



Issue Date	April 7, 2010
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Audit Report Number	2010-NY-1011
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TO: Mirza Negron Morales, Director, Office of Public Housing, 2APH

John P. Harrison

For
FROM: Edgar Moore, Regional Inspector General for Audit, New York/New Jersey
Region, 2AGA

SUBJECT: New Rochelle Municipal Housing Authority, New Rochelle, NY, Had
Weaknesses in Its Self-Sufficiency Grant Programs

HIGHLIGHTS

What We Audited and Why

We audited the New Rochelle Municipal Housing Authority's (Authority) administration of its Resident Opportunities and Self-Sufficiency (ROSS) and Housing Choice Voucher Family Self-Sufficiency grant programs as part of the Office of Inspector General's (OIG) strategic plan goals to improve the U.S. Department of Housing and Urban Development's (HUD) fiscal accountability for its assisted housing programs. We selected the Authority because of its designation as high risk in the most recent HUD field office risk assessment and an overall Public Housing Assessment System¹ score of 69.

The audit objectives were to determine whether the Authority expended ROSS and Family Self-Sufficiency program funds for eligible costs and implemented adequate controls over the programs to ensure compliance with HUD regulations.

¹ HUD uses the Public Housing Assessment System to monitor and rate the performance (on a scale of 100 points) of housing authorities in the areas of financial condition (30 points), management operations (30 points), physical condition (30 points), and residents' satisfaction (10 points).

What We Found

Contrary to regulations, Authority officials charged ineligible and unsupported expenses to the Authority's Family Self-Sufficiency and various ROSS grant programs. These expenses related to charges incurred before the execution of the grant agreement and costs that were incurred for activity eligible under another grant. As a result, HUD lacks assurance that funds of \$219,715 were spent for eligible purposes and expenses charged totaling \$100,637 were properly supported.

The Authority had control weaknesses in its procedures for administering its Housing Choice Voucher and ROSS Family Self-Sufficiency programs. Specifically, it did not (1) properly fund participant's escrow accounts, (2) distribute escrow funds to one participant upon graduation, (3) comply with the required minimum program size, (4) ensure that contracts of participation were complete, and (5) report the participant escrow accounts as restricted on the financial statements. As a result, program participants were not credited with the proper escrow amount, and Authority officials did not comply with program administrative requirements.

What We Recommend

We recommend that the Director, Office of Public Housing, New York, instruct the Authority to (1) repay from non-Federal funds the \$219,715 in ineligible expenses charged to the grant programs, (2) provide support for or repay from non-Federal funds \$100,637 related to the unsupported charges paid with ROSS and Housing Choice Voucher program funds, (3) recoup a \$265 overpayment from, and pay \$2,997 due to, FSS participants, and (4) develop procedures to ensure compliance with all Family Self-Sufficiency program administrative requirements.

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

Auditee's Response

We discussed the results of the audit with the auditee during the audit and at an exit conference on February 16, 2010. We provided a draft report on February 2, 2010 and requested written comments by February 26, 2010, which we received on March 1, 2010. The auditee generally disagrees with the findings, and states that proper support for any ineligible and unsupported expenses will be provided to the field office.

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 OBJECTIVES

The New Rochelle Municipal Housing Authority (Authority) was established in 1941 as a public governmental agency established under New York State law to provide decent, safe, and sanitary housing for low-and moderate-income persons and families. The Authority is governed by a seven-member board of commissioners, five of whom are appointed by the city manager and two of whom are elected by Authority residents. The executive director, who supervises the daily management of the Authority, was appointed by the board of commissioners in March 1991. The Authority's main office is located at 50 Sickles Avenue, New Rochelle, NY.

The Authority administers Low-Rent Public Housing, Housing Choice Voucher, Public Housing Capital Fund (Capital Fund), Resident Opportunities and Self-Sufficiency (ROSS) and Family Self-Sufficiency grant programs funded by the U.S. Department of Housing and Urban Development (HUD). The Authority manages 543 low-rent public housing units, which are contained in four developments: the Hartley Houses, which has 240 units among five buildings; the Bracey Apartments, which has 100 units among two buildings; La Rochelle Manor, a single-building complex that has 91 units; and Queens City Tower, a single-building complex that has 112 units. The Authority also owns and manages two rental properties.

During the audit period July 1, 2005, through June 30, 2007, the Authority received \$2.5 million to administer 543 low-rent program units, \$4.2 million to administer 196 housing choice vouchers, \$1.8 million in Capital Fund program funds, \$402,879 in ROSS program funding, and \$200,000 to fund a coordinator position for its Family Self-Sufficiency program. The Authority's ROSS programs included Family Self-Sufficiency, Elderly/Persons with Disabilities, Neighborhood Networks, and Family programs.

The audit objectives were to determine whether the Authority expended ROSS and Family Self-Sufficiency program funds for eligible expenses and implemented adequate controls over these programs to ensure compliance with HUD regulations.

RESULTS OF AUDIT

Finding 1: Ineligible and Unsupported Expenses Were Charged to the Authority's Family Self-Sufficiency and Various ROSS Programs

Contrary to regulations, Authority officials charged ineligible and unsupported expenses to its Family Self-Sufficiency and various ROSS grant programs. These expenses related to charges incurred before the execution of the grant agreement and costs that were incurred for activity eligible under another grant. As a result, HUD lacks assurance that funds of \$219,715 were spent for eligible purposes and expenses charged totaling \$100,637 were properly supported. We attribute these conditions to weaknesses in financial management controls and unfamiliarity with HUD program regulations.

Ineligible Expenses

Authority officials disbursed \$219,715 from various Family Self-Sufficiency and ROSS grant programs for ineligible expenses. For instance, while article II.3 of the 2005 ROSS Elderly/Persons with Disabilities grant provided that costs incurred before execution of the grant are not reimbursable, officials charged the grant \$18,360 for various holiday parties and consulting costs incurred before execution of the grant. In another instance, officials charged \$50,695 to the 2005 ROSS Neighborhood Networks grant project coordinator budget line item for costs incurred to perform low-rent tenant background checks, collect tenant accounts receivable, and pay an information technology assistant. However, these funds were intended to establish and/or update and expand existing neighborhood networks/community technology centers, assess residents' needs, and monitor program progress. In other cases, grants were charged for costs that were incurred for activity eligible under another grant. For instance, while the Authority received funding for a full-time coordinator for both the Housing Choice Voucher and ROSS Family Self-Sufficiency programs, one coordinator served in both capacities and was paid from both grants. However, the Notice of Funding Availability (Federal Register/Vol. 71, No. 45/ March 8, 2006) for both the Housing Choice Voucher and Public and Indian Housing Family Self-Sufficiency Programs provided a maximum of up to \$65,000 for a full-time coordinator position. In addition, the 2006 ROSS Family Self-Sufficiency grant was charged \$44,397 for expenses related to the ROSS Family program grant. Specific details on additional ineligible expenses are shown in appendix C.

Unsupported Costs

Authority officials lacked adequate documentation to support that expenses of \$100,637 were reasonable and necessary program charges. Office of Management and Budget (OMB) Circular A-87, attachment B, requires that when employees work on multiple activities, a distribution of their salaries or wages be supported by

personnel activity reports or equivalent documentation. Further, 24 CFR (*Code of Federal Regulations*) 85.20(b)(2) requires the Authority to maintain records which adequately identify the source and application of funds provided for financially assisted activities, and paragraph (b)(6) provides that accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents.

As noted in the chart below, Authority officials did not provide adequate support for \$100,637 disbursed from Family Self-Sufficiency and various ROSS program funds. This deficiency occurred because Authority officials lacked a formal methodology for allocating costs among programs and controls to maintain records that identify the application of specific grant funds. Consequently, Authority officials could not support the allocation of various salary expenses among grants and/or provide adequate source documents for expenditures. As a result, Authority officials lacked assurance that funds spent were properly supported.

Unsupported expenditures: Family Self-Sufficiency and ROSS programs

Grant	Expense	Amount
2005 ROSS Neighborhood Networks program grant	Training	\$9,052
	Computer/related equipment	1,180
	Administrative	8,400
2005 ROSS Family program	Stipends	4,781
	Supportive services	3,000
ROSS Family Self Sufficiency program coordinator:	2005 Coordinator	6,508
	2006 Coordinator	119
	2007 Coordinator	28,251
2005 ROSS Elderly/Persons with Disabilities program	Administrative	30,000
Housing Choice Voucher Family Self-Sufficiency program coordinator:	2006 Coordinator	9,176
	2007 Coordinator	170
Total		\$ 100,637

Conclusion

Contrary to regulations, Authority officials used ROSS and Family Self-Sufficiency grant funds for ineligible expenses of \$219,715 and unsupported expenses of \$100,637. We attribute these conditions to the Authority officials' unfamiliarity with HUD program regulations and lack of controls or a formal methodology for allocating costs among programs. As a result, HUD lacks assurance that funds were spent for eligible purposes and expenses charged were properly supported.

Recommendations

We recommend that the Director, Office of Public Housing, New York, instruct the Authority to

- 1A. Reimburse from non-Federal funds the \$219,715 expended for ineligible costs as follows; \$215,402 to HUD, and \$4,313 to the 2007 ROSS Family grant.
- 1B. Provide documentation for the unsupported Family Self-Sufficiency and ROSS grant program costs of \$100,637 so that HUD can make an eligibility determination. If adequate documentation cannot be provided, these costs should be repaid from non-Federal funds.
- 1C. Develop procedures to ensure that ROSS grants are only charged for eligible expenses under the grant terms that are properly supported.

Finding 2: The Authority Had Control Weaknesses in Its Procedures for Administering Its Family Self-Sufficiency Programs

The Authority had control weaknesses in its procedures for administering its Housing Choice Voucher and ROSS Family Self-Sufficiency programs. Specifically, it did not (1) properly fund participants' escrow accounts, (2) distribute escrow funds to one participant upon graduation, (3) comply with the required minimum program size, (4) ensure that contracts of participation were complete, and (5) report the participant escrow accounts as restricted on the financial statements. We attribute these conditions to Authority officials' unfamiliarity with HUD Family Self-Sufficiency program requirements and administrative oversight. As a result, program participants were not credited with the proper escrow amount, and Authority officials did not ensure compliance with program administrative requirements.

Improper Funding of Earned Escrow Amounts

Authority officials' underfunded one participant's and overfunded another participant's escrow accounts. Participants earn escrow amounts based upon the difference between current family rent less the family rent at the time of the effective date of the contract of participation. Regulations at 24 CFR 984.305(a)(2)(i) require that each participant family's escrow account be credited with this amount periodically but not less than annually. In the first case, the participant should have received monthly escrow of \$353 beginning in December 2006; however, due to an oversight, the required deposit did not begin until March 2007. Consequently, this participant's escrow account was underfunded by \$1,059. Upon our notification, the Authority corrected the underfunding in March 2009. In the second case, while the Authority correctly adjusted the February 2007 housing assistance payment to reflect the participant's unemployment upon interim recertification in February 2007, an oversight prevented Authority officials from voiding the \$265 payment into the participant's escrow account, resulting in an overpayment to the participant's escrow account.

Escrow Funds Not Properly Distributed

Authority officials did not distribute escrow funds to one participant upon graduation from the program as required. HUD Housing Choice Voucher Program Guidebook 7420.10G, section 23.5, provides that Family Self-Sufficiency program participants earn escrow credits equal to the total tenant payment increase caused by a family's earned income increase. Regulations at 24 CFR 984.305(c)(1) provide that the amount in a Family Self-Sufficiency program account in excess of any amount owed to the Authority should be paid to the head of the participant family when the contract of participation has been completed. However, while the participant completed the contract goals and left public housing on December 31, 2007, with an earned escrow balance of \$4,352, the participant had not received any

escrow distribution. The participant owed the Authority \$1,335 for rent, and Authority officials erroneously believed that the entire escrow account was forfeited to the Authority if a participant owed rent. However, this participant was owed \$2,997 (\$4,352 less the \$1,335 rent owed).

Minimum Program Participation Not Achieved

Authority officials did not comply with the minimum program participant requirements. The Authority's Housing Choice Voucher Family Self-Sufficiency program action plan, approved by HUD on December 6, 1994, provided for the Authority to enroll 32 participants. However, during the audit period, July 1, 2005, through June 30, 2007, Authority officials reported only 25 participants. Additionally, for the fiscal years ending June 30, 2008, and June 30, 2009, Authority officials reported 24 and 20 participants, respectively. In addition, while the Authority's ROSS Family Self-Sufficiency program action plan had a goal of between 25 and 50 participants, during the same period, Authority officials reported only 24 participants.

The program coordinator stated that it was difficult to reach the required program size because of a lack of interest by both Housing Choice Voucher and low-rent program recipients. Regulations at 24 CFR 984.105(d) require HUD approval to operate a Family Self-Sufficiency program with less than the required minimum number of participants. The Housing Choice Voucher Guidebook, section 23.2, entitled Exceptions to the Minimum Program Size, provides that an authority may request HUD approval for reduction in the required minimum program size. However, Authority officials were unaware of these regulations and did not request HUD approval to operate the Authority's programs with less than the required number of participants.

Incomplete Contract of Participation

Chapter 23.4 of Housing Choice Voucher Program Guidebook 7420.10g provides that participants' individual training and service plan should include clearly stated goals with specific deadlines for accomplishment. Regulations at 24 CFR 984.103 provide that each plan must be signed by an authority representative and the participating family member and be attached to the contract of participation. However, audit testing revealed that the plan for two participants was incomplete. In one case, while participant interim and final goals were clearly stated, specific deadlines for accomplishment were not noted, and the participating family member had not signed the plan. In the second case, the participant did not execute a plan until almost 2 years after the contract of participation was signed.

Escrow Accounts Not Properly Reported as Restricted

Authority officials did not properly report participants' escrow account balances as restricted on the Authority's financial statements. Rather, the escrow cash was reported with the Authority's unrestricted cash account. As a result, the Authority's cash position for the fiscal year ending June 30, 2007, was overstated since the \$33,753 was reported as an Authority asset as opposed to an amount held in escrow to be released upon program participants' fulfillment of their contract provisions.

Conclusion

Control weaknesses in the administrative procedures for the Authority's Family Self-Sufficiency programs caused Authority officials to underfund one participant's escrow account by \$1,059, overpay another participant by \$265, not pay escrow of \$2,997 to one participant upon graduation, and not comply with program administrative requirements. We attribute these conditions to Authority officials' unfamiliarity with HUD Family Self-Sufficiency program requirements and administrative oversight.

Recommendations

We recommend that the Director, Office of Public Housing, New York, instruct the Authority to

- 2A. Recoup \$265 from the overfunded participants' escrow account.
- 2B. Pay the \$2,997 escrow due the graduated participant.
- 2C. Strengthen controls over escrow account administration to ensure proper funding of escrow accounts and payment of escrow funds to participants upon graduation from the program.
- 2D. Strengthen controls over program administration to ensure that (1) the required program size is maintained, or request HUD approval to operate a smaller program, (2) contracts of participation are adequately prepared and maintained, and (3) participant escrow funds are properly reported in the Authority's financial statements, thus ensuring that \$33,573 in escrow funds will be put to better use.

SCOPE AND METHODOLOGY

To accomplish our objectives, we

- Reviewed applicable Code of Federal Regulations requirements, Federal Registers, OMB Circulars A-87 and A-133, HUD's Housing Choice Voucher Guidebook 7420.10G, and applicable notices of funding availability.
- Reviewed the Authority's procurement policy, Housing Choice Voucher and ROSS Family Self-Sufficiency programs action plans, ROSS program grant agreements, board meeting minutes, and selected contracts to document policies and procedures affecting the Authority's programs.
- Interviewed HUD Office of Public Housing staff and reviewed HUD files on the Authority to obtain an understanding of Authority operations.
- Analyzed the Authority's audited financial statements, general ledger, expense accounts, bank reconciliations, bank statements, and cancelled checks for fiscal years 2006 and 2007.
- Interviewed Authority staff to obtain an understanding of Authority operations and controls.
- Selected a nonstatistical sample of disbursements from the 2005 ROSS Neighborhood Networks program, the 2005 and 2007 Ross Elderly/Persons with Disabilities program, 2005 and 2007 ROSS Family program and Housing Choice Voucher Family Self-Sufficiency program grants to determine whether the Authority expended funds in accordance with HUD regulations.

We performed on-site work from November 2008 through September 2009 at the Authority's main office, located at 50 Sickles Avenue, New Rochelle, NY. The audit covered the period July 1, 2005, through June 30, 2007, and was expanded as necessary.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

INTERNAL CONTROLS

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.

Relevant Internal Controls

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

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

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 audit, we believe that the following item is a significant weakness:

- The Authority disbursed grant funds for ineligible and unsupported expenses and did not properly administer its Family Self-Sufficiency programs (see findings 1 and 2, respectively).

APPENDIXES

Appendix A

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

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1A.	\$219,715		
1B.		\$100,637	
2A.	\$265		
2B.			\$ 2,997
2D.			33,573
	<u>\$219,980</u>	<u>\$100,637</u>	<u>\$36,570</u>

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

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

3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. 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, if Authority officials implement our recommendations, \$2,997 due a graduate will be available to that person, and \$33,573 in restricted escrow funds will be used for graduated participants, ensuring that these funds will be put to better use.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

ELISA SINGER
CHAIRPERSON

RICHARD H. SMITH
VICE CHAIRPERSON

SHIRLEY OAKLEY
SECRETARY

SHEILA E. SMALL
TREASURER

DR. EDWARD A. WOODS
COMMISSIONER

ROBERT MALONEY
COMMISSIONER

50 SICKLES AVENUE
NEW ROCHELLE, N.Y. 10801
TELEPHONE: 235-1717 - 636-7050
FAX: 235-1781
e-mail: nrmha@nrmha.org

STEVEN D. HORTON
EXECUTIVE DIRECTOR
IRA GOLDENBERG
COUNSEL

March 1, 2010

Mr. Edgar Moore
Regional Inspector General for Audit
U.S. Department of HUD
26 Federal Plaza
New York, NY 10278

**Re: Audit of Housing Authority Family
Self Sufficiency Programs**

Dear Mr. Moore:

In the space below please find the response of the Housing Authority to the above captioned Draft Audit Report.

Comment 1

Finding 1 indicates that the Housing Authority has unsupported expenses in relation to this program. In fact, the Housing Authority can support and document all expenses in relation to the administration of the FSS grants audited. Said documentation will be provided to Field Office staff.

Comment 2

Finding 1 indicates that the Housing Authority paid one coordinator from two different grants. The Housing Authority acknowledges the salary cost for the coordinator, were allocated across two grants. However, this was attributed to the fact that the coordinator fulfilled the responsibilities of both programs. The work product of the coordinator for task completed in both grants is available for review and will be documented with Field Office staff.

Comment 3

Finding 1 indicates that the Housing Authority charged eligible activities for one grant prior to the execution of the contract for the grant. However, the Housing Authority received the notification of the grant award on 29 December 2005 from the Grants Management Center. The award was to renew an existing grant and therefore, the Housing Authority chose not to interrupt services to residents, but to continue program activities based upon

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

Comment 4

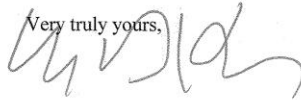
notice of renewed funding. The work product for these expenses can be supported and will be documented to Field Office staff.

Finding 2 indicates that the Housing Authority had internal control weaknesses as evidenced by the Housing Authority not distributing escrow funds to one FSS program participant upon graduation from the program. The Finding however does not acknowledge that the participant vacated the Housing Authority illegally, therefore violating their Lease Agreement with the Housing Authority. This lease violation voided their FSS contract and the participant forfeited their ability to receive escrowed funds. This determination by the Housing Authority is not indicative of systematic weaknesses in internal controls, but instead reflects the Housing Authority's intent to enforce its rules and regulations.

The Housing Authority wishes to thank the Office of Inspector General for your interest in our programs, for the professionalism of your staff and for your efforts to improve our operations. The Housing Authority is prepared to work with the Field Office to implement any appropriate recommendations designed to improve service to our residents and community stakeholders.

Thank you for your attention in this matter.

Very truly yours,



Steven D. Horton
Executive Director

SDH/adf

Appendix B

OIG Evaluation of Auditee Comments

- Comment 1** While Authority officials did not provide documentation for the unsupported expenses during the audit, Authority officials stated that the expenses can be supported and will provide such support to the HUD field office as part of the audit resolution process.
- Comment 2** Authority officials acknowledge that two different grant funds were used to pay the salary of one coordinator who fulfilled the responsibilities of both programs. However, the Notice of Funding Availability (Federal Register/Vol. 71, No. 45/ March 8, 2006) for both the Housing Choice Voucher and Public and Indian Housing Family Self-Sufficiency Programs provided a maximum of up to \$65,000 for a full-time coordinator position, therefore separate individuals were to staff each grant. Further, while Office of Management and Budget Circular A-87, attachment B, requires that distribution of wages paid employees who work on multiple activities be supported by personnel activity reports or equivalent documentation, the coordinator time sheets did not support the time allocated between both programs.
- Comment 3** The fiscal year 2005 Resident Opportunities and Self-Sufficiency Program for the Elderly/Persons with Disabilities grant agreement prohibited using grant funds for costs incurred prior to the grant start date, which was February 22, 2006, the date that the grant was executed. Further, while Authority officials stated they were notified of the grant award on December 29, 2005, 80 percent of the \$18,360 ineligible costs were incurred prior to that date.
- Comment 4** Authority officials maintain that one of the five program deficiencies noted is not a deficiency, but represents proper enforcement of regulations. Specifically, Authority officials stated that they did not distribute one participant's escrow because the participant forfeited the escrow by violating the lease agreement. However, Authority files document the program coordinator's determination on December 19, 2007 that the participant successfully completed the program and is "entitled to receive all the funds from the escrow account (less any moneys owed to MHA)..." The files further documented that the participant secured a major raise which enabled the participant to leave public housing and afford a private non-subsidized apartment. If the participant left the Authority owing rent, regulations at 24 CFR 984.305(c) (1) provide that the amount owed should be deducted from the escrow amount paid; not that the entire escrow is forfeited.

Appendix C

SCHEDULE OF INELIGIBLE EXPENDITURES

Grant	Grant category charged	Actual expense item	Amount	Basis for ineligibility
2006 ROSS Family Self-Sufficiency	Coordinator	ROSS Family grant project coordinator	\$44,397	Use of Family Self-Sufficiency grant funds to pay the ROSS Family grant project coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
2007 ROSS Family Self-Sufficiency	Coordinator	ROSS Family grant project coordinator	12,420	Use of Family Self-Sufficiency grant funds to pay the ROSS Family grant project coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
2005 ROSS Neighborhood Networks	Project coordinator	Tenant background checks, tenant accounts receivable collection, and an assistant	\$50,695	Federal Register, Vol. 70, No. 53, section I.C.1, provides that the project coordinator is responsible for assessing residents' skills and monitoring program progress. Cost to perform tenant background checks, collect tenant accounts receivable, and pay an assistant are not eligible as project coordinator expenses.
	Training	Collection of tenant rent, legal expenses, and typewriter repair.	34,781	Federal Register, Vol. 70, No. 53, section I.C.8, lists eligible training activities as educational training, computer and job training, and the purchase of computer-related equipment. Payment of tenant rent collection, legal, and typewriter repair expense is unrelated to the grant.
	Computer-related equipment	Cell phone and payroll	1,112	Federal Register, Vol. 70, No. 53, section I.C.8, lists eligible activities as the purchase of computer-related equipment. Funds used for unrelated cell phone and payroll expense are not eligible as computer-related equipment.
2005 ROSS Elderly/Persons with Disabilities	Subcontracting	Holiday parties and consulting costs incurred before grant execution	\$18,360	Article II, #3, of the grant agreement provides that costs incurred before the execution of the grant agreement are not reimbursable.
		Theatre tickets	1,303	Federal Register, Vol. 70, No. 53, section IV.E.6f, prohibits the use of ROSS Elderly/Persons with Disabilities grant funds for ineligible activities, including entertainment cost.
2005 ROSS Family	Project coordinator	ROSS Elderly/Persons with Disabilities grant project coordinator	\$13,477	Payment of ROSS Elderly/Persons with Disabilities grant project coordinator costs with ROSS Family program funds is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
	Stipends	Payment to a tenant for painting a room.	2,000	Federal Register, Vol. 70, No. 53, section III.C.1a, #6, provides that stipends may only be used to reimburse reasonable out-of-pocket expenses related to participation in training.
		ROSS Elderly/Persons with Disabilities grant project coordinator	2,070	Use of ROSS Family program funds to pay the salary of the ROSS Elderly/Persons with Disabilities grant project coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to reimburse another program.
2005 ROSS	Supportive	Housing Choice	\$6,211	Use of ROSS Family program funds to pay the salary of the

Grant	Grant category charged	Actual expense item	Amount	Basis for ineligibility
Family	services	Voucher Family Self-Sufficiency program coordinator		Housing Choice Voucher program coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
		ROSS Elderly/Persons with Disabilities grant project coordinator	186	Use of ROSS Family program funds to pay the salary of the ROSS Elderly/Persons with Disabilities grant project coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
		Legal expense, computer, phone, and payroll expense	4,372	Federal Register, Vol. 70, No. 53, section I.D.2, indicates that supportive services include but are not limited to job training, youth after-school activities, English as a second language, and child care. Use of funds for administrative costs such as legal, computer, phone, and payroll expense is contrary to the grant agreement.
	Subcontracting	Housing Choice Voucher Family Self-Sufficiency program coordinator	6,211	Use of ROSS Family Program funds to pay the salary of the Housing Choice Voucher program coordinator is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
		Cookouts for residents	2,690	Federal Register, Vol. 70, No. 53, section IV.E.6g, provides that grant funds may not be used for ineligible activities, including the purchasing of food.
	Administrative	Budget, legal, eviction, and computer repair expenses of the ROSS Neighborhood Networks program coordinator	6,463	Use of ROSS Family program funds for ROSS Neighborhood Networks is contrary to the grant agreement, subarticle F.3, which provides that funds received for one program may not be used to support or reimburse another program.
		Housing Choice Voucher Family Self-Sufficiency program coordinator	8,654	Use of ROSS Family program funds to pay the Housing Choice Voucher program coordinator salary is contrary to Federal Register, Vol. 70, No. 53, section IV.E.3, which provides that administrative funds may not be used to pay salaries of any kind.
Sub-Total			\$215,402	
2007 ROSS Family	Project coordinator	Picnic	\$ 1,436	Federal Register, Vol. 72, No. 48, section IV.E.7g, provides that grant funds may not be used for ineligible activities such as purchasing food.
	Training cost	Theme park visit	1,200	Federal Register, Vol. 72, No. 48, section IV.E.7f, provides that grant funds may not be used for ineligible activities, such as entertainment costs.
	Subcontracting	ROSS Neighborhood Networks program coordinator expense related to computer repair and upgrading cameras.	1,677	Use of ROSS Family grant funds to pay administrative expenses of the ROSS Neighborhood Networks program is contrary to the grant agreement, subarticle F.3, which provides that funds budgeted and/or received for one program may not be used to support or reimburse another program.
Sub-Total			\$4,313	
Total			\$ 219,715	