STATE OF NEW YORK

COMMUNITY DEVELOPMENT BLOCK GRANT

DISASTER RECOVERY (CDBG-DR) PROGRAM

NON-SUBSTANTIAL AMENDMENT NO. 25

April 15, 2020

Additions to: New York State Action Plan Incorporating Amendments 8-23 and Amendment 24 (soon to be consolidated)

In sections: Proposed Allocation of Funds, Introduction, NY Rising Infrastructure Program, and General Administration Management

Summary:

Action Plan Amendment 25 (APA 25) will address the following items:

A. *Proposed Allocation of Funds:* Table and references to allocation amounts updated to reflect the reallocation of funds between programs.
B. *Overall Benefit Requirement Clarification:* References updated per the August 7, 2017 Federal Register Notice (FR-6039-N-01).
C. *Updates to Covered Project Description:* Edits to Covered Projects references where necessary to ensure clarity and consistency throughout the Action Plan.
D. *Updates to Internal Audit:* Edits to reflect current internal audit structure.
E. *Updates to Action Plan:* Edits where necessary to ensure clarity and consistency throughout the Action Plan.

Changes are indicated in red text.

A. Proposed Allocation of Funds

Description of changes: All updates associated with the proposed APA 25 allocation of funds will be made to the tables at page 6 and page 59 of the State's Action Plan. Allocation amounts to reflect this proposed reallocation will also be updated throughout the Action Plan wherever referenced.

As described in the State's Action Plan (Updated Impact and Unmet Needs Assessment, pg. 11), there remain unmet needs in all recovery categories of Housing. As applicants move through the Housing Program, the State assesses need based on the best available information to ensure that the allocations are sufficient to provide awards to eligible applicants. The proposed APA 25 allocation of funds considers the unmet needs analysis already identified in the State's Action Plan and the need of eligible applicants in its Housing programs.

The State has identified an increased need in the Homeowner and Rental Properties components of the NY Rising Housing program as more applicants have proceeded with home elevation than originally estimated and the cost of home elevation is proving to be greater than originally estimated at the early stages of the program. The cost of elevation awards has been deemed necessary and reasonable and the program has award caps. There has also been an increased cost of complying with the Uniform Relocation Assistance Act for the Rental Properties Program than originally estimated. To meet this increased Homeowner and Rental Properties need, and in the interest of moving these programs toward closeout, funds are being reallocated from several other programs described in the State's Action Plan. Funds are being reallocated from the State's Condominium and Cooperative Program, Interim Mortgage Assistance Program, Buyout and Acquisition Program, Manufactured Home Community Resiliency Program, and Small Business Grants and Loans Program where the remaining allocation will be sufficient to provide awards to eligible applicants and approved projects. In addition, funds are being reallocated from the Local Government, Critical Infrastructure and Non-federal Share Match Program where other sources of funds were identified and used for some costs.

Additionally, in order to ensure that the State meets its stated objective of addressing the unmet residential repair, reconstruction, or resilience needs of Public Housing Authorities, the State is reallocating funds from the Multi-Family Affordable Housing Program to the Public Housing Assistance Relief Program to cover previously contemplated scope.

From pages 6 and 59 of the New York State Action Plan:

Program	APA 24	APA 25 Change	Revised APA 25 Allocation
Total of All Programs	**$4,501,382,000**	**$0**	**$4,501,382,000**
Housing	**$2,857,707,313**	**$15,000,000**	**$2,872,707,313**
NY Rising Homeowner Recovery Program	**$1,823,277,424**	**$29,300,000**	**$1,852,577,424**
NY Rising Condominium & Cooperative Program	**$27,000,000**	**($1,500,000)**	**$25,500,000**
Interim Mortgage Assistance Prorgam	**$74,000,000**	**($2,000,000)**	**$72,000,000**
NY Rising Buyout and Acquisition Program	**$664,707,682**	**($8,000,000)**	**$656,707,682**
NY Rising Rental Buildings Recovery Program	**$235,000,000**	**($325,000)**	**$234,675,000**
Rental Properties	$127,000,000	$2,200,000	$129,200,000
Multi-Family Affordable Housing	$108,000,000	($2,525,000)	$105,475,000
Public Housing Assistance Relief Program	**$16,722,207**	**$2,525,000**	**$19,247,207**
Manufactured Home Community Resiliency Program	**$17,000,000**	**($5,000,000)**	**$12,000,000**
Economic Development	**$124,277,793**	**($4,000,000)**	**$120,277,793**
Small Business Grants and Loans	**$94,600,000**	**($4,000,000)**	**$90,600,000**
Business Mentoring Program	**$400,000**		**$400,000**
Tourism and Marketing	**$29,277,793**		**$29,277,793**
Community Reconstruction	**$537,432,794**		**$537,432,794**
NY Rising Community Reconstruction Program	**$537,432,794**		**$537,432,794**
Infrastructure and Match	**$576,120,000**	**($11,000,000)**	**$565,120,000**
Local Government, Critical Infrastructure and Non-federal Share Match Program	**$573,420,000**	**($11,000,000)**	**$562,420,000**
Resiliency Institute for Storms and Emergencies	**$2,700,000**		**$2,700,000**
Rebuild by Design	**$185,000,000**		**$185,000,000**
Living with the Bay: Slow Streams	**$125,000,000**		**$125,000,000**
Living Breakwaters: Tottenville Pilot	**$60,000,000**		**$60,000,000**
Administration & Planning	**$220,844,100**		**$220,844,100**

B. Overall Benefit Requirement Clarification

Description of changes: Per the August 7, 2017 Federal Register Notice (FR-6039-N-01), the State is clarifying that HUD, through a waiver and alternative requirement, reduced the overall benefit requirement for the State's grant under Public Law 113-2. The State is also notifying HUD it will exclude the expenditures of its RBD allocation from its overall benefit calculation.

From page 9 of the New York State Action Plan:

HUD requires that 50%~~51%~~ of total allocations must be spent on persons determined to be low- and moderate- income, unless the Secretary specifically finds that there is a compelling need to further reduce the threshold. On August 7, 2017, HUD published Federal Register Notice 6039-N-01, reducing the low- and moderate-income overall benefit requirement New York State must meet

under Public Law 113-2 from 50% to not less than 35%. In addition, consistent with Notice 6039-N-01, the State of New York will also be excluding CDBG-DR funds associated with the State's two Rebuild By Design projects from the overall benefit calculation.

From page 164 of the New York State Action Plan:

National Objective: All activities undertaken with New York State CDBG-DR funds must meet one of the following three National Objectives as identified in the Housing and Community Development Act of 1974: (1) address urgent need, (2) primarily benefit low- and moderate-income persons, and/or (3) address slums and blighted conditions.

Per Federal Register Notice 6039-N-01, a~~A~~t least 35~~50~~% of the CDBG-DR funds awarded to New York State under ~~this allocation~~ Public Law 113-2 must be used for activities that meet the National Objective of primarily benefiting low- and moderate- income persons. To track progress towards this goal, the State, along with its sub-grantees, sub-recipients, contractors and other partners measure the following:

- For housing related activities, the State collects income information on beneficiaries of assistance provided through the homeowner and rental programs. In doing so, GOSR ensures a more accurate report of the populations benefitting from assistance under these activities, and contribute towards the 35~~50~~% expenditure threshold.
- For small business related activities, GOSR requires the documentation of family incomes (salary ranges) of those who benefit from the creation or retention of jobs under this assistance. In doing so, GOSR ensures a more accurate report of the populations benefitting from assistance under these activities, and contribute towards the 35~~50~~% expenditure threshold.
- The State and its partners closely monitor the actual expenditure of funds and benefiting populations throughout the administration of all activities under this grant.

C. Updates to Covered Project Description

Description of Changes: The State is updating its Action Plan to reflect current project scope for the Suffolk County Coastal Resiliency and Water Quality Improvement Initiative Covered Project.

From page 100-105 of the New York State Action Plan:

Covered Infrastructure Project

Activity Name: Suffolk County Coastal Resiliency and Water Quality Improvement Initiative

Eligible Activity Type: Essential public services, construction/reconstruction of water/sewer lines or systems, rehabilitation/reconstruction of residential structures, and rehabilitation/reconstruction of a public improvement

National Objective: Low- and Moderate- Income or Urgent Need

Eligible Activity: 105(a)(2)(4)(8)(17); U.S.C. 5305(a)(2)(4)(8)(17)

Eligible Applicants: Both low- and moderate-income households and ~~other~~ households in the project area

Program Description: The Suffolk County Coastal Resiliency and Water Quality Improvement Initiative is a resiliency project that aims to address public health and water quality while benefiting the communities. Suffolk County has a federally-designated sole source aquifer; it derives its drinking water from the ground. The severe flooding in this region during Superstorm Sandy raised the groundwater elevation above the top of the septic systems and cesspools, resulting in the mix of sanitary wastewater and groundwater, causing public health and water quality hazards. The impacts of Superstorm Sandy exacerbated the already rising nitrogen pollution from failing septic and cesspools along river corridors and into the Great South Bay. Nitrogen pollution has caused a water quality crisis, and the erosion of coastal wetlands, which have been scientifically proven to reduce vulnerability from storm surge.

GOSR, in coordination with DHSES, NYSDEC and the County, proposes to extend sewers to communities along four priority watersheds along the Great South Bay. The project combines $66,437,463 in CDBG-DR funding with funding from other sources including FEMA HMGP, ESD and the EFC Clean Water State Revolving Fund and has a total project cost of $388,536,475. The initiative will help Suffolk County recover from Superstorm Sandy by installing sewer and wastewater infrastructure in areas where septic systems were compromised during Superstorm Sandy. These interventions will prevent future septic system flooding, sewage backups and groundwater pollution, and will reduce nitrogen pollution that adversely affects natural coastal protection systems.

In Suffolk County, over 70% of the wastewater is managed through on-site disposal systems such as the cesspools and septic tanks, for wastewater treatment. Many of these on-site systems are located only a short depth to groundwater, and are compromised during flood events. This allows effluent to enter groundwater and surface waters. Additionally, even under normal conditions, on-site septic systems do not treat nitrogen effectively, leading large quantities of nitrogen-enriched effluent to flow into the County's groundwater, which then travels to surface waters or infiltrates drinking water aquifers.[i]

The extension of the sewer system is a crucial factor in rebuilding and recovery for these communities. Properties along all four watersheds experienced flooding during Sandy, and project boundaries have been determined based on area characteristics including inundation history, depth to groundwater, and travel time to surface waters. The design phase of the Initiative will further refine parcel locations based on geography and other factors. As sewer extensions are created, homes will be connected to the new sewer main by means of a sewer lateral.

For many homeowners, paying for the sewer lateral is not financially feasible in light of the financial strain of rebuilding their homes. Providing assistance with installations of sewer laterals aids both individual household and broader community recovery. ~~CDBG-DR~~While funds will be used to assist both low- and moderate- income households and non-low- and moderate- income households, no CDBG-DR funds will be used for this portion of the project. Once the sewer lateral is installed, the homeowner will be responsible for maintaining and repairing it.

This work will be performed on private property; the activity will be carried out as a housing rehabilitation activity[ii]. The program will determine the location for the laterals at each residence based on engineering design requirements and cost considerations.

Geographic Eligibility: The Great South Bay sits between Fire Island (a barrier island) and the mainland of Long Island. These areas were selected because of the combination of substandard

septic systems, dense populations, a short depth to groundwater, and short travel times for nitrogen-enriched groundwater to enter surface waters.

The project area includes four watersheds:

1. *Forge River Watershed centered on Mastic:* This project will address impacts from Superstorm Sandy and reduce extensive nitrogen pollution to the Forge River and Great South Bay. The proposed project will connect parcels in the area to a new sewer collection system that will flow to a new wastewater treatment plant (that would include advanced nitrogen treatment) located on municipal property. Additionally, groundwater levels of nitrogen in this area are already at the maximum contaminant level for drinking water, and nitrogen levels are projected to continue to increase without an upgrade to the wastewater infrastructure. The community would be left vulnerable and at risk of contaminated drinking water.

2. *Carlls River Watershed centered on North Babylon and West Babylon:* This project will address storm impacts and reduce nitrogen and pathogen pollution in the Carlls River and Great South Bay. Currently over 60% of the nitrogen load from the Carlls River is from septic systems. The proposed project will connect parcels within the current Sewer District No. 3—Southwest Sewer District, and expand the sewer district to include a number of parcels in the North Babylon and West Babylon areas.

3. *Connetquot River Watershed centered on Great River:* After Superstorm Sandy, wastewater flooding caused surface water impairments, resulting in 15 days of emergency closures of shellfish beds by NYSDEC. Actual water quality impacts persisted much longer. This project will address nitrogen pollution and pathogens in Connetquot River, Nicoll Bay, and Great South Bay. The proposed project will connect parcels in the Great River area to the Sewer District No. 3—Southwest Sewer District. The Connetquot River contributes 15% of the total nitrogen in the Great South Bay; it is the single largest source of nitrogen. 63% of the nitrogen load from the Connetquot River is from septic systems.

4. *Patchogue River Watershed centered on Patchogue:* As a result of significant flooding from Sandy, the onsite sanitary disposal systems in the watershed contributed to poor water quality and elevated nitrogen levels that exceed limitations set by the Suffolk County Department of Health Services. This project will address storm impacts and nitrogen and pathogen pollution in Patchogue River and Great South Bay. The proposed project will connect parcels to the Patchogue sewer system.

Use of Impact and Unmet Needs Assessment: As indicated in the Impact and Unmet Needs Assessment, over 70% of the wastewater in Suffolk County ~~wastewater~~ is managed through on-site disposal systems. Many of these on-site systems are located only a short depth to groundwater, and are compromised during flood events. This introduces untreated materials into drinking water systems and water bodies, causing harm to public health and environmental assets. Nitrogen and other pollutants remain a constant concern across Long Island as the drinking water for almost 3 million residents is drawn from sensitive groundwater aquifers recharged from the surface. Governor Cuomo directed NYSDEC to undertake an intensive consultation process with key scientists and stakeholders concerning storm resiliency and water quality on Long Island in the context of nitrogen pollution, and the findings support the work of this project in Suffolk County.

In 2014, Suffolk County was awarded an IBM Smarter Cities Challenge grant. A team of six IBM experts spent three weeks in the County working to help solve the challenge of promoting a resilient community and water quality pollution, resulting in the publication of a Smarter Cities Challenge report. The report identified a $7 billion gap for wastewater infrastructure and treatment upgrades for the 360,000 properties in Suffolk County which currently use on-site septic systems.

There are over 53,000 unsewered parcels in the Great South Bay watershed. This initiative proposes to sewer over 8,000 of these parcels, relieving pressure on on-site systems at increasing risk of failure due to seawater infiltration and corrosion. The frequency and magnitude of severe weather events and subsequent flooding is expected to increase due to climate change. Suffolk County's Comprehensive Water Resources Management Plan Executive Summary (2014) and the State's "Coastal Resiliency and Water Quality in Nassau and Suffolk Counties Recommended Actions and a Proposed Path Forward" (2014) highlight the severe risk of reliance on these vulnerable systems.

The projected sea level rise will increase ground water levels and heighten the risk of groundwater contamination. According to the RISE Climate Risk Report for Nassau and Suffolk (August 2014), the sea level is anticipated to increase by 5.7-8.3 inches in Suffolk County by the 2020s and by 19.4-29.2 inches by the end of the century.

In addition to improving wastewater treatment, the project addresses risks posed by nitrogen concentration in the effluent and surrounding surface waters. Algal blooms linked to excess nitrogen pollution have seriously adverse impacts on swimming, fishing, shellfishing, and boating.

Transparent and Inclusive Decision Process: Since Superstorm Sandy, GOSR and State agencies have engaged the public and elected officials through the Action Plan development process, the NY Rising Community Reconstruction Program, and participation in events and discussions organized by NYSDEC and other entities. Utilizing this three pronged approach, GOSR conducted an inclusive decision process. Through APA8 the State also engaged the public about this project.

GOSR held a public hearing in February 2014 in Suffolk County to get feedback on Action Plan Amendment 6. Over 80% of comments made at the hearing and submitted through our web portal from Suffolk County residents concerned issues around wastewater, sewers and nitrogen in the South Bay.

GOSR also engaged residents and elected officials through the nine New York Rising Community Reconstruction Program planning committees in Suffolk County. Stakeholders in this process repeatedly voiced the need to install advanced wastewater infrastructure for the health of people and ecosystems, for the resiliency of the community during severe weather and disaster events, and for fundamental economic vitality.

In addition, GOSR consulted with the scientific community, subject matter experts, and federal and State partners during the planning for Suffolk County Coastal Resiliency and Water Quality Improvement Initiative. These consultations underscored the need to invest in improving coastal community's resiliency and water quality so as to ensure a thriving economy and a healthy living environment in Suffolk County.

Long Term Efficacy and Fiscal Sustainability: Centralized sewer systems have demonstrated efficacy and fiscal sustainability, supported by a combination of tax revenues and user fees. Suffolk County has substantial experience with managing such systems in the southwest portion of the County.

Public health and water quality improvements are expected to result in increases in property values, increased capacity for business expansion and central business district growth, and healthier marine economies. In coastal areas, reducing nitrogen levels is expected to have a positive impact of reducing beach and shellfish closures resulting from pathogenic contamination. Longer term, it is expected that the stabilization and possible rehabilitation of seagrasses and wetlands along the south shore will protect low lying areas from wave run-up and longshore currents. Property values of existing homes and businesses will likely increase as a result of the improved protection in the area.

The State is working with the county to ensure fiscal sustainability of this project. To date the county has drafted a multi-pronged approach which will include creation of new sewer districts to provide long term management of the sewer system as well as a process for the long term commitment of the residents of these communities. Fiscal sustainability will continue to be analyzed in further detail during the planning stage of the initiative.

As outlined in the State's Infrastructure Program policy and procedure~~s~~ manual~~s~~, this project will be subject to all the monitoring and compliance requirements that GOSR currently has in place. GOSR staff and consultants work directly with ~~GOSR will provide one of its dedicated CDBG-DR grant consultants to work with~~ Suffolk County to ensure that the project remains compliant throughout the life of the project, from concept stage to planning, construction, and closeout. The project will follow the process that GOSR has developed for all infrastructure projects, whereby a pre-application is first developed and is vetted to ensure that its meet all CDBG-DR requirements. After the pre-application is approved, the county by working with the State and its CDBG-DR grant consultants will develop a full application for review by GOSR. In addition to moving through the application approval process, GOSR requires that the County take part in Technical Assistance sessions that address financial record keeping, l~~L~~abor and other cross cutting practices (Section 3, Minority and Women-owned Business Enterprise (MWBE)). GOSR reviews bid documents and takes part in pre-bid and bid-conference meetings. Throughout the project, the monitoring process will continue with items including but not limited to filing of monthly and quarterly reports, wage reports for Davis Bacon compliance and on site job interviews will take place. Both GOSR Infrastructure staff as well as the GOSR Monitoring and Compliance staff will then continue to work with Suffolk County to ensure that the project complies with CDBG-DR requirements, including those related to monitoring the long term efficacy and sustainability of the project.

As part of the project's planning process, GOSR work~~eds daily~~ directly with staff at FEMA's Superstorm Sandy SRO (Sandy Recovery Office), state agencies and County government on the project. Technical staff continue to assess how this project's long term viability could be impacted by environmental conditions, such as rise in sea level, flooding, heat waves, and other climate changes likely to affect Suffolk County. The environmental review process is being coordinated by GOSR who is working in close consultation with FEMA, HUD, NYSDEC and Federal permitting bodies.

For some project areas, GOSR expects to see immediate environmental benefits and recovery goals obtained for homeowners. These include homes where a tie into the lateral program will result in the removal of septic systems and cesspools, arresting discharges and stop losses and providing immediate benefits to water quality. To assess long-term sustainability and efficacy, GOSR is working in coordination with Suffolk County, DHSES and federal partners including FEMA and other partners in the SRIRC to address the following:

- Reviewing and identifying studies and monitoring protocols that will be needed to address long term environmental resiliency components of the project;
- Developing and looking at surge models and impacts that hurricanes and frequent nor'easters may have on the great south bay and how climate change and more frequent storms could slow demonstrated measure of success;
- Examining how rain and snow events could result in impacts to the sole source drinking water aquifer as Suffolk septic systems and cesspools become comprised, they increase the risk off polluting the drinking water system and;
- Identifying measures and methods that need to be put in place before construction to show that net positive environmental and economic benefits which will result from this project, specifically that as homes and businesses are tied in to the sewer that wetlands marshes will be able to rebound and provide increased natural resiliency measures for these communities. Also, that as water quality increases, historically important industries that were impacted by Superstorm Sandy in the impacted area such as fishing, agriculture and tourism can be restored more quickly in future disasters.

GOSR will continue to fully utilize the SRIRC for future coordination of any Suffolk County sewage projects. This includes using the SRIRC meeting process to provide updates on the planning and development of the projects as the primary means to coordinate federal and State environmental reviews processes, following the environmental review, and bringing the results of the public process back to the SRIRC for an update. GOSR has already brought this project to the SRIRC in March 2015 and again in May 2015, and will continue to do so at key project development points.

Environmentally Sustainable and Innovative Investments: Superstorm Sandy highlighted Suffolk County's vulnerability to climate change, sea level rise, and increasingly violent storm events. Due to its geographic location and nearly 1,000 miles of shoreline, Suffolk County is exposed and vulnerable to numerous natural hazards, especially coastal storms traveling up the Atlantic coast. Sea-level rise can exacerbate storm events, causing storm surges and flooding of increasing intensity and threatening shoreline communities and infrastructure.

As Suffolk County derives its drinking water from a sole source aquifer replenished by groundwater, compromised on-site septic systems represent a direct threat to drinking water and surface water quality. Septic systems and cesspools, especially those close to groundwater tables, can be flooded during storm events, causing mixing of partially-treated or untreated effluent with groundwater.

In 2010, the EPA added the Great South Bay to its 303(d) list of impaired water bodies due to eutrophication and harmful algal blooms. NYSDEC identified nitrogen from wastewater as a major contributor to the water body's lower oxygen levels and impaired status; this finding was corroborated by research showing that almost 70% of the total nitrogen load for the Great South Bay comes from wastewater effluent.

Even when functioning as designed, septic systems only remove a small amount of nutrients such as nitrogen, which enters the groundwater and travels to surrounding surface waters. In the Great South Bay, nitrogen pollution and subsequent eutrophication has devastated the shellfish and eelgrass populations. The Great South Bay had supported large hard claim and bay-scallop industries; both shellfish populations today are a fraction of their previous sizes in large part due to nitrogen pollution. Additionally, NYSDEC estimates that there was an 18% - 36% loss in tidal wetlands in the Great South Bay between 1974 and 2001. The loss of marshland habitat is detrimental to the entire coastline, as marshes and wetlands act as natural defenses against storm surges and waves in coastal regions.

The NYS 2100 report states that, "tidal wetlands can protect coastal communities from storm damage by reducing wave energy and amplitude, slowing water velocity, and stabilizing the shoreline through sediment deposition. More than half of normal wave energy is dissipated within the first three meters of marsh vegetation such as cord grass. In addition, given sufficient sediment deposition, wetlands are able to build elevation in response to sea-level rise, providing a buffer against climate change and coastal submergence."

The proposed project brings a sustainable set of centralized sewage collection and treatment systems. Treatment facilities and collection systems to be utilized are and will be sized for present and future flows, and appropriately armored to withstand expected severe weather events.

Infrastructure proposed for this project will also be innovative. For example, small diameter low pressure and vacuum sewers will be used where possible. These sewers can be relatively shallow, avoiding construction impacts, disturbance of the community and the environment, and the possibility of infiltration by ground water. Additionally, the proposed waste water treatment plant will be located inland, away from the threat of sea level rise or coastal flooding. Finally, the proposed project provides for waste water reuse. The project proposes to recharge 100% of the treated waste water from the new waste water treatment plant to Long Island's federally designated sole source aquifer. Waste water reuse is an important consideration in the overall sustainability of waste water management practices and strategies.

Regional Coordination Working Group: GOSR will continue to work with the Sandy Regional Infrastructure Resilience Coordination Group (SRIRC) to ensure that this Initiative maximizes the resources available and collaboratively recovers from these storms while preparing ~~with~~ the region for future resiliency.

Monitoring and Compliance: Suffolk County Water Quality Improvement Initiative will be subject to monitoring and be required to comply with all rules and regulations similar to all other GOSR sub-recipients and under the Infrastructure Program Monitoring Plan as outlined in the Compliance and Monitoring Policy and Procedure Manual.

D. Updates to Internal Audit

Description of changes: The State is updating its Action Plan to reflect its current internal audit structure.

From page 165-166 of the New York State Action Plan:

Internal Audit: Until May 2019, GOSR's Fraud Waste Abuse Prevention Program wasis supported by HCR's Office of Internal Audit (OIA) which provides internal audit coverage for HCR and HTFC and, as such, servedsds as GOSR's internal auditor with independent oversight over GOSR's program operations. GOSR's Monitoring and Compliance Department coordinatedsds with OIA which hadsds a role in detecting fraud, waste, and abuse generally for all HCR and HTFC auditing efforts and specifically as part of the State of New York's administration of its CDBG-DR funding allocations pursuant to Public Law 113-2. OIA wasis responsible for maintaining a reporting line, independent of GOSR's management team, to HTFC Finance and the HTFC Board as it relatedsds to GOSR activities, including any contested findings and recommendations. In addition, OIA wasis responsible for assisting GOSR with the coordination and review of all external audits, including the annual HTFC Financial Statement Audit, the New York State Single Audit/OMB A-133 audit of GOSR and the OMB A-133 audit of GOSR's sub-recipients, as well as any audits conducted by the Office of the New York State Comptroller.

Furthermore, OIA wasis responsible for preparing the annual Internal Control Certification Report that describes all HCR program area's internal control activities, including those of GOSR's. This report is prepared annually by the HCR Internal Control Officer of OIA and submitted to the New York State Division of Budget. Different functions within program areas are selected each year for internal control review. Accordingly, OIA wasis responsible for conducting an annual review of GOSR's internal control process as part of HCR's Internal Control Review Process.

Annually, GOSR must complete a "Risk Assessment Survey" and the "Managers Internal Control Review Form." The Risk Assessment Survey identifies areas related to funding, staffing, duties and responsibilities, data security and previous audits/reviews conducted in the GOSR program area. The Managers Internal Control Review identifies functions performed, risks, procedures/controls in place and the testing of those procedures/controls. HCR's Internal Control Officer from OIA workedsds closely with GOSR to complete the process. The ~~current~~ approach was to review documentation from the risk assessment and manager internal control forms to identify moderate to high risk functions. Meetings weare then held with program managers to discuss those functions and the risks and controls related to them. As necessary, discussions focused on developing an appropriate corrective action plan to strengthen the controls that wouldill mitigate those risks. Discussions may also have included follow-up on any reviews or audits that hadve outstanding recommendations. Documentation waiss required to ensure that corrective action has taken place to close out recommendations.

In May of 2019, GOSR hired a Director of Internal Audit to build out and implement an independent Internal Audit function for the State's CDBG-DR Program to supplant the roles and responsibilities of HCR's Office of Internal Audit as described above, and only as they relate to the State's CDBG-DR program. The GOSR Director of Internal Audit is responsible for timely completion of audit tests and analysis in compliance with HTFC standards and reports directly to the HTFC Board of Directors. The Office of General Counsel provides administrative oversight that is limited to ensuring timely deliverables, facilitating management responses, and resource access.

~~GOSR is in the process of creating and implementing an independent Internal Audit Department specifically for the State's CDBG-DR program. The GOSR Internal Audit Department will supplant the roles and responsibilities of HCR's Office of Internal Audit as described above and only as they relate to the State's CDBG-DR program. The Director of Internal Audit will build out and oversee an independent Internal Audit function for the Community Development Block Grant Disaster Recovery (CDBG-DR) Program for New York State. The Director will be responsible for timely completion of audit tests and analysis in compliance with HTFC standards.~~

~~The Director will report directly to both the HTFC Board of Directors and the Executive Director of the Governor's Office of Storm Recovery.~~

E. Updates to Action Plan

Description of changes: The State is updating its Action Plan to clarify project descriptions and to ensure clarity and consistency.

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[i] *Coastal Resiliency and Water Quality in Nassau and Suffolk Counties: Recommended Actions and a Proposed Path Forward.* New York State Department of Environmental Conservation and other New York State Agencies and Governments. October 28, 2014. Available at: http://www.lisser.us/lireportoct14.pdf.

[ii] U.S. Department of Housing and Urban Development, State Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for State CDBG Program lists eligible types of Rehabilitation assistance including (**Water and sewer—**Costs of connecting existing residential structures to water distribution lines or local sewer collection lines, or installing wells, septic tanks, septic fields for individual houses, as well as replacing any of the above. 2-30)