



Issue Date July 12, 2006

Audit Report Number 2006-PH-1011

TO: William D. Tamburrino, Director, Baltimore Public Housing Program Hub,
3BPH
Robert Jennings, Director, Richmond Office of Public Housing, 3FPH

FROM:  John P. Buck, Regional Inspector General for Audit, Philadelphia Regional
Office, 3AGA

SUBJECT: The Hampton Redevelopment and Housing Authority, Hampton, Virginia, Did Not
Always Follow HUD Requirements

HIGHLIGHTS

What We Audited and Why

We audited the Hampton Redevelopment and Housing Authority (Authority) as part of our fiscal year 2005 annual audit plan. Our objective was to determine whether the Authority carried out its operations in accordance with applicable U.S. Department of Housing and Urban Development (HUD) requirements.

What We Found

The Authority carried out much of its operations in accordance with applicable HUD requirements. It generally provided reasonable housing assistance payments to eligible recipients, inspected its Section 8 units annually, and properly supported its drawdown of HUD funds. However, contrary to its annual contributions contract, the Authority did not properly allocate \$59,816 in salary and benefit costs to its nonfederal housing developments. It also did not always

follow federal procurement requirements when awarding contracts. In addition, it made some incorrect housing assistance payments and did not settle \$61,867 in interfund balances due its low-rent public housing fund from other HUD programs in a timely manner. These problems generally occurred because the Authority did not have adequate internal controls in place to ensure that it fully complied with HUD and other federal requirements.

What We Recommend

We recommend that the director of the Baltimore Public Housing Program Hub require the Authority to provide adequate documentation to support \$59,816 in questioned salary and benefit costs or reimburse its public housing program from nonfederal sources. We also recommend that the Authority provide adequate documentation to justify its awarding of four contracts or repay the program \$84,891 or the amount currently expended under the contracts from nonfederal funds. Additionally, we recommend that HUD reduce the amount of housing assistance payments by the \$5,090 overpayment on the Authority's next Section 8 year-end settlement statement and require the Authority to reimburse applicable tenants \$773 for housing assistance underpayments, thereby putting these funds to better use. We further recommend that HUD direct the Authority to repay its low-rent public housing fund \$61,867 from its other HUD programs. Lastly, we made several recommendations for the Authority to create and implement adequate internal controls to ensure that it fully complies with HUD and other federal requirements.

Auditee's Response

We discussed the report with the Authority during the audit and at an exit conference on June 27, 2006. The Authority provided written comments to our draft report on July 5, 2006. The Authority concurred with our findings and included with its response documentation showing corrective action it was taking to address the audit recommendations. We commend the Authority for taking immediate action to address our recommendations. The complete text of the Authority's response, along with our evaluation of the documentation the Authority provided with its response, can be found in appendix B of this report.

TABLE OF CONTENTS

Background and Objectives	4
Results of Audit	
Finding 1: The Authority Did Not Properly Allocate Costs of \$59,816 to Its Nonfederal Housing Developments	5
Finding 2: The Authority Did Not Always Follow Federal Procurement Requirements When Awarding Contracts	8
Finding 3: The Authority Did Not Always Make Correct Housing Assistance Payments	12
Finding 4: The Authority Did Not Settle \$61,867 in Interfund Balances Due to Its Low-Rent Public Housing Fund in a Timely Manner	14
Scope and Methodology	16
Internal Controls	17
Appendixes	
A. Schedule of Questioned Costs and Funds to Be Put to Better Use	19
B. Auditee Comments and OIG's Evaluation	20

BACKGROUND AND OBJECTIVES

The Hampton Redevelopment and Housing Authority (Authority) was established in 1958 to promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination. The Authority's primary mission is to promote opportunities that revitalize communities, enhance the quality of life, and provide a link to housing and self-sufficiency for the citizens of Hampton, Virginia. A seven-member board of commissioners governs the Authority. The Authority is located at 22 Lincoln Street in Hampton, Virginia.

The Authority owns and manages 542 public housing units and has 2,403 Section 8 units under its consolidated annual contributions contract with the U.S. Department of Housing and Urban Development (HUD). The consolidated annual contributions contract defines the terms and conditions under which the Authority agrees to develop and operate all projects under the agreement. HUD authorized the Authority the following financial assistance from fiscal years 2003 to 2005:

- \$4.2 million in operating subsidies to operate and maintain its housing developments,
- \$2.4 million in Public Housing Capital Fund program funding to modernize public housing units, and
- \$45.1 million to provide housing assistance through tenant-based Section 8 vouchers.

Our audit objective was to determine whether the Authority carried out its operations in accordance with applicable HUD criteria.

RESULTS OF AUDIT

Finding 1: The Authority Did Not Properly Allocate Costs of \$59,816 to Its Nonfederal Housing Developments

The Authority improperly used federal funds to support its nonfederal housing developments. It did not ensure that salary and benefit costs were properly allocated to its nonfederal developments for services provided by its employees contrary to its consolidated annual contributions contract¹ and Office of Management and Budget Circular A-87.² This occurred because the Authority did not have adequate internal controls in place to ensure that it properly identified the source and allocation of its funds. As a result, it improperly paid \$59,816 from federal funds from January 2003 through August 2005 for salary and benefits of Authority employees who worked to support its nonfederal housing developments.

The Authority Improperly Used \$59,816 in Federal Funds

The Authority improperly paid \$59,816 from federal funds from January 2003 through August 2005 for salary and benefits of 10 Authority positions. Authority employees in the positions worked to support its five nonfederal housing developments. The employees provided a variety of services such as management, finance, information systems, and human resources functions. The improper payments occurred because the Authority's internal controls did not ensure that it properly allocated salary and benefit costs that reflected all services performed to support its nonfederal developments. In addition, it did not properly prepare personnel activity reports or equivalent documentation to support all services performed by its employees. As a result, \$59,816 in salary and benefit costs was not allocated to the nonfederal developments for services performed by Authority employees and was improperly paid from federal funds. This practice was contrary to the Authority's consolidated annual contributions contract and Office of Management and Budget Circular A-87.

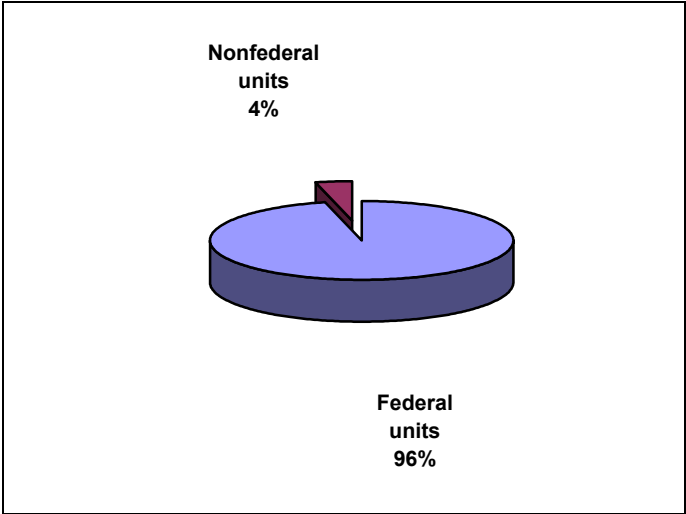
The Authority's annual contributions contract with HUD requires it to maintain records that identify the source and allocation of its funds. This key management control is critical to ensuring that the Authority spends federal funds, provided

¹Annual contributions contract, part A, section 9, "General Fund" – The Authority may withdraw funds from the general fund only for projects covered under the annual contributions contract.

²Office of Management and Budget Circular A-87, revised May 4, 1995, as further amended, August 29, 1997, attachment B, paragraph 11(h)(5), "Personnel Activity Reports."

through its annual contributions contract, only in accordance with the regulatory requirements of each specific federal program. Further, the contract specifies that the Authority can only withdraw federal funds for the payment of costs associated with the development and operation of projects under its annual contributions contract or other projects specifically approved by HUD. Thus, when employees work on multiple programs, a distribution of salaries should be supported by personnel reports or equivalent documents. The Authority's procedures were also not in accordance with Office of Management and Budget Circular A-87, which requires a distribution of salaries or wages to be supported by personnel activity reports or equivalent documentation.

Since the Authority could not provide documentation to support services provided by its staff members working on both federal and nonfederal projects, we estimated the total salary and fringe benefits that the low-income housing fund paid to support the nonfederal entities. Our estimate was calculated by multiplying the total salary and benefits costs paid to the applicable staff members we identified as having worked on both the federal and the nonfederal programs by the percentage the nonfederal units comprised of the total units under the Authority's management. The Authority has 542 public housing units and 2,403 Section 8 units under lease. It also has 115 nonfederal units for a total of 3,060. We divided 115 by 3,060 to arrive at an allocation percentage of 3.8 percent.



The Authority's accounting records showed that total salaries and benefits paid to the applicable staff members from January 2003 through August 2005 totaled \$1,574,111. We calculated the unsupported payments to be \$59,816 because the nonfederal units under management accounted for 3.8 percent of the Authority's total units. The Authority was proactive during the audit and provided documentation showing it would reasonably allocate its future expenses to its nonfederal housing developments. We therefore consider recommendation 1B closed.

Recommendations

We recommend that the director of the Baltimore Public Housing Program Hub require the Authority to

- 1A. Provide adequate documentation to support the allocation of \$59,816 identified in the report or reimburse its public housing program from nonfederal sources.
- 1B.* Develop a reasonable method for allocating future salaries and expenses to its nonfederal affiliated entities and ensure that these expenses are allocated on a monthly basis, thereby putting \$22,431³ to better use annually.

* This recommendation is closed.

³ \$59,816/32 months reviewed x 12 months = \$22,431.

Finding 2: The Authority Did Not Always Follow Federal Procurement Requirements When Awarding Contracts

The Authority's process for awarding contracts did not always comply with federal regulations or its own procurement policy. The Authority did not always adequately justify its award of contracts, nor did it always maintain sufficient records to fully document its procurement process. This occurred because responsible Authority officials lacked training related to procurement. As a result, the Authority improperly awarded a total of \$84,891 to four vendors without complying with its own procurement policy or federal regulations. For these contracts, the Authority had inadequate assurance that it paid reasonable prices or received the best value for the services it purchased.

The Authority Did Not Always Fully Document Its Contract Award Process

The Authority did not always maintain proper evidence to show that the appropriate measures were taken to ensure compliance with federal regulations when awarding contracts. Regulations at 24 CFR [*Code of Federal Regulations*] 85.36(b)(9) state that grantees and subgrantees will maintain records that are sufficient to document significant procurement history. Also, section 14 of the Authority's own procurement policy states that a full and complete record shall be made part of the purchasing record, stating what actions were taken and why.

We selected 10 of the Authority's 44 current contracts for our review and found deficiencies pertaining to four of the contracts. The Authority was not able to provide adequate procurement records to demonstrate that the four contracts were awarded within the guidelines set forth in the Authority's own procurement policies and federal guidelines. Each of the four contracts is discussed below.

The Authority Did Not Properly Justify a Contract It Awarded to a Sole Bidder for Legal Services

The Authority awarded an \$11,000 contract to a law firm that was a single bidder in August 2004 without performing the required cost analysis to justify the selection. Regulations at 24 CFR [*Code of Federal Regulations*] 85.36(d)(4)(ii) state that a cost analysis verifying the proposed cost data, the projection of the data, and the evaluation of the specific elements of costs and profits is required when only one bid is received for a contract. HUD Handbook 7460.8, section 4-33, further states that for a sealed bid that only receives one bid, a cost analysis is

required. The Authority did not have documentation to show that it performed a cost analysis or any elements of a cost analysis before awarding this contract.

The Authority Did Not Document Its Award of a Pest Control Contract

The Authority awarded a contract valued at \$25,875 to a vendor for pest control services but had no documentation showing the procurement process it used to select the vendor. Without the required documentation, we were unable to determine whether the contract was awarded properly. In particular, the Authority could not show that it conducted this procurement transaction in a manner providing for full and open competition. HUD's Procurement Handbook⁴ requires the Authority to follow its written procurement policy. The Authority's procurement policy reinforced federal requirements by requiring the Authority to competitively award contracts expected to exceed \$10,000. Since the Authority did not follow federal or its own procurement policy, it did not ensure that it efficiently used HUD funds.

The Authority Improperly Awarded a Sole Source Architect and Engineering Contract

The Authority also awarded a sole source contract valued at \$27,900 to an architect and engineering firm in September 2005 without advertising it as required. A memorandum in the file indicated that the selection was based upon prior work completed, but there was no documentation in the file to support the information in the memorandum. As stated above, the Authority's procurement policy required the Authority to competitively award contracts expected to exceed \$10,000. For professional engineering services, the Authority's procurement policy allowed it to select a vendor based on favorable past experience with the vendor, provided this was justified in writing. However, in this instance, the Authority did not solicit or evaluate bids as required and did not justify in writing why it selected the vendor. Therefore, it did not ensure that HUD funds were efficiently used.

⁴ HUD Handbook 7460.8, REV-1, paragraph 3-4 B.

The Authority Awarded a Consulting and Engineering Contract without Adequate Justification

The Authority also awarded a \$20,116 contract in July 2005 to a company to perform consulting and engineering services without adequately identifying why the contractor was chosen. Regulations at 24 CFR [*Code of Federal Regulations*] 85.36(d)(3)(v) state that when using competitive proposal procedures, the services and qualifications of competitors are to be evaluated and the most qualified competitor will be selected. The file on this contract contained information regarding rating criteria for the contract. The winning bid received a perfect score in each category. However, required documentation was not available explaining why the contractor received a perfect score. The Authority stated that it interviewed two of four contractors, including the contractor selected. However, there was no written documentation of the interviews in the file.

Authority Officials Lacked Procurement Training

Each department manager at the Authority was responsible for procuring contracts for his or her respective department. However, some of the department managers who awarded the contracts reviewed did not always have an adequate knowledge of federal or the Authority's procurement requirements. Additionally, Authority officials were unable to provide sufficient documentation to show that the responsible personnel had received sufficient training in procurement. The Authority can alleviate these problems by emphasizing the importance of properly following federal procurement regulations and its own procurement policy to responsible personnel and providing them needed training in this regard.

Recommendations

We recommend that the director of the Baltimore Public Housing Program Hub require the Authority to

- 2A. Provide adequate documentation to justify its awarding of the four contracts discussed in this finding as required by federal procurement regulations. If the Authority is unable to provide adequate supporting documentation, it should repay the program \$84,891 or the amount currently expended under the contract from nonfederal funds and cease paying the remaining amount from federal funds.

- 2B. Emphasize to responsible personnel the need to properly follow federal procurement regulations and its own procurement policy and provide them needed training in this regard, thereby putting future funds of \$84,891 to better use.

Finding 3: The Authority Did Not Always Make Correct Housing Assistance Payments

The Authority incorrectly calculated income when computing the rent and subsidies for some of the recipients of its Section 8 Housing Choice Voucher program. This occurred because the Authority did not have sufficient quality control procedures in place to ensure that administrative errors made by the Authority's staff would be detected. As a result of the errors, the Authority made housing assistance overpayments totaling \$5,090 and housing assistance underpayments totaling \$773.

The Authority Made Housing Assistance Overpayments of \$5,090 and Housing Assistance Underpayments of \$773

We reviewed 63 randomly selected Section 8 files, and in 18 files (29 percent), the Authority did not correctly calculate housing assistance payments, resulting in overpayments of \$5,090 and underpayments of \$773.

Our review of the Authority's calculations and documentation contained in the tenant files (for example, paycheck stubs and employment verification forms) showed the Authority's procedures were not always effective in ensuring that rent and subsidies were calculated correctly. For example, the following simple mathematical errors were missed: the overestimation of child care deductions and the use of net income instead of gross income to estimate annual income. In addition, there were instances in which child care verification documents did not list the correct recipient name and child name. The errors were missed because the Authority did not have quality control procedures in place to ensure that the inaccuracies would be detected.

HUD Handbook 7420.10g, chapter 6, describes the guidelines for calculating the rent and subsidies. Chapter 22 of the handbook describes the quality control procedures necessary for ensuring the calculations are correct. Specifically, chapter 22 requires housing authorities to establish quality control procedures to ensure that staff's daily decision making on tenant eligibility and tenant rent complies with program regulations and is based on accurate information. Additionally, the procedures should include adequate training of staff and monitoring of their performance.

The Authority can reduce the risk of error associated with calculations of rent and subsidies by implementing quality control procedures as required by HUD Handbook 7420.10g, chapter 6. The quality control procedures should include

training and periodic reviews of the work done by Section 8 occupancy technicians to ensure that income, rent and subsidies are properly calculated.

Despite the deficiencies noted in our audit, all of the Section 8 files reviewed showed that the recipients met income eligibility requirements. In addition, HUD recently rated the Authority as a standard performer under its Section 8 Management Assessment program.

Recommendations

We recommend that the director of the Baltimore Public Housing Program Hub

- 3A. Reduce the amount of housing assistance payments by \$5,090 on the Authority's next Section 8 year-end settlement statements to account for the overpayments.
- 3B. Reimburse applicable tenants \$773 for the housing assistance underpayments, thereby putting these funds to better use.
- 3C. Require the Authority to implement written internal control procedures to help prevent future mistakes, including training and periodic reviews of work done by Section 8 occupancy technicians to ensure that annual income, rent, and subsidy amounts are properly calculated.

Finding 4: The Authority Did Not Settle \$61,867 in Interfund Balances Due to Its Low-Rent Public Housing Fund in a Timely Manner

Contrary to its annual contributions contract, the Authority used low-rent public housing funds to pay expenses of other HUD programs and did not settle the balance due to the low-rent public housing fund in a timely manner. This occurred because the Authority did not have adequate internal controls requiring it to reconcile and settle its accounts monthly. As a result, \$61,867 in low-rent public housing funds was used to pay expenses of other HUD programs and was not reimbursed to the public housing fund for over 30 days.

Interfund Balances Due to the Low-Rent Public Housing Fund Were Not Settled Monthly

The Authority used a due-to/due-from accounting system to account for transactions directly between other funds and/or other entities included within its general ledger but did not have adequate internal controls requiring it to reconcile and settle its accounts monthly. A program's or entity's due-to balance represents amounts it owes (payable) another fund or entity for disbursements and/or advances made on its behalf. A due-from balance (receivable) represents an amount owed the program or entity.

According to the fiscal year 2004 independent audit of the Authority's financial statements, \$350,470 was owed to the low-rent public housing fund from other HUD programs including the Public Housing Capital Fund, Community Development Block Grant, and HOME Investment Partnerships, as well as two tax credit properties developed outside of HUD and not part of the annual contributions contract. At the end of fiscal year 2005, \$61,867 was owed to the low-rent public housing fund from the Community Development Block Grant (\$4,509) and the HOME Investment Partnerships (\$57,358) programs.

The Authority's use of low-rent public housing funds to support other HUD programs is a violation of its annual contributions contract. Section 9(C) under part A of the contract states that the Authority may withdraw funds from the general fund only for the payment of the costs of development and operation of the projects under the annual contributions contract with HUD, the purchase of investment securities as approved by HUD, and such purposes as may be specifically approved by HUD. It further states that program funds are not fungible and that withdrawals shall not be made for a specific program in excess of the funds available for the program.

The violation of the annual contributions contract occurred because the Authority did not have adequate internal controls to ensure that it reimbursed its low-rent

public housing program in a timely manner. Therefore, the Authority should take action to reimburse the low-rent public housing fund \$61,867 from its Community Development Block Grant and HOME Investment Partnerships programs and create and implement policies and procedures to reconcile and settle its accounts monthly.

Recommendations

We recommend that the director of the Baltimore Public Housing Program Hub require the Authority to

- 4A. Repay its low-rent public housing fund \$61,867 owed by the Community Development Block Grant and HOME Investment Partnerships programs.
- 4B. Create and implement policies and procedures to ensure the due-to/due-from account is reconciled and settled monthly, thereby putting \$61,867 in public housing funds to better use over a one-year period.

SCOPE AND METHODOLOGY

We performed the audit from September 2005 through March 2006 at the Authority located in Hampton, Virginia. The audit was performed in accordance with generally accepted government auditing standards.

The audit covered transactions representative of operations current at the time of the audit and included the period January 2003 through August 2005. We expanded the scope of the audit as necessary. We reviewed applicable regulations and guidance and discussed operations with management and staff personnel at the Authority.

To determine whether the Authority carried out its operations in accordance with applicable HUD requirements, we

- Reviewed the Authority's internal control structure,
- Reviewed 10 of 44 active contracts with an estimated dollar value of more than \$2 million,
- Used audit software to randomly select and review 63 Section 8 tenant files and 10 public housing tenant files,
- Reviewed 10 of 124 drawdowns from the Line of Credit Control System totaling approximately \$2.2 million, and
- Reviewed the Authority's interfund balances.

INTERNAL CONTROLS

Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

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

- Properly allocating applicable costs to the Authority's affiliated nonfederal entities,
- Conducting all procurement transactions in accordance with federal procurement regulations,
- Accurately calculating rent and subsidies of families in the Authority's Section 8 program, and
- Settling interfund balances on a monthly basis.

We assessed the relevant controls identified above.

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

Significant Weaknesses

Based on our review, we believe the following items are significant weaknesses. The Authority did not

- Have a plan for properly allocating applicable costs to the Authority's affiliated nonfederal housing developments.
- Ensure that procurement transactions were conducted in accordance with federal procurement regulations.
- Have an adequate quality control program to ensure that rent and subsidies were accurately calculated.
- Implement procedures to ensure that interfund balances were settled on a monthly basis.

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1A		\$59,816	
1B			\$22,431
2A		\$84,891	
2B			\$84,891
3A	\$5,090		
3B			\$773
4A	\$61,867		
4B			\$61,867
Total	\$66,957	\$144,707	\$169,962

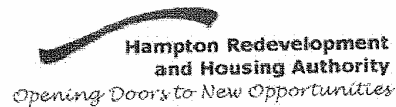
- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or federal, state, or local polices or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of audit. Unsupported costs require a 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.
- 3/ “Funds to be put to better use” are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in pre-award reviews, and any other savings which are specifically identified. In these instances, if the Authority implements our recommendations, it will 1) cease improperly using low-rent public housing funds annually to support its nonfederal entities; 2) prudently use federal funds to obtain the best possible value for services; 3) use \$773 in Section 8 funds to serve its purpose of assisting eligible families; and 4) cease using low-rent public housing funds to support other programs.

Appendix B


AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



TO: John P. Buck, Regional Inspector General for Audit
Philadelphia Regional Office, 3AGA

FROM:  Frank A. Lofurno, Executive Director

SUBJECT: Response to Draft Audit Report – Hampton Redevelopment
And Housing Authority

DATE: July 5, 2006

The following is the Authority's response to the audit findings from the Office of Inspector General draft audit report received June 2, 2006.

Comment 1

Finding 1: The Authority Did Not Properly Allocate Costs of \$59,816 to Its Nonfederal Housing Developments

Per the recommendation, the Authority has reimbursed \$59,816 to the low-rent public housing program from nonfederal sources. In addition, as stated in the report, the Authority has changed its allocation method to reasonably allocate expenses to its nonfederal housing developments.

Comment 2

Finding 2: The Authority Did Not Always Follow Federal Procurement Requirements When Awarding Contracts

Per the recommendations, the Authority has provided documentation to justify its awarding of the four contracts discussed in this finding. The Authority has emphasized, to responsible personnel, the need to properly follow federal procurement regulations and its own procurement policy. The Authority will provide the needed training.

Comment 3

Finding 3: The Authority Did Not Always Make Correct Housing Assistance Payments

Per the recommendations, the Authority has reimbursed the \$773 to the applicable tenants for the housing assistance underpayments and the Authority has developed written internal control procedures to be included in the Section 8 Administrative Plan.

Comment 4

Finding 4: The Authority Did Not Settle \$61,867 in Interfund Balances Due to Its Low-Rent Public Housing Fund in a Timely Manner

Per the recommendations, the Authority has reimbursed its low-rent public housing fund \$61,867 that was owed from the Community Development Block Grant and HOME Investment Partnerships programs. The Authority has developed procedures to reconcile and settle the due-to/due-from account on a monthly basis.

P. O. Box 280, Hampton, VA 23669
Telephone 757-727-6337 Facsimile 757-727-6368 TDD 757-727-6339

OIG Evaluation of Auditee Comments

- Comment 1** The Authority provided a copy of a \$59,816 check it issued to reimburse the low-rent public housing program for not properly allocating costs to its nonfederal housing developments. Once we receive evidence showing the check has cleared, we will consider recommendation 1A closed.
- Comment 2** We evaluated documentation the Authority provided to justify the four contracts it awarded, and concluded that it had not yet provided sufficient documentation to close recommendation 2A. The Authority stated training will be provided to ensure federal procurement regulations and its own procurement policies are properly followed. A description of the training and documentation for employee attendance will be required to close recommendation 2B.
- Comment 3** The Authority provided copies of checks reimbursing tenants for the \$773 in housing assistance underpayments. We therefore consider recommendation 3B closed. The Authority also provided documents identifying a written internal control procedure that will be added to their Administrative Plan, which adequately addresses recommendation 3C.
- Comment 4** The Authority provided copies of checks reimbursing the low-rent public housing fund from the Community Development Block Grant and HOME Investment Partnerships programs. Once we receive evidence showing the checks have cleared, we will consider recommendation 4A closed. The Authority also provided a written internal control procedure that will be included in its Administrative Policies and Procedures Manual, which is sufficient to close recommendation 4B.