



April 2025

Report No. 25-04

Audit of the State-Run Homeowner Assistance Program

Overall Conclusions

The Office of Internal Audit within the Texas General Land Office (GLO) initiated an internal audit and risk assessment for the Community Development Block Grant - Disaster Recovery (CDBG-DR) funds related to the Hurricane Harvey Homeowner Assistance Program (HAP) for the State of Texas.

Specifically, this review focused on the GLO's Community Development and Revitalization Homeowner Assistance Program (CDR-HAP) department and functional divisions' oversight, operation and management of the HAP 48, State-Run City HAP and State-Run County HAP programs.

Particular areas assessed included:

- Vendor-management practices for monitoring vendor performance and compliance related to HAP,
- Processes for monitoring contract compliance and vendor performance for HAP, and
- Vendor-management policies and processes against leading practices

As a result of the review, there were no significant areas of risk identified related to the implementation of the HAP program. Observations and other considerations to enhance processes and procedures have been presented to management in a separate communication.

Acknowledgments

We appreciate the assistance and cooperation provided to us by the management and staff of GLO's Community Development and Revitalization (CDR) department and other functional departments, such as Procurement and Federal Finance. For questions about this report, please contact me at (512) 463-6078.

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Background Information

As a result of Hurricane Harvey, a Category 4 hurricane that made landfall in Texas in 2017, the GLO began to administer HAP, a program funded by CDBG-DR through the US Department of Housing and Urban Development (HUD).

The grant supported the Homeowner Assistance Program 48 (HAP 48), which focused on the rehabilitation and reconstruction of homes in 48 eligible counties. Following the initial allocation of CDBG-DR funds for Hurricane Harvey recovery, the GLO established subrecipient agreements with the City of Houston and Harris County to facilitate the implementation of HAP. However, the GLO has taken over the administration of the rehabilitation and reconstruction programs for both the City of Houston (i.e., State-Run City HAP) and Harris County (i.e., State-Run County HAP). This transition aims to expedite program delivery and enhance the impact of the assistance provided to the Texas community.





Appendix

Objective

Review the GLO's Community Development and Revitalization Homeowner Assistance Program (CDR-HAP) department and functional divisions' oversight, operation, and management of the HAP 48, State-Run City HAP, and State-Run County HAP programs. Areas assessed include:

- Vendor-management practices for monitoring vendor performance and compliance related to HAP
- Processes for monitoring contract compliance and vendor performance for HAP
- Vendor-management policies and processes against leading practice

Scope & Methodology

The scope of this analysis was derived from the results of the initial risk assessment of State-Run City HAP, State-Run County HAP, and HAP 48. Processes tested included: (1) Application – Eligibility Determination, (2) Construction, (3) Finance – Payment, (4) Procurement, and (5) Closeout – Complaints & Appeals.

This review and audit testing were limited in nature and scope and, therefore, cannot be relied upon to have discovered all documents and information that may be relevant to the analysis. Similarly, the audit cannot be relied upon to have uncovered all potential findings and/or observations. The results of this report could be different if additional procedures were performed.

The methodology was based on the use of audit test plans, which included several test attributes to confirm that certain processes and procedures were performed. The testing process included various reviews and/or confirmations through manual document verification, walkthroughs with process owners or through inquiries and discussions.

The review was conducted in accordance with Government Auditing Standards and International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. The evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.





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