
AUDIT REPORT



ST. LOUIS HOUSING AUTHORITY
PAUL SIMON TENANT ASSOCIATION

ST. LOUIS, MISSOURI

00-KC-209-1002

MAY 31, 2000

OFFICE OF AUDIT, GREAT PLAINS
KANSAS CITY, KANSAS



Issue Date	May 31, 2000
Audit Case Number	00-KC-209-1002

TO: Michael A. Williams, Director, Troubled Agency Recovery Center, PB1

Roger E. Niesen

FROM: Roger E. Niesen, District Inspector General for Audit, 7AGA

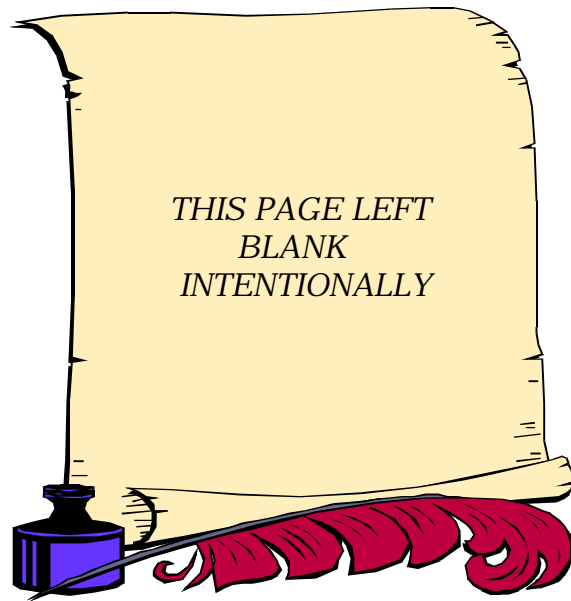
SUBJECT: St. Louis Housing Authority Paul Simon Tenant Association Board

We have completed an audit of the Tenant Association Board for the Paul Simon Elderly Building. The objective of our audit was to determine if the Board followed proper procedures and fully accounted for its funds. The audit was conducted in response to a citizen's complaint.

We determined that the Board's officers failed to comply with the requirements governing them. They did not apply sound financial management principles, and as a result could not account for \$15,158 in funds they received during the audit period. They also did not perform other duties assigned to them and did not meet individual eligibility requirements to serve on the Board. Therefore, the current officers should be replaced. The St. Louis Housing Authority needs to establish procedures to monitor the Association, and execute a written agreement with the Tenant Association that clearly outlines the Association's and its Board's responsibilities.

Within 60 days, please provide us, for the recommendations made in this report, a status report on: (1) the corrective action; (2) the proposed corrective action and date to be completed; or (3) why action is considered unnecessary. Also, please provide us copies of any correspondence or directives issued because of the audit.

Should you or your staff have any questions, please contact me at (913) 551-5870.



Executive Summary

We completed an audit of the Tenant Association Board for the Paul Simon Elderly Building. The objective of our audit was to determine if the Board followed proper procedures and if it fully accounted for its funds. The audit was conducted in response to a citizen's complaint.

We concluded that the Board's officers failed to comply with the requirements governing them. They did not apply sound financial management principles, and as a result could not account for \$15,158 in funds they received during the audit period. They also did not perform other duties assigned to them and did not meet individual eligibility requirements to serve on the Board. Therefore, the current officers should be replaced. Additionally, the St. Louis Housing Authority needs to establish procedures to monitor the Association, and execute a written agreement with the Tenant Association that clearly outlines the Association's and its Board's responsibilities.

The Board Failed To Meet Its Requirements

The Tenant Association Board for the Paul Simon Elderly Building did not comply with the requirements for performing their duties or properly conducting themselves. The officers failed to follow HUD's requirements, the Association's by-laws, the Code of Conduct, or their dwelling leases. They did not manage their funds, document their meetings, or meet individual eligibility requirements. These shortcomings resulted from the Board's incompetence. The problems went undetected because the St. Louis Housing Authority did not have a process to oversee or monitor the Association. In addition, the Authority did not enter into a written agreement with the Tenant Association. A written agreement should have required the Board to provide an accounting for the Association's funds to the Authority. As a result, HUD, the Authority, and the Paul Simon tenants have no assurance that \$15,158 was expended appropriately.

Recommendations

We recommend that the Director, Troubled Agency Recovery Center, take administrative action against the Board members. Additionally, the Director should ensure the St. Louis Housing Authority withdraws its recognition of the current Board and takes steps to replace them. Further, the Housing Authority should execute a written agreement with the Tenant Association, assist them in implementing an accounting system with effective controls, develop and implement procedures to monitor the Tenant Association, and assess the feasibility of recouping lost funds in a civil legal action.

We held exit conferences and provided our draft finding to the Finance Director of the St. Louis Housing Authority and to the officers of the Paul Simon Tenant Association Board on April 20, 2000. We received written comments from the Corporate Council for the Housing Authority on May 11, 2000 and from the Tenant Board on May 15, 2000. We considered the comments in preparing our final report and incorporated them into the finding as appropriate.

Table of Contents

Management Memorandum	i
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Executive Summary	iii
-------------------	-----

Introduction	1
--------------	---

Finding

Officers Failed To Properly Account For Funds	3
---	---

Management Controls	15
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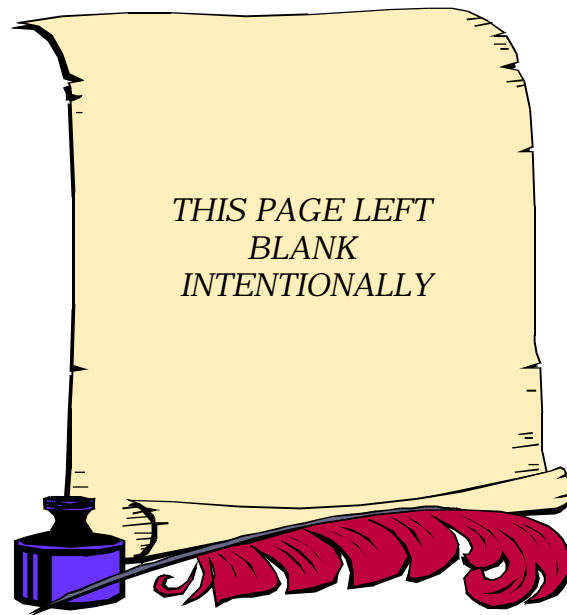
Follow Up On Prior Audits	17
---------------------------	----

Appendices

A Schedule of Questioned Costs	19
--------------------------------	----

B Auditee Comments	21
--------------------	----

C Distribution	49
----------------	----



Introduction

We received a citizen complaint that the Tenant Association Board for the Paul Simon Elderly Building had not followed proper procedures nor fully accounted for its funds since the Board took office in 1995. In response to this complaint, we audited the Association. Paul Simon is a public housing high-rise located at 1241 Hickory Street in St. Louis, Missouri. The Tenant Association Board qualifies as a resident council. According to HUD's regulations, the role of a resident council is to improve the quality of life and resident satisfaction and participate in self-help initiatives to enable residents to create a positive living environment for families in public housing. The current Tenant Association Board consists of four members: a President, Vice President, and Treasurer, who were elected to the Board in the October 1995 and re-elected in October 1998, and a Secretary who was elected to the Board for the first time in October 1998. The original Secretary moved and her replacement passed away. In December 1995 and 1998 the officers were sworn in as applicable. The Tenant Association Board elected in October 1995 opened a bank account in November 1995; therefore, we began our review at that point.

Audit Objectives

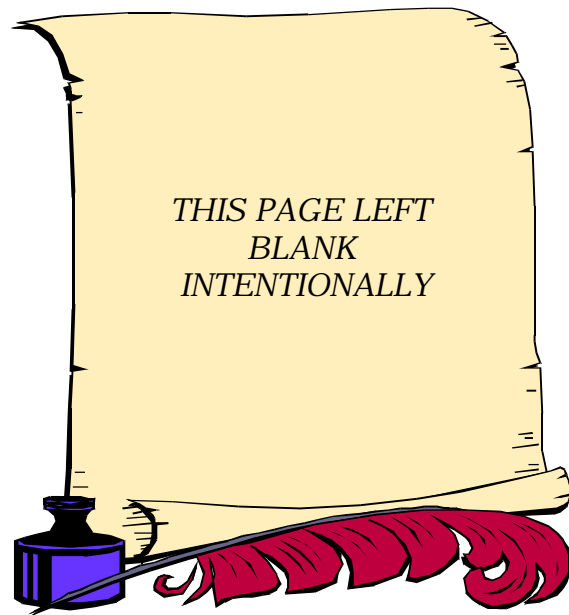
Our audit objective was to determine if the Paul Simon Elderly Building Tenant Association Board followed proper procedures and fully accounted for its funds.

Audit Scope and Methodology

We performed our on-site work in October 1999 and March through April 2000 to determine whether the Tenant Association complied with applicable regulations related to the Board and its financial management. We interviewed the complainant, the Tenant Association Board, St. Louis Housing Authority staff, and HUD staff. We analyzed documents from the Tenant Association, their bank, and their vending and laundry companies, including bank statements and check copies, receipts, Board meeting documents, and correspondence. We also analyzed corresponding documents at the St. Louis Housing Authority.

The audit covered the period from November 1995 through February 2000. We conducted the audit in accordance with generally accepted government auditing standards.

We provided a copy of our draft finding to the Executive Director and Finance Director of the St. Louis Housing Authority. We also provided the draft finding to each Board officer of the Paul Simon Tenant Association.



Officers Failed To Properly Account For Funds

The officers of the Tenant Association Board for the Paul Simon Elderly Building did not comply with the requirements for performing their duties or properly conducting themselves. The officers did not follow HUD's requirements, the Association's by-laws, the Code of Conduct, or their dwelling leases. They did not properly manage funds, document their meetings, or meet individual eligibility requirements. These shortcomings resulted from the Board's incompetence, and went undetected because the St. Louis Housing Authority did not have a process to oversee or monitor the Association. In addition, the Authority did not enter into a written agreement with the Tenant Association. A written agreement should have required the Board to provide an accounting for the Association's funds to the Authority. As a result, the Board was unable to account for expenditures of \$15,158, and HUD, the Authority, and Paul Simon tenants have no assurance the funds were appropriately used.

HUD Regulations

24 CFR 964, Tenant Participation and Tenant Opportunities in Public Housing, says a resident council may only receive funding from a housing authority under a written agreement between the two parties, which obligates the resident council to account to the housing authority for the use of the funds. The CFR also dictates that agreements on the use of community space for resident activities should be put in a written Memorandum of Understanding. In addition, 24 CFR Part 85 requires all subgrantees to keep source documentation and maintain effective control and accountability. This part also requires grantees to monitor the subgrantees to assure compliance.

24 CFR 964 also requires that tenants serving on the resident council board meet the requirements described in the by-laws and comply with their leases. If a resident council fails to satisfy HUD minimum standards for fair and frequent elections, or fails to follow its own election procedures as adopted, HUD shall require the housing authority to withdraw recognition of the council and withhold resident services funds as well as funds provided in conjunction with services rendered for resident participation in public housing.

Tenant Association Requirements

The by-laws adopted by the Tenant Association in July 1995 require the Treasurer to keep financial records for the board and submit written itemized reports to the board at least once a month. The Secretary is to take minutes and keep records of all Board meetings. All expenditures over \$100 must be authorized in advance by the Board, all Association funds shall

be deposited in the Board's bank account, and checks are to be signed by 2 officers. The by-laws provide that recognition shall be withdrawn from board members when it is proven that the by-laws, the Code of Conduct, or the dwelling lease have been violated.

The Code of Conduct applicable to the Tenant Board is the Tenant Affairs Board Tenant Management Corporation Tenant Association Code of Conduct revised June 1993. It requires Board members to accurately reflect the sentiments of the residents they represent, and be accountable and responsible to them. The Board members are to conduct monthly meetings and put the meetings' highlights in report form. The reports are to include agendas, minutes, attendance lists, meeting notification letters, and be submitted to the Board of Commissioners and the Tenant Affairs Board monthly. The Code also requires Board members to report correct income at all times. It says Board members are responsible to make certain that failure to perform in the above manner by any Board member will be reported in writing to the Board of Commissioners and the Tenant Affairs Board. In the event of a violation by any Board Member of the Code of Conduct, the St. Louis Housing Authority and the Tenant Affairs Board shall immediately withdraw recognition of the Board member. The Code of Conduct stipulates that unless a waiver has been granted, it is a conflict of interest for a Board member to be an employee of the St. Louis Housing Authority.

The St. Louis Housing Authority dwelling lease provides for a "One Strike You're Out" policy regarding a tenant's drug use, and prohibits consumption of alcohol in public areas. The lease also contains a provision that residents must report in writing any change in income within 30 days.

The Board Did Not Meet Requirements

Board members did not comply with requirements, or properly perform their duties. The members violated HUD's regulations, the Association's by-laws, their dwelling lease agreements, and the Code of Conduct.

The Board members did not fully account for the Tenant Association's funds, and did not produce monthly board meeting minutes, resolutions, or treasurer's reports. The Board also allowed the Association's corporate status to lapse, did not maintain a checking account, did not obtain advance

Funds Were Not
Accounted For

authorization for all expenditures over \$100, and did not deposit all funds in the Tenant Association's bank account.

The Association received funds from the St. Louis Housing Authority. It received a \$3 allowance per occupied unit annually, and a one time \$1,000 payment for an arts and crafts program. Further, the Authority provided \$210 a month to cover operation and maintenance of laundry facilities.

The Association also received commission payments directly from a vending machine company and a laundry company. In addition, the tenants paid the Association directly for activities it sponsored for them. The following table shows the total amount collected and expended during the audit period:

Date	Description	Amount
November 1995	Initial Bank Deposit	\$828
December 1995- February 2000	Add: Income Received	\$30,140
February 2000	Less: Ending Bank Balance	<u>\$3,089</u>
	Total Amount Expended	\$27,879

The Board provided evidence of expenditures totaling \$12,721 between November 1995 and February 2000, leaving \$15,158 unaccounted for. More than half the receipts were for purchases from grocery stores, convenience stores, restaurants and gas stations. The Board said these were purchases of prizes and refreshments for bingo games, tenant parties, holiday meals and gifts, and gas for the vehicle used to do the shopping. The documentation also included evidence that the Board spent \$4,450 to take tenants on trips to casinos. The tenants contributed \$4,220 toward the trips. The remaining receipts were for pool table supplies, laundry attendant stipends, laundry room insurance, and membership fees. The Board was unable to provide documentation to support the \$15,158 that was not accounted for. Their only explanation was that they are poor record keepers.

The Authority required the Association to prepare a budget for the laundry costs; however, there was no budget in the Association's files.

The receipts are not sufficient evidence that all items purchased were used for the purposes described by the Board. For example, we observed that in a five day period, the Board

made six trips to the grocery store to make purchases totaling \$289. Included in the receipts were purchases of medicine, cigarettes, and alcohol. When we asked the Board about these purchases, the Board indicated the purchases were included by mistake. However, this statement contradicts the statement the Board made when they provided us the receipts. They said the receipts were all purchases for the Paul Simon tenants, and no personal purchases were made with the Tenant Association's funds. We did not include the clearly unacceptable purchases when we totaled the receipts to arrive at the \$12,721 figure that was supported. The Board is required to be accountable to the tenants it represents; however, the tenants have no assurance that \$15,158 in funds was expended in furtherance of the Association's objectives.

Meetings Were Not Documented

The Board also did not have required documentation in support of monthly meetings. The Board's own by-laws require it to maintain documentation such as minutes, agendas, attendance lists, and meeting notifications. In the 52 month period reviewed, the Board only had 2 sets of minutes, 14 sign-in sheets, 1 treasurer's report, and 3 agenda sheets. The Board could not adequately explain why the required documentation was not maintained.

Basic Business Requirements Were Not Followed

The Board also failed to maintain a checking account, deposit all its funds in a bank, and obtain advance authorization for all purchases over \$100. The Board said they were unable to open a checking account because the bank required corporate papers. We found the corporation had been administratively dissolved by the Secretary of State for failure to file required reports. The Association had a savings account; however, the Board did not deposit all funds in the bank. Instead, funds were held in anticipation of upcoming purchases. The Board said it was not aware advanced approval was required for all purchases over \$100. Good internal controls require an organization to have a checking account so purchases can be made using checks in lieu of cash. In addition, good controls require all cash receipts and disbursements to flow through a bank account to maintain accountability. If proper controls had been in place, the Association would not have lost \$280 when its office was burglarized in July 1998.

The Authority Did Not Detect The Problem

The Board did not establish: internal controls for effective control and accountability of funds; a checking account; or an accounting system to track income and expenses and reconcile

its sources and applications of funds. This situation was not detected by the Authority because it did not have a process to oversee or review the Association. The Authority's Resident Initiatives office's role was to facilitate and assist the Board as requested. The Board submitted a budget to the Authority in 1999, but did not expend the Association's funds in accordance with the budget. It budgeted for a copy machine and office supplies, but did not buy the copy machine because it was unable to purchase one at the allocated price. Instead, the Board reported that it used the funds allocated for a copy machine for office supplies. However, none of the receipts were for office supplies. The Authority did not audit the expenditures to ensure they were for budgeted items and did not have a written agreement that should have required the Tenant Association to account for its expenditures of funds. The Authority's Finance Director said she was not aware of the requirement to have a written agreement with the Association. Because a written agreement was not developed, the Authority's and Association's responsibilities were not defined.

Our review of the Paul Simon Tenant Association brought these weaknesses to the attention of the St. Louis Housing Authority. In April 2000, the Authority began taking steps to require all tenant associations to submit financial documents for the prior year, and a current year budget. The Authority said it plans to review the documents on a sample basis.

Officers Are Not Eligible To Serve On The Board

In addition to the Board's overall failure to perform its duties, several Board members violated requirements that should have been grounds for, at a minimum, removal from the Board. One Board member admitted to smoking drugs in her unit, and though this statement was witnessed by other Board members and put in writing, she remained on the Board and was not evicted. The Board members who witnessed the statement said they reported the problem to the St. Louis Housing Authority and expected the Authority to initiate a hearing. However, the Authority's Building Manager who should have acted on the problem left her job, and her replacement was not aware of the situation until we brought it to her attention.

Several of the Board members held positions for which they were compensated by the Housing Authority while serving on the Board. One Board member was a full-time employee of the Housing Authority while also on the Board. These

positions were conflicts of interest according to the Tenant Association's own Code of Conduct.

Further, one Board member did not timely report an increase in income. Proper reporting of income is required by the dwelling lease. The Association's Code of Conduct and by-laws require Board members to be removed if they do not fulfill the terms of their lease agreement.

In summary, the Paul Simon Tenant Association Board failed to properly account for the funds entrusted to it, and did not follow its own or HUD's requirements. As a result, HUD lacks assurance the Association met its objectives and benefited the tenants it was created to help.

Auditee Comments

Excerpts from the Paul Simon Tenant Association Board's comments on our draft finding follow. Appendix B, page 23, contains the complete text of the comments.

The Paul Simon Tenant Association Board prepared a list of expenditures from 1995 through 2000 totaling \$25,233. The Board said they have never used any money for their own personal use and although they do not have receipts and records, all funds were used for the residents of Paul Simon.

OIG Evaluation of
Auditee Comments

The list that the Tenant Association submitted was not accompanied by supporting documentation. When we performed our audit, we examined all documentation in the Tenant Association's files and found support for expenses that totaled \$12,721. HUD regulations require source documentation be maintained to support all expenditures.

Auditee Comments

The Tenant Association Board said no money from the Tenant Association was used to provide trips to gambling casinos, and records were kept of who paid.

OIG Evaluation of
Auditee Comments

We did not question the expenses for the gambling trips since the difference between the amount collected from tenants and the amount spent was not significant. We included the

expenses in our analysis because we also included the associated income collected from the tenants for the trips.

Auditee Comments

The Paul Simon Board said the residents played bingo once a week until mid 1999 when they began playing twice a week. Residents were charged 25 cents per board only at the second session of bingo each week. The Tenant Association purchased all prizes for bingo and paid a caller \$5 per session.

OIG Evaluation of
Auditee Comments

The 25 cent charge per board at the second session of bingo each week and the caller fees were not disclosed to us during our audit. The Tenant Association did not have records to support these payments and receipts and they did not provide any with their comments. Our analysis only included information that was supported by documentation. HUD requires Tenant Associations to maintain documentation to support their income and expenses.

Auditee Comments

The Paul Simon Tenant Association Board said attendance sheets, notices of tenant meetings, and agendas were kept in a folder in a file cabinet in the office. When the office was burglarized, the folder came up missing. Also, during their tenure the Board had 3 secretaries: Two moved and one is deceased. Some of the records kept by the secretaries were not retrieved.

OIG Evaluation of
Auditee Comments

The police report filed subsequent to the break-in reported a theft of cash. The report quotes the President as saying, "There was nothing else inside the office or the filing cabinet disturbed." When we discussed the lack of records with the Board during the audit, they said the current Secretary does not prepare minutes, and they did not think the prior Secretary prepared them either. The Code of Conduct requires the Board to submit records to the Board of Commissioners and the city-wide Tenant Board monthly. We determined the records were not being submitted.

Auditee Comments

The Tenant Association said they were unable to open a checking account without their corporate papers, so they opened a savings account to which they deposited funds and

then made withdrawals. They attempted to obtain their corporate papers, but were unable to despite contacts with the Secretary of State, the Housing Authority, and an attorney.

OIG Evaluation of
Auditee Comments

Our review of records disclosed that the Board had corporate status from 1995 until 1998 when its corporate status lapsed for failure to file an annual report. Their attempts to contact the Secretary of State's office did not take place until 1998. The Board opened a savings account in 1995 but did not always deposit all funds to its account as required by its by-laws. The Board did not open a checking account; therefore, its requirement that checks be signed by 2 officers was not followed.

Auditee Comments

The Tenant Association Board said the Secretary's drug usage was reported to the Building Manager and her successor, the city-wide Tenant Board President, and the Housing Authority. Action was not taken because concerned parties did not believe there was adequate proof.

The President also said she was told by the then city-wide Tenant Board President and the Housing Authority Executive Director that there was no conflict of interest between her employment at the Housing Authority and her position on the Board. Also, the next Executive Director told her it was a conflict for her to work in the building where she lived, but did not say there was a problem with her being a member of the Board. She further said she took advantage of payroll deduction for her rent while employed by the Housing Authority, and was never delinquent on her rent. She reported changes in her pay to the Manager by providing a Personnel Transaction form.

OIG Evaluation of
Auditee Comments

We agree that the President was under a payroll deduction plan for her rent. We determined the late payments were not her fault and have deleted the reference to late payments from our finding. The tenant files contained documentation supporting the other statements in our report. The Secretary's file contained an oral admission of drug usage that was witnessed by three individuals who signed a document stating such. Drug usage is a violation of a tenant's lease. We determined action was not taken by the Authority due to an oversight resulting

from a change in the Building Manager position. The President's file contained documentation of some reported income changes. However, all pay raises given by the Housing Authority were not reported in the interim between annual recertifications. The Tenant Association's by-laws provide that recognition shall be withdrawn from the Board members when it has been proven that the by-laws, Code of Conduct, or dwelling lease have been violated.

Auditee Comments

The Tenant Association Board said the Housing Authority and the city-wide Tenant Board made arrangements for all tenant elections and also verified eligibility. The Board also said they realized their mistakes and will open a checking account and keep proper records given proper guidance.

OIG Evaluation of Auditee Comments

Although the Board members' eligibility to serve was verified prior to their election, the Board members acted contrary to their by-laws, Code of Conduct, and dwelling lease while in office. HUD regulations require Board members to meet the requirements described in the by-laws and comply with their leases. Since the Board members acted contrary to these requirements, they are not eligible to continue to serve on the Board.

Auditee Comments

Excerpts from the St. Louis Housing Authority's comments on our draft finding follow. Appendix B, page 21, contains the complete text of the comments.

The Housing Authority expressed its concern about the apparent irregularities in the Tenant Association's conduct. The Authority said it could withdraw recognition of the entire current board, forcing the residents of the Paul Simon Development to elect a new tenant board. The Authority is currently in the process of developing Memorandums of Agreement with each tenant board/association, requiring the tenant groups to submit to the Authority detailed budgets and documentation regarding expenditures. The Authority will also require the tenant groups to publish periodic reports to their respective resident communities regarding budgets and expenditures.

The Authority indicated that the by-laws for the Tenant Affairs Board of St. Louis, Missouri provide that the resident manager or management agent from each development serve as a non-voting member for their respective subordinate local board. The Authority said it should insist on enforcement of this provision in the future. This will serve to dismantle the wall which exists between the tenant associations and the Authority, as the City Wide Board would serve as a vehicle for management agents to work with the representatives from the various tenant associations.

The Housing Authority believed our references to the Code of Conduct were unclear in some instances. The Authority said the draft finding inferred it was responsible for enforcement of the Tenant Association's Code of Conduct.

OIG Evaluation of
Auditee Comments

The Housing Authority's planned actions described in its' response, when implemented, should help correct most of the problems we identified. However, the Authority needs to replace the Paul Simon Board with individuals who meet eligibility requirements and are trained to serve in the respective positions. The Authority needs to perform monitoring to verify that expenditures are appropriate and supported by the budget. In addition, the Housing Authority should require the Tenant Association to implement an accounting system and effective controls that include the use of a checking account. Further, we recommend the Housing Authority assess the feasibility to recoup lost funds in a civil action.

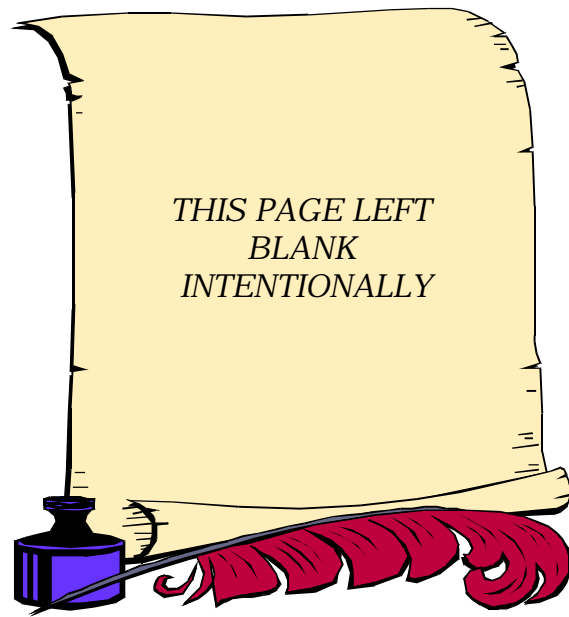
We adjusted our finding to clarify our reference to the Code of Conduct. We agree it is the Board members' responsibility to adhere to their Code of Conduct, including the conflict of interest clause. However, we believe the written agreement between the Housing Authority and the Tenant Association should integrate all the significant requirements for Tenant Associations, including the Association's own policies and procedures. It is the Housing Authority's responsibility to enforce the terms of the written agreement.



Recommendations

We recommend the Director, Troubled Agency Recovery Center:

- 1A. Takes appropriate administrative action against the Association's Board members.
- 1B. Ensures the St. Louis Housing Authority takes steps to replace the Board.
- 1C. Ensures the Housing Authority executes a written agreement with the Tenant Association that clearly outlines the Association's and its Board's responsibilities.
- ID. Ensures the Housing Authority requires the Tenant Association to implement an accounting system with effective controls. The controls should include the use of a checking account and maintenance of sufficient source documentation for all transactions.
- 1E. Ensures the Housing Authority develops and implements procedures to monitor the Tenant Association.
- 1F. Ensures the Housing Authority assesses the feasibility to recoup lost funds in a civil action.



Management Controls

In planning and performing our audit, we considered the management controls of the Paul Simon Tenant Association in order to determine our auditing procedures, not to provide assurance on the controls. Management controls include the plan of organization, methods and procedures adopted by management to ensure that its goals are met. Management controls include the processes for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Relevant Management Controls

We determined the following management control was relevant to our audit objectives:

- Assuring effective financial management.

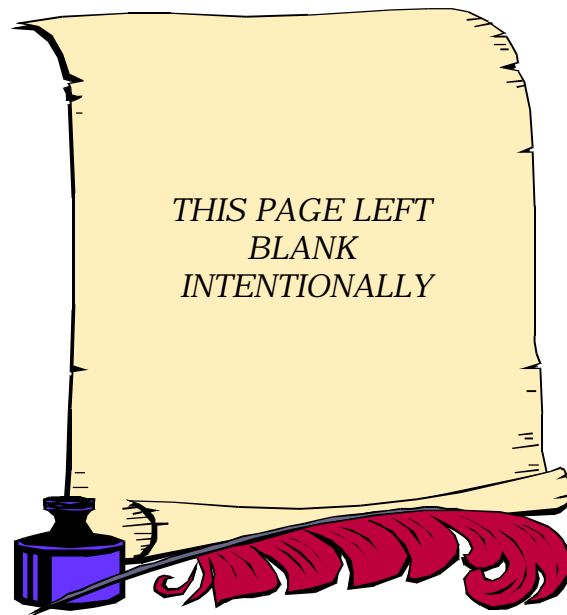
We assessed the relevant control identified above.

It is a significant weakness if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet an organization's objectives.

Significant Weaknesses

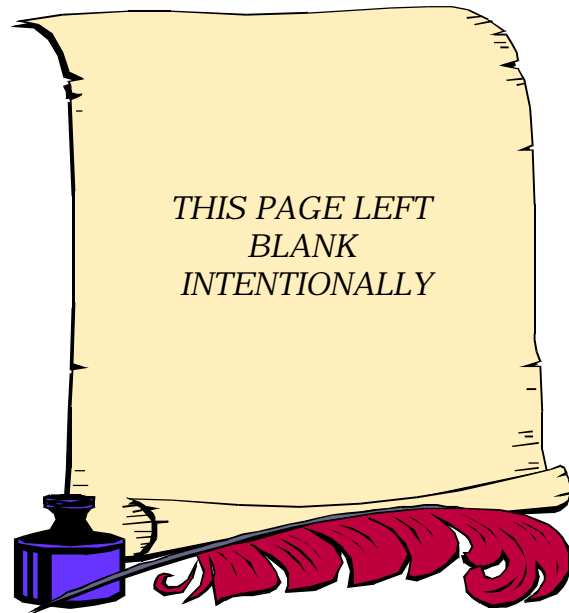
Based on our review, we believe the following item is a significant weakness:

- The Tenant Association did not implement financial management controls (see Finding).



Follow Up On Prior Audits

This is the first audit of the Paul Simon Tenant Association performed by the Office of Inspector General.

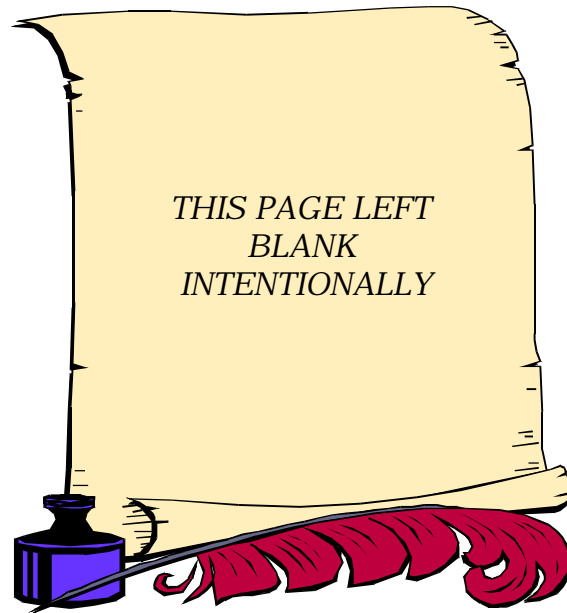


Schedule Of Questioned Costs

<u>Issue</u>	<u>Type of Questioned costs</u>	
	<u>Ineligible 1/</u>	<u>Unsupported 2/</u>
Funds unaccounted for		\$15,158.47

1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law, contract or Federal, State or local policies or regulations.

2/ Unsupported costs are costs charged to a HUD-financed or HUD-insured program or activity and eligibility cannot be determined at the time of audit. The costs are not supported by adequate documentation or there is a need for a legal or administrative determination on the eligibility of the costs. Unsupported costs require a future decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of Departmental policies and procedures.



Auditee Comments

SAL MARTINEZ
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JERRY BAKER
Vice-Chair
DELORES ROBERTS
Treasurer
REV. JOHN DEMPSEY
Commissioner
PRUDENCE KRAMER
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MARY SHERIDAN
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May 11, 2000

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 Great Plains Office of District Inspector General for Audit, 7AGA
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 400 State Avenue
 Kansas City, Kansas 66101-2406

Re: Response to Draft Findings Concerning Paul Simon Tenant Association

Thank you for providing the opportunity to respond, prior to finalizing your findings concerning the Paul Simon Tenant Association. Let me emphasize that the St. Louis Housing Authority is extremely concerned about the apparent irregularities that have surfaced concerning the conduct of the Paul Simon Tenant Association. The following is a list of comments/actions that the St. Louis Housing Authority would like to offer regarding the Paul Simon Tenant Association.

- 1) The Code of Conduct referenced in the Draft Finding should be identified. It is not clear from the finding whether the Code of Conduct referenced is the *Tenant Affairs Board Tenant Management Corporation Tenant Association TAB/IMC/TA Code of Conduct Revised June 1993* or some other document.
- 2) The June 1993 Code of Conduct is applicable to all tenant boards including Paul Simon.
- 3) The Housing Authority could withdraw recognition of the entire current board, and this would require the residents of the Paul Simon Development to elect a new tenant board.
- 4) The Paul Simon Resident who was an employee of the Housing Authority has been terminated due to a reduction in force. However, the Housing Authority is a little puzzled by the inference in the Draft Finding, that we are somehow responsible for enforcement of the Tenant Associations Code of Conduct when the alleged misconduct does not involve a violation of any federal, state, or local law or regulation or the resident's dwelling lease.
- 5) The By-Laws for the Tenant Affairs Board of St. Louis, Missouri (City Wide TAB), which is comprised of a representative from each Development tenant association/board provides that "The Resident Manager or Management Agent from each development will serve as a non-voting member for their respective subordinate local board". The Housing Authority should insist on the enforcement of this provision in the future. This will serve to dismantle the wall which exists between the tenant associations and the Housing Authority, as the City Wide TAB would serve as a vehicle for Management Agents to work with the representatives from the various tenant associations.
- 6) The Housing Authority has not provided any funds to the Paul Simon Tenant Association since April of 1999. The Authority is currently in the process of developing Memorandums of Agreement with each

Roger E. Niesen
District Inspector General for Audit
May 11, 2000
Page Two

tenant board/association. Under these MOAs the tenant groups will be required to submit to the Housing Authority detailed budgets and documentation regarding expenditures. The Housing Authority will also require the tenant groups to publish periodic reports to their respective resident communities regarding budgets and expenditures.

Please feel free to contact me at 314-286-4231 if you need additional information or would like to discuss these matters further. We will be happy to assist your efforts in anyway we can.

Sincerely,



Calea Stovall-Reid
Corporate Counsel

cc: Carrie Gray via Facsimile 314-539-6306

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for Audit, 7 AGA
Gateway Tower II – 5th Floor
400 State Avenue
Kansas City, Kansas 66101-2406

May 12,2000

Dear Sirs:

This is in response to your handout dated April 19, 2000.

I Spencer Wells do hereby clarify, the funds in questioned, to the best of my knowledge was used in the manner in which they were intended. If there were any misappropriation, I am not award of them. Even though we do not have receipts for every activity, the funds were used for the residents of Paul Simon.

Respectfully Your



Spencer Wells (Vice-President)

MAY 10 2000

To: Cari
From: Paul Simon T.A.B.
Re: Recent Audit
Date: May 12, 2000

Dear Mrs. Williams:
The Paul Simon T.A.B., thank you
for this opportunity, to respond
to your findings to the audit.
Please forgive this handwritten
response. Our typewriter ribbon broke.

Bank Account

In 1995, when the Board attempt to open a checking account at the Boatman Bank, we were informed that we needed Cooperation Papers, which we did not have, but we could open a Savings Account & this is what we did. The system was: To Deposit & then make withdrawal.

We contacted [REDACTED] Office & ask the procedure. We were informed need to fill out a form (which they sent) & return with a check or money order in the amount of \$15.00. Later we received a letter stating that they never received it. We sent another money order, ^{they} asking us what name was we using.

They stated that they (records) indicate that several names had been used such as

Paul Simon Tenant Board

Paul Simon T.A.B

Paul Simon Tenant Association

At that point we contacted the Resident Initiator [REDACTED] and she sent someone to help us. to no avail

We contacted Legal Aid [REDACTED] [REDACTED] & his assistant. For about two months they worked on it & stated something was wrong & could not tell us what to do.

Records

Attendance Sheets, Notes of
Joint Meetings & Agendas were
keep in a folder in a file
cabinet in the T.A.B. Office. When
the office was broken in, the
folder came up missing.

Also, during our tenure we had
three (3) Secretaries

(2) Moved

(1) deceased 1/2000

Some of those records by those
individuals, were not retrieved.

Elections

The SLHA along with the
over-all T.A.B., made arrangements
for All Tenant Elections &
also verification of eligibility.

[REDACTED]

[REDACTED] by her own admission stated to the Manager, [REDACTED], that she smoked drugs in her apt. As the Leasing Clerk, I was directed to document the file. [REDACTED] stated that she would file termination of tenancy, which she never did. Later I informed the President of the Over-All T.A.B., [REDACTED] & she stated to me that without proof, we could be in for a lawsuit, without evidence.

After October 1999, I informed [REDACTED], Acting Manager & she stated that she was not dealing with any problems prior to her placement, here at Paul Simon. & also stated there was no proof.

Also, I informed [REDACTED] Resident Initiative & he stated that Management had to file the eviction procedures & that proof had to be provided.

As the Leasing Clerk, I did not have the power or proof to initiate eviction or removing her from the T.A.B

[REDACTED]

A, [REDACTED], was employed by the SLHA, as Leasing Clerk. I spoke to the President of the [REDACTED] T.A.B., [REDACTED], & she stated & interpreted the Bi Laws & I quote "as long as you do not receive monies (paid) from the T.A.B., there is no conflictth of interest" unquote. And the same statement was made by the Executive Director, [REDACTED].

Also, [REDACTED] came to visit me, on the job site, while I worked as Leasing Clerk. He stated that HUD had a problem of me working in the building where I lived, and I was moved. There was no problem of me

being a member of the T.A.B.

As an employee, I was given the option of taking advantage of Payroll deduction & I agreed. This way my rent would be paid in advance (one half had to be paid before payroll deduction could start) Each pay period, one half of my rent was taken out of my check before I received it. An error was made by the SHHA, & I was given credit. I was on payroll deduction during my tenure of employment 4-1-96 thru 1-3-2000. I was never delinquent in my rent.

Reporting Change of Income - I reported changes in my income to the Manager providing Personnel Transaction form

Also, when I was awarded one half
of my ex-husband's pension, I also
brought in that proof.

Bingo

For approx. two (2) yrs. the Residents played Bingo once (1) a week. Some of the residents decided that they wanted to play twice per week. All prizes were purchased by The T.A.B.

In mid-June or July 1999, I brought to the attention to the Residents the cost to run both games. At that point, they decided to pay "\$25 per board as they had done prior to our tenure. This occurred for approx 4-6 months. Mondays they played at no cost Fridays they paid.

Also, the T.A.B., paid Residents for the \$5.00 each session to Call Bingo (no cost to the Residents)

Trips to Casino

No monies from the Tenant Association was used to provide trips to Casinos for gambling.

The co-ordinated the trips.

Those tenants that participated paid their own monies.

Records were kept of who had paid.

List of Residents (Families) that received \$5000 Donation due to Death in family (Mother, father, sister, brother)

- | | |
|------------------------------------|------------------------|
| 1. Robert Spencer #806 | gone to wife
family |
| 2. Patricia Sackway #706 | sister |
| 3. Oscar Latham #311 | gone to family |
| 4. Ethel Latham #508 | (2) Sisters |
| 5. Pearl Beckett #214 | son / daughter |
| 6. Madeline Taylor #808 | Mother |
| 7. Josephine Hutchens #403 | daughter |
| 8. Annie Day #812 | Family |
| 9. Mattie Jefferson #615 | Family |
| 10. Jim & Albert Reese #103
810 | Brother |
| 11. Velma Betts #207 | sister |
| 12. Alice Masley #301 | sister |
| 13. J. D. Showers #209 | Family |
| 14. Estella Bell #210 | Family |
| 15. Gilbert Black #701 | Family |
| 16. Frank Rogers #513 | Family |

- 17 James Thilson #601 family
- 18 Lucille Durham #703 Mother
- 19 Ray Cape #702 family
- 20 Demarius Taylor #313 family
- 21 Lorie Harris #804 family
- 22 Rachel Spencer #806 family
- 23 Elbert Jones #905 sister & brother
- 24 Constance Skron #211 family
- 25 Mary Bradfield #512 family
- 26 Stanley Bell #809 family
- 27 Curtis Luster #705 family
- 28 Jessie Robinson #614 family
- 29 Lurita Williams #302 family
- 30 Lucinda Harris #804 family

31. Ethel Lane #312 - Family
32. Louis Perry # 711 - Family

Total $50 \times 35 = 1,750$

List of Expenditures 1995-2000

Dinners

Memorial Day

4th July

Labor Day

Thanksgiving

Annas Dinners

New Year Eve Party

1995	250
	x5
with the exception Memorial Day	* 1250

1996-1997-1998-1999	250
	6
@ 6 Dinners @ per year	1500
	4
	<u>6,000</u>

Laundry Attendant, Stepan

\$400 per mo x 24 (2 yrs)	\$ 960
\$500 " " x 24 (2 yrs)	1200
	<u>\$2160</u>

Birthday Celebrations
 (see record & cake)

1995 (6 months) @40x6 = 240
 1996-1997-1998-1999 40x6 = 240
 x 4 yrs
 960

Bought fruit (Xmas 1997
 for Residents Apples &
 oranges 2 crates each)
 From Seward Market \$80.00

Xmas Cards 1997
 \$2.50 per box 4 = \$10.00

Bought chalk, tape
 for cue sticks, rack
 to hold cue sticks (Pal)

40.00
 56.73
\$96.73

Bought playing cards
 for Residents
 @ \$.25 per deck 3.24 (12 decks)
 8
25.92

Bought games, checkers
dominoes Pokero Bingo
Cards \$150.00

Some Membership Cards
to Shop for Residents
1995-1998 $\$25.00$ first card 25
90 add. x 3 = 30
55
x 3
165
1999 ~~3500~~ 1st Card 35
2nd Card 45
15 x 3 = 45
245

Rebecca Cook 25 + 25 \$50.00

Reliquent tot \$9500

Bought Properties for
Laundry Room & TV Room
(Guardian Angel Thrift Store) \$20.00

James Yee (Ventures)
1997 \$69.99

Decorations for Lobby
& Dining Room & trees
1995-1999 \$200.00

Bought Plants for
Lobby (Yuccas, Begonias etc)
4 yrs 200.00

Refreshments Tenant
Meeting / sandwiches
Chips Sodas (2 twice) 90
x 2
180

Board Commission Tenant
Meeting held at Paul
Simon 1996 \$1,750.00

Bought ice one (1) week
when ice machine
was out of order .99 per bag
10 per day
19.90
x 4 days
79.60

Give Tenant (Gloria
Scott for Thanksgiving
1999 no income \$50.00

Super Bowl Game 1999 Refreshments	75.00
Super Bowl Game 2000 Refreshments	80.00
Play-off Game 2000 Refreshments	8.000
Rent TV from Rent a Center for 1 month for Play off Game & Super Bowl & TV Night 1999-2000	\$200.00
Bought flowers for tenant (Patsie Smith #404) for Mother's Day 1997 Oldest Tenant in Bldg.	\$50.00
Operation Dignitude (food for residents (Cakes, hamburgers, beverages))	\$250.00

Paid Tere Jolley
 New Year Eve Party 1998 \$115.00
 Innot Rego Clemente

Paid Tere Jolley
 Xmas Party 1997 \$115.00

Trip to Lady of the Snow
 12/99 Pd. Guardian Angel
 Settlement (231-3188) \$115.00

Bingo (Pd. called) $5.00 \times 2 = 10.00$ per week
 $\frac{50 \text{ weeks}}{150.00}$
 for 2 1/2 yrs = 1250

Purchase Bingo Prizes
 & Refreshments
 1995 (6 mos) 35 per week 40 wks \$1400.00
 1996-1997 35 " Deps } \$3150.00
 1988 (inc. up to date)
 1999 35 x 2 x 45 weeks 3150.00
 Donation to bereaved 35 x 10 weeks 700
 families 60x
 (list attached) \$1,700
 \$1,750

Gone each household	
9000 Xmas Present	
12/99 With HUD approval	\$950.00
Bought coffee mugs/candy	
Xmas 1999	\$95.00
Transportation ?	
Total	<u>25232.94</u>

Monies received from SLHA

The were questioned as to why we received \$2100 per month from the SLHA.

The prior Board stated that they did not receive a commission from the Laundry machines.

The question the SLHA. I met with the Executive Director. It was stated that the SLHA allowed a tenant, [REDACTED] to sign a 7 yr contract & the commissions went to her. These monies were never used for the Residents. and also for Dash-Walker. After these findings the Executive Director agreed to give us \$2100 per month in back payment.

Comments

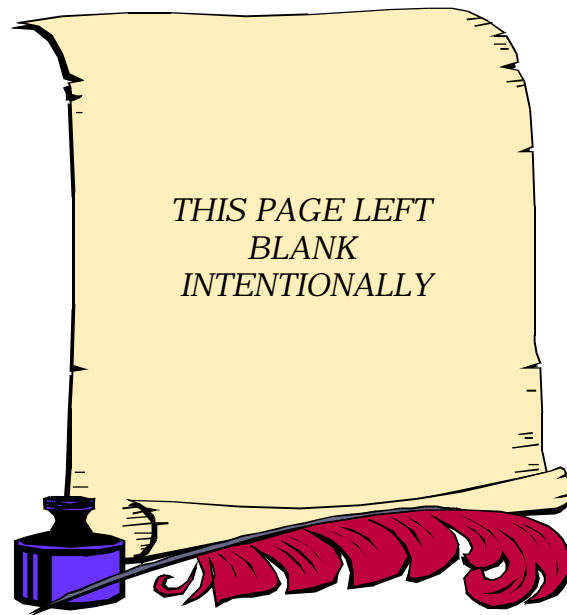
This T.A.B (Paul Simon) have never used any monies for our personal usage. It may appear since all records are not in file.

If, we are given the opportunity we realize our mistakes:

(1) Open checking account
We need the proper guidance.

(2) Proper record keeping

Thanking you for your support
Jay Chapman
President



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