



**Audit Report on Onondaga County Community
Development Division's – SHAPE-UP Program**

May 2024

By Onondaga County Comptroller Martin D. Masterpole

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Section I

Introduction and Background

The Onondaga County Community Development Division (Community Development) is a component of Onondaga County government whose mission, per its website, is “to improve the quality of life for Onondaga County’s low and moderate income people by preserving and rebuilding neighborhoods, revitalizing and increasing the County’s housing stock, upgrading the infrastructure and providing needed community facilities.” Community Development has a number of programs that help accomplish these goals, one of which is called the Safe Housing Assistance Program for the Elderly or SHAPE-UP.

The Program

SHAPE-UP is a home modification program that focuses on improving housing conditions for low and moderate income elderly and handicapped persons who own, and reside in, their own home in Onondaga County. Community Development has a similar program called SHAPE-UP for Veterans with similarities and slight differences from SHAPE-UP. That program is not detailed in this report.

Potential SHAPE-UP participants can apply to receive up to \$15,000 to cover costs of necessary home repairs. If repairs exceed the program’s limit, Community Development sometimes will access other available revenue sources to complete the work involved. The program operates on a first-come, first-serve basis. Qualified homeowners can be approved for one SHAPE-UP grant every 10 years.

Eligible home repairs include those to mechanical systems such as water supply, plumbing, heating, and electrical. The program also covers repairs to structural items such as roofs, foundations, porches and stairs as well as the installation of safety and energy related items, such as deadbolt locks, smoke detectors, grab bars, storm windows and insulation. If a child under six lives in the home or visits often, and lead hazards are found, up to an additional \$10,000 may be available to the homeowner.

County residents can find out about all of Community Development’s programs, including SHAPE-UP, by visiting the Division’s website (<http://ongov.net/cd/>). Community Development also holds a public hearing in the Onondaga County Civic Center once a year to discuss the funds it has received for the upcoming Federal program fiscal year, and which programs it will fund. Individuals interested in applying for funding can contact Community Development and--depending on program demand, funding availability and workloads--potential clients are sent applications.

To qualify for SHAPE-UP funding, applicants must be at least 62 years of age or provide proof of total disability. Other requirements include:

- The applicant must own the property to be repaired. It must be located within Onondaga County but, outside the city of Syracuse.
- The applicant must have owned and occupied the property at least one year.
- The property taxes must be current at the time of the application.
- The property must be covered by homeowners insurance at the time of the application.

- The property owner’s household size and annual gross income must meet HUD-related guidelines (see Attachment 1).

Assistance to homeowners comes in the form of a 5-year deferred loan. A lien is placed on the residence for 5 years following the completion of work. The homeowner must agree to repay 100% of the loan if they do not own and occupy the property as their principle residence for 5 years following completion of the work. Owners selling the home prior to that 5 year period are subject to repayment of SHAPE-UP funds.

After someone submits an application and the required supporting documentation, the Community Development receptionist time stamps the application and reviews it for general completeness. Next, a Housing Rehabilitation Specialist reviews the application for eligibility. A final review is performed by the Division’s Administrative Officer. If an applicant meets all the requirements, they will be mailed information (letter, fact sheet, brochure, etc.) explaining the SHAPE-UP program. Letters will also be sent to applicants if documentation is missing or incomplete.

Once a SHAPE-UP application is approved, the Housing Rehabilitation Specialist targets which of the Community Development grants might be best suited for the applicant according to their need and the available funding. A Project Coordinator will then confirm the funding allocation and assign the project to an Inspector to determine the scope of work.

Once the project specifications are determined, the needed work is then competitively bid on by contractors chosen from Community Development’s approved listing of contractors. Once the contractor is selected, work is done under Community Development supervision and the contractor is paid upon completion. All financial transactions are tracked using a departmental budgeting spreadsheet which details the program’s budget, amount of funds allocated to projects and the funds expensed.

Division and Program Funding

To fund the SHAPE-UP Program, and some of its other initiatives, the Community Development Division annually receives grant funding from several major entitlement grants from the United States Department of Housing and Urban Development (HUD). These grants include, but are not limited to, Community Development Block Grants (CDBG), Home Investment Partnerships Grants (HOME) and Emergency Solutions Grants (ESG). Funding from each of these sources is listed below:

Community Development Division Funding			
Year	CDBG Grant	HOME Grant	ESG Grant
2021	\$2,368,453	\$740,884	\$176,558
2022	\$2,196,285	\$659,207	\$175,607

Community Development also receives funding from competitive grants, which are specific to funding need and availability. In 2021, Onondaga County received the American Rescue Plan Act, (ARPA), which provided a HOME grant of \$2,389,171. In addition, the County authorized a one million dollar grant to be used exclusively on eligible honorably discharged veterans to rehabilitate their owner occupied home.

Oversight & Planning

Community Development has a Steering Committee who determines the annual funding for all of their programs. The committee members are appointed by the County Executive and include 6 elected officials- 2 town supervisors, 2 village mayors and 2 County Legislators. The Steering Committee determines how the department’s major funding streams are to be spent and reports these goals both in an Annual Plan as well as in a Five Year Strategic Plan. Where required (e.g. HUD funding) the plans are submitted to granting agency for review and approval.

The HOME Investment Partnerships Program (HOME) is the primary source of funding for the SHAPE UP program. According to the Community Development Annual Action Plan, SHAPE-UP was budgeted with \$200,000 for the years 2021 and 2022.

Shape-Up Program	
2021	\$200,000
2022	\$200,000

Section II

Executive Summary

During the course of the audit, we noted the following:

- We noted the department's internal program budgeting spreadsheet--named Integrated Disbursement and Information System Budget (IDISBUD) and used to maintain all of the Community Development Division's program funding--is not reconciled to the posted transactions in PeopleSoft.
- We noted there is a lack of consistency in the management the department's Waitlist Report amongst department personnel. As a result, 26 low-to-moderate income elderly or handicapped clients who submitted applications from 2021 and 2022 were not accounted for on the Waitlist Report.
- From testing 28 of the 114 Shape Up applications submitted during the audit period, we noted the following.
 - Applicant files were missing required supporting documentation.
 - Projects were completed without proper homeowner's insurance coverage.
 - Control forms were not completed with sign-offs.
 - An applicant applied for SHAPE-UP funds but received a RAMP Program denial notice.
 - One contractor was initially paid an incorrect amount.
- We noted there is no annual or periodic follow up of the Shape Up Program's budget and objectives as set forth in the Annual Action Plan by the Steering Committee to adjust the programs budget according to the outcome of the departments reported activity and expenditures.

Our high level recommendations include the following:

- We recommend Community Development's administration develop and implement procedures for reconciling the department's transactions.
- We recommend Community Development's administration implement the use of a waitlist.
- We recommend Community Development's staff follow establish program controls.
- We recommend Community Development provide program statistical data to the Steering Committee.

Section III

Scope, Objectives and Methodology

Scope and Objectives:

The purpose of this report is to provide Community Development's management with information and recommendations on SHAPE-UP's internal controls and their operating effectiveness during the period of January 1, 2021 through August 31, 2023.

The objectives for the audit were:

- To obtain an understanding of the SHAPE-UP Program's policies and procedures.
- To determine if funds are spent within program and governmental guidelines.
- To evaluate and report on compliance with laws, requirements, policies and procedures in regards to the SHAPE-UP Program.
- To evaluate and report on the effectiveness and efficiency of internal controls relating to SHAPE-UP's application process.
- To evaluate the financial transactions of program expenditures.

Methodology:

In order to complete the objectives we:

- Reviewed relevant laws, policies, procedures and regulations to attain an understanding of the SHAPE-UP Program.
- Interviewed staff and management responsible for oversight and implementation of the SHAPE-UP Program.
- Selected and tested a sample of applicant case files in order to determine the effectiveness and efficiency of SHAPE-UP's application process.
- Selected and tested a sample of vouchers to determine if internal controls are in place and all expenditures are recorded and paid for using the appropriate grant.
- Reviewed and discussed our findings and recommendations with the department's management for inclusion in this report.

Section IV Findings

1. We noted the department's Integrated Disbursement and Information System Budget (IDISBUD), an internal spreadsheet maintained by the Project Coordinator and the Housing Program Coordinator and used to track the program's funding, is not reconciled to PeopleSoft at any given point in time. Below, is a copy of the departments' IDIS spreadsheet SHP/REHAB HOME 2022 tab of the Shape Up programs for project #734051-022.

IDISBUD SPREADSHEET from Community Development					
<i>Awarded - Proceeding</i>					
<u>SHP/REHAB HOME 2022 - 734051-022 CPS 7</u>					
Name	HUD ACT No	Budgeted	Spent	Total Budgeted	Budget/ Balance
		95,150.00	19,500.00	75,650.00	445,483.00
					540,633.00
HXXXXX RXXXXXX (emerg water)	5294	15,000.00		15,000.00	525,633.00
LXXX, KXXXXXX (emerg septic) (survey \$895; 2nd pmt \$14,105)	5295	15,000.00	15,000.00	15,000.00	510,633.00
SXXXX, JXXXX (emerg septic)	5299	4,500.00	4,500.00	15,000.00	506,133.00
JXXXX, GXXX (emerg roof, match RES 2022)	5305	5,150.00		20,150.00	500,983.00
VXXXXXX, MXXXXXX (emerg roof, too young for RES)	5312	15,500.00		35,650.00	485,483.00
DXXXX, RXXXXXX (emerg gas leak, match RES 2022)	5313	10,000.00		45,650.00	475,483.00
BXXXXXX, JXXX (emerg plumbing/sewage, match RES2022)	5355	15,000.00		60,650.00	460,483.00
GXXXXXX, BXXXXXX (match RES2022)	5357	15,000.00		75,650.00	445,483.00
				75,650.00	445,483.00

Note: IDISBUD Report submitted to IA 9/11/2023, the Budget Balance \$445,483.

- Per review of the department's IDISBUD spreadsheet, we noted the department's Budget Balance was \$445,483 and the expenditures were \$19,500. However, according to PeopleSoft on 2/16/2024, the Housing Rehabilitation Budget for project #734051-022 was \$648,760 and the expenditures were only \$5,395, a difference of \$14,105.
- Upon further research, it was noted the \$14,105 expenditure was posted in PeopleSoft to project #734051021 instead of #project 734051022 as indicated on the IDISBUD Spreadsheet.
- We noted the IDISBUD spreadsheet is lacking the dates of all transactions, making it difficult to reconcile to PeopleSoft.

Recommendation:

We recommend Community Development's administration develop and implement procedures for reconciling the department's transactions recorded on their IDISBUD spreadsheet to PeopleSoft on a periodic basis.

Recommendation:

We recommend including payment dates for all transactions to facilitate the reconciliation to ensure an accurate accountability of project expenditures.

2. The Community Development Director provided the 2021-2023 CD Applicants List Report (Applicants list) as of 9/11/2023 for testing purposes. Per review of the report, the applicants on the list were at various stages of the application process. 26 applicants on the list were noted as waitlisted. The breakdown of those 26 applicants by year is as follows:

- 15 applied in 2021
- 10 applied in 2022
- 1 applied in 2023

a. According to the Community Development Housing Rehabilitation Specialist, the 26 applicants were deemed to be eligible for the program but were noted as being put on a waitlist due to the lack of funding and/or the lack of contractors available to perform the work. We requested the Waitlist Report and were told there was no Waitlist Report.

Subsequently, the Housing Program Coordinator provided a 2022-2023 Waitlist Report, dated January 30, 2024. Per review of the report, the 26 applicants from the original 9/11/2023 Applicants List Report were not included on this Waitlist Report provided giving the appearance of having been overlooked in receiving the benefit of the program.

b. Per review of the 2022-2023 Waitlist Report, there were 147 applicants listed on this report. The breakdown of the 2022-2023 inquiries into the SHAPE-UP program were as follows:

- 2022 95 inquiries
- 2023 42 inquiries
- 2024 10 inquiries

We noted, the 147 applicants were merely inquiries and no application was provided. Notations on the report indicate, “No application sent” for applicants. It was explained that applications are only sent to someone when the department is ready to proceed, as they do not want to have to re-request eligibility data (proof of income or homeowners insurance) if it has expired. They want all applications to be current. It is unclear why a list of inquiries is maintained and why applicants are not provided an application at the time of inquiry.

It seems there is a program disconnect amongst the Community Development staff as to the purpose and function of a Waitlist Report. Typically, a waitlist would consist of returned applications in various stages of completion. A status note might indicate something such as “all supporting documentation has been provided”, or “application is missing XYZ...mailed letter requesting those items.” Complete and eligible applications would then move to the next phase of the process in chronological order. When funding and contractors are in alignment, the application and status of the supporting documentation would be reviewed and if needed updates should be requested.

Recommendation:

We recommend Community Development’s administration design waitlist procedures to chronologically track submitted applications so as to best serve low/moderate income and disabled homeowners on a first-come, first-serve basis in the targeted areas of the county.

Recommendation:

We recommend once such waitlist procedures are created, Community Development's administration conduct a training for all program-related personnel to inform them of the new procedures and to create consistency among staff in the use of the Waitlist Report.

Recommendation:

We recommend Community Development's administration and staff reach out to, and assist, the 26 applicants from the 2021-2023 CD Applicants List who were not transferred to the 2022-2023 Waitlist Report. Some of those applicants reached out to the program for assistance as long ago as 2021.

3. We tested 28 of the 114 applications received by Community Development during the audit period (1/1/21 through 8/31/23) and noted the following:

- a. Three of the approved projects (VAM-5183, ASV-2022-102 and BTV-5299) lacked the appropriate signs-offs of the Program Coordinator and/or Housing Program Coordinator that would indicate an administrative review and approval had in fact taken place.
- b. Construction was undertaken on two homes with expired homeowner's insurance. This does not comply with the established program policy.
 - VAM-5183 the work commenced on 8/15/2023 – policy dated (7/6/2021 – 7/6/2022)
 - AJF-5211 – the work commenced on 7/24/2023, policy dated (8/10/2020 – 8/10/2021)
- c. For two projects (SHV-ASV-2023-104 and MTD-SHV-2023-113) the required Control Form was not properly completed and signed off by the Inspector indicating the work progress inspections were completed.
- d. For project (RES-MTD-5305) we were unable to be determined if the lowest bidder was selected for applicant as the case file lacked the bidding summary sheets.
- e. One applicant (DXXXXXX SXXXX) is listed on the SHAPE-UP application list however there was a copy of a rejection letter for the RAMP program found in the applicant file. The letter was dated 7/12/22 and stated the County received the RAMP application but at that time the program was not accepting any new applications due to lack of funding. It appears this application was processed as a RAMP applicant rather than a Shape Up applicant.
- f. For one project (#5180, applicant DXXXX BXXXXXXXX) the contractor was paid the incorrect amount for the project. The amount paid was \$16,800 but it should have been paid in the amount of \$18,600.

Recommendation:

We recommend Community Development administration design procedures to ensure all case files are complete and required documentation is maintained to justify management's eligibility/ineligibility determination. We recommend one such procedure be the completion and review of a case file checklist to ensure the completeness and accuracy of application records.

- g. Paperwork for one applicant (**KXXXXXXX MXXXXXXX**) was missing. Based on case notes, an application was received on 9/28/21 and email correspondence from Community Development dated 11/1/21 requested additional supporting documentation. When the requested materials were received, they were not date stamped by Community Development staff. Further inquiry we determined this case originally opened as far back as 2014. An undated case note indicated the application was “Placed on hold due to the fact the SHAPE-UP program was shut off because of capacity & lack of contractors”.
- h. Case file and application for one applicant (**AXXXXXX BXXXXX**) could not be provided. We were unable to verify if the determination of applicant’s ineligibility due to excessive income was justified. New York State’s Education Department Records Retention and Disposition Schedule C0-2 under Community Development / Urban Renewal section 3. [1044] states, “Denied or withdrawn applications for participation in any community development program should be retained for a period of 3 years.

Recommendation:

We recommend Community Development devise an organizational system to ensure all applications denied or withdrawn are maintained for a period of 3 years as stated in the NYS Records Retention and Disposition Schedule Requirements. We also recommend detailed, dated case notes be written to support all decisions affecting applicant eligibility.

- 4. We were informed, there is no periodic or annual administrative follow up of the program’s budget and goals as set forth in the Annual Action Plan with the Steering Committee based on conversations with administrative staff. We reviewed the Steering Committee Meeting Minutes from the 2021, noting Community Development reported the Shape Up program spent \$380,834, on 20 homes owned and occupied by low-income elderly or handicapped households. However, no discussion was documented on possibly increasing the allotment for Shape Up, as funding remained the same amount of \$200,000 for 2022 and 2023, respectively.

Recommendation:

We recommend the department provide the Steering committee with statistical data, which should include the number of approved applications, average repair costs, approved wait listed applications as well as pended applications to provide costing and participation data to the Steering Committee to assist with the following years’ budget plan.

**Section V
Attachments**

Attachment 1

**Community Development Division
Safe Housing Assistance Program for the Elderly (SHAPE-UP)**

(Source: Community Development Division webpage - <http://ongov.net/cd/shapeUp.html>)

WHAT IS SHAPE-UP?

SHAPE-UP is a home repair program administered by Onondaga County Community Development. Eligible homeowners can apply for help to cover the costs of necessary home repairs.

WHO IS ELIGIBLE - Homeowners that meet the following criteria:

- who are at least 62 years old or disabled
- who have owned and occupied the property at least one year
- whose property is within Onondaga County but outside the City of Syracuse
- whose property taxes are current at the time of the application
- whose property is covered by Homeowners Insurance
- whose household size and annual gross income fall within the guidelines listed below:

Family Size	Income Limit * effective June 15, 2023
1	\$52,300
2	\$59,750
3	\$67,200
4	\$74,650
5	\$80,650
6	\$86,600
7	\$92,600
8	\$98,550

Section VI

Management Response



J. RYAN MCMAHON II
COUNTY EXECUTIVE

COUNTY OF ONONDAGA

COMMUNITY DEVELOPMENT DIVISION

ongov.net

MARTIN SKAHEN
DIRECTOR

May 10, 2024

Mr. Martin D. Masterpole
Onondaga County Comptroller
421 Montgomery Street, 14th Floor
Syracuse, NY 13202

Re: Response to Audit Report on Onondaga County's Community Development Division's SHAPE UP Program

Dear Mr. Masterpole,

This letter is in response to the findings and recommendations in the above referenced report.

1. The internal IDISBUD spreadsheet is just one of several ways we track the use and balance of funds. Its primary purpose is for the encumbrance of funds for units. The Federal Integrated Disbursement and Information System (IDIS), CD's internal database and County's Peoplesoft Financials are the other ways we track funds, primarily on the expense/reimbursement side. We use all this information to track the use and balance of funds as each unit progresses in its fiscal timeline. While reconciling occurs between IDIS and Peoplesoft, CD will look for ways to include the spreadsheet in the process.
2. As discussed in the finding, there was some staff confusion as CD transitioned from accepting applications for the program, to placing applicants on a traditional waiting list. We also believe there was some misunderstanding by the reviewer in how our process operated during that time. CD has a long-established waiting list process though has not had to operate one in the past few years due to the programs ability to handle all inquiries in a timely manner. In early 2022, it was decided that we could no longer handle all inquiries in a timely manner and that we would operate on a traditional waiting list again. At that time, we also had many applications on hand that were at various stages of processing. So, we essentially had 2 waiting lists; one for the existing pending applications and a new one for those screened callers as the traditional waiting list. We believe these 2 different "waiting lists" led to some confusion for staff, as well as for the reviewer. CD will ensure that all applications are processed prior to soliciting those on the traditional waiting list.
3. Testing:
 - a. Administrative review and approval of what aspect? File appears in order.
 - b. CD now has policy to check Homeowner insurance at time of contract preparation to ensure no lapse in coverage.
 - c. CD is in the process of revamping its control form and progress inspection paperwork in order to make it easier and more convenient for Housing Rehabilitation Inspectors to note project activities and progress.
 - d. File review by CD staff show bid documents to be in place.

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Mr. Martin D. Masterpole
May 10, 2024
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- e. Applicants often call us for one reason and then discover we have multiple programs. While unable to determine the specifics in this case, we presume the applicant did in fact wish to apply for Ramp.
 - f. CD finds no record of wrong amounts being paid. This would be highly unlikely as all invoices go thru Financial Operations as well as Comptrollers before payment.
 - g. Noted applicant went through SHAPE UP program previously in 2014, hence the notes. CD is unsure how the paperwork went missing. CD moved June 2023 from the Civic Center to the Carnegie Building and perhaps the paperwork was misplaced during that time frame.
 - h. CD has a policy of retaining applications for the required 3-year time frame. CD moved June 2023 from the Civic Center to the Carnegie Building and perhaps the file was misplaced during that time frame.
4. HUD Entitlement Program funding has remained largely static over the past few years while program costs have increased across the board. While we could make a case for increased funding for one program over another, that would mean less funding for "the other". Instead, it is our position to spread available funding across existing programs so that all may continue to operate and provide assistance as designed.

Please let me know if you have any questions or would like more information.

Thank you.

Sincerely,



Martin Skahen
Director

Cc: Mary Beth Primo, Deputy County Executive
Peter Headd, Deputy Comptroller/Auditing
Julius Perrotta, Auditor III
Anne Loughlin, Auditor