



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-11-0238

November 23, 2009

ARRA REVIEW OF LT. GOVERNOR'S COMMUNITY DEVELOPMENT  
BLOCK GRANT

*Indiana Inspector Staff Attorney Kristi Shute and State Examiner Bruce Hartman  
of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the Community Development Block Grant<sup>1</sup> awarded to the Indiana Lieutenant Governor's Office of Community and Rural Affairs ("OCRA").<sup>2</sup>

The purpose of the Community Development Block Grant is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.<sup>3</sup>

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<sup>1</sup> 42 U.S.C. 5301 et. seq. (2009).

<sup>2</sup> The Office of Community and Rural Affairs is established at IC 4-4-9.7-4.

<sup>3</sup> See footnote 1.

## I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act (“ARRA”). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.<sup>4</sup>

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the OCRA as it relates to the Community Development Block Grant.

## II

In 2009, the OCRA was awarded \$8,374,101 in ARRA funds to be used for wastewater treatment improvements in low income areas. The funds must be liquidated by September 30, 2012.

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<sup>4</sup> Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (“OIG”) and the State Board of Accounts (“SBOA”) that the expenditure of government funds may invite fraud and waste. The OIG’s enabling statute states that the OIG “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). These duties include the authority to “initiate, supervise and coordinate” investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to “prepare interpretive and educational materials and programs.” IC 4-2-7-3(16). Immediately upon the OIG’s creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law”. IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (“OMB”).

### III

#### Findings

From our initial review, we conclude that the program controls outlined in the spending plan approved by the OMB or other related documentation are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

Accordingly, we make no recommendations at this time but at a later date may perform additional procedures as deemed necessary to verify compliance requirements.

Dated this 23rd day of November, 2009.

APPROVED:



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David O. Thomas, Inspector General