



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

**REPORT ON THE AUDIT OF  
GRANT COMPLIANCE FOR CDBG-DR  
2015 AND 2016 FLOOD PROGRAMS**

NOVEMBER 2022

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**OVERALL CONCLUSION**

The Texas General Land Office's, Community Development and Revitalization (GLO-CDR) program has established effective controls and processes to ensure the Single-Family Assistance programs for the Community Development Block Grant-Disaster Recovery (CDBG-DR) of the 2015 and 2016 Flood Grant Programs are adequately administered. Each activity reviewed generally provided reasonable assurance of compliance with federal and state laws, regulations, and agency policies.

While there are controls in place, there were areas in which the design and effectiveness of operations should be strengthened. Specifically, the areas identified are associated with:

1. Appropriately categorizing project delivery expenses.
2. Ensuring that expenditures are accurately classified in the Disaster Recovery Grant Reporting (DRGR) system.
3. Including required contracts in the GLO Subrecipient Contract Reporting listing maintained on the GLO recovery website.
4. Ensuring the subrecipient draw request review, approval, and reimbursement processes consistently adhere to program guidelines, policies and procedures, as well as federal and state regulations.

During the audit, there were additional areas identified as opportunities for improvement, in which the agency could strengthen its internal controls associated with subrecipient oversight of management processes but did not meet the criteria for inclusion in this report. These areas were presented to management in a separate communication.

**MANAGEMENT'S SUMMARY RESPONSE**

Management concurs with the recommendations. The "Detailed Results" section of this report contains management's response to each observation.

**ACKNOWLEDGEMENTS**

The GLO-CDR program and the Federal Finance division are to be commended for their commitment to serving the people of Texas through their tireless efforts in the administration and monitoring of the

disaster recovery efforts. We appreciate the assistance and cooperation provided to us by the management and staff of the divisions reviewed during this audit. For questions about this report, please contact Tracey Hall at (512) 463-6078.



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Tracey Hall, CPA, CISA  
Chief Auditor

November 15, 2022  
Date

## BACKGROUND INFORMATION

In 2015 and 2016, Texas experienced major flood disasters. The U.S. Department of Housing and Urban Development (HUD) approved the State of Texas's 2015 and 2016 Action Plans for the CDBG-DR funds under the continuing appropriations acts<sup>1</sup>, which provided a total of \$74,568,000 and \$238,895,000 for 2015 and 2016, respectively. 116 counties were impacted by the disaster events of 2015. HUD designated Harris, Hays, Hidalgo, and Travis as the "most impacted and distressed" counties. Of the 71 counties allocated funds from the 2016 flood events, the counties of Brazoria, Fort Bend, Harris, Montgomery, and Newton were designated "most impacted and distressed" by HUD which required that these counties receive 80 percent of the funds.

CDR operates both short and long-term disaster recovery programs directly which serve as a pass-through to local governmental entities to rebuild and restore Texas communities impacted by the 2015 and 2016 flood disasters.

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<sup>1</sup> 2015 Action Plan: Public Laws 114-113 and 115-31; 2016 Action Plan: Public Laws 114-223, 114-254, and 115-31.

## APPENDICES

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### APPENDIX A

#### OBJECTIVE

The objective was to determine whether the Community Development and Revitalization program has effective controls and processes to ensure the Single-Family Assistance programs for the 2015 and 2016 flood grants are adequately administered in accordance with federal and state requirements.

#### SCOPE & METHODOLOGY

The scope of the audit included a review of Community Development and Revitalization program's controls and processes for the administration (grant management, financial management, and reporting) of the 2015 and 2016 flood grant programs during the period September 1, 2019 - March 31, 2022.

The methodology consisted of observing processes, interviewing knowledgeable staff, diagramming the process flow for subrecipient grant draws, collecting information, performing tests, and analyzing and evaluating the information.

The audit was conducted in accordance with *Government Auditing Standards* and *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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