



Issue Date March 29, 2012

Audit Report Number 2012-AT-1008

TO: Gary Causey, Director, HUD Jacksonville Office of Community Planning and Development, 4HD

Dane Narode, Associate General Counsel for Program Enforcement, CACC

//signed//

FROM: James D. McKay, Regional Inspector General for Audit, Atlanta Region, 4AGA

SUBJECT: The City of Orlando Had Inadequate Controls Over Commitments Entered Into HUD's Information System and Charges for a Terminated Activity

HIGHLIGHTS

What We Audited and Why

We audited the City of Orlando's HOME Investment Partnerships Program because it had more than \$1 million that it needed to commit approximately 1 month before its deadline compliance date. Our objective was to determine whether the City accurately entered commitments and project completion data into the U.S. Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System for HOME-funded activities.

What We Found

The City entered more than \$706,900 for invalid (\$407,000) and inadequately supported (\$299,900) commitments into the information system, and it charged the HOME program more than \$18,200 for ineligible costs for a terminated activity. These conditions occurred because the City's HOME program managers had not

established and implemented adequate controls and procedures and because they disregarded HUD requirements which they should have known that prohibit charges to the HOME program for terminated activities. The invalid commitments concealed a commitment shortfall of more than \$407,000 that is subject to recapture by HUD. The invalid and inadequately supported commitments undermined the integrity of the information system and jeopardized the accuracy and support of reports that HUD generates from the system to monitor the City's compliance with the 24-month statutory commitment requirement and to compile national program statistics.

The City entered accurate completion data into the information system.

What We Recommend

We recommend that the Director of HUD's Jacksonville Office of Community Planning and Development require the City to (1) reduce commitments in the information system to the amounts supported by written agreements, (2) recapture \$407,006 in HOME funds that was not supported by valid commitments, (3) require the City to reimburse the program \$18,248 spent for a terminated activity, (4) implement controls to ensure compliance with commitment requirements, and (5) ensure that its managers and staff are properly trained concerning the validity and support for commitments entered into the information system. We recommend that the Associate General Counsel for Program Enforcement pursue civil or other appropriate administrative action against the City for the invalid and inadequately supported commitment entries which its staff made to the information system.

For each recommendation in the body of the report 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 discussed the finding with City and HUD officials during the audit. On February 27, 2012, we provided a copy of the draft report to City officials for their comment and discussed the report with them at the exit conference on March 8, 2012. The City provided its written comments to the draft report on March 20, 2012. The City generally agreed with the finding.

The complete text of the City's response, along with our evaluation of that response, can be found in appendix A of this report.

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BACKGROUND AND OBJECTIVE

The HOME Investment Partnerships Program was created by Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. Under the HOME program, the U.S. Department of Housing and Urban Development (HUD) allocates funding to eligible local and State governments to strengthen public-private partnerships and supply decent, safe, and sanitary affordable housing to very low-income families. Participating jurisdictions may use HOME funds to carry out multiyear housing strategies through acquisition, rehabilitation, new construction, and tenant-based rental assistance. For program years 2008 through 2010, HUD awarded the City of Orlando, FL, more than \$4.1 million in HOME funding. The City has a seven-member city council comprised of the mayor (elected at large) and six district commissioners. The Chief Administrative Office is comprised of seven departments, including the Office of Housing and Community Development, which administers the City's HUD-funded HOME program.

HUD requires grantees to enter HOME commitments into its Integrated Disbursement and Information System. HUD uses the information system to monitor compliance with HOME requirements for committing funds. It also uses the information system to generate reports used within and outside HUD, including the public, participating jurisdictions, and Congress.

HUD's Office of Community Planning and Development in Jacksonville, FL, is responsible for overseeing the City's HOME program. However, HUD had not monitored the City's HOME program during the period covered by the review, November 1, 2009, through October 31, 2011, because the City had low scores on HUD's risk analysis from the Grant Management Process System which it used to determine which participation jurisdictions to select for on-site monitoring.

Our objective was to determine whether the City accurately entered commitments and project completion data into the information system for HOME-funded activities.

RESULTS OF AUDIT

Finding: The City Had Inadequate Controls Over Commitments Entered Into HUD's Information System and Charges for a Terminated Activity

The City entered invalid and inadequately supported commitments into the information system and charged the HOME program ineligible costs for an activity that had been terminated. These conditions occurred because the City's HOME program managers had not established and implemented controls and procedures for commitments entered into the information system and terminated activity requirements which they should have known. The City's inadequate management and staff training resulted in invalid commitments that concealed a commitment shortfall of more than \$407,000, which is subject to recapture by HUD, and more than \$299,900 in commitment entries that were not properly supported when they were entered into the information system. The invalid and inadequately supported commitments undermined the integrity of the information system and jeopardized the accuracy and support of reports that HUD generates from the system to monitor the City's compliance with the 24-month statutory commitment requirement and to compile national program statistics. The terminated activity resulted in the City's charging more than \$18,000 in ineligible costs to its HOME program.

Questionable Commitments and Expenditures

The City made more than \$725,100 in questionable commitments and expenditures in the operation of its HOME program. We examined 21 activities with commitments that totaled more than \$1.4 million, or 61 percent of the commitments made during the 24-month commitment period that ended on October 31, 2011. We identified problems with more than \$706,000, or 48 percent of the commitment dollar amounts. We also inspected 23 completed and open activities to determine whether the City entered accurate completion information into the information system. We identified one terminated activity in which the City charged the program more than \$18,000 which was not eligible for HOME funding. The questionable commitments and expenditures consisted of more than

- \$407,000 for invalid commitments,
- \$299,900 for inadequately supported commitments, and
- \$18,200 for ineligible costs for a terminated activity.

The above conditions occurred because the City's HOME program managers had not established and implemented controls and procedures for commitment requirements that they should have known. In addition, management did not ensure that the employees who were responsible for entering commitments into the system had

proper training and understanding to ensure that the signatures on the written agreements were dated, agreements were executed before the commitment deadline, and commitments were made only for eligible and properly supported activities. Also, City managers did not take necessary steps to ensure that the cost for a terminated activity was removed from the HOME program.

Invalid Commitments

The City entered 12 commitments totaling more than \$407,000 into the information system, which were invalid because they were not supported by properly executed written agreements or did not otherwise meet the requirements for a legitimate commitment. The invalid commitments concealed a \$407,000¹ commitment shortfall that is subject to recapture by HUD. Regulations at 24 CFR (Code of Federal Regulations) 92.2(1) require commitments to be supported by legally binding executed agreements. Title II of the Cranston-Gonzalez National Affordable Housing Act, section 218(g), provides that a participating jurisdiction's right to draw funds from its HOME Investment Trust Fund shall expire if the funds are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited into the participating jurisdiction's HOME Investment Trust Fund.

	October 31, 2011 deadline *	OIG** adjustments	October 31, 2011 deadline - per OIG
Recorded commitments	\$ 21,826,006	\$ (407,006)	\$ 21,419,000
Required commitments	21,857,989	0	21,857,989
Shortfall	\$ (31,983)	\$ (407,006)	\$ (438,989)

*These were the amounts shown in HUD's deadline compliance status report.

**Office of Inspector General

The more than \$407,000 in invalid commitment entries consisted of

- \$181,599 in indirect costs for activities 1604 (\$146,675) and 1605 (\$34,924), which the City could not support as legitimate and eligible HOME activities. The commitments were not supported by written agreements. The City later cancelled the activities and used its general fund to pay for the indirect expenses.
- \$105,000 for five rehabilitation activities (1618, 1623, 1625, 1626, and 1627) for which the City did not have executed written agreements by the deadline date or at the time of our review. The homeowners had signed each of the agreements, but they were not signed by the City. Thus, they were not legitimate commitments. Four of the activities were committed on the day of

¹ This amount does not include a \$31,983 shortfall already identified in the deadline compliance status and which HUD has recaptured.

the 24-month commitment deadline, and one was committed 3 days before the deadline date.

- \$90,000 for activities 1622 and 1624 for which the City executed written agreements after the 24-month commitment deadline. The written agreements were missing signature dates. The City provided supplemental documentation, which showed that the city attorney did not receive the agreements for final signature until after the 24-month deadline. We recognize that the City had authorization to execute the written agreements before the deadline date, but it did not execute them until 39 days after the deadline.
- \$30,407 for three downpayment assistance activities, which duplicated commitments already in the system. City officials stated that the duplicate entries were the result of oversight.

Home buyer	Activity number	Commitment date	Initial commitment allowed	Duplicate commitment not allowed
Buyer A	1509	10/12/2010	\$10,407	
Buyer A	1567	02/02/2011		\$10,407
Buyer B	1467	10/29/2009	20,000	
Buyer B	1600	08/12/2011		11,264
Buyer B	1601	08/12/2011		<u>8,736</u>
Total				<u>\$ 30,407</u>

Inadequately Supported Commitments

The City did not require that the signatures of all parties who signed the written agreements be dated to support when it committed more than \$299,900 for seven activities. Without the dates, we could not determine whether the agreements were executed before or after the City’s October 31, 2011, 24-month statutory commitment deadline. Community Planning and Development Notice 07-06, section VII(B), provides that the signatures of all parties signing the agreement or contract must be dated to show the execution date. Regulations at 24 CFR 92.2 define commitment as an executed, legally binding agreement to use a specific amount of HOME funds to produce affordable housing or provide tenant-based rental assistance.

The City provided supplemental documentation to support that the agreements were executed before its October 31, 2011, deadline date. We provided and discussed the documents with HUD’s Jacksonville Office of Community Planning and Development officials. The Director stated that HUD would accept the documentation as support that the written agreements were executed before the 24-

month commitment deadline for the seven activities. However, the supplemental documentation is not a substitute for compliance with requirements, which the City did not follow.

Ineligible Activity Due to Termination

We conducted a drive by inspection of 19 activities that were classified as complete in the information system and four activities that were still in progress to determine whether they were complete or adequately progressing toward completion. We identified only one exception related to activity number 984, which was terminated before completion, but the City had not cancelled the activity in the information system. The activity was funded in October 2004 as a new construction project, but the lot was vacant. City officials stated that the construction was terminated due to land restraints. The City had drawn \$18,248 in HOME funds for predevelopment expenses, which were recorded in the general ledger as HOME program costs. The costs were not eligible because the activity was terminated. Regulations at 24 CFR 92.205(e) provide that a HOME-assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity.

Conclusion

The City consistently did not enter valid commitments into the information system and did not enter the signature dates on written agreements to support when the agreements were executed. We examined 21 commitment entries and determined that 12 were invalid, 7 were not properly supported, and only 2 were valid and properly supported. The invalid and inadequately supported commitment entries undermined the integrity of the information system and jeopardized the accuracy and support of reports that HUD generates from the system to monitor the City's compliance with the 24-month statutory commitment requirement and to compile national program statistics. The City also spent \$18,248 in HOME funds that was not eligible because the activity was terminated. These conditions occurred because the City's HOME program managers had not established and implemented controls and procedures for commitments entered into the information system and terminated activity requirements which they should have known.

The City entered accurate project completion data into the information system.

Recommendations

We recommend that the Director of HUD's Jacksonville Office of Community Planning and Development

- 1A. Require the City to reduce the commitments in the information system to the amounts supported by written agreements.
- 1B. Recapture \$407,006, which the City did not commit by the 24-month statutory deadline date.
- 1C. Require the City to reimburse its HOME account from non-Federal funds \$18,248 for ineligible costs spent for terminated activity number 984.
- 1D. Require the City to establish and implement controls and procedures to ensure compliance with requirements for commitments entered into the information system. This includes but is not limited to controls and procedures to ensure dated signatures on all written agreements, valid and adequately supported commitment entries, and the elimination of duplicate commitment entries.
- 1E. Require the City to train its managers and staff regarding HUD's documentation and entry requirements for commitments entered into the information system.

We recommend that the Associate General Counsel for Program Enforcement

- 1F. Pursue civil or other appropriate administrative action against the City for the invalid and inadequately supported commitment entries which its staff made to the information system.

SCOPE AND METHODOLOGY

We performed the audit from November 2011 through February 2012 at the City's Housing and Community Development Department and the HUD Office of Community Planning and Development in Jacksonville, FL.

We did not review and assess general and application controls for computer-processed data that the City entered into HUD's information system for commitments. We conducted other tests and procedures to ensure the integrity of computer-processed commitments that were relevant to the audit objective. Specifically, we examined written agreements to determine the accuracy of commitments that the City entered into the information system. We identified many instances, discussed in the finding, in which the City entered invalid and inadequately supported commitments into the information system. Audit results apply only to items selected and cannot be projected to the universe or population.

The review generally covered the period November 1, 2009, through October 31, 2011. We adjusted the review period when necessary. To accomplish our objective, we

- Researched HUD handbooks, the Code of Federal Regulations, and other requirements and directives that govern the commitment of HOME program funds.
- Obtained and reviewed reports from HUD's information system and reviewed HUD's monitoring files and consolidated annual performance and evaluation reports for the City's HOME program.
- Reviewed the City's procedures and controls used to administer its HOME program activities relative to commitments and interviewed officials of the Jacksonville HUD Office of Community Planning and Development and the City.
- Obtained and reviewed the City's audited financial statements, project files, policies, and procedures relative to the commitment of HOME funds.
- Conducted tests to determine the City's compliance with HOME fund commitment requirements. During the review period, November 1, 2009, through October 31, 2011, the City committed more than \$2.3 million in HOME funds, of which we examined more than \$1.4 million, or 61 percent of the commitments. The sample included 21 commitments for all activities with funding that equaled or exceeded \$40,000, all commitments that were made within 30 days of the City's statutory 24-month commitment deadline, October 31, 2011, and three duplicate commitment entries.
- Conducted site inspections of 23 activities to determine whether they were complete or adequately progressing toward completion and to verify the accuracy of completion information that the City entered into the information system. We selected the sample from a universe of 281 completed and open activities shown in the information system for the period April 1999 through November 2011. We selected individual activities

based on various factors which included but were not limited to funding amounts, activity types, and activities that remained open for an extended period without completion.

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 finding and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to:

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

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls 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.

Relevant Internal Controls

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

- Policies and procedures that management has implemented to reasonably ensure that resource uses are consistent with laws and regulations.
- Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- The City did not have adequate controls in place to ensure that only valid and adequately supported commitments were entered into the information system and that the program was not charged for a terminated activity (see finding).

APPENDIXES

Appendix A

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

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1B		\$407,006
1C	\$18,248	

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/ 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 instance, if our recommendation is implemented, HUD will recapture \$407,006 in funds not committed by the 24-month statutory commitment deadline.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



CITY OF ORLANDO

March 20, 2012

CERTIFIED MAIL

Mr. James D. McKay
Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
Region 4 Office of Inspector General
Office of Audit, Box 42
Richard B. Russell Federal Building
75 Spring Street, SW, Room 330
Atlanta, GA 30303-3388

Re: Auditee Comments

Dear Mr. McKay:

Attached is a hard copy of the City of Orlando's response to the Department of Housing and Urban Development, Office of Inspector General, HOME Audit dated February 27, 2012. The response was e-mailed as a word document (.doc) and a text document (.txt) on March 20, 2012.

Sincerely,

A handwritten signature in blue ink that reads "Paulette Edwards".

Paulette Edwards, Division Manager
City of Orlando
Housing and Community Development Department
400 South Orange Avenue, P.O. Box 4990
Orlando, Florida 32802-4990

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
CITY OF ORLANDO • 400 SOUTH ORANGE AVENUE • PO BOX 4990 • ORLANDO, FLORIDA 32802-4990
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CITY OF ORLANDO

The City of Orlando acknowledges receipt of the report from the Region 4 Office of the Inspector General for the U.S. Department of Housing and Urban Development (OIG) dated February 27, 2012 on the City of Orlando's HOME Investment Partnership Program. The HOME grant is a significant resource to our community, and we are grateful for the benefits that this Program provides to our residents.

The City of Orlando has provided our community with federal assistance since the U.S. Department of Housing and Urban Development (HUD) created the HOME Investment Partnership Program. The City of Orlando utilizes HOME grant funds to provide affordable housing to the most economically challenged citizens in our community. The goal of the HOME Program is to build, buy, and/or rehabilitate affordable housing units for rent or home ownership. The City of Orlando has worked with local nonprofit organizations, housing developers, and local construction businesses to accomplish the goals of the HOME Program.

The City is dedicated and committed to compliance with the requirements surrounding utilization of HOME funds. Accordingly, after reviewing the "Finding" stated in the report, the City offers the following response in the order and format as presented therein:

"Finding: The City Had Inadequate Controls Over Commitments Entered Into HUD's Information System and Charges for a Terminated Activity."

1A. "\$407,000 for Invalid Commitments"

Of this amount, \$181,599 was entered into the IDIS system for the cost of City staff managing and working on HOME projects; however, the funds were never drawn from HOME. After consulting with the City's internal grants monitoring unit, the Housing Department identified this entry as an error. Accordingly, the Housing Department cancelled this activity in IDIS as acknowledged by the OIG in this report. However, the cancellation occurred after October 31, 2011. The City understands that \$181,599 will be deobligated by HUD.

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

CITY OF ORLANDO • 400 SOUTH ORANGE AVENUE • PO BOX 4990 • ORLANDO, FLORIDA 32802-4990
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Comment 1

The next \$105,000 (for 5 projects) and \$90,000 (for 2 projects) each had the following documentation in the HOME file:

- Authorization to Expend Funds signed and dated on or before October 31, 2011 by the City of Orlando HOME Project manager, the City of Orlando Construction Manager and the City of Orlando Housing Department Director.
- HOME Mortgage Agreement signed by the Homeowner and witnessed and notarized on or before October 31, 2011.
- A dated Promissory Note signed by the Homeowner on or before October 31, 2011.

Comment 2

These documents constitute a legally binding agreement for each project as required under 24 CFR 92.2. However, in light of the different OIG interpretation of 24 CFR 92.2, all future HOME agreements will be signed and dated by both a City representative and the Homeowner on the same page before commitments are entered into IDIS. Although 24 CFR 92.2 does not specify this level of detail, it is our understanding that the OIG developed this interpretation from HUD CPD Notice 07-06, which expired June 1, 2008. As noted, the City will follow this OIG recommendation on all future transactions.

The final amount of \$30,407 for duplicate entries was the result of an unintentional clerical error during a period of staff transition. The City's internal grants monitoring unit detected this error during the year end closing procedure, which occurred after October 31, 2011. Enhanced internal controls and review procedures have been instituted to prevent the duplication of project numbers. The \$30,407 was returned to HUD via a wire transfer on March 2, 2012. The City understands that the \$30,407 will be deobligated by HUD.

1B. "\$299,900 for inadequately supported commitments".

Comment 3

This amount was the cumulative total for 7 projects that had the following documentation in the HOME activity file:

- Authorization to Expend Funds signed and dated on or before October 31, 2011 by the City of Orlando HOME Project manager, the City of Orlando Construction Manager and the City of Orlando Housing Department Director.
- HOME Mortgage Agreement signed by the Homeowner and witnessed and notarized on or before October 31, 2011.
- A dated Promissory Note signed by the Homeowner on or before October 31, 2011.
- Official recording stamp dated on or before October 31, 2011 from the Orange County Comptroller's Office documenting that the HOME Mortgage Agreement was filed in the official public records.

As noted in the OIG report, the HUD Jacksonville Field Office has accepted this documentation as evidence that funds were committed prior to the deadline. However, as stated above, the City will follow the OIG recommendation to have signatures and dates on the same page for future transactions.

1C. "\$18,200 for ineligible costs for a terminated activity".

The City entered into an agreement for the construction of a single family home and provided \$18,248 in HOME funds to the developer for predevelopment costs. As a result of development issues, the contractor was not able to move forward. Due to a clerical error, the project was not cancelled in IDIS. The \$18,248 was returned to HUD via wire transfer on March 2, 2012.

Internal Control

Overall in response to comments on internal control and knowledge of the Program, the City routinely sends Housing staff to HUD training. Housing staff recently attended training offered through HUD's Jacksonville Field Office of Community Planning and Development to strengthen their knowledge of HOME administrative requirements. We will continue to engage our staff in these training opportunities. The City of Orlando Housing Department will also work diligently with the HUD Jacksonville Field Office to review existing departmental operating procedures for adequacy and compliance with regulatory requirements.

The City has an overall system of internal accounting, budgetary, and operating control. This control system is further enhanced by an Internal Audit Department and a Grants Monitoring unit that routinely review grant activity for compliance with contractual and regulatory requirements. It is the City's goal to fully comply with all grant requirements.

Again, we thank you for your time and review of the City's HOME program. The City of Orlando is proud to partner with the Federal Government in serving those who are most in need within our community.

Comment 4

OIG Evaluation of Auditee Comments

- Comment 1** The City commented that the invalid commitments questioned by the audit (\$407,000) includes \$195,000 (\$105,000 and \$90,000) which were valid and supported as required by the regulations at 24 CFR 92.2. We acknowledge that the HOME Mortgage Agreements mentioned in the City's comments were signed by the homeowners and notarized before October 31, 2011, but they were not signed by the City. We also acknowledge that the homeowners signed Promissory Notes which referred back to the Mortgages, but the Notes did not require the signature of a City official. Furthermore, the Authorizations to expend funds, though necessary for the City to approve program expenditures, were not legally binding agreements for commitments. Thus, the cited Mortgages, Promissory Notes, and Authorizations for expenditures did not meet the definition of commitments pursuant to the regulations at 24 CFR 92.2. As stated in the report, the \$195,000 were not valid commitments.
- Comment 2** The City commented that the OIG developed a different interpretation of the commitment requirement cited at 24 CFR 92.2 based on HUD Community Planning and Development Notice 7-06. We disagree. The OIG presented and applied the commitment requirement based on provisions of the statute, regulations, and the cited Notice. The statute and the regulations defined commitments in the context of written legally binding agreements that must be executed before a participating jurisdiction's commitment deadline. Thus, the need for the signatures on written agreements to be dated was already implied by the statute and the regulations. HUD Notice 7-06 only clarified existing requirements and addressed, among other clarifications, the need for participating jurisdictions to ensure that all signatures on written agreements are dated.
- Comment 3** The City incorrectly claimed that it maintained proper support for \$299,000 in commitments which the OIG concluded were not supported by written agreements with dated signatures to allow a determination as to when the commitments were made. At our request, the City provided and we assessed supplemental documentation in an effort to determine whether the commitments were made before the commitment deadline. We also provided the documentation to HUD's Jacksonville Office of Community Planning and development officials who reviewed and accepted the supplemental documentation as adequate to support that the agreements were executed before the commitment deadline. We agreed with that determination. However, the acceptance of the supplemental documentation was not a substitute for compliance with the requirements that signatures on written agreements be dated to document and support when the commitments were made.
- Comment 4** The City commented that it routinely sends its Housing staff to trainings. This statement was not consistent with our determination that City staff who entered the questioned commitments into HUD's information system did so without having received adequate instructions and training needed to perform that function.