

Cover Letter

To: City of Moore Management,

HORNE LLP has completed its initial review of controls and risks for the Community Development Block Grant Disaster Recovery (CDBG-DR) program and associated funding for the City of Moore. We performed this initial review on October 1 and 2, 2014. Please find attached our report detailing the risks and controls identified, along with our recommendations for curative action.

The City of Moore personnel with whom we worked conducted themselves with the utmost professionalism during our visit. We found them to be extremely engaged in the internal audit process. They were timely in all of their responses to our requests for information, and they exhibited a clear dedication to making the CDBG-DR program as beneficial as possible to the City of Moore.

For our next steps, we will engage in quarterly testing of controls and transactions once the City of Moore has begun CDBG-DR program implementation. At that time we will also perform another review of risks and controls to determine whether the items identified in our report have been addressed.

If the City's management has any questions about our report, or would like to discuss further, we are available at management's convenience. HORNE thanks you for the opportunity to serve the City of Moore.

Sincerely,



Ann Cleland
Partner
HORNE LLP

City of Moore
Internal Audit Plan and Report on Design
Effectiveness

October 2014



HORNE
CPAs & Business Advisors

I. EXECUTIVE OVERVIEW

Introduction

We recently completed a review of functions outlined below with a primary objective of evaluating the process and significant control points for effectiveness, adequacy, and efficiency of operations for the CDBG-DR processes performed by City of Moore (the "City"). The audit was conducted in accordance with the terms of our engagement letter and applicable internal audit guidelines. This report is intended solely for the information and use of management and the City Counsel, and should not be used for any other purpose. The City's oversight authorities may be provided with a copy of this report in connection with fulfilling their respective responsibilities.

Audit Scope

We completed an audit of several functions of the City's CDBG-DR functions in accordance with the terms of our engagement letter. The audit period covered July 1, 2014 through September 30, 2014. The functions covered in our audit for this period are outlined, as follows:

- Program policies and procedures
- Financial internal controls
- Identification of key risks

Our procedures were performed to:

- Gain an understanding of the functions and processes,
- Identify the risks and exposures,
- Assess the impact of such risks on program effectiveness; and
- Evaluate the adequacy of internal controls in place to mitigate the identified risks.

To accomplish this, we performed the following:

- Reviewed the following documents:
 - Exhibit 3-18
 - Action Plan
 - Oklahoma City Housing Guidelines
 - 2012, 2013, 2014 Single Audit
 - 2012, 2013, 2014 Management Letter
 - City of Moore Purchasing Policy included in March 2013 Certification Checklist
 - City of Moore Duplication of Benefits Policy included in the March 2013 Certification Checklist
 - City of Moore Procedures to Determine Timely Expenditures included in the March 2013 Certification Checklist
 - City of Moore Procedures to Maintain a Comprehensive Website included in the March 2013 Certification Checklist

- City of Moore Procedures to Detect Fraud, Waste, and Abuse of Funds included in the March 2013 Certification Checklist
- City of Moore CDBG-DR Compliance and Monitoring Manual included in the March 2013 Certification Checklist
- March City Council Packet
- April City Council Packet
- May City Council Packet
- June City Council Packet
- July City Council Packet
- August City Council Packet
- Interviewed key personnel in each function's area.

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate.

Overview of Issues

During the course of our work, we discussed our findings with management. Our detailed findings and recommendations for improving controls and operations are described in the detailed issue matrix in Section II of this report. A separate listing of general enhancement opportunities not considered to be findings is described in section III of this report.

A summary of key issues is provided below along with the following information.

- Relative Risk is an evaluation of the severity of the concern and the potential impact on the operations. Items rated as "High" are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner. Items rated as "Moderate" may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" could escalate into operational issues, but can be addressed through the normal course of conducting business.
- Resolution Level of Difficulty is an evaluation of the estimated level of difficulty and potential cost to resolve the concern based on our experience. Items rated as "High" are considered to be difficult to resolve and/or will require a significant amount of planning

and management involvement/oversight in order to obtain resolution. Items rated as "Moderate" are not as difficult to resolve and/or do not require a significant amount of planning, but may be time-consuming to resolve. Items rated as "Low" are items that are not complex and/or do not require significant amounts of planning and time to resolve.

SUMMARY OF ISSUES			
Issue Description	Page	Relative Risk	Resolution Level of Difficulty
2014-1-1 Written documentation in support of various functions.	5	High	Moderate
2014-1-2 Development of forms for monitoring and communication protocols.	6	High	Moderate
2014-1-3 Adoption of housing guidelines.	7	High	Low
2014-1-4 Guidelines cite programs not outlined in the DR Action Plan	8	High	Low

Opportunities for enhancement are described in Section III of this report, were noted in the following functions:

- Internal controls
- Program design

Conclusion

Audit ratings, as defined below, were assigned based on the identification of the key findings summarized above, as well as other less significant comments that can be addressed by management in the normal course of business.

RATINGS	CONDITIONS
Satisfactory	No significant issues noted. Controls are considered adequate and findings, if any, are not significant to the overall unit.
Needs Improvement	Some improvement is needed to bring the function to satisfactory status. If the deficiency continues without attention, it could lead to further deterioration and an unsatisfactory status.
Unsatisfactory	Significant deficiencies exist which could lead to financial loss or embarrassment to the City.

The following is a summary of the assigned rating for each function:

FUNCTIONS	RATINGS
Internal Controls	Needs Improvement
Program Design	Needs Improvement



II. OBSERVATIONS AND RECOMMENDATIONS

Internal Controls – Design Deficiencies

Observation	Recommendation
<p>1. The City does not have written documentation supporting all CDBG-DR functions and processes.</p> <p>The City does not appear to currently have written documentation supporting the following functions and processes:</p> <ul style="list-style-type: none">• Workflows• Program Outreach to Potential Applicants• Drawdowns• Reporting• Allocation of employee expenses to CDBG-DR grant• Non-federal cash and in-kind expenditures and contributions.	<p>We recommend development and Council approval of policies supporting key CDBG-DR functions.</p>
<p>Management's Response: Agree. CDBG-DR funds are new to City of Moore and policy development is needed. The City has dedicated staff to administer the grant funds and will provide written guidelines pertaining to workflow, outreach, drawdowns, and reporting.</p>	

Observation	Recommendation
<p>2. The forms supporting monitoring procedures and communication protocols have not been developed. The City does not appear to have developed the forms and checklists supporting monitoring procedures and related communication protocols.</p>	<p>We recommend development and Council approval of forms and procedures supporting the required CDBG-DR monitoring functions.</p>
<p>Management's Response: Agree. Monitoring checklist will be developed.</p>	

Observation	Recommendation
<p>3. Housing guidelines have not been adapted or adopted for City use. The City intends to use the housing guidelines developed by Oklahoma City. These guidelines have not been adapted for the City or adopted by the City Council.</p>	<p>We recommend these policies be adapted for the City and approved by the Council.</p>
<p>Management's Response: Agree. Policies will be developed and Council approved.</p>	

Program Design – Design Deficiencies

Observation	Recommendation
<p>4. Housing guidelines cite programs not included in the Action Plan. The Action Plan, as approved by HUD, governs CDBG-DR program design and operation. The proposed Housing Guidelines include programs not referenced in the Action Plan and therefore not approved by HUD.</p>	<p>We recommend that the proposed Housing Guidelines be adapted for the City and approved by the Council.</p>
<p>Management's Response: Agree. City will adopt the appropriate housing guidelines and obtain City Council approval.</p>	

III. ENHANCEMENT OPPORTUNITIES

Observation	Recommendation
<p>1. While processes appear to be in place and operating, formal written documentation may not currently exist for all CDBG-DR functions.</p> <p>Formal, written documentation does not appear to be in place for the following areas:</p> <ul style="list-style-type: none"> • The cross referencing from the 2004 building codes used by Oklahoma City for building inspections to the 2009/2011 codes in use by Moore. • Items 3 and 4 on page 5 of the Monitoring Manual. • Segregation of duty and custody of assets within the disbursement cycle. • Assignment and delineation 	<p>We recommend that the City develop processes and workflows for areas of responsibility in CDBG-DR program implementation. We also recommend that the City address the documentation gaps as identified.</p>
<p>Management's Response: Re – Segregation of duties - City will evaluate this control and improve this process within the available resources.</p>	

Observation	Recommendation
<p>2. There are certain systematic challenges within the City which may hinder Program success.</p> <p>The City has robust policies and procedures for eligibility, income verification, duplication of benefits and monitoring. If the CDBG-DR program involves more projects than currently anticipated, successful completion of these policies may prove difficult.</p> <p>Cash outflows made by the City can be made significantly in advance of the related drawdown for reimbursement.</p> <p>There appear to be certain challenges within the accounting system in tracking the transactional requirements of CDBG-DR.</p>	<p>We recommend that the City review the staffing needs implied by its current CDBG-DR policies and adjust staffing accordingly. Where staffing adjustments are prohibitive, policies may need to be streamlined.</p> <p>We also recommend that the City identify a mechanism for appropriately tracking CDBG-DR transactions.</p>

Observation	Recommendation
<p>3. Revisions to the Program guidelines could improve Program effectiveness and efficiency.</p> <p>The following observations were made in relation to proposed guidelines.</p> <ul style="list-style-type: none"> • Not repairing homes in a 100 year flood plain may be a fair housing violation • Insufficient inspection process • Repairs for housing are for storm damages and resiliency only; this may cause persistence of unsafe living conditions • No maximum loan amount carries a risk of wasteful expenditure. • 80% AMI families may not be able to provide common area repair funds. • Funding may be insufficient to support extended monitoring. • Applicant is allowed to demonstrate award documentation instead of the documentation being provided by the insurer. • Publicity risk related to funds recapture in the event of default. • Jurisdictional risk related to monitoring the City of Oklahoma City. 	<p>We recommend that the City review the proposed program guidelines to determine whether the items identified are in the best interest of the City's constituents. In some cases, such as in the publicity risk noted in the event of funding recapture, we recommend that the City prepare a plan for communicating the needs of such actions to the public.</p> <p>We recommend that homes in a 100 year flood plain be eligible for assistance provided that those homes can be elevated to an acceptable level within the parameters of program funding.</p> <p>We recommend repairing program housing to a minimum agreeable standard which the City considers to be safe, secure and sanitary.</p> <p>We recommend not providing housing assistance to those residents who live in housing with common areas such as condominiums.</p> <p>We recommend that insurance award information be provided by the insurer to the City.</p>

Observation	Recommendation
<p>4. There is a small risk within the procurement function that goods and services could be subject to fraud, waste or abuse.</p> <p>Currently, goods and services are received by the individual requesting the purchase which could lead to fraud, waste or abuse.</p>	<p>We recommend that a segregation of duties be instated between the requisition and reception of goods and services to the greatest extent possible within the reasonable confines of staffing limitations.</p>

Observation	Recommendation
<p>5. Income verification method is excessive relative to the needs and capacity of the City's housing program.</p> <p>The income verification method chosen by the City uses a blended approach of income from the applicant's income tax filings as well as separate asset verification. HUD requires that only one of these methods be used to verify income.</p>	<p>We recommend the City utilize the IRS Form 1040 (AGI Method) approach to verify income as allowed by HUD or a uniform and approved method of determination with which available staff members are familiar.</p>

Appendix I – Risk Assessment

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
1	H	H	H	Meeting required income requirements	Opening meeting	1-Oct	ALL	Test key controls
2	H	H	H	Lack of written workflows for the CDBG DR process.	Opening meeting	1-Oct		Report as design deficiency
3	H	H	H	Lack of written policies on separation of non-federal cash and in-kind expenditures and contributions related to CDBG DR funds.	Opening meeting	1-Oct		Report as design deficiency
4	H	H	H	OIG oversight.	Best practice	1-Oct	ALL	Test key controls
5	H	H	H	No outreach policies and procedures.	Guidelines Review	1-Oct		Report as design deficiency
6	H	H	H	Monitoring forms and communication protocols have not been developed.	Compliance and Monitoring Manual	2-Oct		Report as design deficiency
7	H	H	H	The City appears to lack written procedures describing the drawdown process.	Document review	2-Oct		Report as design deficiency
8	H	H	H	The City appears to lack written procedures describing the CDBG-DR reporting processes.	Document review	2-Oct		Report as design deficiency
9	H	H	H	The City appears to lack written procedures describing allocation of employee expenses to CDBG DR funds.	Document review	2-Oct		Report as design deficiency
10	H	H	H	Potential fraud, waste and abuse.	Opening meeting	1-Oct	F 1-9	Test key controls

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
11	H	H	H	Guidelines cite programs not addressed by the Action Plan	Guidelines Review	1-Oct		Report as design deficiency
12	H	M	H	Experience of City personnel in disaster compliance.	Opening meeting	1-Oct	ALL	Test key controls
13	H	M	H	Potential duplication of benefits issues.	Best practice	1-Oct	DOB 1-19	Test key controls
14	M	H	H	Housing Guidelines have not been adopted and adapted for Moore use.	Guidelines Review	1-Oct	H-1	Report as design deficiency
15	M	H	H	Income verification method may be excessive relative to the needs and capacity of the City's housing program.	Guidelines Review	1-Oct	H-4; H-11	Report as process improvement opportunity.
16	M	H	M	Oklahoma City is using different building codes than the City of Moore; these codes have been cross walked.	Opening meeting	1-Oct		Report as process improvement opportunity
17	M	H	M	Not repairing homes in a 100 year flood plain may be a fair housing violation.	Guidelines Review	1-Oct	H-26	Report as process improvement opportunity
18	M	H	M	Items 3 and 4 on page 5 of the monitoring manual seem incomplete.	Compliance and Monitoring Manual	2-Oct	M-6; M-7	Report as process improvement opportunity
19	M	H	M	Capacity issues related to meeting with sub-recipients each week.	Procedures to Determine Timely Expenditures	2-Oct	D-3	Report as process improvement opportunity

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
20	M	H	M	Capacity issues related to identifying FEMA IA through FEMA database review.	Duplication of Benefits Policy	2-Oct	DOB-11	Report as process improvement opportunity
21	M	H	M	Capacity issues related to identifying NFIP award through NFIP database review.	Duplication of Benefits Policy	2-Oct	DOB-13	Report as process improvement opportunity
22	M	H	M	Capacity issues related to identifying SBA award through SBA data matching.	Duplication of Benefits Policy	2-Oct	DOB-12	Report as process improvement opportunity
23	M	H	M	The City appears to lack written procedures documenting the segregation of duties within the disbursement cycle.	Accounting Manual	2-Oct		Report as process improvement opportunity
24	M	H	M	Cash outflows from the City may be made significantly in advance of drawdowns.	Interview	2-Oct		Report as process improvement opportunity
25	M	M	M	Insufficient inspection process.	Guidelines Review	1-Oct	H-27	Report as process improvement opportunity
26	M	M	M	Repairs for housing are for storm damages and resiliency only; this may cause persistence of unsafe living conditions.	Guidelines Review	1-Oct	H-23	Report as process improvement opportunity

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
27	L	M	L	No maximum loan amount carries a risk of wasteful expenditure.	Guidelines Review	1-Oct	H-30	Report as process improvement opportunity,
28	L	M	L	80% AMI families are not able to provide common area repair funds.	Guidelines Review	1-Oct		Report as process improvement opportunity
29	L	M	L	Funding may be insufficient to support extended monitoring.	Best practice	1-Oct		Report as process improvement opportunity
30	L	M	L	Applicant is allowed to demonstrate insurance award documentation instead of being provided by the insurer.	Duplication of Benefits Policy	2-Oct	DOB-15	Report as process improvement opportunity
31	L	L	L	Difficulty in tracking draws by tranche and round.	Opening meeting	1-Oct		Report as process improvement opportunity
32	L	L	L	Lack of sophistication of the In Code accounting system to track HUD requirements by transaction.	Opening meeting	1-Oct		Report as process improvement opportunity
33	L	L	L	Publicity risk related to funds recapture in the event of default.	Best practice	1-Oct		Report as process improvement opportunity

INTERNAL AUDIT REPORT

Count	Magnitude	Likelihood	Overall	Risk	Identified Through	Date	Control Reference	Disposition
34	L	L	L	Jurisdictional risk for monitoring the City of Oklahoma City.	Compliance and Monitoring Manual	2-Oct		Report as process improvement opportunity
35	L	L	L	Goods and services can be received by the individual making the purchase.	Purchasing Policy	2-Oct		Report as process improvement opportunity

Appendix II – COSO Control Linkage

Document Reference	Page Ref	Control Ref	Control	Key or Redundant	COSO Component
City of Moore Purchasing Policy included in March 2013 Certification Checklist	1	P-1	The purchasing policy was approved by the City Council.		CE
	4	P-2	Purchasing approval limits segregated by level of authority.	K	CA
	5	P-3	Each department must purchase its own goods.		CA
	5	P-4	All purchasing transactions are recorded in the City's financial management system, including grant awards.		CA
	5	P-5	Fidelity bonds are required for all financially responsible positions.		CE
	6	P-6	A competitive bid process is required for all bids in excess of \$50,000.		CA
	7	P-7	Sole source awards are allowed only in pre-determined situations.		CA
	10	P-8	Competitive bidding is required for all circumstances, except those pre-determined by written policy.		CA
	14	P-9	The City maintains a requisition/purchase order policy.		CA
	14	P-10	All requisitions require approval.		CA
	14	P-11	All requisitions are reviewed by the Purchasing Agent.		CA
	16	P-12	The City maintains an Ethics in Purchasing policy, including a Conflict of Interest Policy.		CE
	17	P-13	The City maintains a policy for CDBG DR specific purchasing guidelines.		CE
	19	P-14	Non-collusion affidavits are required for all bids.		CA
	32	H-2	Compliance with federal register.		CA
Oklahoma City Housing Programs P&P Manual	1	H-1	Guidelines adopted and adapted for use by Moore OK.		CE
	32	H-3	Use of formal housing application.		CA
	32	H-4	Identification of income determination standard (IRS 1040).		CA
	32	H-5	Release form for the verification of application information.		CA
	32	H-6	Cancellation of application will be distributed to an applicant in writing.		CA
	33	H-7	Income / debt ratio requirement for housing assistance. Ratio is 45%.		CA
	33	H-8	Liquid assets to be disclosed by applicant and reviewed by City for income verification.		CA
	33	H-9	Proof of hazard insurance required.		CA
	33	H-10	No liens on property required prior to award.		CA
	33	H-11	Housing expenses of principal, interest, taxes and insurance ratio to gross monthly income of 45% or less.		CA
	33	H-12	All lien and mortgage payments must have been current within 12 months prior to application submission.		CA
	33	H-13	Applicant must commit to making all health and safety repairs prior to award.		CA
	34	H-14	Property may be subject to no more than one existing lien prior to application.		CA

Document Reference	Page Ref	Control Ref	Control	Key or Redundant	COSO Component
	34	H-15	Applications must be completed within 60 days of initial submission.		CA
	34	H-16	Applicant is required to disclose additional assistance subsequent to program award.		CA
	35	H-17	Applicant must demonstrate owner-occupancy of home.		CA
	36	H-18	Bankruptcy filed within 7 years prior to application must be disclosed.		CA
	36	H-19	Applicant may not have bankruptcy pending during the application process.		CA
	36	H-20	Applicant AMI may not exceed 80%.		CA
	36	H-21	Structure may contain no more than 4 contiguous units.		CA
	36	H-22	Structure must be for residential use only.		CA
	36	H-23	Structure must have unrepaired, Program-eligible damage.		CA
	36	H-24	Mobile/manufactured housing units must be permanently affixed to a foundation and placed on an individually owned lot.		CA
	36	H-25	Property must be located within the eligible Program area.		CA
	36	H-26	Properties located in a 100 year flood plain or flood way are ineligible for assistance.		CA
	37	H-27	Property must undergo an inspection process for work scope prior to construction.		CA
	37	H-28	Construction of a property will be bid to a contractor.		CA
	37	H-29	ADA modifications to the property are eligible with a certificate from a practicing physician.		CA
	37	H-30	No maximum loan amount, but repairs required at 80% of value may require demolition.		CA
	38	H-31	Lead-based paint reviews are mandatory for homes built prior to 1978.		CA
	38	H-32	Relocation assistance is possible but not guaranteed.		CA
	38	H-33	Cost of lead-based paint abatement is a grant and not a loan.		CA
	39	H-34	Closing costs are born by the applicant.		CA
	39	H-35	The first five years of the loan are forgivable; the balance is to be repaid in installments.		CA
	39	H-36	Loan repayments are to be made with 2% interest.		CA
	39	H-37	Loan balance is immediately due in the event of default.		CA
	2	DOB-2	Total cost of repair will be determined by Moore or a third party contracted with Moore.		CA
DOB Policy	1	DOB-1	The City maintains a duplication of benefits policy for CDBG DR.	K	CE
	3	DOB-3	All applicants are required to provide documentation supporting all benefits received for the specified purpose or activity to be undertaken with CDBG DR funds.	K	CA
	3	DOB-4	All applicants are required to sign an affidavit certifying as to duplication of benefits.	K	CA
	5	DOB-5	Receipts and sworn statements to be provided to document eligible use of awards.	K	CA
	7	DOB-6	Applicants must enter into a signed subrogation agreement to repay any assistance later received for the same purpose as the CDBG DR funds.	K	CA
	7	DOB-7	Applicants are required to submit an application that includes all sources of DR assistance received.		CA
	7	DOB-8	Prior to completing an award, the City will complete a Duplication of Benefits Worksheet.		CA

Document Reference	Page Ref	Control Ref	Control	Key or Redundant	COSO Component
	8	DOB-9	A post award duplication of benefits worksheet will be completed in the event of an increase in costs incurred.		CA
	10	DOB-10	All applicants are required to self-certify all information provided on the application.		CA
	10	DOB-11	FEMA IA assistance will be determined by Moore through the FEMA database.		CA
	10	DOB-12	The City will employ data systems and data sharing and data matching to identify duplication of benefits.		CA
	11	DOB-13	NFIP proceeds will be verified through the NFIP database.		CA
	12	DOB-14	Insurance awards verified through insurance settlement documentation.		CA
	12	DOB-15	Alternate proof of insurance award may be provided by the applicant.		CA
	13	DOB-17	Provider of Other Sources of funding must issue documentation for those funds.		CA
	13	DOB-16	The documentation to show insufficient SBA loan proceeds to cover all costs must be itemized and on the letterhead and signed by a licensed professional acceptable to the City.		CA
	14	DOB-18	Applicants must show evidence of funds spent for repairs and rehabilitation that would be subject to DOB.		CA
	14	DOB-19	Inspector will verify that repairs have been made in the event of self-certification of expenditures.		M
City of Moore Procedures to Determine Timely Expenditures Included in the March 2013 Certification Checklist	1	D-1	The City maintains a policy to determine timely expenditures.		CE
	1	D-2	The City and HUD will confer monthly to evaluate progress and activities.		CE
	1	D-3	The Grant Manager will meet with the subrecipient each week to discuss grant activities and planned expenditures.		CA
	1	D-4	The Program Manager will receive the weekly schedule as well as planned activities.		CA
	1	D-5	A monthly review will be performed in which all parties review the performance plan, quarterly performance reports, and quarterly single purpose audit to ensure timely expenditures of funds.		M
	1	D-6	The Program Manager will monitor invoices once the requests for payment have been submitted.		CA
	1	D-7	Invoices will be verified against contracts, purchase requisitions, and purchase orders.		CA
	1	D-8	Other CDBG or Finance Department staff will review the monitoring completed by the Program Manager.		M

Document Reference	Page Ref	Control Ref	Control	Key or Redundant	COSO Component
City of Moore Procedures to Maintain a Comprehensive Website included in the March 2013 Certification Checklist	1	C-1	The City maintains a policy regarding a comprehensive website.		CE
City of Moore Procedures to Detect Fraud, Waste, and Abuse of Funds included in the March 2013 Certification Checklist	1	F-1	The City maintains a policy to detect fraud, waste and abuse.		CE
	1	F-2	The City will monitor activities on an on-going basis to ensure that federal funds are spent in compliance with all applicable rules and regulations.		M
	1	F-3	The City external auditor will include CDBG-DR in the monitoring plan and treat funds as an A-133 Major program.		M
	1	F-4	All activities and transactions will be reviewed.		M
	1	F-5	The City will utilize the existing procurement system with segregation of duties.		CA
	1	F-6	All documentation will be maintained in the grant monitoring file.		CA
	1	F-7	Activities will be monitored by Community Development staff.		M
	2	F-8	City will request information related to other federal assistance programs to monitor potential duplication of benefits.		M
	2	F-9	The City will use standardized monitoring checklists.		M
City of Moore CDBG-DR Compliance and Monitoring Manual included in the March 2013 Certification Checklist	1	M-1	The City maintains a Compliance and Monitoring Manual which details monitoring procedures to be performed by City staff.		CE
	1	M-2	The City will conduct comprehensive monitoring reviews for all programs and activities included in CDBG DR.	K	M
	2	M-3	OKC designated as a sub-recipient.		CA
	4	M-4	The City will conduct a risk analysis on all project/activities in the CDBG DR program.	K	RA
	4	M-5	Desk reviews will be conducted throughout the year.		M
	5	M-6	Higher risk projects will be subject to on-site monitoring.		M
	5	M-7	Corrective action plans will be established for issues noted during site visits.		M
	6	M-8	City of Moore staff will be familiar with all appropriate rules and regulations.		CE
	7	M-9	The monitoring strategy will be communicated to all participants.	K	M

Document Reference	Page Ref	Control Ref	Control	Key or Redundant	COSO Component
	7	M-10	Standardized checklists are to be used in the monitoring process based upon One CPD's manual.		M
	9	M-11	File reviews will be conducted as applicable.		M
	9	M-12	Random monitoring sample of 10-15%; sample size may vary based on risk.		M
	10	M-13	Monitoring includes an exit conference.		M
	11	M-14	Findings will be issued to the recipient with a timeline for resolution.		M
	14	M-15	All monitoring activities will be documented with the City.		M
City of Moore Accounting Manual (December 2013) as included in Exhibit 3-18	11	D-9	Checks are pre-numbered		CA
	14	PR-1	Employee time is entered in narrative format.		CA
	14	PR-2	Employee time is reviewed by supervisors and human resources.		CA
	14	PR-3	The Payroll calculation register is approved by the Finance Director.		CA
	14	PR-4	All payroll data is regularly backed up.		CA
	23	D-10	Cash receipts and disbursements are reconciled at the end of the month.		CA
	23	D-11	The cash reconciliation is reviewed by the Finance Director.		CA
	24	D-12	The City maintains a policy for grants management.		CE
City of Moore Personnel Policy and Procedures Manual (August 2011) as included in Exhibit 3-18	1	PR-5	The City maintains a written personnel policy.		CE
	72	PR-6	The City maintains an information systems usage policy.		CE
	100	F-10	All employees are required to sign a conflict of interest statement annually.		CE
City Policy regarding payment of CDBG - DR invoices (Draft)	1	D-13	The City has a written policy for the payment of CDBG-DR invoices.		CE
	1	D-14	Purchase orders and purchase requisitions will be prepared for all CDBG DR disbursements.		CA
	1	D-15	All purchase orders relating to CDBG - DR will be reviewed and signed by the Accountant II		CA
	1	D-16	City Council will approve all bid items and ratify claims		CA
Interviews		C-2	BI-monthly department head meetings are held by the City Manager.		C
		C-3	The City maintains an internal website.		C
		C-4	Regular small group meetings are held within departments.		C

Legend

Controls:

P	Procurement
H	Housing
DOB	Duplication of Benefits
D	Disbursement
C	Communication
F	Fraud
M	Monitoring
PR	Payroll

Findings:

MLC	Management letter comment
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