



**Colorado Coalition for the Homeless
Denver, CO**

**Community Housing and Development
Supportive Housing Program**



Issue Date: September 30, 2014

Audit Report Number: 2014-DE-1003

TO: LeRoy Brown, Director, Community Planning and Development, 8AD

//signed//

FROM: Ronald J. Hosking, Regional Inspector General for Audit, 8AGA

SUBJECT: The Colorado Coalition for the Homeless Incorrectly Allocated Its Employee Payroll Time and Charged Ineligible Cost to Its Grants

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Colorado Coalition for the Homeless, Denver, CO.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 913-551-5870.



September 30, 2014

The Colorado Coalition for the Homeless Incorrectly Allocated Its Employee Payroll Time and Charged Ineligible Cost to Its Grants

Highlights

Audit Report 2014-DE-1003

What We Audited and Why

We initiated a review of the Colorado Coalition for the Homeless due to issues discovered during a Denver U.S. Department of Housing and Urban Development (HUD), Office of Community Planning and Development (CPD), monitoring review. Issues identified during HUD's review included improperly accounting for administrative costs and the use of grant funds for ineligible expenses. Our objectives were to determine whether the Coalition properly assigned employee time among its grants and whether it charged unallowable costs to its grants.

What We Found

The Coalition incorrectly allocated its employee payroll time among its Supportive Housing Program grants. In addition, it charged ineligible costs to its grants, provided ineligible benefits to its employees, and spent some of its grant money on ineligible supportive housing items. The Coalition also continued to misspend its grant funds as highlighted in previous HUD Office of Inspector General and HUD CPD reviews.

What We Recommend

We recommend that HUD require the Coalition to (1) develop procedures to ensure that employee timesheets are accurate; (2) provide support for Homeless Management Information System time charged to its grants; (3) reimburse HUD for ineligible grant expenses; and (4) seek a legal opinion from HUD's Office of General Counsel regarding the use of grant funds for employee parking, employee gift cards, and transit subsidies.

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BACKGROUND AND OBJECTIVES

The Colorado Coalition for the Homeless is a 501(c)(3) nonprofit organization established in 1984. The Coalition's mission is to work collaboratively toward the prevention of homelessness and the creation of lasting solutions for homeless and at-risk families, children, and individuals throughout Colorado. A 13-member board of directors governs the Coalition. The executive offices of the Coalition are located at 2111 Champa Street, Denver, CO.

The Coalition receives funding from Federal, State, and municipal grants, along with private funding from various sources. The Coalition administers grants either directly or through 25 partner agencies in small cities and rural communities and throughout metropolitan Denver. It operates 1,521 units of housing.

For grant years 2011 and 2012, the U.S. Department of Housing and Urban Development (HUD) awarded the Coalition 36 competitive Supportive Housing Program grants totaling more than \$9.8 million. HUD awards program funds as annual competitive grants having a 3-year term with renewal grants having a 1-year term. The purpose of the program is to enable homeless persons to live as independently as possible. The Supportive Housing Program is a competitive program under HUD's Continuum of Care Program.

We initiated a review of the Coalition due to issues discovered during a Denver HUD Office of Community Planning and Development (CPD) monitoring review. Issues identified during this review included improperly accounting for administrative costs and the use of grant funds for ineligible expenses.

The objectives of our audit were to determine whether the Coalition properly assigned employee time among its grants and whether it charged unallowable costs to its grants.

RESULTS OF AUDIT

Finding 1: The Coalition Incorrectly Allocated Its Employee Payroll

The Coalition incorrectly allocated its employee payroll time among its Supportive Housing Program grants. This condition occurred because the Coalition lacked a control to ensure that employee timesheets were accurate at the time they were certified by the manager. As a result, HUD could not be assured that more than \$104,000 was used to administer its supportive housing grants.

The Coalition Incorrectly Allocated Its Employee Payroll Among Its Grants

The Coalition incorrectly allocated some of its employee payroll time among its Supportive Housing Program grants. It could not support more than \$104,000 in employee time allocated to these grants.

The Coalition's grant agreement with HUD requires that it conduct all of its HUD grant financial transactions and maintain its records in accordance with generally accepted accounting principles. Federal regulations at 24 CFR (Code of Federal Regulations) 84.21(b)(7) require the Coalition to support its grant accounting records with source documentation. Additionally, according to the HUD Supportive Housing Program Desk Guide, the Coalition must separately document staff time per grant and show how it assigned the grant costs. This information is important for determining the correct non-Federal matching portions defined in 24 CFR 583.100 through 583.150.

Unsupported Homeless Management Information System Salaries

The Coalition incorrectly allocated more than \$63,000 of its Homeless Management Information System (HMIS) staff time to its other HUD grants from January 1, 2011, to December 31, 2012. It was unable to support the staff time spent on each of the grants for HMIS activities.

Coalition staff updates, manages, and maintains HMIS, a database used by the Coalition and its partners to support their Supportive Housing Programs. According to Coalition officials, HMIS staff may charge time to update grant-specific data or to maintain the entire system. Officials stated that the Coalition did not track and document the amount of time its HMIS staff spent working on each of its SHP grants. Instead, it periodically pooled the HMIS staff time and then allocated the time to the Coalition's grants that had not been fully expended.

Therefore, the Coalition was unable to provide source documentation supporting HMIS payroll time allocated to its grants.

Table 1 summarizes the unsupported amount of HMIS staff payroll allocated to each of its Supportive Housing Program grants.

Table 1: Allocation of HMIS payroll to HUD grants

Grant name	HMIS payroll allocated to grant
Lowry Perm	\$2,000
Ren 88	\$5,000
Concord Plaza	\$6,050
Fremont-Custer-Chaffee TH	\$995
Mesa	\$1,243
Southwest	\$505
SLV	\$162
Adelante	\$456
Garfield Trans	\$823
NFR	\$816
Pueblo Trans	\$359
Pueblo Perm	\$174
Xenia Supportive Housing	\$2,000
HMIS Expansion	\$2,549
Riverfront Perm	\$5,075
Uptownlofts	\$5,000
HNM	\$3,057
REN SHP	\$5,000
SHP DHF	\$21,916
Total:	\$63,180

Ineligible Program Staff Salaries

The Coalition incorrectly allocated nearly \$41,000 in program staff salaries to its other HUD grants from January 2, 2011, to December 31, 2012. Employee time sheets did not always agree with the Coalition’s payroll records.

The Coalition incorrectly allocated approximately \$32,000 in program staff salaries to its REN SHP grant and nearly \$9,000 in program staff salaries to its SHP DHF grant

The Coalition required its program staff members to classify and separate hours worked by grant on their timesheets. Staff members could work only on grants previously approved by their supervisors. Coalition officials stated these controls helped to ensure that employees worked on the correct grants.

The Coalition incorrectly charged four of its employees' salaries to its grants totaling nearly \$41,000. The employees' worked on a grant, prepared and certified their timesheets showing the grant(s) they worked on, and sent their timesheet to their supervisor for final certification. However, in these four instances we found the Coalition accounting staff charged the employees' salary to a different grant than the grant listed on the employees' timesheet after it was certified by the manager.

For example, an employee charged all of their time to a non HUD grant activity on their timesheet during the two week work period ending October 8, 2012. The employee and their supervisor signed the timesheet on October 8, 2012. On October 31, 2012, Coalition accounting staff allocated \$7,387 of the employee's May 2012 through October 2012 salaries to a HUD grant. During an interview, the employee said they worked primarily on the non HUD grant activity during this time period and they were not aware their time was applied to a HUD grant.

This is ineligible under 24 CFR 583.150 that forbids the use of SHP grant funds for State or local purposes even when the underlying activity is assistance for homeless persons.

Table 2 summarizes program staff time salaries incorrectly allocated to its Supportive Housing Program grants.

Table 2: Allocation of program staff time to grants

Grant name	Program staff salaries allocated to grant
REN SHP	\$32,001
SHP DHF	\$8,895
Total:	\$40,896

The Coalition Lacked a Control To Ensure That Employee Timesheets Were Accurate

The Coalition lacked a control that prohibits accounting staff from making backward adjustments without proper support or certifications from the staff stating they in fact worked on the HUD grant. During our review, Coalition officials stated that actual costs incurred often exceed the total amount allowed in its grants. Management and accounting staff meet on a periodic basis to reallocate costs away from over expended grants. We noted these allocations could take place months after the employee timesheets were certified. The

employee should recertify their timesheet if the time was not allocated properly to the federal grant prior to adjustment by the accounting staff.

In addition, Coalition officials stated that it was difficult to track HMIS staff time by grant because some of the work went toward the benefit of all grants located on the system. The Coalition could run activity reports from HMIS by employee, but those reports did not track actual time worked.

More Than \$104,000 Might Not Be Available to Program Participants

HUD could not be assured that more than \$104,000 was used to administer its Supportive Housing Program grants, reducing the amount of HUD funds available to program participants.

Table 3 summarizes total questioned costs allocated to grants.

Table 3: Summary of questioned salaries

Grant name	Program staff salaries allocated to grant
HMIS	\$63,180
Program staff	\$40,896
Total:	104,076

Recommendations

We recommend that the Director of the Denver Office of Community Planning and Development require the Coalition to

- 1A. Develop and implement policies and procedures to ensure that any needed adjustments to employee payroll are made more timely and requires strengthened controls, such as requiring staff to re-certify their time, if adjustments are made after the employee certifies their time.
- 1B. Provide support for the \$63,180 in time charged to its grants for HMIS-related services and require the Coalition to reimburse from non-Federal funds any portion of the amount that it cannot support.
- 1C. Reimburse from non-Federal funds the \$40,896 in ineligible expenses it charged to its other HUD grants.

Finding 2: The Coalition Spent Grant Money on Ineligible Items

The Coalition charged ineligible costs to its grants. This condition occurred because the Coalition misinterpreted Federal requirements for spending its grant funds. As a result, nearly \$75,000 was not available for Supportive Housing Program participants.

The Coalition Charged Ineligible Costs

The Coalition charged ineligible expenses to its supportive housing grants. It provided ineligible benefits to its employees and spent some of its grant money on ineligible items.

Ineligible Employee Benefits

The Coalition provided more than \$45,000 in ineligible benefits to some of its employees. It provided paid parking to some of its employees who worked in downtown Denver. It also gave \$100 grocery store gift cards to some of its employees. Lastly, it reimbursed some of its employees for public transportation. The following table shows the three ineligible expenses and the total charged during our audit period.

Table 4: *Ineligible Employee Benefits*

Ineligible employee benefits	
Payroll cost	Ineligible
Employee gift cards	\$9,243
Employee parking	\$34,845
Employee transit subsidies	\$1,122
Total	\$45,210

The Coalition's executive director stated that the Coalition paid for employee parking because the cost was too expensive in the downtown area. The executive director considered the employee parking expense as reasonable compensation according to the Office of Management and Budget (OMB) guidance reasonableness of a cost. However, payment of parking expenses is not allowable under Federal regulations.

The Coalition's executive director explained that the Coalition provided its employees grocery store gift cards as a yearly bonus. He stated that the Coalition gave gift cards so employees would not need to pay taxes on the bonus. However, the purchase of gift cards is not allowable under Federal regulations.

The Coalition's executive director explained that the Coalition provided some of its employees a transit subsidy to commute to their work location. However, transit subsidies are not allowable under Federal regulations.

The Coalition may not use its Federal grant money on these types of expenses. According to 2 CFR Part 230, appendix B(8)(e), “Costs which are unallowable under other paragraphs of this appendix shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.” In addition, subpart (19) of the same appendix states, “Goods or services for personal use. Cost of goods or services for personal use of the organization’s employees are unallowable regardless of whether the cost is reported as taxable income to the employees.”

Ineligible Program Expenses

The Coalition spent more than \$29,000 on ineligible items. It spent the money on ineligible entertainment expenses, criminal background checks on program clients, furniture, rental assistance, and airline tickets. The following table shows per grant and account number the ineligible expenses.

Ineligible program expenses		
Grant name	Account number	Ineligible costs
Lowry Trans - CO0032	201-721-6380-000	\$2,434
	201-721-7615-000	\$1,941
SHP Demo - CO0024	207-731-6125-000	\$563
Comprehensive Support Services - CO0030	208-725-6125-000	\$3,141
Transitional Housing - CO0054	210-726-6830-000	\$2,174
Homeless No More - CO0037	322-732-6791-000	\$18,080
Civic Center - CO0027	267-865-6515-000	\$84
Concord Plaza - CO0031	223-728-6830-000	\$24
Renaissance 88 Permanent - CO0045	203-724-6380-000	\$430
Renaissance at Lowry PH - CO0046	202-722-6830-000	\$105
Off Broadway Lofts - CO0043	253-861-6125-000	\$33
Forest Manor Combined - CO0036	205-851-6125-000	\$158
	Total	\$29,167

The Coalition stated that it needed to perform criminal background checks in order for its participants to live at its properties.

However, the Supportive Housing Program Desk Guide clearly states that conducting criminal background checks is not an eligible use of program funds.

Rental assistance and the purchase of furniture are normally eligible costs if approved as a budgeted line item on the contract. However, the Coalition did not have HUD approval to charge rental assistance to grant number CO0037 or to charge operating costs (purchasing furniture) to grant number CO0054.

The HUD Desk Guide, page 39, states, “Grantees and project sponsors should note the rental assistance...is NOT an eligible activity under [supportive housing program]”. We found no amendments for either grant authorizing the addition of rental assistance funding or operating cost funding for the purchase of furniture.

The purchase of recreational activity tickets, tree stands, fireworks, and the rental of a helium tank are also ineligible supportive housing expenses. These costs are not necessary to assist program participants in obtaining and maintaining housing. Regulations at 2 CFR 230, Cost Principles for Non-Profit Organizations, Appendix B, Item 14 states; “Entertainment costs. Cost of entertainment, including amusement, diversion, and social activities and any cost directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.”

The Coalition Misinterpreted Federal Requirements

The violations described above occurred because the Coalition misinterpreted Federal requirements for spending its grant funds. The Coalition believed that employee parking, gift cards, and transit subsidies were eligible expenses under OMB guidelines. In addition, it believed that airline tickets for participants and entertainment expenses were eligible expenses under Federal guidance. These are constant violations for the Coalition and we further address this issue below in Finding 3.

Nearly \$75,000 Was Not Available for Supportive Housing Program Participants

As a result of the conditions described above, nearly \$75,000 was not available for Supportive Housing Program participants. Specifically, the Coalition provided more than \$45,000 in ineligible benefits to some of its employees. Additionally, it spent more than \$29,000 on ineligible items.

Recommendations

We recommend that the Director of HUD’s Denver Office of Community Planning and Development requires the Coalition to

- 2A. Reimburse HUD from non-Federal funds \$74,677 for its ineligible expenses.

Finding 3: The Coalition Continued To Misspend Its Grant Funds

The Coalition continued to misspend its grant funds highlighted in a previous HUD Office of Inspector General (OIG) and HUD CPD reviews. This occurred because the Coalition did not agree with either agency's interpretation of Federal requirements for spending its grant funds. As a result, a portion of the Coalition's Supportive Housing Program funds have not benefited its participants.

The Coalition Continued To Misspend Its Grant Funds

OIG audit report 2003-DE-1006, issued August 26, 2003, and a recent CPD monitoring review, dated November 12, 2013, express concerns similar to those noted in this audit report. The section below illustrates the findings in those previous reviews and the Coalition's response.

In our previous HUD OIG report, we stated, "During a review of the employee timesheets, the HUD OIG discovered an employee worked on two different grants however, the Coalition charged 100% of the employee's time to the Supportive Housing Program grants."

In addition, we stated, "Employee Parking Costs: Colorado Coalition also charged the two Supportive Housing Program projects reviewed for the cost of employee parking. The Supportive Housing Program does not permit these costs because such costs do not relate to carrying out the HUD program. HUD Regulations under 24 CFR 583.120 specify that only costs directly related to providing supportive services to the programs' recipients are eligible. As a result, the total employee parking costs of \$7,771 charged to the two projects reviewed are ineligible and need to be reimbursed to the HUD funded programs from non-Federal funds. This would also include any similar charges that have been charged to any other HUD funded program."

The Coalition resolved the above findings by reimbursing HUD for its ineligible employee parking costs.

Second, in the 2013 CPD monitoring review, HUD identified the same discrepancies noted during our review. HUD reported, "Monitoring Review Finding - Ineligible Personnel Costs: The Coalition provided its employees reimbursement for employee parking and public transit passes. Finally, the Coalition used grant funds to buy [grocery store] gift cards for Coalition employees on December 31, 2011."

The following is an excerpt from the Coalition's response to our previous HUD OIG report:

“The HUD OIG concluded that these parking costs are not eligible since they are not ‘directly related to providing supportive services to SHP recipients’. We disagree. In the same way that employee fringe benefits such as health insurance and unemployment insurance are allocable in proportion to the allocation of salary, the parking benefit is allocable to the SHP [Supportive Housing Program] grant to the same extent as salary.”

The Coalition provided the same rationale to HUD CPD for its ineligible parking expenses and gift cards. In its response to HUD CPD’s monitoring report, the Coalition stated:

“Finding – Ineligible Personnel Costs. We disagree with this finding regarding the eligibility of using grant funds for employee parking and King Soopers gift cards for employees who work on the grant funded activity for HMIS. We have consulted the OMB A-122 Circular and believe that employee parking is an eligible federal grant cost both as a part of the allocated occupancy costs and as an employee fringe benefit cost – both of which are clearly eligible under the OMB Circular. The 2003 OIG audit disallowed employee parking expenses specifically as a “Supportive Service” Cost under 24 CFR 583.120 – not as ineligible as an operating, HMIS, or administrative cost. Since the costs in that audit were not costs ‘directly associated with providing such services’, they were found ineligible within the supportive services cost category. However, eligible costs for HMIS services do not have this limitation under the regulations. As such, we believe that they are appropriate and eligible costs in that they are essential for allowing staff working on implementing the HMIS system to do their work, and to not penalize them for working in the downtown office where free parking is either extremely limited or non-existent. The [grocery store] Cards were provided to all Coalition staff as a year-end incentive bonus to recognize their good work. It is clear under OMB A-122 Circular that such incentive compensation is an eligible federal expense. Rather than providing a cash bonus, we chose to provide this bonus through the discounted [grocery store] card to save money. Expenses for such cards were allocated to all federal and non-federal cost centers based on the amount of time each staff person worked on those activities. As such, we believe these costs are allowable for the HMIS grant for HMIS lead agency staff. The fact that this bonus was provided in the form of a gift card rather than a cash supplement to wages does not affect its eligibility under OMB rules.”

While we do agree that 2 CFR Part 230 (formerly OMB Circular A-122) allows for salary and benefits such as health insurance and unemployment insurance, we disagree that parking and gift cards are allowed under OMB guidance. As stated in finding 2 of this report, 2 CFR Part 230, appendix B(8)(e), reads, “Costs which are unallowable under other paragraphs of this appendix shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.” And paragraph (19) of the same appendix prohibits the costs of goods or services for personal use of the organization’s employees. Paragraph (8)(h) of appendix B states, “That portion of the cost of organization-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to the employees.” Although this paragraph explicitly discusses the use of organization-furnished automobiles, it

clearly shows that OMB considers costs related to employees' personal use (including transportation to and from work) as ineligible.

The Coalition Was Unwilling To Follow Federal Guidance

As discussed throughout this report, due to the Coalition's unwillingness to follow guidance provided by HUD OIG and HUD CPD, Supportive Housing Program participants did not benefit fully from grant funds.

Recommendations

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

- 3A. Seek a legal opinion from HUD's Office of General Counsel regarding the use of grant funds for employee parking, employee gift cards, and transit subsidies. If the Office of General Counsel agrees that these are ineligible uses of grant funds, HUD should seek administrative actions against the executive director of the Coalition for continually disregarding HUD and HUD OIG guidance.

SCOPE AND METHODOLOGY

Our audit covered the period January 1, 2011, through December 31, 2012. We performed our onsite work in November and December of 2013 at the Coalition's office located at 2111 Champa Street, Denver, CO.

We interviewed HUD and Coalition staff and reviewed pertinent documentation to obtain an understanding of the program and the auditee. This documentation included applicable sections of the McKinney-Vento Homeless Assistance Act of 1987, HUD regulations, the Supportive Housing Program Desk Guide, grant agreements, and any Coalition policies related to its Supportive Housing Program.

We selected and reviewed all 36 Supportive Housing Program grants issued to the auditee by HUD for grant years 2011 and 2012 to determine whether the Coalition properly assigned employee time among its grants and whether it charged unallowable costs to its grants. We reviewed payroll records to include general ledger reports of the general fund, signed employee timesheets, and personnel action forms. Additionally, we reviewed supporting invoices and records of check payments to vendors.

We did not use auditee computer-generated data as audit evidence or to support our audit conclusions. We used source documentation obtained from HUD and the auditee for background information purposes. We based all of our conclusions on source documentation reviewed during the audit.

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(s). 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 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 objectives:

- Controls to ensure that employee timesheets are accurate at the time they are certified by the manager.
- Controls to ensure compliance with HUD regulations pertaining to eligible program expenditures.

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 Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The Coalition incorrectly allocated its employee payroll time among its Supportive Housing Program grants because it lacked a control to ensure that employee timesheets were accurate at the time they were certified by the manager (finding 1).

- The Coalition charged ineligible costs to its grants because it misinterpreted Federal requirements for spending its grant funds (finding 2).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Ineligible 1/	Unsupported 2/
1B		\$63,180
1C	\$40,896	
2A	\$74,677	

- 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.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



August 14, 2014

Ronald J. Hosking
Regional Inspector General for Audit
1670 Broadway
Denver, CO 80202

RE: Response to Audit Report Discussion Draft

Dear Mr. Hosking:

Thank you for the opportunity to review and respond to the discussion draft report of your audit of the Colorado Coalition for the Homeless. We have reviewed the report and have the following general and specific comments to its findings:

General Comments:

1. The audit consistently refers to the wrong HUD regulations in determining whether specific expenditures are eligible costs of the Supportive Housing Program. The audit covered Supportive Housing Program grants through the U.S. Department of Housing and Urban Development for the years 2011 and 2012. These grants were awarded subject to the Supportive Housing Program regulations at 24 CFR Part 583 rather than the Interim Rule published by HUD at 24 CFR Part 578. The Interim Rule at Part 578 covers the Continuum of Care program, which consolidated the Supportive Housing Program, Shelter Plus Care Program and Single Room Occupancy Program into a single program through the HEARTH Act. The Regulation in 24 CFR Part 578 has an effective date of August 30, 2012. However, these regulations only first applied to grants awarded in the 2012 CoC competition, which were not awarded by HUD until 2013. Thus, the regulations cited did not apply to the grants reviewed by the OIG audit. This is a critical error, since the regulatory requirements changed significantly with the Interim Rule.
2. The report implies that the Coalition intentionally violated HUD regulations by incorrectly allocating costs or spending grant funds on ineligible items. This is grossly unfair to the employees of the Coalition who work extremely hard to implement and account for often confusing, complicated, and constantly changing HUD interpretations of eligible costs and programmatic requirements. While Coalition staff often questioned whether certain costs were eligible under the SHP regulations, and offered its interpretations to HUD and the OIG, the Coalition never intentionally violated the

Comment 1

Comment 2

Comment 3

regulations. Once the reports were final, the Coalition changed its policies and practices to comply with the guidance until there were changes in regulations, guidance, or other instructions.

3. The Report notes that HUD awarded the Coalition 36 grants totaling more than \$9.8 million in 2011-12. The report questions \$115,577 of ineligible costs, which amounts to only 1.18% of the total grant amount during this period. The Coalition also used millions of its own funds, and funds raised from other sources, to match and extend HUD's funding for these SHP programs during this period. The Coalition could have charged other eligible costs it incurred in the operation of these SHP programs and funded from its own resources in place of the costs questioned by the OIG. We would like an opportunity to document other eligible costs incurred with non-HUD funds to replace the questioned costs.
4. To improve the capacity of the Coalition to ensure compliance with HUD and other federal grant requirements, the Coalition hired a Chief Financial Officer in December 2013. The CFO has reviewed all Coalition policies and procedures, made required changes, and initiated staff training on current HUD regulations.
5. In operating the SHP programs audited here, the Coalition has provided critical housing and services to more than one thousand individuals and families, helping to improve their residential stability, increase their incomes, and improve their health. It has leveraged millions of private and other funding to support HUD's goal of ending homelessness.

Specific Comments:

Comment 4

1. Unsupported HMIS System Salaries. The Report questions the Coalition's allocation of pooled HMIS salary costs to specific SHP grants with HMIS budget line items. This practice was based on the Coalition's understanding that HUD's interpretation of HMIS eligible costs included both the operation of the Homeless Management Information System by the Lead HMIS Agency (the Coalition) as well as the contribution of data into the HMIS system. The Coalition requested HMIS line items in each SHP grant specifically for this purpose in accordance with the instructions in each applicable Notice of Funding Availability (NOFA). When our approach was questioned by the HUD CPD field monitoring review in November 2013, the Coalition submitted a specific question to the HUD OneCPD Ask A Question desk on November 22, 2013. The Resource Exchange indicates that they will try to provide a response in 2 business days, however if the question needs to be referred to HUD experts or attorneys, it will take longer to address. We received a response to this question on June 6, 2014 – more than six months later. We have followed the guidance provided in this response. We raise this only to suggest that the issue raised by the Audit Report was evidently a difficult question for even HUD officials to answer. It is not surprising that different interpretations might be reached in absence of specific HUD guidance.

Comment 5

Based on this guidance and the questions raised by the Report, the Coalition has changed the way that HMIS salaries are allocated to HUD grants. We will be happy to document the eligibility of these costs and charges to the various grants for HMIS activities.

2. Ineligible Program Staff Salaries. The Report finds that nearly \$41,000 in program staff salaries were incorrectly allocated to two HUD SHP grants. Specifically, the Report states that:

The Coalition incorrectly charged four of its employees' salaries to its grants totaling nearly \$41,000. The employees' worked on a grant, prepared and certified their timesheets showing the grant(s) they worked on, and sent their timesheet to their supervisor for final certification. However, in these four instances we found the Coalition accounting staff charged the employees' salary to a different grant than the grant listed on the employees' timesheet after it was certified by the manager.

In the four instances questioned, the program staff initially charged their time to a specific program activity – the Housing First Program – based on their work in providing case management and services to eligible homeless individuals in the housing first program. During the period of the audit, this program was funded by two different HUD grants – the REN SHP and the SHP DHF grants – as well as by contributions raised by the Coalition. As these two grants were for the same program activities, the Coalition had asked HUD to consolidate these two grants beginning in 2012 to avoid confusion and to achieve administrative and programmatic efficiency and improved outcomes. HUD approved consolidation of these two grants in 2013.

The Report places weight on a statement by an employee that the “worked primarily on the non HUD grant activity during this period of time and they were not aware their time was applied to a HUD grant.”

The employee did not necessarily know whether the activity charged and certified on their timesheet was a HUD grant or non-HUD grant activity. They charged to a specific program activity – the housing first program – which was funded both by HUD and matching contributions from the Coalition's general fund. Thus, they would not know whether their time was applied to a HUD grant or not. This determination was made by the program manager and accounting manager based on whether the program activity as documented on the timesheet was eligible to be charged to the HUD grants. An HMIS report of all services provided by each employee to participants enrolled in each grant was used to support these allocations. The time charged to each grant was for eligible activities under each grant.

The Report indicated that this is ineligible “under 24 CFR 583.150 that forbids the use of SHP funds for State or local purposes even when the underlying activity is assistance for homeless persons”. The Report misinterprets this section of the regulation. Section 583.150 provides

(a) *Maintenance of effort*. No assistance provided under this part (or any State or local government funds used to supplement this assistance) may be used to replace State or local funds previously used, or designated for use, to assist homeless persons.

This provision applies only to *state or local government funds*, not private funds raised by the Coalition.

It was our belief that where a program activity is eligible under two different HUD grants, it is appropriate for management staff to allocate or reallocate this cost to either of those grants.

However, based on the feedback provided by CPD and the OIG, we have changed our processes to more timely allocate eligible costs to the appropriate HUD grant and, when this cost is a salary cost, to have the employee recertify their timesheet if the time was not allocated properly to the grant prior to an adjustment by accounting staff.

3. Ineligible Employee Benefits. The Report finds that charges for paid parking for employees, gift cards for employees as year-end incentive payment, and charge for transit expenses were ineligible. The Report cites that these are ineligible under regulations at 24 CFR 578.53(d). Specifically, the Report states that:

Regulations at 24 CFR 578.53(d) state, "Ineligible Cost. Any cost that is not described as an eligible cost under this section is not an eligible cost of providing supportive services..." This section of the Federal criteria does not list employee gift cards or the payment of parking costs or transit subsidies as eligible program costs."

As discussed under general comment #1 above, this regulation did not exist at the time these charges were made to the SHP grants and these grants are not subject to 24 CFR 578.53, but rather 24 CFR 583.120. The limiting language relied upon in section 578.53(d) does not exist in the SHP regulations.

The Report also contends that payment of parking costs and employee gift cards are "Costs of goods or services for personal use of the organization's employees" and thus unallowable under 2 CFR Part 230, appendix B(8)(e), subpart (19).

It was the Coalition's position that payment of parking costs and employee gift cards represented reasonable compensation and incentive bonus payments in accordance with OMB Circular A-122 appendix B at subpart (8)(a) and (8)(g):

Compensation for personal services includes all compensation paid currently or accrued by the organization for services of employees rendered during the period of the award (except as otherwise provided in subparagraph h). It includes, but is not limited to, salaries, wages, director's and executive committee member's fees,

Comment 6

incentive awards, **fringe benefits**, pension plan costs, allowances for off-site pay, **incentive pay**, location allowances, hardship pay, and cost of living differentials.

However, based on the findings in the CPD review in November 2013 the Coalition has ceased allocating parking costs, employee gift cards and transit subsidies to HUD grants.

4. Ineligible Program Expenses.

- a. Criminal background checks. The Report uses both 24 CFR 578.53(d) and the Supportive Housing Program Desk Guide to support its conclusion that criminal background checks on program participants is not an eligible use of program funds. As already stated, 24 CFR 578.53(d) is not applicable to these grants. While the Desk Guide does state that SHP supportive service funds cannot be used for criminal background checks, it states that “First and last month’s rent, security deposits **and credit checks for participants** moving from transitional housing to permanent housing” (page 52, emphasis added) are eligible supportive service costs. Both types of participant background checks are charged to the same account. In researching the amounts questioned by the Report, only \$40 of the \$3,979 charged to this account are for criminal background checks. The remaining costs are for credit checks, and thus are eligible supportive service costs.

While it does appear that criminal background checks are not eligible under SHP supportive service costs, we feel it is important to note that HUD did allow criminal background checks as eligible supportive service costs for the Homelessness Prevention and Rapid ReHousing Program (HPRP), a similar program also administered by the SNAPS office.

- b. Rental Assistance and Purchase of Furniture. The Report finds that Coalition charges of rental assistance to grant number CO00037 and operating costs (purchasing furniture) were ineligible because “the Coalition did not have HUD approval to charge rental assistance and operating costs to these grants. The Report again cites 24 CFR Part 578 for this purpose.

The CO00037 grant is a Supportive Service Only (SSO) grant. The SHP Desk Guide provides that “Some examples of eligible supportive services include: First and last month’s rent, security deposits and credit checks for participants moving from transitional housing to permanent housing.” Thus, the rental assistance, which consisted of first and last month’s rent or security deposits, is an eligible cost under this SSO grant.

The SHP Desk Guide also states that “Certain activities that would not be eligible in transitional or permanent housing projects *are eligible* in SSO projects, but only to the extent that these costs are part of the project, and the project is classified as SSO. These include: staffing, utilities, equipment and supplies, **furnishings**, repairs and maintenance, transportation, insurance and security”

Comment 7

Comment 8

(emphasis added). SSO grants do not have an Operating budget and HUD has determined that such operating costs are eligible as Supportive Services expenses in SSO projects. Thus, the questioned costs for purchasing furniture are an eligible supportive services cost.

Comment 9

- c. Other Service Costs Cited. Again, the reference to 24 CFR Part 578 to determine that the cited costs are ineligible because they are not specifically listed in the regulation is not applicable for these grants for the reasons cited above.

It is difficult to respond to the other items the Report deems ineligible supportive service expenses without a detailed list. According to the SHP Desk Guide, eligible supportive service costs include “Services aimed at moving homeless participants to independence . . .” Most of the grants cited in this section had approved budget line items by CPD for “Transitional Living Expenses” which included activities and services aimed at stabilizing program participants and their families and helping them move to independence. When case managers and program staff determined when such activities or services were aimed at stabilizing participants and moving them to independence, they charged some of these costs to the SHP grant. While there may be differing opinions about what activities meet this standard, program staff acted in good faith to meet the needs of their clients in what they believed to be in accordance with HUD regulations.

Comment 10

The Report contends on page 12 that “Nearly \$75,000 was not available for supportive housing program participants. Yet, \$29,000 of this amount was indeed spent on program participants – they were spent on program participants for activities the Report questions. The other questioned costs were budgeted for and spent on program staff benefits, which allowed them to serve program participants. These funds would not have otherwise been available for supportive housing participants.

Comment 11

5. Finding 3 of the Report contends that “The Coalition continued to misspend its grant funds highlighted in previous HUD Office of Inspector General (OIG) and HUD CPD reviews”. It specifically cites a 2003 HUD OIG audit report and a November 2013 CPD review.

In citing the November 2013 CPD review, the Report implies that the Coalition intentionally “continued to misspend” grant funds despite the items cited in the CPD review. This is grossly unfair and inaccurate. The Coalition did not receive the CPD review until November 15, 2013. The current OIG Audit report covers the period January 1, 2011 through December 31, 2012. It is difficult to understand how failure to follow the guidance provided by the CPD review **for the three years PRIOR to the issuance of the letter** on the Results of the On-Site Monitoring Review can lead to a conclusion that the Coalition was unwilling to follow the guidance provided by HUD CPD. Contrary to this conclusion, the Coalition ceased charging parking to the HUD SHP grants upon receipt of the CPD review letter, and ceased the practice of providing a year-end bonus to staff using a \$100 gift card in November 2013. Furthermore, based on the questions raised regarding allocation of HMIS costs among multiple HUD grants, the Coalition changed its process in making such allocations.

The Coalition was confused by a number of the findings in the CPD monitoring review, and requested a meeting with LeRoy Brown, CPD Director, on November 22, 2013 to discuss the findings and to understand the rationale for some of their conclusions. We renewed this request on January 16, 2014 with another email to Mr. Brown. Finally, after not receiving the courtesy of a meeting, we responded by letter providing our understanding of the issues raised in the review. We believe that basic due process should require an opportunity to discuss the findings and provide our response. Unfortunately, that was not provided to us.

In citing the 2003 OIG audit report, the Report concludes that the Coalition continued to “misspend” grant funds by “continually disregarding HUD and HUD OIG guidance”. The implication is that the Coalition intentionally disregarded such guidance. While the Coalition may have questioned the initial guidance and argued its position, we always followed what we understood to be the current position of HUD regarding SHP requirements.

The 2003 OIG report cited a number of issues and concerns. One of these was the question of eligibility of parking expenses as Supportive Services expenses under the SHP program grant.

After the conclusion of the 2003 OIG audit, despite providing our arguments regarding why we believed the questioned expenses were indeed eligible, the Coalition made numerous changes in its policies and processes for allocating costs to SHP grants. This included discontinuing charging employee parking to the SHP grants from 2003 through 2010.

It is important to note that the OIG discussion regarding parking expenses in the 2003 audit was a relatively minor part of its overall report. In its discussion regarding the eligibility of employee parking costs as Supportive Services expenses under the SHP program, the 2003 OIG report stated:

While we understand the rationale used by Colorado Coalition, the requirements in Title 24 of the Code of Federal Regulations, Section 583.120, specify that only costs **directly related** to providing supportive services to the programs’ recipients are eligible. Since the Colorado Coalition **employee parking costs are not directly related** to providing supportive services to the Supportive Housing Program recipients, such costs are ineligible as a program expense (Page 13 emphasis added).

It was our understanding that the OIG’s interpretation of the eligibility of parking costs as supportive services centered on its and HUD’s interpretation as to whether such costs were “**directly related** to providing supportive services”.

The 2003 Report also concluded that “The regulation also excludes the cost eligibility, as this cost, is not directly related to a client or clients being served. **Parking is an indirect cost** or a personal cost of an employee going to work.

Subsequent to the resolution of the issues in the 2003 audit, HUD CPD and the SNAPS office continued to refine and change their interpretations of eligibility of various expenses

for SHP Supportive Services, Operations, and Administration. By 2009, CPD and the SNAPS office clarified that indirect costs could be allocated to each of the types of SHP expenditures – Supportive Services, Operations, HMIS, and Administrative – so long as that allocation was consistent with an indirect to cost proposal developed in accordance with OMB Circular A-122. In other words, costs “directly related to providing services” could include indirect costs.

This interpretation was codified in the Continuum of Care Program Interim Rule for the successor to the Supportive Housing Program at 24 CFR 578.63(b) – “Indirect costs may be allocated to each eligible activity” . . . including supportive services.

Thus, pursuant to this changing interpretation of eligibility of Supportive Services Costs to include indirect costs, the Coalition began charging the indirect parking costs to the SHP grants. Our internal auditors supported this interpretation.

We raise this point not as a determination as to whether our interpretation of the current eligibility of parking costs as an employee benefit under the SHP program is correct. Rather, it demonstrates that we were acting in good faith in making that interpretation based on HUD’s changing interpretation of the regulation.

Comment 12

We believe it is grossly unfair to use the Coalition’s responses to OIG Reports or CPD monitoring reviews against us to imply unwillingness to follow guidance. Basic due process requires an opportunity to be heard and to argue our position and rationale for a particular action. Once a decision has been made, the Coalition does its best to follow HUD’s guidance and other federal requirements.

Comment 13

Indeed, contrary to the draft Report’s assertion of the Coalition’s “continually disregarding HUD and HUD OIG’s guidance, the HUD OIG found in 2012 that the Coalition accounted for its HUD HPRP funds appropriately. HUD OIG performed an audit of the Coalition’s administration of the Homelessness Prevention and Rapid Re-Housing Program (HPRP) under the American Recovery and Reinvestment Act of 2009 in 2012, and issued an Audit Report dated March 22, 2012. The objective of the review “was to determine whether the allegation of weaknesses in the Coalition’s controls over its HPRP funds, resulting in noncompliance with HPRP requirements, could be substantiated.” The Report concluded that “We did not find evidence to support the allegations made against the Coalition regarding its controls over its HPRP functions.”

Comment 14

In addition, independent auditors performed audits pursuant to the Single Audit Act requirements of OMB Circular A-133. There were no findings of Material Weaknesses of Significant Deficiencies in any audit of the Coalition between 2008 and 2013.

To improve the capacity of the Coalition to ensure compliance with HUD and other federal grant compliance, the Coalition hired a Chief Financial Officer in December 2013. The CFO has reviewed all Coalition policies and procedures and has initiated staff training on current HUD regulations.

The Coalition has worked in partnership with HUD and other federal agencies for nearly 30 years to address increasing homelessness in Colorado. The Coalition has continued to act in good faith in trying to interpret the complex and changing regulations with regard to its Supportive Housing Program grants. We remain willing to discuss the varying interpretations and work with HUD so that the Coalition can continue to provide these critical services that are changing the lives of thousands.

Thank you again for the opportunity to respond to the issues raised in the draft Report. We would be happy to discuss these issues further.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Parvensky". The signature is fluid and cursive, with the first letter of the last name being a large, stylized "P".

John Parvensky, President
303.285.5204

OIG Evaluation of Auditee Comments

- Comment 1** The Coalition pointed out that we cited the wrong criteria relating to some of the grant expenditures we questioned in the audit report. We originally only cited the new SHP criteria at 24 CFR Part 578. However, the Coalition was correct that for some of the items we reviewed, the old SHP criteria at 24 CFR part 583 was applicable. We reviewed the citations to the criteria and made adjustments accordingly. The new requirements appropriately appear in four locations in this report. For the questioned expenditures that are not covered under the new regulations, we changed the criteria citation to 2 CFR 230, Appendix B which was applicable for the entire period of our audit. Furthermore, we left the new requirements in the report when the violation fell under both requirements. Our analysis and recommendation have not changed because the previous criteria still does not authorize the Coalition's use of its Supportive Housing Funds on the items we found during our audit.
- Comment 2** The Coalition stated that our report implies that the Coalition intentionally violated HUD regulations by incorrectly allocating costs or spending grant funds on ineligible items. As reported in finding 3 of this report, the HUD OIG and HUD CPD offices previously notified the Coalition of improper uses of the grant funds. This report shows the Coalition continued using grant funds to pay for employee parking and other similar costs after we questioned those costs in our 2003 audit report.
- Comment 3** The Coalition points out that this report questions only 1.18% of the total grant amount received by the Coalition during our audit period. We agree the report findings do amount to a small portion of the Coalitions total supportive housing funding. However, the funds we highlighted in this report did not go to the benefit of the intended recipients. The Coalition can work with HUD Community Planning and Development to document other eligible costs it incurred with non-HUD funds to replace the questioned costs.
- Comment 4** The Coalition states that HUD lacked specific guidance and that the issue raised in the report was a difficult question for HUD officials to answer. We encourage the Coalition to continue to work with HUD to ensure grants funds are spent according to the terms of the specific grant agreements.
- Comment 5** The Coalition states that the adjustments to the employees' time were due to the employees not knowing whether the activity charged on the timesheet was a HUD grant or non-HUD grant activity. HUD regulations require grantees to maintain records to support their use of grant funds. The Coalition should strengthen its controls to ensure that time charged to HUD grants are only for activities allowed under that specific grant. In addition, the Coalition should make any adjustments to the employees' time as close to the activity as possible and have the employee and manager recertify that the employee actually worked on that activity.

- Comment 6** The coalition states that HUD OIG used the wrong criteria in determining eligibility of the questioned costs. See comment 1 above for our response to that statement. In addition, the Coalition states it believed the payment of parking costs and employee gift cards represented reasonable compensation and incentive bonus payments under OMB Circular A-122 appendix B at subpart (8)(a) and (8)(g). We disagree. As stated in finding 3 of this report, paragraph (8)(e) of the appendix reads, “Costs which are unallowable under other paragraphs of this appendix shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.” And paragraph (19) of the same appendix prohibits the costs of goods or services for personal use of the organization’s employees.
- Comment 7** The Coalition states that while the SHP Program Desk Guide prohibits criminal background checks, it does allow for credit checks for participants. Further, the Coalition asserts that of the \$3,979 questioned in our report, only \$40 was spent on criminal background checks, the remaining portion being spent on credit checks. During our review, the Coalition staff provided the amount charged to the grants for criminal background checks. We specifically asked if the entire amount questioned was for background checks as indicated on the documentation provided. The Coalition did not provide support to show the fees were for other purposes. Therefore, we recommend the Coalition work with HUD to reconcile any new information about the accounting for criminal background checks versus credit checks.
- Comment 8** The Coalition again referred to the incorrect citation to 24 CFR Part 578. See comment 1 above for our response to that statement. We changed our citation to the HUD Desk Guide, pg. 39 that states: “Grantees and project sponsors should note that rental assistance...is NOT an eligible activity under [supportive housing program]. We found that neither grant CO00037 or CO0054 had an approved line item for operating or rental assistance in its grant agreement with HUD CPD. Therefore, we consider the costs to be ineligible and the Coalition can work with HUD if additional information is available.
- Comment 9** The Coalition again points out the incorrect citation to HUD regulations. See comment 1 above for our response that statement. Throughout our audit review we continually informed the Coalition staff and management of the ineligible supportive service costs we questioned. Some of the ineligible costs we discovered during our review are as follows: cable internet/TV cost for participants, purchase of one-way airline ticket for a client, Denver parks and recreation – membership and recreation pass, Colorado state parks – reservations, Colorado Athletic Club – soccer fees, fireworks, and purchase of art recreational activity tickets. We determined these to be ineligible costs under 2 CFR 230, Cost Principles for Non-Profit Organizations, Appendix B, Item 14 which reads, “Entertainment costs. Cost of entertainment, including amusement, diversion, and social activities and any cost directly associated with such costs (such as tickets to

shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.”

- Comment 10** The Coalition argues that \$29,000 of the questioned costs were spent on program participants and the remaining portion of the questioned costs were budgeted and spent on staff benefits which allowed them to serve program participants. While we agree the funds were spent on participants or on employees who served the participants, we disagree that the funds were spent for eligible uses. Therefore, nearly \$75,000 did not meet the intended use of the program to benefit eligible participants under the rules and regulations of the program.
- Comment 11** The Coalition questions why the HUD OIG refers to a HUD CPD monitoring report which it received in November 2013 which is after the period covered by this HUD OIG review of January 1, 2011 to December 31, 2012. As discussed in finding 3 of this report, we refer to the 2013 CPD monitoring review because its findings were similar to the 2003 HUD OIG audit report. In the 2003 HUD OIG report, we questioned the Coalitions use of grant funds for employee parking cost and similar charges to its HUD grants. Our reference to the HUD CPD monitoring review is to help illustrate a pattern of continued misinterpretation of the federal requirements related to employee parking costs and similar charges.
- Comment 12** The Coalition states it believes that it is grossly unfair for HUD OIG to use its responses to previous HUD OIG reports and HUD CPD monitoring reviews to imply unwillingness to follow guidance. We disagree. See comment 11 above for more details. In addition, it is the Coalitions responsibility to correctly interpret HUD regulations for the use of its grant funds. If the Coalition ever questions if a new or changed regulation allows for the use of funds for a previously questioned cost, the Coalition should seek guidance from HUD prior to using the funds for such costs.
- Comment 13** The Coalition states that conclusions reached in a previous HUD OIG review conducted in 2012 contradicts HUD OIG’s assertion in this report that the Coalition continually disregards HUD OIG’s guidance. As stated in the Coalitions response, the 2012 HUD OIG review was based on a complaint related to the Coalition’s administration of the Homelessness Prevention and Rapid Re-Housing Program (HPRP). The objective and scope of that review were limited to the specific complaint received by our Hotline regarding the HPRP program. The results of that review have no impact on the results of this review.
- Comment 14** The Coalition also sites clean audits conducted by independent auditors under the requirements of OMB Circular A-133. As stated in comment 13 above, the scope and objective of those audits are completely different from the objectives and scope of this review and have no impact on the results of this review.