



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

January 10, 2013

**MEMORANDUM NO:
2013-PH-1801**

Memorandum

TO: Dennis G. Bellingtier
Director, Office of Public Housing, Pennsylvania State Office, 3APH

//signed//

FROM: John P. Buck
Regional Inspector General for Audit, Philadelphia Region, 3AGA

SUBJECT: Review of the Circumstances Concerning the Abrupt Departure of the Executive Director of the Philadelphia Housing Authority, Philadelphia, PA, and the Potential Improper Use of HUD Funds

INTRODUCTION

We conducted a review of the Philadelphia Housing Authority based on questions surrounding the abrupt departure of the Authority's executive director in June 2012. Our objective was to determine whether the Authority's executive director improperly used U.S. Department of Housing and Urban Development (HUD) funds by providing improper gifts or unsupported promotions to a senior staff member with whom he had an improper relationship.

METHODOLOGY AND SCOPE

To accomplish our objective, we obtained and reviewed the following:

- The Authority's June 15, 2012, closing memorandum, which reported the results of an internal investigation conducted by its Office of Audit and Compliance, Investigations Division, to determine whether a senior staff member had been afforded executive positions because of her improper relationship with the executive director. We relied on the statement in the closing memorandum that the two individuals admitted to the improper relationship and the dates that it occurred;

- Credit card statements supporting the Authority's payments to its credit card account for transactions that occurred during the period December 22, 2010, through April 16, 2012, and travel reimbursement documentation for all employees and payments to all vendors for travel and training expenses incurred during the period January 21, 2011, through June 4, 2012, to determine whether HUD funds were improperly used as a result of the executive director's improper relationship with a senior staff member; and
- The senior staff member's personnel file to determine whether her educational achievement and work experience qualified her for promotions that she received.

We conducted the review at various times between July and December 2012, at our office located in Philadelphia, PA. Our review covered transactions and events that occurred during the period January 1, 2011, through June 4, 2012. This was a limited scope review. Therefore, it was not performed in accordance with generally accepted government auditing standards.

BACKGROUND

On June 15, 2012, the executive director of the Philadelphia Housing Authority abruptly resigned from his position. The media reported that he resigned because of an improper relationship with a senior staff member, which he later admitted. Also on June 15, 2012, the Authority's Office of Audit and Compliance, Investigations Division, issued a closing memorandum, which reported the results of an internal investigation that it had conducted. It concluded that the senior staff member and the executive director had an improper relationship, but the senior staff member did not receive any special benefits because of the relationship. The parties admitted that the relationship began around October 2011 and lasted until April 2012.

RESULTS OF REVIEW

Based on our limited review, we did not identify evidence that the Authority's executive director improperly used HUD funds by providing improper gifts or unsupported promotions to a senior staff member with whom he had an improper relationship.

The Senior Staff Member Did Not Receive Improper Gifts

The executive director did not use Authority resources to provide improper gifts to the senior staff member. The Authority's credit card documentation, travel reimbursement checks, and payments to vendors for travel expenses showed no evidence that the executive director used Authority resources to provide improper gifts to the senior staff member.

The Senior Staff Member Was Qualified for Promotions She Received

The senior staff member was qualified for the promotions that she received at the Authority. Her personnel file contained documentation to demonstrate her educational achievement and previous work experience. The file contained copies of diplomas showing that she had earned two bachelor's degrees, two master's degrees, and a doctorate in philosophy. Her previous work

experience related to the positions she had held at the Authority since August 2009; specifically, senior advisor, director of research and development, director of human resources (all before the admitted date that the improper relationship started), and director of special projects. The executive director promoted the senior staff member to the position of director of special projects in April 2012; however, it was a lateral promotion, and there was no increase in her salary.

RECOMMENDATIONS

Based on the results of our review, there are no recommendations.