



U.S. Department of Housing and Urban Development

District Office of the Inspector General
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January 6, 1997

Audit Related Memorandum
97-AT-101-0801

MEMORANDUM FOR: Harold Saether, Director, Public Housing Division, 4APH

FROM: Nancy H. Cooper
District Inspector General for Audit-Southeast/Caribbean, 4AGA

SUBJECT: Limited Review of the Technical Assistance Organization - Atlanta (TAO)
Atlanta, Georgia

We have completed a review of the Technical Assistance Organization-Atlanta (TAO). As you requested, we limited our review to a determination of the amount of fees paid by the Tenant Opportunity Program (TOP) grantees to the TAO and how the TAO spent those funds, and a determination of an equitable distribution of the remaining funds to the grantees. We also identified outstanding bills or other liabilities that the TAO had not paid. Our review covered the period from March 1995 through August 29, 1996.

SUMMARY

The TAO received \$320,700 in fees from its member grantees, used \$165,463 for operating costs and had funds on hand at August 29, 1996 of \$155,237 and receivables due of \$3,059. The TAO had payables at the end of review period of \$14,602. We are providing, for your consideration, two methods of distributing the remaining funds to the grantees.

Fees received by the TAO - The TAO received \$320,700 in fees from its members. The membership included 30 developments comprising 28 TOP grantees. Membership fees were \$1,500 per month for each grantee except for one which paid \$900 per month. Payments from the grantees began in March 1995 and continued until April 1996. Not all members paid their dues timely. Some members made as little as one payment to the TAO although they continued to receive services from the TAO. Attachment 2 lists the grantees, the amount of fees each paid, and the average number of payments each made.

Costs incurred by the TAO - The TAO incurred costs of \$165,463 to operate its program. The TAO used the majority of these funds to pay the salary of its executive director and fees for a full time fee accountant. The other payments were for travel, training, equipment, and supplies. The payments appeared reasonable and necessary and were supported. The TAO disbursed the funds as follows:

| | |
|--------------------|----------------------|
| Salary/Fees | \$ 140,047.27 |
| Training/Travel | 8,939.11 |
| Equipment/Supplies | 10,446.74 |
| Bank Charges | 230.57 |
| Miscellaneous | 4,298.93 |
| Unreconciled | <u>1,500.00</u> |
| Total | <u>\$ 165,462.62</u> |

During our review of canceled checks, we noted that a check for \$800 had been outstanding since April 10, 1995. The check, No. 102, was made payable to cash. The check never cleared the bank. The bank should be requested to stop payment on this check.

Payments to be made - At August 28, 1996, there were some items that had not been paid. This includes severance and vacation pay to the former executive director and fee accountant, temporary employees, and payroll deductions. These payables were as follows:

| <u>Payable</u> | <u>Check No.</u> | <u>Amount</u> |
|---------------------|------------------|--------------------|
| Trust Co. Bank | 286 | \$ 348.94 |
| Trust Co. Bank | 287 | 536.40 |
| Ga. Dept. Revenue | 288 | 255.43 |
| Trust Co. Bank | 289 | 216.65 |
| James Simmons | 290 | 3,200.00 |
| James Simmons | 291 | 59.62 |
| Atlanta Trans | 293 | 250.00 |
| Ga. Dept Labor | 295 | 459.00 |
| Norma Brown | 296 | 3,701.97 |
| Romac International | 297 | 4,134.14 |
| James Simmons | 298 | <u>1,440.00</u> |
| Total | | <u>\$14,602.15</u> |

The checks for the payables were dated August 29 or 30, 1996. The checks were approved and signed by the TAO's Chair and Vice Chair. Checks numbered 292 and 294 were voided.

Receivables due from grantees - Two grantees, Herndon Homes and Kimberly Courts owed the TAO \$1,748 and \$1,311, respectively. On August 9 and 10, 1995, the TAO purchased airline tickets for their members to attend a meeting in San Juan, Puerto Rico. The bank returned the checks, used by the grantees to reimburse the TAO, because of insufficient funds.

Proration of remaining TAO funds to TOP grantees

At August 29, 1996, the TAO had \$155,237.38 remaining in its bank account and \$3,059 due from Herndon Homes and Kimberly Courts. Now that the TAO is defunct, an equitable method of returning these funds to the Grantees needs to be developed. We offer two suggestions:

1. One method is to distribute the funds based on the amount each Grantee paid to the TOA in relation to the services it received. This method, however, requires a determination of the amount of services provided to each grantee and from grantees who received services they did not pay for.

Services Provided - At the request of the Atlanta Housing Authority, the TAO accountant prepared a schedule of the type of services he performed for the grantees and the amount of time he took to perform these services. The schedule prepared by the accountant was based on his best estimates and was not supported by time records that specify the actual time provided to each grantee. The schedule did not include the time the executive director spent or the type of services she provided to the grantees. Detail time records for the executive director were also not available.

Overpayment or Underpayment for Services - Once the amount of services provided to each grantee was determined, each grantee's percentage of services received was applied to the total funds spent by the TAO to determine the dollar amount of services each grantee received. This application showed if the grantee overpaid or underpaid the TAO for the services it received. In order for the grantees who overpaid the TAO to be reimbursed their full amount, the grantees who underpaid would have to pay the amount they owe to the TAO's account.

See Attachment 1.

2. The second method is simply to divide the funds remaining in the TAO account by the number of \$1,500 payments made by all grantees and multiplying the quotient by the number of payments each grantee made. This method results in each grantee receiving some funds back and does not require any additional draws.

See Attachments 2 and 3.

Orderly Close-Out - In order to effectively close the TAO, several things need to be done:

1. After all disbursements are made from the bank account, prepare a reconciliation and close the account. Assure that any checks written after August 29, 1996 have cleared the bank.
2. Provide for an acceptable method of disposing of non-expendable equipment.
3. Assure that all legal and tax requirements have been met.

This report is being provided at your request. No response is necessary.

If you need additional information, please contact Dennis Durick at extension 2406.

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Payments to TAO at August 31, 1996

| <u>GRANTEE</u> | <u>AMOUNT</u> | <u>PAYMENTS</u> ¹ |
|--|-------------------|------------------------------|
| Barge Road | \$ 19,500 | 13 |
| Capitol Homes | 21,000 | 14 |
| Cheshire Bridge | 6,000 | 4 |
| John O. Chiles SHR | 15,000 | 10 |
| Cosby A. Spears | 3,000 | 2 |
| East Lake Meadows | 6,000 | 4 |
| East Lake Meadows SHR | 12,000 | 8 |
| Georgia Avenue SHR | 18,000 | 12 |
| Gilbert Gardens | 16,500 | 11 |
| Grady, Grady Annex, and Antoine Graves SHR | 15,000 | 10 |
| Hightower Manor SHR | 21,000 | 14 |
| Hollywood Courts | 16,500 | 11 |
| Jonesboro North | 12,000 | 8 |
| Jonesboro South | 1,500 | 1 |
| Kimberly Courts | 1,500 | 1 |
| Leila Valley | 18,000 | 12 |
| Marietta Road SHR | 10,500 | 7 |
| McDaniel Glenn | 1,500 | 1 |
| Martin L. King SHR | 12,000 | 8 |
| Palmer House SHR | 15,000 | 10 |
| Peachtree Road | 1,500 | 1 |
| Piedmont Road SHR | 16,500 | 11 |
| Perry Homes | 11,000 | 7.33 |
| Roosevelt Homes SHR | 18,000 | 12 |
| Thomasville Heights | 1,500 | 1 |
| U-Rescue Villa | 7,500 | 5 |
| Westminister Apts. | 16,000 | 10.66 |
| Juniper and 10th. | <u>7,200</u> | <u>4.8</u> ² |
| Totals | <u>\$ 320,700</u> | <u>213.8</u> |

¹ Payments were \$1,500 per month.

² Monthly payments were \$900.00 per month for this grantee. The average number of payments, however, was computed using \$1,500.

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