



Issue Date

March 20, 2008

Audit Report Number

2008-FW-1007

TO: Katie S. Worsham  
Director, Community, Planning, and Development, 6AD  
*Gerald R. Kirkland*

FROM: Gerald R. Kirkland  
Regional Inspector General for Audit, Fort Worth Region, 6AGA

SUBJECT: City of Dallas, Dallas, Texas, Incurred Ineligible and Unsupported Expenses for Its Housing Opportunity for Persons with AIDS Grant

## **HIGHLIGHTS**

### **What We Audited and Why**

We conducted a review of the City of Dallas' (City) Housing Opportunities for Persons with AIDS (HOPWA) grant. We initiated the review due to concerns of the U. S. Department of Housing and Urban Development (HUD) regarding the City's management and oversight of its program sponsors because of the size of the grant and the addition of two new competitive grants. Our objectives were to determine whether the City and its program sponsors provided rent, mortgage, and utility assistance to persons who met program criteria and whether the 2005 and 2006 competitive grants provided transitional and replacement housing.

### **What We Found**

Generally, the City complied with program requirements to ensure that it and its program sponsors provided assistance to eligible persons. However, in violation of the HOPWA grant agreement, three program sponsors charged \$24,521 in ineligible expenses, and one program sponsor did not support \$138,979 in expenses. Further, the City provided \$1,732 in excess short-term rental,

mortgage, and utility assistance, and several client files lacked adequate supporting documentation.

### **What We Recommend**

We recommend that the Director of HUD's Fort Worth Office of Community Planning and Development require the City to (1) repay \$26,253 to its HOPWA formula grant; (2) provide supporting documentation or reimburse its formula grant \$138,979; (3) discontinue cable television payments, which will result in \$16,345 in formula grant funds put to better use; and (3) strengthen controls to better comply with requirements.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

### **Auditee's Response**

We provided a draft to the City of Dallas on February 25, 2008, and held an exit conference on March 10, 2008. The City of Dallas provided written comments on March 17, 2008. The City of Dallas agreed with all the recommendations except the ineligibility of cable television expenses. The City of Dallas' response along with our evaluation is included in appendix B of this report.

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## **BACKGROUND AND OBJECTIVES**

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The City of Dallas (City) received Housing Opportunities for People with AIDS (HOPWA) formula grants of more than \$3 million annually during our review period. The City's Environmental and Health Services Department administers the HOPWA grant and provides management and oversight of the program. The HOPWA program year runs from October 1 through September 30.

The Dallas eligible metropolitan statistical area includes the City and eight surrounding counties. A reported 13,472 persons with Human Immunodeficiency Syndrome/Acquired Immune Deficiency Syndrome (HIV/AIDS) lived in the area as of December 31, 2005.

The City's HOPWA formula grant provides the following services: (1) tenant-based rental assistance; (2) short-term rent, mortgage, and utility assistance; (3) facility-based housing assistance, including the lease of certain facilities; and (4) other supportive services, consisting of homeless outreach, medically managed day care, and lost-to-care outreach and assistance. The City has contracts or agreements with eight program sponsors to provide the services.

During the 2005 and 2006 program years, the City's HOPWA program provided housing assistance to 743 households, a total of 1,032 persons. This assistance consisted of long- and short-term rental assistance, short-term utility assistance, and facility-based housing. Additionally, the U.S. Department of Housing and Urban Development (HUD) awarded the City two HOPWA Special Projects of National Significance demonstration grants. One of the grants, totaling \$773,839, which runs from October 1, 2005, to September 30, 2008, was to provide housing placement and transitional housing to homeless persons living with HIV/AIDS. The other grant, totaling \$721,000, which runs from January 1, 2007, through December 31, 2009, provides housing placement and transitional tenant-based rental assistance to ex-offenders with HIV/AIDS residing in the City of Dallas.

## RESULTS OF AUDIT

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### Finding 1: The City Charged Ineligible and Unsupported Expenses to Its Formula Grants

Three City program sponsors<sup>1</sup> charged \$24,521 in ineligible expenses to the City's HOPWA formula grant for cable television, aquarium supplies, and Christmas decorations. Further, contrary to HUD requirements, one program sponsor<sup>2</sup> did not provide support for \$138,979 in expenses charged to the HOPWA formula grant. The City should reimburse its HOPWA grant \$24,521 and any of the \$138,979 that it cannot adequately support. Further, it should strengthen controls to ensure that the program sponsors only charge eligible expenses in the future, saving an additional \$16,345 over the next year.

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#### **Program Sponsors Charged Ineligible and Unsupported Costs**

From October 2005 through September 2007, two program sponsors charged the City's HOPWA formula grant \$24,022 in unallowable television charges. Also, one program sponsor charged the HOPWA grant for \$278 in aquarium supplies and \$119 for Christmas decorations and another program sponsor charged the HOPWA grant \$122 for sporting equipment. The purpose of the formula grant is to provide housing and supportive services to individuals with HIV/AIDS and their families. Eligible uses of the funds include mortgage, utility, and rental assistance; support services; and acquisition, rehabilitation, operation, and lease of facilities to provide housing. Cable television,<sup>3</sup> aquarium supplies, and Christmas decorations are not housing costs and, therefore, unallowable.

This occurred because the program sponsors and the City incorrectly considered these eligible expenses. The City should reimburse its HOPWA grant \$24,521 and strengthen its controls to ensure that program sponsors charge only eligible expenses to its HOPWA grants. By doing this, it could avoid an estimated \$16,345<sup>4</sup> in ineligible costs from being charged to its HOPWA grants over the next year.

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<sup>1</sup> AIDS Services of Dallas charged \$23,596, Legacy Counseling Center charged \$803, and Welcome House charged \$122.

<sup>2</sup> Welcome House, Inc.

<sup>3</sup> Office of Management and Budget Circular A-87, attachment B 14.

<sup>4</sup> Based upon the average cable costs charged to the HOPWA grants over the previous two years.

Contrary to HUD requirements, one program sponsor<sup>5</sup> did not provide support for \$138,979 in expenses charged to the HOPWA formula grant. The expenses included payroll allocations, security, and utilities. The program sponsor did not reconcile its expenses with reimbursements. The City should provide supporting documentation for the \$138,979 or repay any ineligible amounts.

## Recommendations

We recommend that the Director of HUD's Fort Worth Office of Community Planning and Development to require the City to

- 1A. Reimburse its HOPWA formula grant \$24,521<sup>6</sup> for the ineligible expenses.
- 1B. Strengthen controls to ensure that it charges only eligible expenses to its grants, which could save an estimated \$16,345 over the next year.
- 1C. Support the \$138,979 in claimed expenses by a program sponsor or repay the grant the unsupported amounts.

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<sup>5</sup> Welcome House, Inc.

<sup>6</sup> (\$23,199+\$803+\$278+\$119+\$122).

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## Finding 2: The City Paid Excessive Assistance and Did Not Maintain Complete Files

The City paid \$1,732 in excess short-term rent, mortgage, and utility assistance for four clients. Three cases occurred due to an employee's disregard for policy. The fourth case occurred because of errors. Additionally, some client files lacked required documentation, such as documentation to show that the units met housing quality standards. As a result, \$1,732 was not available for eligible assistance, and the City could not ensure that assistance was eligible in all cases because of missing documentation.

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### Ineligible Assistance Was Paid

Of the 112 client files reviewed, four clients received short-term rent, mortgage, and utility assistance in excess of the allowed 21 weeks.<sup>7</sup> In total, the City paid \$1,732 in ineligible assistance for the four clients. For the West Dallas Multipurpose Center, the City paid \$1,280 in ineligible assistance for three clients. This occurred due to an employee's disregard for policy. For the Martin Luther King Community Center, one client received \$452 in excessive assistance because of errors.

The City terminated one case manager who disregarded policy by approving inappropriate assistance for three clients. The City should repay \$1,732 and strengthen controls to ensure that it does not provide excessive assistance.

### Client Files Were Missing Documentation

Of the 112 client files reviewed, 19 files lacked some documentation. One program sponsor<sup>8</sup> lacked housing quality standards documentation in 15 of 27 (56 percent) files reviewed. Contrary to program requirements, the client files lacked documentation supporting that units met housing quality standards<sup>9</sup> and were free of lead-based paint.<sup>10</sup> Files also did not always include documentation supporting

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<sup>7</sup> 24 CFR [Code of Federal Regulations] Part 574 limits assistance to 21 weeks during a 52-week period.

<sup>8</sup> AIDS Services of Dallas (ASD).

<sup>9</sup> 24 CFR 574.310.2.

<sup>10</sup> 24 CFR 574.635.

that annual income recertifications were performed,<sup>11</sup> client eligibility,<sup>12</sup> or persons being assisted.<sup>13</sup>

Regarding housing quality standards documentation, the program sponsor's management stated that maintaining the documentation was not a requirement until recently. Previously, a contractor was responsible for ensuring that standards were met but did not maintain documentation. As a result, the program sponsor did not have any records of unit deficiencies or whether they were properly corrected. HOPWA regulations required that documentation be maintained. When the program sponsor did start maintaining documentation, it only collected the apartment number. This was not adequate documentation to show the types of deficiencies and whether or not they were corrected. Recently, the sponsor began maintaining additional information to sufficiently meet requirements.

## Recommendations

We recommend that the Director of HUD's Fort Worth Office of Community Planning and Development require the City to

- 2A. Reimburse the HOPWA formula grant \$1,732 in ineligible short-term rent, mortgage, and utility assistance.
- 2B. Strengthen policies and procedures to ensure that client files contain required documentation.

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<sup>11</sup> 24 CFR 574.330(a).

<sup>12</sup> 24 CFR 574.332 (a)(2).

<sup>13</sup> 24 CFR 574.3.



## SCOPE AND METHODOLOGY

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Our objectives were to determine whether the City and its program sponsors provided rent, mortgage, and utility assistance to persons that met program criteria and whether the 2005 and 2006 competitive grants provided transitional and replacement housing. To accomplish our objectives, we

- reviewed applicable program requirements,
- reviewed the City's internal controls regarding the HOPWA grant,
- reviewed draws from the following grants that were statistically selected based on a confidence level of 95 percent with a \$100 materiality level,

GRANT	POPULATION	SAMPLE SIZE
2005-06 Formula Grant	1,234	37
2006-07 Formula Grant	1,554	47
2005 Competitive grant	1,560	47
2006 Competitive grant	527	16

- reviewed 112 of 667 (17 percent) formula client files, 8 of 46 (17 percent) 2005 HOPWA competitive grant client files, and 6 of 27 (22 percent) 2006 HOPWA competitive grant client files. The client files were judgmentally selected to include men and women, persons living in all facilities, and current clients as well as terminated clients,
- conducted housing quality standards inspections of 29 of 281 (10 percent) assisted units that were judgmentally selected to include all facilities and include units occupied by both women and men, and
- interviewed City's Department of Environmental Health Services and program sponsor personnel.

We conducted our review from October through December 2007 at the City Environmental and Health Services Office, Dallas, TX, the City's program sponsor's offices located in Dallas, TX, Denton, TX, and Weatherford, TX; two of the City's community centers, and our offices. Our review period was from January 1, 2005, through September 30, 2007. We performed our review in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

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

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

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

- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations, including policies and procedures regarding eligible costs, eligible clients, and housing quality standards.

We assessed the relevant control identified above.

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

## Significant Weakness

Based on our review, we do not believe there are any significant weaknesses.

## APPENDIXES

### Appendix A

#### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible <u>1/</u>	Unsupported <u>2/</u>	Funds to be put to better use <u>3/</u>
1A	\$24,521		
1B			\$16,345
1C		\$138,979	
2A	1,732		
Totals	<u>\$26,253</u>	<u>\$138,979</u>	<u>\$16,345</u>

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

2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of 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.


3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. In this instance, by avoiding ineligible costs, the funds can be used for eligible expenses.

## Appendix B

# AUDITEE COMMENTS AND OIG'S EVALUATION

### Ref to OIG Evaluation

### Auditee Comments

	<div data-bbox="857 569 938 646"></div> <div data-bbox="829 655 969 676"><p>CITY OF DALLAS</p></div> <div data-bbox="496 735 631 758"><p>March 17, 2008</p></div> <div data-bbox="496 835 940 963"><p>Mr. Gerald R. Kirkland Regional Inspector General for Audit U.S. Department of Housing and Urban Development Region VI, Office of Inspector General 819 Taylor Street, Room 13A09 Fort Worth, Texas 76102</p></div> <div data-bbox="557 980 1245 1024"><p>Re: City of Dallas Housing Opportunities for Persons with AIDS (HOPWA) Grant Audit Report Number 2008-FI-100X</p></div> <div data-bbox="496 1043 654 1064"><p>Dear Mr. Kirkland:</p></div> <div data-bbox="496 1083 1282 1148"><p>This letter is sent as the City of Dallas management response to the above-referenced Office of Inspector General Audit Report regarding the City of Dallas Housing Opportunities for Persons with AIDS Grant program (HOPWA Program).</p></div> <div data-bbox="496 1165 1266 1230"><p>We appreciate the diligence and thoroughness of your staff's review of our HOPWA Program, and we value your feedback on how we can improve our administration of the program. We also appreciate this opportunity to address the concerns outlined in your report.</p></div> <div data-bbox="496 1247 1284 1436"><p>Before addressing the findings, we would like to clarify our understanding of the background for the audit. The report indicates that the audit was initiated due to concerns of the U.S. Department of Housing and Urban Development (HUD) regarding the City's management and oversight of its program sponsors. We have not been made aware of any specific concerns regarding the HOPWA Program, but rather we understand from the exit conference that these concerns pertain to HUD's annual risk analysis of the program, taking into account the length of time since the last HUD audit, the size of the grant, the addition of two new competitive grants, and other similar factors. With that understanding, we address the two findings under the HOPWA formula grant below. There are no findings for the two HOPWA competitive grants.</p></div> <div data-bbox="544 1453 1245 1497"><p><b>FINDING 1: THE CITY CHARGED INELIGIBLE AND UNSUPPORTED EXPENSES TO ITS FORMULA GRANTS</b></p></div> <div data-bbox="496 1516 1278 1640"><p><b>OIG AUDIT REPORT:</b> The Audit Report recommends that the City of Dallas be required to: (1) reimburse the HOPWA formula grant for \$24,541 in ineligible expenses incurred by project sponsors (consisting of \$278 for aquarium supplies, \$119 for Christmas decorations, \$122 for sporting equipment, and \$24,022 for basic cable television charges); (2) strengthen controls to ensure that it charges only eligible expenses to the grant; and (3) support \$138,979 in claimed expenses by a project sponsor or repay the grant the unsupported amounts.</p></div> <div data-bbox="669 1745 1138 1761"><p>OFFICE OF THE CITY MANAGER CITY HALL DALLAS, TEXAS 75201 TELEPHONE 214/670-3302</p></div>
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Comment 1

**CITY'S RESPONSE:** We agree in part and disagree in part with the recommendation, as follows:

**Ineligible Expenses (Except Basic Cable Television Charges):** We agree with the recommendation that costs for aquarium supplies (\$278), Christmas decorations (\$119), and sporting equipment (\$122) be treated as ineligible and be reimbursed to the HOPWA Program by the project sponsor. These ineligible expenses total \$519. Since both of the project sponsors currently receive HOPWA reimbursements from the City of Dallas, we would like the project sponsors to have the option to offset a current reimbursement request with the amounts owed above. This will ensure that reimbursement to the HOPWA program is properly accounted for and any closed HOPWA grant will remain fully expended.

The City of Dallas has written HOPWA policies and procedures in place to minimize the risk of reimbursing ineligible expenses, including desk review of financial documentation at the time of reimbursement by the City's Environmental and Health Services (EHS) Department, as well as up to three on-site monitoring reviews by the City Auditor's Grant Compliance Group (GCG) and up to two on-site reviews by the EHS Department. We expect to continue these procedures, and feel this will address any concerns. However, the EHS Department will also conduct technical assistance on this particular issue specifically targeted to the facility-based housing project sponsors as part of the budgeting process for the upcoming year.

**Basic Cable Television Charges:** We disagree that charges for basic cable television services in the amount of \$24,022 are not housing costs and unallowable "entertainment" costs under OMB Circular A-87. To the contrary, we believe that these charges should be allowable.

Comment 2

First, we strongly believe that ensuring a reliable television signal, which can only be accomplished at these facilities through basic cable service, is reasonable and necessary to protect the health, welfare, and safety of HOPWA clients residing in facilities. One of these project sponsors provides permanent housing at four facilities for clients with HIV/AIDS, some of whom at any given time will be confined to their bed or unit due to illness. The other project provides hospice/respice housing for persons with HIV/AIDS where substantially all of the clients are either bedridden or wheelchair bound. Without television, these clients have little or no contact or interaction with the outside world and no quality of life to speak of, other than wasting in bed. They are unable to hear news, weather, emergency, or other programming, even hear the sound of another's voice for periods of time. To quote one of the project sponsors: "T.V. is their whole life."

Next, we also believe that providing free basic cable television service should be treated as an allowable operating cost for facility-based housing (as either a utility or other incidental cost under the HOPWA regulations), just as it is an operating cost for a landlord in the private sector. In researching this issue, the only published HUD guidance on cable television service we found is located in the CDBG Guide to National Objectives and Eligible Activities for Entitlement Communities (p. 2-36), wherein HUD policy regarding using CDBG funds to install distribution

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lines and related facilities states that private-owned utilities include "natural gas, electricity, telephone, water, sewer, and *television cable service*." We have found no other published HUD or OMB guidance on the issue. Likewise, cable television service is regulated much like a utility, where the cable company has a virtual monopoly within its service area. The cable company defines what constitutes "basic" cable television in its price structure. If basic cable television charges purchased from the authorized cable television provider for the area were allowable operating costs, there would be little risk of abuse, as there is only one definition of basic cable television for the area.

Even more important, the HOPWA program should not disadvantage a HOPWA facility vis-à-vis a private landlords nor should it disadvantage a HOPWA client living in a facility vis-à-vis a HOPWA client residing in a private dwelling with HUD-subsidized rent. Private landlords frequently provide free basic cable to their tenants because that is the only reliable way to provide television reception on their properties. This cost of this small incidental is built into the rent charged. HOPWA clients who are able to live on their own can choose to live in a complex providing this free service and still receive a HOPWA rent subsidy, whereas clients who are not able to live on their own and are confined to a facility would be denied this incidental service. Providing this basic service seems a minimal way to allow HOPWA-facility confined clients to stay connected to the outside world and enjoy the remainder of their lives in the same way as substantially all others do.

While the City of Dallas strongly believes that basic cable television charges should be allowable expenses for HOPWA facilities for the reasons stated above, once we were made aware, and put on notice, of HUD's position in October 2007, the City of Dallas stopped reimbursing for cable television charges, pending resolution of this issue. So, we have already implemented that control, and have made a good faith effort to ensure that the HOPWA program remains in compliance with HUD policies. Due to the lack of published guidance from HUD or OMB regarding the eligibility of basic cable television service, we strongly disagree that the \$24,022 in prior charges should be reimbursed to the grant, because there was no way that either the City of Dallas or the HOPWA project sponsors could have known of HUD policy. Undoubtedly, we will comply with HUD policy for the HOPWA program going forward.

**Unsupported Expenses:** With respect to the unsupported expenses of Welcome House, Inc., we agree with the recommendation that this project sponsor be required to support the costs or repay any amounts that cannot be supported. We believe the costs can be supported, and the City is, and has been, working with the project sponsor to organize their support documentation in a manner that provides a clear, understandable audit trail.

We believe the costs can be supported because this project sponsor undergoes numerous on-site monitoring reviews each year. During the period in question, the City Auditor's Grant Compliance Group (GCG) performed up to three on-site reviews, and the City's Environmental and Health Services (EHS) Department was on-site at least two times that year. Further, this project sponsor underwent an annual A-133 Single Audit by an independent, outside

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accountant. In all of these instances, there were no findings with respect to unsupported HOPWA expenses. Our experience with the project sponsor tells us that the costs can be supported. Still, we understand that the responsibility for providing a clear audit trail falls back to the project sponsor, and the City of Dallas is working with the sponsor to accomplish that goal. We expect the project sponsor to provide support for HUD or repay any unsupported amounts.

To see that the project sponsor has implemented processes and procedures that will minimize the risk that this situation will recur in the future, the EHS Department will implement additional oversight and monitoring for this project sponsor for at least the next six months of the current contract year. During this period, the EHS Department will require the project sponsor to submit additional financial documentation with each payment request for reconciliation back to the general ledger in a clear and understandable fashion. In addition to this additional desk review, regular on-site monitoring reviews will continue as usual.

It is important to note that this agency is compliant in that your auditor found no problems and expressed no concerns regarding the client file documentation maintained by this project sponsor or the operation of the HOPWA facilities by this project sponsor.

**FINDING 2: THE CITY PAID EXCESSIVE ASSISTANCE AND DID NOT MAINTAIN COMPLETE FILES**

**OIG AUDIT REPORT:** The Audit Report recommends that the City of Dallas be required to: (1) reimburse the HOPWA formula grant for \$1,738 in ineligible short-term rent, mortgage, and utility assistance; and (2) strengthen policies and procedures to ensure that client files under the HOPWA formula grant contain required documentation.

**CITY'S RESPONSE:** We agree with both recommendations, as follows:

**Ineligible Rent/Utility Assistance:** We agree to follow the recommendation regarding the four (of 112) clients at the City's West Dallas Multipurpose Center and Martin Luther King Community Center who received short-term rent, mortgage, and utility assistance (STRMU) assistance (totaling \$1,738) in excess of the 21-week limit. The Audit Report states that three of the four instances occurred due to a former employee's disregarding policy by approving inappropriate assistance. We want to clarify that this former employee's actions were not willful or intentional or fraudulent in any way, but rather that the employee simply did not exercise care in administering the limit and this produced errors.

With that clarification, the City of Dallas will reimburse this amount to the HOPWA Program; however, the City would propose to move these expenses to the City's General Fund account as an offset to the HOPWA grant account.

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The EHS Department has policies and procedures in place to ensure that the 21-week limit is applied correctly, including a 21-Week Tracking Worksheet, and to monitor this limit during on-site reviews. We will continue these measures, but we will also provide additional technical assistance on the 21-week limit to staff at the two community centers.

**Missing Documentation in Client Files:** We understand your determination and recommendation regarding the 19 (of 112) client files that lacked documentation. Five of these instances were isolated errors and oversight on the part of program staff. The EHS Department has policies and procedures in place to ensure that client files contain the required documentation, including Client File Documentation Checklists, and to monitor this documentation during on-site reviews. We will continue these measures, and provide technical assistance targeted to those project sponsors in need of assistance.

Fourteen of the 19 cases involved lack of documentation for initial housing quality standards (HQS) inspections to three of the four facilities operated by one of the HOPWA project sponsors. While it was the agency's process to conduct a walk-through of any make-ready units before a new client moved in, documentation of those walk-through inspections was not available. The EHS Department has conferred with the project sponsor on this matter, and the project sponsor has changed its process to document these initial inspections and have that documentation available for audit. The EHS Department will monitor that documentation during future on-site reviews of the project sponsor.

If you have any questions regarding this response, please contact Karen D. Rayzer, Director, Environmental and Health Services Department, City of Dallas, at (214) 670-5711.

Sincerely,



Mary K. Suhm, City Manager

cc: David O. Brown, Assistant City Manager, City of Dallas  
Karen D. Rayzer, Director, EHS, City of Dallas  
Teresa Page-Davis, Assistant Director, EHS, City of Dallas  
Dilip Shah, Assistant Director, EHS, City of Dallas  
Chan Williams, Interim Assistant Director, OFS, City of Dallas



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

**Comment 1** With the exception of the ineligibility of cable television, the City of Dallas agreed with the report and recommendations.

**Comment 2** The City of Dallas believed that the cable television expense should be an eligible expense because it benefited “the health, welfare, and safety of HOPWA clients residing in facilities.” However, the Deputy Director of the Office of HIV/AIDS made the determination that cable television was an entertainment expense and not an eligible operating expense.