



PRELIMINARY REVIEW AND INFORMATION CDBG-DR FUNDS AND EXPENDITURES

Presented July 12, 2018 to the combined
Legislative interim meetings of the
Joint Committee on Flooding & Joint
Committee on Government and Finance



PRELIMINARY INFORMATION

- Timeline of contracts and expenditures relating to the WV Flood/RISE Program
 - HORNE Contract
 - Vendor/Construction Expenditures
 - Other Relevant contractual activity

- Review of expenditures relating to the WV Flood/RISE Program
 - Explanation of the CDBG-DR monies paid out
 - \$1.4 million of the \$149 million

“PAUSE”

- One of the asserted reasons for the delay in homes being built or assistance to individuals is an alleged pause in the Program
- Pause appears to have ended as of the June 4, 2018 press conference by the Governor and appointment of Gen. Hoyer to oversee the program
- Differing dates/timeframe as to when the “pause” began

Memorandum



To: Mary Jo Thompson, Director
Russell W. Tarry, Deputy Director

From: Andrew Mihalik, RiseWV Program Manager AH

Date: March 16, 2018

Re: Suspension of Program Activities

On February 28, 2018, the RiseWV Disaster Recovery Housing Program was directed to cease operations, pending additional review of the program by the Governor's office. As we approach week 4 of suspended activities, a summary of Program implications is as follows:

Constituent Impact

On February 28, 2018:

- Fifty-five (55) homes were in construction. Many of the flood-damaged homes have been demolished and families currently residing in temporary housing. These families remain in transition until we receive direction to fully resume Program activities.
- Thirty-eight (38) applicants had homeowner signing events scheduled. As directed, we contacted those families and cancelled their grant award signing event. Many of these households contact the Program daily inquiring when they will be rescheduled.
- One Hundred and eighty-eight (188) applicants are pending Tier 2 environmental review which is generally a quick process. Once Tier 2 clears, they are eligible for homeowner signings. Many of these applicants are contacting us inquiring why the Tier 2 environmental review is taking so long. For perspective, we can generally clear about ten (10) Tier 2 environmental reviews a day depending on SHPD and Section 106 requirements.

Pre-construction Impact

Activity Delivery Costs Incurred to date:

- The State began outreach and intake activities on August 1, 2017. Program case managers have completed in excess of Twenty-four hundred (2400) personal consultations with applicants to the Program.
- Program case managers have performed intake and eligibility assessments for over fourteen hundred (1400) applicants.
- Program damage inspectors have performed over (400) physical inspections of damaged properties and produced preliminary Estimated Costs of Repair worksheets.

“PAUSE?”

- Utilizing this documented date, the alleged operational pause timeframe appears to have been from February 28, 2018 to June 4, 2018
- However, payments to construction vendors and marketing continued during this alleged pause timeframe

Feb. 28, 2018	RISE WV Program placed on Pause ➤ Per March 26, 2018 internal Commerce memo
March 1, 2018	Thompson Construction Group paid \$14,878.25
March 6, 2018	Thompson Construction Group paid \$81,141.25 Danhill Construction Company paid \$30,000
March 14, 2018	Thompson Construction Group paid \$14,878.25
March 21, 2018	Stonewall Retail Marketing paid ... \$70.62
March 22, 2018	Stonewall Resort was paid \$15,819.59
April 2, 2018	Stonewall Retail Marketing paid ... \$280.50
April 4, 2018	Purchasing rejected the HORNE-WVDO agreement to add Task Orders #3-8 to their existing contract
May 4, 2018	Stonewall Retail Marketing paid ... \$215.63
May 8, 2018	Stonewall Retail Marketing paid ... \$6123.06
June 1, 2018	Thompson Construction Group paid \$96,019.50 Danhill Construction Company paid \$60,000
June 4, 2018	Governor Press Conference ➤ Ended purported pause in program ➤ Appoint Hoyer in charge of program



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PRELIMINARY DETERMINATION OF CDBG-DR EXPENDITURES

- Severe difficulty in tracking and determining flood-related CDBG-DR monies
 - Commerce commingled with other non-DR CDBG funds
 - Coding/labeling of these funds were not consistent or uniform
- Funds were entered into the FUND 8746 “CDBG Account” within the Department of Commerce.
- Other CDBG expenses included within Fund 8746:
 - 14CDBG, 15CDBG, CDBG, 14SCBG,

- + Message Center
- + Search
- + History
- + Favorites
- + Administration

	Doc Code	Doc Dept	Doc ID	Document Identifier	Cash Expenses
✓	AD	0307	AUTO1800843830	AD 0307 AUTO1800843830	\$37,816.64
	AD	0307	AUTO1800843828	AD 0307 AUTO1800843828	\$669.27
	AD	0307	AUTO1800843827	AD 0307 AUTO1800843827	\$95,226.13
	EFT	0307	AUTO1801943067	EFT 0307 AUTO1801943067	\$282.07
	EFT	0307	AUTO1801943067	EFT 0307 AUTO1801943067	\$406.00
	EFT	0307	AUTO1801943066	EFT 0307 AUTO1801943066	\$1,038.72
	AD	0307	AUTO1800840393	AD 0307 AUTO1800840393	\$3,339.57
	AD	0307	AUTO1800840405	AD 0307 AUTO1800840405	\$6,747.88
	AD	0307	AUTO1800840397	AD 0307 AUTO1800840397	\$8,342.00
	AD	0307	AUTO1800840395	AD 0307 AUTO1800840395	\$9,608.22
	AD	0307	AUTO1800840407	AD 0307 AUTO1800840407	\$24,477.12
	AD	0307	AUTO1800840394	AD 0307 AUTO1800840394	\$217,278.66
	AD	0307	AUTO1800835819	AD 0307 AUTO1800835819	\$10,527.59
	AD	0307	AUTO1800835776	AD 0307 AUTO1800835776	\$137,968.10
	AD	0307	AUTO1800833871	AD 0307 AUTO1800833871	\$36,428.50
	EFT	0307	AUTO1801932297	EFT 0307 AUTO1801932297	\$92.81

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Cash Expenses



Sample screenshot of how this information appears in WVOASIS

- Necessitates line by line review of each entered expense to determine if flood related or not

BREAKDOWN OF FUND 8746

- This is the Fund utilized by Commerce Department for CBDG expenses
 - Multiple Other CBDG expenses included within Fund 8746:
 - 14CBDG, 15CBDG, CBDG, 14SCBG
- Fund 8746 CBDG Account Expenditures are classified as two different expenditure types:
 - 7431 Administration Expenditures
 - 7432 Grant Expenditures

BREAKDOWN OF FUND 8746

➤7431 Administration Expenditures

- Expenditures such as:
 - Travel & Mileage
 - Phones
 - Rent
 - Office Supplies
 - P-Card Expenditures
 - Printing

BREAKDOWN OF FUND 8746

➤7432 Grant Expenditures

- Expenditures such as:
 - Construction Payments
 - Examples: Thompson Construction Group, DanHill Construction
 - Temporary Relocation Assistance to individuals
 - Assistance payments to individuals

Compilation of Flood-Related Expenses from Fund 8746



Sample screenshot of how this information was compiled and calculated by Auditor staff

➤ Have redacted names of individuals receiving monies

	B	C	D	F	H	I	J
61	0307	AUTO1800443333	1,000.00	2018,02,03		7432	WV-FL
62	0307	AUTO1800443329	1,000.00	2018,02,03		7432	WV-FL
63	0307	AUTO1800422310	51,384.75	2018,01,24	Thompson Const Group	7432	WV-FL
64	0307	AUTO1800422071	15,000.00	2018,01,24	Dan Hill Constr Co	7432	WV-FL
65	0307	AUTO1800850441	262.50	2018,01,22	Stonewall Retail Marketing	7431	WV-FL
66	0307	AUTO1800418183	1,000.00	2018,01,22		7432	WV-FL
67	0307	AUTO1800418184	1,000.00	2018,01,22		7432	WV-FL
68	0307	AUTO1800413463	1,000.00	2018,01,20		7432	WV-FL
69	0307	AUTO1800413464	1,000.00	2018,01,20		7432	WV-FL
70	0307	AUTO1800411952	377,941.95	2018,01,18	HORNE LLP	7431	WV-FL
71	0307	AUTO1800404575	34,256.50	2018,01,12	Thompson Const Group	7432	WV-FL
72	0307	AUTO1800404493	15,000.00	2018,01,12	Dan Hill Constr Co	7432	WV-FL
73	0307	AUTO1800401971	1,000.00	2018,01,12		7432	WV-FL
74	0307	AUTO1800401972	1,000.00	2018,01,12		7432	WV-FL
75	0307	AUTO1800401973	1,000.00	2018,01,12		7432	WV-FL
76	0307	AUTO1800391813	64,013.00	2018,01,09	Thompson Const Group	7432	WV-FL
77	0307	AUTO1800390805	1,000.00	2018,01,09		7432	WV-FL
78	0307	AUTO1800390806	1,000.00	2018,01,09		7432	WV-FL
79	0307	AUTO1800390804	1,000.00	2018,01,09		7432	WV-FL
80	0307	AUTO1800390803	1,000.00	2018,01,09		7432	WV-FL
81	0307	AUTO1800389775	17,128.25	2018,01,06	Thompson Const Group	7432	WV-FL
82	0307	1800013439	127.34	2017,12,05		7431	WV-FL
83	0307	AUTO1800312905	67,500.00	2017,11,29	HORNE LLP	7431	WV-FL
84	0307	AUTO1800293502	86.68	2017,11,15		7431	WV-FL
85	0307	AUTO1800289843	178.50	2017,11,15		7431	WV-FL
86	0307	AUTO1800496743	462.07	2017,11,15		7431	WV-FL
87	0307	AUTO1800150048	96,250.00	2017,09,11	HORNE LLP	7431	WV-FL
88	TOTAL EXPENDITURES		\$ 1,395,747.15				
89							
90	0307 - Department of Commerce						
91	7431 - SCBG Administration						
92	7432 - SCBG Grant						
93	WV-FL - Denotes West Virginia 2016 flood recovery						

PRELIMINARY DETERMINATION

- Of the \$149 million CDBG-DR allocated to West Virginia, preliminary review has determined that only about \$1.4 million has been expended by Commerce



PRELIMINARY DETERMINATIONS

- Of the \$1.4 million expended:

• Admin/Misc. expenses	\$ 568,949.89
• Payments to Construction vendors	\$ 784,407.75
• Payments to Individuals for Assistance	\$ 43,500

PRELIMINARY NOTES

- As reflected above, only \$43,500 of the allocated \$149 million appear to have been actually paid to individuals
 - 41 individuals received \$1,000 each in assistance
 - 1 individual received \$2,500 in assistance

PRELIMINARY NOTES

- Commerce paid \$ 562,326.63 for Admin expenses
 - Included HORNE contracts paid \$ 541,691.95
- Included payment of \$ 15,819.59 for multi-day meeting at Stonewall Resort
- The total payment was broken into three different payments under 3 different codes making it difficult to track

PRELIMINARY NOTES

- Commerce paid \$ 9,944.11 in Marketing expenses
 - Primarily paid to Stonewall Retail Marketing who then sub-contracted work/services out
 - One sub-contract payment was for \$ 6,123.06 for 100 yard signs

PRELIMINARY NOTES

- The foregoing information is based on our preliminary review and upon the limited source documents in the system. It is possible that information was coded incorrectly by Commerce and/or which may exist within Commerce that may impact the overall numbers.
- Further, the commingling of these funds has made tracking of monies and expenditures very difficult
 - The absence of a designated coding or fund specifically for these CDBG-DR monies is significant and noteworthy

PRELIMINARY NOTES

- Finally, we are continuing our review of expenses, including a review of:
 - Other Commerce accounts
 - FEMA accounts/payments under various DMAPS accounts
 - Governor's Contingency Fund

ANY
QUESTIONS
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