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AUDIT RELATED MEMORANDUM
98-CH-204-1807

January 23, 1998

MEMORANDUM FOR: David Kellner, Director of Public Housing, Ohio
State Office

FROM: Dale L. Chouteau, District Inspector General for Audit,
Midwest

SUBJECT: Columbus Metropolitan Housing Authority
Supplemental Police Services
Columbus, Ohio

We completed a review of the Columbus Metropolitan Housing Authority's supplemental police services. The review resulted from issues raised in a City of Columbus, Ohio Mayoral Investigative Report and congressional inquiries regarding concerns raised by a constituent as a result of the Mayoral Investigative Report. The objectives of our review were to determine whether any of the constituent's concerns were valid.

The specific issues raised by the Mayoral investigation were that the Housing Authority: (1) may not have had a contract for the supplemental police services; and (2) may have paid the current Coordinator of the Authority's supplemental police services, a Sergeant for the City of Columbus' Division of Police, for services he did not perform or performed while he was on duty for the City of Columbus.

The Authority manages 28 developments consisting of over 4,000 units. The Housing Authority spent over \$2.5 million on supplemental police services between January 1992 and September 1997.

The Authority was organized under the laws of the State of Ohio. A five-member Board of Commissioners governs the Authority. The Executive Director is responsible for the Authority's day-to-day operations. The Authority's Executive Director is Dennis Guest. The Chairman of the Board is Hamilton Teaford. The Authority's official records are at 960 East Fifth Avenue, Columbus, Ohio.

To achieve our objectives, we reviewed the Housing Authority's: general ledgers between January 1992 and June 1997; payment registers between January 1992 and September 1997; supplemental police officers' time sheets, written work assignment records, and invoices prepared between January 1992 and September 1997; IRS Forms 1099 prepared for the supplemental police officers between 1992 and 1996; the supplemental police services contract which expired on December 31, 1994; the Cooperation Agreement with the City of Columbus; the Comprehensive Grant Program's Annual Statement/Performance and Evaluation Reports for the periods ending June 30, 1995 through June 30, 1997; the Authority's audited financial statements for fiscal year 1996; and Board meeting minutes for 1992.

We also reviewed HUD's files for the Housing Authority, the City of Columbus's Mayoral Investigative team's files, and the City of Columbus' Division of Police payroll records. We interviewed the Housing Authority's staff, HUD's staff, City of Columbus Police Officers, City of Columbus' Department of Public Safety staff, and supplemental police officers.

We found no evidence that the Housing Authority paid the current Coordinator of the supplemental police services for services that he did not perform or performed while he was on-duty for the City of Columbus' Division of Police between January 1995 and September 1997. Since the Housing Authority's records were missing for 1994, we were unable to determine whether the current Coordinator was paid for services that he did not perform or performed while he was on-duty for the City for the three months he was the Coordinator in 1994. In addition, because the Columbus Metropolitan Housing Authority did not maintain adequate documentation, we were unable to determine whether the former Coordinator was paid for services that he did not perform or performed while he was on-duty for the City for the time he was Coordinator between March 1992 and October 1994. As shown in the two findings which follow, we determined that the Housing Authority did not always follow its policies and procedures and HUD's requirements. Specifically, the Housing Authority did not: (1) adequately maintain the records for the supplemental police services; and (2) follow its and HUD's contracting requirements for police services.

We presented our draft findings to the Authority's Executive Director during the audit. We held an exit conference with the Authority's Board Chairman, Executive Director, and Director of Finance and Administrative Services on December 15, 1997. The Authority provided written comments to our findings. We considered the comments in preparing our memorandum. The complete text of the comments are in Appendix A.

Within 60 days, please give us, for each recommendation made in the memorandum, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be

completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of the audit.

If your staff has any questions, please contact me at (312)353-7832.

Records For Supplemental Police Services Were Not Adequately Maintained

The Columbus Metropolitan Housing Authority did not ensure that time sheets or written work assignment records were maintained to support \$43,965 paid to the former Coordinator of the supplemental police services. The Housing Authority also failed to adequately maintain control over its records to support the supplemental police services provided by other officers in 1994. The Housing Authority relied on invoices detailing the total hours worked by the Coordinator, not time sheets or written work assignment records. The Executive Director said he was not aware that the former Coordinator was not maintaining time sheets or work assignment records. He said the supplemental police service records for 1994 were either lost or misplaced. As a result, HUD and the Housing Authority lack assurance that the payments for supplemental police services were reasonable and necessary.

HUD Requirements

Section 309 of the Annual Contributions Contract states in part that the Local Authority shall maintain complete and accurate books of account and records.

Starting in March 1992, HUD allowed housing authorities to use Comprehensive Grant Program funds for additional police services. HUD Handbook 7485.3, the Comprehensive Grant Program, page 4-12, states in part that Comprehensive Grant Program funds may be used to pay for the cost of additional on-duty police services. The services shall be verifiable through time sheets and written work assignments.

24 CFR Part 85.36(i)(11) requires that grantees or subgrantees must retain all required records for three years, after final payments and until all other pending matters are closed.

Former Coordinator's time sheets were not maintained

The Columbus Metropolitan Housing Authority failed to ensure that time sheets or written work assignments were maintained to support the former Coordinator's services. The Housing Authority executed a Memorandum of Understanding with the City of Columbus, Ohio in 1992 for supplemental police services. The former Coordinator, an officer for the City of Columbus' Division of Police, supervised the Housing Authority's supplemental police officers.

The Housing Authority paid the former Coordinator \$44,701

between March 1992 and October 1994. We found one time sheet that supported \$736 of the former Coordinator's services in 1994, after the current Coordinator took over. However, \$43,965 in payments were not supported by time sheets or written work assignment records. The former Coordinator said he did not maintain time sheets or written work assignment records. The Housing Authority relied on invoices detailing the total hours worked by the Coordinator during two week time periods. The invoices did not detail the daily hours worked or the nature of the services provided by the former Coordinator. We were unable to compare the scope of the former Coordinator's services to the current Coordinator. When the current Coordinator started, the Housing Authority required that he be on call during the same hours as the supplemental police officers. The former Coordinator was not required to maintain an on call status.

During the audit, we reviewed documentation such as biweekly activity reports and payroll invoices that supported the supplemental police services performed by the former Coordinator for which he was paid. However, the documentation did not support the reasonableness of the former Coordinator's services or that his services were necessary. The biweekly activity reports summarized the supplemental police officers' services such as resident contacts and arrests. The invoices only provided the total hours worked by the officers during each two week time period, not the hours or the location worked per day. The Executive Director said he was not aware that the former Coordinator did not maintain time sheets or written work assignment records. As a result, HUD and the Housing Authority lack assurance that the cost of the former Coordinator's services were reasonable and necessary. The current Coordinator has maintained time sheets and written work assignment records to support his services.

Documentation to support services from 1994 were missing

The Housing Authority could not provide adequate documentation to fully support the supplemental police services provided by other officers in 1994. As previously stated, HUD allows housing authorities to use Comprehensive Grant Program funds for additional police services; however, the services must be verifiable through time sheets and written work assignment records. Excluding the former Coordinator's services for 1994 discussed above, the Housing Authority

spent \$482,735 in Comprehensive Grant funds for supplemental police services. The Housing Authority provided time sheets and written work assignment records to support \$122,236 of the supplemental police services. However, the Housing Authority was unable to provide time sheets and written work assignment records for the remaining \$360,499.

Although the Housing Authority lacked time sheets and written work assignment records for the \$360,499, we found evidence that services were performed for the payments made. The Housing Authority had invoices that supported the total hours charged for during each two week pay period for the supplemental police officers in 1994. Further, the cost of the 1994 supplemental police services appeared reasonable in relation to the cost of the services in 1993 and 1995 that were supported by time sheets and written work assignment records. There were also activity reports that showed over 7,600 resident contacts and 112 arrests made by the supplemental police officers between December 20, 1993 and December 31, 1994. The activity reports and invoices for the other supplemental police officers supported the services in 1994 because the reports provided a summary of the officers patrols by pay period. However, there were no activity reports to support the former Coordinator's services as discussed above. The Executive Director said the supplemental police service records for 1994 were either lost or misplaced. As a result, HUD lacks assurance that the services were necessary.

Auditee Comments

[The] Columbus Metropolitan Housing Authority will work with the Director of Public Housing, Ohio State Office, to determine what documentation may be appropriate for supporting the [former] Coordinator's services between March 1992 and October 1994. [The] Housing Authority will [also] ensure that all appropriate records are maintained [for] three years past the date of our annual [Independent Public Accountant's] audits.

OIG Evaluation of
Auditee Comments

The action proposed by the Housing Authority regarding working with the Director of Public Housing, Ohio State Office, should resolve the issue of the former Coordinator's

unsupported costs, if adequate documentation can be provided to support the reasonableness and the necessity of his services. If the Housing Authority cannot provide the required documentation, then the Authority should reimburse HUD \$43,965 from non-Federal funds, the amount paid to the former Coordinator that was not supported.

While the Housing Authority's comments addressed the procedures it plans to use regarding the retention of its records, the Housing Authority did not address the controls it plans to implement over its records. The Housing Authority should establish controls over its records which includes an inventory of the records and their location.

The Housing Authority did not address the recommendation regarding establishing procedures and controls to assure the practice of supplemental police officers maintaining time sheets and written work assignments continues. Even though the Housing Authority currently maintains time sheets and written work assignment records, procedures and controls must be established to ensure that this process continues.

Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assures the Columbus Metropolitan Housing Authority:

- 1A. Provides adequate documentation to support the \$43,965 in Comprehensive Grant Program funds paid to the former Coordinator between March 1992 and November 1994. If adequate documentation cannot be provided to support the reasonableness and the necessity of the former Coordinator's services, the Housing Authority should reimburse HUD \$43,965 from non-Federal funds.

- 1B. Establishes procedures and controls to assure that the practice of supplemental police officers maintaining time sheets and written work assignments continues.
- 1C. Establishes procedures and controls over its records which includes an inventory of the records and their location.

Contracting Requirements For Police Services Were Not Followed

The Columbus Metropolitan Housing Authority did not follow its Procurement Policy and Procedures Manual and HUD's requirements for the procurement of supplemental police services. Specifically, the Housing Authority: (1) did not define baseline services provided by the local police department; (2) failed to execute a written contract after the previous supplemental police services contract had expired; and (3) did not document its Board of Commissioners' approval authorizing the execution of the supplemental police services contract. These issues existed because the Housing Authority lacked adequate controls over its contracting system. As a result, HUD and the Housing Authority lacks assurance that police services were reasonable, necessary, and authorized.

HUD Requirements

HUD Guidebook 7485.3 G, the Comprehensive Grant Program, Appendix 2-1, page 5, states that housing authorities should define the current local police department's level of baseline services to the housing authority and its residents. Baseline services are ordinary and routine services provided to residents as a part of the overall city and county-wide deployment of police services. Housing authorities must define the baseline services to include the number of officers and equipment and the actual percent of their time assigned to the housing authority's developments. Housing authorities should also demonstrate to what extent an activity will represent an increase over and above the baseline services.

Appendix 2-1 of the Guidebook, page 6, states in part that to reimburse the local law enforcement agency for additional security and protective services, the housing authority shall execute a long-term law enforcement service agreement with the primary law enforcement provider. The law enforcement provider may be the local police, sheriff and/or the State. Expenditures shall not be incurred by the housing authority and/or funds released by the HUD Field Office until the housing authority and the local law enforcement agency execute a contract for the additional law enforcement services.

Housing Authority's Requirements

The Housing Authority's Procurement Policy and Procedures Manual effective July 1, 1990 required that the Board of Commissioners approve all contracts over \$15,000, before award. The Housing Authority revised its Policy on April 26, 1996. The revised Policy required that the Board approve the award of contracts exceeding \$25,000.

Cooperation Agreement's Requirements

The Cooperation Agreement dated June 18, 1969 between the

Housing Authority and the City of Columbus, Ohio states in part that the City, without cost or charge to the Authority, shall furnish public services and facilities of the same character and to the same extent as are furnished to other dwellings and inhabitants of the City.

Board's approval was not documented

The Housing Authority did not document its Board of Commissioners' approval awarding the 1992 supplemental police services contract. Good internal control requires that the Authority document the Board's approval of contract awards. The Housing Authority executed a Memorandum of Understanding for supplemental police services with the City of Columbus, Ohio. The Memorandum of Understanding was effective for the period May 1992 to December 31, 1994 and could not exceed \$1.4 million. The Director of Finance and Administrative Services said the Board discussed the award of the 1992 contract while in executive session and later approved it in open session, but the approval was not documented.

The contract expired but services continued

The Housing Authority did not execute a written contract after the 1992 contract had expired in 1994. As previously stated, the Housing Authority executed a Memorandum of Understanding with the City of Columbus in 1992. Written contracts are necessary to define the scope of services and assist in monitoring contractors performance. The Memorandum expired on December 31, 1994 and no additional contracts were executed. The Housing Authority continued to pay for the supplemental police services according to the expired Memorandum of Understanding. The Memorandum of Understanding required the Housing Authority to pay according to the contract between the City of Columbus and the Fraternal Order of Police. The Housing Authority's management was not aware that the Memorandum of Understanding had expired until we brought it to their attention.

Baseline services were not defined

The Columbus Metropolitan Housing Authority failed to define the baseline services provided by the local police department. Baseline services are defined as ordinary and routine services provided to residents as part of the overall city and county-wide deployment of police services, such as 911 emergency calls. The Housing Authority should have defined baseline services to ensure the desired services were above what the local government is required to provide at no cost to the Authority. The Memorandum of Understanding with the City of Columbus, Ohio executed in 1992 did not define the baseline services. The Executive Director believed that the Housing Authority was receiving services over and above baseline services.

Authority paid less than \$700 for baseline police services

The Housing Authority inappropriately paid for baseline police services. Baseline police services are services that the local government must provide to the Housing Authority and its residents at no cost, such as 911 emergency calls. We determined that the Housing Authority was paying for baseline services. Between January 1, 1995 and June 30, 1997, the Housing Authority spent less than \$700 in Comprehensive Grant Program funds for the supplemental police officers to respond to 911 emergency calls. The special duty police officers said the City of Columbus' Police policies required them to respond to emergency calls. We found no evidence that the Housing Authority was paying for baseline services from 1992 through 1994.

As a result of the issues discussed above, HUD and the Housing Authority lack assurance that the supplemental police services were reasonable, necessary, and authorized.

Auditee Comments

On November 21, 1997[,] the Housing Authority['s] Board of Commissioners passed [a] resolution pertaining to off-duty police services. [The] Housing Authority has conveyed to the Mayor of Columbus [an] Intergovernmental Agreement concerning the utilization of off-duty police officers for non-basic services. [The] Authority is awaiting the return of the signed Agreement.

[The] Housing Authority has entered the expiration date [of the Intergovernmental Agreement] into its tracking system for multi-year contracts. This will prevent a reoccurrence of operating under an expired Agreement.

OIG Evaluation of
Auditee Comments

The Housing Authority's Board of Commissioners authorized the execution of the Intergovernmental Agreement with the City of Columbus. However, the Housing Authority did not indicate what procedures and controls it plans to implement to assure that it documents the approval from its Board of Commissioners for future contracts. The Housing Authority should show that it follows its Procurement Policy and Procedures Manual by documenting the approval from its Board of Commissioners for the award of contracts.

The actions taken by the Housing Authority, if fully implemented, should resolve the issue of executing a written agreement for the supplemental police services. However, the Housing Authority did not address the recommendation of defining baseline services. The Housing Authority should establish procedures and controls to follow HUD's requirements regarding defining baseline services from the local police department. Once baseline services are defined, the Housing Authority should establish procedures and controls to ensure the Authority does not pay for baseline police services in the future.

Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assures that the Columbus Metropolitan Housing Authority:

- 2A. Establishes procedures and controls to follow HUD's requirements, including but not limited to: (1) defining baseline services from the local police department; and (2) executing a written agreement for the supplemental police services. Once baseline services are defined, establish procedures and controls to ensure the Housing Authority does not pay for baseline police services.

- 2B. Establishes procedures and controls to follow its Procurement Policy and Procedures Manual, including but not limited to documenting the approval from its Board of Commissioners for the award of contracts.

Auditee Comments

Contracting Requirements for Police Services Were Not Followed:

Response:

1. On November 21, 1997 the CMHA Board of Commissioners passed the attached resolution pertaining to off-duty police services. Additionally, CMHA has conveyed to the Mayor of Columbus the Intergovernmental Agreement concerning the utilization of off-duty police officers for non-basic services. CMHA is awaiting the return of the signed agreement.
2. CMHA has entered the expiration date into it's tracking system for multi-year contracts for the above mentioned Intergovernmental Agreement. This will prevent a reoccurrence of operating under an expired agreement.

Records for Supplemental Police Services Were Not Adequately Monitored

Response:

1. CMHA will work with the Director of Public Housing, Ohio State Office, to determine what documentation may be appropriate for supporting the coordinator's services between March 1992 and October 1994.
2. CMHA will ensure that all appropriate records are maintained three years past the date of our annual IPA audits.

RESOLUTION NO. 5687

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF COLUMBUS TO PROVIDE SUPPLEMENTAL POLICE SERVICES IN ALL CMHA HOUSING COMMUNITIES

WHEREAS the Executive Director has determined that additional police services are necessary in CMHA housing communities and that these services can only be provided by the Police Department of the City of Columbus; and

WHEREAS these additional services are a form of community policing which require direct and personal interaction between police officers and CMHA residents in an effort to reduce crime and the fear of crime; and

WHEREAS this type of police patrolling would be performed by off-duty police officers who would supplement the normal or "base-line" police patrols that are typically used throughout the City; and

WHEREAS CMHA must enter into an Intergovernmental Agreement with the City of Columbus to obtain the additional police services; now therefore

BE IT RESOLVED by the CMHA Board of Commissioners that the Executive Director is hereby authorized to enter into said Intergovernmental Agreement with the City of Columbus for a biannual amount not to exceed \$510,000.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

Chairman

ATTEST:

Secretary

ATTACHMENT

ADOPTED:

November 21, 1997

INTERGOVERNMENTAL AGREEMENT

This agreement, made this _____ of _____ 1997 by and between The City of Columbus and the Columbus Metropolitan Housing Authority hereby agree that:

In some public housing projects there is a need for law enforcement services that emphasizes a partnership between police and the residents and the management of the housing authority to prevent crime by addressing the conditions and problems that lead to criminal activity. This form of community policing requires direct and personal interaction by police officers with the residents in an effort to reduce crime and the fear of crime.

In recognition of the above stated approach to crime control in the housing projects, the Columbus Metropolitan Housing Authority requests the assistance of the City of Columbus Police Department to make available the following police services in all housing projects from November 21, 1997 through November 20, 1999.

1. assign off-duty police officers to conduct walking patrols in all family and senior citizen housing projects so as to supplement normal police patrolling.
2. by mutual agreement between the Columbus Metropolitan Housing Authority and the Columbus Police Department, the Police Department shall name and assign a ranking police sergeant to supervise, coordinate, monitor and report on the performance of the officers and effectiveness of the program.
3. attend and participate in community meetings with the residents and management of these projects.
4. provide daily and summary reports to the CMHA Chief of Safety and Crime Prevention regarding the police services and activities and further make appropriate recommendations to enhance the program if needed.
5. maintain payroll records for submission to CMHA.

Within 60 days from the inception of this Intergovernmental Agreement, the assigned Police Supervisor will meet with the CMHA Chief of Safety and Crime Prevention who will assist him in developing an operations plan defining the specific duties and responsibilities of the assigned police officers and the police supervisor, criteria for selecting which housing projects should be patrolled and to what degree, types of reports to be rendered and additional services that may be needed in the future to deal with specific crime prevention programs.

The Columbus Metropolitan Housing Authority shall use appropriate funds from the U.S. Department of Housing and Urban Development for these police services in an annual amount not to exceed \$255,000. Payment will be made to the officers in accordance with the city established rate-of-pay for off-duty police.

This agreement may be terminated by either party upon 30 days written notification to the other party.

In witness thereof, The City of Columbus and the Columbus Metropolitan Housing Authority have executed this agreement on the date written above.

FOR THE CITY OF COLUMBUS

FOR COLUMBUS METROPOLITAN
HOUSING AUTHORITY

Gregory S. Lashutka
MAYOR

Dennis S. Guest
EXECUTIVE DIRECTOR

Witness

Witness

Witness

Witness

Schedule of Unsupported Costs

Recommendation Number	Unsupported Costs
1A	\$43,965

Unsupported costs are costs charged to a HUD-financed or insured program or activity and eligibility cannot be determined at the time of the 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.

Distribution

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Director, Housing and Community Development Issue Area, U.S. GAO, 441 G Street N.W., Room 2474, Washington DC 20548, Attn: Judy England-Joseph
The Honorable John Glenn, Ranking Member, Committee on Governmental Affairs, United States Senate, Washington, DC 20515-4305
The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs, United States Senate, Washington DC 20515-4305
The Honorable Dan Burton, Chairman, Committee on Government Reform and Oversight, United States House of Representatives, Washington DC 20515-6143
Mr. Pete Sessions, Government Reform and Oversight Committee, Congress of the United States, House of Representatives, Washington, DC 20510-6250
Ms. Cindy Sprunger, Subcommittee on General Oversight and Investigations, Room 212, O'Neil Office Building, Washington DC 20515
Executive Director, Columbus Metropolitan Housing Authority
Chairman of the Board of Commissioners, Columbus Metropolitan Housing Authority