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| Audit Case Number | 99-NY-202-1006 |

TO: Carmen Valenti, Director, Office of Public Housing
New Jersey State Office

FROM: Alexander C. Malloy, District Inspector General for Audit
New York/New Jersey

SUBJECT: Irvington Housing Authority
Low-Rent Housing Program
Irvington, New Jersey

We completed an audit of the Irvington Housing Authority (IHA) pertaining to its Federal Low-Rent Housing (LRH) Program. The overall objective of the audit was to determine whether the IHA generally complied with HUD program regulations, policies and requirements in administering its LRH Program, and whether the IHA provided decent, safe and sanitary housing to its tenants.

Our review showed that the IHA generally complied with HUD program regulations, policies and requirements in administering its LRH Program, and that decent, safe and sanitary housing units were provided to its tenants. However, to enhance the effectiveness of its operations, we believe that the IHA should ensure that all funds in its bank accounts are protected against loss, and that controls over cash disbursements, travel and related costs, and the procurement of contract services are strengthened.

This report contains four findings. The findings disclose that balances in the IHA's bank accounts exceeded the \$100,000 Federal Deposit Insurance Corporation (FDIC) insurance limit by \$819,248.85. This amount was not secured because a Depository Agreement was not executed with the bank to protect amounts over the FDIC insurance limit. The review also disclosed that the IHA paid for travel and related costs in violation of both established Federal Cost Principles, and provisions of its own travel policy. Additionally, the review disclosed that the IHA needs to improve controls over cash disbursement. In this regard, we noted instances of noncompliances with cash disbursement controls and various procedures that have weakened the IHA's system of internal controls in that area. The review further disclosed that the IHA did not

follow procurement requirements provided in various sections of the Code of Federal Regulations (CFR).

Within 60 days, please furnish this office for each recommendation cited in the 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 related to the audit.

Should you or your staff have any questions, please contact Alexander C. Malloy, District Inspector General for Audit at (212) 264-8000, extension 3976.

Executive Summary

We performed an audit of the Irvington Housing Authority (herein referred to as the IHA) pertaining to its Federal Low-Rent Housing (LRH) Program. The primary objective of the audit was to determine whether the IHA generally complied with regulations, policies, and requirements in administering its LRH Program, and whether the IHA provided safe, decent and sanitary housing for its tenants.

Our review showed that the IHA generally complied with HUD program regulations, policies and requirements in administering its LRH Program, and that decent, safe and sanitary housing units were provided to its tenants. However, to enhance the effectiveness of its operations, we believe that the IHA should ensure that all funds in its bank accounts are protected against loss, and that controls over cash disbursements, travel and related costs, and the procurement of contract services are strengthened.

Summary of audit results

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

1) The IHA had \$819,248.85 in unsecured project funds

The IHA violated Part A, Section 9 of the Annual Contributions Contract (ACC) by not securing the amounts in bank accounts that exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limit. A review of six IHA checking accounts revealed that four of the accounts had balances that exceeded the FDIC insurance limit of \$100,000 at March 31, 1998. The unsecured funds amounted to \$819,248.85. The excess was uninsured because the IHA failed to execute a Depository Agreement between itself and the bank. Consequently, the IHA's and HUD's interest in the unsecured amount were not fully protected.

2) The IHA paid for travel and related costs in violation of both Federal Cost Principles and provisions of its own travel policy

While analyzing cash disbursement records covering the period audited, we found ineligible costs of \$4,479.18 and unsupported costs of \$69,628.17, which includes \$8,355.69 of costs that we have considered unreasonable. The ineligible and unsupported travel costs stemmed from noncompliances of applicable requirements by IHA officials and the use of unsound management practices.

3) The IHA weakened its internal controls over cash disbursements by not complying with established procedures or practices

Our review disclosed instances of noncompliances with cash disbursement controls and procedures that, in our opinion, weakened the IHA's system of internal control in that area. The noncompliances pertain to the issuance of checks without all required signatures, and the lack of supporting documentation for certain incurred costs. Specifically, checks with amounts that totalled \$434,387.94, were issued without all required signatures, and costs totalling \$30,083.97 were not adequately supported. These deficiencies occurred because established procedures and/or practices over cash disbursements were not followed. Consequently, the IHA did not ensure that controls and procedures intended to assure that disbursements are properly authorized and supported were followed.

4) The IHA did not comply with all applicable procurement regulations

The IHA did not comply with all applicable procurement regulations provided in various sections of the Code of Federal Regulations (CFR). In this regard, we found that the IHA procurement files did not contain evidence that the IHA:

- a) performed cost estimates and/or price analyses;
- b) adequately solicited and documented all proposals submitted in response to a Request For Proposal (RFP) for professional services (A/E, Accountant, Legal);
- c) obtained documentation (certified payrolls) showing that wages paid to laborers employed by a general contractor match prevailing wage rates; and
- d) checked the name of selected contractors against the Federal Debarment List of Contractors prior to the award of contracts to them.

As a consequence, the IHA was unable to provide documentation showing that contracts were awarded at the lowest possible amounts to contractors and consultants who are not debarred or suspended from participation in federally assisted programs.

Recommendations

As part of each finding, we recommended certain actions which we believe will correct the problems discussed in the findings and strengthen IHA's overall administration of its LRH Program.

Exit Conference

The results of the audit were discussed with IHA officials during the course of the audit, and at an exit conference held on February 19, 1999, attended by:

IHA Officials

Lawrence R. Jackson, Executive Director

HUD - Office of Inspector General

William H. Rooney, Assistant District Inspector General for Audit

Karen A. Campbell, Auditor In Charge

Diego Ramos, Program Auditor

IHA officials provided us with written comments on each finding. The IHA's comments are included as Appendix F to this report.

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Table of Contents

| | |
|-----------------------------------------------------------------------------------------|-----|
| Management Memorandum | i |
| Executive Summary | iii |
| Introduction | 1 |
| Findings | |
| 1 Balances in Bank Accounts Exceeded the Insurance Coverage of the FDIC by \$819,248.85 | 3 |
| 2 Ineligible and Unsupported Travel and Related Costs | 5 |
| 3 Improvements Are Needed Over Cash Disbursement Controls | 11 |
| 4 Procurement Requirements Were Not Followed | 15 |
| Management Controls | 19 |
| Follow-Up On Prior Audits | 21 |
| Issues Needing Further Study | 23 |
| Appendices | |
| A Schedule of Ineligible and Unsupported Costs | 25 |
| B Schedule of Questioned Travel Costs | 27 |

| | |
|-----------------------------------------------------------------|----|
| C Schedule of Checks Issued Without All Required Signatures | 33 |
| D Schedule of Unsupported Disbursements From the General Fund | 35 |
| E Schedule of Unsupported Drug Elimination Program Expenditures | 37 |
| F Auditee Comments | 39 |
| G Distribution | 43 |

Abbreviations

| | |
|-------|--------------------------------------------------|
| ACC | Annual Contributions Contract |
| CFR | Code of Federal Regulations |
| HUD | U.S. Department of Housing and Urban Development |
| IHA | Irvington Housing Authority |
| NOFA | Notice of Funding Availability |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| PHDEP | Public Housing Drug Elimination Program |
| RFP | Request For Proposal |

Introduction

The Housing Authority of the Township of Irvington (IHA) is a public entity organized under the laws of the State of New Jersey to provide housing for eligible low and moderate income families in accordance with the rules and regulations prescribed by HUD. The IHA was created by ordinance of the Township of Irvington, New Jersey.

The IHA operates five projects containing 1,064 federally assisted units, of which 390 units are under HUD's Section 8 Program.

Governing body

The IHA is governed by a Board of Commissioners consisting of seven members; five are appointed by the Township Council of the Township of Irvington, one member is appointed by the Mayor and one member is appointed by the Governor. Lawrence R. Jackson, Executive Director, is responsible for the day-to-day operations of the IHA. The IHA offices are located at 624 Nye Avenue, Irvington, New Jersey.

Audit Scope and Methodology

The primary objective of the audit was to determine whether the IHA generally complied with HUD program regulations, policies and requirements in administering its LRH Program and whether the IHA provided safe, decent and sanitary housing for its tenants.

Audit procedures included interviews of members of the IHA's staff and an examination of its records and files. In addition, the IHA's policies, procedures and practices for managing its operations were reviewed. Detailed audit testing was performed on judgmentally selected samples representative of the transactions in the areas reviewed.

The audit covered the period from April 1, 1996 through March 31, 1998. However, we reviewed activity prior and subsequent to the audit period as necessary. The audit site work was conducted from June 1998 through December 1998.

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

A copy of this report was provided to the IHA.

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Balances in Bank Accounts Exceeded the Insurance Coverage of the FDIC by \$819,248.85

The balances in bank accounts of the Irvington Housing Authority (IHA) exceeded the \$100,000 Federal Deposit Insurance Corporation (FDIC) insurance limit by \$ 819,248.85. This amount was not secured because a Depository Agreement was not executed between the IHA and the bank to protect amounts over the FDIC insurance limit. Consequently, the IHA's and HUD's interest in the unsecured amount were not fully protected.

Criteria

Part A, Section 9 of the Consolidated Annual Contributions Contract states that “the HA shall deposit and invest all funds securities received by or held for the account of the HA in connection with the development, operation and improvement of the projects under an ACC with HUD in accordance with the terms of the General Depository Agreement(s).”

In conjunction with the above, Part A, Section 5 of the Notice PIH 96-33 (HA) states that “HA’s shall require their depositories to continuously and fully secure all deposits regardless of type (i.e. regular, savings, etc.) that are in excess of the \$100,000 insured amount.”

Deposits exceed the FDIC limit

We reviewed six checking accounts held by the IHA at First Union Bank to determine if deposits were properly insured at 3/31/98.

The following accounts had balances of:

| <u>Title of Account</u> | <u>Ending Balance</u> |
|---------------------------------------------|-----------------------|
| IHA-Berkeley Terrace | \$306,388.28 |
| IHA-Voucher Account | 130,083.22 |
| IHA-Section 8 Account | <u>159,106.85</u> |
| TOTAL | \$919,248.85 |
| Less: FDIC Insurance Limits of \$100,000 | <u>100,000.00</u> |
| Total Amount of Uninsured Funds | <u>\$819,248.85</u> |

Finding 1

Based on available monthly bank statements in the IHA's files, we noted that four out of the six checking accounts had ending balances that exceeded the FDIC insurance limit. Consequently, the uninsured amount was exposed to potential cash losses while the IHA's and HUD's interests were not fully protected.

Auditee Comments

The auditee's response is that the recommendation has been implemented. The IHA has executed a depository agreement with the bank. The agency was under the impression that the Government Unit Depository Agreement (GUDPA) was sufficient since the funds were collateralized over the \$100,000.

Recommendations

We recommend that you require the IHA to:

- 1A. take measures to expedite the execution of a depository agreement (HUD form 51999) with First Union Bank to safeguard all of its cash assets.

Ineligible and Unsupported Travel and Related Costs

The IHA paid for travel and related expenses that were incurred in violation of established Federal Cost Principles for State, Local and Indian Tribal Governments, and provisions of its own travel policy. The violations occurred because IHA officials did not adhere to applicable requirements; nor did they utilize sound management practices in incurring travel costs. Consequently, we found that the IHA's travel costs contained ineligible costs of \$4,479.18, and unsupported costs of \$69,628.17, which includes \$8,355 of costs that we have considered unreasonable.

Criteria

Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments" establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. In accordance with Attachment A of OMB Circular A-87, General Principles for Determining Allowable Costs, "Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices."

Our review disclosed that the IHA's travel policy provides for an allowance of subsistence in lieu of actual expenses to be paid at a rate not to exceed \$100.00 per day. It further provides that no allowance shall be paid for travel of less than 24 hours unless such travel require departure prior to 8:00am or return after 6:00pm and exceeded six hours. The allowance of \$100.00 is to be paid at a rate of one fourth (\$25) for each six hour period or fraction thereof.

Travel cost improprieties

Contrary to the above, the IHA allowed for the reimbursement of inappropriate and unreasonable travel costs. This resulted from weaknesses in the controls over travel costs, which are discussed below:

- a) IHA employees and officials are receiving a full allowance of \$100.00 per day although pertinent times and/or dates of travel departures and arrivals are not recorded and documented. Furthermore, the daily allowance is pre-determined and paid in advance based on the

number of nights lodging is expected, which is contrary to IHA's travel policy. The policy provides for the allowance to be computed based on six hour increments.

- b) IHA employees and officials are receiving a partial allowance of \$50.00 for local travel although the travelers are not incurring any additional subsistence expenditures outside of a normal work day. We consider travel performed within the commuting area of the IHA, which would be up to 50 miles and completed within the normal work day, as "local travel". Local travel does not constitute a basis for an allowance.
- c) IHA employees and officials are receiving a prepaid allowance of subsistence for travel associated with training conferences and seminars although the conference/seminar registration fee includes meals for the attendees. The prepaid allowance is based strictly on the number of nights lodging is expected. The IHA therefore allowed for reimbursement of costs that were never incurred. In our opinion, this is not an application of sound management practices. When the cost of meals are included as part of the registration fee, the daily allowance of subsistence should be reduced to an amount commensurate with the expected expenses.
- d) A total of nine (9) IHA employees and officials attended both the 1997 and 1996 NAHRO Conferences held in San Diego, California and New Orleans, Louisiana. However, IHA's travel policy provides that attendance at conferences and meeting(s) shall be limited to the number of persons necessary to cover the meeting adequately. By allowing more than the necessary number of staff to attend the conferences, the IHA did not adhere to its travel policy.
- e) IHA's travel policy provides that travel costs for employees and officials authorized to travel on official business shall be borne by the IHA. The cost of taxi fares and similar items necessary to

conduct official business shall also be borne by the IHA. However, the travel policy does not require supporting receipts, thus allowing for excessive travel costs to be borne by IHA. In our opinion, this is not an application of sound management practices. In comparison, the local travel practice of the Township of Irvington is based on reimbursement of actual expenditures. Township employees and officials are required to submit receipts for all incurred costs, including those for meals in order to obtain reimbursement.

Examples of the ineligible, unsupported/unreasonable costs

The types of ineligible and unsupported travel costs are as follows:

Ineligible Travel Costs

The payment for: (a) meals provided at training conferences and seminars; (b) airfares not associated with official business; and (c) lodging and airfare costs for ineligible travelers.

Unsupported Travel Costs

The payment of : (a) per diem allowance of subsistence without any documented departure or return times; (b) the payment of lodging and transportation costs without supporting documentation; and (c) partial allowances for local travel.

Unsupported/ Unreasonable Travel Costs

The payment of hotel bills for “no show” officials and transportation costs via limousine service.

The ineligible, unsupported and/or unreasonable travel costs are further identified and explained in Appendix B of this report.

We believe that the incurrence of the ineligible and unsupported travel and related costs deprived the IHA of needed funds. In this regard, the IHA needs to adopt and implement a revised travel policy. The policy should ensure that incurred travel costs are necessary, reasonable, and properly supported.

Auditee Comments

A. The IHA accepts the recommendations in part whereby a new travel policy is being developed that will be in accordance with OMB Circular A-87. Travel expenses will be supported by detailed receipts along with the recording of pertinent times and dates of travel. However, the IHA will continue to adhere to its current policy of an allowance for local travel.

B. Ineligible Travel Cost

In reference to airfare cost not associated with official business, there was a mix up with the ticketing charge. This was a round trip ticket to Boston, Mass. for training in Cambridge, Mass. Furthermore, no lodging cost was paid for ineligible travelers.

C. Unsupported Travel Cost

The IHA will adhere to its policy.

D. Unreasonable Travel Cost

The IHA will implement the recommendation. In reference to payment of no show officials, the IHA will investigate the charge.

OIG Evaluation of
Auditee Comments

A. We reiterate that local travel should not constitute a basis for an allowance. A traveler should only receive reimbursement of expenses incurred during local travel such as parking fees and tolls.

B. The IHA should be instructed to provide documentation to support this claim. The credit card documentation that was provided during the audit in support of the questioned costs details a trip to Unalakleet, AK. Furthermore, the IHA did pay

the airfare cost for the wife and a niece of two Commissioners. These two persons were ineligible travelers.

- D. Billings for no show official occurred when a reservations was guaranteed on a credit card and the traveler did not inform the hotel of a cancellation.

Recommendations

We recommend that you instruct the IHA to:

2A. Amend its travel policy and adopt controls that will to ensure that all travel costs are necessary and reasonable. This would include:

- a. Ensuring that all travel expenses are supported by detailed receipts.
- b. Requiring the recording of pertinent times and dates of travel to support allowance entitlements.
- c. Eliminating the allowance for local travel.
- d. Reducing allowance to the amount commensurate with expected costs.

2B. Require the IHA to reimburse the operating account the amount of eligible costs of \$4,479.18 from non-federal funds.

We further recommend that your office:

2C. Determine the eligibility of the unsupported/unreasonable costs of \$69,628.17, and require the IHA to reimburse any amount determined to be ineligible from non-Federal funds.

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Improvements Are Needed Over Cash Disbursement Controls

Our review disclosed instances of noncompliances with cash disbursement controls and other related accounting procedures that, in our opinion, weakened the IHA's system of internal controls in the accounting and cash disbursement areas. The noncompliances pertain to the issuance of checks without all required signatures and the lack of support for certain costs, which occurred because established procedures and/or practices over cash disbursements were not followed. Specifically, checks with amounts that totalled \$434,387.94 were issued without all required signatures, and costs of \$30,083.97 were not properly supported. Consequently, IHA officials did not ensure that controls and requirements intended to assure that disbursements are properly authorized and supported were followed.

Criteria

Our initial review of cash disbursements disclosed instances where the IHA did not comply with its established disbursement policy. Accordingly, the review was expanded to include cash disbursements prior to and throughout the entire audit period. The results are as follows:

1. Checks issued without all required signatures

IHA disbursement policy and procedures require two signatures on all checks, live and/or stamped; however, for checks over \$10,000, two live signatures are required.

Two signatures, live or stamped on all checks

A review of cash disbursements made between April 1, 1996 and March 31, 1998 disclosed several checks for amounts under \$10,000 which only have the live signature of the IHA's Executive Director. Those checks totalled \$4,235.46, and in accordance with IHA policy required two signatures (live &/or stamped) on each check.

Two live signatures on checks over \$10,000

Further review disclosed several additional checks for amounts over \$10,000 with the live signature of the Executive Director and a stamped signature of the Board of Commissioners' Chairperson. Those checks totalled \$430,152.48 and required two live signatures in accordance with the IHA disbursement policy.

Total of \$434,387.94
disbursed without proper
signatures on checks

Contrary to established policy, the checks referred to above were issued without the proper signatory authorization. The amounts of the checks totaled \$434,387.94 and are further identified in Appendix C of this report.

2. Unsupported disbursements from general funds

Criteria

Attachment A of OMB Circular A-87, Part C provides basic guideline factors affecting allowability of costs. To be allowable under Federal awards, costs must be necessary and reasonable... and must be adequately documented.

Total of \$18,524.38
disbursed without
supporting documentation

A review of disbursements made between April 1, 1996 and March 31, 1998, disclosed that disbursements were made without adequate supporting documentation. The unsupported costs include payments for postage; dining costs charged on an American Express card; automotive parts and repairs; sundry expenses; Tenant Services Recreational activities; Drug Elimination Program activities; and Youth Sports Program activities. The unsupported costs totaled \$18,524.38 and are further identified and explained in Appendix D of this report.

3. Unsupported disbursements and accountability over PHDEP Grant expenditures

Criteria

CFR 24 Section 85.20 (b)(6) provides that accounting records must be supported by such source documents as canceled checks, paid bills, etc... Furthermore, Notice of Funding Availability (NOFA) for Fiscal Year (FY) 1994, dated April 1, 1994 provides that the grantee must establish an auditable system to provide adequate accountability for funds which it has been awarded.

Unsupported expenditures
of \$11,559.59 charged to
PHDEP

A limited review of the Public Housing Drug Elimination Program (PHDEP) for Fiscal Year 1994 disclosed that the IHA failed to provide adequate accounting and managerial controls over expenditures charged to its PHDEP. Payments to various vendors lacked supporting documentation. Due to the lack of adequate supporting documentation, a determination as to the necessity, and reasonableness of certain expenditures could not be made. The unsupported expenditures include payments for telephone services; storage equipment; and other

equipment and supplies. The unsupported expenditures totalled \$11,559.59 and are further identified in Appendix E of this report.

Inadequate controls

The three instances of noncompliance discussed above occurred because established policies and procedures were not implemented to ensure that disbursement controls were executed and that costs were properly supported. IHA has not maintained adequate controls over cash disbursement of project funds as required by established IHA procedures/practices and by the applicable requirements of OMB Circular A-87, CFR 24 Section 85.20 and FY '94 NOFA.

Auditee Comments

The IHA will implement recommendations. The authority acknowledges that checks dated after 11/1/96 were improperly disbursed which total \$41,853. Prior to 11/96 checks over \$10,000 did not require live signatures. Proper documentation will be required before disbursing funds.

Recommendations

We recommend that you instruct the IHA to:

- 3A. Implement controls that will ensure that checks are signed in accordance with its disbursement policy and procedures.
- 3B. Implement controls that will ensure that supporting documentation are obtained and maintained for all costs incurred.
- 3C. Ensure that all costs incurred meets OMB Circular A-87's necessary and reasonable requirement.
- 3D. Provide documentation or justification for the unsupported costs so that an eligibility determination can be made by your office.
- 3E. Reimburse the appropriate program and account, from non-Federal funds, for any amount of unsupported costs determined to be ineligible.

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Procurement Requirements Were Not Followed

The IHA did not comply with procurement requirements contained in applicable sections of the Code of Federal Regulations (CFR), which require housing authorities to; a) perform cost estimates and/or price analyses; b) adequately solicit and document all proposals submitted in response to a Request For Proposal (RFP) for professional services (e.g. Accounting, Legal) to substantiate the selected contractor; c) verify that wages paid to laborers employed by general contractors match prevailing wage rates; and d) determine whether a contractor is on the Federal Debarment List of Contractors prior to executing a contract with the contractor. As a result, the IHA was unable to provide documentation showing that contracts were awarded at the lowest possible prices to contractors/consultants who are not debarred or suspended from participation in federally assisted programs. These deficiencies are attributed to management’s failure to properly adhere to procurement requirements provided in applicable sections of the CFR.

- a) The IHA could not provide adequate evidence showing that cost/price analyses or independent estimates were performed in connection with determining contract prices

Criteria for performing cost/price analyses

24 CFR 85.36, Procurement: Section (f)(1) states that “grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications.” Furthermore, **24 CFR 85.36 Section (b)(4)** states that the “grantee and subgrantee procedures will provide for a review of proposed procurements to avoid the purchase of unnecessary or duplicative items.”

Procurement files did not contain cost/price analyses or independent estimates

We reviewed the procurement history files of seven active contracts that were listed on the IHA’s contract register and executed within our audit, which was between April 1, 1996 and March 31, 1998. Our review disclosed that the IHA did not have any cost/price analyses or independent estimates for none of the seven contracts on file. During the review, we informed management that the procurement history files did not contain any cost analyses, and gave them ample time (two weeks) to provide us with all requested documents. At the end of the two weeks, management did not provide us with any procurement cost analyses. Since cost or price analyses should have been performed and documented for every procurement, we concluded that the IHA could not provide proof that procedures designed to ensure that contract prices are economical were followed.

- b) The IHA did not document all proposals submitted in response to an RFP for professional services.

24 CFR 85.36, Procurement: Section (D)(3) states that “procurement by competitive proposals. . . is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type of contract is awarded.” If this method is used, the following requirements apply: (i) “Requests for proposals will be publicized and identify all evaluation factors and their relative importance.” (ii) “Proposals will be solicited from an adequate number of qualified sources.”

IHA files did not contain competitive proposals submitted in response to an RFP

The contract files for current accounting and legal services did not contain any competitive proposals that were submitted in response to an RFP. We requested management to provide us with proposals submitted by others. After being granted sufficient time (two weeks) to gather the documents, the IHA did not provide us with any proposals. As a result, we could not determine if the IHA encouraged open competition or obtained a cost effective contract price during their procurement of accounting and legal services.

- c) There were no documentation on file showing that wages paid to laborers employed by contractors matched prevailing wage rates.

Criteria for payment of contract wages that match prevailing wage rates

24 CFR 968.110, Section (E)(1) states that “with respect to modernization work or contracts over \$2,000 (except for non-routine maintenance work), all laborers and mechanics employed by the PHA or its contractors shall be paid not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act(40 U.S.C. 276 (a) to 276 (c)).”

IHA procurement history files did not contain any documentation showing that wages paid to contract laborers matched prevailing wage rates

Our review of the procurement history of the seven active contracts revealed that the IHA may not have verified that wages paid to laborers employed by contractors matched prevailing wage rates. The IHA procurement history files for four selected contracts contained no documentation showing

that such a verification of wages was performed. Since the information was not in the files, we requested it from management. After granting management two weeks to find the documents, we concluded that the IHA was unable to provide us with the requested items. Consequently, the IHA does not have adequate proof that its contractors paid laborers wages that matched prevailing wage rates.

- d) There is no documentation showing that the IHA checked contractors against the Federal Debarment List of Contractors

Criteria regarding the Federal Debarment List of Contractors

24 CFR Part 85.35; Subawards to Debarred and Suspended Parties: states that “grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, ‘Debarment and Suspension.’”

The IHA files did not contain any evidence showing that management checked contractors against the Federal Debarment List of Contractors

The procurement history files reviewed did not contain any documentation showing that management checked the names of contractors who won bids against the Federal Debarment List prior to awarding contracts. The IHA was requested to furnish documents showing that contractors with executed contracts were checked against the Federal Debarment List; however, management did not satisfactorily respond to the request.

Auditee Comments

The IHA will implement the recommendations. The IHA was unaware of the cost/price analysis requirement. A cost analysis was performed for the COMP grant application and five year plan. Corrective action has been taken. In reference to procurement of professional services, the RFP for Fee Accountant was advertised in a statewide and local newspaper with only one response. The file for legal counsel was misplaced or destroyed. In addition, in reference to contractors matching prevailing rates, field interviews were conducted but there is no written documentation. Furthermore, the check for debarred contractors was performed via telephone with the HUD Area Office.

Recommendations

We recommend that you instruct the IHA to:

- 4A. Ensure that future procurement activities are adequately supervised.
- 4B. Comply with all applicable Federal, State and Local procurement policies and regulations. This would include compliance in areas of:
 - a) Performing cost estimates and/or price analyses for all future procurement activities.
 - b) Adequately soliciting and documenting all proposals submitted in response to an RFP for professional services to substantiate the selection.
 - c) Documenting whether the name of selected contractors were checked against the Federal Debarment List of Contractors prior to the award of contracts to them.

Management Controls

In planning and performing our audit, we considered the management controls of the IHA in order to determine our audit procedures and not to provide assurance on management controls. Management controls consists of 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 also include the systems for measuring, reporting, and monitoring program performance.

Relevant Management Controls

We determined that administrative and accounting controls in the following areas were relevant to our audit objective:

- Controls over administration of HUD programs.
- Controls over disbursements and receipts.
- Controls over supporting documentation for costs.
- Controls over procurement and contracting.
- Controls over travel.

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

Management controls are classified into four general groups: (a) controls over program operations, (b) controls over the validity and reliability of data, (c) controls over compliance with laws and regulations, and (d) controls over the safeguarding of resources. When management controls do not provide reasonable assurance applicable to these four groups, a significant weakness exists.

Significant Weaknesses

Our review identified the following significant management control weaknesses:

- Controls over disbursements and receipts (**Finding 1 and 3**).
- Controls over travel (**Finding 2**).

- Controls over procurement and contracting (**Finding 4**).
- Controls over supporting documentation for costs (**Findings 2 and 3**).

Follow-Up On Prior Audits

The latest audit of the IHA was performed by the Independent Auditor W. Frye and Associates, P.C. for the twelve month period ended March 31, 1998. The report contained 3 findings. One finding noted that the IHA was not complying with certain requirements and regulations pertaining to travel. Our report also contains a finding on controls over travel (Finding 2).

The two remaining findings have been resolved. Regarding those findings, the IHA is in the process of installing new computer software that will enable tenant re-certifications to be completed in a timely manner and also allow for HUD Form 52683, Annual Report on Program Utilization, to be supported and documented.

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Issues Needing Further Study

During the audit we noted two other matters that require corrective action in order to bring IHA into full compliance with HUD requirements and to promote economy and efficiency in its operation.

Laundry Income

The IHA entered into a lease agreement with Gordan & Thomas Co., Inc. on March 21, 1993 for the installation and maintenance of laundry equipment at Projects #2, #3, #4 and #5. The lease agreement was for a 5 year term, expiring on June 30, 1998. The lease agreement provides that the monthly rent is equivalent to 90% of collections in excess of \$2,000. We noted that the lease agreement has not been renewed.

We also noted that the IHA has not received any income from the lease agreement and that Gordan & Thomas Co., Inc. obtained all collections. Furthermore, there was no evidence that a IHA staff member was present at the time of collections to verify the amount collected by Gordon & Thomas Co., Inc. In this regard, the IHA did not take appropriate measures to ensure that Gordan & Thomas Co., Inc. determined whether the IHA was due any monthly rent. We believe that the IHA should conduct a study of the laundry operation under lease with Gordon & Thomas Co., to determine whether the IHA was due any monthly rental fees. Moreover, the IHA should implement procedures to determine whether it is due a rental fee on a monthly basis.

Apart from the above, we noted that the IHA Housing Department started selling laundry tokens at Project #1 in February 1997. The IHA owns all token operated laundry equipment at Project #1 (Family Units). However, the IHA has not accounted for the tokens sold to Project #1 tenants on its book and records. The IHA should conduct a study to determine where the funds from the sale of the tokens are being maintained; and to develop procedures to properly account for those funds on its books and records.

Maintenance Work Orders

During our review of maintenance work orders, we selected a judgmental sample comprised of apartment # 2B at each of IHA's 14 project locations. All of the workorders reviewed were dated between the period of March 1, 1997

and March 1, 1998. During our review, we noted that numerous workorders did not contain detailed information. Workorders lacked such pertinent information such as status of repair(s); amount of time spent on job; and nature of damages (i.e. vandalism, natural wear/tear, incidental). We noted that 26 out of 51 workorders (50.9%) contained incomplete information, and indicated that the IHA should have charged the cost of some repairs to the tenants since they caused the damages to the dwelling units.

We also noted that there are no written procedures for the maintenance workorder system. Apparently, all maintenance employees are not aware of the unwritten work order procedures. We believe that the IHA should conduct a study of its workorder processes and implement an effective work order system based on written procedures.

Schedule of Ineligible and Unsupported Costs

| <u>Finding Number</u> | <u>Ineligible 1/</u> | <u>Unsupported 2/</u> |
|---------------------------|----------------------|-----------------------|
| 2 | \$4,479.18 | \$ 69,628.18 |
| 3 | <u>-0-</u> | <u>30,083.97</u> |
| Totals | <u>\$4,479.18</u> | <u>\$ 99,712.15</u> |

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 Questioned Travel Costs

| Date Paid | Check Number | Description | Amount Unsupported | Amount Ineligible | Notes |
|-----------|--------------|--------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|-------|
| 03/26/96 | 13341 | Lodging Marriott Hotel Wash, D.C. 3/18/3/19/98 | 215.00 | | 1,12 |
| 03/16/98 | 13335 | Per Diem NAHRO Training Absecon, NJ | 100.00 | | 2 |
| 03/16/98 | 13334 | Per Diem NAHRO Conference | 50.00 | | 2 |
| 03/16/98 | 13333 | Per Diem NAHRO Conference | 150.00 | | 2 |
| 03/16/98 | 13332 | Per Diem | 150.00 | | 2 |
| 03/16/98 | 13331 | Per Diem NAHRO Committee Meeting Wash,, D.C. 3/18/98 | 150.00 | | 2 |
| 03/13/98 | 13328 | Per Diem Legislative Conf Wash., DC 3/18-3/22/98 | 500.00 | | 2 |
| 01/06/98 | 13026 | No show hotel billing (111.30) & Unknown incidental travel (42.38) | | 153.68 | 3,4 |
| 12/11/97 | 12940 | Limo Service for Lawrence Jackson & Laverne Williams. Newark Airport to/from Newark, East Orange & West Orange, NJ | 156.40 | | 5,6 |
| 12/09/97 | 12925 | Lodging for NAHRO Conference and Exhibition in San Diego, CA | | 1,817.00 | 7,8 |
| 11/26/97 | 12905 | Per Diem State Mandated Course New Brunswick NJ 12/6/97 | 50.00 | | 2,9 |
| 11/25/97 | 12902 | Per Diem State Mandated Course New Brunswick NJ 12/6/97 | 50.00 | | 2,9 |
| 11/18/97 | 12896 | Per Diem NARHO Conference Absecon, NJ | 42.00 | 8.00 | 2,10 |
| 11/17/97 | 12894 | Per Diem NARHO Conference, Absecon, NJ | 176.00 | 24.00 | 2,11 |
| 11/17/97 | 12893 | Per Diem NARHO Conference, Absecon, NJ | 42.00 | 8.00 | 2,10 |
| 11/17/97 | 12892 | Per Diem NARHO Conference, Absecon, NJ | 176.00 | 24.00 | 2,11 |
| 11/17/97 | 12891 | Per Diem NARHO Conference, Absecon, NJ | 176.00 | 24.00 | 2,11 |
| 11/06/97 | 12820 | Final Payment for Board Retreat in New Brunswick, NJ | 3,147.00 | | 12 |
| 11/06/97 | 12819 | Transportation Board Retreat, New Brunswick | 500.00 | | 12 |
| 11/06/97 | 12817 | Lodging expense Marriot Hotel Cambridge | 899.45 | | 1,12 |
| 11/03/97 | 12801 | Minority Male Community Program Conf. | 50.00 | | 2 |
| 10/24/97 | 12795 | Reimbursement Airline Credit Vouchers for trip to San Diego, CA | 96.00 | | 12 |
| 10/22/97 | 12790 | Lodging NAHRO Conference | 1,260.00 | | 12,13 |
| 10/22/97 | 12787 | Car Rental NAHRO Conference | 147.96 | | 12 |
| 10/22/97 | 12785 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/22/97 | 12783 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/22/97 | 12782 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/20/97 | 12774 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/20/97 | 12773 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/20/97 | 12772 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/20/97 | 12771 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/17/97 | 12770 | Per Diem 1997 NAHRO Conference | 448.00 | 52.00 | 2,14 |
| 10/03/97 | 12682 | Trip for Senior Citizens to attend Play | 250.00 | | 12 |
| 09/29/97 | 12672 | Per Diem expense Statewide Empowerment Summit | 100.00 | | 2,9 |
| 09/29/97 | 12671 | Airline expense for one way travel to Unalakleet, | | | |

Appendix B

| Alaska | | | 263.50 | 15 | |
|-----------|--------------|----------------------------------------------------------------------------|--------------------|-------------------|----------|
| Date Paid | Check Number | Description | Amount Unsupported | Amount Ineligible | Notes |
| 09/17/97 | 12655 | Per Diem expense Conference Cambridge, MA | 400.00 | | 2 |
| 09/11/97 | 12648 | Lodging expense Lawrence Jackson, New Jersey Statewide Empowerment Summit | 190.00 | | 12,13,16 |
| 09/08/97 | 12551 | Per Diem Security Seminar | 50.00 | | 2,9 |
| 09/08/97 | 12550 | Per Diem Security Seminar | 50.00 | | 2,9 |
| 09/08/97 | 12548 | Per Diem Security Seminar | 50.00 | | 2,9 |
| 09/02/97 | 12549 | Per Diem Security Seminar | 50.00 | | 2,9 |
| 09/08/97 | 12547 | Per Diem Security Seminar | 50.00 | | 2,9 |
| 08/12/97 | 12457 | Per Diem HUD Conference | 250.00 | | 2 |
| 08/12/97 | 12456 | Per Diem HUD Conference | 250.00 | | 2 |
| 08/07/97 | 12448 | Lodging expense Debra Alanos, NJARS Conference in NJ | 372.00 | | 12,13 |
| 08/04/97 | 12444 | Lodging for 6 Commissioners, and 3 employees NAHRO Conference | 7,743.84 | | 17 |
| 08/04/97 | 12442 | Lodging Milagro Padilla HUD Conference | 200.00 | | 12,13 |
| 08/04/97 | 12441 | Lodging Alice Marcelli HUD Conference | 200.00 | | 12,13 |
| 08/04/97 | 12440 | Lodging and Airfare for wife and niece of 2 Commissioners NAHRO Conference | | 888.00 | 18 |
| 07/28/97 | 12418 | Lodging A. Hardney Crime Prevention Conference | 405.00 | | 12,13 |
| 07/28/97 | 12414 | Per Diem Crime Prevention Conference | 350.00 | | 2 |
| 07/24/97 | 12408 | Per Diem NAHRO Summer Conference | 50.00 | | 2,9 |
| 07/24/97 | 12406 | Round trip train fare to Washington, DC | 120.00 | | 12 |
| 07/24/97 | 12405 | Per Diem NAHRO Summer Conference | 50.00 | | 2,9 |
| 07/12/97 | 12319 | Limo Service Lawrence Jackson/Pat Walton to Newark Airport | 79.25 | | 5,6 |
| 06/23/97 | 12256 | Per Diem Police Expo Atlantic City | 200.00 | | 2 |
| 06/23/97 | 12255 | Per Diem Police Expo Atlantic City | 200.00 | | 2 |
| 06/17/97 | 12241 | Per Diem NJAPSHR Conference | 350.00 | | 2 |
| 06/16/97 | 12239 | Per Diem NJAPSHR Conference | 350.00 | | 2 |
| 06/16/97 | 12238 | Per Diem NJAPSHR Conference | 350.00 | | 2 |
| 06/16/97 | 12237 | Per Diem NJAPSHR Conference | 350.00 | | 2 |
| 06/16/97 | 12236 | Per Diem NJAPSHR Conference | 350.00 | | 2 |
| 06/12/97 | 12232 | Per Diem Step-Up Conference | 41.00 | 9.00 | 2,9,19 |
| 06/12/97 | 12231 | Per Diem Stella Poston Volunteer Resident Patrol Training Program | 400.00 | | 2 |
| 06/09/97 | 12161 | Lodging expense Lawrence Jackson & Alan Hardney Police Expo | 178.00 | | 12,13 |
| 06/05/97 | 12154 | Per Diem Commissioner's Training Course | 50.00 | | 2,9 |
| 05/23/97 | 12129 | Lodging Sheraton Hotel West Atlantic City Conference | 372.00 | | 12,13 |
| 05/23/97 | 12126 | Conference in New York Columbia University | 100.00 | | 12,20 |
| 05/21/97 | 12120 | Lodging Rosalie Johnson, Absecon, NJ | 111.90 | | 12,13 |
| 05/21/97 | 12119 | Per Diem State Mandated Courses Absecon, NJ | 300.00 | | 2 |
| 05/19/97 | 12116 | Lodging for the Resident Patrol Training | 260.00 | | 12,13 |
| 05/06/97 | 12016 | Per Diem Section 8 Training, New Orlean, LA | 500.00 | | 2 |
| 05/06/97 | 12015 | Per Diem Step-Up Conference Natick, MA | 300.00 | | 2 |
| 05/06/97 | 12014 | Per Diem Step-Up Conference Natick, MA | 300.00 | | 2 |

Appendix B

| Date Paid | Check Number | Description | Amount Ineligible | Amount Unsupported | Notes |
|-----------|--------------|--------------------------------------------------------------------------------|-------------------|--------------------|------------|
| 05/06/97 | 12013 | Per Diem State Mandated Course | 100.00 | | 2 |
| 05/05/97 | 12007 | Lodging Capital Hilton Washington & Omni Hotel of Atlanta | 639.58 | | 1,12 |
| 05/03/97 | 11999 | Per Diem Community Development Conference Hilton Head, SC | 300.00 | | 2 |
| 05/02/97 | 11998 | Per Diem Community Development Conference Hilton Head, SC | 300.00 | | 2 |
| 05/01/97 | 11996 | Revalidated Airline Tickets for Lawrence Jackson and Pat Evans | 100.00 | | 12 |
| 05/01/97 | 11993 | Per Diem Search Institute Minneapolis, MN | 400.00 | | 2 |
| 05/01/97 | 11992 | Per Diem NAHRO/Maint. Conference New Orleans | 500.00 | | 2 |
| 05/01/97 | 11991 | Per Diem State Mandated Course Bergen County, NJ | 50.00 | | 2,9 |
| 04/28/97 | 11978 | Per Diem NAHRO/Maint. Confer. New Orleans | 500.00 | | 2 |
| 04/18/97 | 11956 | Lodging Expense Russia Thompson, Community Develop. Conference Hilton Head, SC | 332.00 | | 12,13 |
| 04/18/97 | 11955 | Lodging expense Lenel Jackson. Community Develop. Conference Hilton Head, SC | 332.00 | | 12,13 |
| 04/10/97 | 11920 | Lodging Training J. Washington | 471.75 | | 12,13 |
| 04/10/97 | 11919 | Lodging Step-Up Conf. Larry Jackson | 460.00 | | 12,13 |
| 04/10/97 | 11918 | Lodging Step-Up Conf. Pat Walton | 460.00 | | 12,13 |
| 04/10/97 | 11915 | Lodging Training Institute Program | 324.00 | | 12,13 |
| 04/10/97 | 11914 | Per Diem expense NAHRO Conf. | 100.00 | | 2,9 |
| 04/10/97 | 11913 | Lodging A. Hasty NAHRO Conf. | 90.10 | | 12,13,16 |
| 04/10/97 | 11907 | Per Diem State Mandated Course | 50.00 | | 2,9 |
| 04/10/97 | 11906 | Per Diem State Mandated Course | 50.00 | | 2,9 |
| 04/10/97 | 11905 | Per Diem State Mandated Course | 150.00 | | 2,9 |
| 04/03/97 | 11847 | Per Diem Nat'l Youth Prof. Conference | 100.00 | | 2 |
| 04/02/97 | 11827 | Per Diem MARC/NAHRO Conference | 268.00 | 32.00 | 2,21 |
| 03/25/97 | 11812 | Expenses for Hotel and Rail | 1,248.59 | | 1,12,22 |
| 03/25/97 | 11811 | Per Diem Expense SEMAP Conference | 300.00 | | 2 |
| 03/21/97 | 11800 | Lodging expense Lawrence Jackson MARC/NAHRO Conference | 243.00 | | 12,13 |
| 03/19/97 | 11791 | Lodging expense National Youth Crime Prevention Conference | 1,552.50 | | 12,13 |
| 03/18/97 | 11790 | Per Diem expense NAHRO Legislative Conf. | 300.00 | | 2 |
| 03/14/97 | 11787 | Transportation to/from airport | 90.00 | | 12 |
| 03/11/97 | 11763 | Per Diem National Youth Conference | 500.00 | | 2 |
| 03/11/97 | 11762 | Per Diem NAHRO Legislative Conf. | 400.00 | | 2 |
| 03/11/97 | 11761 | Per Diem NAHRO Legislative Conf. | 400.00 | | 2 |
| 03/11/97 | 11703 | Per Diem Expense Youth Conf. | 500.00 | | 2 |
| 03/11/97 | 11702 | Per Diem Expense Youth Conf. | 1,250.00 | | 2 |
| 03/04/97 | 11695 | Per Diem NAHRO Training | 50.00 | | 2,9 |
| 03/04/97 | 11693 | Per Diem NAHRO Training | 100.00 | | 2,9 |
| 03/03/97 | 11694 | Per Diem NAHRO Training | 100.00 | | 2,9 |
| 02/26/97 | 11657 | Lodging D. Alanos' Training Conf. | 425.00 | | 12,13 |
| 01/09/97 | 11484 | Limo Service Lawrence Jackson/others | 216.00 | | 5,6 |
| 01/02/97 | 11427 | Lodging Expense Ocean Place Hilton | 2,386.44 | | 1,12,16,17 |
| 12/12/96 | 11401 | Per Diem DEP Seminar | 400.00 | | 2 |

Appendix B

| Date Paid | Check Number | Description | Amount Unsupported | Amount Ineligible | Notes |
|-----------|--------------|---------------------------------------------|--------------------|-------------------|-------|
| 12/12/96 | 11400 | Per Diem DEP Seminar | 400.00 | | 2 |
| 12/03/96 | 11312 | Transportation to DEP Seminar | 384.00 | | 12 |
| 11/19/96 | 11291 | Per Diem NJAPSHR Conference | 150.00 | | 2,9 |
| 11/19/96 | 11290 | Per Diem NJAPSHR Conference | 150.00 | | 2,9 |
| 11/19/96 | 11289 | Per Diem Annual Conference | 100.00 | | 2,9 |
| 11/18/96 | 11287 | Per Diem Convention | 250.00 | | 2,9 |
| 11/18/96 | 11286 | Per Diem Conference | 250.00 | | 2,9 |
| 11/18/96 | 11285 | Per Diem Conference | 250.00 | | 2,9 |
| 11/18/96 | 11283 | Per Diem Conference | 250.00 | | 2,9 |
| 11/14/96 | 11278 | Per Diem Communications Seminar | 50.00 | | 2,9 |
| 11/14/96 | 11277 | Per Diem Communications Seminar | 50.00 | | 2,9 |
| 11/14/96 | 11276 | Per Diem Communications Seminar | 50.00 | | 2,9 |
| 11/14/96 | 11275 | Per Diem Communications Seminar | 50.00 | | 2,9 |
| 11/14/96 | 11257 | Fare, tip, tolls & Parking Lawrence Jackson | 48.90 | | 5,6 |
| 10/30/96 | 11187 | Payment to attend State Mandated Course | 295.00 | | 12 |
| 10/17/96 | 11140 | Transportation expense to Seminar | 30.00 | | 12 |
| 10/07/96 | 11064 | Per Diem Personnel Conference | 50.00 | | 2,9 |
| 10/07/96 | 11063 | Lodging Ed Montpleasie Housing Seminar | 154.29 | | 12,13 |
| 10/03/96 | 11061 | Payment for Airline Ticket | 50.00 | | 12 |
| 10/03/96 | 11060 | Payment for Hotel Lenel Jackson | 119.00 | | 12,13 |
| 09/25/96 | 11033 | Per Diem Seminar | 100.00 | | 2,9 |
| 09/25/96 | 11030 | Per Diem Nat'l Pub. Hsng. Convention | 454.00 | 46.00 | 2,23 |
| 09/25/96 | 11029 | Per Diem Nat'l Pub. Hsng. Convention | 454.00 | 46.00 | 2,23 |
| 09/25/96 | 11028 | Per Diem Nat'l Pub. Hsng. Convention | 454.00 | 46.00 | 2,23 |
| 09/10/96 | 10937 | Per Diem Risk Mgmt. Seminar | 360.00 | 40.00 | 2,24 |
| 08/30/96 | 10911 | Lodging Sheraton Hotel | 101.44 | | 1,12 |
| 08/15/96 | 10874 | Per Diem Risk Mgmt. Seminar | 310.00 | 40.00 | 2,24 |
| 08/15/96 | 10873 | Per Diem Risk Mgmt. Seminar | 310.00 | 40.00 | 2,24 |
| 07/15/96 | 10829 | Rd. Trip Air Fare Risk Mgmt Seminar | 321.00 | | 12 |
| 07/15/96 | 10770 | Air Fare Conference | 785.00 | | 12, |
| 07/15/96 | 10763 | Hotel Reservations Conference | 860.93 | | 12,17 |
| 07/15/96 | 10762 | Hotel Reservations Conference | 860.93 | | 12,17 |
| 07/12/96 | 10761 | Air Fare Reimbursement Conference | 264.00 | | 12 |
| 07/12/96 | 10759 | Hotel Reservations remaining balance | 3,141.30 | | 1,12, |
| 07/10/96 | 10278 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10729 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10738 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10739 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10740 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10741 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10742 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/10/96 | 10743 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |

Appendix B

| Date Paid | Check Number | Description | Amount Unsupported | Amount Ineligible | Notes |
|---------------|--------------|-------------------------------|--------------------|-------------------|-------|
| 07/15/96 | 10768 | Per Diem NAHRO Conference | 660.00 | 40.00 | 2,25 |
| 07/02/96 | 10657 | Hotel Reservations Conference | 903.00 | | 12,17 |
| 06/06/96 | 10508 | Hotel Reservations Seminar | 278.25 | | 12 |
| 06/06/96 | 10507 | Hotel Reservations Seminar | 278.25 | | 12 |
| 06/06/96 | 10503 | Per Diem Conference | 100.00 | | 2 |
| 06/05/96 | 10499 | Per Diem Conference | 250.00 | | 2 |
| 05/29/96 | 10445 | Per Diem Training | 308.00 | 42.00 | 2,26 |
| 05/29/96 | 10444 | Per Diem Training | 308.00 | 42.00 | 2,26 |
| 05/29/96 | 10443 | Per Diem Training | 308.00 | 42.00 | 2,26 |
| 05/24/96 | 10436 | Per Diem Pub. Hsng. Summit | 360.00 | 40.00 | 2,27 |
| 05/01/96 | 10339 | Per Diem Pub. Hsng. Seminar | 300.00 | | 2 |
| 05/01/96 | 10338 | Per Diem Pub. Hsng. Seminar | 300.00 | | 2 |
| 05/01/96 | 10336 | Per Diem PHM Seminar | 500.00 | | 2 |
| 05/01/96 | 10335 | Per Diem PHM Seminar | 500.00 | | 2 |
| 04/10/96 | 10235 | Per Diem NAHRO Conference | 500.00 | | 2 |
| 04/10/96 | 10234 | MARC-NAHRO Annual Conference | 585.12 | | 12 |
| 04/10/96 | 10209 | Per Diem Seminar | 300.00 | | 2 |
| 04/09/96 | 10210 | Per Diem Seminar | 286.00 | 14.00 | 2,28 |
| 04/09/96 | 10207 | Per Diem Seminar | 286.00 | 14.00 | 2,28 |
| 04/09/96 | 10206 | Per Diem Seminar | 400.00 | | 2 |
| TOTALS | | | \$69,628.17 | \$4,479.18 | |

Notes

- 1 No hotel bill/invoice to support lodging costs charged to credit card.
- 2 Per diem paid without any departure or return times provided by traveler(s)
- 3 No hotel bill/invoice to support incidental costs of \$42.38 charged to credit card
- 4 Unreasonable cost of \$111.30 represents no-show hotel billing whereas traveler guaranteed reservations on credit card but did not inform hotel of cancellation. Thus, cost is ineligible.
- 5 Unreasonable limousine cost pending necessary determination. Thus, cost is unsupported.
- 6 No supporting documentation to support the number of travelers transported by limousine.
- 7 Lodging for six commissioners, executive director and two employees was prepaid on 8/4/97 Check #12444. Thus, cost of \$281.82 for additional hotel costs for executive director is considered ineligible. Amount includes \$10.00 health club fee and \$17.00 lunch.
- 8 Conference agenda was over on 10/29/97. Therefore lodging costs of \$1,535.18 for lodging with departure date of 11/5/97 considered ineligible.
- 9 Per Diem paid for travel within the local commuting area of IHA.
- 10 Conference registration fee included cost for one breakfast and two lunches. Since traveler attended only one day of conference, \$8.00 is ineligible in accordance with Federal per Diem Rates
- 11 Conference registration fee included cost for one breakfast and two lunches. Thus, 24.00 is ineligible in accordance with Federal Per Diem Rates.
- 12 No supporting documentation or the supporting documentation is inadequate to allow an eligibility determination to be made. Thus, cost is unsupported.
- 13 No hotel bill/invoice to support lodging costs.
- 14 Conference registration fee included cost for four breakfasts and one dinner. Thus, \$52.00 is ineligible in accordance with Federal Per Diem Rates.
- 15 Airfare for one way travel to ineligible destination. Thus, cost is ineligible.

Appendix B

- 16 Lodging cost paid for travel within the local commuting area of IHA.
- 17 Travel policy limits attendance at conferences & meetings to number of persons necessary to adequately cover meetings.
- 18 Ineligible travelers.
- 19 Conference registration fee included lunch. Thus, \$9.00 is ineligible in accordance with Federal Per Diem Rates.
- 20 Conference registration fee is \$50.00 per person. No documentation to support attendance of two persons.
- 21 Conference registration fee includes two breakfasts and two lunches. Thus, \$32.00 is ineligible in accordance with Federal Per Diem Rates.
- 22 No bill/invoice to support rail costs charged to credit card.
- 23 Conference registration fee included cost for one breakfast, three lunches and one dinner. Thus, \$46.00 is ineligible in accordance with Federal Per Diem Rates.
- 24 Conference registration fee included cost for one breakfast, three lunches and one dinner. Thus, \$40.00 is ineligible in accordance with Federal Per Diem Rates.
- 25 Conference registration fee included cost for three breakfast and one dinner. Thus, \$40.00 is ineligible in accordance with Federal Per Diem Rates.
- 26 Conference registration fee included cost for three breakfasts and three lunches. Thus, \$42.00 is ineligible in accordance with Federal Per Diem Rates.
- 27 Prepaid dinner cost of \$40.00 is ineligible. Traveler not entitled to full per diem.
- 28 Conference registration fee included cost for two lunches. Thus, \$14.00 is ineligible in accordance with Federal Per Diem Rates.

Schedule of Checks Issued Without All Required Signatures

| | <u>Check Date</u> | <u>Payee</u> | <u>Check Number</u> | <u>Amount</u> |
|--------------------|-----------------------|----------------------------------|-------------------------|----------------------------|
| Use of a Signature | 07/10/97 | State of NJ Pensions & Benefits | # 12377 | 14,579.99 |
| Stamp Where A | 03/03/97 | State of NJ Health Benefits Fund | # 11668 | 13,730.85 |
| Live Signature Is | 02/03/97 | State of NJ Health Benefits Fund | # 11549 | 13,502.48 |
| Required | 11/01/96 | State of NJ Health Benefits Fund | # 11193 | 13,856.52 |
| | 10/08/96 | State of NJ Health Benefits Fund | # 11046 | 13,448.53 |
| | 09/12/96 | State of NJ Health Benefits Fund | # 11004 | 13,144.34 |
| | 09/12/96 | PSE&G | # 10998 | 31,166.36 |
| | 09/11/96 | Housing Insurance Services, Inc. | # 10980 | 36,127.00 |
| | 09/06/96 | AmWest Surety Insurance | # 10928 | 49,356.90 |
| | 06/26/96 | Frigidaire | # 10644 | 10,900.00 |
| | 06/21/96 | Hymanson, Parnes & Giampaolo | # 10627 | 12,837.00 |
| | 06/18/96 | Viola Contracting Co., Inc. | # 10594 | 13,255.00 |
| | 06/12/96 | PSE&G | # 10544 | 12,117.33 |
| | 06/01/96 | Township of Irvington | # 10484 | 73,466.00 |
| | 05/09/96 | D.J. Pennet, Inc. | # 10390 | 62,320.50 |
| | 05/09/96 | PSE&G | # 10384 | 13,461.18 |
| | 05/09/96 | PSE&G | # 10383 | 19,190.34 |
| | 05/09/96 | State of NJ Health Benefits Fund | # 10375 | 13,692.16 |
| SUBTOTAL: | | | | <u>\$430,152.48</u> |
| | <u>Check Date</u> | <u>Payee</u> | <u>Check Number</u> | <u>Amount</u> |
| Use of One | 07/10/97 | L. Epstein Hardware | # 12371 | 313.03 |
| Signature | | | | |
| Where Two | 02/14/97 | Ctr. For Gov't. Services-Rutgers | # 11642 | 295.00 |
| Signatures | | Univ. | | |
| Are Required | 09/11/96 | Pitney Bowes Credit Corp. | # 10964 | 397.22 |
| | 09/06/96 | Douglas Gaffney | # 10934 | 620.00 |
| | 08/15/96 | N.J. Law Journal | # 10879 | 48.00 |
| | 08/15/96 | Robyn Hasty | # 10847 | 304.50 |
| | 07/23/96 | Joseph P. Clark, Assoc. | # 10786 | 1,500.00 |
| | 07/16/96 | Patricia Evans Walton | # 10774 | 757.71 |
| SUBTOTAL: | | | | <u>\$4,235.46</u> |
| TOTAL: | | | | <u>\$434,387.94</u> |

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Schedule of Unsupported Disbursements From the General Fund

| Date | Check Number | Description | Amount Unsupported | Notes |
|----------|--------------|----------------------------------------------------------|--------------------|-------|
| 03/23/98 | 13338 | Postage for Postage Machine | \$500.00 | 1 |
| 02/25/98 | 13223 | P.O. Box Rental | 20.00 | 1 |
| 02/13/98 | 13208 | Payment for electronic filing form 55058 | 633.00 | 1 |
| 02/05/98 | 13221 | Dining expense - Charlie Brown's Restaurant | 24.00 | 1,2 |
| 01/23/98 | 13119 | NAHRO Conf. - Russia Thompson | 355.00 | 1,3 |
| 01/16/98 | 13111 | State Mandated Training Course | 1,180.00 | 1,3 |
| 01/16/98 | 13110 | NAHRO Conf. Lawrence Jackson | 355.00 | 1,3 |
| 01/15/98 | 13101 | Payment for Painting | 915.00 | 1,4 |
| 12/18/98 | 13003 | Payment for electronic filing form 55058 | 336.00 | 1 |
| 12/18/98 | 13001 | 18 T-160 Video tapes | 152.45 | 1 |
| 12/17/98 | 12995 | Food and Supplies - Christmas Party 12/23/97 | 500.00 | 1 |
| 11/26/97 | 12904 | Luncheon Meeting - R. Thompson | 50.00 | 2 |
| 11/25/97 | 12903 | Registration fee - State Mandated Course | 590.00 | 1,3 |
| 11/14/97 | 12888 | Lunch - Board Retreat 11/7/97 | 51.22 | 1,4 |
| 10/22/97 | 12788 | Re-set Postage machine | 500.00 | 1 |
| 10/16/97 | 12768 | Re-set Postage machine | 500.00 | 1 |
| 09/11/97 | 12649 | Processing fee for Recertification | 471.00 | 1 |
| 08/26/97 | 12541 | Dining expense - Olive Garden Restaurant | 22.42 | 1,2 |
| 08/21/97 | 12530 | Rental of Poles to run fiber optics for CCTV Project | 750.00 | 1 |
| 08/19/97 | 12527 | Entrance fee - Cheesecake State Park | 40.00 | 1 |
| 08/18/97 | 12526 | Bus Driver's Fee, gas, and tolls trip to Cheesecake Park | 152.35 | 1 |
| 08/05/97 | 12447 | Ten copies of the 1997 Public Housing PHDEP Grant | 407.29 | 1 |
| 07/30/97 | 12421 | Bumper for dump truck | 100.00 | 1 |
| 07/03/97 | 12295 | Transportation - NY Mets Game | 175.00 | 1 |
| 06/26/97 | 12263 | Transportation - Drug Elimination Basketball Tournament | 1,700.00 | 1 |
| 06/19/97 | 12246 | Fifty New York Mets Tickets | 552.00 | 1 |
| 05/23/97 | 12128 | Registration fee Rosalie Johnson | 225.00 | 1 |
| 05/19/97 | 12112 | Muffler repair for One-pick Up Truck | 75.00 | 1 |
| 05/19/97 | 12111 | Three packs of polaroid 600mm film | 80.97 | 1 |
| 04/24/97 | 11971 | Payment for electronic filing form 55058 | 693.00 | 1 |
| 04/02/97 | 11833 | 1200 Rent Statements | 265.60 | 1 |
| 03/25/97 | 11809 | Transportation - Branch Brook Park Skating Center | 175.00 | 1 |
| 03/05/97 | 11700 | Transportation - Branch Brook Park Skating Center | 175.00 | 1 |
| 03/05/97 | 11698 | Entrance fee DEP Basketball Tournament | 1,500.00 | 1 |

Appendix D

| Date | Check Number | Description | Amount Unsupported | Notes |
|--------------|--------------|------------------------------------------|--------------------|-------|
| 02/03/97 | 11667 | Dining Expense Olive Garden | 52.58 | 1,2 |
| 11/07/97 | 11205 | Tenant Based Asst. Program Seminar | 295.00 | 1,3 |
| 10/30/96 | 11184 | 12 Turkeys Donation Thanksgiving Feast | 75.00 | 1 |
| 10/28/96 | 11174 | Halloween Party | 506.00 | 1 |
| 10/28/96 | 11173 | Application Fee Winter Basketball League | 650.00 | 1 |
| 09/23/96 | 11026 | Liscense Package for Childcare Ctr. | 5.00 | 1 |
| 09/13/96 | 11012 | Resident Council Trip - Christmas Show | 500.00 | 1 |
| 08/30/96 | 10912 | Museum/Planetarium Trip - Student in DEP | 552.00 | 1 |
| 04/24/96 | 10322 | Operating Budget Software | 295.00 | 1 |
| 04/16/96 | 10291 | State Meeting - Tenant Services Rec. | 300.00 | 1 |
| 04/12/96 | 10270 | Transportation - Bowling Trip | 125.00 | 1 |
| 04/12/96 | 10269 | Admission Fee - Bowling Trip | 160.00 | 1 |
| 04/08/96 | 10190 | Admission Fee - Skating Trip | 225.00 | 1 |
| 04/08/96 | 10189 | Transportation - Northern State Prison | 100.00 | 1 |
| 04/08/96 | 10188 | Admission Fee - 30 children | 237.50 | 1 |
| 04/08/96 | 10187 | Transportation - Sports Land | 100.00 | 1 |
| 04/08/96 | 10186 | Transportation - Skating Trip | 125.00 | 1 |
| TOTAL | | | \$18,524.38 | |

Notes

- 1 No billing, invoice or receipt to support payment or supporting documentation is inadequate to allow an eligibility determination to be made. Thus, cost is unsupported.
- 2 No bill/invoice to support meal costs charged to credit card. No documentation to support whether IHA business was conducted.
- 3 Conference registration form does not detail cost and fees associated with conference. Thus, cost is unsupported.
- 4 Vendor bill/invoice does not accurately support charge. Thus, cost is unsupported.

Schedule of Unsupported Drug Elimination Program Expenditures

| Drawdown Date | Drawdown Amount | Description | Amount Unsupported | Notes |
|---------------|-----------------|-----------------------------|--------------------|-------|
| 05/12/97 | \$6,693.00 | Telephone Services | \$233.49 | 1 |
| 10/09/96 | \$3,505.00 | Telephone Service | 301.12 | 1 |
| | | Div. of Youth & Family Srv. | 5.00 | 1 |
| 04/01/96 | 6,135.00 | Telephone Services | 19.00 | 1 |
| | | Telephone Services | 16.00 | 1 |
| 08/17/95 | 7,240.00 | Unknown | 6,598.00 | 1,2 |
| 05/30/95 | 3,257.00 | Storage Cabinet | 99.99 | 1 |
| | | Unknown | 99.99 | 1 |
| | | Unknown | 4,187.00 | 1,2 |
| | Totals | | \$11,559.59 | |

Notes

- 1 No billing, invoice or receipt to support payment or supporting documentation is inadequate to allow an eligibility determination to be made. Thus, cost is unsupported.
- 2 No billing or invoice attached to voucher and no description of charge. Thus, cost is unsupported.

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Auditee Comments

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Distribution

Executive Director, Irvington Housing Authority, Irvington, New Jersey (2)
 Deputy Secretary, SD, Room 10100
 Chief of Staff, S, Room 10000
 Special Assistant to the Deputy Secretary for Project Management, SD, Room 10100
 (Acting) Assistant Secretary for Administration, S, Room 10110
 Assistant Secretary for Congressional & Intergovernmental Relations, J, Rm. 10120
 Senior Advisor to the Secretary, Office of Public Affairs, S, Room 10132
 Director of Scheduling and Advance, AL, Room 10158
 Counselor to the Secretary, S, Room 10234
 Deputy Chief of Staff, S, Room 10266
 Deputy Chief of Staff for Operations, S, 10226
 Deputy Chief of Staff for Programs and Policy, S, Room 10226
 Acting Director, Office of Special Actions, AK, Room 10142
 Deputy Assistant Secretary for Public Affairs, W, Room 10222
 Special Assistant for Inter-Faith Community Outreach, S, 10222
 Executive Officer for Administrative Operations and Management, S, Room 10220
 Senior Advisor to the Secretary for Pine Ridge Project, W, Room 10216
 General Counsel, C, Room 10214
 Director, Office of Federal Housing Enterprise Oversight, O, 9th Floor Mailroom
 Assistant Secretary for Housing/Federal Housing Commissioner, H Room 9100
 Office of Policy Development and Research, R, Room 8100
 Assistant Secretary for Community Planning and Development, D, Room 7100
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 Assistant Secretary for Fair Housing and Equal Opportunity, E, Room 5100
 Chief Procurement Officer, N, Room 5184
 Assistant Secretary for Public and Indian Housing, P, Room 4100
 Chief Information Officer, Q Room 3152
 Director, Office of Departmental Operations and Coordination, I, Room 2124
 Chief Financial Officer, F, Room 2202
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 Director, Enforcement Center, V, 200 Portals Building, Washington, DC
 Acting Director, Real Estate Assessment Center, X, 1280 Maryland Avenue, SW, Suite 800,
 Washington, DC
 Director, Office of Multifamily Assistance Restructuring, Y 4000 Portals Bldg.,
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 Senior Community-Builder Coordinator, 2FS
 Director, Office of Public Housing, 2FPH
 Assistant General Counsel, New York/New Jersey, 2AC
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Deputy Chief Financial Officer for Finance, FF (Room 2202)
Director, Office of Budget, FO (Room 3270)
CFO, Mid-Atlantic Field Office, 3AFI (2)
Office of Public and Indian Housing, PF (Attention Audit Liaison Officer,
Room P8202 (2)
Departmental Audit Liaison Officer, FM Room 2206
Acquisitions Librarian, Library, AS (Room 8141)

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Chief, Housing Branch, Office of Management and Budget
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Deputy Staff Director, Counsel
Subcommittee on Criminal Justice, Drug Policy & Human
Resources
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Washington, DC 20515

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
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(Attention: Cindy Fogleman)

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The Honorable Joseph Lieberman
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