



U.S. Department of Housing and Urban Development
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Regional Inspector General for Audit

MEMORANDUM NO:
2010-PH-1801

December 17, 2009

MEMORANDUM FOR: Dennis G. Bellintier, Director, Office of Public Housing,
Pennsylvania State Office, 3APH

//signed//

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

SUBJECT: Audit of the Scranton Housing Authority

INTRODUCTION

We audited the Scranton Housing Authority (Authority) based on a referral from our Office of Investigation. Our audit objective was to determine whether the Authority followed applicable procurement regulations and used U.S. Department of Housing and Urban Development (HUD) funds properly.

METHODOLOGY AND SCOPE

To accomplish our objective, we obtained and reviewed

- HUD regulations at 24 CFR [*Code of Federal Regulations*] Parts 85, 905, 941, and 982.
- HUD's Public and Indian Housing Notices 96-33, 2002-13, 2003-23, 2004-7, and 2008-15.
- HUD Handbooks 7460.7, 7460.8, 7475.1, and 7485.3.
- Pennsylvania's small procurements statute.
- The Authority's procurement and investment policies and procedures.
- The Authority's organizational chart, job descriptions, automated databases, accounting records, annual audited financial statements for years 2003 to 2007, resolutions brought before the board of commissioners for years 2003 to 2009, treasury reports presented to the board of commissioners for years 2003 to 2009, Section 8 program administrative

plan, annual and five-year plans, bank statements, invoices, cancelled checks, and correspondence files.

- HUD's monitoring reports for the Authority and the Authority's responses.

We conducted the audit from February through November 2009 at the Authority's offices located at 400 Adams Avenue, Scranton, Pennsylvania, and at our office located in Pittsburgh, Pennsylvania. We interviewed the Authority's employees and HUD staff. This was a limited scope review. Therefore, the audit was not performed entirely in accordance with generally accepted government auditing standards.

BACKGROUND

The Authority was organized in 1940 under the laws of the Commonwealth of Pennsylvania to provide quality housing to the low- and very low-income families in the city of Scranton. A five-member board of commissioners, appointed by the mayor, governs the Authority. The current executive director is Mr. Gary Pelucacci.

The Authority has 1,325 public housing units located in several developments throughout the city. It also has a Section 8 Housing Choice Voucher program that includes about 900 vouchers. For fiscal years 2005 to 2009, HUD provided the Authority the following financial assistance:

- \$31.9 million in operating subsidies to operate and maintain its public housing developments.
- \$20.3 million in Public Housing Capital Fund program funds to modernize its public housing units. In addition to those funds, HUD awarded the Authority \$5.3 million in capital funds under the American Recovery and Reinvestment Act of 2009.
- \$54.9 million to provide rental housing assistance through its Section 8 Housing Choice Voucher and Section 8 Single Room Occupancy programs.

The Authority developed a nonfederal housing project known as Park Gardens in the city of Scranton, Lackawanna County, Pennsylvania, for rental to persons of low income. The project consists of 166 dwelling units and 30 garages.

RESULTS OF REVIEW

The Authority did not purchase goods, services and property in accordance with applicable HUD requirements, the terms of its annual consolidated contributions contract, and its own procurement policy. It awarded contracts without competition, paid for services without having a contract, and lacked documentation to support purchases. In addition, the Authority lacked documentation to demonstrate that HUD funds it deposited into an investment account were returned to the appropriate program or that the funds were used for eligible program activities and, therefore, put HUD funds at risk. The following paragraphs provide details.

1. The Authority Did Not Comply with Procurement Requirements and Have Documentation to Support Purchases

Employment Arrangement for the Authority's Head of Security

The Authority did not comply with federal procurement regulations when it paid an assistant district attorney to be its head of security. The Authority did not have a current employment contract, independent contract, or interagency agreement with the Lackawanna County district attorney's office for this individual's services. The Authority had a January 2001 employment contract, but it terminated on December 31, 2001. The Authority had no documentation to show that the contract was awarded competitively or that the parties agreed to extend the contract beyond its ending date. The contract was with the Lackawanna County district attorney's office and was designated as an "employment contract." However, the individual was not an employee of the Authority.

The Authority periodically reimbursed Lackawanna County for salary and benefit costs. HUD Handbook 7460.8 draws a distinction between employing an individual, such as under an employment contract, and contracting for independent services. The former is part of the personnel process and is subject to those rules and regulations. The latter is considered to be a procurement action, subject to the standards in 24 CFR 85.36. In an independent services contract, there is no employer-employee relationship. Therefore, in this case, an independent services contract existed, and it should have been awarded competitively. As a result, payments totaling \$315,000 that the Authority made during the period December 2002 to August 2007, using operating funds (\$255,000) and capital funds (\$60,000), are unsupported.

Purchase and Disposal of a Vacant Building

The Authority did not notify HUD that it had acquired a vacant commercial property and obtain HUD approval to dispose of it. In July 2006, the Authority purchased a vacant post office building for \$282,000¹. The Authority certified to HUD that it used its pre-2004 Section 8 administrative fee reserves to purchase the property. In October 2007, the Authority sold the property to the Scranton Redevelopment Authority for one dollar. The Scranton Redevelopment Authority demolished the building and developed the land into a neighborhood park and playground. According to the Authority's annual consolidated contributions contract with HUD, the Authority is required to promptly execute and deliver a declaration of trust to HUD upon the acquisition of a property. The annual contributions contract states that the Authority will be considered in substantial default of its contract if it disposes of property without HUD approval. The Authority had no documentation to demonstrate that it executed a declaration of trust or sought HUD approval before disposing of the property, although it owned the property for 14 months. Further, the Authority did not have a copy of an appraisal to support the \$275,000 price that it paid for the property. Because the Authority could not provide documentation to support its acquisition and disposition of this property, the expenditure of \$282,000 is unsupported.

¹ \$282,000 includes the \$275,000 sales price and other closing costs.

Vehicle Storage, Maintenance, Repair, Fuel, and Hauling Services

The Authority did not solicit bids for purchases of vehicle storage, maintenance, repair, fuel, and hauling services. It paid \$124,000 to a vendor to provide vehicle storage, maintenance, repair, and fuel services during the period January 2003 to March 2008. There was no documentation in the files to show that the Authority procured these services through full and open competition. It also paid the vendor \$8,000 in November 2004 to remove 13 truckloads of used refrigerators, stoves, air conditioners, and other miscellaneous items from Authority property for disposal without competition. The Authority had obtained quotes from two moving companies as evidence that the award was competitive. There was no quote in the files from the vendor that performed the work. The Authority's procurement policy required it to solicit price quotes from at least three qualified and responsible offerors, up to the limit \$10,000, before requiring advertisement and competitive bidding under Pennsylvania procurement requirements.

Further, the Authority paid the vendor using two separate vendor numbers. The Authority's records showed that it made 31 payments totaling \$72,000 to one vendor number and 40 payments totaling \$60,000 to the other vendor number. The Authority may have done this to keep the total amount of payments to the vendor below \$25,000 annually. From January 2001 until November 2008, HUD required the Authority to submit all solicitations for construction or service contracts in excess of \$25,000 for review and approval before executing or expending any funds on those contracts. HUD placed this requirement on the Authority because a review it conducted in August 2000 determined that the Authority failed to comply with HUD procurement regulations. As a result, payments totaling \$132,000 that the Authority made during the period January 2003 to March 2008 for purchases of vehicle storage, maintenance, repair, fuel, and hauling services, using operating funds, are unsupported.

Purchasing Insurance

The Authority did not purchase insurance competitively as required. Before 2003, it purchased insurance from the Housing and Redevelopment Insurance Exchange (HARIE). HARIE is an authority-owned not-for-profit agency. The owner of Volpe Insurance Company created HARIE in the 1980s with a small group of housing authority executive directors. HARIE has an exemption which allows it to provide insurance to housing authorities without having to comply with bidding requirements. However, beginning in 2003, the Authority began purchasing its insurance directly from Volpe Insurance Company. It did not competitively purchase this insurance, although it was required to do so by 24 CFR 85.36.

Further, the Authority's procurement policy required it to solicit price quotes from at least three qualified and responsible offerors, up to the limit \$10,000, before requiring advertisement and competitive bidding under Pennsylvania procurement requirements. Generally, the Authority had no documentation to show that it purchased the insurance competitively. However, there were two instances in which the Authority received lower quotes, but it did not purchase the insurance from those companies. There was no documentation in the Authority's files to memorialize its rationale for not purchasing the insurance from the low bidders. The Authority could have saved 75 percent of the cost in one instance and 26 percent in the other. As a result,

payments totaling \$180,000 that the Authority made during the period September 2003 to July 2009, using operating funds, are unsupported.

Architectural and Engineering Services

The Authority did not have documentation to demonstrate how it procured architectural and engineering services. In 2006, it paid \$14,000 to an architectural and engineering firm for services to study the feasibility of a new 10-unit apartment building. HUD Handbook 7460.8 and the Authority's procurement policy permit the Authority to use the qualifications-based selection method or competitive proposals to procure these services. However, there was no documentation in the files to show how the Authority procured these services. As a result, payments totaling \$14,000 that it made in June and July 2006, using operating funds, are unsupported.

2. The Authority Could Not Support the Source and Use of HUD Funds and Put Funds at Risk

The Authority Did Not Document Source and Use of HUD Funds Invested with a Broker

The Authority lacked documentation to demonstrate that HUD funds it invested with a broker were returned to the appropriate HUD program or that the funds were used for eligible program activities. The Authority did not maintain a detailed investment ledger as required by HUD regulations, nor did it reconcile those investments as required by Public and Indian Housing Notice 96-33. It could not demonstrate that \$480,000 in Section 8 program funds were redeemed and returned to the program or were used for eligible program activities. As a result, \$480,000 in HUD funds, invested with the broker and later redeemed, are unsupported. The Authority's independent auditors had problems tracking these investments also. In its 2007 audited financial statements, the independent auditors recorded a \$200,000 prior period adjustment to investments because of improper reconciliation to confirmed account balances during its fiscal year 2005.

The Authority's Investments with a Broker Were Prohibited and Put HUD Funds at Risk

The Authority invested HUD funds with a broker and placed the funds at risk because it did not execute a depository agreement. From January 2003 to November 2008, the Authority purchased and redeemed U.S. Treasury bills through a broker. The broker was not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). The Authority's annual contributions contracts require it to deposit and invest all program funds under the contract in accordance with the terms of a general depository agreement. It requires the depository institution to be insured by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF)². HUD Handbook 7475.1, and Public and Indian Housing Notice 96-33 reiterate this requirement. However, because the Authority invested HUD funds with a prohibited uninsured broker and did not execute a general depository agreement as required, it placed HUD funds at risk.

² The National Credit Union Administration (NCUA) administers the National Credit Union Share Insurance Fund (NCUSIF).

The Authority Could Not Show the Source of Funds Withdrawn from Its Nonfederal Account

The Authority could not show the source and use of all of the funds it transferred into and out of its nonfederal cash and investment accounts. In June 2008, the Authority certified to HUD that it had \$1.2 million in pre-2004 Section 8 administrative fee reserves. Although regulations at 24 CFR 982.155 require the Authority to use these funds to pay program administrative expenses and allow it to use the funds for other housing purposes permitted by state and local law, HUD and housing authorities normally refer to these funds as nonfederal funds. However, our analysis of the general ledger transactions on the Authority's books for its nonfederal account showed that the amounts withdrawn from the account were significantly more than the amount of pre-2004 Section 8 administrative fees that the Authority certified to HUD that it had. It appears that \$190,000 in post-2004 Section 8 administrative fees was deposited into the account. HUD regulations limit the use of post-2004 administrative fees to the Section 8 program. There was an additional deposit of \$611,000 for which the Authority could not identify the source and use. The Authority needs to show the source of the funds deposited into this account. As a result, \$801,000 in funds deposited into and withdrawn from this account are unsupported.

RECOMMENDATIONS

Based on the results of our review, we recommend that the Director, Office of Public Housing, Pennsylvania State Office, require the Authority to

- 1A. Provide documentation to support payments totaling \$315,000 for security services or reimburse HUD or the applicable programs from nonfederal sources for any amounts that it cannot support.
- 1B. Provide documentation to support the \$282,000 expended to acquire and dispose of the vacant commercial building or reimburse the applicable program from nonfederal sources for any amounts that it cannot support.
- 1C. Provide documentation to support payments totaling \$132,000 for vehicle services or reimburse HUD or the applicable program from nonfederal sources for any amounts that it cannot support.
- 1D. Provide documentation to support payments totaling \$180,000 for insurance or reimburse HUD or the applicable program from nonfederal sources for any amounts that it cannot support.
- 1E. Provide documentation to support payments totaling \$14,000 for architectural and engineering services or reimburse HUD or the applicable program from nonfederal sources for any amounts that it cannot support.
- 1F. Develop and implement controls to ensure that it complies with applicable procurement requirements and the terms of its annual consolidated contributions contract.

- 2A. Provide documentation to support that the appropriate program accounts were reimbursed with invested funds totaling \$480,000, plus interest earned on the investments, or reimburse HUD or the appropriate programs from nonfederal sources for any amounts that it cannot support.
- 2B. Provide documentation to support the source and use of \$801,000 transferred into and withdrawn from its nonfederal account or reimburse HUD or the appropriate programs from nonfederal sources for any amounts that it cannot support.
- 2C. Create and maintain a detailed investment register and periodically reconcile its investments to the investment register.
- 2D. Develop and implement controls to ensure that it complies with HUD cash management and investment regulations and trains applicable staff.

AUDITEE'S RESPONSE

We provided a discussion draft audit memorandum to the Authority on November 5, 2009, and discussed it with the Authority at an exit conference on November 17, 2009. The Authority provided written comments to the draft audit memorandum on November 24, 2009. The Authority generally disagreed with the content of the audit memorandum. Its written comments included 34 pages of documentation to address issues identified by the audit. We considered this documentation in our evaluation but did not include it in the appendix to the final audit memorandum. The complete text of the Authority's response, along with our evaluation of that response, can be found in appendix B of this report.

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.

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Unsupported 1/
1A	\$315,000
1B	\$282,000
1C	\$132,000
1D	\$180,000
1E	\$14,000
2A	\$480,000
2B	\$801,000
Total	\$2,204,000

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

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

Scranton Housing Authority

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November 24, 2009

Mr. John P. Buck
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**In Re: Revised Draft Audit Memorandum
 Audit of the Scranton Housing Authority**

Dear Mr. Buck:

The Scranton Housing Authority (SHA) is in receipt of Mr. David Kasperowicz's e-mail whereas the SHA has the ability to comment on the content of the revised report by COB November 24, 2009. Aside from the information that we have faxed to Debra Braun since the exit conference, we wish to add the following narrative on the various items.

Employment Arrangement for the Authority's Head of Security

Please see the attached fax to Debra Braun on this item. The resource availability from the District Attorney's Office above baseline services has proven invaluable to our Authority. Also, the Contract was signed by Lackawanna County's District Attorney and SHA's Executive Director. Even though the agreement said employment contract, the intent was an agreement between two governmental entities.

Purchase and Disposal of a Vacant Building

Through recent faxes to Debra Braun, SHA has provided the necessary documentation supporting the dollar amount in question regarding this item.

Comment 1

Comment 2

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Vehicle Storage, Maintenance, Repair, Fuel and Hauling Services

Comment 3

This item indicates the SHA did not comply with procurement requirements concerning certain purchases. One was the vehicle storage, repair and fuel provider for the two (2) garbage trucks. The SHA initially procured this service by soliciting a quote from another entity for storage rates. The rate was \$100/week per truck, thus the cost of storage would have been \$800/month or \$100/month more than the SHA's vendor. In 2007 going forward the SHA solicited quotes for hourly labor rates to determine who could provide repair services at the lowest price. The SHA vendor has been the lowest cost provider for repair services per hour since that time.

The payment of \$7,800 to the vendor to haul away and dispose of old appliances was discussed at the November 17, 2009 exit conference.

Purchasing Insurance

Directors and Officers insurance was offered by HARIE until October 2003; at that time we were advised by the underwriter at HARIE that they would obtain a quote for us for placement of this insurance. Since all our coverages were with HARIE, we had her do this for us, unaware that this was not acceptable. So, HARIE assisted us in securing this coverage for the next three (3) years; then for policy 2007-2008 the underwriter did advise that four companies declined to quote and possibly AIG would quote, but they would be much higher than the renewal quote they obtained from State National Insurance Company.

Comment 4

For policy year 2009/2010 we did receive three quotes; we did not accept the lowest quote, which was from AIG because of the financial problems they were having at that time; we accepted the second lowest, which was from the carrier we were with the previous year.

Total premiums paid for Directors and Officers insurance, including 2009/2010, was \$73,305.00.

When the need arose for us to obtain Law Enforcement Liability insurance, we contacted the underwriter at HARIE, who advised that they did not offer this

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coverage, but she would secure a quote for us. So, the same procedure was followed as with out Directors and Officers insurance.

Comment 5

For policy year 2009/2010, we contacted Professional Governmental Underwriters directly and they obtained a renewal quote from Darwin and a second quote from Indian Harbor Insurance; PGU also submitted a request to another carrier which can quote for housing authorities. However, we were advised by PGU, that both Indian Harbor and the third carrier were non-admitted carriers and you cannot accept a quote from a non-admitted carrier when an admitted option is available; we accepted the renewal quote from Darwin.

Total premium paid for Law Enforcement Liability insurance, including 2009/2010 was \$72,603.00.

We never would have purchased our insurances, as described above, if we were aware that we were not following proper procedures.

2. The Authority Could Not Support the Source and Use of HUD Funds and Put Funds at Risk

Comment 6

This issue was discussed at length at the November 17, 2009 exit conference. The SHA did not invest any funds with a broker. The SHA used a broker to purchase T-Bills, which is required since a T-Bill is a security and cannot be purchased at a bank. The SHA maintained a list of all the CDs or T-Bills held by all programs. The list was updated every time a CD or T-Bill was redeemed, rolled over or was cashed in. The Comptroller then made all the entries into the General Leger system to account for interest earned and the value of the CDs or T-Bills.

It should be noted that the SHA no longer is purchasing T-Bills and is only dealing with CDs through the SHA's main bank, which there always is a Depository Agreement. The bank provides the SHA with monthly reports indicating the federal securities the bank holds to adequately secure the CDs and deposits.

The audit also states that the SHA cannot demonstrate the \$480,000 in Section 8 Program funds were redeemed and returned to the program or were used for eligible program activities. The SHA requires more information on the \$480,000 figure. An

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Comment 7

e-mail from the auditor received today (11/24/09) indicated that T-Bills and CDs redeemed from April 2005 through December 2005 were not supported. The SHA has attached copies of bank statements, general ledger pages and documents from Invest to show all the T-Bills and CDs that were redeemed went into the Section 8 Checking Account, the Non-Federal Source Account or to the Park Gardens' Checking Account. A memo with each set of copies is attached.

The audit also indicates that the SHA's independent auditors also had problems tracking these investments because in 2007 the auditor had a prior period adjustment of \$200,000 due to improper reconciliation. This adjustment was made because the auditor missed two (2) \$100,000 CDs. The auditor was given the monthly Treasurers Reports which clearly listed the CDs and T-Bills and the banks where they were held. The auditor made the adjustment and SHA did not realize this error until the next audit.

The audit also indicates that the SHA's investments with the broker put funds at risk.

Comment 6

This issue was discussed at length during the November 17, 2009 exit conference. As previously mentioned, the SHA purchased T-Bills from the broker. The T-bills were in the SHA's name. The T-Bill is a direct obligation of the United States of America. Never were the funds at risk.

The audit also indicates the SHA could not show the source of funds withdrawn from the Non-Federal Account.

All the information regarding the deposits and withdrawals into and from the Non-Federal Account was given to the auditor at the November 17, 2009 exit conference and additional data was faxed to the auditor on November 19, 2009.

Comment 8

The SHA discussed this issue about the \$611,000 deposited into the Federal Account at the November 17, 2009 meeting. A copy of the auditor's incorrect adjusting entries was also provided. This was an incorrect adjustment made by the independent auditor. The auditor was trying to reconcile the funds held in T-Bills in the income eligible account. Since these funds were Section 8 funds, the SHA Comptroller accounted for them in the Section 8 General Ledger. When the auditor could not find an income eligible account and failed to ask any questions of the SHA staff, the

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auditor made adjusting entries to the Section 8 Account and an adjustment to the Non-Federal Money Market Account which had \$4,000 in it. Since the income eligible account had approximately \$615,000 in it the adjustment of \$611,000 to the Non-Federal Account was made, thus making it appear that the Non- Federal Account had \$611,000 deposited into it.

Comment 9

The audit also questions the \$190,000 withdrawn from the Section 8 Checking Account. Details concerning the \$190,000 that was withdrawn for the Section 8 Checking Account were faxed to the auditor on November 19, 2009. This money was from the two (2) \$100,000 Section 8 CDs that were opened in November 2002 and matured in November 2005. The SHA deposited the \$200,000, plus interest into the Section 8 Checking Account on November 23, 2005. This made the balance in the Section 8 Checking Account \$266,704. Two weeks later on December 9, 2005 the SHA took \$190,000 from this \$200,000 and put it in the Non-Federal Account since this money was clearly pre 2004 funds. There was still approximately \$95,000 remaining in the Section 8 Account after that withdrawal.

I want to thank you for the opportunity in submitting a response to the most recent e-mail. SHA is hopeful that your office will look favorably on the information that was provided and the discussions that we had at the exit conference.

If you have any questions, please contact me at (570) 348-4403.

Sincerely



Gary P. Pelucacci
Acting Executive Director

GPP/af
Via Fax and Regular Mail
Enclosures

OIG Evaluation of Auditee Comments

- Comment 1** The Authority did not have an appropriate employment contract, independent services contract, or an interagency agreement to support the expenditures it made for services of an assistant district attorney during the period December 2002 to August 2007. In addition, the Authority did not create a job description for the position and evaluate the individual's performance.
- Comment 2** We considered the documentation that the Authority provided and revised the audit memorandum as necessary. However, as stated in the audit memorandum, the Authority did not notify HUD of its acquisition of this property and it did not have documentation to show that it requested HUD approval to dispose of it. In addition, the Authority did not have an appraisal to support the price that it paid for the property.
- Comment 3** The Authority did not provide documentation to demonstrate that these services were procured competitively in accordance with applicable procurement requirements.
- Comment 4** The Authority did not maintain records to detail the significant history of the procurements as required. These records would include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. For policy year 2009-2010, the Authority did not document its rationale for not choosing the company with the lowest quote and ultimately paying 35 percent more for the insurance.
- Comment 5** The Authority did not maintain records to detail the significant history of the procurements as required. For policy year 2009-2010, the Authority relied on the recommendation of a broker and did not independently solicit quotes. Also see Comment 4.
- Comment 6** The Authority's annual contributions contracts require it to deposit and invest all program funds under the contract in accordance with the terms of a general depository agreement. The Authority purchased and redeemed U.S. Treasury bills through INVEST Financial Corporation. INVEST is a national financial services broker-dealer. According to its website, "Securities, related services and insurance products offered through INVEST Financial Corporation, Member FINRA, SIPC, a Registered Broker Dealer and Registered Investment Adviser, and its affiliated insurance agencies are: Not FDIC or NCUA INSURED, May Lose Value, No Bank or Credit Union Guarantee." Disbursements from the brokerage account were made through National Financial Services LLC of New York, New York. HUD Notice 96-33 lists U.S. Treasury bills as an approved investment instrument and states that a housing authority or its agent may purchase these securities directly and that purchases may be made conveniently using the housing authority's depository bank. The Authority did not provide a detailed investment ledger during the audit.

- Comment 7** The Authority has not provided adequate source documentation to demonstrate that the remaining amount of funds were redeemed and returned to the program or were used for eligible program activities.
- Comment 8** As stated in the audit memorandum, we questioned a deposit into the Authority's nonfederal account. The Authority has not provided source documentation to support its assertion that the independent auditor's adjusting entries were incorrect.
- Comment 9** As stated in the audit memorandum, we questioned a deposit into the Authority's nonfederal account. The Authority has not provided adequate source documentation to demonstrate that the funds were not post-2004 Section 8 administrative fee reserves.