STATE OF NEW YORK

COMMUNITY DEVELOPMENT BLOCK GRANT

DISASTER RECOVERY (CDBG-DR) PROGRAM

NON-SUBSTANTIAL AMENDMENT NO. 40

Effective July 21, 2026

Additions to: New York State Action Plan Incorporating Amendments 8-39

In sections: Proposed Allocation of Funds; Internal Audit Function and CDBG-DR Oversight

Summary:

Action Plan Amendment 40 (APA 40) 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. *Internal Audit Function and CDBG-DR Oversight:* Section on internal audits and grant oversight updated to reflect current structure of the internal audit function.
C. *Consolidating references to program allocations:* The State is updating references to program allocations throughout the Action Plan to instead reference the Proposed Allocation of Funds tables in the Action Plan.

Changes are indicated in red text.

A. Proposed Allocation of Funds

Description of changes: All updates associated with the APA 40 allocation of funds will be made to the tables at page 8 and page 57 of the State's Action Plan.

The State has identified additional need in the New York Rising Infrastructure Program due to actual and anticipated costs as the Program continues with implementation as well as the NY Rising Buyout and Acquisition Program due to actual and anticipated costs related to disposition and closeout. Funds are being reallocated from the NY Rising Community Reconstruction Program, where the remaining allocation is expected to be sufficient to fund remaining costs related to implementation and closeout of the Program's projects.

From pages 8 and 57 of the New York State Action Plan:

Program	APA 39	APA 40 Change	APA 40 Allocation
Total of All Programs	**$4,501,582,000**		**$4,501,582,000**
Housing	**$2,879,612,747**		**$2,880,362,153**
NY Rising Homeowner Recovery Program	**$1,848,084,943**		**$1,848,084,943**
NY Rising Condominium & Cooperative Program	**$24,952,772**		**$24,952,772**
Interim Mortgage Assistance Prorgam	**$72,000,000**		**$72,000,000**
NY Rising Buyout and Acquisition Program	**$638,999,760**	**$749,406**	**$639,749,166**
NY Rising Rental Buildings Recovery Program	**$258,195,522**		**$258,195,522**
Rental Properties	$129,120,522		$129,120,522
Multi-Family Affordable Housing	$129,075,000		$129,075,000
Public Housing Assistance Relief Program	**$31,502,062**		**$31,502,062**
Manufactured Home Community Resiliency Program	**$5,877,688**		**$5,877,688**
Economic Development	**$117,492,934**		**$117,492,934**
Small Business Grants and Loans	**$87,916,405**		**$87,916,405**
Business Mentoring Program	**$298,736**		**$298,736**
Tourism and Marketing	**$29,277,793**		**$29,277,793**
Community Reconstruction	**$507,581,303**		**$501,631,897**
NY Rising Community Reconstruction Program	**$507,581,303**	**($5,949,406)**	**$501,631,897**
Infrastructure and Match	**$549,407,073**		**$554,607,073**
Local Government, Critical Infrastructure and Non-federal Share Match Program	**$546,707,073**	**$5,200,000**	**$551,907,073**
Resiliency Institute for Storms and Emergencies	**$2,700,000**		**$2,700,000**
Rebuild by Design	**$222,418,843**		**$222,418,843**
Living with the Bay: Slow Streams	**$125,000,000**		**$125,000,000**
Living Breakwaters: Tottenville Pilot	**$97,418,843**		**$97,418,843**
Administration & Planning	**$225,069,100**		**$225,069,100**

B. Internal Audit Function and Oversight of CDBG-DR Program

Description of changes: Updates to reflect the current structure and organizational placement of the State's internal audit function for CDBG-DR funds and its role in detecting and preventing fraud, waste, abuse and mismanagement.

From pages 161-162 of the New York State Action Plan

~~Until May 2019, RHC's Fraud Waste Abuse Prevention Program was supported by HCR's Office of Internal Audit (OIA) which provides internal audit coverage for HCR and HTFC and, as such, served as RHC's internal auditor with independent oversight over RHC's program operations. RHC's Monitoring and Compliance Department coordinated with OIA which had 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 was responsible for maintaining a reporting line, independent of RHC's management team, to HTFC Finance and the HTFC Board as it related to RHC activities, including any contested findings and recommendations. In addition, OIA was responsible for assisting RHC 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 RHC and the OMB A-133 audit of RHC's sub-recipients, as well as any audits conducted by the Office of the New York State Comptroller.~~

~~Furthermore, OIA was responsible for preparing the annual Internal Control Certification Report that describes all HCR program area's internal control activities, including those of RHC'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 was responsible for conducting an annual review of RHC's internal control process as part of HCR's Internal Control Review Process.~~

~~Annually, RHC 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 RHC program area. The Managers Internal Control Review identifies functions performed, risks, procedures/controls in place and the testing of those Office of Resilient Homes and Communities – Action Plan 162 procedures/controls. HCR's Internal Control Officer from OIA worked closely with RHC to complete the process. The approach was to review documentation from the risk assessment and manager internal control forms to identify moderate to high risk functions. Meetings were 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 would mitigate those risks. Discussions may also have included follow-up on any reviews or audits that had outstanding recommendations. Documentation was required to ensure that corrective action has taken place to close out recommendations.~~

~~In May of 2019, RHC 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 RHC 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~~

~~RHC Executive Director provides administrative oversight that is limited to ensuring timely deliverables, facilitating management responses, and resource access.~~

The HTFC Office of Internal Audit (OIA) provides internal audit coverage for the Housing Trust Fund Corporation (HTFC). Its mission is to deliver independent assessments of financial, contractual, and operational matters across HTFC's operations by applying a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, governance, and internal controls. OIA conducts its activities in accordance with the International Standards for the Professional Practice of Internal Auditing (Global Internal Audit Standards), as governed by The Institute of Internal Auditors.

The HTFC Director of Internal Audit and Quality Control (" Director") is empowered by HTFC's by-laws to conduct any internal audit or review of the Corporation's books and records, including activities under the Community Development Block Grant Disaster Recovery Program. The Director reports functionally to the HTFC Board of Directors and administratively to the HCR Commissioner or their designee, e.g., General Counsel. This organizational placement provides the necessary safeguards to ensure independence and objectivity in evaluating operations and preventing fraud, waste, abuse, or mismanagement. All HTFC's Members, Officers, employees, agents, and staff are required to cooperate fully with the Director or their designees in connection with any internal audit or review.

OIA assists RHC with the coordination and review of external audits, such as the New York State Single Audit, and audits conducted by the Office of the New York State Comptroller. Separately, an objective, third-party conducts an annual independent financial audit of HTFC, including all RHC's financial activities.

OIA uses a risk-based approach to assess compliance, accountability, and effective oversight of funds. OIA's goal is to evaluate and improve the effectiveness of RHC's governance, risk management, internal controls, and anti-fraud, waste, abuse, and mismanagement efforts. This may include audits of internal and external reporting, as well as compliance with Federal, State, and local guidelines. The complete range of services provided by OIA may also include special projects and consultations requested by agency management, the HTFC Board of Directors, and the HTFC Board's Audit Committee.

OIA's responsibilities for RHC include, but are not limited to:

- Evaluating RHC's governance processes.
- Evaluating risk exposure related to the achievement of RHC's strategic and tactical objectives, and incorporating an annual Risk Assessment in this evaluation.
- Evaluating the accuracy, sufficiency, reliability, and integrity of information and the means used to measure, classify, and report such information.
- Evaluating the potential for fraud, waste, abuse, and mismanagement.
- Evaluating in-house and service contractor Information Technology systems and related general and application controls.
- Evaluating the systems established to ensure compliance with regulations and RHC Policy and Procedure manuals, and to additionally consider relevant best practices.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.

C. Consolidating references to program allocations:

Description of changes: RHC is updating references to program funding allocations throughout the Action Plan to instead reference the allocations in the Proposed allocation of funds charts included on pages 8 and 57 of the State's Action Plan. Updates will be included in the State's Consolidated Action Plan once this Amendment becomes effective.