
AUDIT REPORT



DRUG ELIMINATION TECHNICAL ASSISTANCE PROGRAM

2001-AO-0001

JANUARY 31, 2001

OFFICE OF AUDIT, CAPITAL DISTRICT
WASHINGTON, DC



Issue Date	January 31, 2001
Audit Case Number	2001-AO-0001

TO: Gloria J. Cousar, Acting General Deputy Assistant Secretary for Public and Indian Housing, PD

FROM: Saundra G. Elion, District Inspector General for Audit, Capital District, 3GGA

SUBJECT: Drug Elimination Technical Assistance Program

We performed an audit of the Public and Indian Housing Drug Elimination Technical Assistance Program (DETAP) in response to a citizen complaint alleging that Aspen Systems Corporation, the HUD contractor responsible for maintaining the DETAP consultant database, used discriminatory practices in referring consultants to Housing Agencies (HAs). The audit included reviews of the Headquarters Community Safety and Conservation Division, the HAs' grant applications, consultant files, and the database maintained by Aspen Systems Corporation of Rockville, MD.

We concluded that the DETAP consultant referral process was not administered in a fair and equitable manner. The consultant database restricted each consultant to only eight skill codes and searches made to the database were arbitrarily limited to three skill codes. Referral lists showed inconsistencies, favoritism, improper referrals, and possible discrimination. In addition, consultants were not evaluated based on individual skill codes and the evaluations were not used in the referral process. As a result, the integrity of the DETAP referral process has been compromised and, because consultants were not treated in a fair and equitable manner, some may have lost contractual opportunities.

Within 60 days, please provide us with a status report of corrective actions taken on each recommendation made in this report. The status report should be prepared in accordance with Appendix 6 of HUD Handbook 2000.06 REV-3 and should include the corrective action taken, the proposed corrective action, and the date to be completed, or why the action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of this review.

If you have any questions, please call me or Joan S. Hobbs, Assistant District Inspector General for Audit, on (202) 501-1330.

Executive Summary

We completed an audit of the Public and Indian Housing Drug Elimination Technical Assistance Program (DETAP) in response to a citizen complaint. The overall audit objective was to determine whether the allegations regarding the administration of DETAP grants were valid. Our specific objectives were to determine: the adequacy of the methods used by Aspen to enter and use consultant profile information in the consultant database; the fairness of the process used for searching the consultant database for referrals; and the effectiveness of the HUD Government Technical Monitor in monitoring Aspen's administration of DETAP.

The citizen complaint was valid

We concluded that the citizen complaint was valid because the DETAP consultant referral process was not administered in a fair and equitable manner. The consultant database restricted each consultant to only eight skill codes and searches made to the database were arbitrarily limited to three skill codes. Referral lists showed inconsistencies, favoritism, improper referrals, and possible discrimination. In addition, consultants were not evaluated based on individual skill codes and the evaluations were not used in the referral process. As a result, the integrity of the DETAP referral process has been compromised and, because consultants were not treated in a fair and equitable manner, some may have lost contractual opportunities.

Recommendations

We recommend that your office: notify all consultants to update their skill codes, record all consultant skills in the database, evaluate the entire HA application in determining skill codes to use in the database search, require the removal of contractor employees who do not properly administer DETAP, develop specific procedures for preparing and managing consultant referral lists, redesign the consultant evaluation and use the ratings as part of the referral process, execute a GTM appointment memorandum with specific DETAP responsibilities, ensure that the GTM is allowed to closely monitor the contractor by periodically reviewing the referral process, ensure the GTM receives formal training, and ensure revisions made to all guidance are correct and approved prior to issuance.

We provided a draft of this report to the Deputy Assistant Secretary for Public and Assisted Housing Delivery and other senior HUD management officials on November 28, 2000. The Deputy Assistant Secretary provided written comments to the draft report on January 2, 2001. A discussion with the Director of the Community Safety and Conservation Division on January 16,

2001, resulted in revised comments to the draft report. The revised comments, dated January 24, 2001, show full agreement with all recommendations and are included in Appendix C.

Table of Contents

Management Memorandum	i
-----------------------	---

Executive Summary	ii
-------------------	----

Introduction	1
--------------	---

Finding

Integrity of the Consultant Referral Process Has Been Compromised	3
--	---

Management Controls	15
---------------------	----

Appendices

A FY 1999 Technical Assistance Skill Codes	16
B FY 2000 Technical Assistance Skill Codes	18
C Auditee Comments	19
D Distribution	24

Introduction

On March 23, 2000, we received a complaint alleging that Aspen Systems Corporation (Aspen), the HUD contractor responsible for maintaining the Drug Elimination Technical Assistance Program (DETAP) consultant database, used discriminatory practices in referring consultants to Housing Agencies (HAs)¹.

In accordance with the Super Notice of Funding Availability (SuperNOFA), the DETAP is intended to provide short term (maximum of 90 days) technical assistance consultant services to assist HAs respond immediately to drug-related crime. HAs are encouraged to use this program as a tool to evaluate and monitor Public Housing Drug Elimination Program grants. These competitive technical assistance grants generally cannot exceed \$15,000 or 30 billable days of work. Should an HA recognize a need for technical assistance on drug related problems, it submits an application to the HUD Community Safety and Conservation Division (CSCD).

During FY 1999, HUD awarded 148 DETAP grant applications that totaled nearly \$1.9 million. Through August 30, 2000, \$191,000 of the available \$500,000 for FY 2000 had been awarded. The FY 2000 SuperNOFA stated that HUD would review and accept DETAP applications on a first come first serve basis until June 9, 2000, or until available funds are expended. Eligible applications were funded in the order in which negotiations for a statement of work were completed. The drastic reduction in the availability of funds for this program for FY 2000 was due to the need to fund the Gun Buyback Program. As of September 8, 2000, there were 466 consultants in the consultant database, of which 189 were inactive and 17 were pending application approval.

The DETAP standard operating procedure (SOP), issued by CSCD in January 1999, states that the CSCD is responsible for receiving, logging, reviewing, and approving applications for technical assistance. CSCD is also responsible for overseeing and approving all negotiated fees and expenses and authorizing final payments to each consultant.

Aspen's responsibilities for DETAP, as detailed in the SOP, are to: (1) set up files; (2) recommend appropriate consultants to eligible applicants; (3) facilitate the development of a statement of work (SOW) between the applicant and the consultant; (4) obtain the applicant's approval of the SOW; (5) finalize SOWs and issue purchase orders; (6) monitor the status and progression of TA projects; (7) review the final report and invoice and make recommendation for final payment; (8) process consultant applications and administer the TA consultant database; (9) prepare monthly status reports; (10) prepare the semiannual evaluation report; (11) conduct consultant database annual updates; (12) revise consultant application kit and guidebook, and CSCD SOP; and (13) maintain a technical assistance phone line.

¹ The term housing agency refers to public housing agencies, tribally designated housing entities, resident management corporations, resident councils, and resident organizations.

According to HUD staff, Aspen has administered the program since 1992.

Audit Objectives

The overall audit objective was to determine whether the allegations regarding the administration of DETAP grants were valid. Our specific objectives were to determine:

- The adequacy of the methods used by Aspen to enter and use consultant profile information in the consultant database.
- The fairness of the process used for searching the consultant database for referrals.
- The effectiveness of the HUD Government Technical Monitor (GTM) in monitoring Aspen's administration of DETAP.

Audit Scope and Methodology

We performed field work at Headquarters and at Aspen Systems Corporation from April through August 2000. Our audit methodology included:

- Interviewing responsible program staff in the CSCD;
- Interviewing responsible program staff at Aspen;
- Obtaining and reviewing the Aspen contract task orders for DETAP;
- Reviewing the three HA files (Lakeview-Ogeechee Inc., Hightower Manor, and John O. Chiles Senior High-Rise) specifically named in the complaint;
- Evaluating a random sample (15 of the 148) of HA files for FY 1999;
- Reviewing the SOP, the Guidebook for Consultants and Eligible Applicants, the Consultant Application Kit for the DETAP, and the FY 1999 and FY 2000 NOFAs; and
- Reviewing the process Aspen used to maintain the consultant database.

The audit period generally covered FY 1999 through July 2000. We conducted our audit in accordance with generally accepted government auditing standards.

Integrity of the Consultant Referral Process Has Been Compromised

The Drug Elimination Technical Assistance Program (DETAP) consultant referral process has not been administered in a fair and equitable manner. The consultant database created by Aspen unfairly restricted each consultant to only eight skill codes. Database searches to find qualified consultants were made based on an arbitrary maximum number of three skill codes. Consultant referral lists showed inconsistencies, favoritism, improper referrals, and possible discrimination. In addition, consultants were not evaluated based on individual skill codes and performance evaluations were not used as part of the referral process. These DETAP problems occurred because CSCD did not adequately monitor Aspen's performance. As a result, the integrity of the DETAP referral process has been compromised and, because consultants were not treated in a fair and equitable manner, some may have lost contractual opportunities.

Criteria

The FY 1999 and FY 2000 SuperNOFAs state that once HUD has reviewed and accepted the application for technical assistance, the Technical Assistance Consultant Database will be searched for consultants that have:

- (a) A principle place of business or residence located within the same geographic area as the applicant. For purposes of this program section of the SuperNOFA, the term "geographic area" refers to, in order of priority: city, state, region, and country;
- (b) The requisite knowledge, skills, and abilities to respond to the request; and
- (c) The most reasonable (least expensive) fees.

Both SuperNOFAs also state that a consultant may not have any more than two contracts or purchase orders at one time; that the HA will receive a referral list for which they must contact at least three consultants; that if the HA finds all referred consultants lack the requisite skills, they must provide detailed written documentation and HUD will determine whether a second list of potential consultants is justified; and if the HA does not provide HUD the written justification of consultant choice within 30 calendar days, HUD reserves the right to cancel the technical assistance request.

The SOP states that Aspen will be responsible for recommending appropriate consultants to approved HAs; processing consultant applications as they are received and administering the consultant database; preparing monthly status reports; conducting annual updates of the consultant database; and revising the consultant application kit, consultant guidebook, and SOP. In addition to the three referral criteria specified in the SuperNOFAs, the SOP included a fourth criteria which is to consider past performance of the consultant.

Consultant database restricted the number of skill codes

The consultant database, created by Aspen, restricted the number of skill codes to be entered for each consultant to eight even though the consultant may have had experience in other skill categories. As Aspen received and evaluated applications of potential consultants for the DETAP, they established profiles in the consultant database that provided information, including skill codes, on each approved consultant.

For the FY 1999 applications, consultants could choose from a list of 33 possible job skills (see Appendix A). However, at the beginning of FY 2000, HUD merged some of the skill codes and changed the description of others to reflect the eligible activities stated in the FY 2000 SuperNOFA, published on February 24, 2000. The FY 2000 SuperNOFA states that, "Consultants who have previously been deemed eligible and are part of HUD's TA Consultant Database need not reapply, but must update their file with more recent experience and rate justification." The SuperNOFA did not address the revised skill code listing. Therefore, on March 6, 2000, Aspen purportedly mailed each consultant in the database an update form to match their skill to the 21 new skill codes (see Appendix B). Aspen faxed a second update form during May 2000, to those consultants who had not responded to the March mailing. Aspen neglected to advise the consultants that they would be put in an inactive status if they did not return the update form. As a result, about 40 percent (189 of 466) of the consultants were placed in an inactive status because Aspen did not receive their update forms.

Since Aspen used skill codes to perform database searches to select consultants for referral, we asked why consultants

were restricted to only eight skill codes. Aspen staff stated that at some point HUD instructed them to set up the database in this manner but they had no documentation to support those instructions. In addition, the CSCD Director said she did not recall why the consultants were restricted to eight skill codes, this process was established before she came to CSCD in 1995.

If consultants have experience and skills in every skill category, they should be afforded the opportunity to be referred on all their skills. Many consultants may have lost referral opportunities because they possessed more skills than just the eight skill codes entered in the database. For example, the complainant had experience in 27 of the 33 skill codes used in FY 1999, but Aspen recorded only eight skills in the database.

Database searches arbitrarily based on maximum of three skill codes

Although the FY 1999 and FY 2000 SuperNOFAs state that HUD or its agent would contact the HA to confirm the work requirements (i.e., skill categories needed) for technical assistance, Aspen did not routinely contact HAs unless they had questions about the activities stated on the applications. Instead, Aspen arbitrarily selected a maximum of three skill codes from the HA's application to search the database for consultants. Aspen informed us that the three skill codes used to perform the database search are the first three activities shown on the HA application. However, neither the SuperNOFA nor the grant application kit required the HAs to list their activities on their application in priority order. Therefore, referral lists did not include consultants who had the skills needed to perform the HA's highest priority activities.

Even though Aspen told us that they use the first three activities shown on each HA's application to search the database, we did not find that this was always the case. Also, although only three activities were used to perform the search, the consultants were generally expected to perform all of the activities on the HA's application. For example, when we reviewed Hightower Manor's FY 1999 application, we found that the first three activities on the application related to skill codes for long-term planning; conducting a needs assessment/survey; and training housing authority staff, the resident council, and residents in anti-crime and anti-drug prevention practices and programs.

However, Aspen did not use the skill codes that related to long-term planning or training when searching the database. Instead, they used skill codes that related to designing programs/strategies, developing resident patrols, and enhancing security and physical design; the last three activities on Hightower Manor's application. The approved SOW showed that of the 30 days available to the consultant and a collaborative consultant, 8 days were to be spent on evaluating and making long-term planning decisions relative to reducing drugs and drug-related crime and 8 days were for conducting customized training on drug prevention/intervention, anti-drug and anti-crime education, and motivational and leadership development workshops. The consultant who performed the technical assistance for Hightower Manor stated that the most critical issue she dealt with was training the elderly on drug prevention. Training was not one of the skill codes used to prepare the consultant referral list. The selected consultant also stated that she performed all of the tasks that were on Hightower Manor's application. Had Aspen contacted Hightower Manor, as they stated they did, they would have included training as a required skill developing the consultant referral list.

We concluded that Aspen referred consultants based on skill codes that were arbitrarily selected; this may not have resulted in the referral of consultants best suited to perform the most important tasks. The arbitrary skill code limitation of three was put into effect by the CSCD Director who thought the consultants could perform only three activities during the 30 days of their contract. The director was unaware that consultants prepared SOWs that included all tasks shown on the HA applications.

Referral lists showed inconsistencies and favoritism

Referral lists were not prepared in accordance with the SOP and the SuperNOFA. Specifically, Aspen did not use geographic location and the requested skills to match consultants with HAs' needs. Instead, Aspen used an arbitrary process resulting in inconsistencies and favoritism to a few consultants.

In addition to the three HAs named in the complaint, our random sample of 15 of the 148 applications (10 percent) approved for FY 1999 disclosed the following:

**Number of Matching Skills and Locations
for Consultants Referred to Housing Agencies
FY 1999 SuperNOFA Grants**

Housing Agencies	Total Referred	Matching Skills			Outside of Region	
		None	1	2		3
Hightower Manor, GA **	24	1	3	11	9	
John O. Chiles Senior High-Rise, GA **	25	2	6	9	8	
Lakeview-Ogeechee, Inc., GA **	8			4	4	
Osceola Housing Authority, AR	15		11	4		
City of Eloy Housing Authority, AZ	15	1	4	9	1	3
County of Monterey Housing Authority, CA	15		4	7	4	
Round Valley Indian Housing Authority, CA	15		9	6		
District of Columbia Housing Authority, DC	15		1	14		
City of Arcadia Housing Authority, FL	10	2	3	4	1	
Pasco Housing Authority, FL +	15	1	6	7	1	4
Housing Authority of the City of Sarasota, FL	7			7		1
New Bedford Housing Authority, MA	14	1	3	8	2	9
Town of Bernalillo Housing Authority, NM	13	1	6	5	1	
Troy Housing Authority, NY	15		7	5	3	
Fort Smith Housing Authority, AR ~	15	3	8	4		
Housing Authority of the City of Mission, TX ~	15	1	5	9		
Wheeling Housing Authority, WV ~	11		4	7		1
Housing Authority of the City of Santa Barbara, CA *	14	3	11			

** Complainant HAs - includes two referral lists for each HA

+ Second referral list only; first list not provided

~ HA requested two skills

* HA requested one skill

For the most part, consultants were referred from within the region of the requesting HA, whenever possible. However, we found that some consultants were referred who did not have the number of skills Aspen used to query the database. All of the referral lists where Aspen used at least three skills to prepare the list, contained consultants that possessed only one or two of the three requested skills. Sixteen consultants who had none of the requested skills were referred to 10 HAs. Referring consultants who do not have the necessary skills is not productive. When there were not enough qualified consultants in the HA's region, Aspen should have expanded the database search to neighboring regions rather than referring consultants who did not have adequate skills.

In our opinion, Aspen showed a pattern of favoritism to one consultant who was referred and selected from outside the geographic region for both Pasco and Sarasota Housing Authorities located in Florida. Not only did the selected consultant live outside the region (she lived in Maryland), she did not have all three skills Aspen used to search the consultant database.

Pasco Housing Authority. When this consultant was referred to Pasco HA on July 20, 1999, she was already on two active contracts. Since the consultant could not be selected at that time, the HA requested a second referral list which was received on September 13, 1999. However, the selected consultant's name was not on the second list. Pasco HA interviewed the consultants on the second referral list, and on January 18, 2000, (4 months after receiving the second list) they selected the consultant from the canceled first list.

Aspen violated basic criteria in processing this referral: (1) the consultant should not have been referred since she already had two active contracts; (2) a second referral list should not have been issued without CSCD's review and approval; (3) the second referral list should have been canceled after a reasonable period of time (30 days); and (4) Pasco HA should not have been allowed to select from a referral list that had been canceled.

Sarasota Housing Authority. The referral list sent to Sarasota HA contained seven names and only one of the seven consultants (the one selected) was from outside the geographic region. The same consultant selected for the Pasco HA was also selected for the Sarasota HA. This same consultant performed work under the FY 1998 DETAP for Sarasota HA which means that Aspen had shown favoritism for this consultant on previous occasions.

Another consultant was shown favoritism on two other referral lists sent to the City of Eloy HA and the City of Santa Barbara HA. What made favoritism so obvious on these referral lists was the fact that the selected consultant was the only consultant referred that did not possess any of the skills requested by these HAs.

Of the 18 referral lists we reviewed, none were prepared in accordance with the SuperNOFA. A more comprehensive review of the database may have shown favoritism to others. If the results of our sample are representative of the FY 1999 universe, the integrity of the referral process has been compromised. In light of the fact that Aspen has been under contract to administer this program since 1992, our results raise serious doubts about the past and present fairness of the DETAP referral process.

Complainant was
improperly referred

The complainant's allegation that Aspen discriminated against her by not referring her to three HAs in her region (Lakeview Ogeechee, Inc., Hightower Manor, and John O'Chiles Senior High-Rise) was valid. Although the complainant should not have been referred to any HA on July 22, 1999,² the explanations Aspen provided for not referring her to the three HAs in her region were not supported by the available evidence.

- Initially, Aspen stated that the complainant was not referred because she did not have the three skills the HAs needed. We found that she had two of the three skills and most of the consultants referred to these HAs did not have all three skills either, some had none or only one skill.
- Aspen subsequently stated that the complainant was not referred to Lakeview Ogeechee, Inc. or Hightower Manor because she had two active contracts (Peachtree Road and Bankhead Courts HAs). We found that Peachtree Road and Bankhead Courts did not select consultants until nearly 1 month after the referral lists were sent to Lakeview Ogeechee, Inc. and Hightower Manor; therefore, Aspen's explanation was not accurate.
- We found that Aspen issued nine other referral lists on July 22, 1999, and the complainant was on each of these lists.

These actions tend to support the allegation that the complainant may have been discriminated against.

² The complainant had two active contracts with Martin HA and Cookeville HA on this date; therefore she was ineligible to be referred to any HA.

Since the three HAs named in the complaint did not select a consultant from their first referral lists, Aspen sent out second referral lists. Lakeview Ogeechee, Inc. selected a consultant from the second referral list on January 11, 2000, but it took 5 additional months to approve the SOW and issue the purchase order. Hightower Manor selected a consultant from the second referral list on January 5, 2000, but the offer was declined. A third referral list was issued to Hightower Manor in February 2000, and a final selection was made on May 8, 2000. The referral, selection, and processing of the contracts took over a year for these two HAs.

John O'Chiles Senior High-Rise was not issued a second referral list until June 19, 2000. Even so, the complainant was not on this referral list either because she was, according to Aspen, a collaborative consultant at two HAs. Aspen mistakenly considered collaboratives the same as active contracts. However, collaborative consultants do not have contracts with HUD and this reason cannot be used as a basis for non-referral. When we brought this to Aspen's attention, Aspen issued a supplemental referral list containing the complainant's name. Regardless, Aspen improperly administered the entire referral process, their explanations did not support their actions, and the referral lists should have been cancelled after 30 days and not been allowed to take over a year to finalize the contracts.

Possible discrimination of
a consultant

Another consultant alleged that Aspen discriminated against him by excluding him from referral lists. According to this consultant, Aspen discriminated against him because he was named in the first complainant's letter. Aspen's explanations for not referring this consultant were inconsistent and not supported by facts. Aspen stated that the consultant had not initially provided the correct application package; therefore, Aspen entered his information into the consultant database but coded his profile as inactive (i.e., would not be referred). However, the consultant's file contained a copy of the letter Aspen sent to the consultant indicating that his application had been approved and he would be referred to HAs. Aspen staff admitted that they made a mistake by coding the consultant as inactive. However, shortly thereafter, Aspen advised us that the consultant had been active in the database since October 1999. An independent review of

the database during June 2000 showed that the consultant was still inactive in both the FY 1999 and FY 2000 databases. It appears this consultant's complaint of discrimination could also be valid.

Consultant evaluations not adequate or used in the referral process

The evaluation form the HAs used to evaluate consultants' performance did not rate consultants on individual skill categories, instead it provided an overall performance evaluation. Aspen reviewed the evaluations and whenever there were negative comments, they provided CSCD a copy of the evaluation and then entered this information in the "comments" section of the database. This information was not used in making future referral decisions and CSCD never requested Aspen to remove a consultant from the database due to poor performance. Based on the SOP, one of the criteria for selecting consultants for referral is past performance. Aspen did not use performance evaluations for this purpose. We believe it would be appropriate to numerically rate consultants on each skill category and to incorporate this information into the consultant database for use in the referral process. During May 2000, the CSCD Director agreed to revise the SOP, consultant guidebook, and application kit to include numerical ratings for each skill category.

CSCD's oversight inadequate

CSCD did not adequately monitor Aspen's operations to ensure that they administered DETAP in accordance with the SuperNOFAs and other guidance. This oversight function is usually performed by a Government Technical Monitor (GTM), an officially appointed representative from the program area. However, the GTM for Aspen was not officially appointed in writing until June 20, 2000, over 2 years after the CSCD Director verbally assigned the GTM this responsibility. In addition, the GTM was not formally trained, not properly advised of her monitoring responsibilities, and not allowed to interact effectively with Aspen. As a result, Aspen:

- established a database that did not capture all skills relevant to each consultant.
- performed database searches based on a limited number of skills although other skills were required to accomplish the statement of work.
- inconsistently compiled referral lists (selection not based on established criteria, some referral lists

included only four consultants while others included as many as 15).

- prepared inconsistent and incorrect guidance for publication.
 - the SuperNOFAs state that three criteria will be used to select consultants for referral but the SOP states four;
 - the SuperNOFAs and the SOP state that a consultant cannot have more than two active contracts but the consultant application kit states not more than three; and
 - the FY 2000 consultant application kit shows the wrong address (zip code) for Aspen.
- prematurely closed contracts (closed when Aspen received the consultant's invoice and final report but the consultant guidebook states that a contract is closed when HUD pays the consultant).

Had CSCD designated a trained GTM to provide oversight, Aspen may have implemented practices and procedures in a much more accurate and consistent manner.

Conclusion

Aspen did not administer the DETAP referral process in a fair and equitable manner and CSCD failed to adequately monitor Aspen's administration of the program. As a result, the integrity of the DETAP referral process has been compromised and, because consultants were not treated in a fair and equitable manner, some consultants may have lost contractual opportunities.

Auditee Comments

The Acting General Deputy Assistant Secretary for PIH agreed with all of our recommendations and provided some clarification comments. The first comment emphasized that the program office had instructed Aspen of the importance of working with the HA applicant in order to focus the activities and assistance that was to be provided into a maximum of 12 skills. However, as a practical matter, contractors would only be able to employ the three skills viewed as having the greatest need or highest priority for such targeted and short-range technical assistance. The Acting General Deputy Secretary also states that these two factors served as the basis for the policy with respect to skill code limitations and was not an arbitrary decision.

One other clarification comment explained that one individual was designated as the GTM on the HUD Form 720 (Request for Contract Services), dated July 30, 1999, and another individual on the HUD Form 720, dated March 2000. PIH states that the draft report asserts incorrectly, that there was no GTM to supervise Aspen until June 20, 2000.

OIG Evaluation of Auditee Comments

During the course of our review, we found no mention of limiting skills to 12 skill sets. Also, neither Aspen nor PIH provided a documented “policy” for using only three skill codes when preparing referral lists. During an interview with the Director of CSCD, she stated that three skills are all she thought the consultants could accomplish in a 30-day period. However, Aspen did not limit the tasks to be performed to three and some HAs had consultants performing as many as 12 different tasks. Therefore, the limitation of three skills was determined arbitrarily and without sound basis.

Also, the GTMs designated on the HUD Form 720 were not formally designated in writing or provided a memorandum with specific DETAP responsibilities to be performed as required by the HUD Handbook. All staff in CSCD knew who was performing the GTM responsibilities for the DETAP program and it was neither of the GTMs named on the HUD Form 720. The point is, the individual performing as the GTM was not formally designated in writing, given specific responsibilities to perform, provided the opportunity to perform her job, or provided formal GTM training. The Director of CSCD is ultimately responsible for adequately communicating job responsibilities and expectations to her staff and ensuring that these responsibilities are performed.

Recommendations

We recommend that the Assistant Secretary for Public and Assisted Housing Delivery:

- 1A. Notify all consultants (active and inactive) to update their skill codes using the most current skill code listing.

-
- 1B. Allow consultants to report all of the DETAP skill codes for which they have experience.
 - 1C. Evaluate the entire HA application in determining which skill codes to use in the consultant database search.
 - 1D. Require the removal of contractor employees who do not properly administer DETAP.
 - 1E. Develop specific procedures for preparing and managing consultant referral lists.
 - 1F. Redesign the consultant evaluation to show numeric ratings for each skill code and use the evaluation ratings as part of the referral process.
 - 1G. Execute a GTM appointment memorandum with specific DETAP responsibilities.
 - 1H. Ensure that the GTM is allowed to closely monitor the contractor by periodically reviewing the referral process and ensuring that the contractor adheres to established processing timeframes.
 - 1I. Ensure that the GTM receives formal training.
 - 1J. Ensure that revisions made to all guidance (SOP, application kit, and consultant guidebook) are correct and approved prior to issuance.

Management Controls

In planning and performing our audit, we obtained an understanding of the management controls that were relevant to our audit. Management is responsible for establishing effective management controls. Management controls, in the broadest sense, include the plan of organization, methods and procedures adopted by management to ensure that its goals are met. Management controls include the processes for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Relevant management controls assessed

We determined the following management controls were relevant to our audit:

- controls over program policies and procedures;
- controls over the validity and reliability of consultants selected for referral; and
- controls over compliance with policies and procedures.

Significant weaknesses

A significant weakness exists if management controls do not provide reasonable assurance that the organization's goals and objectives are met; resources used are consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports. Significant weaknesses identified by our audit include:

- CSCD did not establish policies and procedures to control the DETAP referral process performed by Aspen.
- The referral process used by Aspen showed favoritism for some consultants and discrimination against others.
- CSCD did not adequately monitor Aspen to ensure compliance with SOP and SuperNOFA guidance.

FY 1999 Technical Assistance Skill Codes

A Agency Organization and Management

- A101 Crisis Intervention/Mediation
- A102 Lease Agreements/Eviction Procedures/Screening Procedures
- A103 One Strike and You're Out
- A104 Management Systems and Techniques

B Facility Operations

- B201 Defensible Space/Crime Prevention Through Environmental Design
- B202 Computer Operations/Database Programming
- B203 Graffiti Removal/Prevention

C Program Development

- C301 Designing Programs/Strategies
- C302 Needs Assessment/Surveys
- C303 Long-Term Planning
- C304 Training Program Design
- C305 Working with State and Local Officials
- C306 Developing Partnerships with Local Agencies/Service Providers
- C307 Grant Writing Training and Funding Research/Development

D Prevention and Intervention Programs

- D401 Drug Information Training
- D402 Life Skills Training
- D403 Peer Support Groups
- D404 Development of Prevention Programs
- D405 Development of Intervention Programs

E Enforcement Strategies

- E501 Community Policing
- E502 Neighborhood Watch
- E503 Resident Patrols
- E504 "Clean Sweep" Operations

- E505 Developing Partnerships with Law Enforcement
- E506 Gang Activities

FY 1999 Technical Assistance Skill Codes

F Alternative Programs

- F601 Economic Development
- F602 Boys and Girls Clubs
- F603 Job Skills Development/Career Planning
- F604 Recreation/Youth Sports Programs
- F605 Developing Child Care Programs

G Community Organizing

- G701 Community Organizing
- G702 Resident Involvement
- G703 Leadership Training for Resident Organizations

FY 2000 Technical Assistance Skill Codes

A Agency Organization and Management

- A101 Crisis Intervention/Mediation
- A102 Lease Agreements/Eviction Procedures/Screening Procedures
- A104 Management Systems and Techniques
- A105 Crime Statistics Collection
- A106 Performance Measurement
- A107 Risk Assessment Analysis
- A108 PHDEP Semi-Annual Performance Reporting System
- A109 Technology Assessment

B Facility Operations

- B201 Defensible Space/Crime Prevention through Environmental Design
- B202 Computer Operations/Database Programming (Crime Mapping)
- B204 Internet-Based Training

C Strategic Plan Development

- C301 PHDEP Plan Development Strategies
- C302 Program Evaluation/Surveys
- C303 Five-year Plan Development
- C306 Developing Partnerships with Local Agencies/Service Providers

D Prevention and Intervention Programs

- D401 Drug Information Training
- D402 Life Skills Training
- D405 Gang Abatement Activities
- D406 Training on Best Practices
- D407 Development Partnership with Law Enforcement
- D408 Resident Involvement

Auditee Comments

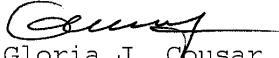


U. S. Department of Housing and Urban Development
Washington, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

JAN 24 2001

MEMORANDUM FOR: Michael R. Phelps, Deputy Assistant Inspector
General for Audits
Saundra G. Elion, District Inspector General for
Audits, Capital District, 3GGA


FROM: Gloria J. Cousar, Acting General Deputy Assistant
Secretary for Public and Indian Housing, PD

SUBJECT: Comments to the Drug Elimination Technical Assistance
Program Draft Audit Report

Thank you for the opportunity to review the OIG's draft audit report dated November 28, 2000, prior to official transmittal to PIH. We agree with all recommendations in the draft audit report, and we are submitting comments for each of the proposed recommendations. The following clarifications should be incorporated to achieve overall accuracy of the report.

Clarification Comments

- The program office instructed Aspen of the importance in working with applicant PHAs in order to focus the activities and assistance that was to be provided into a limited skill set that included a maximum of 12 skills. This was critical due to time constraints (a limit of no more than 90 days) and funding limitations. A limited focus was not only necessary but was based on the premise that, as a practical matter, contractors would only be able to employ the 3 skill sets viewed as having the greatest need or highest priority for such targeted and short range technical assistance. These factors combined, served as the basis for the policy with respect to skill code limitations; this was not an arbitrary decision. Any limiting that may have occurred was in reality, a collaboration between the PHA and the contractor. (Please see draft audit report, page 6, paragraph 2.)

Auditee Comments

2

- The draft report asserts incorrectly that there was no GTM to supervise Aspen until June 20, 2000. However, a GTM was designated as provided for on Forms HUD 720 (Request For Contract Services), dated July 30, 1999, and March 21, 2000, attached. The Forms HUD 720 are included as part of the permanent record maintained in PIH's Procurement and Contracting Division. The initial GTM was [REDACTED]. The Form HUD 720 was later modified during March, 2000, to reflect additional funding and the change of GTM responsibility from [REDACTED] to [REDACTED].

[Names of GTMs removed to protect personal privacy.]

Therefore, based on the above, the audit report should be revised to accurately reflect the GTM assignments in accordance with the attached Forms HUD 720.

We agree with all the recommendations made in the audit and we also agree that improvements can be made in our monitoring and oversight of the Drug Elimination Technical Assistance Program. In many cases, we have already taken action to address some of the concerns raised by the audit, and will continue to enhance the effectiveness of the Technical Assistance Program. As we move to implement the changes that have already been set in motion, we will also work with appropriate staff to implement the other changes recommended in the audit.

Our response also includes a discussion of the specific recommendations contained in the draft audit report and follow the same numerical reference system used in the audit.

ADDITIONAL COMMENTS ON RECOMMENDATIONS

1A. Notify all consultants (active and inactive) to update their skill codes using the most current skill code listing.

We agree with this recommendation. In the FY 2001 DETAP NOFA, we have included language: to allow for the update of a consultant's name in the database. The consultants will be able to provide updated information to the database for any changes that may have occurred within the last two years. Consultants will also be asked to list any updated skills according to their strength and priority. (Please see NOFA paragargh.)

Auditee Comments

3

1B. Allow consultants to report all of the skill codes for which they have experience.

We agree with this recommendation. Consultants that provide technical assistance on behalf of the Department, such as is the case with the complainant, [REDACTED], have always possessed numerous skills that may or may not be listed in the DETAP database because of the limitation to eight and now twelve skill codes. We will revise this Form, HUD-52354, to take into account the utilization of all the **relevant** consultant skills requested as listed in the FY 2001 NOFA. This will allow all of the consultants listed on the Consultant Skill Code Questionnaire to be considered for referral to the DETAP grantees. In the FY 2001 NOFA, we have asked that consultants list their strengths in priority order to clarify the areas where they believe they have greater potential to provide technical assistance. [Name removed to protect personal privacy.]

1C. Evaluate the entire HA application in determining which skill codes to use in the consultant database search.

We agree with this recommendation. In the FY 2001 DETAP NOFA, we have included language that provides for technical assistance to be provided, based upon an assessment of a maximum of three priority areas of concern to the applicant. If the priority areas of concern are not identified in the application, the applicant would be contacted by HUD or its agent to identify a maximum of three priority areas of concern in order to be specific to the targeted technical assistance. We believe that prioritizing the technical assistance and limiting it to three priority areas is in the best interest of the government and the applicant since annual funding in DETAP is extremely limited, and the program is designed to provide technical assistance on a short-term basis. (Please see NOFA paragargh, attached.)

1D. Require the removal of contractor employees who do not properly administer DETAP.

We agree with this recommendation. We agree that the contractor did not take appropriate steps to provide the supervision to the employee that was needed to effectively administer this task. The contractor also failed to incorporate the appropriate quality control device to minimize the risk of errors. We have already taken the necessary steps to reassign this program to another contractor.

Auditee Comments

4

1E. Develop specific procedures for preparing and managing consultant referral lists.

We agree with this recommendation and have developed language in the FY 2001 DETAP NOFA, attached, as follows:

1. "Consultants will be recommended to an organization seeking technical assistance, based on factors including capacity to perform the technical assistance, their strengths identified in the consultant skill codes in the database, previous experience in the specified areas of technical assistance, previous performance evaluation for performing technical assistance, reasonableness of the fee, and geographic proximity to the site where TA will be provided. If no consultants in the database are within the geographic proximity, consultants will be selected from the closest region to the site where TA will be provided. The technical assistance to be provided will be based upon an assessment of a maximum of three priority areas of concern to the applicant. If the priority areas of concern are not identified in the application, the applicant will be contacted by HUD or its agent to identify a maximum of three priority areas of concern to target the technical assistance." We will also revise this procedure in the Drug Elimination Technical Assistance "Standard Operating Procedures" (SOP) to be implemented by the HUD contractor.

1F. Redesign the consultant evaluation to show numeric ratings for each skill code and use the evaluation ratings as part of the referral process.

We agree with this recommendation. We are looking into the possibility of designing the consultant evaluation process to show numeric ratings for each skill code. We will work with the contractors to develop numerical skill codes. We have redesigned the existing consultant application form to include a more extensive evaluation of the consultant's technical assistance and its usefulness. In addition, we will revise the Standard Operating Procedure to ensure that the contractor, when developing the Statement of Work, clearly delineates, based on the application, that the consultant will provide technical assistance in three highest priority areas.

Auditee Comments

5

1G. Execute a GTM appointment memorandum with specific DETAP responsibilities.

We agree with this recommendation and will execute a GTM appointment memorandum detailing specific GTM responsibilities regarding the oversight of the DETAP program.

1H. Ensure that the GTM is allowed to closely monitor the contractor by periodically reviewing the referral process and ensuring that the contractor adheres to established processing timeframes.

We agree with this recommendation and will take steps to ensure that the assigned GTM monitors the referral process and produces regular and systematic reports detailing the progress made by the contractor in carrying out the administration responsibilities under this DETAP.

1I. Ensure that the GTM receives formal training.

We agree with this recommendation. The Department has provided opportunities for the GTM/GTRs to attend PIH training. The GTM will be directed to attend any and all training that's available.

1J. Ensure that revisions made to all guidance (SOP, application kit, and consultant guidebook) are correct and approved prior to issuance.

We agree with this recommendation and will provide direct supervision to prevent erroneous guidance prior to publication.

Should you have any questions concerning this matter, please contact myself on (202) 708-0950 or Sonia L. Burgos, Director of Community and Safety Conservation Division on (202) 708-1197, extension 4227.

Distribution

Aspen Systems Corporation, P.O. Box 6424, Rockville, MD 20850

Principal Staff

Secretary's Representatives

Audit Liaison Officer, Public and Indian Housing, PF

Departmental Audit Liaison Officer, FM, Room 2206

Acquisitions Librarian, Library, AS, Room 8141

Director, Office of Troubled Agency Recovery, PB, (Room 4112)

The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs, 340 Dirksen
Senate Office Building, United States Senate, Washington, DC 20510

The Honorable Joseph Lieberman, Ranking Member, Committee on Governmental Affairs,
706 Hart Senate Office Building, United States Senate, Washington, DC 20510

The Honorable Dan Burton, Chairman, Committee on Government Reform, 2185 Rayburn
Building, House of Representatives, Washington, DC 20515

The Honorable Henry A. Waxman, Ranking Member, Committee on Government Reform, 2204
Rayburn Building, House of Representatives, Washington, DC 20515

Cindy Fogleman, Subcommittee on Oversight and Investigations, Room 212, O'Neil
House Office Building, Washington, DC 20515

Steve Redburn, Chief, Housing Branch, Office of Management and Budget, Room 9226
725 17th Street, NW, New Executive Office Building, Washington, DC 20503

Stanley Czerwinski, Associate Director, Resources, Community, and Economic Development
Division, U.S. General Accounting Office, 441 G Street, NW, Room 2T23,
Washington, DC 20548

Armendo Falcon, Director, Office of Federal Housing Enterprise Oversight,
1700 G Street, NW, Room 4011, Washington, DC 20552

Frank Edrington, Deputy Staff Director, Counsel, Subcommittee on Criminal Justice, Drug Policy
And Human Resources, B373 Rayburn House Office Bldg., Washington, DC 20515