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Report No. 25-01

Report on the Audit of CDR Grant Management Processes

Overall Conclusions

The Community Development & Revitalization (CDR) Department of the Texas General Land Office (GLO) uses federal funding from the U.S. Department of Housing and Urban Development (HUD) to administer programs under the Community Development Block Grant - Disaster Recovery (CDBG-DR). Funded programs include housing redevelopment, restoring critical infrastructure, and mitigating future damage through resilient community planning.

Within the two CDR-Grant Management (CDR-GM)¹ Divisions, grant managers (GMs) are responsible for administering CDBG-DR funded contracts and serve as the primary liaison to subrecipients for the duration of the projects.² Their duties include providing contract oversight, technical assistance, review of reported project expenses, and working with the subrecipients to ensure the timely and accurate reporting, retention, and maintenance of relevant documentation in conformance with federal and program guidance.

The audit sought to assess the effectiveness and efficiency of CDR-GM processes, including the oversight and management of the administered CDBG-DR funded programs. Based on the audit, CDR-GM has established procedures for the management of administered programs. However, the audit identified challenges that the GMs face in conducting their duties, including substantial workloads assigned to GMs, high staff turnover, absence of a standardized onboarding and consistent training program, and timing and logistical difficulties in conducting required in-person visits, which impede the timely review of files and effective communication with grant applicants.

Grant management processes have not been consistently executed, and there is no documented procedure for GMs to follow up on late or missing subrecipient reports. Additionally, the absence of formal notifications for unsuccessful grant applicants leads to communication gaps and applicant

¹ Grant management activities are split between two grant management divisions in CDR and are collectively referred to as CDR-Grant Management (CDR-GM):

- City of Houston and Harris County Grant Management (H/HC GM) Division.
- Grant Management Division (GMD) for all other CDR-administered grants.

² This includes oversight of the subrecipient's full project lifecycle, ranging from application review and contract execution to project closeout, for CDBG-DR funded activities administered by the GLO.



complaints. Furthermore, there are inconsistencies in document management practices, which contribute to inadequate oversight and retention of required documentation.

Based on these factors, further discussed in this report, the following areas should be addressed to increase the effectiveness of CDR-GM processes and controls:

1. Improve processes for grant management activities.
2. Strengthen notification processes to ensure timely, transparent, and documented communication with applicants regarding the status and outcomes of potential grant-funded programs.
3. Maintain up-to-date Standard Operating Procedures (SOPs)
4. Ensure consistent maintenance of required documents in the Texas Integrated Grant Reporting (TIGR) system.

This report's "Detailed Results" section provides additional information on the items mentioned above. As a result of the audit, additional areas were identified as opportunities for improvement to strengthen controls, but they did not meet the criteria for inclusion in this report. These items were presented to management in a separate communication.

Management's Summary Response

Management concurs with the recommendations. This report's "Detailed Results" section contains management's response to each observation.

Acknowledgments

We appreciate the assistance and cooperation provided by the management and staff of the CDR-GM divisions during this audit. For questions about this report, please contact me at (512) 463-6078.

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Background Information

The GLO administers federal funding related to natural disasters in Texas. GLO's CDR Department manages the grant funds and funded programs.

Under the CDBG-DR and Mitigation (CDBG-MIT) funds from HUD, over \$14 billion has been allocated for recovery and mitigation activities following natural disaster incidents across the state.³ These grant funds have been used for various activities, including housing redevelopment, infrastructure repair, and long-term planning.

CDR has developed implementation manuals to provide guidance and training for entities identified as subrecipients.⁴ The manual outlines the policies and procedures to ensure the effective implementation of a CDBG-DR and/or CDBG-MIT program within the federal funding requirements for ensuring the timely and appropriate expenditure of funds. GMs are responsible for administering grant-funded contracts and serving as the primary liaison to subrecipients for funded projects.

As outlined in the Implementation Manual, each subrecipient is assigned a GM to serve as the primary point of contact, handle grant administration, and field grant-related inquiries and requests. Subrecipients also receive grant-specific application guidance through Application Guides developed by CDR-GM.

This audit sought to assess the effectiveness and efficiency of CDR-GM processes and the oversight and management of grant activities by both divisions.

³ Texas natural disaster incidents include Hurricanes Rita, Dolly, Ike, and Harvey; the 2011 Bastrop Wildfires; the 2015 and 2016 floods; and the 2018 and 2019 South Texas floods.

⁴ Subrecipients are entities such as homeowners, cities, and municipalities that receive CDBG-DR or CDBG-MIT grants to fund approved projects, which are overseen by the GLO.

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Detailed Results

Chapter 1

Improve Processes for Grant Management Activities

Summarized Concern

The audit identified several areas where process improvement is needed. However, the audit also identified an overarching issue regarding staff performance expectations and workload. The current workload demands of GMs are contributing to staff burnout and turnover, negatively impacting program consistency and performance. GMs are responsible for overseeing a high volume of contracts⁵, without a standardized onboarding program, consistent training, or well-defined procedures for performing key activities such as file reviews, subrecipient follow-up, and applicant communication. Operational challenges and limited staffing capacity further strain day-to-day operations. These conditions have led to operational inefficiencies, inconsistent grant management practices, and reduced morale, creating a cycle of burnout and attrition that undermines the program's long-term sustainability.

These issues are best examined in a comprehensive manner that is outside the scope of this audit. Therefore, CDR-GM should conduct an independent, comprehensive time and workload study to assess current performance expectations and identify the optimal workload capacity per GM. This study should evaluate:

1. Time spent on core responsibilities (e.g., file and report reviews, subrecipient communication, draw request reviews, in-person visits, closeout procedures, training, and onboarding).
2. The effectiveness of current process and documentation requirements.
3. The effectiveness of current tools, templates, and SOPs.
4. The effectiveness of the current contract allocation method.
5. The impact of shifting contracts between GMs.

The results should be used to:

1. Define realistic caseload thresholds to prevent overextension and improve productivity.
2. Develop effective staffing models, onboarding designs, and adequate resource allocation.
3. Support the development of standardized procedures for grant management tasks, including subrecipient communication and follow-up.

⁵ GMs are typically responsible for managing 15 to upwards of 25 contracts each.



4. Develop and implement a structured onboarding and training program for GMs that aligns with federal requirements for subrecipient oversight and compliance, and should prioritize expectations of resource-intensive tasks⁶ to ensure consistent execution of critical duties.
5. Enhance retention efforts by addressing workload equity and improving clarity for job expectations.
6. Develop key performance measures and expectations.

This initiative will help ensure that the workloads are balanced, critical tasks are performed consistently, and that GMs are better equipped to support compliant, timely, and effective program delivery.

The following sections discuss areas that have contributed to CDR-GM's operational challenges and should be addressed to ensure the effectiveness of its processes and controls.

⁶ Grant Management Resource-intensive tasks include file reviews, documentation requirements, draw request review processes, and subrecipient communication protocols.

Section 1.1: Ensure File Reviews are Completed in Accordance with Program Requirements

The GLO-CDR Implementation Manual requires subrecipients to maintain complete and current project files. GMs are required to complete file reviews to verify that subrecipients have maintained all required documentation on file. GMs utilize a file review checklist to verify compliance and identify missing or incomplete documentation, which must be addressed before project closeout to avoid delays and facilitate a timelier closeout process.

Based on testing 14 sampled contracts, including 10 concluded contracts and 4 executed contracts, the audit found only two (14%) contained evidence of a completed file review. For the remaining 12 contracts (86%), there was no documented evidence that file reviews were conducted as required.

Per internal procedures⁷, file reviews are to be conducted through in-person site visits and must be completed before contract closeout. However, the current process allows the GMs discretion in scheduling the file reviews, which may contribute to inconsistent execution and delays.

Interviews and observations suggest several contributing factors to the lack of timely and documented file reviews. These factors include high staff turnover within the GMD, logistical challenges with required in-person visits, and the volume of contracts each GM is assigned. GM workloads make the preparation and completion of file reviews for quarterly meetings time-intensive.

Without consistent and documented file reviews, GMs cannot ensure subrecipients maintain required documentation. This increases the risk of:

1. Delays in the contract closeout process.
2. Missing documentation not being identified and resolved promptly.
3. Non-compliance with federal recordkeeping requirements, potentially resulting in questioned costs or findings during monitoring visits or audits.
4. Reduced assurance that grant funds are used appropriately and that program requirements are met.

⁷ CDR Infrastructure File Review Process SOP (FileRvwProcess_INF_2022-10-28).

Recommendations

To strengthen internal controls and ensure compliance with program requirements, the GMD should:

1. Implement a tracking system to monitor the status and completion of the file reviews for each contract, ensuring they are conducted prior to project closeout.
2. Set a frequency for periodic file reviews, not just at closeout.
3. Provide additional training and guidance to GMs on:
 - a. File review expectations
 - b. Documentation requirements
 - c. Time management strategies for balancing caseloads
4. Perform periodic supervisory reviews to confirm that completed file reviews are properly documented, and any identified issues are addressed before closeout.
5. Evaluate staffing levels and workloads to determine whether additional resources or process improvements are needed to support timely file reviews.

Completing and documenting file reviews consistently will help ensure that subrecipients maintain required files, improve the efficiency of the closeout process, and strengthen compliance with program, federal, and state requirements.

Management's Response (Grant Management Division)

The Grant Management Division concurs with the intent of the recommendation and has already taken steps to strengthen internal controls to ensure file reviews are consistently completed and documented. We are also emphasizing that file reviews should be conducted throughout the grant lifecycle.

GMs play a key role in ensuring subrecipients fulfill program requirements. While in-person onsite file reviews are essential, GMs utilize multiple mechanisms to ensure oversight occurs throughout the grant lifecycle, including review of supporting draw documentation, virtual and in-person technical assistance during monthly and quarterly meetings, and review of required milestone deliverables. With each draw request, supporting documentation is reviewed prior to payment. These interim checks, while not a substitute for onsite file reviews, provide an additional layer of oversight to identify issues early and promote compliance ahead of project closeout.

To address the audit recommendations and further support GM performance and compliance, management is pursuing the following actions:

1. Implement a Tracking System – File reviews are currently tracked through manager portfolio reviews. Management is exploring enhancements to TIGR to improve visibility into the review status of each contract and ensure reviews are completed prior to contract closeout.
2. Set a Frequency for Periodic File Reviews – File reviews are expected to occur during quarterly site visits.
3. Provide Additional Training and Guidance – Additional training and direction will be provided to reinforce expectations regarding file review standards, documentation requirements, and best practices for balancing workload. This includes guidance on time management strategies and prioritization.
4. Perform Periodic Supervisory Reviews – With five Managers within the GMD in place, enhanced oversight is underway. Managers are now more consistently conducting one-on-one meetings, portfolio reviews, and joint field observations to confirm that file reviews are completed timely and accurately. These supervisory reviews ensure that any identified issues are addressed before closeout.
5. Evaluate Staffing Levels and Workloads – Management evaluates staffing levels and workloads on an as-needed basis to allocate resources appropriately. Portfolio assignments are intended to align with GM classifications to balance workloads and support effective grant management, including timely file reviews. Additionally, management plans to work with Internal Audit to conduct a time study. This initiative will assess how GMs allocate time across key tasks—such as file reviews, site visits, meetings, training, and draw processing. The results will inform decisions about prioritization, workload distribution, training needs, and process improvements.

Management remains committed to ensuring that file reviews are completed and documented appropriately. These efforts will improve the efficiency of the closeout process and strengthen compliance with program, federal, and state requirements.

Responsible Parties: Grant Management Leadership Team

Anticipated Implementation Date: (March 1, 2026) Process improvement activity is underway; training material is being updated and will be delivered during Q1 of the current fiscal year. TIGR enhancements are being explored, and a plan will be developed during Q2 of the current fiscal year.

Section 1.2: Enforce the Timely Submission of Monthly Status Reports

Subrecipients are required to submit a monthly status report for each active contract⁸, specifying the ongoing status of contract milestones. The status reports are due on the first day of each month for the duration of the contract. The monthly status report consists of the following information:

- Project/activity name
- Current status of the project milestones
- Status notes and important project dates
- Anticipated completion date
- Program income (when applicable)
- Project-level budget status

Based on a review of a population of 56 sampled reports⁹, 31 monthly status reports (55%) were not submitted by the subrecipient. While the file review checklist includes a section to document the review of monthly status reports and follow up on late or missing reports, the file review process was not consistently executed. There was no documented evidence for the sampled reports that GMs consistently used existing file review checklists to track and address late or incomplete report submissions. This gap in oversight and follow-up may be further impacted by the competing workload demands of the GMs.

The untimely and incomplete submission of monthly status reports limits GMs ability to monitor project progress, proactively address performance issues, and make informed management decisions. Inadequate reporting and oversight also increase the risk of project failure, non-compliance with federal requirements, which could result in questioned costs or findings during future audits or monitoring reviews.

Recommendations

To strengthen oversight and ensure compliance with subrecipient reporting requirements, the GMD should:

1. Enforce the timely submission of monthly status reports by subrecipients, in accordance with requirements outlined in the Implementation Manual and Subrecipient Agreements.
2. Update and clarify internal procedures to include a documented follow-up process for late or missing reports, with clear roles and responsibilities for GMs.

⁸ GLO-CDR Implementation Manual, Chapter 3, *Recordkeeping and Reporting*, Section 3.1, states, “CDBG-DR and CDBG-MIT subrecipients are required to submit a Monthly Status Report as detailed in the Subrecipient Agreement or by the request of the GM. Reports should be submitted to GLO-CDR in a timely manner as requested by the GLO or by the requirements established in the Subrecipient’s Agreement.”

⁹ The sample population included 10 concluded/closed contracts and 4 executed/active contracts over a four-month period.

3. Enhance the file review process to ensure GMs consistently complete and retain the file review checklist as evidence that all required reports have been obtained and reviewed.
4. Implement periodic supervisory or quality assurance checks to verify that GMs are tracking report submissions and following up appropriately.
5. Provide GMs with refresher training on the importance of report oversight and documentation to support compliance program requirements.

Timely implementation of these actions will help ensure that monthly status reports are submitted as required, improving project oversight, performance tracking, and compliance with federal and program recordkeeping obligations.

Management's Response (Grant Management Division)

Grant Management concurs with the recommendations and recognizes the importance of timely monthly status reports in supporting effective grant oversight and compliance. To address the identified gaps and strengthen enforcement of reporting requirements, management has initiated the following corrective actions:

1. Enforce Timely Submission of Monthly Status Reports – Grant Management is reinforcing expectations with subrecipients regarding the timely submission of monthly status reports, as outlined in the Implementation Manual and Subrecipient Agreements. To further support enforcement, a TIGR system enhancement has been submitted, which would restrict draw requests if a subrecipient's monthly report is delinquent. This automated control would reduce manual follow-up and reinforce accountability for timely submissions.
2. Update Internal Procedures to Include a Documented Follow-Up Process – Internal procedures are being revised to establish a standardized follow-up process for late or missing reports. These updates will include clear roles and responsibilities for GMs, escalation protocols, and defined expectations for resolution.
3. Enhance the File Review Process – The file review checklist will be reinforced as a tool for documenting the receipt of monthly status reports. Managers will ensure that GMs complete the checklist during on-site visits as evidence of compliance with reporting requirements.
4. Implement Supervisory and Quality Assurance Checks – With five GMs now in place, management oversight has been strengthened. Managers will conduct periodic portfolio reviews to verify that GMs are systematically tracking report submissions, documenting reviews, and following up on any deficiencies. To further strengthen quality assurance, a TIGR system enhancement is currently underway. This upgrade will streamline the submittal process for monthly reports and improve the organization, visibility, and storage of submitted

documentation—making it easier for both GMs and supervisors to monitor compliance and take timely corrective action.

5. Provide Refresher Training to GMs – Refresher training will be delivered to GMs over the course of the next fiscal year. This training will emphasize the importance of monitoring monthly status reports, maintaining proper documentation, and executing consistent follow-up. It will also include best practices for workload management to support timely and effective oversight.

Management remains committed to enforcing the timely submission of monthly status reports and ensuring subrecipients remain in compliance with program requirements. These actions will enhance project oversight, improve performance tracking, and strengthen adherence to federal and program recordkeeping obligations.

Responsible Parties: Grant Management Leadership Team

Anticipated Implementation Date: (March 1, 2026) Internal Procedures to document the follow-up process will be updated during Q1 and implemented in Q2.



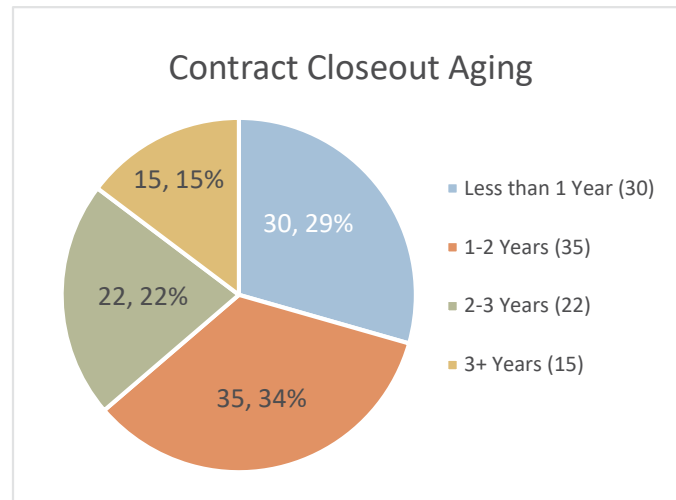
Section 1.3: Ensure the Timely Completion of Closeout Procedures

Per the GLO Closeout Process SOP¹⁰, an initial review of the contract closeout packet should be completed within 15 calendar days of receiving the closeout notification. However, of the 10 concluded contracts sampled, only one met this 15-day requirement.

Further analysis revealed that for 5 of the 10 (50%) concluded contracts, the full closeout process—from initiation to issuance of the closeout letter—took over one year. As shown in Chart 1, at the time of the audit, of the 102 total contracts sampled and reviewed, 15 remained open for more than three years, 22 for two to three years, 35 for one to two years, and 30 for less than one year.

Contributing factors to the significant delays of the closeout process include competing priorities such as daily draw request processing and the high caseloads assigned to GMs, which limit their capacity to prioritize closeouts.

Chart 1, Aging of Contracts Pending Closeout



These delays result in noncompliance with the GLO-CDR Implementation Manual¹¹, which outlines that closeout procedures must ensure all CDBG-DR and/or CDBG-MIT activities are complete and compliant with subrecipient agreements, program rules, and federal and state requirements. Persistent backlogs undermine grant oversight, delay program closure, and may increase the risk of questioned costs or audit findings.

Recommendation

The GMD should ensure that closeouts are completed in conformance with the defined requirements. This may include assessing the current closeout process to identify limitations and needed revisions to ensure that closeouts are consistently completed as per the GLO Implementation Manual outline.

¹⁰ GLO Closeout Process SOP, Phase 1-Release of Final Milestones & Review GCR Report, Section Grant Manager TIGR Action.

¹¹ GLO-CDR Implementation Manual, Chapter 13, Section 13.1.

Management's Response (Grant Management Division)

Grant Management acknowledges the recommendation and the need to improve the consistency of contract closeout procedures. Management has initiated a strategy to address the current backlog and strengthen future compliance with closeout requirements.

- a. **Backlog Reduction Strategy** – Grant Management is prioritizing the resolution and closeout of contracts with de-obligations and addressing submissions in order from oldest to newest to ensure that long-standing closeouts are resolved first.
- b. **Process Evaluation and Improvement** – An internal review of the closeout process is underway to identify barriers to timely completion, including workload distribution, prioritization, and procedural inefficiencies. As part of this review, management is proposing a key process revision: requiring that the Grant Closeout Report (GCR) be reviewed and approved by the GM before the subrecipient is permitted to submit their final draw. This change is intended to ensure that any compliance or documentation issues are identified and addressed earlier in the closeout process. Additionally, Management is revising the current 15-day requirement for initial GCR review to 45 days, aligning with the H/HC program standards. This extended timeline would allow GMs sufficient time to conduct a meaningful review, issue the first Request for Information if needed, and set expectations for the remainder of the closeout process.
- c. **Enhanced Monitoring and Oversight** – Managers will increase oversight of closeout progress through one-on-one portfolio reviews. In addition, they are evaluating further opportunities to monitor progress and are assessing the need for enhanced tracking tools to ensure GMs complete closeout procedures within the required timelines.
- d. **Resource Alignment** – Management is evaluating staffing levels and caseload distribution to ensure that GMs have adequate capacity to balance ongoing contract administration with timely closeout responsibilities. Securing executive-level support has been utilized to ensure timely compliance with Grant Closeouts, further leveraging expertise or resources from other teams within CDR.

Management recognizes that proposed changes to the closeout process—particularly those introducing new review timelines and procedural checkpoints—may lead to increased questions or push back from subrecipients. To proactively mitigate potential complaints and ensure a smooth transition, management will implement a targeted communication and training strategy. This will include clear guidance on revised expectations, timelines, and procedural steps, as well as opportunities for subrecipients to ask questions and receive support throughout the process improvement. As Grant Management begins holding communities accountable to closeout timelines, agency executive leadership and Intergovernmental Relations (IGR) will likely play a key role in responding to community concerns and facilitating external communications. By equipping subrecipients with the information and tools they need to navigate the updated process, management aims to foster transparency, reduce

confusion, and promote stronger collaboration between GMs and subrecipients during the closeout phase.

Management is committed to reducing the existing backlog and ensuring that closeout procedures are executed in accordance with the GLO Closeout Process SOP, the Implementation Manual, and all applicable federal and state requirements. These corrective actions are designed to strengthen program accountability, improve operational efficiency, and reduce the risk of future delays.

Responsible Parties: Grant Management Leadership Teams

Anticipated Implementation Date: (March 1, 2026) Submission and review timeframes will be updated across program guidance and implemented during Q1, including a plan to communicate the procedural changes timely to external stakeholders through written guidance and training. Training will be scheduled during Q2 with ad-hoc technical assistance available during the interim.



Section 1.4: Develop a Comprehensive Onboarding and Training Program for Grant Managers

The GMD has not fully established or implemented a formal, standardized onboarding and training program for GMs. The current onboarding and training processes rely on informal mentoring from peers, shadowing, and unstructured on-the-job learning, which varies by mentor and region, and do not have consistent and centralized oversight. While some Regional Managers¹² have developed tools and resources, their use is discretionary and not uniformly applied or monitored, leading to inconsistent training experiences, low morale, performance variability, and staff turnover.

A revised onboarding process for GMs has been drafted and is scheduled for implementation. At the time of this audit, the draft materials were still being refined and did not include operational details or references to critical resources and clear standards for the completion of training. The Task Tracker¹³ outlines training categories but does not currently include corresponding materials or documentation.

Several factors contribute to the current insufficient and inconsistent state of onboarding and training, including staffing constraints, high workloads, and an operational focus on day-to-day program delivery rather than long-term workforce development. The GLO-CDR Implementation Manual¹⁴ highlights the importance of providing training resources to subrecipients and GMs to ensure effective administration of CDBG-DR and CDBG-MIT funded programs.

Without a consistent and well-defined onboarding structure, GMs receive varying levels of guidance and training on program policies, procedures, and compliance expectations. This increases the risk of inconsistent program delivery, misinterpretation of requirements, or potential compliance issues. Additionally, limited onboarding support affects staff engagement, performance, and retention.

Recommendations

The GMD needs to strengthen onboarding and training processes, including:

1. Finalizing and implementing the drafted employee onboarding guide by establishing clear procedures for completing assigned grant management tasks, defining timelines for conducting onboarding, and assigning responsibilities to ensure the effective delivery and tracking of onboarding content.

¹² The GMD has four regional sections, each led by a Regional Manager overseeing its GMs.

¹³ The Task Tracker is an Excel-based tool used to monitor training progress across key functional areas, including administration, grant management, onboarding, reporting, and systems.

¹⁴ GLO-CDR Implementation Manual, Chapter 14, Section 14.4.5, *Training Resources*, states that training resources must be provided to both subrecipients and GMs to ensure the successful implementation of CDBG-DR and CDBG-MIT funded projects.

2. Standardizing onboarding materials and training tools across all regions to ensure all GMs receive consistent, comprehensive instruction on program requirements, compliance obligations, and job responsibilities.
3. Developing and monitoring the effectiveness of onboarding and training. This could include periodic reviews, staff surveys, and mentor evaluations to identify areas for improvement.
4. Updating the new training materials to include embedded links and references to critical tools such as draw review SOPs, DRGR data entry guides, the URA documentation procedure, and contract completion standards.

The timely implementation of a formal onboarding and training process will help ensure GMs are equipped to perform their responsibilities in accordance with program and federal grant requirements and internal policies, while potentially improving morale and staff retention.

Management's Response (Grant Management Division)

Grant Management recognizes the importance of a formalized onboarding and training program to ensure consistency, compliance, and staff retention. With the management team now fully staffed, we are positioned to move forward with the implementation of a comprehensive onboarding program.

A structured curriculum and onboarding path for new GMs is currently under development and a pilot version of the program was launched in July 2025 to begin testing delivery, content and overall usability.

To address the audit recommendations, Management is implementing the following actions:

1. Finalize and Implement the Drafted Onboarding Program – A comprehensive onboarding program is currently being finalized. This program outlines clearly defined procedures, timelines, and designated responsibilities for the delivery and tracking of training content. Unlike the Task Tracker – which is designed to provide visibility into GM requested tasks for vendor staff support across specific programs – the onboarding program offers a holistic framework. It encompasses all relevant training materials, documentation, and structured guidance to ensure consistency and completeness. The GM Executive Assistant will maintain the master training schedule and ensure that all new hires complete required modules within established timelines. Completion will be documented and tracked for accountability.
2. Standardize Onboarding Materials and Training Tools Across All Regions – A uniform set of training materials—including presentations, scripts, job aides, and reference guides—is being utilized to ensure all GMs receive consistent instruction, regardless of trainer, mentor, or region. These materials cover administrative tasks, program requirements, travel procedures, and other critical resources such as SOPs and user guides. The finalized onboarding process will be

implemented uniformly across all regions to ensure a comprehensive training experience for every new hire.

3. Develop and Monitor the Effectiveness of Onboarding and Training – Management will incorporate periodic reviews to evaluate the effectiveness of the training program. This will include opportunities for feedback to identify areas for improvement and ensure that materials remain current with evolving program requirements or needs.
4. Update Training Materials to Include Embedded Links and References to Critical Tools – Training materials will be updated to include embedded links and references to essential tools such as draw review SOPs, Disaster Recovery Grant Reporting (DRGR) data entry guides, Uniform Relocation Assistance (URA) documentation procedures, and completion standards. These updates will ensure that GMs have direct access to the resources needed to perform their duties in alignment with program and federal requirements.

Management is committed to ensuring that all GMs are equipped with the tools, knowledge, and support necessary to perform their responsibilities effectively and in alignment with federal and state requirements. The onboarding program will strengthen program delivery, reduce compliance risk, and contribute to long-term staff engagement and retention. To ensure the program remains effective and responsive to evolving needs, management will incorporate periodic reviews to evaluate training outcomes, gather feedback from staff and mentors, and identify opportunities for improvement. These reviews will also help ensure that training materials are regularly updated to reflect current program requirements, policies, and best practices—supporting a culture of continuous learning and operational excellence.

Responsible Parties: Director of Grant Management

Anticipated Implementation Date: (September 1, 2026) Training materials are currently being developed, and implementation of the comprehensive training plan is underway. These efforts will continue throughout the fiscal year. Post-training or post-rollout feedback will be solicited to identify and implement further process improvement. Periodic reviews to evaluate the overall training process and planning effort will occur as the training program and tools are refined.

Section 1.5: Maintain Up-to-Date Standard Operating Procedures

A review of 20 Standard Operating Procedures (SOPs) from the H/HC GM Division revealed inconsistencies in document maintenance, version control, and approval practices. Of the 20 SOPs reviewed, only 6 (30%) were updated in 2024, while the remaining 14 (70%), including 6 with no version history and 1 without a revision date, were last updated between 2019 and 2023. Although there is no specific requirement governing the frequency of SOP reviews under 2 CFR 200, regular updates are considered a best practice to strengthen internal controls and monitoring.¹⁵

Several SOPs referenced SharePoint as a storage location but did not specify that final records must be maintained in the TIGR system, the designated system of record for CDR activities.

No formalized process within the H/HC GM Division exists for the routine review, update, and approval of SOPs. Moreover, version control and documentation standards are inconsistently applied, which limits accountability and transparency in process execution.

By not maintaining up-to-date SOPs, H/HC GM Division may experience inefficiencies and compliance gaps that can hinder long-term success. Inconsistencies and outdated SOPs may contribute to reduced operational efficiency, inconsistent execution of program activities, and increase the risk of noncompliance with current policies, procedures, and required documentation to be maintained in the TIGR system.

Additional impacts are increased risk of noncompliance with federal requirements, particularly in the areas of documentation, internal controls¹⁶, and record retention, which can result in potential audit findings, questioned costs, or loss of federal funds due to insufficient documentation.

Recommendations

The H/HC GM Division should establish and enforce a formal SOP governance framework requiring periodic review, update, and approval of program SOPs. This process should include:

1. Clearly defined roles and responsibilities for SOP maintenance.
2. Establish standard version control practices (including version history, dates, and management approvals).
3. Explicitly reference the system of record when applicable for documentation and retention requirements.

¹⁵ Per 2 CFR 200.303, maintaining effective internal controls is essential, and regular updates to SOPs can help achieve this by ensuring that procedures remain current and effective.

¹⁶ 2 CFR 200.303(a) *Internal Controls*.

4. Establish a tracking and monitoring process to ensure SOPs remain current and compliant with federal and programmatic requirements.

Management's Response (Houston/Harris County Grant Management Division)

The H/HC GM Division concurs with the audit recommendations and recognizes the need for a formalized SOP governance framework to ensure consistency, accuracy, and compliance. While SOPs do not always need to be updated, the Division acknowledges that reviewing SOPs at least annually is a good practice. Accordingly, the Division is implementing a structured process for SOP development, review, and maintenance that aligns with federal and programmatic requirements.

In response to the audit recommendations, the following corrective actions are underway:

1. Defined Roles and Responsibilities – SOP owners, reviewers, and approvers will be assigned with clearly documented responsibilities to ensure accountability and integrity in SOP development and updates.
2. Standard Version Control – All SOPs will include revision dates, version history, and documented approvals.
3. System of Record References – SOPs will be updated to explicitly reference TIGR as the official system of record for CDBG-DR and CDBG-MIT documentation. As TIGR is not the repository for internal SOPs, internal SOPs will continue to be maintained on SharePoint in accordance with Program Integration Naming Convention Standards.
4. Establish a Tracking and Monitoring Process – A comprehensive SOP log will be maintained to track active SOPs, version history, and approval status. An annual review of existing SOPs will be implemented to ensure the information contained in each SOP is relevant and compliant.

These actions reflect H/HC Division's commitment to maintaining technical accuracy, strengthening internal controls, and ensuring consistent program execution in alignment with HUD, GLO, and federal guidelines.

Responsible Parties: H/HC Special Initiatives

Anticipated Implementation Date: December 1, 2025

Chapter 2

Enhance Notification Processes for Transparent and Timely Grant Communication

A significant communication gap between CDR-GM and program subrecipients exists concerning the notification process for applicants who do not receive grant awards. GLO has received inquiries from communities regarding the status of the applications they submitted for grant funding competitions. Applicants stated they submitted all required documentation, but did not receive follow-up communication or final status updates from GMs regarding the status of their submission or consideration for funding for the proposed projects.

The CDR Application Guides outline the application submission process and provide general information on the grant award process. The review procedures indicate that a contract will be awarded if the application is complete and eligible. However, the procedures do not explain how applicants will be notified if they are deemed eligible but are not awarded funding due to limited program resources. Specifically, the guide states:

GLO Staff Works With Recipients To Execute Contract Agreements:

When all project eligibility issues have been resolved, GLO staff will draft contract documentation based on the information approved in the entity's application. GLO may negotiate any technical elements with the recipient so long as the award amount is not increased and the level of benefits described in the application is not decreased, and/or there are no changes that would impact eligibility.¹⁷

CDR staff review, score, and rank applications, and awards are issued in rank order until funds are exhausted. While awarded contracts are posted on the GLO website, no direct communication is provided to eligible applicants not selected for funding. This creates a significant gap in communication on the status of the submissions, which impacts a community's ability to appeal the funding decision, contributes to perceptions of poor customer service, generates repeated inquiries, and increases the administrative burden on program staff.

Recommendations

CDR-GM should:

1. Revise the Competition Application Program Guide to clearly state that not all eligible applicants will receive funding, as awards are subject to the availability of program funding.

¹⁷ CDBG-MIT Competition Application Guide, Section V pg. 79.

2. Update the CDR website to indicate which programs have been fully awarded.
3. Notify applicants with the “eligible but insufficient score” that there will be no more awards for that program.
4. Implement a notification process for future funding opportunities to inform all applicants of their status (funded or not funded), and whether additional funding will be issued for the applicable program.

Management’s Response (CDR Grant Management)

CDR-GM concurs with the audit recommendations and appreciates the opportunity to enhance transparency and improve communication regarding grant award notifications. Clear and timely communication is essential to managing expectations and reducing confusion among applicants.

CDR administers three distinct types of application-based programs for communities, each with unique funding protocols and notification practices:

PROGRAM TYPE	AWARD DETERMINATION	APPLICATION REQUIREMENT	NOTIFICATION PROCESS
Method of Distribution (MOD)	<i>Award amounts are predetermined for specific regions. All eligible projects per application are funded.</i>	<i>Applicants must submit an application and meet the eligibility requirements.</i>	<i>Public postings identify awardees.</i>
Competition	<i>Funds are awarded using the scoring criteria and rankings until exhausted.</i>	<i>Applications are scored and ranked. Eligibility reviews are based on ranking and availability of funds.</i>	<i>In addition to public postings, awardees receive direct award notices; unfunded applicants are not directly notified.</i>
Reallocation	<i>Deobligated and unutilized funds are reallocated to applicants in eligible geographic areas with eligible projects.</i>	<i>A formal call for projects is issued to eligible geographic areas, applicants submit an application, and eligibility reviews are required.</i>	<i>In addition to public postings, awardees receive direct award notices; as more funds become available, additional areas will be invited to apply.</i>

CDR-GM recognizes that eligibility to apply does not guarantee an award. This distinction is already reflected in current guides, but we acknowledge that it can be revised to state “as applicable” in competition and reallocation programs where not all eligible applicants are intended to be awarded due to funding limitations.

Currently, awards are communicated through official press releases, direct communication via email and phone calls, and GLO website postings. Due to the scale of some programs and volume of applicants, direct notifications to all unfunded applications have not been a part of the standard process.

To address the audit recommendations CDR-GM will implement the following actions:

1. Update Application Guides – CDR-GM will enhance future competition and reallocation application guides, as applicable, to state:
 - a. Not all applicants will receive funding
 - b. Awards are contingent upon available resources
 - c. Final award announcements will be posted publicly
2. Update the CDR Website – Fully awarded or closed programs will be clearly marked.
3. Notify Eligible but Unfunded Applicants – Management recognizes that the “eligible but insufficient score” status has caused confusion, particularly as it could imply that the application met eligibility criteria. To clarify, in this context, the status was used to indicate that the applicant was eligible to apply, but the application did not rank within funding range to proceed to eligibility review. This phrasing does not reflect the review outcome and may mislead applicants regarding their standing. To address this, CDR Grant Management will discontinue the use of the “eligible but insufficient score” designation in future communications. While it may not be feasible to notify every applicant who did not proceed to the eligibility review, our goal is to reduce confusion and enhance applicant understanding within the limits of our operational capacity, and we will explore options to improve transparency.
4. Implement a Standard Notification Process for Future Funding Opportunities – CDR-GM will collaborate with the Intergovernmental Relations (IGR) team to distribute email blasts with status updates when appropriate under program guidelines. These notifications will provide timely updates regarding funding decisions and future opportunities, as feasible.

CDR-GM is committed to continuous improvement in communication and transparency. These actions will help ensure applicants are informed, reduce administrative burden, and improve public trust in the grant management process.

Responsible Parties: CDR Deputy Director – CDR Initiatives

Anticipated Implementation Date: May 1, 2026

Chapter 3

Ensure the Consistent Storage of Documents in the TIGR System

Documentation for selected audit samples could not be located in the TIGR system, the GLO system of record¹⁸ for administered CDBG-DR programs. The following documents were not available in the TIGR system and had to be provided through alternate sources, such as email or SharePoint:

1. Infrastructure and Local Buyout and Acquisition Program Closeout packet: 1 (10%) of 10 contracts
2. Infrastructure and Local Buyout Acquisition Program Monthly Status Reports: 13 (23%) of the 56 samples
3. City of Houston Closeout Review: The closeout documentation for three closed programs

CDR's inconsistent document management practices and inadequate oversight have not ensured that required documentation is appropriately uploaded and retained in the TIGR system. Incomplete and decentralized recordkeeping practices:

1. Impair the ability of CDR-GM to demonstrate compliance with federal grant requirements during audits, monitoring visits, or program reviews, as required under 2 CFR 200.334, *Retention Requirements for Records*.
2. May lead to increased scrutiny and potentially questioned costs if adequate documentation is not available to support expenditures, performance outcomes, or closeout procedures, in conformance with 2 CFR 200.403, *Factors Affecting Allowability of Costs*.
3. Increase the risk of data inconsistency, loss, or mismanagement, undermining the effectiveness of internal controls as required by 2 CFR 200.303, *Internal Controls*.

Additionally, failure to maintain records in the system of record increases the risk of data loss, incomplete audit trails, and noncompliance with program¹⁹ and federal record retention requirements.

Recommendations

CDR-GM should:

1. Ensure the timely entry of the required documentation into the designated system of record (TIGR) in accordance with established policies and procedures. This would strengthen record-keeping practices and support compliance with documentation requirements.

¹⁸ Per the TIGR Contract Setup and Maintenance Houston and Harris County & State-Run Work Instructions, Scope of Procedures section: "The Texas General Land Office (GLO) utilizes TIGR as their System of Record. After GLO Contracts department completes the Action Plan and Program Budget information in TIGR, the GM Support Staff will assist with completing the build-out of TIGR."

¹⁹ GLO-CDR Implementation Manual, Chapter 3, Recording Keeping and Reporting, Section 3.1, "Subrecipients will report all required data into the GLO system of record as instructed."



2. Develop and implement written procedures that clearly define the required documentation for each grant activity and ensure it is uploaded to the TIGR system as the single system of record.
3. Conduct periodic reconciliations between the TIGR system and other data storage locations (e.g., email, SharePoint) to identify and address missing files.
4. Provide training to all relevant staff on record retention requirements to ensure that the TIGR system is consistently used as the official repository of documentation.
5. Establish a monitoring or quality control process to verify documentation is uploaded promptly and consistently into the TIGR system.

Implementing these actions will help ensure that complete and accurate records are retained in compliance with program and federal requirements.

Management's Response (CDR Grant Management)

CDR-GM acknowledges the importance of consistent and centralized document storage within TIGR. Maintaining complete and accurate documentation within our system of record is critical to ensuring compliance with federal requirements and supporting effective program oversight. Consistent use of TIGR supports compliance with federal requirements, strengthens internal controls, and ensures audit readiness.

To address the recommendations, the following corrective actions are being implemented:

1. Ensure Timely Entry of Required Documentation into TIGR – CDR-GM will explore strategies to ensure timely submission of required documentation in TIGR such as withholding payment. Guidance supporting the upload of required documentation into TIGR will be enhanced with enforcement language aligned with the applicable contract. We will continue to provide guidance and technical assistance to subrecipients regarding proper documentation procedures, during monthly and quarterly interactions. In addition, Regional Managers will incorporate feedback from TIGR spot checks into their regular one-on-one meetings with GMs. These reviews will help identify gaps early and reinforce accountability for timely documentation.
2. Develop and Implement Written Procedures for Required Documentation – Written procedures for subrecipients will be developed to clearly define the documentation requirements for TIGR. The enhanced guidance will distinguish between what must be uploaded to TIGR as required to ensure a single system of record for all applicable documentation.
3. Conduct Periodic Reconciliations Between TIGR and Other Storage Locations – CDR- will perform a spot check of the documentation previously stored in other data repositories that was transitioned to TIGR using the completed transfer project summary and deliverables. Program



guidance will be updated to reinforce TIGR is the single system of record and instruct GMs not to accept alternate forms of submission. This will help ensure that all required documentation is properly stored and accessible in TIGR.

4. Provide Staff Training on Record Retention Requirements – Training will be provided to all relevant staff regarding TIGR usage, document upload procedures, and federal record retention requirements. To reinforce expectations and promote consistent practices across teams, periodic messaging will be used to reiterate the requirements established across program guidance and in executed contracts.
5. Establish a Monitoring and Quality Control Process – Management will evaluate and enhance internal monitoring practices to ensure documentation is uploaded promptly and consistently. A quality control process will be implemented to verify compliance with documentation standards and TIGR utilization. Additionally, CDR will consider collaborating with Internal Audit and, where appropriate, the TIGR support team to explore a shared approach for identifying missing documentation.

CDR-GM is committed to building a culture of accountability and documentation discipline. These corrective actions will strengthen internal controls, enhance audit readiness, and support full compliance with GLO policies and federal grant requirements.

Responsible Parties: Grant Management Leadership Team, Executive Special Projects

Anticipated Implementation Date: June 1, 2026



Appendix

Objective

Assess the effectiveness and efficiency of grant management processes for the Community Development & Revitalization Department.

Scope & Methodology

The audit scope encompassed Hurricane Harvey disaster recovery grant management activities for the Infrastructure and Local Buyout and Acquisition and Mitigation programs administered by the GLO during Fiscal Year 2024 through the year-to-date period ending March 31, 2025.

The audit methodology followed a risk-based approach and included process observations, information gathering, procedural testing, and analytical evaluation to assess the effectiveness and compliance of grant management processes with applicable program guidance and rules, federal grant requirements, and laws.

The audit was conducted in accordance with *Government Auditing Standards* and *Global Internal Audit Standards*. 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 the audit objectives.





Distribution List

Copies of this report have been distributed to the following:

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