



Issue Date	March 11, 1999
Audit Case Number	99-NY-206-1005

TO: Joan K. Spilman, Director of Public Housing, 2CPH

FROM: Alexander C. Malloy, District Inspector General for Audit, 2AGA

SUBJECT: Cohoes Housing Authority  
Low-Rent Housing Program  
Cohoes, New York

We completed an audit of the Cohoes Housing Authority, referred to herein as the Public Housing Authority (PHA) pertaining to its Federal Low-Rent Housing (LRH) Program. The purpose of the audit was to determine the adequacy of internal controls over the safeguarding of cash and other assets, and to determine whether the PHA has complied with the terms and conditions of the Annual Contributions Contract (ACC) and other applicable U.S. Department of Housing and Urban Development (HUD) regulations and requirements. The audit covered the period October 1, 1995 to March 31, 1998 and was extended, where appropriate, to include other periods. We performed the audit field work between April 1, 1998 and January 14, 1999.

The audit showed that the PHA generally has complied with program requirements and regulations pertaining to its LRH program, and that decent, safe and sanitary housing has been provided to tenants. However, the audit also showed that the PHA needs to improve operating controls to ensure that assets are properly safeguarded against waste and loss, and to increase assurance that its programs are operated in a way that achieves full compliance with the terms and conditions of the ACC and other applicable HUD regulations and requirements.

The report contains nine findings. The findings show that the PHA lacked sound internal controls over its operations and that its administrative policies and procedures did not always comply with applicable HUD regulations and requirements. These weaknesses caused the PHA to incur ineligible costs of \$3,519.89 and unsupported costs of \$89,707.69. To ensure compliance, the PHA needs to: (a) ensure that costs are eligible, necessary and supported prior to incurrence; (b) ensure that travel and

conference costs are economical and in accordance with requirements; (c ) ensure that its personnel practices conform with established policies; (d) ensure the propriety of payments for legal and accounting services; (e) adopt controls to ensure that equipment is disposed in accordance with policy requirements; (f) improve its procedures over occupancy and rent charges; (g) adopt controls to ensure that a quorum is present at board meetings; and (h) improve its administrative and accounting controls.

Within 60 days please furnish this office, for each recommendation cited in this report, 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 not considered necessary. Also, please furnish us copies of any correspondence or directives issued related to the audit.

Should you or your staff have any questions, please contact William H. Rooney, Assistant District Inspector General for Audit, at 212-264-8000, extension 3976.

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# Executive Summary

We performed an audit of the Cohoes Housing Authority, herein referred to as the Public Housing Authority (PHA), pertaining to its Federal Low-Rent Housing (LRH) Program. The primary objectives of the audit were to evaluate the PHA's internal controls for safeguarding cash and other assets, and to determine whether it complied with the terms and conditions of the Annual Contributions Contract (ACC) as well as other applicable HUD regulations and requirements.

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## Results

The audit disclosed that the PHA is generally providing decent, safe and sanitary housing to its tenants. However, the PHA did not always comply with program requirements and regulations pertaining to various activities of its LRH program. The noncompliances were generally caused by inadequate controls, which led to the ineligible and unsupported use of funds, as discussed in the findings.

The results of our audit are discussed in the findings of this report and are summarized below.

### 1. Ineligible and Unsupported Travel Costs

The PHA does not have adequate control over its travel activities to ensure that travel costs are necessary, reasonable and adequately supported, as required. As a result, ineligible and unsupported travel costs of \$2,199.64 and \$11,310.89 respectively have been incurred. The travel deficiencies are attributed to the PHA's general unfamiliarity with procedural and documentation requirements.

### 2. Ineligible and Unsupported Payments Were Made From the General Fund

The PHA did not maintain adequate control over disbursements from the General Fund. The controls were inadequate because procedures were not implemented to ensure that costs were eligible and properly supported prior to payment. As a result, the PHA charged its LRH Program with ineligible and unsupported costs totaling \$1,150 and \$8,429.22 respectively.

### 3. Personnel Management Deficiencies Were Identified

Contrary to its personnel policy and/or sound business practice, the PHA: (1) has reimbursed retirees and their spouses for medicare premiums and for the spouses' portion of health insurance; (2) violated provisions of its personal leave policy; and (3) does not have an employment contract with the Executive Director. These deficiencies can be attributed to the PHA's general unfamiliarity with applicable requirements. As a result, there is inadequate assurance that the related personnel costs were proper and reasonable. Furthermore, the PHA charged its LRH Program with ineligible and unsupported costs of \$170.25 and \$25,779.58 respectively.

### 4. Controls Over Legal Services and Costs Need to be Strengthened

Contrary to HUD regulations and requirements, the PHA has: (1) used an improper method of procuring and awarding a contract for legal services; and (2) routinely paid for legal services without any documentation being provided as evidence that the contracted services were rendered. The deficiencies can be attributed to the PHA's general unfamiliarity with applicable regulations and requirements. As a result, assurance that the related procurement, award and contract costs were proper and reasonable has been diminished and the PHA has incurred costs of \$31,200 that are unsupported.

### 5. Questionable Payments For Accounting Services

The PHA made various payments for services, in addition to those for fee accounting, during the audit period. Our review showed that the payments: (1) were contrary to Federal procurement regulations; (2) did not adhere to the provisions of the contract for accounting services; and (3) may not meet the necessary and reasonable requirements. The questionable payments occurred because procedures were not in effect to ensure that the costs were necessary and properly supported prior to payment. As a result,

program funds were expended for services that were not determined to be necessary and the amounts paid totaling \$12,988 are considered to be unsupported.

6. Equipment Was Disposed Contrary to Policy Requirements

Contrary to policy requirements, the PHA disposed various items of nonexpendable equipment without any documented attempts to locate a prospective purchaser. The noncompliance with requirements occurred through an apparent oversight. As a result, the PHA has not realized the fair market value of the disposed equipment.

7. Improvements Are Needed in Charging Rents and Related Occupancy Procedures

Contrary to HUD requirements and/or its own policies, the PHA has: (1) not conducted tenant recertifications on a timely basis; (2) charged tenants incorrect rents; (3) not assessed late charges to tenants; and (4) not addressed all of the items contained on the annual inspection checklists. The deficiencies can be attributed to the PHA's belief that its rental and occupancy procedures were adequate and in conformance with requirements. As a result, additional potential revenues are either not realized or not timely realized. Furthermore, the PHA does not have adequate assurance that its LRH program is administered in accordance with Federal requirements.

8. Quorum Needed to Conduct Board Meetings

A review of the PHA's Board Meeting minutes showed that two Board Meetings were conducted without a quorum present. The meetings were conducted due to an apparent oversight by the members present as to the number of members needed to reach a quorum. As a result, the resolutions adopted, along with the other business conducted, are deemed invalid.

9. Need to Improve Administrative and Accounting Controls

Our review showed various deficiencies involving administrative and accounting controls and procedures that have weakened the PHA's system of internal control. The deficiencies occurred because procedures were not implemented to ensure that adequate administrative and accounting controls were executed to meet program requirements. As a result, the PHA does not have assurance that funds are properly safeguarded against waste and loss and that its housing programs are administered in accordance with Federal regulations and requirements.

Recommendations

As part of each finding, we have recommended certain actions which we believe will correct the problems discussed in the findings and strengthen the PHA's administration of its housing programs.

Exit Conference

The results of the audit were discussed with PHA officials during the course of the audit, and at an exit conference held on January 14, 1999. The exit conference was attended by Michael J. Brooks, Executive Director, and Thomas F. Cosgrove, Senior Auditor.

The PHA generally agreed with the audit findings. Their comments have been included at the end of each finding in the report.

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## Acronyms

ACC	Annual Contributions Contract
CFR	Code of Federal Regulations
HUD	Department of Housing and Urban Development
IPA	Independent Public Accountant
LRH	Low-Rent Housing
OIG	Office of Inspector General
OMB	Office of Management and Budget
PHA	Cohoes Housing Authority
RFP	Request for Proposal



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# Introduction

The PHA is governed by a seven member Board of Commissioners. Five members are appointed by the Mayor and serve five year terms. The other two members are elected by the tenants and serve two year terms. The Board establishes policy and takes official action as required by Federal and State law. The Executive Director, who is responsible for managing the overall day-to-day operations of the PHA, is Michael J. Brooks Jr. The books and records are located at the administration office located at 100 Manor Avenue Sites, Cohoes, New York 12047.

The PHA's fiscal year is from October 1 through September 30. The PHA operates four developments containing 306 units. The developments consist of 212 family units and 94 senior units. In addition, the PHA administers 317 units of Section 8 housing along with Drug Elimination and Comprehensive Grant Programs.

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## Audit Objectives

The objectives of the audit were to evaluate internal controls for safeguarding cash and other assets and to determine whether the PHA complied with the terms and conditions of the ACC and other applicable regulations and requirements.

## Audit Scope and Methodology

We evaluated controls and procedures over travel, legal services and accounting services; determined whether costs charged to the PHA's housing programs were reasonable and eligible; evaluated personnel procedures and procedures for occupancy and rent charges; determined whether the PHA complied with applicable guidelines governing the disposition of equipment and conducting board meetings, and evaluated procedures and practices relating to general accounting and administrative controls.

Audit procedures included examination of records and files, interviews with PHA staff and visits to the housing developments. In addition, the PHA's policies, procedures and practices for managing its operations were reviewed. Specific audit testing was based primarily on judgmentally or selected samples representative of the transactions in the areas reviewed.

## Audit Period

The audit covered the period from October 1, 1995 to March 31, 1998. However, activity prior and subsequent to this period was reviewed, as we deemed necessary. The audit field work was conducted between April 1, 1998 and January 14, 1999.

A copy of this audit report has been provided to the Executive Director of the PHA.

The audit was conducted in accordance with generally accepted government auditing standards.

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## Ineligible and Unsupported Travel Costs

The PHA does not have adequate control over its travel activities to ensure that travel costs are necessary, reasonable and adequately supported, as required. As a result, ineligible and unsupported travel costs of \$2,199.64 and \$11,310.89, respectively have been incurred. The travel deficiencies are attributed to the PHA's general unfamiliarity with procedural and documentation requirements.

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We reviewed 10 out-of-town trips and 16 payments that were made in connection with those trips during the audit period. Deficiencies were found in all 16 payments reviewed. The deficiencies involve both ineligible and unsupported costs.

The types of ineligible and unsupported travel costs include:

### Ineligible and unsupported travel costs

Ineligible travel costs represent costs paid for a retired employee who is an ineligible traveler, and other hotel and meal costs incurred within the local area of the PHA. Accordingly, these out-of-town travel costs do not represent a necessary or reasonable cost and are considered ineligible.

Unsupported costs include payments for travel costs that did not have prior authorization by the board as required; costs incurred without documentation to identify the purpose of the trip; costs incurred for Saturday and Sunday and/or first class airfare; costs where receipts for hotel and meals were not provided, and the costs of meals for more than one traveler without documentation identifying all the travelers.

The ineligible and unsupported costs are further described in Appendix B of this report.

Part A, Section 2 of the ACC defines operating expenditures as those necessary for the operation of the project. In addition, Chapter II of the Public and Indian Housing Low-Rent Technical Accounting Guide 7510.1 stipulates that the PHA must maintain source documents and files that support the financial transactions recorded in

the books of account, and that provide an adequate audit trail. This includes such items as documents identifying the source of cash receipts, canceled checks, and paid bills.

Travel Policy Deficient

A review of the PHA's travel policy showed that several aspects of the policy are deficient. For example, the policy does not specify or stipulate whether travel costs will be reimbursed on a per diem or actual cost basis. The lack of such a stipulation could allow for the incurrence of costs that may not be necessary or reasonable.

In addition, travelers are not required to prepare and submit travel vouchers. A travel voucher is necessary for all travel performed on behalf of the PHA. The voucher should specify the different types of reimbursements requested such as mileage, tolls, taxis, hotels, meals, along with departure and arrival times. etc. Such documentation is essential in order to consolidate and control the costs associated with a particular trip.

Part A, Section 15 of the ACC provides that the PHA must maintain complete and accurate books of account for the projects in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit a timely and effective audit.

We believe that the PHA needs to amend its travel policy to stipulate whether travel costs will be reimbursed on a per diem or actual basis. Such stipulation should conform with local policy requirements. Procedures should also be implemented to ensure that travel vouchers are prepared and that source documentation is obtained to support all costs prior to reimbursement. Unless the policy and documentation controls are implemented, deficiencies similar to those cited above will continue.

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Auditee Comments

The PHA will adopt the recommendations of the Office of Inspector General (OIG) pertaining to the travel of its employees and residents. The travel policy will be followed as outlined in its Personnel Policy. The PHA will design and implement a travel voucher which will include information that explains all travel cost. The PHA will also adopt a per diem and actual cost policy and will endeavor to support all unsupported travel cost outlined in this finding.

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Recommendations

We recommend that you require the PHA to:

- 1A. Reimburse , from non-Federal funds, the amount of the ineligible costs.
- 1B. Provide additional documentation and justifications for the unsupported costs so that an eligibility determination can be made.
- 1C. Reimburse, from non-Federal funds, the amount of any unsupported costs determined to be ineligible.
- 1D. Amend its travel policy to stipulate whether travel costs will be reimbursed on a per diem or actual cost basis.
- 1E. Implement procedures to ensure that travel vouchers are prepared and that source documentation is obtained to support all costs prior to reimbursement.

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## Ineligible and Unsupported Payments Were Made From the General Fund

The PHA did not maintain adequate control over disbursements from the General Fund. The controls were inadequate because procedures were not implemented to ensure that costs were eligible and properly supported prior to payment. As a result, the PHA charged its LRH Program with ineligible and unsupported costs totaling \$1,150 and \$8,429.22 respectively.

An initial review was made of disbursements to test for compliance. The review disclosed a variety of deficiencies as well as payments for ineligible and unsupported costs. Therefore, the review was expanded to include disbursements throughout the entire audit period. The items contained in this finding should not be considered all inclusive; rather they represent only those ineligible and unsupported costs that were found as a result of our tests.

### Ineligible and Unsupported Costs

Ineligible costs include payments for: (1) donations or contributions; (2) penalty and interest charges; and (3) one instance where membership dues were paid for a former employee who was retired. Unsupported costs include payments for which: (1) there is no purchase order; (2) there is no explanation why the cost was incurred; (3) the cost is unsupported as being necessary and reasonable; (4) there is no documentation to support the charge; and there is no invoice to support the cost. These ineligible and unsupported costs are further described in Appendix C of this report.

### Criteria

Attachment B of Office of Management and Budget (OMB) Circular A-87 provides the standards for the determination of allowable and unallowable costs. Section 4, Part A of the ACC provides that the PHA shall operate each project in a manner that promotes serviceability, economy, efficiency and stability of the project. In addition, Section 2, Part A of the ACC provides that operating expenditures shall be necessary for the operation of the project.

We believe that incurring many of these costs have reduced the PHA's assurance that projects were operated economically and efficiently and that all costs incurred were

necessary. Accordingly, the ineligible costs should be repaid from non-Federal funds and the PHA should be required to submit further documentation and justification for the unsupported costs.

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**Auditee Comments**

The PHA will attempt to provide documentation to determine cost that has been deemed ineligible or unsupported. Some cost labeled as contributions were used to enhance its position in the community and for advertisement. The PHA will provide, in the future, a more detailed explanation of its expenditures and will establish justification procedures for all purchase from the General Fund. Purchase orders will accompany all purchases.

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**Recommendations**

We recommend that you require the PHA to:

- 2A. Implement procedures that will prohibit the incurrence of ineligible costs and ensure that all costs are properly supported prior to payment. Also, implement procedures to ensure that all costs meet the economy, efficiency and necessity requirements.
- 2B. Reimburse the General Fund, from non-Federal funds, the amount of the ineligible costs.
- 2C. Provide additional documentation and information as justification for the unsupported costs so that an eligibility determination can be made.
- 2D. Reimburse the General Fund from non-Federal funds, the amount of any unsupported costs determined to be ineligible.



# Personnel Management Deficiencies Were Identified

Contrary to its personnel policy and/or sound business practice, the PHA: (1) has reimbursed retirees and their spouses for medicare premiums and for the spouses' portion of health insurance; (2) violated provisions of its personal leave policy; and (3) does not have an employment contract with the Executive Director. These deficiencies can be attributed to the PHA's general unfamiliarity with applicable requirements. As a result, there is inadequate assurance that the related personnel costs were proper and reasonable. Additionally, we found that the PHA charged its LRH Program with ineligible and unsupported costs of \$170.25 and \$25,779.58 respectively.

The particulars pertaining to the above deficiencies are described in further detail below:

## Health Insurance Premiums

### Unsupported Health Insurance Premiums

Our review showed that the PHA has been reimbursing retirees and their spouses for the cost of medicare premiums and for the spouses' portion of health insurance. During the audit period, the reimbursements for medicare premiums amounted to \$6,561.70 and the spousal health benefits totaled \$25,779.58. However, research conducted by the PHA showed that it is not obligated to reimburse either the retiree or the spouse for medicare premiums and is not authorized to pay the spousal portion of the health insurance benefit.

Section 4, Part A of the ACC provides that the PHA shall operate each project in a manner that promotes serviceability, economy, efficiency and stability of the project. In addition, Section 2, Part A of the ACC provides that operating expenditures shall be necessary for the operation of the project.

Subsequent to our audit period, the PHA notified the affected personnel of the results of its research. Further discussions with PHA officials disclosed that the PHA intends to stop further payments for medicare premiums for retirees and their spouses and for the spouses' health insurance as of December 31, 1998. Since the PHA was not

authorized or obligated to make the aforementioned payments for health coverage, the cost may not represent necessary operating expenditures for the operation of its housing projects. Therefore, the amount of \$25,779.58 is considered to be unsupported.

Unused Sick Leave

Ineligible Payment for  
Unused personal leave

A review of the separation payments for employees that left the PHA during the audit period showed that one former employee who resigned, received an ineligible payment of \$170.25 for unused sick leave.

Section 4, Paragraph D of the PHA's Personnel Policy specifically provides that in the event of resignation or discharge of any employee, their unused personal leave time shall be canceled and not paid.

The Personnel File for the employee who received payment for unused personal leave contained a letter of resignation. Hence, the payment violates PHA policy and is ineligible.

Employment Contract

Employment Contract is  
Needed

Our review showed that there is no separate contract or agreement between the Executive Director and the PHA to cover employment. The lack of a written employment contract prevents the PHA from maintaining a basis to support and justify the responsibilities and benefits of the employee, such as duties, salary, leave, health insurance, etc. In fact, we found that the Executive Director accrues annual, sick and personal leave based on a seven hour work day; whereas, the leave accruals for all employees are based on a six hour work day.

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Auditee Comments

The PHA has made corrections in the interpretation of its personnel policy concerning retirees and their spouses. Payments were stopped effective December 1998. The Personnel policy is being rewritten to clarify the PHA position, thereby ending any further confusion. The Executive Director's contract will be presented to the board this year.

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Recommendations

We recommend that you require the PHA to:

- 3A. Justify and support the reimbursement made to retirees for medicare premiums and the spousal portion of health insurance.
- 3B. Reimburse from non-Federal funds the amount of any unsupported costs or health insurance that are determined to be ineligible.
- 3C. Reimburse the ineligible payment for personal leave of \$170.25 from non-Federal funds.
- 3D. Execute an employment contract with the Executive Director that will document the responsibilities and benefits that apply to the position.

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# Controls Over Legal Services and Costs Need to be Strengthened

Contrary to HUD regulations and requirements, the PHA has: (1) used an improper method of procuring and awarding the contract, and (2) routinely paid for legal services without any documentation being provided as evidence that the contracted services were rendered. The deficiencies can be attributed to the PHA's general unfamiliarity with applicable regulations and requirements. As a result, assurance that the related procurement, award and contract costs were proper and reasonable has been diminished and the PHA has incurred costs of \$31, 200 that are unsupported.

The details pertaining to the deficiencies are described below:

## Legal Contract

### Improper Method for Procuring and Awarding Legal Contract

We reviewed the PHA's process for requesting proposals (RFP) for legal services and found that it did not meet requirements. Rather than providing prospective attorneys with a clear and accurate description of the services being solicited, the PHA advertised and sent notices to seven attorneys who were pre-selected advising that it was soliciting proposals for a two year contract period. There was no description of the type or extent of the services and the attorneys were advised to contact the PHA if interested.

Title 24, Section 85.36(c)(3) of the CFRs provides that procedures for procurement transactions incorporate a clear and accurate description of the technical requirements for the material, produce, or service to be procured. The intent of the regulation is to promote full and open competition when conducting procurement transactions. In addition, Section 85.36(d)(3)(iii) stipulates that grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awards.

Because the services requested were not adequately described, only two responses were received; one from the PHA's previous attorney and another from an attorney who was pre-selected and notified by mail. The contract files showed that no evaluations or ranking of the two responses

had been performed even though the attorney selected submitted a bid that was \$15,400 more than the other response. Furthermore, we found that the attorney awarded the contract was also the previous PHA attorney.

Lack of Documentation

Lack of Documentation for  
Services Provided

We reviewed the supporting documentation for legal services provided during the audit period. The review showed that the PHA has routinely paid for legal services without a billing or invoice being obtained as evidence that the contracted services were provided. In addition, we found that many of the payments were made before the period covered by the payment has expired. For example, the payments for September and November 1997 were made on September 26 and November 26, 1997.

Chapter 2, Paragraph 6 of the Public and Indian Housing Low-Rent Technical Accounting Guide, Guidebook 7510.1 states that the PHA must maintain source documentation and files that support the financial transactions recorded in the books of account, and that provide an adequate audit trail. This includes such items as documents identifying the source of cash receipts, canceled checks, and paid bills. In addition, Section 2, Part A of the ACC provides that the operating expenditures shall mean all costs incurred by the PHA for administration, maintenance, and other costs and charges that are necessary for the operation of the project.

Since payments were made for legal costs without any invoice or bill to indicate that services had been provided, and since many of the payments were made before the period covered by the payment had expired, there is no evidence to show that many of the nine types of services included in the contract were provided. Hence, the payments may not represent a necessary operating expenditure. Therefore, the amount paid during the audit period of \$31,200 is considered to be unsupported.

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Auditee Comments

Current legal services are billed monthly by our attorney. In addition, the PHA will revisit its legal service RFP making further detailed description of services required. The PHA will justify the duties performed by its current attorney.

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Recommendations

We recommend that you require the PHA to:

- 4A. Adopt controls to ensure compliance with procurement requirements when RFPs are solicited. The controls should ensure that prospective attorneys are provided with a clear and accurate description of the services solicited and that a proper evaluation is made of the proposals received.
- 4B. Establish procedures that will ensure that billings or invoices are obtained and that payments are made only after the period covered by the payment has expired.
- 4C. Provide justification for the unsupported contract costs so that an eligibility determination can be made.
- 4D. Reimburse, from non-Federal funds the amount of any unsupported costs determined to be ineligible.

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## Questionable Payments for Accounting Services

The PHA made various payments for services in addition to those for fee accounting during the audit period. Our review showed that the payments: (1) were contrary to Federal Procurement regulations; (2) did not adhere to the provisions of the contract for accounting services, and (3) may not meet the necessary and reasonable requirements. The questionable payments occurred because procedures were not in effect to ensure that the costs were necessary and properly supported prior to payment. As a result, program funds were expended for services that were not determined to be necessary and the amount paid totaling \$12,988 is considered to be unsupported.

The Independent Public Accountant (IPA) audit report for the Fiscal Year Ended September 30, 1995, contained a finding that the PHA paid a consultant \$25,406.90 for preparing calculations and adjustments to certain areas included under the Performance Funding System. The finding described that the calculations and adjustments by the consultant entitled the PHA to additional subsidy. However, in obtaining the consultant's services, the PHA not only failed to comply with Federal procurement regulations, since no competition was solicited and no contract was executed, but further violated the requirements by basing the fee on a percentage of the subsidy received. On December 17, 1996, HUD cleared the finding based on the PHA's assurance that a similar agreement would never be executed without the consent of HUD. Yet, at the time of assurance, the PHA had already agreed to a similar agreement with its fee accountant for the calculations and adjustments applicable to the Fiscal Year Ended September 30, 1996.

### Improper Payment for Vacancy Calculations and FICA Adjustments Relating to Fiscal Year 1996 Operating Subsidy.

\$9,800 Unsupported

On December 28, 1995, the PHA paid its fee accountant \$9,800. The only documentation attached to the payment was a billing statement that showed: "Balance due September 29, 1998 \$9,800".

Further information obtained included a letter from the fee accountant to the previous Executive Director. The letter

advised that the fee accountant would prepare vacancy calculations and FICA adjustments for the September 30, 1996, operating subsidy for a fee of 10 percent of the additional operating subsidies earned, but not to exceed \$9,800.

Moreover, a review of the fee accountant files showed:

- No RFPs were prepared for the services.
- An agreement that provides for fees that can be based on percentages of funds obtained is not an allowable type of contract where competitive proposals would apply.
- There was no written request for services by the PHA as specified in the fee accounting services contract.
- The accounting services contract provides daily rates of \$370 for an accountant and \$570 for a Certified Public Accountant for any additional services.
- There was no evidence in the minutes of meetings that the services were brought before the PHA Board of Commissioners for approval.
- Prior to Fiscal Year Ended September 30, 1996, the information required under the Performance Funding System was prepared by the fee accountant as part of the accounting services contract. The contract provides for the fee accountant to prepare and submit required financial reports at prescribed intervals and to prepare the budget and revisions.

The above deficiencies illustrate that the services for calculation and adjustments under the Performance Funding System were not procured in accordance with the Federal procurement regulations. Therefore, the amount paid of \$9,800 is unsupported.

#### Payments for Additional Services

\$3,188 Unsupported

Other payments were made for services in addition to those for fee accounting and operating subsidy calculation during the audit period. The details are as follows:

VOUCHER NUMBER	SERVICES	AMOUNT	FOOTNOTES
26643	Reconciling advance on Comprehensive Improvement Grant Programs (CGP) since 1993.	\$1,577.00	<u>1/2/3/</u>
934	Reconciling advances and expenditures on CIAP.	1,070.00	<u>1/3</u>
946	Consultation services on CIAP	541.00	<u>1/4</u>
TOTAL		<u>\$3,188.00</u>	

#### Footnotes

- 1/ There was no written request from the PHA for the services as required by the Accounting Services contract.
- 2/ Amount was paid from the General Fund rather than the respective CIAP.
- 3/ The IPA audit report at September 30, 1996, includes financial statements that show the total advances and expenditures for each CIAP and CGP. Hence, the services may not have been necessary.
- 4/ The Accounting Services Contract provides that the fee accountant be available and serve as a consultant on accounting fiscal matters. Thus, the payment may represent a duplication of costs.

#### Criteria

Paragraph 3 of the contract for Accounting Services states that the fee accountant will provide any additional services of a special nature that are required in writing (underscoring added) and concurred in by HUD. Also, Paragraph 1D provides for the Fee Accountant to be available and serve as a consultant on accounting fiscal matters. With respect to Federal requirements, Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, provides that to be allowable under a grant program, costs must be necessary and

reasonable for proper and efficient administration of the program; whereas, Part A, Section 2 of the ACC defines operating expenditures as those necessary for the operation of the project.

The PHA needs to adopt procedures that will ensure that Federal procurement regulations are followed, and that additional services not only adhere to contract provisions but meet the necessary and reasonable requirements as well. Accordingly, the payment of \$9,800 for vacancy calculations and FICA adjustments together with the payments of \$3,188 for other additional services are considered to be unsupported.

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**Auditee Comments**

Items mentioned in this finding have been addressed in prior IPA audits. The PHA will review its Accounting RFP to implement recommendations mentioned within the OIG Audit and in its procedures.

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**Recommendations**

We recommend that you require the PHA to:

- 5A. Establish controls that will ensure that the requirements for competitive proposals are followed. The controls should ensure that RFPs are prepared and solicited and either a fixed price or cost-reimbursement type contract be awarded.
- 5B. Implement procedures to ensure that payments are in accordance with contract provisions and meet the necessary and reasonable requirements.
- 5C. Provide additional documentation and justification for the unsupported costs so that an eligibility determination can be made.
- 5D. Reimburse from non-Federal funds, the amount of any unsupported costs determined to be ineligible.

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## Equipment Was Disposed Contrary to Policy Requirements

Contrary to policy requirements, the PHA disposed various items of non expendable equipment without any documented attempts to locate a prospective purchaser. The noncompliance with requirements occurred through an apparent oversight. As a result, the PHA has not realized the fair market value of the disposed equipment.

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### Noncompliance with PHA Property Disposition Policy

The PHA's Property Disposition Policy provides that property shall not be sold or exchanged for less than its fair value. If the estimated sales value is less than \$100, the PHA may negotiate a sale in the open market for informal inquiry to ensure a fair return. If the value is between \$100 and \$1,000, the PHA shall solicit bids, confirmed in writing from the prospective purchasers. For value of \$1,000 or more, the PHA will advertise for formal bids. If any property has no scrap or salvage value and a purchaser cannot be found, a statement shall be prepared listing the prospective bidders solicited and all other efforts made to sell the property, together with recommendations as to the manner of disposition. This statement shall be referred to the Board for its approval.

At its April 1998 Board Meeting, the PHA adopted three resolutions that donated various items of office and maintenance equipment to the City and to a non-profit organization. The property was donated because it was the PHA's belief that the property has no value. However, we found that the method of disposition was contrary to the provisions of its Property Disposition Policy since there was no documentation available to show that solicitations were made from prospective bidders. Instead, the Board accepted the opinion of the Executive Director that the equipment had no value. Thus, the fair market value of the equipment had not been determined.

The particulars pertaining to the disposed equipment are:

ITEM	SERIAL NUMBER	DONEE
1994 Toshiba Copier	BF328379	Riverspark
1986 Steiner tractor	60113	Cohoes Recreational Dept.
1986 Steiner plow	1028	
1986 Steiner sweep	A654	
1986 Mower deck	A739	
1986 Steiner snowblower	A5044	
1992 Mower deck	A5350	
1988 Steiner sweeper	1270	
1986 Trailer	12FUF10186B000091	
WYSE Computer x keyboard	OIC141022638	Cohoes Public Library
WYSE Computer w keyboard	OIC11204608	
WYSE Computer w keyboard	OIC13802238	
WYSE Computer w keyboard	OIC11206420	
WYSE Computer w keyboard	OI313300667	
WYSE Computer w keyboard	OIC13801820	
WYSE Computer w keyboard	OIC13C02101	

The original cost of the donated equipment could not be readily determined. Discussions with PHA officials showed that it was their belief that the items had no value. We advised the PHA that the fact that three different entities accepted the equipment would indicate that the items had value. We also reminded the officials that without any solicitations being made and documented, the PHA is unable to justify that a purchaser could not be found or that the equipment had no scrap or salvage value. Accordingly, the PHA disposed of equipment that could have produced a source of additional revenue.

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**Auditee Comments**

The PHA will follow its Deposition Policy. It will attempt to justify that equipment mentioned within this audit had no value.

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**Recommendations**

We recommend that you require the PHA to:

- 6A. Submit additional information and documentation for the items donated to justify that a purchaser could not

be found. If the PHA is unable to justify its actions, it should determine the fair market value of the items and reimburse the program, from non-Federal funds, for the value.

- 6B. Establish controls that will ensure compliance with the requirements of the Property Disposition Policy.

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# Improvements Are Needed in Charging Rents and Related Occupancy Procedures

Contrary to HUD requirements and/or its own policies, the PHA has: (1) not conducted tenant recertifications on a timely basis; (2) charged tenants incorrect rents; (3) not assessed late charges to tenants; and (4) not addressed all of the items contained on the annual inspection checklists. The deficiencies can be attributed to the PHA’s belief that its rental and occupancy procedures were adequate and in conformance with requirements. As a result, additional potential revenues are either not realized or not timely realized. Furthermore, the PHA does not have adequate assurance that its LRH Program is administered in accordance with Federal requirements.

These matters are discussed in the subsections below:

### Tenant Recertifications

Tenant Recertification not conducted timely

Title 24 of the CFR Part 960.209 requires, in part, that the PHA reexamine the income and composition of all tenant families at least once every 12 months.

We randomly reviewed 15 tenant files where recertifications were due and found that four were conducted late and 11 are still overdue. The late recertifications ranged in delinquency from two months to six months and have resulted in a loss of rental income amounting to \$230.

The particulars pertaining to the lost rental income are as follows:

UNIT NUMBER	PREVIOUS RENT	CURRENT RENT	DIFFERENCE	NUMBER OF MONTHS DELINQUENT	INCOME LOST/ (OVER CHARGE)-
4K JMcD	\$395	\$454	\$59	6	\$354
2B McD	196	188	(8)	4	(32)
1D McD	208	186	(22)	4	(88)
34 SS	137	135	(2)	2	(4)
				Net Income Lost	\$230

In addition to the four late recertifications, we found that recertifications have still not been conducted for the remaining 11 cases reviewed. In fact, one case was found to be 23 months overdue.

Incorrect Rents

Tenants Charged Incorrect Rents

The Independent Public Accountant (IPA) audit report for the period ended September 30, 1996, contained a finding that cited various instances where tenants were charged incorrect rents.

As a follow up, we randomly reviewed 25 tenant files to determine whether rents were properly charged. The review showed that five of the 25 tenants were being charged incorrect rents. The incorrect rents resulted in a net undercharge of \$425 and represents lost rental income. The particulars are as follows:

UNIT NUMBER	RENT PER LATEST RECERTIFICATION	RENT CHARGED	(OVER) OR UNDER CHARGED	FOOT-NOTE	NO. OF MONTHS	(OVER) OR UNDER CHARGE AT 5/1/98
59MAS	\$176	\$144	\$32.00		20	\$640
31MAS	136	176	(40.00)		1	(40)
	136	173	(37.00)	1	27	(999)
23MAS	247	287	(40.00)		2	(80)
	247	277	(30.00)	1	6	(180)
	247	237	10.00	1	28	280
53SS	370	230	140.00		6	840
47RH	241	253	(12.00)		3	(36)
NET UNDERCHARGE						\$425

Note: 1/ Rent was changed without any available explanation

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Late Charges Not Assessed

Late Charges

The PHA has failed to recover the costs to have late notices served to tenants for unpaid rent. Instead of charging each tenant account for the applicable fees in connection with serving late notices, the PHA merely charges costs to sundry administrative expense. The failure to charge the costs to tenants has resulted in lost revenue amounting to \$7,258 and has unnecessarily increased administrative expenses.

Moreover, Paragraph 4 of the dwelling lease specifically provides that a penalty in the amount of \$15.00 shall be assessed a tenant whose rent is not received prior to the close of business on the 10<sup>th</sup> calendar day for which payment is due. Despite the lease provision, the PHA did not assess tenants with late charges during the audit period. The value of late charges not assessed could not be readily determined.

Inspection Sheets

Inspection Sheets Not Fully Completed

The tenant dwelling lease provides for routine inspections of all housing units. In this regard, the PHA advises tenants that annual inspections will be conducted for all units.

When conducting the inspections, the Section 8 Housing Quality Standards inspection checklist is used. However, the checklist is not always completed. Rather, we found that the majority of the checklists reviewed for the four housing developments simply contained general comments for each room inspected such as “good”, “fair”, or “poor”.

Without each room item being inspected and checked as Pass or Fail, it is not possible to determine whether the unit meets the checklist standards. Hence, the inspections are based solely on the inspector’s discretion.

Auditee Comments

Tenant recertification procedures will be changed. The Executive Director will ensure that each resident will be recertified in a timely basis, meaning one every 12 months. Recertification will be on the anniversary date not by development, which has been past practice. Also each resident file will be reviewed for accuracy. Inspection sheets will now have a positive report on each item, thereby verifying that each item has been checked.

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We recommend that you require the PHA to:

Recommendations

- 7A. Establish procedures that will ensure that all tenants are recertified at least once every 12 months.
- 7B. Review all tenant files to ensure that the correct rent is being charged.
- 7C. Adopt controls to ensure tenants are assessed charges for last notices and for late rent payments.
- 7D. Inspect and check each room item on the Housing Quality Standards checklist to determine whether the unit meets the checklist standards.

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## Quorum Needed to Conduct Board Meetings

A review of the PHAs Board Meeting minutes showed that two Board Meetings were conducted without a quorum present. The meetings were conducted due to an apparent oversight by the members present as to the number of members needed to reach a quorum. As a result, the resolutions adopted, along with the other business conducted are deemed invalid.

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### Board Meetings Held Without Quorum

As part of our review, we examined the minutes of Board Meetings held by the PHA. The review showed that two board meetings were held without a quorum present. The PHA board is authorized seven Commissioners. As such, a minimum of four Commissioners is needed for a quorum in order to conduct a board meeting. However, we found that for Board Meetings conducted on August 26, 1997, and November 24, 1997, a quorum was declared and the meetings were held even though only three Commissioners were present. Conversely, on March 24, 1998, when only three Commissioners were present, the chairman declared that a quorum was not present and the meeting was re-scheduled.

Article III Section 4 of the PHA's By-Laws provides that the powers of the Authority shall be vested in the members thereof in office from time to time. A majority of the members shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes.

The PHA's Board of Commissioners is a public body and as such is subject to the State Open Meetings Law that requires a quorum to conduct public business. State law further provides that a quorum is a majority of the total membership of a public body and any absences or vacancies do not affect quorum requirements. Therefore, if a public body like the PHA consists of seven members, a minimum of four members would be needed to conduct a Board Meeting.

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### Auditee Comments

The PHA will strive to ensure a quorum will be presented before each board meeting.

Recommendations

We recommend that you require the PHA to:

- 8A. Adopt controls that will ensure that a quorum of members is present before conducting a Board Meeting.
- 8B. Take whatever action you deem necessary regarding the resolutions adopted and other business transacted at the meetings where a quorum was not present.

## Need to Improve Administrative and Accounting Controls

Our review showed various deficiencies involving administrative and accounting controls and procedures that have weakened the PHA's system of internal control. The deficiencies occurred because procedures were not implemented to ensure that adequate administrative and accounting controls were executed to meet program requirements. As a result, the PHA does not have adequate assurance that funds are properly safeguarded against waste and loss and that its housing programs are administered in accordance with Federal regulations and requirements.

The following items should not be considered all inclusive; rather, they represent only those deficiencies that were identified as a result of our review.

- a. Sales tax was paid on some of the vouchers reviewed even though the PHA is a tax-exempt organization. An example of a voucher on which sales tax was paid is:

Voucher .		
<u>No.</u>	<u>Date</u>	<u>Amount of Sales Tax Paid</u>
25444	5/30/96	\$19.91

- b. Certain instances were noted where cash discounts could have been realized had the payments been made on a timely basis such as:

Voucher .		Discount Lost by
<u>No.</u>	<u>Date</u>	<u>Untimely Payment</u>
27588	02/27/98	\$8.48

- c. The safe combination has not been changed in years even though several employees, who know the combination, have since retired or resigned from the PHA.
- d. The PHA does not witness the counting of funds from the coin operated laundry machines for which it receives a percentage of the receipts.

Sound business practice would dictate that the PHA change the safe combination and have an employee witness the removal and counting of coins from the laundry machines.

- e. Several instances were noted where travel costs were paid for a retired employee who is an ineligible traveler.
- f. Deficiencies associated with purchasing and the payment for services include:
  - 1. missing purchase orders;
  - 2. missing documentation to support the cost or the documentation is inadequate; and
  - 3. missing explanations why the cost was incurred.
- g. Reimbursements have been made to retirees and their spouses for medicare premiums and for the spouses' portion of health insurance without authorization.
- h. The PHA disposed of various items of nonexpendable equipment without any documented attempts to locate a prospective purchaser.
- i. Contrary to HUD requirements and/or its own policies, the PHA did not conduct tenant recertifications on a timely basis for 15 tenants selected at random where recertifications were due. In addition, we found that tenants were not assessed any charges for the late payment of rent.

Title 24 CFR, Part 85.20, Standards for Financial Management Systems, requires that effective controls and accountability must be maintained for all assets and that the assets be safeguarded. In addition, Section 15(A) of the ACC provides that, the PHA must maintain complete and accurate books of account to permit a timely and effective audit. The above deficiencies have precluded the PHA from complying with the requirements cited. Unless corrective actions are implemented, deficiencies similar to those described above will recur.

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**Auditee Comments**

As controls are improved and established, the PHA will address each of its deficiencies that have occurred in the previous findings.



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**Recommendations**

We recommend that you require the PHA to:

- 9A. Implement controls to ensure that invoices containing ineligible sales taxes are not processed for payment.
- 9B. Adopt procedures that will ensure that invoices are promptly processed for payment so that any cash discounts offered are realized.
- 9C. Strengthen its procedures to ensure that the safe combination is changed whenever an employee, who knows the combination leaves the PHA.
- 9D. Institute controls that will ensure that a PHA employee witnesses the counting of funds removed from the coin operated machines.
- 9E. Adopt controls that will prohibit travel costs being paid for individuals no longer employed.
- 9F. Implement controls over purchasing and the payment for services to ensure that:
  - 1. Purchase Orders are prepared.
  - 2. Adequate supporting documentation is obtained prior to payment.
  - 3. The need to incur the cost is explained.
- 9G. Adopt controls that will prohibit reimbursement for health insurance premiums without authorization.
- 9H. Establish controls that will assure that attempts to locate prospective purchasers are documented prior to disposing nonexpendable equipment.
- 9I. Institute controls over occupancy and rents to ensure that:
  - 1. Tenant recertifications are conducted timely, and
  - 2. Tenants are assessed appropriate charges for the late payment of rent.

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# Management Controls

In planning and performing our audit, we considered the management control systems of the PHA to determine our auditing procedures and not to provide assurance on management control. Management controls, in the broader sense, 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, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Management Controls

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

- Controls over disbursements.
- Controls over supporting documentation for expenditures.
- Controls over personnel procedures.
- Controls over disposition of equipment.
- Controls over rents and related occupancy procedures.
- Controls over conducting board meetings.
- Controls over administration and accounting.

We evaluated all of the relevant control categories identified above by determining the risk exposure and assessing control design and implementation.

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

## Significant Weaknesses

Our review identified the following significant management control weaknesses:

- Controls over disbursements (Findings 1,2,3,4 and 5).
- Controls over supporting documentation for expenditures (Findings 1,2,3,4 and 5).
- Controls over personnel procedures (Finding 3).
- Controls over disposition of equipment (Finding 6).
- Controls over rents and related occupancy procedures (Finding 7).

- Controls over conducting board meetings (Finding 8).
- Controls over administration and accounting (Finding 9).

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# Follow Up On Prior Audits

A prior audit of the PHA was performed by an Independent Public Accountant (IPA) for the 12 month period ended September 30, 1996. The report contained eight findings. All eight findings were cleared on various dates by HUD.

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## Schedule Of Questioned Costs

Findings Number	Type of Questioned Costs	
	Ineligible <u>1/</u>	Unsupported <u>2/</u>
1	\$2,199.64	\$11,310.89
2	1,150.00	8,429.22
3	170.25	25,779.58
4		31,200.00
5		<u>12,988.00</u>
Total	\$3,519.89	\$89,707.69
	=====	=====

1/ Ineligible costs are costs charged to a HUD financed or insured program or activity that the auditor believes are not allowable by law, contract, or Federal, State, or local policies or regulations.

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

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# Schedule of Ineligible and Unsupported Travel Costs

Date	Voucher Number	Description	Amount Ineligible	Amount Unsupported	Notes
10/27/95	24810	Room and meals for Section 8 Meeting at Saranac Lake, N.Y. on 9/13 - 14/95		\$358.44	1,2,3,4
12/21/95	24975	Room and meals for conference at Newburgh, N.Y. on 11/14 - 15/95		93.08	1,2,5
3/7/96	25207	Room and meals at Albany, N.Y. on 2/26 - 27/96			
			\$169.64		1,2,6,7
4/4/96	25288	Registration fees for NYSARHO 1996 Spring Conference	430.00		6,8
6/27/96	25548	Room and meals for NYSARHO 1996 Spring Conference	547.50		1,2,6
5/23/96	25428	Registration fees for New York Conference of Mayors (NYCOM) on 6/2 - 5/96	175.00	175.00	9,10
6/6/96	25449	Room and meals for NYCOM on 6/2-4/96 at Saratoga Springs, N.Y.	442.50		7,9
			435.00		7
10/17/96	25874	Hotel and additional air fare to attend PHM Certification course in Greensboro, NC. On 9/16-20/96		476.69	1,2,11,12
10/10/96	25851	Meal costs for PHM Certification course and for computer presentation in Syracuse, N.Y. on 9/13/96		92.00	1,2,13
11/21/96	25976	Deposit, room and meals for NYSARHO 1996 Fall Conference at Bolton Landing, N.Y. on 10/27-30/96		4,254.92	1,2,3,14
12/20/96	26075				
12/27/96	26104	Seven registrations for NYSARHO 1996 Fall Conference		2,025.00	3
5/30/97	26625	Four registration for 1997 NYSARHO Annual Conference		1,125.00	2, 3
10/17/97	27046	Three airline tickets for Section 8 conference in Washington, D.C. on 10/22/97		675.00	1,2,3
11/07/97	27117	Meals for Section 8 conference in Washington, D.C. on 10/22-24/97		384.99	15,16
12/12/97	27223	Room and meal costs for Section 8 conference in Washington, D.C. on 10/22-24/97			
				1,650.77	17,18,19
		<b>Totals</b>	<b>\$2,199.64</b>	<b>\$11,310.89</b>	

## Notes

- 1 Departure and arrival times not documented.
- 2 Trip did not have prior authorization by the Board as required.
- 3 Travel policy limits attendance to number necessary to cover the meeting.
- 4 Who held the meeting or why it was at Saranac Lake, N.Y. was not shown.
- 5 Who held the conference or why it was at Newburgh, N.Y. was not shown.
- 6 Represents costs paid for retired employee who is an ineligible traveler.
- 7 Costs were incurred within the local area of the PHA and are therefore ineligible.
- 8 Cancellation fee (Penalty) is not an eligible cost.
- 9 Commissioner is a City official (Police Chief) and the costs should be paid by the City.
- 10 Cost is questioned as to being necessary and reasonable.

## Appendix B

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- 11 Amount includes cost for Saturday and Sunday preceding the course.
- 12 Amount includes \$50 charge for first class airfare without explanation.
- 13 Receipts for meal costs were not provided.
- 14 Hotel receipt for costs of \$602.90 was not provided.
- 15 Amount includes meal costs for the Saturday subsequent to the conference.
- 16 Documentation does not indicate the number of meals purchased.
- 17 Hotel receipts for costs of \$813.36 were not provided.
- 18 Amount includes room charges and/or meal costs for Friday and Saturday nights after the conference.
- 19 Who held the conference or why it was in Washington, D.C. was not shown.

# Schedule of Ineligible and Unsupported Payments From General Fund

Date	Voucher Number	Description	Amount Ineligible	Amount Unsupported	Notes
12/7/95	24916	Dump Coupons		\$280.00	1,2
1/17/96	25046	Board Meeting - The Old Daley Inn Troy, N.Y.		307.30	3,4
2/22/96	25165	Flowers by Rizzo		37.80	2,4
2/15/96	25161	Christmas party		556.57	3,4
3/28/96	25261	Dump coupons		280.00	1,2
3/14/96	25218	Gasoline for PHA vehicles		144.30	5
4/18/96	25326	Board Meeting - Food and beverage charges		201.55	6
1/25/96	25081	Membership dues for previous Executive Director	\$50.00		7
5/30/96	25444	Reimbursement for purchase of 2 scanners		268.81	1,8
5/23/96	25422	Arbitrator/Mediator hearing, study, and preparation charge		400.00	1,9
5/23/96	25418	Membership dues		100.00	10
5/2/96	25361	Colleen Francis hearing		100.00	1,9
6/13/96	25472	Gasoline for PHA vehicles		243.88	5
6/27/96	25535	Half page ad in centennial commemorative program		75.00	4
6/6/96	25457	Lunch meeting		32.19	4,8
7/25/96	25619	Listing for city directory		125.28	1,9
7/25/96	25611	Funerals - Spencer/Gregory		92.88	1,4,9
7/11/96	25565	Gasoline for PHA vehicles		224.90	5
8/1/96	25640	Vase - Martin		27.00	1,4,9
9/26/96	25824	20 festival tickets @ \$7.00		140.00	1,4,11
10/25/96	25915	Bus for tenant block party		50.00	1,12
10/25/96	25916	Pony ride and petting zoo at tenant block party		160.00	1,12
10/24/96	25893	Vase - Martin		16.20	1,4,9
10/11/96	25865	Telephone system maintenance agreement		1,320.00	13
11/21/96	25974	None		25.00	1,2
11/21/96	25976	Kmart		139.97	2
		Mobile Lifestyles		43.15	2
		Latham 76 Diner		28.54	2
		Flowers by Rizzo		27.00	2
		Statement balance		30.00	14
12/29/96	26077	None		95.00	1,2
12/6/96	26028	4 Pies for Thanksgiving dinner at McDonald Towers		40.00	1,12
12/6/96	26037	None		8.40	1,2
12/27/96	26106	Christmas staff meeting		501.00	4
12/27/96	26096	Donation for Christmas decorations	75.00		15
1/30/97	26202	Moving of household goods to storage - 2F McDonald Tower		180.00	1,9
1/30/97	26208	Flower basket		37.80	1,4,9

## Appendix

1/17/97	26157	Sympathy arrangement - Austin		35.00	1,4,9
2/28/97	26311	None		69.00	1,2
3/21/97	26384	Charge for monitoring the Fire alarm service for 1997		\$100.00	1,4
3/14/97	26355	Board meeting dinner		357.93	2
3/7/97	26323	Donation for junior prom	\$50.00		15
3/7/97	26321	Donation - Cohoes Band Booster club	100.00		15
4/4/97	26445	Donation - Cohoes Band Booster club	100.00		15
4/11/97	26473	Reimbursement for thank you dinner		50.00	1,12
4/17/97	26476	Contribution for Spring decorations	75.00		15
5/16/97	26576	Sponsorship for Mayor's golf tournament	100.00		15
6/6/97	26634	Appraisal fee - 75 Manor Avenue		275.00	1,9
6/6/97	26640	Flowers - Benson/Reese		68.05	1,4,9
6/27/97	26706	Flowers for McDonald Towers		55.62	1, 16
7/30/97	26834	Incorporate tenant resident organization		100.00	1,12
8/8/97	26845	Sympathy arrangement - Shufelt		35.00	1,4,9
8/22/97	26894	Donation for Reach carnival	250.00		15
9/12/97	26939	Sympathy arrangement - Pyskallo		35.00	1,4,9
11/7/97	27116	Flowers - Gangler		40.50	1,4,9
11/26/97	27177	Donation for Christmas decorations	100.00		15
12/5/97	27200	Flowers - Webb/Surprenant		105.50	1,4,9
12/31/97	27386	Christmas party buffet		636.95	3,4
1/3/98	27440	Reimbursement for flowers		93.75	1,12
2/6/98	27509	Donation for junior prom	50.00		15
2/6/98	27523	Parking ticket issued 11/30/94	50.00		17
2/13/98	27529	Flowers - Killian		32.40	1,4,9
2/27/98	27559	Donation	150.00		15
<b>Totals</b>				<b>\$1,150.00</b>	<b>\$8,429.22</b>

### Notes

- 1 There is no purchase order.
- 2 There is no documentation to support the charge.
- 3 There is no itemized breakdown to show the number of people attending.
- 4 Cost is questioned as to being necessary and reasonable.
- 5 Most of the supporting voucher receipts were missing information such as the vehicle no., license no., vehicle mileage, driver's signature.
- 6 Board minutes show that meeting was held at the PHA, after adjournment, food and beverage charges, including alcohol, were incurred at a local restaurant.
- 7 Represents membership dues for a former employee after the employee retired.
- 8 Items were purchased on employee's credit card.
- 9 There is no explanation why the cost was incurred.
- 10 Amount billed was \$75; but \$175 was paid.
- 11 There is inadequate explanation why the cost was incurred.
- 12 There is no invoice to support the cost; only a handwritten note by the PHA exist.
- 13 The supporting documentation does not identify the amount paid.
- 14 Amount billed was \$1,498; but \$1,528 was paid.
- 15 Contributions and donations are not an allowable cost.
- 16 Supporting documentation is a copy of an invoice; not the original.

D

# Distribution

17 Penalties and interest are not allowable costs.

Secretary's Representative, New York/New Jersey, 2AS  
Director, Public Housing, 2CPH, Buffalo Area Office (2)  
Assistant General Counsel, 2AC, New York/New Jersey  
(Acting) Senior Community Builder , Buffalo Area Office - (2),  
Comptroller, Midwest Field Office, 5GA  
Mid-Atlanta Field Office, 3AFI  
Assistant to the Deputy Secretary for Field Policy & Management, SDF  
Room 7106  
Acquisitions Librarian, Library, AS (Room 8141)  
Office Of Public & Indian Housing, PF, (Attention: Comptroller, Room 5156) (5)  
Assistant to the Secretary for Labor Relations, (Acting), SL (Room 7118)  
Chief Financial Officer, F, Room 10164 (2)  
Deputy Chief Financial Officer, FF , (Room 10166) (2)  
Director, Office Of Budget, FO (Room 3270)  
Associate General Counsel, Office of Assisted & Community Development, CD, Room 8162  
Executive Director, Cohoes Housing Authority, Cohoes, New York

Inspector General, G (Room 8256 )  
Public Affairs Officer, G (Room 8256)  
Counsel to the Inspector General, GC  
Internet Coordinator, GAA (Room 8172)  
Assistant Inspector General for Audit, GA (Room 8286)  
Deputy AIGA, GA (Room 8286)  
Director, Program Research & Planning, GAP (Room 8180)  
Director, Financial Audits Division, GAF (Room 8282)  
Semi Annual Coordinator, GF (Room 8254)  
Central Files, GF (Attn: Mary E. Dickens) Room 8266 (4)  
SAC, 2AGI, Room 3430B

Director, Housing & Community Development Issue Area  
US GAO, 441 G Street, NW, Room 2474  
Washington, DC 20548  
(Attention: Judy England-Joseph)

Subcommittee On General Oversight & Investigations  
O'Neill House Office Building - Room 212  
Washington, Dc 20515  
(Attention: Cindy Sprunger)

Director, HUD Enforcement Center  
1240 Maryland Avenue, Suite 2000  
Washington, DC 20024

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