

Highlights

Why We Did This Audit

This audit is required by a Memorandum of Agreement (MOA) between the U.S.

Department of Housing and Urban Development (HUD) and the City of Kansas City, Missouri.

Our work focuses on whether the city fulfilled the contractual obligations under the MOA from May 1, 2014 to April 30, 2015; and on its implementation of the MOA related recommendations from our December 2014 initial audit report.

Background

The city entered into the MOA with HUD on April 1, 2013. The MOA establishes performance measures to evaluate the city's development of properties previously held by the Housing and Economic Development Financial Corporation (HEDFC). HEDFC was the city's largest subrecipient of housing grant funds.

The MOA also identifies corrective actions to resolve performance deficiencies in the city's administration of CDBG and HOME funds. The city's Neighborhoods and Housing Services Department is responsible for fulfilling the MOA provisions and reporting to HUD on the city's progress.

For more information, contact the City Auditor's Office at 816-513-3300 or auditor@kcmo.org.

To view the complete report, go to kcmo.gov/cityauditor and click on Search Audit Reports.

PERFORMANCE AUDIT

City's Performance Under the HUD Memorandum of Agreement (May 1, 2014 – April 30, 2015)

What We Found

The city met the performance deadlines or repaid HUD for projects with applicable MOA Time Sensitive Performance deadlines during this audit review period. The city also made timely requests when it needed to extend some performance deadlines.

The city addressed most of the long-term reform measures required in the MOA and implemented most of the recommendations from our prior audit report. The city submitted quarterly status reports on time; met some training requirements and requested changing other training requirements to be more beneficial; and executed subrecipient agreements and disbursed the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds after seeking HUD's approval as required by the MOA.

NHSD requested reimbursement from HUD more frequently than it did during the last audit review period as recommended by our prior audit. The city also requested and received approval of its HOME project from HUD before spending the grant funds; submitted to HUD the full underwriting packages for new CDBG/HOME funded third-party multi-family housing projects before entering into development agreements; developed written environmental procedures; and monitored two historic properties as required by the MOA.

The city, however, did not complete its monitoring process for all multi-family rental projects during the audit review period. Although the city received reports from property owners or managers, conducted on-site inspections and reviews, and maintained project records as required by HUD, it did not communicate with all of the project owners or managers to correct non-compliance and other deficiencies. The city has not implemented policies and procedures for CDBG activities developed by the technical assistance providers.

What We Recommend

Our recommendations are directed towards:

- Improving the city's monitoring of HOME multi-family rental projects.
- Improving the city's administration of the CDBG program.

Management agreed with the recommendations.