

GAO Highlights

Highlights of [GAO-23-105944](#), a report to congressional committees

Why GAO Did This Study

NeighborWorks received an annual appropriation of \$163 million in fiscal year 2021, which accounted for most of its funding, and has around 350 employees. However, past audits have raised questions about its procurement process.

The Joint Explanatory Statement for the Consolidated Appropriations Act, 2022 includes a provision for GAO to review NeighborWorks' compliance with regulatory requirements and internal policies in several areas. This report addresses the extent to which NeighborWorks established effective policies, procedures, and internal controls for procurement, whistleblowers, and audits, among others. GAO analyzed (1) NeighborWorks' policies and procedures in these areas, (2) a nongeneralizable sample of contract files and purchase card transactions from 2019–2021, and (3) whistleblower complaints from 2016–2022. GAO also interviewed current and former staff and conducted five focus groups with current staff.

What GAO Recommends

GAO makes 10 recommendations to NeighborWorks, including improving procurement, whistleblower, and internal audit policies and procedures and providing additional training to staff. NeighborWorks agreed with these recommendations.

View [GAO-23-105944](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or CackleyA@gao.gov.

June 2023

COMMUNITY REDEVELOPMENT

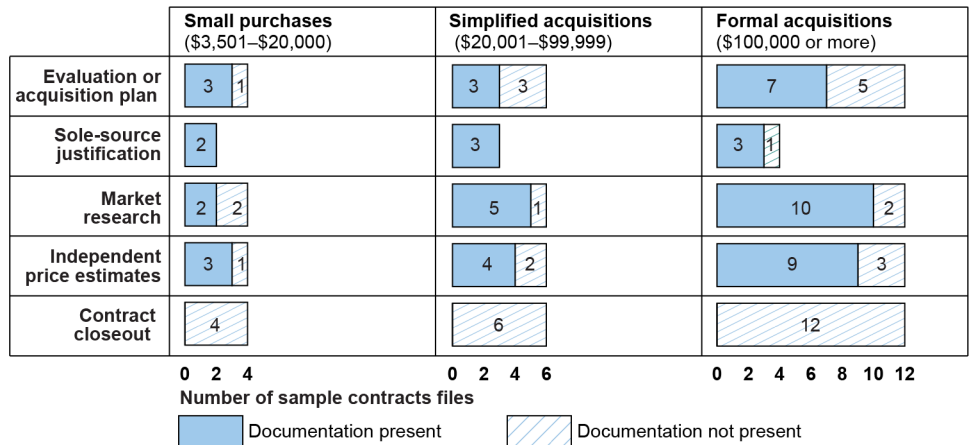
Significant Improvements in Policies and Procedures Are Needed at NeighborWorks America

What GAO Found

The mission of NeighborWorks America, a congressionally chartered nonprofit, is to revitalize neighborhoods. The organization has made progress in establishing policies, procedures, and internal controls relating to procurement, whistleblower complaints, and internal audits. But GAO found weaknesses remain.

Procurement. GAO reviewed a sample of contract files and purchase card transactions and found staff did not consistently follow procurement policies, including for documentation and supervisory approval. NeighborWorks has begun to implement a new procurement system, but the extent to which the new system will address these issues is unclear. NeighborWorks does not provide formal training on its procurement process and made some changes to its procedures without clearly communicating those changes to staff. Providing formal training to staff and clearly communicating changes in policy would help address weaknesses in the procurement process.

NeighborWorks America's Documentation of Selected Required Elements of Sample Contract Files, by Contract Size, Fiscal Years 2019–2021



Source: GAO. | [GAO-23-105944](#)

Note: For more details, see figure 2 in [GAO-23-105944](#).

Whistleblowers. NeighborWorks has a new whistleblower policy, but it does not include procedures for investigating complaints or criteria for who will conduct investigations. Developing and implementing such procedures and criteria would help ensure that potential violations of law or policy or misuse of taxpayer dollars are appropriately investigated.

Internal audits. NeighborWorks' internal audit function met most standards of The Institute for Internal Auditors—a recognized leader on internal auditing. However, it has not fully met standards on quality assurance and improvement. For example, Internal Audit has not had an external assessment—required every 5 years—since 2012. By implementing a quality assurance and improvement program, Internal Audit could assess the efficiency and effectiveness of its activities and identify opportunities for improvement.