



Issue Date	December 18, 2009
Audit Report Number	2010-FW-1001

TO: Justin Ormsby, Director, Office of Public Housing, 6APH

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

SUBJECT: Dallas Housing Authority, Dallas, Texas, Demonstrated Capacity to Administer Its Recovery Act Capital Fund Formula Grant

## **HIGHLIGHTS**

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

As part of the Office of the Inspector General's (OIG) directive to determine whether safeguards exist to ensure that American Recovery and Reinvestment Act of 2009 (Recovery Act) funds are used for their intended purposes, we audited the Dallas Housing Authority's (Authority) Recovery Act Public Housing Capital Fund formula grant (grant). We selected the Authority based upon a risk assessment of regional housing authorities that were allocated capital funds under the Recovery Act. Our objective was to evaluate the Authority's capacity in the areas of internal controls, eligibility, financial controls, procurement, and output/outcomes in administering its grant.

### **What We Found**

Overall, the Authority demonstrated capacity to administer its grant in accordance with requirements. It had sufficient controls in place to ensure activities were properly procured, funds were obligated and expended within the time allotted, and payments were properly authorized. The Authority's Recovery Act initiatives were well underway and appeared to include eligible activities consistent with its grant agreement. However, the Authority should address the issues identified in

this report to help ensure it fully expends its grant funds on eligible activities within Recovery Act deadlines.

### **What We Recommend**

We recommend that the Director, U. S. Department of Housing and Urban Development (HUD), Office of Public and Indian Housing, Fort Worth, Texas, work with the Authority to resolve documentation requirements for administration and management improvements expense categories. We also recommend that HUD require the Authority to revise its budget and reallocate \$280,000 in budgeted funds to other eligible activities. Further, HUD should require the Authority to properly reclassify \$27,425 in costs associated with bid advertising and duplicating bid specifications, require a contractor to correct improperly installed garage doors, and enforce lease provisions that hold tenants accountable for damages.

We agree with HUD's management decisions for all of the recommendations. Further, we agree that final action is complete for recommendations 1A, 1B, and 1C. We will make the appropriate entries in the departmental audit resolution tracking system upon issuance of the report.

For each recommendation without a completed final action, 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 our draft report to the Authority on December 2, 2009, and discussed it with Authority officials at the exit conference on December 7, 2009. The Authority provided its written comments to our draft report on December 14, 2009. The Authority agreed with the finding and recommendations and provided information about how it implemented or will implement the recommendations. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

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## BACKGROUND AND OBJECTIVE

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In 1938, the Dallas City Council established the Dallas Housing Authority (Authority). A five-member board of commissioners<sup>1</sup> governs the Authority. The board appoints a president and chief executive officer to administer the operations of the Authority. The Authority's main office is located at 3939 North Hampton Road, Dallas, Texas.

The Authority receives capital funds annually via a formula grant from the U. S. Department of Housing and Urban Development (HUD). The Authority may use its capital funds for development, financing, modernization, and management improvements. It received \$6.9 and \$6.4 million in capital fund grants in 2008 and 2009, respectively.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act). Title XII of the Recovery Act appropriated \$4 billion to carry out capital and management activities for public housing agencies.<sup>2</sup> By formula, HUD allocated \$8.8 million to the Authority for its capital and management activities and executed a Recovery Act Public Housing Capital Fund formula grant (grant) agreement, effective March 18, 2009.

Transparency and accountability were critical priorities in the funding and implementation of the Recovery Act. The Recovery Act imposed additional reporting requirements beyond the standard reporting requirements for the Authority's capital fund grants. In addition, the Authority must obligate 100 percent of its Recovery Act grant by March 17, 2010. At that date, any unobligated funds must be recaptured by HUD.

Our objective was to evaluate the Authority's capacity in the areas of internal controls, eligibility, financial controls, procurement, and output/outcomes in administering its grant.

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<sup>1</sup> The mayor of Dallas appoints board members.

<sup>2</sup> As authorized under Section 9 of the United States Housing Act of 1937.

## RESULTS OF AUDIT

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### Finding: The Authority Demonstrated Capacity to Administer the Grant in Accordance with Requirements

The Authority had sufficient controls in place to ensure activities were properly procured, funds were obligated and expended within the time allotted, and payments were properly authorized. However, the Authority needs to revise its grant budget to reallocate costs for activities it no longer plans to charge to the grant. In addition, it incorrectly classified certain expenses and did not ensure that a contractor properly installed deliverables. By addressing the issues identified in this report, the Authority could strengthen its capacity and achieve additional program goals.

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#### The Authority Had Sufficient Controls

The Authority's development department was responsible for ensuring the Authority obligated and expended grant funds within the established time limits. The director of development tracked Recovery Act grant obligations, expenditures, and contracts using Excel spreadsheets and met periodically with finance staff to compare them to information in the Authority's financial system. While not a flawless method, it appeared to meet the Authority's needs.

The Authority's finance department continued to experience challenges; however, it appeared to be constructively addressing them. Despite its challenges, the finance department had sufficient controls in place to properly record obligations and expenditures in its accounting system and report the information to HUD.

HUD's financial system (electronic Line of Credit Control System (eLOCCS)) and the Authority's internal records showed the following for the Authority's \$8.8 million grant:

	Total obligated	Percentage obligated	Total expended	Percentage expended
eLOCCS report as of September 30, 2009	\$3,271,841	37.12	\$819,822	9.30
Authority records as of September 28, 2009	\$6,256,530	70.97	\$1,046,894	11.88

**Table 1:** It appeared the Authority's development department updated its records after its September 28, 2009, board meeting, but its finance department had not yet obligated the funds in eLOCCS (the Authority could not obligate grant funds in eLOCCS until the contracts were executed).

While the Authority had made progress in obligating and expending its grant funds, it had not drawn down any of the \$880,000 budgeted for administration.<sup>3</sup> The Authority had not drawn down administrative funds because it did not have documentation of specific administrative expenses associated with the grant, as required by HUD. Specifically, HUD required the Authority to provide supporting documentation for drawdown requests for administration and management improvements for its Recovery Act grant in anticipation of guidance from the Office of Management and Budget regarding transparency reporting requirements. Although the Authority had incurred administrative costs associated with the grant, it did not allocate them to the grant in its records. Under the standard capital fund program, it was not required to do so;<sup>4</sup> therefore, it did not have detailed information available to support drawdowns for administration. If the Authority is unable to adequately support its administrative expenses in a timely manner, the budgeted \$880,000 would be subject to recapture. Following issuance of the draft audit report, HUD worked with the Authority to resolve documentation requirements for these expense categories.

Authority management was responsive to issues raised during the review and took appropriate action when warranted. The Authority should continue to strive for good coordination between the development and finance departments to ensure its records reconcile. The Recovery Act requirement to expedite obligation and expenditure of grant funds makes this need more urgent than normal.

### **The Authority Should Revise Its Grant Budget**

Because of the shorter timeframes for obligating and expending Recovery Act funds, the Authority must make timely revisions to its budgets and activities to ensure it continues to maximize its use of these funds. For example, the Authority's Recovery Act procurements recognized aggressive bidding, and the Authority planned to reallocate the resultant cost savings to additional activities. As a result of the audit, the Authority revised its grant budget to reflect the additional activities it planned to undertake with its cost savings and addressed the issues identified below.

The Authority allocated \$180,000 in its grant budget for a physical needs assessment required by its grant agreement with HUD. However, as of September 30, 2009, HUD had not provided guidance on performing the assessment. Instead, HUD advised<sup>5</sup> public housing agencies not to budget any Recovery Act funds for physical needs assessments. To avoid recapture, the Authority

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<sup>3</sup> As of September 30, 2009.

<sup>4</sup> Under asset management, fees that the central office cost center earned were "de-federalized," thus the Authority did not and was not required to allocate central office expenditures to specific grants.

<sup>5</sup> July 24, 2009, Frequently Asked Questions on HUD's Office of Capital Improvements Web site.

implemented the recommendation to reallocate this \$180,000 to other eligible activities before the March 17, 2010, obligation deadline.

In another instance, the Authority allocated \$100,000 to remodel space in its community and support services department. It expended \$43,792 on the project before deciding not to charge the cost to the grant. The Authority revised its budget to reallocate the \$100,000 for this project to other eligible activities and obligate the funds accordingly.

The Authority misclassified \$15,757 in bid advertising expenses and \$11,668 in costs for reproducing bid specification documents. This error occurred because the Authority incorrectly budgeted \$30,000 in bid advertising costs to management improvements rather than administration. In addition, HUD required costs for reproducing bid specification documents to be charged to planning, not management improvements.<sup>6</sup> The Authority revised its budget to reclassify bid advertising expenses as administration<sup>7</sup> and add a line item for planning to include the costs of reproducing bid specifications. The Authority should also reclassify the costs in its financial records and eLOCCS.

**The Authority Should Hold the Contractor Responsible and Enforce Lease Provisions**

The Authority executed a \$27,000 contract to replace 50 garage doors for single-family homes in its Lakewest Village scattered site. After only 8 years,<sup>8</sup> all garage doors at the site were replaced. Work under the contract included furnishing and installing all materials, supplies, equipment, and labor to complete the garage door replacements. However, some of the doors appeared to have been improperly installed, and the contractor failed to replace some of the rotted wood surrounding the doors as required by the contract. The contract required the contractor to guarantee materials and workmanship for 1 year. The Authority agreed to implement the recommendation to require the contractor to adjust doors that did not appear to have been properly installed and replace rotted trim as required in the scope of work.

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<sup>6</sup> HUD's Low-Rent Accounting Technical Guide prescribes the uniform chart of accounts that the Authority must use. This requirement allowed HUD to review and evaluate budget proposals for compliance with regulatory requirements and to monitor actual expenditures against approved budget estimates.

<sup>7</sup> In doing this, the Authority should be cognizant of the 10 percent limitation on administration.

<sup>8</sup> Lakewest Village was built in 2001.



**Figure 1:** The garage door had a gap between the door and the right side trim. Minor damage was noted on the top right side of the bottom panel. The trim on the left side appears to be rotted.

In addition, within 4 months of replacement, several garage doors showed visible damage. The Authority should enforce provisions of its lease that hold tenants accountable for damages to the doors. Authority management agreed to require tenants to pay actual costs for repairing the damages. Had management enforced the lease provisions, it may not have needed to replace all 50 garage doors after only 8 years in service. Managing the properties in accordance with the lease should mitigate future costs and prolong the useful life of the garage doors.



**Figure 2:** These garage doors appear to have been properly installed; however, they have been damaged.

## Conclusion

Despite ongoing challenges in its finance department, the Authority demonstrated the capacity to administer the grant in accordance with requirements. It had sufficient controls in place to ensure activities were properly procured, funds were obligated and expended within the time allotted, and payments were properly authorized. The Authority addressed the budgetary issues identified in this report to help ensure it fully expends its grant funds on eligible activities within the



Recovery Act deadlines. It should take expedient action to address the remaining concerns related to the correct classification of costs in its financial records and eLOCCS as well as enforcing contract and lease provisions associated with the garage doors at Lakewest Village.

## Recommendations

We recommend the Director, Office of Public and Indian Housing, Fort Worth, Texas, require the Authority to

- 1A. Work with HUD to resolve documentation requirements for administration and management improvements expense categories in its budget, including the \$880,000 the Authority budgeted for administration, or reprogram the funds to other eligible activities.
- 1B. Revise its budget to reallocate \$180,000 budgeted for a physical needs assessment to other eligible activities.
- 1C. Revise its budget to reallocate \$100,000 budgeted for remodeling the community and support services space to other eligible activities.
- 1D. Revise its budget to properly reclassify \$30,000 in bid advertising costs as administration and properly reclassify \$15,757 expended for bid advertising in its financial records and eLOCCS.
- 1E. Revise its budget to include a line item in planning for the cost of duplicating bid specifications, including at least the \$11,668 already expended, and to reclassify the expenses in its financial records and eLOCCS.
- 1F. Require the contractor to correct improperly installed garage doors at Lakewest Village.
- 1G. Enforce lease provisions at Lakewest Village that hold tenants accountable for damages.

## SCOPE AND METHODOLOGY

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We performed the audit at Authority's main offices at 3939 North Hampton Road, Dallas, Texas, and at our offices in Fort Worth, Texas, from August 6 through September 30, 2009. The scope of the audit was February through August 2009. We expanded the scope to include funding obligations and expenditures reported to HUD as of September 30, 2009. We initially planned to assess the Authority's capacity to administer the grant by reviewing its performance for activities that were similar to those it planned to undertake with its Recovery Act grant. However, the review expanded beyond assessing the Authority's capacity because the Authority had made substantial progress in obligating Recovery Act funds. This allowed us to perform testing of actual Recovery Act procurements and outputs/outcomes of in-progress and completed Recovery Act projects.

To achieve our audit objectives, we

- Obtained and reviewed relevant laws, regulations, program guidance, and grant agreements.
- Interviewed HUD and Authority staff.
- Obtained, analyzed, and reviewed electronic financial records.
- Reviewed supporting documentation for disbursements.
- Reconciled recorded transactions with grant drawdown requests.
- Reviewed procurement activities.
- Inspected deliverables.

We performed a data reliability assessment of the Authority's detailed general ledger trial balance as of August 31, 2009. We used financial data from the Authority's accounting system to identify a universe of transactions from which to select sample items for testing. We based audit conclusions on the results of tests performed on the selected sample, not on the financial data. We tested the data by tracing it to source documentation while performing sample testing. We did not identify any discrepancies between the data and the sample items. We also performed limited analytical testing of general ledger entries and compared the expenses recorded in the general ledger with the records maintained by the Authority's development department. Based on the planned use of the data, the minimal risk associated with using the data, and the review of corroborating evidence, the data were complete and sufficiently reliable to meet the stated audit objective.

We used ACL software to identify a sampling universe and select a random sample of transactions in the general ledger trial balance as of August 31, 2009. After excluding certain administrative expenditures that were subject to HUD mandatory review, we summarized the transactions to identify a sampling universe of 52 journal entries. Further review and classification of the data showed one payee accounted for 33 journal entries (63percent) but only \$11,668 of the \$464,803 expended (2.5 percent). To prevent skewing the sampling results, we selected one sample journal entry from that payee and five from the remaining payees, resulting in a sample of more than 10 percent of the journal entries. Because we selected the journal entries randomly, we expect the sample to be representative of the Authority's performance for

nonadministrative expenditures under the grant. We did not project the sampling results to the audit universe. The questioned costs reported are for specific sample items only.

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

# INTERNAL CONTROLS

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

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

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

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## Relevant Internal Controls

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

- Program operations – Policies and procedures that management implemented to reasonably ensure that its program met its objectives.
- Validity and reliability of data – Policies and procedures that management implemented to reasonably ensure that valid and reliable data were obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management implemented to reasonably ensure that its resource use was consistent with laws and regulations.
- Safeguarding resources – Policies and procedures that management implemented to reasonably ensure that its resources were safeguarded against waste, loss, and misuse.

We assessed the relevant controls 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 Weaknesses

Based on our review, we did not identify any significant weaknesses.

## APPENDIXES

### Appendix A

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

Recommendation number	Unsupported <u>1/</u>	Funds to be put to better use <u>2/</u>
1A		\$880,000
1B		180,000
1C		100,000
1D <sup>9</sup>	\$15,757	14,243
1E	11,668	
Totals	<u>\$27,425</u>	<u>\$1,174,243</u>

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

2/ 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. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this case, it represents funds that can be properly classified, obligated, and expended within the time required that would otherwise be at risk of recapture.

<sup>9</sup> The Authority should revise its budget to properly reclassify \$30,000 in bid advertising costs as administration costs. To avoid double counting, we split the amount between unsupported and funds to be put to better use (\$15,757 + \$14,243 = \$30,000).


## Appendix B

# AUDITEE COMMENTS AND OIG'S EVALUATION


### Ref to OIG Evaluation

### Auditee Comments

### Comment 1



**Dallas Housing Authority**  
3939-N-Hampton-Rd., Dallas, TX-75212 | Phone:--214.951.8300 | Fax:--214.951.8800 | www.dhadal.com



December 14, 2009

Mr. Gerald R. Kirkland, Regional Inspector General for Audit  
Office of Inspector General  
U.S. Department of Housing & Urban Development  
819 Taylor Street, Room 13A09  
Fritz Lanham Federal Building  
Fort Worth, Texas 76102

Subject: Dallas Housing Authority, Dallas, Texas Demonstrated Capacity to Administer Recovery Act Capital Funds Formula Grant

Dear Mr. Kirkland:

In March 2009, the Dallas Housing Authority (DHA) received \$8.8 million dollars pursuant to Title XII of the American Recovery and Reinvestment Act of 2009 (Recovery Act) for capital and management activities and executed a Recovery Act Public Housing Capital Fund formula grant (grant) agreement. From August 6, 2009 to September 30, 2009, the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) conducted an audit of the capacity of DHA to administer the grant. Due to the substantial progress made by DHA in obligating the funds, the OIG elected to expand the scope of the audit to include complete testing of actual Recovery Act procurements and outputs/outcomes in-progress and completed Recovery Act projects.

DHA is pleased to receive the OIG's finding that DHA demonstrated the capacity to administer the grant in accordance with the grant requirements. DHA greatly appreciates the opportunity to meet with you, the auditors, and [REDACTED], Director, Technical Division, at the exit conference on the finding and on the recommendations made. We take this opportunity to comment on the recommendations and to apprise you of the resulting corrective actions taken.

The recommendations included (1) working with HUD to resolve documentation requirements for administration and management improvement expense categories in the DHA budget, including the amount of \$880,000 budgeted for administration, or reprogram the funds to other eligible activities; (2) revising the DHA budget to reallocate, reclassify, or reprogram expenses associated with a physical needs assessment, remodeling the community and supportive services space, and bid advertising costs, and to include a line item in planning for the cost of bid specifications; (3) contractor responsibility relating to deficiencies in installation of garage doors at the Lakewest Village scattered site property; and (4) lease enforcement at the Lakewest Village scattered site property for damages to garage doors.

DHA is a Fair Housing and Equal Opportunity Agency  
Individuals with disabilities may contact the 504/ADA Coordinator at 214.951.8348, +1  
TTY: 1.800.735.2989 and 214-951-8367 or 504ADA@dhadal.com



**Comment 2**  
**Comment 3**

On November 30, 2009, a team of HUD personnel from the Fort Worth Field Office, led by [REDACTED], Facilities Management Specialist, conducted an on-site review of DHA's ARRA activities to date. The review covered DHA's Procurement activities and Environment Review documentation relating to the grant. DHA's Development and Finance Departments will work with this team to provide documentation to support the portion of \$880,000 in administrative expenditures previously requested by DHA, as HUD's guidance has changed. As recognized by your team, DHA was unaccustomed to providing documentation for administrative expenditures under current HUD requirements for asset-based management, as fees earned by the Central Office Cost Center were declared by HUD to be "de-federalized." DHA is pleased to report that it has met the documentation requirements prescribed. For future expenses, DHA intends to adopt the procedural recommendations made by HUD of applying a 10% administrative BLI draw request of every ARRA fund expended and drawn down from eLOCCS.

**Comment 2**

**Comment 4**

Initially, public housing authorities (PHAs) receiving the ARRA funds were required to allocate funds in their Recovery Act budgets a certain sum for a physical needs assessment. DHA allocated \$180,000 for this purpose. Later, HUD advised the recipient PHAs not to budget any funds for such assessment. DHA has revised its budget to reflect reallocation of expenses associated with the assessment. The revised budget also reflects the reallocation of costs associated with the bid advertising and bid specifications activities referenced in #2 above. Enclosed please find a copy of the revised budget, made only to reclassify or reprogram funds to other eligible activities.

**Comment 5**

**Comment 6**

In 2009, DHA made an administrative decision to replace the garage doors for the 50 single-family homes in its Lakewest Village scattered site property, which was constructed in 2001. The purpose was both a preventive-maintenance and a cost-savings strategy. By replacing all the doors under one contract, the warranty of parts and materials run concurrent. Additionally, DHA realized a cost savings by replacing all of the doors at one time, instead of a piece-meal approach. While the garage doors functioned properly, there were some deficiencies in the installation by the qualified contractor of the new doors. The Development Department has contacted the responsible contractor under the warranty to correct the deficiencies, primarily through the adjustment of spring settings as well as caulking and replacement of some wood fittings. Many of these deficiencies require only minor adjustments. All deficiencies/adjustments have been completed. See photographs enclosed.

**Comment 7**

For damages to the newly-installed garage doors caused by residents, DHA intends to seek full repayment as provided in the lease agreements. Once the adjustments have been completed, DHA will invoice the residents accordingly.



## Dallas Housing Authority

3939-N-Hampton-Rd.,-Dallas,-TX-75212-|Phone:-214.951.8300|Fax:-214.951.8800|-www.dhadal.com



At the time of the audit, DHA records show that DHA had obligated 70.97% of the grant, while HUD's financial system, eLOCCS, shows only 37.12%. DHA's Development Department, as the department responsible for ensuring that DHA obligated and expended the grant funds within the established time limits, is working with its Finance Department to update eLOCCS to reflect the percentage (70.97%) actually obligated.

As acknowledged, DHA has made substantial progress in obligating the grant funds, and DHA is confident that it will be able to obligate 100% of funds within the one-year time limit, to expend 60% of the funds within the two-year time limit, and to expend 100% of the funds within three-year time limit.

We appreciate the cooperative and forthcoming approach of everyone involved and, as always, thank you for the assistance and guidance provided by you and your staff.

Sincerely,

MaryAnn Russ,  
President & CEO,  
Dallas Housing Authority

Enclosures

DHA is a Fair Housing and Equal Opportunity Agency  
Individuals with disabilities may contact the 504/ADA Coordinator at 214.951.8348,  
TTY: 1.800.735.2989 and 214-951-8367 or 504ADA@dhadal.com



## OIG Evaluation of Auditee Comments

- Comment 1**   OIG did not test all of the Authority's Recovery Act activities. As explained in the scope and methodology section, we tested a sample of six transactions and the related procurement activities. The conclusions in the report are based in part on the sample.
- Comment 2**   We appreciate the efforts made by HUD and the Authority to implement the recommendation.
- Comment 3**   The report noted that HUD's documentation requirements for the Recovery Act grant differed from the standard Capital Fund program because of the associated accountability and transparency requirements. HUD did not change its guidance for the standard Capital Fund program.
- Comment 4**   HUD did not require public housing agencies to allocate Recovery Act funds for physical needs assessments. PHAs were allowed to use regular Capital Funds for this purpose.<sup>10</sup>
- Comment 5**   We commend the Authority for revising its budget to help ensure it obligates the entire grant by the deadline. We encourage it to make the appropriate corrections in its financial records and eLOCCS.
- Comment 6**   We appreciate Authority's action to ensure the contractor corrects the deficiencies.
- Comment 7**   We acknowledge the Authority's efforts to implement the recommendation and encourage it to seek repayment from tenants.

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<sup>10</sup> Annual contributions contract amendment, section 7(k), and PIH notice 2009-12.