

# INTERNAL AUDIT REPORT

2026-03

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Community Development Block Grant:  
Administration and Compliance

Anchorage Health Department

June 16, 2026

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Mayor Suzanne LaFrance  
**Municipality of Anchorage**  
-Office of Internal Audit-

June 16, 2026

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2026-03, Community Development Block Grant: Administration and Compliance, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2026 Audit Plan, we completed an audit of the Community Development Block Grant: Administration and Compliance, Anchorage Health Department. The objective of this audit was to determine if Anchorage Health Department is complying with Community Development Block Grant program requirements in a timely manner and whether other grant compliance requirements were met.

Overall, Anchorage Health Department's administration of Community Development Block Grant and its subrecipients' compliances with Community Development Block Grant program requirements needs improvement. Specifically, our audit found that subrecipient agreement project goals were not always met, and subrecipient penalties for not meeting project goals were not enforced. In addition, we found subrecipient agreements were not amended to include updated yearly project goals, and subrecipient agreements did not always contain requirements for continuous monitoring. Moreover, prior subrecipient procurement processes were not documented, and we found some subrecipient agreements were allowed to expire. Furthermore, we found instances where Community Safety and Development staff did not always meet public hearing requirements, and subrecipients did not always adhere to reporting requirements in subrecipient agreements. Finally, required supplemental documentation for subrecipient agreements were not always retained.

There were nine findings in connection with this audit. Management was responsive to the findings and recommendations.

Alden P. Thern

Director, Internal Audit



Mayor Suzanne LaFrance  
**Municipality of Anchorage**  
-Office of Internal Audit-

June 16, 2026

**Internal Audit Report 2026-03**  
**Community Development Block Grant: Administration and Compliance**  
**Anchorage Health Department**

**Introduction.** The United States Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Entitlement Program provides annual grants to the Anchorage Health Department's (AHD) Community Safety and Development (CSD) on a formula basis to develop activities that increase housing and expand economic opportunities for primarily low- and moderate-income people. To receive CDBG funds, CSD develops a Five-Year Consolidated Plan (Consolidated Plan), currently 2023 through 2027, identifying needs within the community, outlining strategies to meet those needs, and listing resources available to implement the strategies. Once the Consolidated Plan is approved by HUD and CDBG funds are provided, CSD selects local non-profit projects through a competitive process to receive funds and executes individual subrecipient agreements. Subrecipient project performance guidance is found in the United States Code of Federal Regulations (CFR) and includes subrecipient agreement expectations, reporting requirements, and project goals. Upon satisfactory performance, CSD should reimburse the subrecipient project invoices to reach the HUD-required spend down ratio of program funds each year.

Community Safety and Development staff are also required to facilitate public hearings for the use of CDBG funding, update the Consolidated Plan each year with an Annual Action Plan outlining new funding and project priorities, and submit a Consolidated Annual Performance and Evaluation Report (CAPER) outlining the previous year's accomplishments and progress towards Consolidated Plan goals. Community Safety and Development staff report Annual Action Plans, Plan Amendments, CAPERs, and CDBG funds spent by subrecipients, along with updating project accomplishments in HUD's Integrated Disbursement and Information System (IDIS) program where they are maintained to monitor CSD compliance. Community Safety and Development currently has five staff: a Principal Administrative Officer (Program Manager), an Associate Planner, two Administrative Officers, and an Administrative Coordinator.

**Objective and Scope.** The objective of this audit was to determine if AHD is complying with CDBG program requirements in a timely manner and whether other grant compliance requirements were met. Specifically, we reviewed procurement of CDBG subrecipients to determine if processes were clearly defined and documentation was complete. In addition, we reviewed a selected sample of subrecipient agreements to determine compliance with reporting requirements and project goals. Finally, we reviewed CSD submissions of Annual Action Plans, Plan Amendments, CAPERs, and public hearings to determine compliance with HUD requirements.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review due to budget constraints. We also developed and implemented a required quality management system. 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Overall Evaluation.** Anchorage Health Department's administration of CDBG and its subrecipients' compliances of CDBG program requirements needs improvement. Specifically, our audit found that subrecipient agreement project goals were not always met, and subrecipient penalties for not meeting project goals were not enforced. In addition, we found subrecipient agreements were not amended to include updated yearly project goals, and subrecipient agreements did not always contain requirements for continuous monitoring. Moreover, prior subrecipient procurement processes were not documented, and we found some subrecipient agreements were allowed to expire. Furthermore, we found instances where CSD staff did not always meet public hearing requirements, and subrecipients did not always adhere to reporting requirements in subrecipient agreements. Finally, required supplemental documentation for subrecipient agreements were not always retained.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Project Goals Not Always Met.**

- a. Finding.** Subrecipient agreement project goals were not always met. Specifically, during our review of a selected sample of subrecipient agreements, we found 4 of 6 (67%) subrecipients had not met project goals outlined in the agreements or we were unable to determine if those project goals were met due to lack of reporting by the

subrecipient. For example, a subrecipient for the mobile home repair program had a goal of repairing twenty units in 2025. However, we found they had only completed repairs to one unit in 2025. As of March 31, 2026, work had been completed on only 12 units. A similar finding was noted in Internal Audit Report 2015-07, *Mobile Home Repair Program: Compliance*.

As another example, a public service subrecipient had a goal of supporting 9,000 bed nights per year. However, from February 2025 to January 2026, the subrecipient only reported a total of 5,526 bed nights (61% of the yearly goal), far below the goal in the agreement. In addition, we were unable to determine if this subrecipient's goals were met in 2023 since they only reported a one-month total of 281 bed nights for the entire year, and in 2024 they only reported a one-month total of 600 bed nights for the entire year. According to CSD staff, they did not receive annual reports from the subrecipient. However, as we noted in Finding #2 of the report, it appeared CSD staff never questioned the subrecipient's underperformance.

- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure subrecipients meet required project goals.
  
- c. **Management Comments.** Management stated, "Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the CSD Program Manager to ensure subrecipients meet required project deliverables."

The Community Safety and Development (CSD) Program has enhanced its monitoring and communication practices with subrecipients. Deadlines are tracked through Microsoft Planner, and since October of 2024, staff now conduct more frequent outreach through email and telephone communications when deliverable deadlines are approaching or when there is a risk that a deadline may not be met. In addition, reminder notifications are sent to subrecipients via email prior to established due dates to promote timely submission of required deliverables.

CSD is also developing documented internal procedures to strengthen monitoring, documentation, escalation, and enforcement processes related to subrecipient

compliance. Under this process, staff will be responsible for tracking and reviewing deliverables, with oversight and supervisory review provided by the Program Manager to ensure accountability and compliance with CDBG program requirements. CSD plans to finalize and implement the documented procedures no later than August 1, 2026.”

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

## 2. **Penalties Not Enforced.**

- a. **Finding.** Subrecipient penalties for not meeting project goals were not enforced. Specifically, we found penalties were not being enforced against subrecipients who did not meet project goals or failed to report the progress. When a subrecipient did not meet their project goals, funds should be withheld according to their agreement. However, these funds were not withheld by CSD staff as required by the agreement. For example, when a subrecipient for the mobile home repair program did not meet their project goal in Finding #1, the CSD Program Manager stated they had not assessed any penalties and had never enforced the subrecipient agreement requirements for withholding funds for not reaching goals. As another example, public service project subrecipients who continually did not submit reports by due dates in the agreement and did not reach their project goals were never penalized and noncompliance was allowed to continue. Lack of penalty enforcement increases the risks of fraud, waste, and abuse by the subrecipients. 2 CFR 200.303, *Internal Controls*, states that the recipient must “Evaluate and monitor the recipient's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards...” and “Take prompt action when instances of noncompliance are identified.”
- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure penalties for subrecipient noncompliance are enforced.
- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the CSD Program Manager to ensure penalties for subrecipient noncompliance

are enforced in accordance with contract or grant agreements and program requirements.

As of October of 2024, staff have enhanced communication protocols, including routine follow-up and deadline reminders, to proactively address potential compliance issues before they escalate.

In addition, CSD is developing and implementing documented internal procedures that establish clear expectations for documenting noncompliance, escalating concerns, and applying corrective actions and penalties when warranted. Staff will be responsible for monitoring compliance and recommending enforcement actions, with oversight and review provided by the Program Manager to ensure consistent application of grant requirements and accountability measures. CSD plans to finalize and implement the documented procedures no later than August 1, 2026.”

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

### 3. **Yearly Project Goals Not Always Updated.**

- a. **Finding.** Subrecipient agreements were not amended to include updated yearly project goals. Specifically, we found two subrecipient agreements had been amended anywhere from one to four times to add additional time to the period of performance along with additional CDBG funding, but the amendment did not include the updated yearly project goals. Instead, CSD staff stated goals in the agreement would be automatically increased with more funding added, however the two subrecipient agreement’s project goals were for the entire project period instead of year-to-year increases, despite the subrecipients not meeting the project goals in the past year.

In addition, we found sections of the subrecipient agreement’s project goals for the mobile home repair program had been changed without amendment or approval. Specifically, a section of the subrecipient agreement was updated in the Municipality’s Financial System as 2026 goals. According to the CSD Program Manager, the agreement had an option period renewal extending the period of performance from

December 31, 2025, to December 31, 2026, \$400,000 in additional funding, and increased the subrecipient goal from 20 to 40 units, to include the previous year's goal the subrecipient failed to meet, by the end of 2026. However, we could not find any amendments to support this increase or a signed update to the agreement. When updated goals are not outlined in the signed subrecipient agreements, they are difficult to enforce and could lead to conflicting requirements from CSD staff, increased risk of noncompliance and lack of accountability for the subrecipients.

- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to properly amend subrecipient agreements with updated project goals.
  
- c. **Management Comments.** Management stated, "Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Community Safety and Development (CSD) Program Manager to ensure project deliverables are reviewed and updated to accurately reflect the scope of work and performance expectations for each funding period."

CSD has reviewed its prior practice of utilizing option periods and determined that the process was not consistent with applicable procurement requirements under MOA Title 7. While funding amounts, contract or grant agreement periods, and project activities were reviewed, the use of option periods did not provide the level of procurement review and documentation necessary to ensure ongoing compliance with applicable procurement requirements.

CSD will discontinue the practice of providing option periods. Existing contract or grant agreements will be reviewed for procurement compliance, and CSD will take appropriate corrective action as necessary. Future funding opportunities will be administered in accordance with applicable procurement requirements, including the use of formal solicitation processes. Where contract or grant agreements require modification, CSD will utilize formal amendments and will ensure that project scope, performance measures, funding allocations, and deliverables are reviewed and documented appropriately.

Staff will be responsible for reviewing contract or grant agreement documentation, with oversight provided by the Program Manager to ensure compliance with applicable procurement and program requirements.”

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

4. **Agreements Did Not Contain Monitoring Requirements.**

- a. **Finding.** Subrecipient agreements did not always contain requirements for continuous monitoring. Specifically, two property acquisition subrecipient agreements should have contained required language in 24 CFR 570.503, *Agreements with Subrecipients*, which states that the agreements “...shall also include provisions designed to ensure that any real property under the subrecipient’s control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is...used to meet one of the national objectives...until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient...” However, neither agreement contained these requirements. The CSD Program Manager stated they had been using a standard agreement template, and it did not always include all the required language. Without the requirements, subrecipient compliance is difficult to enforce.
- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure subrecipient agreements contain all requirements.
- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Community Safety and Development (CSD) Program Manager to ensure subrecipient agreements contain all required federal, programmatic, monitoring, and compliance provisions.

CSD will review all active subrecipient agreements and take appropriate corrective action, including issuing findings where noncompliance has been identified and amending as necessary, to ensure alignment with current regulatory requirements. Upon

issuance of the final audit report, CSD will begin implementing updated agreement templates that incorporate all required monitoring, reporting, and compliance provisions. The revised agreements will include additional language consistent with 24 CFR 570.503 (Agreements with Subrecipients), including provisions governing the continued use of real property acquired or improved with CDBG funding, as applicable, to ensure compliance with national objective requirements for the required period following expiration of the agreement.

In addition, CSD will conduct a comprehensive review of its agreement development process and establish documented internal procedures to ensure all future grant agreements and contracts are reviewed for required federal, state, and local provisions prior to execution. Staff will be responsible for preparing and reviewing agreement language, with oversight provided by the Program Manager to ensure compliance with applicable CDBG requirements.”

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

## 5. **Subrecipient Procurement Processes Not Documented.**

- a. **Finding.** Prior subrecipient procurement processes were not documented. Specifically, although the current practice is to use a Request for Grant Proposal (RFGP) solicitation through the Purchasing Department, we found the RFGP was not used in the past to select CDBG subrecipients and there is no documentation on past solicitation or the selection methods used. According to the current CSD Program Manager, the previous selection of CDBG subrecipients was completed internally by previous CSD staff, but none of the processes were documented, and some subrecipients selected are still being funded by CSD. As a result, we could not determine if four CDBG subrecipients selected between 2021 and 2023 were without prejudice or bias and if they had met the requirements for CDBG funding.
- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure all currently funded CDBG subrecipients meet presently used procurement

requirements, and if necessary, solicit a new RFGP for subrecipients that were selected without the current process.

- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Community Safety and Development (CSD) Program Manager to ensure all currently funded CDBG subrecipients meet applicable procurement requirements and that appropriate procurement documentation is maintained.

In October of 2024, CSD standardized the use of competitive Request for Grant Proposal (RFGP) procedures consistent with AMC 7.90.010 for the solicitation, negotiation, selection, and award of subrecipient funding opportunities, strengthening alignment with Municipality of Anchorage (MOA) AMC Title 7 procurement requirements.

CSD will conduct a comprehensive review of existing agreements and associated procurement documentation. Following review of the final audit report, CSD will take appropriate corrective action regarding existing agreements, including amending contracts and agreements as necessary to ensure compliance with current program requirements. In addition, CSD will evaluate whether a new Request for Grant Proposals (RFGP) process is necessary for any remaining funding opportunities where procurement compliance cannot be adequately demonstrated through existing records.

The Program Manager will train staff on AMC Title 7 procurement requirements. CSD will strengthen and document its internal procedures to ensure procurement and subrecipient documentation is consistently maintained, retained, and readily available for future monitoring and audit purposes in accordance with AMC Chapter 3.95. Staff will be responsible for conducting compliance reviews, with oversight provided by the Program Manager to ensure adherence to applicable federal, state, and municipal requirements.”

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

## 6. Subrecipient Agreements Were Allowed to Expire.

- a. **Finding.** We found some subrecipient agreements were allowed to expire. Specifically, we reviewed a selected sample of subrecipient agreements and found 4 of 6 (67%) agreement periods of performance were allowed to expire multiple times before being restarted through amendments. For example, a subrecipient agreement was allowed to expire on June 30, 2023, and was restarted using an amendment on September 18, 2023, almost 3 months after it lapsed. The amendment set a new expiration date of June 30, 2024. However, that agreement was again allowed to expire on June 30, 2024, and the agreement was again restarted using an amendment on July 18, 2025, over a year after it lapsed again. As another example, a subrecipient agreement was allowed to expire on June 30, 2024. However, the agreement was restarted using an amendment on February 20, 2025, almost 8 months after it lapsed. 24 Code of Federal Regulations 570.503 states that, “Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.” Internal control weaknesses in agreement oversight and monitoring increases the risk of noncompliance with CDBG requirements and risks future grant funding.
- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure staff monitor subrecipient agreements and amend them prior to expiration.
- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Community Safety and Development (CSD) Program Manager to ensure subrecipient agreements are actively monitored and that any required amendments or other contract actions are completed prior to expiration.

CSD will develop and implement documented internal procedures for contract or grant agreement administration, including requirements for monitoring terms, processing amendments, and documenting actions. The procedures will establish clear responsibilities and timelines to ensure agreements remain current and compliant throughout the period of performance.

In addition, CSD maintains project-specific tracking spreadsheets to monitor invoices, expenditures, and agreement activity. These tracking tools will be enhanced to include contract expiration monitoring. Staff will be responsible for maintaining contract tracking records, running monthly reports to identify agreements approaching expiration, and initiating or recommending any required amendments or other contract actions in a timely manner to prevent future agreement lapses. The Program Manager will provide oversight through periodic quality assurance reviews of contract or agreement status and monitoring activities to ensure compliance. CSD plans to have the documented procedures implemented no later than August 1, 2026.”

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

7. **Public Hearing Requirements Not Always Met.**

- a. **Finding.** During our review, we found instances where CSD staff did not always meet public hearing requirements. Specifically, CSD staff did not issue notice of or conduct the first of four required public hearings for the 2024 Annual Action Plan. As a result, citizens were not provided with the opportunity to participate in the use of CDBG funds in the community. Anchorage Health Department Policy and Procedure CSD 06, *Citizen Participation Plan (CPP)*, states that “ To encourage citizen participation, the MOA will undertake the following activities each year: ...Hold at least four public hearings at different times during the program year... Provide the public with notice of citizen participation opportunities through email distribution lists kept for this purpose, and announcement of public hearing dates through newspaper publication a minimum of one week before date of public hearing.”
- b. **Recommendation.** The Director of the AHD should direct the CSD Program Manager to ensure all CDBG public hearing requirements are met.
- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should

direct the Community Safety and Development (CSD) Program Manager to ensure all Community Development Block Grant (CDBG) public hearing requirements are met.

This finding was previously identified by the U.S. Department of Housing and Urban Development (HUD) during its review of the Municipality of Anchorage's 2024 Action Plan process. The Municipality acknowledged that the required public hearing was not conducted prior to publication of the draft Action Plan for public comment, resulting in non-compliance with the requirements of the Citizen Participation Plan. Corrective action has already been implemented and accepted by HUD. In response to HUD's determination, CSD developed and adopted Policy and Procedure CSD 06: Citizen Participation Plan (CPP), which establishes detailed requirements and procedures for public participation and public hearing activities related to the Consolidated Plan, Annual Action Plan, and other applicable HUD planning documents. In addition, CSD implemented enhanced project management and oversight measures to ensure required public hearings are scheduled, documented, and completed in accordance with HUD regulations and the Municipality's Citizen Participation Plan.

CSD will continue to utilize these procedures and monitoring controls to ensure compliance with all public hearing requirements and to prevent future occurrences of this finding. Staff will be responsible for coordinating public hearing activities and maintaining documentation, with oversight provided by the Program Manager to ensure compliance with applicable HUD requirements.”

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

## 8. **Subrecipient Reporting Requirements Not Always Met.**

- a. **Finding.** Subrecipients did not always adhere to reporting requirements in subrecipient agreements. Specifically, we found 95 of 101 (94%) of the reporting requirements from January 2023 to March 2026 were not followed. The following summarizes our findings:

- *Reports Not Submitted* – We found 22 of 101 (22%) required reports were not submitted at all. For example, one subrecipient did not provide reports to CSD staff as required in 13 of 24 reporting periods reviewed under their agreement.
- *Reports Partially Submitted* – We found 71 of 101 (70%) required reports were only partially submitted. For example, one subrecipient submitted a monthly invoice to CSD staff, however, they did not submit a program activity report, a program narrative report, an invoice narrative, a general ledger, or a Homeless Management Information System (HMIS) aggregate report, as required by the subrecipient agreement.
- *Reports Submitted Late* – We found 25 of 101 (25%) required reports had been submitted past the due dates in the agreements. For example, one subrecipient submitted 7 of 25 reporting periods past due dates outlined in their agreement.
- *Submission Dates Unclear* – We found in 27 of 101 (27%) required report submission dates were either not tracked by CSD staff overseeing the subrecipient agreements or were not provided. For example, an individual subrecipient had 22 of 39 reporting periods where CSD staff did not provide the submission dates to us, despite multiple attempts.

We found CSD staff did not enforce due dates or full report submissions. In addition, CSD staff did not always track the submission dates of the reports or did not provide them to us by the conclusion of this audit. As a result, it is difficult to determine subrecipient compliance and achievement of program goals, and there is no clear picture for the CSD staff to know how CDBG funds are being spent.

- b. **Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure subrecipients adhere to all agreement reporting requirements and CSD staff must enforce those requirements.
- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department direct the Community Safety and Development (CSD) Program Manager to ensure subrecipients

adhere to all agreement reporting requirements and that CSD staff consistently enforce those requirements.

As of October of 2024, CSD has strengthened its monitoring and compliance practices. At the start of each grant agreement or contract, CSD conducts meetings with subrecipients to review contract or grant agreement requirements, reporting expectations, deadlines, and compliance obligations. CSD staff provide reminder notifications prior to reporting due dates and maintain communication with subrecipients throughout the agreement period. When reports are not submitted, submitted incompletely, or submitted late, CSD staff now conduct follow-up through email and telephone communication and document those efforts.

CSD has also implemented the use of formal Notice to Cure letters to address noncompliance and establish clear expectations regarding corrective action. To ensure enforcement actions are applied consistently and appropriately, CSD will utilize the Municipality of Anchorage Legal Department through a Request for Legal Services (RFLS) to assist with the review and issuance of Notice to Cure letters and other compliance-related actions, as needed. Subrecipients are advised that failure to meet reporting requirements may result in enforcement actions consistent with the language included in the grant agreement or contract.

In addition, CSD will develop and implement documented internal procedures for contract administration and compliance monitoring. The procedures will establish requirements for tracking report due dates, documenting report receipt dates, monitoring compliance, conducting follow-up activities, and implementing enforcement actions when necessary. Staff will be responsible for monitoring reporting requirements and maintaining compliance documentation, with oversight provided by the Program Manager to ensure consistent application of contract or grant agreement requirements and compliance standards. CSD plans to have the documented procedures implemented no later than August 1, 2026.”

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

**9. Supplemental Documentation Not Always Retained.**

- a. Finding.** Required supplemental documentation for subrecipient agreements were not always retained. Specifically, four of eight (50%) CDBG subrecipient agreement files we reviewed did not contain some supplemental documents required by the agreements or submissions by subrecipients were not timely, making verification of subrecipient information and compliance difficult. For example, a supplemental documentation package for a 2022 subrecipient agreement was fully submitted to CSD staff, however only three of the nine required documents contained submission dates, and one was submitted past the due date in the agreement. As another example, a supplemental documentation package for a 2023 subrecipient agreement only contained three of nine required documents with the other six unable to be located by CSD staff. The missing documents were: the subrecipient’s business license, statement signed by the organization’s Executive Director identifying persons authorized to sign reports on their behalf, a copy of the limited English proficiency policy, a copy of the subrecipient’s Section 504 policy, a copy of EEO Policy, and a copy of the subrecipient’s P&Ps.
- b. Recommendation.** The Director of AHD should direct the CSD Program Manager to ensure required supplemental documentation is retained from all CDBG subrecipients to ensure complete submission compliance.
- c. Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department direct the Community Safety and Development (CSD) Program Manager to ensure required supplemental documentation is retained from all CDBG subrecipients to ensure complete submission compliance.

CSD has significantly revised its documentation review and agreement execution practices. Under the revised process, subrecipients are required to submit all required supplemental documentation prior to execution of an agreement. In adherence with the purchasing process, contracts or agreements will not be executed until all required documentation has been received, reviewed, and approved.

In addition, CSD will develop and implement documented internal procedures governing contract administration and compliance monitoring. The procedures will establish documentation requirements, review procedures, file retention standards, and responsibilities for maintaining complete and accurate project records. Staff will be responsible for collecting, reviewing, and retaining required supplemental documentation, with oversight provided by the Program Manager to ensure compliance with applicable federal, state, and municipal requirements. CSD plans to have the documented procedures implemented no later than August 1, 2026.”

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

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on June 8, 2026.

Audit Staff:  
Dalton Benson