

Audit Recommendations – Implementation Status Reported by the Department of Workforce Services

A Performance Audit of the Permanent Community Impact Fund (2020-03 · May 2020)

Report page 22 (Chapter II)

1. We recommend that the Permanent Community Impact Board adopt a policy in accordance with the Federal Mineral Leasing Act and Utah statute that provides criteria for how projects providing substantial economic development or that exacerbate impact will be reviewed and awarded.

Implementation Status: Implemented

The staff and board discussed and the board decided on the following on August 6, 2020:

- Revised guidelines require the applicant to clearly define the public purpose of the project.
- The CIB Application now includes a section for the applicant to identify how the project alleviates impacts on public infrastructure, public finance, federal land, employment and safety.
- The project may not be solely economic development, but may have a positive effect on the entity's fiscal health.

2. We recommend that the Permanent Community Impact Board review the project size, scope, intended beneficiaries, and budget of proposed projects and make a determination that the project is a good value for the community in alleviating impact.

Implementation Status: Implemented

The board discussed and decided on the following on August 6, 2020:

- The revised application now notes cost per capita: in other words the entity population divided by the cost of the project.
- The revised application now requires the applicant to list funding allocation for operation and maintenance capability.
- Other criteria identified is included in the board materials for consideration.

3. We recommend that the Permanent Community Impact Board require in policy that all applicants clearly identify their project's intended purpose and impacts to the community and that applicants provide evidence that there is clear impact alleviation.

Implementation Status: Implemented

The board approved the following on August 6, 2020:

- Application guidelines have been revised to require clarification of the project’s intended purpose and the alleviation of impacts regarding public infrastructure, public finance, federal land, employment or safety in the project description.
- The Board will consider the projects improvement on public infrastructure, public finance, federal land, employment and safety.

4. We recommend that the Permanent Community Impact Board staff monitor applications to ensure that each project’s intended purpose is clearly stated and demonstrates how the project will alleviate impact before it is presented to the Board.

Implementation Status: Implemented

Staff recommended and the board approved the following on August 6, 2020:

- The APPLICATION will be modified to include the following guidance questions:
 - Are there mineral revenue development impacts that affect public infrastructure, public finance, federal land, employment or safety?
 - How might this project ease the burden on public infrastructure, public finance, federal land, employment or safety issues?
 - What is the percentage of non-private land in the county? • Who are the prime beneficiaries of this project?

Report page 36 (Chapter III)

1. We recommend that the Community Development Office, in conjunction with regional planners, develop a strategic plan for creating, updating, and implementing capital asset inventories across rural communities. The Permanent Community Impact Board should consider, where appropriate, providing additional resources to assist these efforts.

Implementation Status: Implemented

- CDO has a new comprehensive program with the Regional Planning Professionals (RPP’s) to address capital asset needs.
- CDO has developed tools, guides and resources to support local and regional execution of capital asset plans.

2. We recommend that the Community Development Office, in conjunction with regional planners in each Association of Government, work with communities to complete asset inventories and further recommend that the board require asset inventories to be completed prior to filing applications for new projects.

Implementation Status: Implemented

CDO will require applicants to complete a newly developed Capital Asset Self-Inventory (CASI) in FY2022.

3. We recommend that the Community Development Office, in conjunction with regional planners in each Association of Government, coordinate their policies surrounding the process for prioritizing and amending capital improvement lists.

Implementation Status: In Process (May 2021)

CIB policy and procedures have changed and administrative rule is being amended per board direction as follows:

- Local Capital Improvements List will be referred to as the CIB Application List.
- CIB Application Lists will be submitted no later than May 1 of each year. (Currently in rule as due April 1 of each year)
- Established a uniform process and policy for compilation of CIB Application Lists.
- CIB Application List once finalized will not be amended. (Note: Current policy allows for special consideration of applications for “a bona fide public safety or health emergency or for other compelling reasons.”)
- Other compelling reasons can be defined as “a demonstrated unforeseen financial opportunity with time sensitivity,” (e.g., replacing water pipes in tandem with a UDOT project).
- All projects put forward on the CIB Application List must align with local capital improvements plans (*CASI).
- All projects on the CIB Application List should alleviate impacts to public infrastructure, public finance, federal land, employment or safety.
- CIB Application Lists should encourage regional coordination of amenities.
- Applicant entities must attend application training prior to applying. (Online or scheduled and conducted by RPP with CIB staff coordination)

4. We recommend that Permanent Community Impact Board enforce their rule that all applicants document that the public have been thoroughly informed of the size, scope, nature, and potential financial impact of any project prior to awarding funding.

Implementation Status: Implemented

- CIB staff will continue to enforce the public hearing discussion requirement, hold applications until a reasonable public hearing is held to include the scope of work and the funding possibilities; that funding may be in the form of a loan.
- The Board may also require an additional public hearing if insufficient information is indicated in the public hearing minutes.

5. We recommend that the Permanent Community Impact Board consider changes to the 50 percent match requirement for planning projects for rural communities with limited funding.

Implementation Status: Implemented

The board thoroughly considered this recommendation but after extensive discussion and staff research the Board voted to retain the “usual” planning match of 50%. Entities can still apply for exceptions as the rule is not 100% binding on all projects. The Board feels like this rule is necessary to make sure planning is directed by the community and not firms who may benefit from a change in this requirement.

6. We recommend that the Permanent Community Impact Board continue to work with its staff to ensure consistency in funding decision-making.

Implementation Status: Implemented

Staff had started work on a funding tool prior to the audit and stepped up efforts during the audit. Immediately following the conclusion of the audit the Board began testing and working through a funding tool. The board has approved and is using a funding tool to better provide consistent funding options.

Report page 43 (Chapter IV)

1. We recommend that the Permanent Community Impact Board review all projects to ensure they are engaging in a competitive bid process.

Implementation Status: Implemented

The board has approved the following:

- Funding recipients will be notified of procurement requirements and policy prior to contract execution.
- CIB contracts for funding will include the requirement of following the Utah Procurement Code.
- State Procurement Standards must be followed across all projects funded by CIB.

2. We recommend that the Permanent Community Impact Board consider requiring that State Purchasing be used with larger projects and determine a threshold for imposing this requirement.

Implementation Status: In Process

On November 5, 2020 the board approved the following:

- Effective January 1, 2021 CIB will require recipients of funding for projects over \$1,000,000 to utilize State Purchasing. <https://purchasing.utah.gov/for-agencies/>

Report page 53 (Chapter V)

1. We recommend that the Permanent Community Impact Board formally adopt and follow policies and controls regarding maximum award size, the total grant versus loan mix of all projects, and reimbursable expenditures.

Implementation Status: Implemented

The board decided the following:

- The \$5,000,000 threshold is discarded.
- The funding matrix tool is adopted to assist reasonable consistency in regard to grant/loan award.
- Reimbursable expenditures are only for items within the discussed scope of work presented by the applicant and authorized by the Board.

2. We recommend that the Permanent Community Impact Board staff review its contract monitoring procedures to ensure contracts have a clear scope of work with meaningful performance metrics.

Implementation Status: Implemented

The board made the following decisions:

- The scope of work is clarified from the entity's application description and/or estimate and indicated on the yellow review sheet.
- The Board will verify the scope of work in the review meeting with applicant and authorize funding for that approved scope of work.
- CIB funding will be provided only through reimbursement with verification of invoices against the approved scope of work.
- Expenses outside the discussed scope of work will not be reimbursed.
- CIB funding recipients will submit an email verification of completion for all projects within 24 months of funding or an explanation of delay.

3. We recommend that the Permanent Community Impact Board staff ensure completed projects are closed in a timely manner.

Implementation Status: Implemented

The board approved the following staff proposals:

- CIB funding recipients will submit an email verification of completion within 24 months of funding or an explanation and request for an extension up to 12 months. (see above)
- Upon approval of an extension, the project completion and/or 2-year grant contract may be extended for up to 12 months.
- When project funding has received no activity for longer than 6 months, the recipient may be contacted and the funding may then be recaptured.