Attachment - Distribution

cc: Oswald
Cianci

3AGA:GUSS:AMP:04/10/98

Correspondence Code	3AGA			
Concurrence	GUSS			
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