City of San Antonio

Agenda Memorandum

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In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY
October 20, 2020
Audit of Neighborhood & Housing Services Department
Risk Mitigation Fund and COVID-19 Emergency Housing Assistance Program
Report Issued October 12, 2020

Audit Objective

Determine if program funds are being used in accordance with federal regulations and guidelines and City policy.

Background

The Risk Mitigation Fund (RMF) was created in October 2018 to mitigate, prevent, and minimize displacement in the face of community change. It provided immediate assistance while the City addressed the root causes of displacement.

In response to the COVID-19 pandemic, the Emergency Housing Assistance Program (EHAP) was created, using the remaining allocated funds from the RMF, as well as infusions of unused City budget and new federal funding via the CARES (Coronavirus Aid, Relief, & Economic Security) Act. EHAP assists with rent or mortgage payments; utility payments for water, electricity, and internet; and provides direct cash assistance. Assistance is only for residents of the City of San Antonio that have a household income at or below 100% of the area median income (AMI), as defined by the US Department of Housing and Urban Development (HUD). Assistance can be provided using federal funds if the applicant falls at or below 80% of AMI. Local funds are used for applicants earning above this level.

The fiscal year (FY) 2020 budget for EHAP (both direct assistance and program administration) was $52.5 million. City Council approved a third phase of funding as part of the FY 2021 budget process. EHAP is set to expire on December 31, 2020 unless extended administratively or by City Council action.

Scope & Methodology

The audit scope included all paper and electronic RMF and EHAP applications and supporting documents that were processed by the City from October 1, 2019 through July 31, 2020 with some reporting data extending to September 9, 2020.

We tested samples of approved applications to determine if they were processed completely and accurately in accordance with regulations and guidelines, were supported, and the source of funds was appropriate. We tested samples of denied applications to determine if the application was denied for an appropriate reason, the reason was accurately recorded, and whether the applicant was informed of the denial.

We also reconciled the approved applications in Mendix to the City's accounting system (SAP) and vice versa to ensure that approved applications, and only approved applications, were paid. We analyzed expenditures against the budget and tested whether NHSD had accurate information to communicate to City Council Committees.

Conclusions

We determined that the Neighborhood & Housing Serveries Department (NHSD) has adequate controls in place to ensure funds are being spent appropriately.

NHSD approves and rejects applications according to City policies and federal rules and guidelines. Additionally, NHSD has improved the speed with which it processes applications to ensure swift payment to San Antonio citizens without sacrificing the quality of its processes. The average number of days to approve or deny an application for funds dropped significantly (about 80%) from April 2020 to August 2020, amid changes in program rules, budgets, and a significant increase in applications for assistance. We found an insignificant number of duplicate applications (just two out of more than 15,000) for which awards were made with federal funds. We notified NHSD so that they could take appropriate action.

The Finance Department records program expenditures appropriately in the City's accounting system (SAP) and assists NHSD in monitoring actual expenditures against its budget.

Lastly, NHSD's application system maintains the information necessary to update City Council and the public with accurate information on a real-time basis.

Because we had no findings, we make no recommendations.