

# Executive Summary

COMMUNITY REDEVELOPMENT AGENCY AUDIT

Part 1- AUD19-01

JUNE 22, 2020



## OVERVIEW

- Community Redevelopment Areas are established by local governments to carry out redevelopment activities that include reducing or eliminating blight, improving the economic health of an area, and encouraging investments.
- The WPB CRA works with residents, property owners, businesses, developers and other community organizations to foster redevelopment within the CRA Districts.
- The primary funding source available to the WPB CRA consists of Tax Increment Revenues, as well as other funding sources, such as intergovernmental fund transfers. From Fiscal Year 2014-2019, the CRA revenues totaled about \$193 million.

## SUMMARY FINDINGS

1. **Staff Assigned to the CRA:** The CRA Board approved the concept of utilizing a contractor to provide professional staffing of the CRA, thereby shifting the recruitment and staffing to the contracted firm, RMA. It is important to ensure that the CRA is receiving the contractual benefits agreed upon. We found 3 (25%) of the 12 employees reviewed did not meet the minimum qualifications for the positions that they filled at the time they were assigned.
2. **Monitoring Purchases:** According to the P-Card Policy, P-Cards are issued to City employees, however we found that an average of two RMA employees were issued P-Cards. We found that 76% of purchases were not allocated to a project code and some purchases were not in compliance with the P-Card policy. RMA management did not review the purchases to ensure that the purchases were appropriate and/or allocated to projects or programs. Further, the Procurement Card Reviewer signed and authorized most of the statements without ensuring that purchases were appropriate and allocated to projects. While RMA employees may have had valid reasons for the purchases made, this should have been clearly documented at the time of purchase.
3. **Comprehensive Oversight Over CRA Activities:** RMA employees, acting as CRA staff, placed heavy reliance on project managers and Finance, and did not have comprehensive project management procedures to independently and comprehensively account for all the CRA projects and funds.
4. **Contract Procurement:** RMA was awarded a second contract in September 2018 wherein supporting documentation did not clearly indicate that: 1. New competitive bids were required to obtain a new contract, and 2. The Commissioners were being asked to waive this requirement. We found that there is not enough information provided that clearly states what specific procurement requirements have not been met. The procurement of the first contract was assessed by the PBC Inspector General 's Office and they recommended reviewing the contract.

## SUMMARY RECOMMENDATIONS

1. City Administration should ensure that contractual provisions designed to protect the CRA and ensure that it is adequately staffed, are adhered to by having a separate recruitment entity review the assigned resources and providing the results to the CRA board.
2. City Administration should work with the Finance Department to ensure that CRA funds are properly safeguarded by:
  - Adhering to contractual provisions regarding reimbursement of expenses and eliminating the use of City P-Cards.
  - Requiring RMA to submit invoices specifying the related project or program.
  - Requiring written approvals of purchases.
  - Establishing clear criteria for purchases based on CRA needs, historical purchases, and the P-Card policy.
  - Establishing a process for Finance to review invoices and ensure that requests include receipts, justification, and identify the specific CRA project or program and purchases not meeting the criteria should not be reimbursed.
  - Ensuring that valid purchases are allocated to the appropriate projects.
3. City Administration should ensure efficient and effective management of the CRA by:
  - Requiring RMA to establish procedures to comprehensively track all activities.
  - Requiring RMA to independently maintain and track information related to CRA activities.
  - Evaluating project management software and identifying a cost-effective, comprehensive project management software.
4. City Administration should ensure transparency in the procurement process and equitable treatment of vendors, by ensuring that documentation clearly specifies the request and states the specific exceptions to the Procurement Code.