

# INTERNAL AUDIT REPORT

2015-06

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Mobile Home Repair Program:  
Grant Administration

Department of Health and Human Services

July 31, 2015

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# Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

July 31, 2015

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2015-06; Mobile Home Repair Program: Grant Administration; Department of Health and Human Services**. A brief summary of the report is presented below.

In accordance with the 2015 Audit Plan, we have completed an audit of the Mobile Home Repair Program's grant administration at the Department of Health and Human Services. The objective of this audit was to determine whether the Mobile Home Repair Program was administered effectively and efficiently by the Department of Health and Human Services. To accomplish the objective, we reviewed project files for all five completed mobile home repair projects.

Based on our review, it is our opinion that the administration and monitoring of the Subrecipient Agreement needs improvement. Specifically, environmental reviews conducted by the Department of Health and Human Services appeared to exceed federal requirements and the Department of Health and Human Services asked Rural Alaska Community Action Program, Inc. to perform work outside the scope of the Subrecipient Agreement.

There were two findings in connection with this audit. The Department of Health and Human Services was responsive to the findings and recommendations.

Michael Chadwick, CICA  
Acting Director, Internal Audit



# Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

July 31, 2015

**Internal Audit Report 2015-06**  
**Mobile Home Repair Program: Grant Administration**  
**Department of Health and Human Services**

**Introduction.** The Department of Health and Human Services (Department) has contracted out the Mobile Home Repair Program (Program) through a Subrecipient Agreement (Agreement) with the Rural Alaska Community Action Program, Inc. (RurAL CAP). The Department is responsible for completing tasks such as conducting and approving environmental reviews, verifying that the project files are compiled properly, and monitoring Program performance. The Agreement executed in May 2014 established Program milestone goals to repair five mobile homes by September 30, 2014, and ten mobile homes repaired by December 31, 2014.

**Objective and Scope.** The objective of this audit was to determine whether the program was administered effectively and efficiently by the Department. To accomplish the objective, we reviewed project files for all five completed mobile home repair projects.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of April through May 2015.

**Overall Evaluation.** The administration and monitoring of the Agreement needs improvement. Specifically, environmental reviews conducted by the Department appeared to exceed federal requirements and the Department asked RurAL CAP to perform work outside the scope of the Agreement.

## FINDINGS AND RECOMMENDATIONS

### 1. Environmental Reviews Appear to Exceed Requirements.

- a. **Finding.** Environmental reviews conducted by the Department appeared to exceed federal requirements. The United States Department of Housing and Urban Development (HUD) provided a Statutory Checklist to assess hazardous conditions when conducting environmental reviews. The checklist included major environmental factors such as wetlands protection, air quality, and explosive and flammable operations. All applicants complied with this HUD assessment.

However, when conducting the environmental assessment the Department identified additional “hazards”. The additional “hazards” documented by the Department included items such as covered tires stacked on pallets, a table, and a raked pile of leaves as shown below:

**Tires**



**Table**



**Leaves**



After documenting these “hazards”, the Department further observed that these conditions:

*“ . . . may pose significant hazards to the health and safety of the residents and neighborhood, may be in non-compliance with municipal code, or may be in conflict with state and federal environmental regulations. Pictures of the conditions are attached.*

*“A remediation plan must be presented that will satisfy the applicable codes and regulations. The property owner should be warned that conditions in violation of municipal code are subject to citations and fines.”*

These additional requirements imposed on low income families living in mobile homes may have caused an inconvenience and delayed the completion of mobile home repairs.

- b. **Recommendation.** The Department Director should evaluate the need for additional environmental reviews beyond those required by the HUD Statutory Checklist.
  
- c. **Management Comments.** Management concurred and stated, “DHHS agrees with Finding #1. DHHS will seek advice from the MOA Legal Department to review the HUD environmental regulations regarding the definition of hazardous material that could affect health and safety.

“In September 2013 HUD monitored the MOA environmental records for HUD programs and in its communication to DHHS stated that: *‘HUD found that*

*Anchorage is generally doing an outstanding job with its environmental reviews. There were environmental reviews for each project monitored, and the city considered all laws and authorities.”*

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Work Outside of Agreement Scope.**

- a. **Finding.** The Department asked RurAL CAP to perform work outside the scope of the Agreement. Specifically, the Department instructed RurAL CAP to help revise a Contractor’s Handbook (Handbook) soon after signing the Agreement. However, this task was not in the scope of work in the Agreement. Appendix A, Section 1, *Mobile Home Repair Program Policies and Procedures*, of the Agreement states that supplemental documents are to be provided by the Municipality. Specifically, “The Municipality shall provide the Mobile Home Repair Program Policy and Procedure Manual to the Subrecipient, along with necessary supplemental documents.”

Although not part of the Agreement, RurAL CAP was required to help update the Handbook. According to Department staff and RurAL CAP staff, the Program was brought to a standstill while the Handbook was written and re-written several times. In a November 2014 email to the Department a RurAL CAP representative commented,

*“...I wanted to bring your attention to some challenges we have been experiencing with what seems like ongoing, constant revision of the Mobile Home Repair Program manual. . . .but at the same time wonder when we can all agree that the program manual is complete so that we can move forward with a fully-functional program that*

*gets units repaired quickly. We are especially concerned right now because once winter's snow sets in, it will be increasingly expensive (and in some cases, infeasible) to perform the roof repairs which are the most frequent and important measures done under the program."*

The Handbook was not completed until December 2014.

- b. Recommendation.** The Department Director should ensure that tasks required of RurAL CAP comply with the Agreement scope.
  
- c. Management Comments.** Management concurred and stated, "DHHS agrees with Finding #2. The agreement with RurAL CAP should have been amended to include RurAL CAP's assistance in revising the DHHS MHRP Contactor's Handbook."
  
- d. Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials.

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