

**AMENDMENT TO FY 2010  
CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT  
FINANCIAL ACTIVITY SUMMARY & REPORT (PR26)  
July 27, 2011**

We conducted audits of the files for spend-down and compliance issues. The following issues were identified and corrections made as shown:

**Rapid City Club for Boys**

During an audit of the Club for Boys we requested to see the documentation collected for the income verification. They were not collecting the needed documentation and made the determination that it would cost them too much in man hours to do so. They elected to return the funds. Since they had already received one draw, they were required to reimburse those funds.

- \$1,866.19 Recaptured unspent allocation
- \$ 699.81 Reimbursement received for funds drawn

It was determined that this was not an intentional omission of documentation. Other grant funds they utilize have much less stringent requirements for income verification. A representative of the organization did attend our training class for the grant, and the contract states clearly the income verification requirements, however, the information was not relayed within the organization, so they did not fully understand what was needed.

**Care Net**

Care Net was allocated funding for a fatherhood program. They never requested any draws. We made many attempts to contact them about their intent to carry out the program. They did not respond to our phone messages or emails. We recaptured the funds.

- \$2,500 Recaptured unspent allocation

**Youth & Family Services – Counseling**

Youth & Family Services is returning \$227.50 in unused funds. Many of the people offered their counseling service did not want to provide the income verification documentation needed to receive free counseling, and they were not able to use them by the end of the program year.

- \$227.50 Recaptured unspent allocation

**Western Resources for dis-Abled Independence**

There were no audit issues with WRDI. They were incorrectly listed with Public Services instead of the Housing Activities. They were moved to the correct category which reduced the Public Service cap back to 15%, where it should have been.

## **Rapid City Community Development Corporation (RCCDC)**

An audit of the RCCDC showed the following errors:

- \$6,586.48 - RCCDC spent more than the allowed 15% cap for program delivery costs
  - This overspending adversely affected the correct order for drawing funds (program income must be used prior to grant funds.
  - If a cap is exceeded in a year before the grant funds are fully drawn, program delivery draws may not be paid.
- \$778.75 - RCCDC charged program delivery time to CDBG for Neighborhood Stabilization Grant projects
  - Time spent on other grant programs may not be charged to CDBG.
- \$3,698.09 - The draws made “out of progression order” caused them to draw more grant funds than allowed.
- Ending balances for draws made correctly, against program income first, in order and not exceeding the cap are:
  - Program income = \$10,000
  - Grant balance FY 2009 = \$26,280.47
  - Grant balance FY 2010 = \$70,000.00

It was determined that none of the errors were intentional. They were due to their ignorance of how the grant programs work, an inadequate method for tracking the program delivery cap, and staff errors – on the part of Community Development and RCCDC. This agency is the only one to have continual program income. The issue of exceeding the cap rarely happens as grant funds are usually spent quickly in real estate projects. This situation was due in part to the slowdown in the real estate market and tightening of the mortgage industry. They were unable to spend their grant dollars in a timely fashion while still doing the day-to-day business of trying to prepare qualified buyers for the program.

I have provided both my staff and RCCDC with new budget tracking sheets that automatically track program income, grant dollars and the program delivery cap, and have implemented more training and stringent oversight guidelines.