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HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

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Memorandum

TO: Milan Ozdinec
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FROM: Gerald Kirkland
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SUBJECT: Very Small and Small Housing Agencies Reviewed Had Common Violations of Requirements

INTRODUCTION

In accordance with our regional audit plan, we performed a number of reviews of very small and small housing agencies located in the U.S. Department of Housing and Urban Development's (HUD) Region 6 jurisdiction.¹ We worked with HUD's Office of Public and Indian Housing (PIH) and Departmental Enforcement Center and the Office of the Inspector General's (OIG) Office of Investigation to identify housing agencies with areas of concern.² In addition, we reviewed the results of other OIG audits, reviews, and investigations of very small and small housing agencies throughout the United States. The objective of this review was to summarize the results of the prior audits, reviews, and investigations of very small and small housing agencies to identify common areas of concern or systemic deficiencies.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation in this memorandum 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.

¹ Texas, Oklahoma, New Mexico, Arkansas, and Louisiana.

² We initiated 13 of the reviews included in this memorandum based on concerns identified by HUD.

METHODOLOGY AND SCOPE

The scope of our work generally included audit reports and memorandums, and investigative results on public housing program operations of very small and small housing agencies between January 1, 2012, and December 31, 2014. We expanded our scope to April 10, 2015, to include three additional reviews performed in Region 6. We conducted the review at our Fort Worth, TX office from November 2014 through July 2015. To accomplish our objective, we

- Reviewed and analyzed 15 OIG audit reports and 11 memorandums issued during the review period and compiled the results,³
- Reviewed and analyzed HUD's PIH Information Center data to obtain the number of housing authorities by size and funding,
- Interviewed HUD staff,
- Reviewed and analyzed PIH regulations and guidance,
- Reviewed, compared, and analyzed proposed legislation relating to small and very small housing agencies,
- Obtained summaries of 15 nationwide investigative results for very small and small housing agencies, and
- Analyzed HUD's audit tracking systems to determine the status of recommendations included in the 15 audit reports and 11 memorandums.

BACKGROUND

The United States Housing Act of 1937 established the public housing program to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. HUD provides operating subsidies to public housing agencies for the operation and management of its public housing programs. In addition, HUD provides capital funds for development, financing, modernization, and management improvements for its public housing units. Public housing agencies are required to administer their programs in accordance with Federal and State regulations and their annual contributions contract with HUD. The annual contributions contract details the housing agency's responsibilities and requirements for administering its public housing units. The housing agency's board of commissioners is expected to provide leadership, support, and oversight of the executive director, and establish and approve policies that comply with Federal program regulations as well as State and local laws. The executive director is responsible for ensuring that the agency's day-to-day operations comply with HUD requirements.

There are approximately 1.2 million households living in public housing units managed by more than 3,000 public housing agencies. HUD classifies housing agencies by the number of public housing units they manage. Table 1 shows the number of housing agencies by classification and other related information.⁴

³ Of the 26 housing agencies reviewed, 19 were classified as small and 7 were classified as very small.

⁴ Based on HUD's Public and Indian Housing Information Center fiscal year 2014 data as of July 9, 2015 (excludes American Recovery and Reinvestment Act funding).

Table 1: Fiscal year 2014 low-rent program authorized funding

Classification	Number of housing agencies	Number of units	Capital funds and operating subsidies
Very small	758	1 – 49	\$ 72,852,239
Small	1,521	50 – 249	660,129,116
Medium low	430	250 – 499	626,105,429
Medium high	220	500 – 1,249	779,915,998
Large	123	1,250 – 9,999	1,958,302,989
Extra large	6	10,000+	2,078,325,106
Undetermined ⁵	34		24,200,849
Total	3,058		\$6,199,831,726

Although about 75 percent of the housing agencies were classified as very small and small, they only received about 12 percent of the HUD funding.⁶ Conversely, HUD paid about 88 percent of the funding to about 25 percent of the housing agencies nationwide. This imbalance created oversight burdens and costs for both the Federal Government and housing agencies that were disproportionate to the number of families the housing agencies served.

In 2011, HUD initiated the Public Housing Authority Recovery and Sustainability (PHARS) program to improve housing agencies' program administration. The PHARS program is a place-based approach for recovering troubled and substandard housing agencies. HUD tailored PHARS to the needs of the housing agencies and focused on the systemic financial management and governance issues most significant to housing agencies' performance. During the PHARS process, HUD realized that housing agencies' executives and boards of commissioners needed training. Therefore, HUD developed an online training for housing agency officials.⁷ The training is a no-cost, online, self-paced learning curriculum.

Making the issues facing HUD and the very small and small housing agencies worse is that State law governs the formation and governance of the agencies, resulting in differences in laws and requirements. Therefore, a universal solution may not achieve the intended results for all housing agencies.

⁵ Undetermined are housing agencies that had zero low-rent units in HUD's PIH Information Center system; thus, we could not determine their size designation. However, they had a dollar amount greater than zero for either the Public Housing Capital Fund or Operating Fund.

⁶ There are 2,279 (758 + 1,521) very small and small housing agencies. They received \$732,981,355 (72,852,239 + \$660,129,116), or about 12 percent, of the almost \$6.2 billion in funding.

⁷ The training was rolled-out in July 2015.

Staffing was also an issue making it difficult for these housing agencies to administer HUD programs. In many instances, their executive directors were responsible for many key aspects of the agency's operations, including financial, procurement, physical condition, and administration of tenant rents, because they had limited staff. This lack of segregation of duties also could significantly increase the risk of fraud, waste, and abuse and would require the executive directors to stay up to date on regulatory and program changes to ensure that their agencies complied.

RESULTS OF REVIEW

Very Small and Small Housing Agencies Reviewed Had Common Violations of Requirements

Of the 26 housing agencies reviewed, 24 had common violations of HUD and other requirements. Specifically, the housing agencies (1) did not have adequate financial controls (18 housing agencies), (2) did not follow procurement regulations or maintain documentation to support their procurement functions (15 housing agencies), and (3) did not properly administer tenant rents (7 housing agencies). In addition, their executive directors and boards of commissioners violated requirements (11 housing agencies) (see appendix C). These conditions occurred because housing agencies' management and boards either chose to ignore requirements or lacked sufficient knowledge to administer their HUD programs properly. HUD stated that it did not have adequate resources to properly monitor or maintain sufficient contact with the housing agencies to provide them with necessary guidance and feedback. As a result, the 26 reports and memorandums reviewed identified questioned costs and funds to be put to better use of more than \$18 million.⁸ Further, results obtained from 10 Office of Investigation cases nationwide showed criminal activities by executive directors and others. Examples of offenses included theft including unapproved pay raises, misuse of credit cards, and payment for unauthorized overtime; payments to fictitious landlords; and payments to individuals and companies for work that was not done or for false invoices. HUD has implemented online training and changed program requirements to improve management knowledge and housing agency capacity.

Housing Agencies Did Not Have Adequate Financial Controls

Of the 26 housing agencies reviewed, 18 lacked adequate financial controls. Fourteen of the housing agencies did not have adequate financial controls to ensure that they maintained adequate books and records. Four of the 14 also did not have adequate controls to prevent financial conflicts of interest.⁹ Due to the lack of adequate financial controls, the housing agencies incurred questioned costs of more than \$14 million. Since these housing agencies had limited resources, undue strain was placed on the agencies and their already limited budgets and resources. In addition, Office of Investigation proceedings against housing agency officials that misused funds resulted in several convictions.

⁸ The \$18 million includes more than \$14 million due to lack of adequate financial controls and more than \$4 million due to noncompliance with procurement requirements and guidance. For two housing agencies, the books and records were in such disarray that the housing agencies could not determine the source of funds. Thus, the \$18 million may have included non-public-housing funds.

⁹ The remaining four housing agencies had other financial control weaknesses.

Housing Agencies Lacked Adequate Books and Records

Fourteen of the 26 housing agencies did not implement controls necessary to ensure that they maintained adequate books and records to support their operations or expenditures. In some instances, housing agencies did not have an organized system of records. In addition, they could not support the business purpose of their expenses. The following examples show how the housing agencies did not maintain adequate books and records.

- *The Rotan Housing Authority, Rotan, TX, Did Not Administer Its Public Housing and Recovery Act Programs in Accordance With Regulations and Other Requirements, Audit Memorandum 2015-FW-1802* – The Authority’s executive director did not maintain documentation to support its financial operations. The Authority maintained its records in a haphazard manner that did not facilitate the preparation of statements and reports or permit a timely and effective audit. Further, the Authority did not maintain a complete or accurate general ledger, failed to properly withhold and deposit payroll taxes, and failed to fund its employee retirement accounts. Although the Authority’s board knew of some of these issues, it did not take proper, timely, or sufficient action to correct them. As a result, the Authority lacked auditable financial information, incurred an unpaid payroll tax liability of more than \$116,000, and created a retirement liability of \$25,797.
- *The Jefferson Parish Housing Authority, Marrero, LA, Violated Federal Requirements, Audit Report 2012-AO-1002* – The Authority did not always ensure that its expenditures were eligible and supported. Specifically, it could not support disbursements from its operating fund made for security services, a grant coordinator, and credit card purchases. In addition, the Authority paid for ineligible credit card purchases from its operating fund. These conditions occurred because the Authority did not have an adequate accounting policy or internal controls to ensure that its disbursements were adequately supported and used for eligible activities. Also, the Authority’s board and executive director did not maintain adequate internal controls to ensure that Authority funds were spent in accordance with HUD and other requirements. As a result, the Authority incurred \$276,966 in unsupported and \$4,090 in ineligible costs and could not provide reasonable assurance that HUD funds were used effectively and efficiently or to fully benefit program participants.
- *The Malakoff Housing Authority, Malakoff, TX, Did Not Have Sufficient Controls Over Its Public Housing Programs, Including Its Recovery Act Funds, Audit Memorandum 2013-FW-1805* – The Authority lacked financial controls to ensure that it made transactions in compliance with Federal regulations and guidance. Testing found significant deficiencies in the Authority’s controls over its bank accounts, fixed assets and staff compensation. This occurred because the executive director ignored Federal regulations and guidance. Due to the egregiousness of these issues, the Authority could not show that it spent its funds on only eligible, supported, and necessary items or that the funds it expended furthered its mission. Instead, the Authority spent \$76,357 on unsupported costs.

Financial Conflicts of Interest Occurred at Housing Agencies

Contrary to requirements,¹⁰ agencies' management and boards did not implement controls necessary to ensure that they avoided financial conflicts of interest. In clear violation of their annual contributions contracts with HUD,¹¹ 4 of the 26 housing agencies contracted with or had other business dealings with entities or individuals with which there was a conflict of interest. Housing agencies' annual contributions contracts specifically prohibited housing agencies from entering into any contract, subcontract, or arrangement in connection with a project under contract with an individual or company with which they had a conflict of interest. In some instances, the annual contributions contract had not been signed by the current executive director. Therefore, there was no legal document to reflect the current executive director's agreement to administer the housing agency's program in accordance with regulations and the contract. As a result, entities or individuals received inappropriate financial benefits. The following shows how the four housing agencies violated their annual contributions contracts' conflict-of-interest requirements.

- *The Malakoff Housing Authority, Malakoff, TX, Did Not Have Sufficient Controls Over Its Public Housing Programs, Including Its Recovery Act Funds, Audit Memorandum 2013-FW-1805* – The Authority's executive director violated the Authority's annual contributions contract by contracting with or employing various family members and related parties. This violation resulted in \$353,015 in ineligible expenses paid from HUD funds. Further, the Authority paid \$117,450 of the \$353,015 to a related party for a window replacement contract. In addition, the Authority failed to follow procurement requirements in soliciting the contract and failed to maintain documentation supporting payments to the contractor, such as invoices.
- *The Housing Authority of the City of Sparta, GA, Did Not Maintain Adequate Controls Over Its Federal Funds, Audit Report 2012-AT-1006* – The Authority paid \$54,453 to entities or individuals that had conflict-of-interest relationships with the Authority. The payments included \$11,989 paid to a former board chairman and additional amounts paid to family members.
- *The Housing Authority of the City of Lockney, Lockney, TX, Did Not Operate Its Public Housing Programs in Accordance With Requirements, Audit Memorandum 2015-FW-1805* – The Authority's board violated conflict-of-interest requirements by hiring the board chairperson's unqualified daughter as the executive director. The Authority lacked a conflict-of-interest policy; however, the board chairperson knew that hiring her daughter violated HUD's requirements. Other board members and a former executive director told the board chairperson that she should not hire a family member, but she ignored them. Although the other board members knew of the conflict of interest, they did not take action to stop the hiring and did not notify HUD. As a result, the Authority hired an individual who significantly mismanaged its operations. Once hired, she quickly exhausted the Authority's low-rent public housing funds and cash reserves.

¹⁰ Section 19(A)(1) and section 19(B)(1) of the annual contributions contract.

¹¹ Ibid.

- *The Jefferson Parish Housing Authority, Marrero, LA, Violated Federal Requirements, Audit Report 2012-AO-1002* –The Authority paid a company owned by a member of the Louisiana House of Representatives, thereby creating a conflict-of-interest. The Authority’s annual contributions contract prohibited it from entering into a contract with a State or local legislator. The executive director knew the State legislator owned the company. Over the course of about 8 months, the Authority paid \$91,218 to the company.

Very Small and Small Housing Agency Officials Were Convicted of or Pled Guilty to Crimes

The Office of Investigation conducted many investigations of housing agency officials who misused funds, which resulted in several convictions (see appendix D). Following are examples of this misuse of HUD funds.

- *Church Point Housing Authority, Church Point, LA*
The executive director altered board meeting minutes to reflect a \$7,500 board-approved raise for herself. She also wrote numerous checks to individuals and companies, sometimes without the board’s knowledge, for work that was not done and submitted false invoices to verify these expenses. In addition, she forged signatures on the back of checks, cashed them, and converted the money to her personal use. At times, another individual assisted her in the fraud. The executive director was convicted of theft of government funds, sentenced to 5 years’ probation (11 months electrically monitored), and ordered to pay a \$100 special assessment and \$195,779 in restitution to HUD. The other individual was convicted of theft of government funds, sentenced to 5 years’ probation (8 months electronically monitored), and ordered to pay a \$100 special assessment and \$10,830 in restitution to HUD.
- *Coeur d’Alene Tribal Housing Authority, Plummer, ID*
A former administrative assistant and her boyfriend purchased money orders totaling \$4,175 with the Authority’s credit card, cashed the money orders, and used the funds for personal use. The administrative assistant was sentenced to a 7-month term of imprisonment, followed by a 3-year term of supervised release, and was ordered to pay restitution of \$4,175 jointly and severally with her boyfriend. Her boyfriend was sentenced to time served and 3 years supervised release.
- *Star City Housing Authority, Star City, AR*
The former executive director was sentenced to 12 months and 1 day imprisonment and ordered to pay restitution of \$106,187. She previously pled guilty to one count of theft from a program receiving Federal funds. From February 18, 2010, to May 30, 2012, she embezzled funds from the Authority by misusing its credit card and writing checks to related parties for her personal benefit. In addition, the executive director’s ex-husband was sentenced to 6 months imprisonment and ordered to pay restitution of \$82,225. He was previously found guilty on one count of aiding and abetting theft concerning a program receiving Federal funds. Of the \$82,225 in restitution, \$21,307 was his primary responsibility and \$60,918 was considered as joint restitution with his ex-wife. He will remain on supervised release for 2 years after serving his prison sentence. From December 2010 to May 2012, the ex-husband assisted the former executive director in

embezzling funds from the Authority by cashing checks for work not performed and kicking funds back to her.

Housing Agencies Did Not Comply With Procurement Regulations and Guidance

Of the 26 housing agencies reviewed, 15 had reportable procurement deficiencies. Specifically, the agencies failed to maintain contract or procurement documentation (9 housing agencies) or did not conduct independent cost estimates (11 housing agencies) and did not ensure adequate competition (5 housing agencies).¹² These conditions occurred because the executive directors, boards of commissioners, or both either did not understand or ignored requirements. In addition, the housing agencies either did not have policies and procedures or ignored them. As a result, the housing agencies incurred questioned costs of more than \$3.9 million.

Housing Agencies Did Not Maintain Contract or Procurement Documentation or Did Not Conduct Independent Cost Estimates

Contrary to requirements, housing agencies did not maintain documentation, including contracts and procurement file documentation, such as cost analyses and independent cost estimates. Further, in many instances, agencies had no organized method of monitoring their procurements or purchases. While most of the procurements fell below the small purchase threshold of \$100,000, regulations¹³ and their annual contributions contracts required them to maintain documentation supporting the procurement and obtain price or rate quotations from an adequate number of sources to ensure that they paid reasonable amounts.

Housing Agencies Did Not Ensure Adequate Competition

In violation of regulatory requirements,¹⁴ housing agencies did not conduct their procurements in a manner that provided full and open competition. Competition in contracting is essential to ensure that agencies spend limited HUD funding in a cost-effective manner.

Below are examples of audit memorandums and reports that identified agencies' failure to follow procurement requirements.

- *The Malakoff Housing Authority, Malakoff, TX, Did Not Have Sufficient Controls Over Its Public Housing Programs, Including Its Recovery Act Funds, Audit Memorandum 2013-FW-1805* – The Authority had no organized method of monitoring its procurements or purchases. It lacked a contract register, contract files, contracts, or documentation reflecting the significant history of its procurements. Further, it did not maintain invoices to support its purchases or payments. In addition, for a \$117,450 procurement of replacement windows, the Authority not only awarded the project to a relative of an Authority employee, it also did not maintain documentation, such as a contract or invoices.

¹² Some housing agencies had a number of deficiencies

¹³ 24 CFR 85.36(b)(9)

¹⁴ 24 CFR 85.36(c)

- *The Kenner Housing Authority, Kenner, LA, Did Not Administer Its Public Housing and Recovery Act Programs in Accordance With Regulations and Guidance, Audit Memorandum 2014-FW-1805* – The Authority did not always (1) maintain procurement documentation, such as the rationale for the method of procurement, selection of contract type, and contractor selection or rejection; (2) perform independent cost estimates and cost analyses; (3) ensure that its contract costs were reasonable and necessary; or (4) ensure that all payments made to its contractors were eligible and supported. Specifically, a review of procurement files for eight contractors, with disbursements totaling \$930,364, determined that the Authority did not maintain adequate procurement documentation for six. In addition, a review of 31 payments to 4 contractors determined that for 10 payments to 3 contractors, the Authority did not always ensure that costs were eligible and supported. As a result, the Authority incurred \$887,679 in questioned costs.
- *The Colfax Housing Authority, Colfax, LA, Did Not Properly Administer Its Programs, Including Its 2009 American Recovery and Reinvestment Act Grant, Audit Memorandum 2014-FW-1801* – A review of 14 procurement files showed that the Authority did not have documentation, such as contracts, procurement file documentation, cost analyses, and independent cost estimates, to support disbursements to 13 contractors. For the disbursements to these 13 contractors, the Authority did not maintain documentation in its procurement files to support \$671,211.

Housing Agencies Did Not Properly Administer Tenant Rents

For 5 of the 26 housing agencies reviewed, we identified deficiencies with the administration of tenant rents. The deficiencies included miscalculations, inadequate documentation, and poor rent collection processes. Generally, this occurred because the housing agencies did not have adequate procedures. As a result, they lost revenue; failed to take action on delinquent tenants, which allowed them to accrue large outstanding balances; and could not show that they properly charged, collected, or deposited all rents. Further, they could not reconcile rental collections or show that rental collections or outstanding balances were accurate or supported. In addition, since the necessary controls to prevent improper activity did not exist, theft of rent receipts could have gone undetected.

Housing Agencies Did Not Accurately or Consistently Calculate, Document, or Collect Tenant Rents

Housing agencies improperly calculated tenant rent, failed to maintain documentation on their rent function, and failed to collect and improperly wrote off rent. Tenant rent is a source of income for housing agencies. Therefore, considering the loss of Federal funding and lack of resources faced by these entities, it is essential that they properly administer their tenant rents. Following are examples of the deficiencies:

- *The Rotan Housing Authority, Rotan, TX, Did Not Administer Its Public Housing and Recovery Act Programs in Accordance With Regulations and Other Requirements, Audit Memorandum 2015-FW-1802* – The Authority failed to effectively manage or administer its tenant rents. It did not (1) take action to properly collect rent from tenants, (2) maintain accurate or complete rent registers, and (3) maintain accurate rent receipt books. It also improperly wrote off an employee’s outstanding rent balance. This condition

occurred because the executive director and staff either ignored existing policy or did not follow basic rental and accounting practices. As a result, the Authority lost revenue; failed to take action on delinquent tenants, which allowed them to accrue large outstanding balances; and could not show that it properly charged, collected, or deposited all rents. Further, it could not reconcile its rental collections or show that its rental collections or outstanding balances were accurate or supported.

- *The Malakoff Housing Authority, Malakoff, TX, Did Not Have Sufficient Controls Over Its Public Housing Programs, Including Its Recovery Act Funds, Audit Memorandum 2013-FW-1805* – The Authority’s executive director did not accurately or consistently calculate, document, or collect tenant rents. Review of a sample of six tenants in the Authority’s rent records reflected numerous irregularities, inaccuracies, and miscalculations. Additional testing showed that the rent registers and receipts contained similar issues. The Authority’s rent documentation reflected inconsistent application of late fees, incorrect rent due balances carried forward, incomplete and inaccurate receipts, and large tenant account write-offs. This condition occurred because the executive director failed to properly perform rent collection activities. As a result, the Authority lost revenue; failed to take action on delinquent tenants; and could not show that it properly charged, collected, or deposited all rent due.
- *The Management of the Housing Authority of the City of Beeville, Beeville, TX, Did Not Exercise Adequate Oversight and Allowed Ineligible and Unsupported Costs, Audit Memorandum 2014-FW-1804* – The Authority did not properly oversee its rental income as it did not reconcile its rent receipts, rent registers, and bank deposits monthly. It lacked basic segregation of duties as the staff responsible for maintaining the rent register and bank deposit sometimes collected the rent. Further, it accepted cash without adequate controls, did not deposit a few receipts, and provided incomplete or illegible rent receipts to the tenants. The Authority’s staff also did not ensure that the amount recorded on the rent receipts provided to the tenant matched amounts in its rent register and in a few cases, did not record the tenant’s rent payment in the rent register. Further, staff improperly charged tenants late fees. In addition, the Authority’s staff did not know how to account for payments made on old outstanding accounts. The executive director had known for years that the staff had not reconciled rental income; however, she did not establish or inform the board of the need for a policy. As a result, the Authority’s tenant accounts receivable balances were inaccurate, and it overcharged a few tenants. Further, since the necessary controls to prevent improper activity did not exist, theft of rent receipts could have gone undetected.

Boards of Commissioners and Executive Directors Violated Requirements

Of the 26 housing agencies reviewed, 11 identified deficiencies in which their boards of commissioners, executive directors, or both violated requirements. Specifically, (1) boards of commissioners did not provide oversight or ensure that adequate controls were in place (nine housing agencies); (2) executive directors that were the board secretaries failed to maintain minutes reflecting the board’s actions (six housing agencies); (3) the housing agencies paid board members in violation of regulations (two housing agencies); and (4) the chairman of the board for one agency was the mother-in-law of the executive director. These 11 housing

agencies received more than \$11 million in HUD operating subsidy and capital funding during the review periods. However, without adequate management and oversight, these funds were at increased risk of mismanagement, waste, and abuse.

Boards of Commissioners Did Not Provide Adequate Oversight

Despite being the governing bodies of the housing agencies, in many instances, the boards provided no oversight and did not ensure that the housing agencies had adequate controls. Housing agencies exercise public and essential government functions with Federal funding that is subject to Federal regulations. Therefore, boards must understand and carry out their responsibilities to ensure that agencies use their programs and funds as required. Often very small and small housing agencies do not have enough staff to provide adequate segregation of duties. Thus, it is imperative that their boards provide proper oversight and ensure they implement adequate controls.

The following examples reflect instances in which boards did not provide adequate oversight or ensure that the housing agencies had adequate controls.

- *The Colfax Housing Authority, Colfax, LA, Did Not Properly Administer Its Programs, Including Its 2009 American Recovery and Reinvestment Act Grant, Audit Memorandum 2014-FW-1801* – The Authority did not have proper oversight and adequate internal controls. Specifically, while the Authority had a disbursements policy, the policy did not establish a level of review or approval before disbursements were made to vendors and contractors, and instead of following the disbursements policy, Authority staff performed the processes based upon a general knowledge of office procedures. Further, the Authority did not properly maintain its written policies and procedures as it could not locate its February 2005 to June 2013 admissions and occupancy policy, which governed its low-rent program. As a result, it (1) incurred questioned costs totaling more than \$1 million, (2) did not properly award contracts, and (3) lacked integrity in its daily operations.
- *The South Landry Housing Authority, Grand Coteau, LA, Did Not Always Comply With Federal Procurement and Financial Requirements, Including a Procurement Using Recovery Act Funds, Audit Memorandum 2014-FW-1806* – The Authority did not have (1) adequate oversight by its board and former executive director or (2) finalized and approved written policies and procedures to govern its procurement activities, credit card use, inventory, time and attendance tracking, and board proceedings. However, the board had not received training and was unaware of its roles and responsibilities. Also, while the Authority had written bylaws to govern its board, those bylaws were more than 50 years old¹⁵ and included procedures that conflicted with program requirements. For instance, the bylaws stated that regular board meetings may be held without notice; however, the Authority was required to provide notice.

¹⁵ The bylaws did not show an effective date; however, approved board resolutions included within the bylaws were dated 1960.

In addition, the Authority did not have controls in place to ensure that its day-to-day operations complied with HUD requirements. Specifically, although the Authority had 22 written policies, the board had approved only its procurement policy, which was dated June 2009. The remaining 21 policies were either incomplete or still in draft form, lacked effective dates of implementation, and were not provided to staff. As a result, the Authority incurred questioned costs totaling more than \$1 million and could not provide assurance that it was operated effectively, spent HUD funds in accordance with requirements, and protected those funds from waste and abuse.

- *The City of Brackettville Housing Authority, Brackettville, TX, Failed To Properly Operate Its Low-Rent Program But Generally Oversaw Its Capital Fund Grants Properly, Audit Memorandum 2013-FW-1803* – The Authority’s board of commissioners and executive director did not operate the Authority in accordance with HUD’s program requirements. This condition occurred because neither the board nor the executive director took adequate steps to oversee the Authority’s operations. In addition, the executive director abused her authority and failed to follow established Authority policies. As a result, the Authority had excessive past-due tenant accounts receivable totaling \$42,531 and paid questioned costs and funds to be put to better use totaling \$31,813.

Boards of Commissioners Did Not Maintain Board Minutes or the Minutes Were Inaccurate

Of the 26 housing agencies reviewed, 6 of the reports or memorandums identified instances in which the boards did not maintain board minutes or did not maintain accurate minutes of their meetings. Without accurate meeting minutes, the boards had no evidence supporting actions taken to ensure that the agencies administered their programs effectively, efficiently, or in accordance with regulations or requirements.

The following are examples reflecting instances in which housing agencies failed to maintain minutes or failed to maintain accurate minutes.

- *The Rotan Housing Authority, Rotan, TX, Did Not Administer Its Public Housing and Recovery Act Programs in Accordance With Regulations and Other Requirements, Audit Memorandum 2015-FW-1802* – The Authority’s available meeting minutes showed that the executive director and its board violated Texas State law. State law required the Authority to prepare and keep board minutes or record each open meeting of the body. The board minutes must state the subject of each deliberation and indicate each vote, order, decision, or other action taken. The Authority’s documentation included the board minutes from only 11 meetings for the 45 months from May 2009 through January 2013. In addition, none of the resolutions were numbered to allow them to be tracked or kept in order. Further, the board signed the minutes for only one meeting. The remaining 10 board meeting minutes were unsigned; therefore, the Authority lacked assurance that the minutes reflected what occurred at the meetings. As secretary for the board, the executive director failed to maintain board meeting minutes; however, the board also had a responsibility to review and ensure that the Authority maintained the necessary records. As a result, the Authority may have taken invalid and unsupported actions.

- *The Colfax Housing Authority, Colfax, LA, Did Not Properly Administer Its Programs, Including Its 2009 American Recovery and Reinvestment Act Grant, Audit Memorandum 2014-FW-1801* – The Authority did not maintain true and accurate records of its board proceedings and board resolutions. Louisiana State regulations require all public bodies to keep written minutes of all open meetings as public records. However, a review of the board minutes and board resolutions revealed many inaccuracies and misrepresentations. Specifically, the Authority documented records for meetings that did not occur and decisions that board members did not vote on. Without accurate board meeting minutes, the Authority could not ensure that its actions had proper board approval or that the board provided adequate oversight.

Housing Agencies Paid Board Members in Violation of Requirements

Contrary to requirements, two housing agencies paid board members compensation for services. The Jefferson Parish Housing Authority¹⁶ made monthly payments totaling \$99,006 to board members, plus \$7,800 for board members to perform home inspections for the Authority’s Section 901 home program. The Housing Authority of the City of Sparta, GA,¹⁷ paid a board chairman \$11,989 in ineligible payments. The annual contributions contract specifically prohibited agencies from paying compensation for the services of board members.

A Housing Agency Appointed a Related Party to the Board

In violation of Federal regulations, the conflict of interest provisions of its annual contributions contract, and State law, the Malakoff Housing Authority appointed the executive director’s mother-in-law to the Authority’s board of commissioners. She was later elected board chairman. This action represented a significant breach of public trust. Since the responsibility to sign and authorize Authority expenditures rested with the executive director and the chairman or vice chairman, this action increased the risk that HUD funds would be misappropriated, wasted, or misused as the individual responsible for reviewing and approving checks issued by the Authority had a conflict of interest.

HUD Has Implemented Training and Taken Other Actions to Improve Management Knowledge and Housing Agency Capacity

HUD has implemented online training, and changed program requirements to improve management knowledge and housing agency capacity. In addition, legislation has been proposed that may allow very small and small housing agencies to join in consortia or consolidate into a larger agency, which may improve their operations.

HUD Implemented Online Training

In July 2015, HUD’s Office of Public and Indian Housing launched an online training course, *Lead the Way*, that is designed to help housing agencies’ boards and staff fulfill their responsibilities in providing effective governance and oversight. The training is designed

¹⁶ The Jefferson Parish Housing Authority, Marrero, LA, Violated Federal Regulations, Audit Report 2012-AO-1002, issued July 30, 2012

¹⁷ The Housing Authority of the City of Sparta, GA, Did Not Maintain Adequate Controls Over Its Federal Funds, Audit Report 2012-AT-1006, issued January 24, 2012

primarily for board members, but executive staff can use the tool to hone their skills and improve housing agency operations.

The training covers:

- **Fundamentals of Oversight** presents the history and context of public housing.
- **Roles and Responsibilities** addresses housing agency board and staff functions.
- **Public Housing Basics** outlines key components of public housing.

The training is intended to help enhance skills in six key aspects of housing agency governance and financial management: asset management, Housing Choice Voucher program, budgeting, ethics, assessing your housing agency, and knowing your housing agency.

HUD Changed Program Requirements and Legislation Was Proposed

Recent HUD program changes and proposed legislation may allow very small and small housing agencies to join in consortia or consolidate into a larger agency. These options may improve economies of scale, address internal control issues identified in our reviews, and improve HUD's ability to monitor the housing agencies.

HUD should consider additional cost effective controls to further its attempts to improve the performance of these very small and small housing authorities. For example, HUD should require housing agencies to provide an acknowledgement signed by executive directors and board chairpersons each time they are hired or appointed. The acknowledgement should detail the executive director's and chairperson's awareness and understanding of their responsibilities and their acceptance that failure to comply with requirements could result in administrative or other actions.

HUD Resolved the Majority of the Recommendations

HUD has resolved the majority of the recommendations in the 15 audit reports and 11 memorandums included in Appendix B. The resolution of these recommendations has resulted in the repayment of Federal funds, referral of individuals for administrative sanctions, removal or replacement of executive directors and board of commissioner members, consolidation of housing authorities, implementation of policies and procedures, and technical assistance and training for housing agency management and staff.

CONCLUSION

We identified several common violations of HUD and other requirements in 24 of 26 very small and small housing agencies reviewed. Specifically, the housing agencies reviewed (1) did not have adequate financial controls, (2) did not follow procurement regulations or maintain documentation to support their procurement functions, and (3) did not properly administer tenant rents. In addition, executive directors and the boards of commissioners violated requirements. These conditions occurred because agencies' management either chose to ignore requirements or lacked sufficient knowledge to properly administer their HUD programs. HUD stated that it did not have adequate resources to properly monitor or maintain sufficient contact with the housing agencies to provide them with necessary guidance and feedback. As a result, 24 of 26 housing agencies had questioned costs and funds to be put to better use of more than \$18 million. The

implementation of the training, program changes, and proposed legislation should improve the knowledge of housing agency management and improve the capacity of very small and small housing agencies.

RECOMMENDATIONS

We recommend that the Deputy Assistant Secretary, Office of Public Housing and Voucher Programs,

- 1A. Issue guidance to housing agency boards and executive directors, reminding them of their duties and responsibilities regarding the administration of their HUD funds and programs and the potential impacts of failing to comply with requirements.
- 1B. Issue guidance to local officials regarding their duties when appointing and removing board members.
- 1C. Require that housing agencies provide HUD with a signed acknowledgement by executive directors and board chairpersons when they are hired or appointed. The acknowledgement should detail their awareness and understanding of their responsibilities, and their acceptance that failure to comply with requirements could result in administrative or other actions.

We recommend that the Deputy Assistant Secretary, Office of Field Operations,

- 1D. Continue refining the HUD online training as planned to include adding the risk management and program integrity module and to ensure the training provides the needed education to housing agency officials.

Appendix A

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

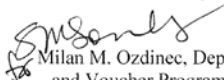


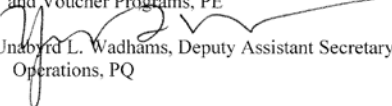
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

September 3, 2015

MEMORANDUM FOR: Gerald Kirkland, Regional Inspector General for Audit, 6AGA

FROM:  Milan M. Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE

 Unabyrd L. Wadhams, Deputy Assistant Secretary for Field Operations, PQ

SUBJECT: Comments on Office of Inspector General Draft Report: *Very Small and Small Housing Agencies Reviewed Had Common Violations of Requirements*

We appreciate the opportunity to respond to the above-referenced audit report and to the discussion during the exit conference held with your team on August 20, 2015. The Office of Public and Indian Housing (PIH) has reviewed your draft audit memorandum and submits, for your consideration, the following responses.

Comment 1

During the conference call, PIH stated and you acknowledged that a number of the audits outlined in the memorandum are currently closed (i.e. 63% of all of the recommendations have already been addressed). You also agreed to reflect this status in the final document. We anticipate the final document will also speak to collaborative efforts between the OIG and PIH local offices demonstrated by the fact that the majority of the audits (54%) resulted from referrals to the OIG by PIH field offices.

Comment 2

PIH generally agrees with the recommendations in this report. As noted in your draft report, this audit included a review of several prior audits and memoranda related to small Public Housing Agencies (PHAs), and PIH has already taken significant steps to improve oversight of and training to small and very small PHAs in response to those prior reviews. As explained further below, PIH is committed to expanding its ongoing work to ensure that the boards and Executive Directors of small and very small PHAs have increased access to training aimed at improving governance and financial management. These initiatives include a web-based training curriculum for boards and executive staff, strategies for targeting troubled and at-risk PHAs, augmenting field office technical assistance and streamlining PHA administrative requirements and operations.

Through its online "*Lead the Way/PHA Governance and Financial Management: A Training for PHA Board Members and Executive Staff*" PIH is delivering a financial management and governance curriculum that provides information to PHA boards and executive staffs regarding their roles and responsibilities in implementing HUD programs. To ensure that PHAs utilize the training curriculum, PIH has a marketing strategy to continuously promote and

www.hud.gov

espanol.hud.gov

raise awareness among board members, executive staffs, local officials and community members. PIH is monitoring PHA enrollments and completions in the curriculum. In addition to regular email messages promoting the curriculum, PIH will be participating in industry conferences hosted by national and state associations in the coming year to demonstrate the curriculum and tool and encourage participants to log in and complete the training.

Comment 2

To date, PIH has sent three email communications to PHAs, promoted this resource multiple times via social media, posted the resource on hud.gov and the HUD Exchange main pages, presented a demonstration at the Maine Housing Forum for PHAs, and provided demonstrations to leaders of the major industry groups including NAHRO, PHADA and CLPHA. Local HUD field offices are also sharing the curriculum during regular monthly calls with PHAs and during regional industry group conferences. Additionally, PIH staff will request opportunities to be placed on conference agendas for intergovernmental industry groups - like the Conference of Mayors - to speak to this issue and promote the *Lead the Way* curriculum. PIH will target PHAs determined to be substandard, troubled, require technical assistance or are considered "at-risk" to carry out more personalized and targeted promotion and require the training where possible and appropriate. Additional technical assistance will be provided to augment field office technical assistance and oversight activities.

Comment 3

PIH has recognized the important role of local officials in appointing and holding board members accountable for the performance of the housing agency. As an example, under the PHA Recovery and Sustainability (PHARS) initiative, PIH has engaged the local appointing official in the PHA recovery process and required their signature and participation as part of the recovery agreement with HUD. While the appointing official's willingness and level of engagement varies from community to community, PIH has found measured success when the focus is placed on local governance – as demonstrated by the reduction in the number of troubled PHAs by over 40% from 2011 to 2014.

Comment 4

During the exit conference, you acknowledged that PIH is actively taking steps to encourage the formation of consortiums by PHAs. For example, PIH is in the process of developing a proposed rule that would streamline the requirements applicable to the formation of consortiums. The proposed changes are intended to increase administrative efficiencies associated with forming a consortium and to help ensure maximum family choice in locating suitable housing. Since PIH is already aggressively undertaking this activity, we request that recommendation 1C be deleted from the final report.

Comment 5

During the exit conference you agreed with and acknowledged the labor-intensive effort that PIH would encounter by requiring the execution of a new Annual Contributions Contract every time an executive director is hired. PIH is exploring other viable alternatives within current program processes to accomplish the intended goal of ensuring that executive directors and other accountable officials are aware of their responsibilities as stewards of federal resources.

Comment 1
Comment 4

In suPmmary, PIH requests that OIG consider revising the final report to reflect the proactive steps that PIH field offices continue to undertake to prevent and address issues faced by small PHAs. In light of this, we appreciate OIG's consideration to remove Recommendation 1C.

OIG Evaluation of Auditee Comments

Comment 1 HUD requested that OIG acknowledge that a number of the recommendations in the reports and memorandums discussed in this memorandum have been closed. HUD also requested that OIG acknowledge that HUD field offices worked collaborative with the OIG and referred a number of the housing agencies to OIG for review.

We acknowledge and appreciate HUD's cooperation during the reviews and its efforts to address the more than 200 recommendations in the reports and memorandums included in this memorandum. We revised the memorandum accordingly.

Comment 2 HUD stated that it has taken significant steps to improve oversight of and training to small and very small housing agencies. It stated that it is committed to expanding its ongoing work to ensure that the boards and executive directors of small and very small housing agencies have increased access to training.

We acknowledge and appreciate HUD's commitment. HUD's efforts in developing and in July 2015 releasing the *"Lead the Way/PHA Governance and Financial Management: A Training for PHA Board Members and Executive Staff"* provides a good resource to housing agency boards and management.

Comment 3 HUD commented that it has engaged local appointing officials in the housing agency recovery process and required their signatures and participation as part of the recovery agreement with HUD.

We recognize HUD's efforts to reach out to local appointing officials to ensure the officials are aware of the importance of their role in appointing and holding board members accountable for the performance of the housing agencies.

Comment 4 HUD stated that it is actively taking steps to encourage the formation of consortiums and is in the process of developing a proposed rule that would streamline the requirements. As such, it requested that OIG remove the recommendation made in the draft memorandum that HUD continue to explore options such as consortiums and consolidations.

We deleted the recommendation.

Comment 5 HUD commented that requiring the execution of a new annual contributions contract every time an executive director is hired, as recommended in the draft memorandum, would be labor intensive. HUD is exploring other viable alternatives to accomplish the intended goal of ensuring that executive directors and other officials are aware of their responsibilities.

We modified the recommendation.

Appendix B

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE IDENTIFIED IN REPORTS AND MEMORANDUMS

Report or memorandum number	Housing agency	Ineligible costs	Unsupported-unreasonable costs	Funds to be put to better use
2012-CH-1001	Gallia Metropolitan Housing Authority	\$ 11,397		
2012-FW-1010	Housing Authority of the City of Mineral Wells	14,145		
2012-AT-1006	Housing Authority of the City of Sparta	127,134	\$ 397,782	
2012-AO-1002	Jefferson Parish Housing Authority	202,114	453,793	
2012-KC-1004	Manhattan Housing Authority		10,349	
2012-AT-1007	Shelby County Housing Authority	315,372	213,694	\$ 450,955
2012-FW-1009	Gonzales Housing Authority	7,600		
2012-DE-1002	Trinidad Housing Authority		355,701	
2012-DE-1004	Aurora Housing Authority	22,018	206,377	
2013-DE-1004	Adams County Housing Authority			
2013-FW-1803	Brackettville Housing Authority	17,149	12,357	2,307
2014-FW-1801	Colfax Housing Authority	2,733	1,031,961	
2013-FW-1802	Idabel Housing Authority		180,379	
2013-FW-1005	Grants Housing Authority			
2013-DE-1005	Jefferson County Housing Authority	1,126,974		5,496,367
2013-FW-1805	Malakoff Housing Authority	353,015	224,352	
2014-FW-1802	Housing Authority of the City of Nixon	6,480	109,861	
2014-FW-1002	Truth or Consequences Housing Authority			
2014-FW-1804	Housing Authority of the City of Beeville	14,254	44,232	
2014-FW-1806	South Landry Housing Authority	3,840	1,030,900	
2014-KC-0005	Wellston Housing Authority			301,938
2014-KC-1004	Nevada Housing Authority			33,547
2014-FW-1805	Kenner Housing Authority	849	2,805,806	
2015-FW-1802	Rotan Housing Authority		89,397	382,217
2015-FW-1801	Housing Authority of the City of Taylor	41,257	322,256	2,032,266
2015-FW-1805	Housing Authority of the City of Lockney	20,328	17,178	46,950
Totals		\$2,286,659	\$7,506,375	\$8,746,547

Appendix C

SCHEDULE OF DEFICIENCIES

Report or memorandum number	Housing agency	Inadequate financial controls	Violation of procurement requirements	Tenant rents	Board and executive director violated requirements
2012-CH-1001	Gallia Metropolitan Housing Authority	X	X		
2012-FW-1010	Housing Authority of the City of Mineral Wells		X		
2012-AT-1006	Housing Authority of the City of Sparta	X	X		X
2012-AO-1002	Jefferson Parish Housing Authority	X	X		X
2012-KC-1004	Manhattan Housing Authority		X		
2012-AT-1007	Shelby County Housing Authority	X	X		
2012-FW-1009	Gonzales Housing Authority		X		
2012-DE-1002	Trinidad Housing Authority		X		
2012-DE-1004	Aurora Housing Authority		X		
2013-DE-1004	Adams County Housing Authority				
2013-FW-1803	Brackettville Housing Authority	X		X	X
2014-FW-1801	Colfax Housing Authority	X	X	X	X
2013-FW-1802	Idabel Housing Authority	X			
2013-FW-1005	Grants Housing Authority	X	X		X
2013-DE-1005	Jefferson County Housing Authority	X			
2013-FW-1805	Malakoff Housing Authority	X	X	X	X
2014-FW-1802	Housing Authority of the City of Nixon	X			X
2014-FW-1002	Truth or Consequences Housing Authority	X			
2014-FW-1804	Housing Authority of the City of Beeville	X		X	X
2014-FW-1806	South Landry Housing Authority	X	X		X
2014-KC-0005	Wellston Housing Authority				
2014-KC-1004	Nevada Housing Authority				
2014-FW-1805	Kenner Housing Authority	X	X		
2015-FW-1802	Rotan Housing Authority	X	X	X	X
2015-FW-1801	Housing Authority of the City of Taylor	X			
2015-FW-1805	Housing Authority of the City of Lockney	X			X

Appendix D

EXAMPLES OF INVESTIGATIONS

Investigative results	
Housing agency	Summary
Somersworth Housing Authority Somersworth, NH	The Authority's finance director stole \$927,832 over a period of about 7 years. The Authority's auditor discovered the fraud in 2009. On May 14, 2013, the board terminated the executive director's employment due to lack of management oversight during the period in which the fraud was committed.
Sellersburg Housing Authority Sellersburg, IN	From 2008 through 2012, the executive director wrote 47 checks totaling \$48,092 to nonexistent landlords and kept the money. In addition, the executive director forged the board members' signatures on the checks. The fraud was discovered when the executive director's son received a letter from the Internal Revenue Service about unreported income from a rental property. The son contacted the State's HUD office. The State then contacted the Authority's board of directors, which brought the matter to the police.
Church Point Housing Authority Church Point, LA	The executive director altered board meeting minutes to reflect a \$7,500 board-approved raise for herself. She also wrote many checks to individuals and companies, sometimes without the board's knowledge, for work that was not done and submitted false invoices to verify these expenses. In addition, she forged signatures on the back of checks then cashed them and converted the money to her personal use. At times, another individual assisted her in the fraud. The executive director was convicted of theft of government funds, sentenced to 5 years' probation (11 months electrically monitored), and ordered to pay a \$100 special assessment and \$195,779 in restitution to HUD. The other individual was convicted of theft of government funds, sentenced to 5 years' probation (8 months electronically monitored), and ordered to pay a \$100 special assessment and \$10,830 in restitution to HUD.

<p>Gallup Housing Authority Gallup, NM</p>	<p>The executive director awarded a contract to remove and replace sidewalks at an Authority development in 2010. An employee at the construction company submitted invoices to the Authority for work performed by the company for which the company received payment. The executive director paid the invoices and then obtained reimbursement from HUD's Capital Fund program. The executive director and construction company employee then formed a company together that submitted a fraudulent invoice to the executive director, who approved the invoice for payment from HUD funds, and both men collected a share of the proceeds. The construction company employee fraudulently received more than \$75,000 through this scheme. In addition, the executive director embezzled more than \$15,000 in HUD funds by misusing an Authority debit card. On July 8, 2014, both men entered guilty pleas to conspiracy to commit false claims against the United States and false claims against the United States. The executive director also pled guilty to theft from a program receiving Federal funds and admitted embezzling Authority funds by making personal purchases exceeding \$5,000 per year, using a debit card linked to an Authority bank account.</p>
<p>Jacksonville Housing Authority Jacksonville, TX</p>	<p>The former executive director was sentenced to 5 years' probation and 6 months home confinement and ordered to pay \$100 in fees and \$37,475 in restitution to HUD for her guilty plea to theft of government funds. From September 26, 2007, to April 16, 2008, she devised and executed a scheme to steal \$37,475 from program funds. She admitted to using credit cards, fuel, a computer, and rental cars for personal use. She also increased her salary without authorization.</p>
<p>Mart Housing Authority Mart, TX</p>	<p>The former executive director was sentenced to 3 years' probation and ordered to pay \$100 in fees, a \$3,000 fine, and \$33,096 in restitution to HUD for theft concerning a program receiving Federal funds. From January 2006 to June 2010, she approved advances and double billing of work hours by certifying her assistant's time sheets. Her assistant obtained approximately \$33,095 in income that she was not entitled to receive. The former assistant to the executive director was sentenced on April 17, 2013, to 6 months confinement and ordered to pay a \$100 assessment and \$33,096 in restitution to HUD for her earlier guilty plea to theft concerning program receiving Federal funds and aiding and abetting. From January 2006 to June 2010, she received unauthorized check advances and double billed her work hours with the assistance of the former executive director.</p>

<p>Star City Housing Authority Star City, AR</p>	<p>The former executive director was sentenced to 12 months and 1 day imprisonment and ordered to pay restitution of \$106,187. She previously pled guilty to one count of theft from a program receiving Federal funds. From February 18, 2010, to May 30, 2012, she embezzled funds from the Authority by misusing the Authority's credit card and writing checks to related parties for her personal benefit. In addition, the executive director's ex-husband was sentenced to 6 months imprisonment and ordered to pay restitution of \$82,225. He was previously found guilty on one count of aiding and abetting theft of a program receiving Federal funds. Of the \$82,225, \$21,307 was his primary responsibility, and \$60,918 was considered as joint restitution with his ex-wife. He will remain on supervised release for 2 years after serving his prison sentence. From December 2010 to May 2012, the ex-husband assisted the former executive director in embezzling funds from the Authority by cashing checks for work not preformed and kicking funds back to her.</p>
<p>Coeur d' Alene Tribal Housing Authority Plummer, ID</p>	<p>A former administrative assistant and her boyfriend purchased money orders totaling \$4,175 with the Authority's credit card, cashed the money orders, and then used the funds for personal use. The administrative assistant was sentenced to a 7-month term of imprisonment, followed by a 3-year term of supervised release, and was ordered to pay restitution of \$4,175 jointly and severally with her boyfriend. Her boyfriend was sentenced to time served and 3 years supervised release.</p>
<p>Eastern Shoshone Housing Authority Fort Washakie, WY</p>	<p>The executive director used Indian Housing Block Grant funds to pay herself for unauthorized overtime between 2008 and 2010. She failed to report the overtime payroll activity to the Authority's board for review as required. In March 2013, she was indicted and charged with conversion of moneys from an Indian tribal organization. In December 2013, she was sentenced to 36 months' probation and ordered to pay \$45,545 in restitution.</p>
<p>Linn Housing Authority Linn, KS</p>	<p>Between December 2009 and December 2012, the former executive director purchased personal items and services using the Authority credit card totaling about \$7,653. These charges were for various items, including but not limited to clothing, shoes, dietary supplements, sporting goods, golf supplies, travel, sporting tickets, concert tickets, personal vehicle property tax and tag fees, dining, and haircuts and manicures. The executive director made payments to the credit card company from the Authority's bank account. She was sentenced to 1 year probation and ordered to pay \$7,652 in restitution to HUD.</p>