

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

311



FROM: County Auditor-Controller

SUBMITTAL DATE:
November 27, 2007

SUBJECT: Internal Auditor's Report #2007-015 – Economic Development Agency Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program

RECOMMENDED MOTION: Receive and file Internal Auditor's Report #2007-015 – Economic Development Agency Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program.

BACKGROUND: The Auditor-Controller completed a limited scope audit of the Riverside County Economic Development Agency. The purpose of the audit was to ensure compliance with the rules and regulations governing the Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program.

Based upon the results of our audit, we determined the current controls over the grant program result in an effective process which ensures compliance with the applicable rules and regulations.

Robert E. Byrd

Robert E. Byrd
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30

Requires 4/5 Vote

C.E.O. RECOMMENDATION:

RECEIVE AND FILE

BY: *Rob Rockwell*
Rob Rockwell

County Executive Office Signature

Dept't Recomm.: Policy
Per Exec. Ofc.: Policy
 Consent
 Consent

Prev. Agn. Ref.:

District:

Agenda Number:

2.41

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OFFICE OF THE
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COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER
Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, CPA
ASSISTANT
AUDITOR-CONTROLLER

November 27, 2007

Ms. Robin Zimpfer, Assistant County Executive Officer - EDA
Economic Development Agency
P.O. Box 1180
Riverside, CA 92502

Subject: Internal Auditor's Report #2007-015 – Economic Development Agency Housing
and Urban Development (HUD) Community Development Block Grant (CDBG)
Program

Dear Ms. Zimpfer:

We have completed a limited scope audit of the Economic Development Agency (EDA). We conducted the audit during the period of June 28, 2007 through October 24, 2007; based upon grant operations for fiscal year 2006-07.

We conducted our audit in accordance with the auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusions.

The purpose of the audit was to ensure compliance with the rules and regulations governing the Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program. The CDBG Program was created by the Housing and Community Development Act of 1974. Riverside County has participated in the program as an urban county entitlement since 1975. Per EDA's Consolidated Plan, the primary objective of the program is the development of viable urban communities by providing decent, safe, and sanitary housing and expanding economic opportunities, principally for persons of low and moderate income. Other objectives include the prevention of or elimination of slums and blight and meeting other urgent community development needs. During fiscal year 2006-07, EDA received \$10,488,729 in CDBG funds from HUD.

Our scope was limited to reviewing the recent changes in controls and operations of the grant program. Such changes were implemented as a result of prior external (HUD) audits and reviews. HUD identified problem areas, such as, compliance with the national objectives and eligibility requirements, approval of ineligible costs and compliance with the acquisition and relocation requirements. The new controls were put into effect in fiscal year 2006-07 and should be fully implemented for fiscal year 2007-08.

To determine whether EDA complied with the applicable requirements governing the CDBG program, we evaluated the Citizen Participation Plan, Consolidated Plan, and the overall

program management. Additionally, we reviewed five projects to ensure adequate sub-recipient monitoring was performed by EDA. The five projects selected for testing were:

- Membership Fees Waiver Reduction (Project 4.LQ037)
- Menifee Valley Community Cupboard (Project 3.490)
- Morgan, Webster, Brennan Infrastructure Improvement (Project 5.155)
- Prison Pup Program (Project 0.734)
- Sun City Library Expansion Acquisition (Project 3.502)

To accomplish our objective, we interviewed EDA staff, reviewed documentation from project files, County and HUD reports, completed HUD checklists and identified applicable regulations.

Based upon the results of our review, we determined the current controls over the grant program result in an effective process which ensures compliance with the applicable rules and regulations. Throughout the review, we discussed the results contained in this report, as well as comments and suggestions of lesser significance with the appropriate level of management.

We thank the EDA management and staff for their cooperation during the review. Their assistance contributed significantly to the successful completion of the review.

Robert E. Byrd, CGFM
County Auditor-Controller



By: Michael G. Alexander, MBA, CIA
Deputy Auditor-Controller

cc: Suzanne Holland, EDA
Jennifer Sargent, Executive Office