



U.S. Department of Housing and Urban Development
District Office of the Inspector General
Office of Audit
Richard B. Russell Federal Building
75 Spring Street, SW, Room 330
Atlanta, GA 30303-3388
(404) 331-3369

November 9, 2001

Audit Memorandum 2002-AT-1802

MEMORANDUM FOR: John Perry, Director, Office of Community Planning and
Development, 4AD

FROM: Nancy H. Cooper
District Inspector General for Audit-Southeast/Caribbean, 4AGA

SUBJECT: Macon-Bibb County Economic Opportunity Council, Inc.
Supportive Housing Program (SHP)
Macon, Georgia

At the request of your office, the Office of Inspector General (OIG) conducted a survey of the 1996 and 1998 Supportive Housing Grants awarded to the Macon Housing Authority and the Macon-Bibb Economic Opportunity Council (EOC) as the subrecipient and project sponsor. The objective of the survey was to assess the validity of a complaint alleging that Macon-Bibb EOC officials mismanaged HUD funds including the possible theft of HUD funds, and altered reporting documents to show compliance with HUD regulations.

METHODOLOGY AND SCOPE

To accomplish the objective, we interviewed officials and staff from HUD's Georgia State Office of Community Planning and Development (CPD), Macon Housing Authority (MHA), and Macon-Bibb EOC. We also reviewed HUD, MHA, and EOC files and documents. In addition, we conducted site visits to the four transitional houses supported with HUD SHP funds.

We also evaluated EOC's procedural controls over receipts and disbursements and we reviewed a non-random sample of disbursements for eligibility and documentary support. Our sample selection methodology was to select a variety of disbursements with emphasis on large or unusual transactions.

MHA drew down \$262,509 of its 1996 SHP grant and disbursed \$255,817 of the funds to EOC. We tested sample transactions from the 1996 grant totaling \$47,644 and we analyzed salary costs totaling \$117,842. MHA had drawn down \$61,890 of its 1998 grant and disbursed \$61,639 to EOC. We tested sample transactions for the 1998 grant totaling \$10,171.

The survey generally covered program activities and grant expenditures during the period October 1, 1998 through September 30, 2000. We extended the review to other periods when deemed necessary to achieve the survey objective. The survey was conducted in accordance with generally accepted government auditing standards.

BACKGROUND

Title IV of the Stewart B. McKinney Homeless Assistance Act authorized the Supportive Housing Program (SHP). The program is designed to promote the development of supportive housing and services. The program encourages the use of innovative approaches to assist homeless persons and provides supportive housing to enable them to live as independently as possible. Eligible activities include:

- Transitional housing;
- Permanent housing for homeless persons with disabilities;
- Supportive services for homeless persons not provided in conjunction with supportive housing; and
- Other types of innovative housing for homeless persons.

Macon-Bibb County EOC was established in 1965 as part of the Macon-Bibb County Planning and Zoning Department. In 1985 EOC was incorporated as a private, nonprofit agency. EOC's mission is to provide the resources needed to help low income persons become self-sufficient. EOC's administrative office is located at 653 Second Street, Second Floor, Macon, Georgia. EOC operates its transitional housing and supportive services program from its Homeless Services Coordination Station (HSCS). HSCS is located at 742 Second Street, Macon, Georgia.

EOC does not receive direct grants from HUD, but serves as the project sponsor for two grants to the Macon Housing Authority. HUD awarded the Macon Housing Authority a 1996 Supportive Housing Program grant for \$351,062 and a 1998 Supportive Housing Program grant for \$270,155. Both grants were made to provide assistance to the homeless population in the City of Macon and in Bibb County.

SUMMARY

The survey found no evidence to support the allegations that HUD funds were mismanaged and annual reports concerning the use of HUD funds and SHP program results were improperly altered. However, we found that the EOC had claimed, and was reimbursed, \$5,148 for ineligible costs and \$185 for unsupported costs under its 1996 and 1998 SHP grants. Details of these issues are in Attachment 1. A schedule of the ineligible and unsupported costs is provided in Attachment 2.

We discussed these issues with EOC officials in an exit conference on October 25, 2001. EOC officials stated they had interpreted the costs to be an eligible use of the grant funds and wished to discuss this with HUD program officials. The EOC and HUD did not provide written replies to the draft audit.

Within 60 days, please provide for each recommendation in Attachment 1, 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 this review.

If you have any questions, please contact Terry Cover, Assistant District Inspector General, at (404) 331-3369.

Attachments:

- 1 – Finding and Recommendations
- 2 – Schedule of Ineligible and Unsupported Costs
- 3 – Distribution

Finding 1 – The EOC Claimed and Was Reimbursed For Ineligible and Unsupported Costs

The EOC claimed, and was reimbursed, \$5,148 for ineligible costs and \$185 for unsupported costs. EOC received ineligible reimbursements of \$5,148 from its 1996 transitional housing and supportive services grant for the cost of Greyhound bus tickets. This occurred because EOC interpreted the costs to be an eligible use of the grant funds. The 1996 grant provides funds for the operation of four transitional housing units and one staff person to provide supportive services. The grant did not provide funds to relocate homeless persons to other cities.

Section D of the SHP Desk Guide, Supportive Services, provides: “Almost any services aimed at moving homeless participants to independence are eligible for SHP support.” Examples of eligible services are cited such as childcare, health care, employment assistance and counseling. Transportation to and from these services is also eligible. Discussion with HUD officials confirmed that transportation not associated with such services was not an eligible cost.

An EOC official stated the bus tickets were used to transport homeless clients back home and to work. He stated EOC staff called the client’s relatives and/or employer to verify that the person has a place to live and work. The EOC official stated no other follow up is done.

We reviewed files on 27 clients who received bus tickets and noted 20 ineligible purchases. Bus tickets were purchased for 14 persons who requested help to go and live in other cities. Three other persons were stranded in Macon and requested help going to their existing homes in other cities. Three additional files showed tickets were purchased for persons who had been on personal trips when their cars broke down while passing through Macon. All three had jobs and homes in other cities. Documentation that the people were homeless was inadequate in the aforementioned 20 client files. One additional client file was missing. Additionally, 6 of the 20 client files did not show that the client’s relatives and employers were contacted to verify the client had a place to live and/or work. EOC staff does not follow up on the clients after providing a bus ticket to another city. Therefore, there is no assurance that the intent of the program has been met. The intent of the program is to assist homeless persons in transition from homelessness to permanent housing and self-sufficiency. The clients may not have reached their destinations and if so they may have ended up homeless in other cities. The 1996 grant provides funds for the operation of four transitional housing units and one staff person to provide supportive services. It does not provide funds to relocate homeless persons to other cities.

In addition, EOC was reimbursed \$185 for an unsupported cost from its 1998 case management grant. EOC had no invoice to support a \$185 payment for retail marketing services.

RECOMMENDATIONS

We recommend that you require EOC to:

1. Reimburse the SHP grant accounts for ineligible costs of \$5,148. Instruct EOC to discontinue using grant funds to purchase bus tickets to relocate homeless persons to other cities.

2. Provide support for the \$185 retail marketing cost or reimburse the grant account for the unsupported cost.

SCHEDULE OF INELIGIBLE AND UNSUPPORTED COSTS

Ineligible Costs

CHECK NUMBER	CHECK DATE	PAYEE ¹	AMOUNT	BUS TICKETS FOR
109	4/15/98	Nationsbank	\$119.60	Kelly and Allen
291	5/22/98	Nationsbank	635.62	Rose, Smelzer, Wade, Simpson, Walters, Levy, Jones, Johnson, and Yocum
423	6/17/98	Nationsbank	71.10	Knox
569	7/22/98	Nationsbank	185.35	Anderson, Smith, and Kitchens
53	8/19/98	Nationsbank	104.52	Lee and Crabbe
155	9/18/98	Nationsbank	382.32	Williams, Arrington, Stephen, Jennings, Wood, Spencer, and Williams
282	10/14/98	Nationsbank	380.25	Head, Gordon, and Wilson
389	11/12/98	Nationsbank	147.65	Leverett, Sapp, and Buchanan
422	11/24/98	Bankcard Center	962.00	Allen, Jackson, Smith, Harpes, Reid, Pepper, Thorp, Clay, and Riggis
560	1/7/99	Bankcard Center	398.60	Billings, Greeman, Gelpi, and Matthew
783	2/24/99	Bankcard Center	264.60	Tate, Green, and Szmanda
939	3/26/99	Bankcard Center	149.00	Johnson
1045	4/30/99	Bankcard Center	266.40	Davis, Forrey, and Williams
1195	5/27/99	Bankcard Center	394.20	Green, Ortiz, Harbeson, Canton, and Hart
1252	6/3/99	Bankcard Center	115.00	Sinonger
1317	6/24/99	Bankcard Center	338.69	Edwards, Hightower, Trusskey, and Bramblett
1514	8/5/99	Bankcard Center	351.87	Hubbard, Jones, Atkinson, Coleman, Green, Davis, and Woods
1601	8/26/99	Bankcard Center	124.76	Ellis, Green, and Rivera
1742	9/23/99	Bankcard Center	263.30	Jones, Pico, Griner, and Jordan
1911	10/28/99	Bankcard Center	167.07	Smith and Howze
2332	12/2/99	Bankcard Center	84.60	Tiernan
3331	2/3/00	Bankcard Center	31.49	Stovey
3522	3/16/00	Bankcard Center	39.50	EOC
3631	3/30/00	Bankcard Center	42.08	Jackson
3905	4/27/00	Bankcard Center	72.00	Irvin
4154	6/1/00	Bankcard Center	246.60	Bowers, Irvin, Hudson, and Willis
4364	7/27/00	Bankcard Center	295.49	Williams, Whitman, and Henry
4519	8/31/00	Bankcard Center	78.22	Youngblood, Kite, and Lee
4692	9/29/00	Bankcard Center	347.97	Ford, Cutcher, Williams, Cone, and Winston
Subtotal			\$7,059.85	
Less Credits /Deposits ²			<u>\$1,911.99</u>	
Total Bus Tickets			<u>\$5,147.86</u>	

SCHEDULE OF INELIGIBLE AND UNSUPPORTED COSTS

UNSUPPORTED COSTS

CHECK NUMBER	CHECK DATE	PAYEE	AMOUNT	
2332	12/2/99	Bankcard Center	\$185.00	No invoice for payment of retail marketing services.
Total			\$185.00	

1. The bus tickets were purchased with credit cards. Therefore, the payees are the credit card companies.
2. Adjustment made for portion of ticket price that was paid for by other nonprofit agencies.

DISTRIBUTION

Executive Director, Macon Housing Authority, Macon, Georgia
Executive Director, Macon-Bibb Economic Opportunity Council
Secretary, S
Deputy Secretary, SD (Room 10100)
Chief of Staff, S (Room 10000)
Assistant Secretary for Administration, S (Room 10110)
Acting Assistant Secretary for Congressional and Intergovernmental Relations, J (Room 10120)
Deputy Assistant Secretary, Office of Public Affairs, S, (Room 10132)
Deputy Assistant Secretary for Administrative Services, Office of the Executive Secretariat, AX
(Room 10139)
Deputy Assistant Secretary for Intergovernmental Relations,
Acting Deputy Chief of Staff, S (Room 10226)
Deputy Chief of Staff for Policy, S (Room 10226)
Deputy Chief of Staff for Programs, S (Room 10226)
Special Counsel to the Secretary, S (Room 10234)
Senior Advisor to the Secretary, S
Special Assistant for Inter-Faith Community Outreach, S (Room 10222)
Executive Officer for Administrative Operations and Management, S (Room 10220)
General Counsel, C (Room 10214)
Assistant Secretary for Housing/Federal Housing Commissioner, H (Room 9100)
Assistant Secretary for Policy Development and Research, R (Room 8100)
Assistant Secretary for Community Planning and Development, D (Room 7100)
Assistant Deputy Secretary for Field Policy and Management, SDF (Room 7108)
Office of Government National Mortgage Association, T (Room 6100)
Assistant Secretary for Fair Housing and Equal Opportunity, E (Room 5100)
Director, Office of Departmental Equal Employment Opportunity, U
Chief Procurement Officer, N (Room 5184)
Assistant Secretary for Public and Indian Housing, P (Room 4100)
Director, Office of Departmental Operations and Coordination, I (Room 2124)
Office of the Chief Financial Officer, F (Room 2202)
Chief Information Officer, Q (Room 3152)
Acting Director, HUD Enforcement Center, V, 1250 Maryland Avenue, SW, Suite 200
Acting Director, Real Estate Assessment Center, X, 1280 Maryland Avenue, SW, Suite 800
Director, Office of Multifamily Assistance Restructuring, Y, 1280 Maryland Avenue, SW,
Suite 4000
Inspector General, G (Room 8256)
Secretary's Representative, 4AS
Director, Office of Community Planning and Development, 4AD
Audit Liaison Officer, 3AFI
Audit Liaison Officer, Office of Public and Indian Housing, PF (Room P8202)
Departmental Audit Liaison Officer, FM (Room 2206)
Acquisitions Librarian, Library, AS (Room 8141)
Counsel to the IG, GC (Room 8260)

HUD OIG Webmanager-Electronic Format Via Notes Mail (Cliff Jones@hud.gov)
Public Affairs Officer, G (Room 8256)
Stanley Czerwinski, Associate Director, Resources, Community, and Economic Development
Division, U.S. GAO, 441 G Street N.W., Room 2T23, Washington DC 20548
The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs,
United States Senate, Washington DC 20510-6250
The Honorable Joseph Lieberman, Ranking Member, Committee on Governmental Affairs,
United States Senate, Washington DC 20510-6250
The Honorable Dan Burton, Chairman, Committee on Government Reform,
United States House of Representatives, Washington DC 20515-6143
The Honorable Henry A. Waxman, Ranking Member, Committee on Government Reform,
United States House of Representatives, Washington, DC 20515-4305
Ms. Cindy Fogleman, Subcommittee on Oversight and Investigations, Room 212,
O'Neil House Office Building, Washington, DC 20515-6143
Steve Redburn, Chief, Housing Branch, Office of Management and Budget, 725 17th Street, NW,
Room 9226, New Executive Office Bldg., Washington, DC 20503
Sharon Pinkerton, Deputy Staff Director, Counsel, Subcommittee on Criminal Justice, Drug
Policy and Human Resources, B373 Rayburn House Office Bldg., Washington, DC 20515
Armando Falcon, Director, Office of Federal Housing Enterprise Oversight, O, 1700 G Street, NW,
Room 4011, Washington, DC 20552