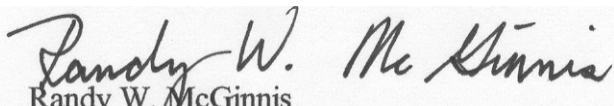




Issue Date	January 15, 2004
Audit Case Number	2004-AT-1001

TO: Boyce Norris, Director, Office of Public Housing, 4APH

FROM:   
Randy W. McGinnis  
Acting Regional Inspector General for Audit, 4AGA

SUBJECT: Housing Authority of the City of Cuthbert  
Cuthbert, Georgia

### INTRODUCTION

We completed a review of the Housing Authority of the City of Cuthbert's (Authority) activities with its related nonprofit organization, Southwest Georgia Housing Development Corporation (SGHDC). The review was performed as part of our audit of the Department of Housing and Urban Development's (HUD) oversight of Public Housing Agency activities with related nonprofit entities. Our objective was to determine whether the Authority complied with laws and regulations and properly safeguarded resources when it conducted business with SGHDC.

To accomplish our objective, we reviewed applicable HUD regulations, the Authority's Annual Contributions Contract (ACC), and other requirements. We also interviewed Authority management and staff and reviewed various documents including financial statements, general ledgers, bank statements, and minutes from Board meetings. The Authority maintained manual accounting records. In order to verify the validity of the account balances, we reviewed check vouchers and invoices. We also reviewed SGHDC general ledgers, bank statements, and bank loan documents.

We performed our on-site review from June 3, 2003, through June 6, 2003, and covered the period November 1998 to June 2003. We performed our review in accordance with generally accepted government auditing standards.

We discussed our review results with the Authority during our review and held an exit conference with them on December 12, 2003. The Authority provided written comments to our draft on December 17, 2003, and generally agreed with our report.

In accordance with HUD Handbook 2000.06 REV-3, within 60 days, please provide us, for each recommendation without management decision, 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. Additional status reports are required at 90 days and 120 days after report issuance for any recommendation without a management decision. Also, please furnish us copies of any correspondence or directives issued because of the audit.

Should you or your staff have any questions, please contact me at (404) 331-3369 or Gerald Kirkland, Assistant Regional Inspector General for Audit at (865) 545-4368.

### **SUMMARY**

We found the Authority violated its ACC with HUD by inappropriately advancing funds and pledging assets for non-Federal development activities. As of April 2002, management had advanced \$792,802 of low-income housing (LIH) funds to SGHDC to pay its development expenses. As of June 2003, SGHDC had reimbursed the Authority all but \$327,326. The advances reduced LIH funds available for Authority operating expenses. Management also inappropriately pledged assets when it guaranteed repayment of two SGHDC loans totaling \$690,050. Further, the Authority's Executive Director, who was also the Secretary/Treasurer of SGHDC, violated conflict of interest restrictions, and the Authority did not allocate costs. These actions occurred because the Board of Commissioners did not establish sufficient controls to monitor the nonprofit and ensure transactions adhered to Federal regulations. Also, the Executive Director misunderstood provisions in the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

We recommend you:

- Require the Authority to collect \$327,326 from SGHDC, discontinue advancing funds, and ensure assets are not encumbered without prior HUD approval;
- Ensure the Board of Commissioners takes appropriate measures to prevent conflict of interest situations;
- Require the Authority to develop a reasonable method for allocating costs;
- Determine whether the Authority properly allocated costs and repay any cost inappropriately allocated to HUD programs; and,
- Require the Board of Commissioners to establish adequate controls to monitor Authority interactions with SGHDC and ensure transactions comply with the ACC and other HUD requirements.

### **BACKGROUND**

Pursuant to the National Housing Act of 1937, as amended, the Authority was created by authority of the laws of the State of Georgia. Its primary objective is to provide and operate cost efficient, decent, safe, and affordable dwellings for qualified lower income families according to the rules and regulations prescribed by HUD and other Federal Agencies. A five-member Board of Commissioners governs the Authority with members appointed by the Mayor of the City of

Cuthbert. The Authority administers 122 low-income public housing units with subsidies provided by HUD under an ACC.

The Authority's Executive Director created SGHDC on February 10, 1997, and serves as its Secretary/Treasurer. SGHDC is a private nonprofit organization incorporated under the laws of the State of Georgia. Its mission is to provide safe, decent, sanitary, affordable housing to very low, low, and moderate-income persons, and to prevent the spread of slum conditions through redevelopment efforts. SGHDC owns and operates the Millennium Center, a family drug rehabilitation facility, and was developing the Willows, a facility to house persons suffering from Alzheimers. SGHDC also acquired abandoned or foreclosed homes to refurbish and sell.

## **Finding 1 - The Authority Inappropriately Advanced Funds and Pledged Assets**

Authority management violated its ACC with HUD by inappropriately advancing funds and pledging assets for non-Federal development activities. As of April 2002, management had advanced \$792,802 of LIH funds to SGHDC to pay its development expenses. As of June 2003, SGHDC had reimbursed the Authority all but \$327,326. The advances reduced LIH funds available for Authority operating expenses. Management also inappropriately pledged assets when it guaranteed repayment of two SGHDC loans totaling \$690,050. Further, the Authority's Executive Director, who was also the Secretary/Treasurer of SGHDC, violated conflict of interest restrictions, and the Authority did not allocate costs. These actions occurred because the Board of Commissioners did not establish sufficient controls to monitor the nonprofit and ensure transactions adhered to Federal regulations. Also, the Executive Director misunderstood QHWRA provisions.

### Criteria

Part A, Section 9 of the ACC allows the Authority to withdraw funds from the General Fund only for: (1) payment of the costs of development and operation of the projects under its ACC with HUD; (2) the purchase of investment securities as approved by HUD; and (3) such other purposes as may be specifically approved by HUD.

Part A, Section 7 of the ACC provides, in part, that with the exception of entering into dwelling leases with eligible families for dwelling units in the projects, and normal uses associated with the operation of the project(s), the Authority shall not in any way encumber any such project, or portion thereof, without the prior approval of HUD. Section 7 further prohibits the Authority from pledging assets of any project covered under the ACC as collateral for a loan.

Part A, Section 19 of the ACC prohibits the Authority from entering into any contract or arrangement in connection with any project under the ACC in which any Authority employee who formulates policy or who influences decisions with respect to the project(s), has an interest, direct and indirect, during his or her tenure or for 1 year thereafter.

### The Authority Inappropriately Advanced \$792,802 to SGHDC

In violation of Part A, Section 9 of its ACC, the Authority inappropriately advanced \$792,802 of LIH funds to SGHDC to pay development expenses for the Millennium Center and the Willows. The advances occurred between November 1998 and April 2002. The Authority liquidated \$220,000 of its investments to fund some of the advances.

The Executive Director initially believed he could use LIH funds for SGHDC's development activities based on QHWRA provision. He later realized that he misunderstood QHWRA and that the advances were not in compliance with the ACC. Thus, as Secretary/Treasurer of SGHDC, he began reimbursing the funds to the Authority.

According to the Authority's general ledger, as of April 2003 SGHDC owed the Authority \$377,938. However, we found the Authority's fee accountant had improperly reduced the balance by \$47,727. The fee accountant had made two adjustments, \$12,139 and \$35,588, to the account that transferred expenses from SGHDC to the Authority. However, the Authority's general ledger and check vouchers show the expenses were attributable to SGHDC's development activities. We also found that SGHDC reimbursements of \$58,771, \$33,271 on December 14, 2000, and \$25,500 on June 11, 2001, were not credited to the account. Thus, the amount owed the Authority as of April 2003 was \$366,894.

\$ 377,938	balance per Authority general ledger
+ 47,727	credit adjustments
\$ 425,665	
- 58,771	additional repayments
\$ 366,894	balance due as of April 2003

The Authority provided evidence that an additional \$39,568 was repaid after we completed our fieldwork. As such, the amount still owed to the Authority was \$327,326 as of December 17, 2003.

#### The Authority Inappropriately Pledged Assets

In violation of its ACC, the Authority pledged assets as collateral for two SGHDC loans totaling \$690,050. SGHDC obtained these loans to provide bridge financing for the Millennium Center. Although SGHDC repaid the loans, the Authority placed the assets at risk.

On October 11, 2001, the Authority's Board authorized the Executive Director to guarantee loans, not to exceed \$600,000. On October 12, 2001, the Executive Director, as SGHDC's Secretary/Treasurer, signed a \$190,000 Promissory Note. The Note included a Commercial Guarantee under which the Authority absolutely and unconditionally guaranteed repayment of the loan. The Executive Director signed the Commercial Guarantee on behalf of the Authority.

On July 26, 2002, the Executive Director, as Secretary/Treasurer of SGHDC, signed a \$500,050 Commercial Promissory Note and Security Agreement. He pledged Authority assets as collateral for the loan.

#### Conflict of Interest

The Executive Director, serving in dual capacities for both the Authority and SGHDC, violated the ACC conflict of interest restrictions. As previously discussed, as Secretary/Treasurer of SGHDC, he signed a \$190,000 Promissory Note. For the same loan, he signed a Commercial Guarantee as the Executive Director of the Authority. As Secretary/Treasurer of SGHDC, he also signed the \$500,050 loan documents, which pledged Authority assets as collateral. As such, he placed Authority assets at risk for the benefit of SGHDC.

### Cost Allocation

The Office of Management and Budget Circular A-87 establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments. Costs must be allocable to the Federal award. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

According to the Authority's fee accountant, the Authority did not allocate costs, such as salaries, to SGHDC. We did not perform an analysis of cost allocations. However, SGHDC did not have staff nor facilities. Thus, the Executive Director and Authority staff performed work for SGHDC. Further, SGHDC operations were conducted from the Authority's office. We recommend that your future monitoring include a review of the Authority's allocation of costs to ensure reasonable allocations of salaries and other costs, such as use of office space and equipment. If you determine that costs were not properly allocated, the Authority should be reimbursed for any ineligible costs attributable to SGHDC.

### Inadequate Controls

The Office of the Inspector General's Program Integrity Bulletin for Public Housing Commissioners provides that the Commissioners have ultimate responsibility for public housing operations including approving policies and procedures, and ensuring that the public housing agency acts legally and with integrity in its daily operations. Our review showed that weak controls contributed to the ACC violations. Specifically, the Board had not established sufficient controls to monitor the nonprofit and ensure transactions adhered to Federal regulations.

### **AUDITEE COMMENTS**

While the Authority generally agreed with the finding and recommendations, it questioned possible conflicts between the intent of QHWRA and ACC requirements. The Authority points out that QHWRA advised housing authorities to explore ways to provide housing and services to their residents more effectively by encouraging them to diversify portfolios and decrease dependence on Federal funds. QHWRA allows authorities to form and operate subsidiaries and other affiliates. These subsidiaries can be directed, managed, or controlled by the same persons who constitute the board of directors of the authority, or who serve as employees or staff of the public housing agency. Part A, Section 19 of the ACC prohibits such arrangements.

The Authority stated that it never intended to violate HUD regulations and that it included its mission statement and goals and objectives, including development activities, in its 5-year Agency Plan, which was approved by HUD. The Authority provided evidence that it sought HUD approval to use public housing funds for development. After several follow-ups, it did not get a reply from HUD. The Authority interpreted this as tacit approval. It now understands that approval of the Agency Plan does not, in actual fact, approve a particular project.

Upon receiving clarification of QHWRA, the Authority took immediate action to obtain reimbursement. It provided evidence that SGHDC reimbursed an additional \$39,568 since completion of our fieldwork. The Authority agreed to continue to reduce the amount due, with full payment within 3 years. The Authority will no longer advance funds or encumber assets without HUD approval.

The Authority believes that staff time was properly allocated to the developments. It recognized that a potential problem could come from materials used on jobs at non-Authority sites. It agreed to determine whether it properly allocated costs and will continue to be aware of the need to allocate assets.

The Authority believes that it can hold a workshop for all Board members to help start improving Board oversight of the Authority.

### **OIG EVALUATION OF AUDITEE COMMENTS**

We recognize the Authority solicited HUD approval for its development activities. However, HUD approval was not obtained. After advancing funds to SGHDC, the Authority realized the advances were improper and has obtained substantial reimbursement. We agree with the Authority's proposal to obtain full reimbursement within 3 years.

Regarding conflicts between QHWRA and the ACC, the OIG will seek HUD advice on interpreting the guidance. In the interim, the Authority should ensure that it does not advance funds or encumber assets without HUD approval. Also, it should minimize any conflict of interests or seek a waiver from HUD.

The Authority, in cooperation with HUD, should determine whether it properly allocated costs and repay any amounts determined to be attributable to non-Authority business. The Authority should also develop a cost allocation plan.

### **RECOMMENDATIONS**

We recommend you:

- 1A. Require the Authority to collect the \$327,326 due from SGHDC and discontinue advancing funds.
- 1B. Require the Authority to ensure that its assets are not encumbered or pledged without HUD approval.
- 1C. Ensure the Board of Commissioners takes appropriate measures to prevent conflict of interest situations.
- 1D. Require the Authority to develop a reasonable method for allocating costs.

- 1E. Review the Authority's allocation of costs to ensure reasonable allocations of salaries and other costs, such as use of office space and equipment. If you determine that costs were not properly allocated, require the Authority to reimburse the appropriate program account from non-Federal funds.
  
- 1F. Require the Board of Commissioners to establish adequate controls to monitor Authority interactions with SGHDC and ensure transactions comply with the ACC and other HUD requirements.



## MANAGEMENT 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, organization, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

We determined the following management controls were relevant to our audit objectives:

- Compliance with Laws and Regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding Resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss and misuse.

To assess the relevant controls, we:

- interviewed Authority staff;
- reviewed Authority general ledgers, bank statements, broad minutes;
- reviewed SGHDC general ledgers, bank statements, loan documents; and,
- reviewed the Authority's financial statements.

A significant weakness exists if management controls do not provide reasonable assurance that resource use is consistent with laws, regulations, and policies; and, that resources are safeguarded against waste, loss, and misuse.

Based on our review, we identified the following significant weaknesses:

- Compliance with Laws and Regulations - Authority management violated its ACC with HUD by inappropriately advancing funds and pledging assets for non-Federal development activities. As of April 2002, management had advanced \$792,802 of LIH funds to SGHDC to pay its development expenses. Also, the Authority's Executive Director, who was also the Secretary/Treasurer of SGHDC, violated conflict of interest restrictions.
- Safeguarding Resources - Authority management inappropriately pledged Authority assets and guaranteed repayment of SGHDC loans.

## **FOLLOW-UP ON PRIOR AUDITS**

This is the initial OIG audit of this Authority. Mark D. Midkiff, Certified Public Accountant, completed the most recent audit of the Authority's financial statements for the 12-month period ended December 31, 2001. His report did not contain any findings.

**SCHEDULE OF QUESTIONED COSTS**

<u>Recommendation</u>	<u>Ineligible</u> <sup>1</sup>
1A	\$327,326

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<sup>1</sup> Ineligible costs are those that are questioned because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds.

**AUDITEE COMMENTS**

**December 17, 2003**

Ms. Nancy H. Cooper  
Regional Inspector General for Audit, 4AGA  
U. S. Department of Housing and Urban Development  
75 Spring Street, S. W., Room 330  
Atlanta, Georgia 30303-3388

Dear Ms. Cooper:

Your staff conducted an on-site review of the development activities of the Housing Authority of the City of Cuthbert (the Authority) and our related nonprofit organization, the Southwest Georgia Housing Development Corporation (SWG HDC) on June 3, 2003- June 6, 2003. Your December 8, 2003 letter requested that we review the draft report and provide you with our comments and recommendations on the audit of the Housing Authority of the City of Cuthbert. Comments and recommendations on the information in your draft report follow.

However, before addressing the finding and recommended corrective actions, we would like to state our position with respect to the potential violations that may have occurred in our efforts to expand housing opportunities in our poverty-stricken Southwest Georgia counties. We acted in good faith in the interest of our public housing residents and other low and very-low income residents. We made a conscientious effort to seek prior pre-approval from HUD as demonstrated in the attached August 20, 1999 letter to Assistant Secretary Harold Lucas.

We included our mission statement and goals and objectives, including development activities, in our Five-year Agency Plan. HUD approved the Agency Plan. We considered this approval to proceed with the development activities since the Secretary of HUD disapproves Agency Plans that do not meet the requirements established in the Quality Housing and Work Responsibility Act of 1998 (the Act) *and* any other provisions of law. The Act provides a number of opportunities for an agency to be creative in serving its recipients, if that agency is a high performer. We are a high performer.

Through the Act, agencies were advised to take advantage of the flexibility allowed in developing joint ventures to explore ways to provide housing and services to their residents more effectively. Some of these ventures may yield non-federal income for the agency – income that must be used to augment assisted residents and housing. That provision in the Act encouraged portfolio diversity and decreased dependence on federal funds. In fact, emphasis was placed on diversification of housing independent of HUD subsidies.

Ms. Nancy H. Cooper

*December 18, 2003*

*Page 2*

Section 515 of the Act also allowed Authorities to form and operate subsidiaries and other affiliates. These subsidiaries can be directed, managed, or controlled by the same persons who constitute the board of directors (or similar body) of the authority, or who serve as employees or staff of the public housing agency. Any income earned is used for low-income housing and/or must benefit the residents assisted by the Authority. The earned income from these subsidiaries will not result in any decrease to the amount of assistance provided to the agency, except as otherwise provided under the capital and operating formulas as established.

It has never been our intention to violate HUD regulations. As a result of the subject audit, we concur that there may be deficiencies that need to be corrected. We believe the following facts are noteworthy:

- On August 20, 1999, we wrote Assistant Secretary Harold Lucas for permission to utilize public housing funds for 10 years to assist us in accomplishing the goals and objectives in the Agency Plan and to expand housing opportunities non-traditionally. A copy of this letter is attached. After several follow-ups, we never got a reply and interpreted this as tacit approval. Some of the items in question are noted in approved Updated Agency Plans. We now understand that the approval of the Agency Plan does not, in actual fact, approve a particular project. This issue is vague and the intent of the Quality Housing and Work Responsibility Act and the requirements in the Annual Contributions Contract appear to conflict and both are statutory and/or contractual.
- The Housing Authority of the City of Cuthbert is a High Performer with a REAC score of 91. This standard has been maintained on a continuous basis.
- One of the managed Authorities, Edison, was considered troubled by REAC. With our assistance and upon the Board of Commissioner's request, we were instrumental in removing it from the troubled list. Management and maintenance have substantially improved in all areas.
- The Willows of Cuthbert and the Millennium Center's development by the SWGHDC has created over 60 jobs and educational opportunities for our public housing residents and others in one of the poorest, most underserved counties of Georgia.
- The Millennium Center development won the "Magnolia Award" given by Georgia's Department of Community Affairs for excellence in affordable special needs housing and has reunited families from foster care and started them on the road to recovery from substance abuse.
- With encouragement and assistance from SWGHDC, Albany Technical College will open a 10,000 square foot learning center in early 2004 adjacent to the Millennium Center campus. This will help address the serious need for educational opportunities in our area.

**Ms. Nancy H. Cooper**

**December 18, 2003**

**Page 3**

- Homeownership has been provided for one public housing resident and one elderly resident; two more homes are available to move qualified residents to affordable homeownership.
- With assistance from the Federal Home Loan Bank, SWGHDC is planning a development of 40 acres in Quitman County, also a seriously underserved county. This development will offer homeownership, affordable rental and supportive elderly housing in Quitman County. It will be a model of how a small rural county can help improve the lives of its residents.

The Regional Inspector General cited one multi dimensional finding. The finding, stated below, addresses inappropriately advanced low-income housing funds; inappropriately pledged assets; violation of the Annual Contributions Contract (ACC) conflict of interest restrictions; inappropriate cost allocations; and inadequate internal controls.

**Finding 1 – The Authority Inappropriately Advanced Funds and Pledged Assets**

The criteria cited for the finding is clearly stated by the Regional Inspector General.

*With respect to Part A, Section 9 of the ACC*, we request that consideration be given to our effort in seeking approval from the Assistant Secretary for Public and Indian Housing on August 20, 1999. Copies of this request were forwarded to the Director of the Office of Public Housing and State Representative Sanford Bishop. We followed up with this request several times but to no avail.

The Authority inappropriately advanced \$792,802 of LIH funds to the SGHDC to pay development expenses for the Millennium Center and the Willows of Cuthbert between November 1998 and April 2002, liquidating \$220,000 to fund advances.

Once the Executive Director received clarification on the Quality Housing and Work Responsibility Act, immediate action was taken to reimburse the funds to the Authority.

The Regional Inspector General recommends that the Authority collect the amount now due (\$327,326) from the SWGHDC, discontinue advancing funds and ensure assets are not encumbered without prior HUD approval.

Attached is a copy of check and deposit ticket showing an additional reduction of \$39,568. We will continue to reduce this amount and have the full amount paid within three years. Once it was determined that we could not advance funds without prior written approval from HUD, the practice was discontinued and is not and will not be done again without HUD approval. Assets are not now and will not in the future be encumbered without HUD approval. When this occurred, our Attorney gave the opinion that it was acceptable based on his interpretation of QHWRA. Our Board of Commissioners has been advised of the problem and it will be avoided in the future.

**Ms. Nancy H. Cooper**

***December 18, 2003***

***Page 4***

Part A, Section 7 of the ACC provides, in part, that with the exception of entering into dwelling leases with eligible families for dwelling units in the projects, and normal uses associated with the operation of the project(s), the Authority shall not in any way encumber any such project, or portion thereof, without the prior approval of HUD. Section 7 further prohibits the Authority from pledging assets of any project covered under the ACC as collateral for a loan.

Authority assets were pledged for two SWGHDC loans totaling \$690,050. The Authority will not encumber or pledge assets without prior HUD approval in the future.

*With respect to Part A, Section 19 of the ACC*, with limited qualified potential Board members and employees in small communities, it is often necessary for some to wear several hats in order to have banking, law, insurance, education, business and community properly represented. Section 515 of the Act also allows Authorities to form and operate subsidiaries and other affiliates. These subsidiaries can be directed, managed, or controlled by the same persons who constitute the board of directors (or similar body) of the authority, or who serve as employees or staff of the public housing agency. Therefore, there appears to be conflict between the statutory requirement and the contractual agreement in the ACC.

Conflict of interest appears to be an ongoing nationwide problem, particularly with small rural operations. In order to ensure program integrity, we will continue to seek the most qualified Board members, we will also continue to attempt to avoid conflicts of interest. Possibly, a realignment of officers and responsibilities will solve the appearance of any conflict of interest. Our primary objective is to not destroy the on-going development activities that are improving living conditions for low and very-low income residents and presenting employment opportunities in the poorest, most underserved corner of Georgia. We will continue to work with HUD to develop a system that will address this issue.

*Cost Allocation policies are established in the Office of Management and Budget Circular A-87.* We will determine whether the Authority properly allocated indirect costs. In the development stages, consultants, and others, not located in our office, completed most work. There was no staff time not billed to SWGHDC. The Secretary/Treasurer worked primarily on weekends and after hours. This time was compensated by the SWGHDC from its funds generated by developments. Staff time was not taken from the normal 40-hour workweek of the Authority. Special efforts were made to ensure that the Authority did not lose any work hours and that the staff hours were accountable to the Authority as required by our Personnel Policy and ethical standards. This is somewhat evidenced by a REAC score of 91 for the Cuthbert Authority making it a High Performer.

Ms. Nancy H. Cooper

**December 18, 2003**

**Page 5**

Once in operation, the programs all have contracts with the West Georgia Consortium that pay for any staff time used. In our opinion, a potential problem could come from materials used on jobs at non-PHA sites. We manage several PHAs and must separate expenses and provide a clear paper trail of accounting for expenditures. This same arrangement is used as related to our other programs. Contracts for management and good invoicing seem to properly account for both time and materials. We continue to be aware of the need to allocate assets, both dollars and time, and feel that this should not be a problem in the future.

*The Office of the Regional Inspector General cited inadequate controls. The Office of the Inspector General's Program Integrity Bulletin for Public Housing Commissioners provides that the Commissioners have ultimate responsibility for public housing operations including approving policies and procedures, and ensuring that the public housing agency acts legally and with integrity in its daily operations.* We have not met with all Board members as of the writing of this letter, but in discussions with some members, it is felt that a possible workshop for all Board members under the West Georgia Consortium umbrella would be a good start to improve this problem.

Given the number of Board members and their personal job requirements, it may be feasible to hold a workshop here and improve attendance. Overall, our Board members are well qualified and capable; an improved understanding of HUD rules should address this problem.

It is our desire to do what is right for our residents, our local governments and HUD and we hope this is evidenced in our comments and recommendations. We look forward to working with HUD to clear identified problems and make continued improvements in our programs, both with the Authority and the SWGHDC.

Sincerely,

Walter Mattox

Encl.

cc: John Barge, Chairman  
Board of Commissioners