



Addressing OIG audits: strategies for state grantees and subrecipients of CDBG-DR funding

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In the complex landscape of federal funding, the stakes are high for grantees and subrecipients. Proactively tackling audit findings and swiftly managing emerging issues is not just a necessity – it's a strategic imperative. Drawing from the insights of recent Office of Inspector General (OIG) audits of Community Development Block Grants for Disaster Recovery (CDBG-DR), this article unveils powerful strategies designed to reduce risks, elevate compliance and allow organizations not only meet regulatory standards, but thrive in their financial stewardship.

Grantee issues

1. Preventing duplication of benefits: grantees must develop a framework to include detailed procedures to prevent duplication of benefits. Audits have shown that grantees often establish high-level processes without properly verifying for duplication before fund disbursement.¹

To reduce this risk, grantees should evaluate whether procedures align with requirements in the Universal Notice. Regular reviews of activity-level procedures before processing applications can help identify potential duplications early in the process.

2. Effective monitoring: a lack of effective monitoring can lead to significant compliance issues.

Grantees should implement robust monitoring policies that include periodic assessments of project performance and tracking of corrective actions.² Establishing clear performance metrics and confirming inclusion of these in subrecipient agreements will enhance accountability and facilitate compliance with national objectives.

3. Financial controls and oversight: weak financial controls can jeopardize the integrity of CDBG-DR programs.

Grantees should develop and enforce strict financial management policies, so funds are used appropriately. This includes conducting regular reviews of financial transactions and confirming expenditures are supported by adequate documentation.³ Training staff on financial management leading practices can further strengthen oversight.

4. Timely project implementation: delays in project implementation hinder recovery efforts and lead to unspent funds.

Grantees should establish clear timelines for project milestones and have adequate staffing or vendor support in place to meet these deadlines.⁴ Regular progress reviews can help identify bottlenecks and facilitate timely decision-making.

5. Procurement processes: inadequate procurement processes can result in noncompliance with federal regulations.

Grantees must develop clear procurement policies that outline necessary documentation and compliance requirements with 2 CFR 200.⁵ Providing procurement training on common leading practices, including requiring subrecipients to send grantees solicitations prior to issuance, can assist in confirming purchases are justified and documented appropriately.

¹ [Office of Inspector General Report 2024-FW-0001](#)

² [Office of Inspector General Report 2023-FW-1003](#)

³ [Office of Inspector General Report 2023-FW-1002](#)

Subrecipient issues

1. Performance monitoring and reporting: subrecipients often face challenges in monitoring their activities effectively.

It is essential for subrecipients to establish detailed procedures for tracking project performance to confirm the national objectives are met.² Regular reporting and communication with grantees can help identify issues early and facilitate timely corrective actions.

2. Documentation and compliance: insufficient documentation can lead to audit findings and potential funding losses.

Subrecipients should maintain meticulous records of all expenditures to confirm alignment with eligible activities.³ Implementing a robust documentation management system can streamline this process and enhance compliance.

3. Training and capacity building: many issues arise from a lack of understanding of program requirements.

Subrecipients should prioritize training for their staff, so they are well-versed in federal regulations and compliance requirements.⁴ Furthermore, utilizing standby contracts can be an effective strategy to tap into experienced consultants who can provide training and support, enabling organizations to scale rapidly and meet varying demands as they enhance their compliance efforts. This investment can significantly reduce the risk of noncompliance and improve program outcomes.

4. Collaboration with grantees: effective communication and collaboration between subrecipients and grantees are vital for successful program implementation.

Subrecipients should actively engage with grantees to seek technical assistance to address any challenges that arise.² Establishing regular check-ins can foster a collaborative environment and enhance accountability.

5. Addressing challenges promptly: when issues arise, subrecipients must act quickly to identify the root cause, implement corrective actions and communicate with grantees regarding next steps.⁴

A proactive approach to problem-solving can reduce the impact of issues and facilitate continued compliance.

By implementing these strategies, both grantees and subrecipients can effectively address audit findings and manage issues as they arise. Proactive planning, robust monitoring and effective communication are essential components of successful program administration, ultimately leading to better outcomes for communities in need of disaster recovery assistance.

⁴ [Office of Inspector General Report 2024-FW-0002](#)

⁵ [Office of Inspector General Report 2022-AT-1003](#)

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