



**New Brunswick Housing Authority  
New Brunswick, NJ**

**Recovery Act Capital Fund Program**



Issue Date: June 21, 2013

Audit Report Number: 2013-NY-1007

TO: Sonia Burgos  
Director, Office of Public Housing, Newark Field Office, 2FPH

//SIGNED//

FROM: Edgar Moore  
Regional Inspector General for Audit, New York-New Jersey Region, 2AGA

SUBJECT: Authority Officials Generally Administered Recovery Act Funds in Accordance  
With Requirements but Budgetary and Procurement Controls Had Weaknesses

Enclosed is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of the New Brunswick, NJ, Housing Authority's administration of its Recovery Act Capital Fund Program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (212) 264-4174.



June 21, 2013

## Authority Officials Generally Administered Recovery Act Funds in Accordance With Requirements but Budgetary and Procurement Controls Had Weaknesses

# Highlights

Audit Report 2013-NY-1007

### What We Audited and Why

We audited the Housing Authority of the City of New Brunswick's American Recovery and Reinvestment Act Capital Fund Program based upon a risk analysis of authorities administered through the Newark, NJ field office, which considered the funding received and the U.S. Department of Housing and Urban Development's (HUD) assigned risk score. The objectives of the audit were to determine whether Authority officials (1) obligated and expended their funds in accordance with the Recovery Act and HUD regulations, and (2) complied with Recovery Act reporting requirements.

### What We Recommend

We recommend that HUD instruct Authority officials to (1) provide support for the board approval of the \$107,319 expended in excess of the amount authorized for the installation of security cameras; (2) provide documentation to adequately support that the \$157,701 paid for installation and maintenance labor costs was reasonable and that the costs were incurred; (3) strengthen procurement, financial, and budgetary controls; and (4) ensure that any future reporting of activities undertaken with grant funds complies with applicable reporting requirements.

### What We Found

Authority officials obligated and expended Recovery Act funds for eligible activities within required timeframes; however, there were weaknesses in budgetary controls, and officials did not always adequately document the procurement history in compliance with applicable regulations or properly report Recovery Act-funded activities. Specifically, (1) \$56,993 was expended prior to Board approval and \$107,319 was expended in excess of the approved budget; (2) two of five contracts lacked sufficient documentation to show that procurements were based upon a complete cost analysis and a detailed scope of work; and (3) \$157,701 expended for labor cost was not adequately supported. In addition, reporting of Recovery Act-funded activity did not reconcile with approved budgets or the actual work performed. We attribute these deficiencies to inadequate oversight and unfamiliarity by Authority officials with Recovery Act and HUD reporting requirements. As a result, HUD lacks assurance that procurement of security cameras was executed in the most economical manner, and accurate information on the expenditure of Recovery Act funds was reported.

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## BACKGROUND AND OBJECTIVES

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The New Brunswick Housing Authority is a nonprofit corporation created in 1947 under Federal and State housing laws as defined by New Jersey State statute<sup>1</sup> for the purpose of engaging in the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives for low- and moderate-income families residing in New Brunswick, NJ, in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The Authority is governed by a seven-member board of commissioners, which appoints an executive director to manage the Authority's day-to-day operations. HUD data disclosed that the Authority operated 487 low-rent units and administered 903 Housing Choice Voucher program units.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009, Public Law 111-5. The Act provided \$4 billion for public housing authorities to fund capital and management activities, as authorized under Section 9 of the United States Housing Act of 1937. The Recovery Act provided that \$3 billion be distributed as formula grants and the remaining \$1 billion be distributed through a competitive grant process.

The Recovery Act required that funds be obligated within 1 year of the date on which funds became available to an authority for obligation, 60 percent of the funds be expended within 2 years, and 100 percent be expended within 3 years of such date. HUD awarded the Authority more than \$1.28 million via a formula grant, which was made available to the Authority on March 18, 2009.

The objectives of the audit were to determine whether Authority officials obligated and expended their funds in accordance with the Recovery Act and HUD regulations and complied with Recovery Act reporting requirements.

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<sup>1</sup> N.J., S.A. 4A: 12A-1, et. Seq. the Housing Authority Act

## RESULTS OF AUDIT

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### Finding: Authority Officials Generally Administered Recovery Act Funds in Accordance With Requirements but Budgetary and Procurement Controls Had Weaknesses

Although Authority officials obligated and expended their Recovery Act capital funds for eligible activities within required timeframes, there were weaknesses in budgetary controls, and officials did not always adequately document the procurement history in compliance with applicable regulations or properly report Recovery Act-funded activities. Specifically, (1) \$56,993 was expended prior to Board approval and \$107,319 was expended in excess of the approved budget; (2) two of five contracts lacked sufficient documentation to show that procurements were based upon a complete cost analysis and a detailed scope of work; and (3) \$157,701 expended for labor costs were not adequately supported. In addition, the officials' reporting of their Recovery Act-funded activity did not reconcile with the approved budgets or the work performed. We attribute these deficiencies to inadequate oversight and unfamiliarity by Authority officials with Recovery Act and HUD reporting requirements. As a result, Authority officials could not provide HUD adequate assurance that all procurement actions were made in the most economical manner, as they expended \$107,319 more than the board authorized for the purchase and installation of security cameras, lacked adequate support for labor costs of \$157,701; and did not accurately report Recovery Act-funded activities to HUD and the public.

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#### Funds Obligated and Expended for Eligible Activity within Recovery Act Timeframes

Authority officials obligated more than \$1.28 million in Recovery Act capital funds by the March 17, 2010, Recovery Act obligation deadline and had expended all funds by the March 17, 2012, expenditure deadline. The funds were obligated and expended for five contracts awarded for the following eligible activities previously identified in the Authority's annual plan:

Activity	Amount obligated	Amount expended
Purchase and installation of security cameras	\$ 577,803	\$ 653,273
Exterior lighting replacement	\$ 173,000	\$ 173,000
Masonry repair and stair replacement	\$ 118,000	\$ 116,693
Roof, gutters, doors, and windows replacement	\$ 417,000	\$ 342,837
Total	\$1,285,803	\$1,285,803

## Funds Expended Before Board Approval and Contrary to Budget

While all Recovery Act capital funds were expended for eligible activities, some funds were spent before Board approval. The Authority's procurement policy, section F, entitled "Contract Modifications/Change Orders," provides that board approval be obtained for contract modifications or changes which extend the scope of work, services, or supplies beyond the scope of the original contract. Authority officials expended \$56,993 on January 20, 2010, prior to Board approval, as part of a \$277,803 procurement for the additional purchase and installation of security cameras<sup>2</sup>. However, Authority officials obligated<sup>3</sup> the \$277,803 on February 4, 2010, which was prior to board approval on February 24, 2010, and issued a "notice to proceed" to the contractor on February 25, 2010.

In addition, funds were not spent in accordance with the approved budget. Regulations at 24 CFR (Code of Federal Regulations) 85.20 (b) (4) require that a grantee financial management system meet the budget control standard that actual expenditures or outlays be compared with budgeted amounts for each grant, and financial information must be related to performance or productivity data. As shown below, Authority officials initially budgeted \$300,000 for security cameras under budget line item 1475, non-dwelling equipment and reported their revised budget in the final Performance and Evaluation Report (P&ER) by adding \$277,803 for security system under budget line item 1460, dwelling. However, they expended \$653,273 in Recovery Act funds for this activity, which was allocated among three different budget categories without an additional budget revision: \$56,993, \$296,280, and \$300,000 to budget line items 1450 (site improvement), 1460 and 1475, respectively.

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<sup>2</sup> This procurement was in addition to an earlier \$300,000 procurement in April 2009 for the purchase and installation of security cameras.

<sup>3</sup> While these funds were obligated after expenditure of \$56,993, Authority officials obligated the funds within the timeframe required by the Recovery Act.

Budget line item	Annual statement		Final performance and evaluation report		Drawdowns	
	Activity	Amount	Activity	Amount	Activity	Amount
1450 (site improvement)	Grading and irrigation, repair-replacement of exterior stairs, railings, and foundation	\$200,000	Masonry work, Repair, replacement of exterior stairs, railings, and foundation	\$200,000	Security system	\$ 56,993
					Exterior lighting replacement	<u>143,007</u>
						\$200,000
1460 (dwelling structures)	Replacement of exterior windows and doors	\$785,803	Replacement of exterior window and doors	\$785,803	Masonry work	\$ 116,692
			Replacement of roofs and gutters		Roof, gutter, window, and door repair	342,838
			Security systems		Exterior lighting replacement	29,993
					Security system	<u>296,280</u>
						\$ 785,803
1475 (non-dwelling equipment)	Security cameras and camera installations	\$300,000	Security cameras and camera installations	\$300,000	Security cameras and camera installation	\$300,000

These conditions occurred because Authority officials did not have adequate controls to obtain Board approval prior to obligation and track expenditures to ensure they did not exceed budgeted amounts. As a result, Authority officials eventually spent \$685,122 (\$653,273 from Recovery Act funds and \$31,849 from their 2008 and 2009 Capital Fund Program grants) for the purchase and installation of security cameras, which was \$107,319,<sup>4</sup> or 18.6 percent, more than what was authorized by the board.

### Weaknesses in Procurement Documentation

Authority officials lacked adequate documentation to show that the purchase and installation of security cameras complied with regulations at 24 CFR 85.36(f)(1) which require that a cost or price analysis be performed in connection with every procurement action, including contract modifications, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public. Consequently, they could not provide assurance that the

<sup>4</sup> The \$107,319 is the difference between the total cost of \$685,122 and the total amount obligated of \$577,803 (\$300,000 and \$277,803) for purchase and installation of security cameras.



procurement was made in the most economical manner and that all payments were adequately supported. We attribute this condition to Authority officials' unfamiliarity with procurement requirements and weaknesses in maintenance of documentation.

On April 23, 2009, and February 25, 2010, Authority officials issued two "notice to proceed" orders to an authorized service provider of a General Services Administration (GSA) Schedule contractor<sup>5</sup>, with whom they had previously contracted<sup>6</sup>, for the purchase and installation of security cameras not to exceed \$300,000 and \$277,803, respectively. GSA encourages state and local government entities to use GSA's Schedule Ordering Procedures in Federal Acquisition Regulation (FAR) 8.4 to ensure the benefit of receiving the best value from GSA Schedule contractors, and allows State and local government entities to use GSA Advantage<sup>7</sup> to locate GSA-approved prices for specific equipment. Federal Acquisition Regulation 8.405-2 further provides that when ordering Schedule 84 contract services priced at hourly rates, the purchasers must develop a statement of work, which includes a description and location of the work to be performed, the period of performance, deliverable schedule, and applicable performance standards. However, the two "notice to proceed" orders did not comply with this statement of work provision because they merely stated that the Authority would use the company's service to purchase and install security cameras and systems at its public housing sites and indicated the amounts not to be exceeded of \$300,000 and \$277,803, respectively. Further, documentation was lacking to verify that 9 of 11 equipment price quotes were based on the GSA-approved prices and costs of \$157,701<sup>8</sup> had been incurred and were fair and reasonable.

### **Recovery Act-Funded Activities Not Accurately Reported**

While Authority officials reported their Recovery Act-funded activity to FederalReporting.gov in a timely manner, they did not accurately report their activities. Although \$653,273 was spent on security camera installation, the officials reported that the entire \$1,285,803 in Recovery Act funds was expended on such activity. This condition occurred because Authority officials were unfamiliar with Recovery Act and HUD reporting requirements.

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<sup>5</sup> Contractors that successfully complete a proposal process receive a GSA Schedule contract number. Under Schedules 70 and 84, the contractors agree to participate in the GSA Cooperative Purchasing Program, which allows state and local governments to purchase a variety of commercial supplies (products) and services at negotiated prices.

<sup>6</sup> On April 16, 2009, Authority officials executed a \$12,208 contract based upon a sealed bid procurement for the purchase and installation of a command center computer server manufactured by the GSA Schedule Contractor.

<sup>7</sup> GSA Advantage provides eligible entities access to millions of commercial products and services from GSA-negotiated contracts.

<sup>8</sup> The amount includes \$102,564 from 814 unsupported hours (2,259 service hours billed minus 1,445 hours supported by certified payroll data from December 2009 to October 2010) at a \$126 hourly rate, one flat charge of \$28,782 without any detailed hours, and a charge of \$26,355 (251 service hours at a maintenance hourly rate of \$105) without any description as to why maintenance was needed for newly installed equipment.

In addition, as noted in the Table on page 6, Authority officials submitted a final Performance and Evaluation Report that did not reflect how its Recovery Act funds were drawn down and actually spent. HUD requires that the Annual Statement/Performance and Evaluation Report form to be used to report on the use of Capital Fund Program funds. According to the Annual Statement/Performance and Evaluation Report form, revisions to the Annual Statement which are not significant deviations or significant amendment/modifications to an Authority's PHA plan, must be reported in the Performance and Evaluation Report with the revisions to the Annual Statement. Further, a revised form is required to be submitted when there are significant deviations or significant amendment/modifications to the approved Annual Statement. However, Authority officials did not request a budget revision or submit a revised final Performance and Evaluation Report to reflect how the Recovery Act funds were actually spent. As a result, HUD and the public were not accurately informed of the Authority's use of its Recovery Act funds.

## Conclusion

Although Authority officials obligated and expended their Recovery Act capital funds for eligible activities within required timeframes, there were weaknesses in budgetary controls, and officials did not always document procurements in compliance with applicable regulations or properly report Recovery Act-funded activities. We attribute these deficiencies to inadequate oversight and unfamiliarity by Authority officials with Recovery Act and HUD reporting requirements. As a result, Authority officials could not provide HUD adequate assurance that some procurements were made in the most economical manner and Recovery Act-funded activities were accurately reported to HUD and the public.

## Recommendations

We recommend that the Director, New Jersey Office of Public Housing, instruct Authority officials to

- 1A. Strengthen budgetary controls to track expenditures against budgeted amounts to ensure that funds are expended in accordance with approved budgets.
- 1B. Provide support for board approval of the \$107,319 expended in excess of the amount authorized in the "notices to proceed" for the installation of security cameras, and if board approval was not obtained, repay these funds.
- 1C. Strengthen financial controls to ensure that funds are not disbursed before board approval and obligation of funds to comply with Authority procedures.
- 1D. Strengthen procurement controls to ensure that procurement actions comply with regulations regarding adequate documentation of cost analyses and scope of work specifications.

- 1E. Provide documentation to adequately support that \$157,701 paid for installation and maintenance costs was reasonable and that the costs were incurred. If documentation is not provided, repay these funds.
- 1F. Prepare and submit to HUD a revised final performance and evaluation report that reflects the actual activities and costs incurred.
- 1G. Ensure that any future required reporting of activities undertaken with grant funds complies with applicable reporting requirements.

## SCOPE AND METHODOLOGY

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To accomplish our objectives, we performed the following steps as they related to the Authority's Recovery Act Public Housing Capital Fund formula grant:

- Reviewed relevant laws, regulations, and HUD and GSA policies and guidance to become familiar with Recovery Act and applicable procurement requirements.
- Reviewed the Authority's board of commissioners' resolutions to confirm that the Authority had adopted a Recovery Act-compliant procurement policy.
- Reviewed the Authority's audited financial statements for fiscal years 2009, 2010, and 2011 to identify trends and potential irregularities.
- Reviewed the Authority's Recovery Act Capital Fund formula grant agreement, annual statement, 5-year plan, and procurement and accounting policies to become familiar with conditions governing the funds.
- Interviewed Authority and HUD staff.
- Reviewed the five contract files for which more than \$1.28 million was expended to document the advertising, cost estimate, invitation to bid, bid documents, references, recommendation for award, notice of award, notice to proceed, board resolution, and contracts.
- Reviewed all drawdowns for more than \$1.28 million to document whether funds were obligated and expended in a timely manner.
- Reviewed Recovery Act reporting documents and reports submitted to [FederalReporting.gov](http://FederalReporting.gov).
- Conducted site visits to verify that the security cameras and equipment purchased with the grant funds had been installed.

We conducted our audit work at the Authority's administrative office at 7 Van Dyke Avenue, New Brunswick, NJ, and the HUD Office of Inspector General's (OIG) office in Newark, NJ, between October 2012 and February 2013. The audit generally covered the period March 1, 2009, to June 30, 2012. We did not assess the reliability of computer-processed data because we based our conclusions on source documentation reviewed during the audit.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# INTERNAL CONTROLS

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Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

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

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

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

- Policies and procedures to ensure that the Authority complied with applicable procurement requirements when awarding Recovery Act contracts.
- Policies and procedures over financial controls to ensure that the Authority properly drew down and expended Recovery Act capital funds for eligible activities.
- Policies and procedures to ensure that the Authority properly and accurately reported its Recovery Act activities to the public.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

## Significant Deficiencies

Based on our review, we believe that the following item is a significant deficiency:

- Authority officials lacked adequate financial controls to ensure that funds were not disbursed before board approval and obligation, and that adequate budgetary controls to track expenditures against budgeted amounts were in place in accordance with Authority procedures (see finding).

## APPENDIXES

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### Appendix A

#### SCHEDULE OF QUESTIONED COSTS

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<u>Recommendation number</u>	<u>Unsupported 1/</u>
1B	\$107,319
1E	\$ <u>157,701</u>
Total	\$ <u>265,020</u>

- 1/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

## Appendix B

### AUDITEE COMMENTS AND OIG'S EVALUATION

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#### Ref to OIG Evaluation

#### Auditee Comments

City of New Brunswick, New Jersey, Housing Authority

June 13, 2013

VIA ELECTRONIC AND CERTIFIED MAIL  
Mr. Edgar Moore, Regional Inspector General for Audit  
U.S. Department of Housing and Urban Development  
Office of Inspector General, Office of Audit  
New York/New Jersey Region 2  
26 Federal Plaza  
New York, New York 10278

Re: Comments and Response to OIG Audit Report - Recovery Act Capital Fund Program  
New Brunswick Housing Authority

Dear Mr. Moore:

In accordance with your department's request, below please find the New Brunswick Housing Authority's (NBHA) written response to the draft audit report of the NBHA's administration of the Recovery Act Capital Fund Program. Specifically, as a result of the audit conducted by [REDACTED] of your office, a draft report was issued on June 4, 2013 containing seven (7) overall recommendations for improvement and one (1) tentative finding. In response, the NBHA agrees to provide the HUD field office with all required additional support and documentation substantiating the questioned costs in the tentative find and to work with the Director of the New Jersey Office of Public Housing to immediately implement an action plan addressing all of the proposed recommendations.

**Tentative Finding:**

The report contained one (1) tentative finding that indicated that: 1)\$107,319.00 was expended in excess of the approved budget from the Board; and 2)\$157,701.00 in installation and maintenance labor costs for the same security camera project were not adequately supported.

**Response:**

Here, the finding centers upon the NBHA's procurement of the purchase, installation and maintenance of a security camera system for the various NBHA properties. This procurement was vital to both the Housing Authority and its seven (7) member Board of Commissioners in providing assistance to allow the Authority to provide quality, affordable housing to low-income families and seniors in the greater New Brunswick area. The primary purpose of this security system was to protect the assets of the Housing Authority.



# AUDITEE COMMENTS AND OIG'S EVALUATION

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## Ref to OIG Evaluation

## Auditee Comments

The security camera project was one of four (4) projects which utilized a total of \$1,285,803.00 received by the NBHA in Recovery Act Capital Funding. In this case, upon the review of potential security cameras and systems to utilize for the Authority, the Authority found and discovered that much of the equipment, labor and maintenance for such a system were available under the federal GSA Cooperative Purchasing Program, which included a series of federally negotiated and procured prices which were available for the utilization of federal, state and local entities receiving federal funding. As a result, instead of utilizing a public bid for the totality of the project, in order to take advantage of the GSA rates, the NBHA moved forward with a two-part procurement for the system: 1) the public bid of the system server (which was not available on GSA); and 2) the utilization of the GSA for the purchase, installation and maintenance of the initial round of security cameras to utilize on the server.

In particular, this decision was based upon the determination by the NBHA's A&E firm that the cost for the purchase, installation and maintenance of the security cameras, with the capabilities the NBHA was seeking to obtain, was reasonable in comparison to the purchase of these items on the open market. In accordance with this, the NBHA Board of Commissioners approved and authorized both the public procurement of the server as well as the GSA purchase, installation and maintenance of the security cameras by the same qualified provider. Several months later, the Board further approved the purchase of a subsequent round of security cameras from the GSA based upon the identification of additional trouble areas and gaps in the system's coverage.

**Tentative Finding (Part 1):** The initial part of the finding references \$107,319.00 which the report finds was expended in excess of the approved budget. This finding is based upon the difference between the total cost of \$685,122.00 expended for the security cameras versus the total amount obligated by the Board of \$577,803.00. The report asks for the NBHA to provide additional support for the Board approval of this excess amount.

### Comment 1

**Response:** The NBHA shall provide the New Jersey HUD office with additional documentation showing that the NBHA Board of Commissioners was aware of the additional expenditure of \$107,319 at the time expended and will also provide a resolution from the Board ratifying their acknowledgment of this fact. The NBHA further notes, that as per the report's own finding, all of the \$1,285,803.00 received by the NBHA as Recovery Act Capital Funds were authorized by the Board for obligation, and were expended accordingly, for one of the four (4) capital fund projects (including the security cameras). As a result of a surplus left over from two of the capital fund projects, these funds were re-allocated for the purchase of additional security cameras needed for the safety and security of the Authority residents.

**Tentative Finding (Part 2):** The second part off the finding indicates that \$157,701.00 was expended for labor costs which were not adequately supported. This number is based upon the OIG's review of the invoices and certified payrolls from the contractor. The report asks for the NBHA to provide additional documentation to adequately support that these costs were reasonable and actually incurred.

### Comment 1

**Response:** The NBHA shall provide the New Jersey HUD office with additional documentation showing that the maintenance hours worked and the rates maintained (totaling \$157,701.00) were both reasonable and incurred. Specifically, the additional documentation will show that all rates were GSA procured rates and that all such costs were fully incurred as part of the operation and maintenance of the security surveillance system.

# AUDITEE COMMENTS AND OIG'S EVALUATION

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## Ref to OIG Evaluation

## Auditee Comments

### Comment 2

**Recommendations:**

In addition to the above, the report further recommended an additional five recommendations that includes the strengthening of budgetary, financial and procurement controls, the preparation and submission of a revised final performance and evaluation report reflecting all actual activities and costs incurred, and the future reporting of activities undertaken with grant funds in accordance with applicable reporting requirements.

**Response:**

The NBHA fully concurs with the OIG recommendations and shall immediately implement efforts to ensure that such recommendations are incorporated accordingly. Specifically, the NBHA shall undertake a full review of its procurement, financial and budgetary policies in comparison to the practical application of such policies within its departments to ensure that appropriate checks and balances are implemented to ensure full transparency and clear record keeping of the use of all grant funds. A more detailed action plan shall be provided, along with the revised final performance and evaluation report, to the New Jersey HUD office.

Finally, on behalf of the NBHA, I want to personally thank [REDACTED] and [REDACTED] from your office for their hard work and professionalism on this review and for their patience with our staff throughout this process. Thank you.

Sincerely,

//SIGNED//

John Clarke

Executive Director

### **OIG Evaluation of Auditee Comments**

- Comment 1** Authority officials said that they will provide documentation to demonstrate that the Board was aware of the additional questioned costs of \$107,319 and to support the unsupported labor costs of \$157,701. Any documentation provided will be assessed for its adequacy during the audit resolution process with HUD.
- Comment 2** Authority officials concurred with the recommendations and have promised action responsive to the recommendations.