

U.S. Department of Housing and Urban Development

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**Audit Related Memorandum
No. 97-BO-209-1803**

MEMORANDUM FOR: Carl J. Byers, Director of Public Housing, 1PHA

FROM: James F. Doherty, Assistant District Inspector General, Office of Audit, 1AGA

SUBJECT: Fall River Housing Authority
Public Housing Drug Elimination Program (PHDEP)
Fall River, Massachusetts

We conducted an audit of the Fall River Housing Authority's (PHA's) Public Housing Drug Elimination Program (PHDEP) for Fiscal Years 1994 through 1996. The purpose of our review was to evaluate whether the PHA had adequate controls over the implementation and administration of its drug elimination program.

A copy of our report is being provided to the PHA.

Background

The goals of the PHDEP are to eliminate drug related crimes and problems associated with it; encourage Housing Authorities and Resident Management Corporations to develop a plan to address drugs and other related problems that includes prevention and intervention initiatives that can be sustained over a period of several years. The PHA has targeted 1,707 Federally-assisted, Low-Income Housing units in 14 developments under the Drug Elimination Program.

In its Notices of Fund Availability (NOFA), HUD also encourages PHAs to utilize the PHDEP for other eligible activities such as job training, employment opportunities, referrals for family support services and economical and educational opportunities for residents.

To receive PHDEP funding, Housing Authorities must submit an annual grant application to HUD, using a PHDEP application kit, which contains eligibility requirements, selection

information and rating criteria. The points an application receives depends on the extent to which an application is responsive to information requested in NOFAs. Applications are evaluated based on four selection criterion: (1) extent of crime at HA sites; (2) quality of the HA's anti-crime plan; (3) capacity of the PHA to implement its plan; and (4) extent to which residents and locality participate in and support the HA's anti-crime plan.

The PHA received it's first Drug Elimination grant of \$250,000 PHA in 1990 and has received additional grants every year for this purpose. The PHA uses it's PHDEP grant funds in three main areas: law enforcement for additional security and protective services (line item 9110), drug prevention programs (line item 9160) and drug intervention programs (line item 9170).

For Fiscal Years 1994 through 1996, the PHA received and disbursed PHDEP grant funds as follows:

Fiscal Year	Grant Award	Disbursed (as of 2/28/97)	Remaining Balance
1994	\$ 426,750	\$395,862	\$ 30,888
1995	\$ 426,750	\$107,133	\$319,617
1996	\$ 426,750	\$ 0	\$426,750
Totals	\$1,280,250	\$502,815	\$777,255

Law enforcement is the only component of the PHA's PHDEP program which utilizes funds from both the PHDEP and the CGP. Our review disclosed that \$777,132 of the \$12,259,820 awarded under the 1993-1995 CGP grants, was budgeted for application to PHDEP/CGP Police Patrol Contracts. Of this amount, the PHA expended \$433,628 on the contracts.

Scope

We limited our review to the PHA's controls and procedures over the administration and implementation of it's Drug Elimination Program for FYs 1994 through 1996 to ensure that applicable program goals were being achieved in Law Enforcement and Drug Prevention/Intervention Programs.

We focused our review on PHDEP grants awarded in FY 1994 through 1996. Where necessary, we also reviewed CGP funds expended in conjunction with PHDEP funds on Fall River's 1994 through 1996 Police Contracts. To accomplish the audit objective, we:

- Interviewed HUD Massachusetts State Office, Public Housing Division, Supervisor of Operations, and Functional Specialists to determine what controls the PHA has over administration of its Public Housing Drug Elimination Grants.

- Interviewed PHA staff on administrative practices over its Drug Elimination Program to evaluate if the PHA was performing in an economical and effective manner.
- Interviewed the Tenant Council President, to obtain the opinions of the tenant groups on the effectiveness of the PHA's Drug Elimination Programs and to assure that the PHA achieved the desired outcomes of the PHDEP grant through the programs outlined in it's applications.
- Reviewed 26 PHDEP vouchers totalling \$284,452 (19 vouchers totalling \$269,732 from FY 94, and seven vouchers totalling 14,720 from FY 95) to determine the reasonableness and eligibility of program costs.
- Evaluated programs developed by the PHA to assure that they were implemented and administered effectively, and accurately reported.
- Interviewed PHA staff on the PHDEP application process and possible PHDEP program improvements.

Audit work was performed from February through April 1997 and covered the period from January 1, 1994 through February 28, 1997 and was extended to included other periods where appropriate.

Conclusion

The PHA conscientiously developed it's drug elimination programs while targeting the specific needs of it's developments. The PHA's programs were effective in reducing drug related crime, preventing drug abuse, and providing drug education services to both the juvenile and adult community. The PHA's semi-annual performance reports were accurate and met the objectives they outlined in the their PHDEP applications.

Our evaluation disclosed that Fall River was successful in implementing it's programs and efficient in administering them. The PHA surveys it's tenants at least once a year and, semiannually, when an idea, new plan, program or strategy is brought forward.

- The Recreation Program is focused on developing parent and youngster involvement in community activities.
- The security program is applied to the PHA and surrounding areas. The security program uses both the PHDEP and the CGP as funding sources for Fall River Police Department (FRPD) contracts. By using funds from both grants, the PHA has been very effective in improving security and reducing Drug related crime on or about the premises of the Federal Housing Projects.

- The prevention program provides community services to the tenants. The services stress a high awareness of drug abuse and prevention, while providing enjoyable activities to a community for young people and adult volunteers.
- Intervention programs provide drug educational services both to young people and the adult community.

The PHA developed comprehensive programs to reduce drug related crime, prevent drug abuse, and provide drug education services to its tenants. The amounts expended to carry out these programs, under the FY 1994 and 1995 grants, were for reasonable program expenses. For the grant years reviewed, the PHA adequately requisitioned program materials and services, paid eligible program expenses.

The success of the PHA's PHDEP is noteworthy. However, improvements could be made in the PHA's administration of its Security program. The PHA did not adequately establish the baseline of services provided by the Fall River Police Department (FRPD) prior to the implementation of its FRPD contracts.

The PHA's Assistant Executive Director stated "baseline services were defined in our application as the ordinary police services provided to the developments as a result of the overall deployment of police resources to respond to crime and other public safety incidents".

Although the PHA's security contracts were written to demonstrate the extent to which the FRPD services represent an increase over the baseline, the PHA's 1994 and 1995 PHDEP applications did not adequately establish the baseline as defined in the NOFAs and in 24 CFR Part 961.10(b)(2)(i).

This section of the CFR provides:

"Additional security and protective services to be funded under this program must be over and above those that the tribal, state or local government is contractually obligated to provide under its Cooperation Agreement with the applying PHA (as required by the PHA's Annual Contributions Contract). An application seeking funding for this activity must first establish a baseline by describing the current level of services (in terms of the kinds of services provided, the number of officers and equipment and the actual percent of their time assigned to the developments proposed for funding) and then demonstrate to what extent the funded activity will represent an increase over this baseline."

The PHA has expended \$235,182 in PHDEP funds on its FRPD security contracts. CGP grants awarded between 1993 and 1995 also expended \$433,628 on these contracts. Since 1993, the PHA has executed detailed and effective contracts with the City of Fall River for Police services on and about the federal projects in the PHA.

The PHA implemented a separate Memorandum of Understanding which it attached to the first Police contract in 1993. This Memorandum stated: "The City of Fall River will hire ten additional policemen" for the PHA's contracts for patrols in exclusively on and about the premises. Each year, the PHA executes a maintenance contract with the city of Fall River for the same supplemental police patrols.

During the course of our review, however, the PHA provided the necessary documentation to support the baseline of services.

As a result of our review, we have determined that the Fall River Housing Authority has developed, implemented, and administered its PHDEP grants in an economical, effective, and efficient manner. Consequently, we are not making any recommendations in this report.

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The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs, United States Senate, Washington, DC 20510-6250 (1)

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