



Miami-Dade County Homeless Trust Miami, FL

Continuum of Care Program

**Office of Audit, Region 4
Atlanta, GA**

**Audit Report Number: 2017-AT-1005
May 24, 2017**





To: Ann D. Chavis, Director of Community Planning and Development, Miami Field Office, 4DD

From: //signed//
Nikita N. Irons, Regional Inspector General for Audit, Atlanta Region, 4AGA

Subject: The Miami-Dade County Homeless Trust Did Not Always Properly Administer Its Continuum of Care Program

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 Miami-Dade County Homeless Trust's administration of the Continuum of Care Program authorized under the Homeless Emergency Assistance and Rapid Transition to Housing Act.

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 website. 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 404-331-3369.



Audit Report Number: 2017-AT-1005

Date: May 24, 2017

The Miami-Dade County Homeless Trust Did Not Always Properly Administer Its Continuum of Care Program

Highlights

What We Audited and Why

We reviewed the Miami-Dade County Homeless Trust's Continuum of Care Program because our office had not audited this entity. In addition, this assignment was in accordance with our annual audit plan and the U.S. Department of Housing and Urban Development's (HUD) 2014-2018 strategic objective to end homelessness. Our objective was to determine whether the Trust ensured that Program funds were used for eligible activities and sufficiently supported.

What We Found

The Trust did not always properly administer the Program by not (1) supporting costs for one project, (2) reporting Program income for another project, and (3) supporting a participant eligibility for a third project. This condition occurred because the Trust believed it had adequate documentation and did not properly oversee its subrecipients. As a result, it could not support Program costs of \$98,433.

What We Recommend

We recommend that the Director of the Miami Office of Community Planning and Development require the Trust to (1) provide documentation for costs or reimburse its Program \$82,677 from non-Federal funds, (2) report Program income to HUD, and (3) provide supporting documentation of participant eligibility or reimburse its Program \$15,756 from non-Federal funds.

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Background and Objective

In 2009, the Homeless Emergency Assistance and Rapid Transition to Housing Act was enacted into law, consolidating three separate homeless assistance programs administered by the U.S. Department of Housing and Urban Development (HUD)—the Supportive Housing Program, Shelter Plus Care, and the Moderate Rehabilitation Single Room Occupancy Program—into a single program, the Continuum of Care Program. The Continuum of Care Program is designed to (1) promote communitywide commitment to the goal of ending homelessness; (2) provide funding for efforts by nonprofit providers, States, and local governments to quickly rehouse homeless individuals (including unaccompanied youth) and families, while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; (3) promote access to and effective use of mainstream programs by homeless individuals and families; and (4) optimize self-sufficiency among individuals and families experiencing homelessness.

The Miami-Dade County Homeless Trust was founded in 1993. The Trust was created to serve in an advisory and oversight capacity to the Miami-Dade Board of County Commissioners on issues related to homelessness in Miami-Dade County. The Trust serves as the coordinating entity for services for homeless individuals and families throughout the County. It administers a portion of the 1 percent food and beverage tax proceeds as well as Federal, State, and other resources dedicated to providing housing and services for the homeless.

The Trust serves as the lead agency for HUD Continuum of Care Program funds. HUD awarded the Trust more than \$32 million in 2014 Program funds. These funds were distributed to more than 90 projects and programs in the County that provide housing assistance and supportive services, such as street outreach, employment and vocational training, outpatient healthcare services, mental health counseling, and substance abuse treatment. As the lead agency, the Trust is tasked with monitoring contract compliance by agencies contracted with the County, through the Trust, to provide housing and services for homeless persons.

The audit objective was to determine whether the Trust ensured that Program funds were used for eligible activities and were sufficiently supported.

Results of Audit

Finding: The Trust Did Not Always Properly Administer Its Continuum of Care Program

The Trust did not always properly administer the Program by not (1) supporting costs for one project, (2) reporting Program income for another project, and (3) supporting a participant eligibility for a third project. This condition occurred because the Trust believed it had adequate documentation and did not properly oversee its subrecipients. As a result, it could not support Program costs of \$98,433.

Costs Not Properly Supported

Project Number FL0220LAD001407 - Vouchers 501251800 and 501199832 – On-the-Job Training Expenditures

The Trust awarded \$909,998 for an employment supportive services project. For this project, the Trust did not have the source documents to support on-the-job training expenditures. Specifically, it did not have documents, such as signed timesheets or employer verification, to verify the hours worked by the participants. Regulations at 24 CFR (Code of Federal Regulations) 578.103(a) state that the recipient and its subrecipients must establish and maintain sufficient records to enable HUD to determine whether Program eligibility requirements were met. The above condition occurred because the Trust and its subrecipient believed that the payroll, time and attendance, and summary reports on file were sufficient. The subrecipient explained that the case managers verified hours worked by calling the employer and prepared reports based solely on those calls. In addition, a foreperson onsite verified the hours worked. The Trust did not provide documents to confirm that these verifications occurred. Therefore, there was no assurance that participants worked the hours for which they were paid. As a result, \$81,654 was not supported.

Project Number FL0220LAD001407 - Vouchers 501251800 and 501199832 - Personal Cell Phone Expenditures

For the same project, the Trust allowed its subrecipient to charge the cost of employees' personal cell phones to the Program. During the months of August 2015, March 2016, and May 2016, the subrecipient reimbursed 15 employees a maximum of \$50 per month for the use and maintenance of a cell phone used for the Program for a total of \$1,023. The expense was not allocated between business and personal use. Regulations at 2 CFR 200.445(a) state that costs of goods or services for personal use of the non-Federal entity's employees are unallowable. The Trust and subrecipient did not divide the cost because it was ineffective and inefficient in terms of cost and time. According to the Trust, the reasonableness of rate was based on a survey conducted by the subrecipient. Regulations at 2 CFR 200.403(a) state that costs must be necessary and reasonable for the performance of the Federal award and be allocable. The Trust did not provide a copy of the survey. As a result, there was no assurance that costs of \$1,023 charged to the Program were allowable and reasonable.

The Trust stated that funding for this project had not been renewed for another year so its subrecipient would not receive additional Program funding.

Unreported Program Income

Project Number FL0199LAD001407

The Trust provided \$727,681 in Program funds for a long-term transitional housing project for homeless women. For this project, the subrecipient collected rent from Program participants. The subrecipient agreement and regulations at 24 CFR 578.97(b) required Program income earned from rent or occupancy fees to be reported and used for eligible activities. The subrecipient collected Program income but did not report it to the Trust. This condition occurred because the subrecipient misinterpreted the requirement and the Trust did not have proper oversight of the subrecipient to ensure compliance due to a staff shortage. As a result, Program income was not reported to HUD.

During the review, the Trust worked with its subrecipient to determine the amount of Program income and use. The subrecipient collected \$31,724 in Program income, which was used for property and flood insurance coverage and property taxes. The Trust provided sufficient invoices and payment confirmations to show the proper use of funds. However, it did not show that the Program income was reported to HUD.

The Trust stated that funding for this project had not been renewed for another year so the subrecipient would not receive additional Program funds.

Most Participants Reviewed Were Eligible

Project Number FL0431LAD001403

The Trust provided more than \$1.8 million in Program funds for a tenant-based rental assistance program. Its subrecipient provided permanent housing units for chronically homeless individuals and families. The Trust supported the eligibility of 9 of the 10 participants reviewed. However, the Trust did not have adequate documentation to show that 1 of 10 participants reviewed was chronically homeless. The chronic homeless verification did not meet the chronic homeless definition according to regulations at 24 CFR 578.3. Specifically, the verification form did not support that the participant was homeless for at least 12 months or on at least four separate occasions in the last 3 years. The verification stated that the participant became homeless on the day of the verification and the number of homeless episodes in a 3-year period was less than three. The subrecipient said it did not have direct evidence or proper documentation of chronic homelessness. In addition, for this participant, the Trust had not performed a reexamination of income for 2015 and 2016 as required by 24 CFR 578.103(a)(6).

The subrecipient explained that this file was managed by a former case manager that was terminated before our audit due to personnel and work issues. This case manager also conducted late annual recertification for 4 of the 10 participants reviewed. The subrecipient discovered that participant files were inadequate during a routine review of the files and was correcting the outstanding paperwork before and during our review. The Trust stated that it would continue to monitor this situation closely. As a result, funds of \$15,756 will not be supported until the Trust provides proof that the participant was eligible to receive assistance.

Conclusion

The Trust did not always properly administer the Program. This condition occurred because the Trust believed it had adequate documentation and did not properly oversee its subrecipients. As a result, \$98,433 in Program funds was not supported.

Recommendations

We recommend that the Director of the Miami Office of Community Planning and Development require the Trust to

- 1A. Provide supporting documentation or reimburse its Program \$81,654 from non-Federal funds for unsupported on-the-job training costs incurred under project FL0220L4D001407.
- 1B. Provide supporting documentation or reimburse its Program \$1,023 from non-Federal funds for unsupported personal cell phone costs incurred under project FL0220L4D001407.
- 1C. Provide guidance to subrecipients to ensure that (1) on-the-job training hours are supported by source documents, such as signed attendance or time sheets, and (2) personal goods and services are supported by documents that show the allocation between business and personal use.
- 1D. Report Program income of \$31,724 for FL0199L4D001407 to HUD.
- 1E. Provide supporting documentation to show that participant 87487 from FL0431L4D001403 was chronically homeless or reimburse its Program \$15,756.
- 1F. Perform onsite monitoring of the subrecipient that administered project FL0431L4D001403 to ensure that participants are eligible and annual income recertifications are performed.

Scope and Methodology

We performed our review from September 2016 through March 2017 at the Miami-Dade County Homeless Trust office located at 111 Northwest 1st Street, Suite 27-310, Miami, FL, and other sites as necessary. The audit period covered projects that were awarded from fiscal year 2014 Program funds from February 1, 2015, through November 30, 2016. The audit period was expanded as needed to achieve our objective.

To accomplish our objective, we

- reviewed applicable laws and regulations;
- reviewed applicable Trust policies and procedures;
- reviewed monitoring, independent public accountant, and other reports;
- reviewed the Trust’s financial records, project files, and other supporting documentation; and
- interviewed HUD and Trust staff.

The Trust was awarded more than \$32 million in 2014 Program funds. The Program is made up of five components: (1) permanent housing, (2) transitional housing, (3) supportive services only, (4) the Homeless Management Information System, and in some cases, (5) homelessness prevention. The permanent housing, transitional housing, and supportive services only components were awarded the most funding totaling more than \$31.2 million. To capture an understanding of how the Trust administered the Program, in our survey review, we selected the largest project from each of these three components, with awards totaling more than \$3.4 million, or 10.84 percent of the total funds awarded.

Components		Project number	Awarded amount
1	Permanent housing	FL0431L4D001403	\$1,858,520
2	Transitional housing	FL0199L4D001407	727,681
3	Supportive services only	FL0220L4D001407	909,998
Subtotal			3,496,199

We reviewed the permanent housing project for participant eligibility. Based on high dollar amounts, 10 participants with expenditures of \$118,028 were selected. For the transitional housing and supportive service only projects, we reviewed the two largest drawdown vouchers from each project with total expenditures of \$834,814 to ensure that costs were eligible and properly supported.

During our review, it came to our attention that the transitional housing project had not reported Program income of \$31,724. Therefore, we reviewed these funds to ensure the receipts were used for eligible activities.

Based on our survey results, the review was extended to an additional project from the permanent housing component, which is the largest component in Program year 2014.

Components		Project number	Awarded amount
4	Permanent housing	FL0166L4D001407	\$1,279,443
Total for all 4 projects selected			4,775,642

Therefore, we selected for review four projects with \$4.7 million, or 14.80 percent of the total funds awarded.

For this fourth project, we reviewed 10 participants based on high dollar amounts with total expenditures of \$160,735 for review of participant eligibility. We also reviewed the largest four drawdown vouchers with expenditures of \$328,314 to ensure that costs were eligible and properly supported.

We did not perform a 100 percent selection. The results of this audit apply only to the items reviewed and cannot be projected to the universe of activities.

Computer-processed data generated by the Trust were not used to materially support our audit findings, conclusions, and recommendations. Thus, we did not assess the reliability of these computer-processed data.

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 objective.

Internal Controls

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

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

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

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

- controls over program operations to reasonably ensure that the program meets its objective(s),
- controls over relevance and reliability of operational and financial information, and
- controls over compliance with laws and regulations.

We assessed the relevant controls identified above.

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

Significant Deficiency

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

- The Trust had insufficient controls to ensure that costs were adequately supported and Program income was reported (finding).

Appendixes

Appendix A

Schedule of Questioned Costs

Recommendation number	Unsupported 1/
1A	\$81,654
1B	1,023
1E	<u>15,756</u>
Totals	98,433


- 1/ 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



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May 3, 2017

Nikita N. Irons
Regional Inspector General for Audit
Office of Audit (Region IV)
U.S. Department of Housing and Urban Development
Office of Inspector General
75 Ted Turner Drive, SW, Room 330
Atlanta, GA 30303

Dear Ms. Irons:

Thank you for allowing the Miami-Dade County Homeless Trust, the lead agency for Miami-Dade County's Continuum of Care (CoC), the opportunity to respond to the discussion draft of U.S. Housing and Urban Development (U.S. HUD) Office of Inspector General's audit of our CoC programs. Understanding that this audit was a routine assignment in accordance with your annual audit plan, we appreciate the seriousness and thoroughness with which your team conducted its work, and your openness to considering our input prior to issuing final conclusions. We ask that you review the below responses, as well as the supporting documentation enclosed, giving the materials every consideration prior to finalizing your report. We believe the information will serve to ameliorate areas of concern and further demonstrate that program funds were used for eligible activities and sufficiently supported.

The Homeless Trust takes very seriously its fiduciary role to manage and protect a homeless housing and services portfolio in excess of \$60 million, which includes nearly \$30 million in projects funded by U.S. HUD. Your review of nearly \$5 million in projects equals approximately 15-percent of the total funds awarded to us, and we were encouraged by your positive feedback and acknowledgement of our good performance, recognizing the complexities of managing a large and diverse portfolio in accordance with U.S. HUD rules and regulations which are similarly complex and often subject to interpretation. Costs in question total \$130,157 amounting to approximately 2.7 percent of the projects selected for review.

In response to discussion draft audit conclusions and recommendations, we submit the following:

1A. Project Number FL0220L4D001407- Vouchers 501251800 and 50199832
The Homeless Trust believes sufficient documentation exists to support on-the-job training expenditures for Project Hope, an employment supportive services project whose sub-recipient is Jewish Community Services of South Florida, Inc. (JCS). At the end of

Comment 1

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each month, JCS sends each vendor a client list identifying who worked and/or provided a service via its day labor/employment training pool. This list identifies each client working during the month, including the days and total number of hours worked. This list also depicts the total number of hours worked during the month, as well as the total number of hours that the vendor agreed to reimburse the program upon reconciliation. As a methodology for substantiating total hours worked, the vendor is responsible for crosschecking the hours each individual worked during the month.

JCS submits an invoice to the vendor for hours documented and verified by the program supervisor. Simultaneously, the vendor will confirm the hours worked and after satisfactory review, will remit payment accordingly. If there are any discrepancies, JCS will reconcile, and if necessary, prepare a revised invoice, or the vendor will adjust payment and JCS will create an Accounts Receivable Credit/Debit Memo for the difference. This process is the manner in which JCS receives the bulk of its required cash match in order to keep the program operational and in good standing. JCS does not compensate a client in its day labor training pool for work they did not complete, nor without verifying the hours of day labor work conducted, inclusive of the provision of sufficient and certified documentation.

Enclosed please find client rosters with hours worked, invoices with employer verifications and proof of payments, as well as a spreadsheet detailing employer match funds. We believe this documentation is sufficient to satisfy Recommendation 1A. Additionally, funding for JCS' Project Hope was not renewed in the FY 2015 CoC Program Competition.

1B. and 1C. Project Number FL0220L4D001407- Vouchers 501251800 and 50199832
The Homeless Trust concurs that Project Hope staff at Jewish Community Services (JCS) were reimbursed \$50 per month for the use and maintenance of personal cell phones which were used to conduct Program-related business. In line with JCS' written policies and procedures provided to HUD OIG, the stipend ensures front line staff are available 24/7 to communicate via phone, email or text with participating and prospective supportive employers and homeless clients. The policy and procedures, which were implemented in 2005, revised in 2007 and reviewed in 2013, were established following a survey and cost analysis conducted by the agency which determined the cost and time spent purchasing, maintaining, tracking and retrieving electronic communication devices was ineffective and inefficient. Records retention requirements related to the survey and cost analysis associated with the policy's revision have long since expired, and original source material is no longer available. Additionally, receiving an itemized call log from a cell phone provider is, in and of itself, an additional cost. A cursory search of typical cell phone plans indicates they can cost on average between \$39.99 and \$59.99 a month plus additional fees related to data usage, long distance calling and other services which are needed but not included in the base price, and JCS' reserved the right to reimburse at a rate below \$50 if

Comment 2

Comment 3

Auditee Comments

Comment 4

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the cell phone invoice did not support the cost of \$50 or more. We believe this documentation enclosed is sufficient to satisfy Recommendation 1B.

Additionally, with the understanding that cell phone expenses related to Project Hope are both ordinary and necessary, and with clear guidance on how to allocate cell phone expenses between business and personal use efficiently and effectively without unduly burdening program staff, the Homeless Trust is eager to implement, in partnership with sub-recipients and the U.S. HUD Miami Field Office, a suitable workaround as outlined in Recommendation 1C.

1D. Project Number FL0199L4D001407

Bank records are enclosed demonstrating program income from rental fees for Inn Transition South, a long-term transitional housing program, were deposited into the same bank account from which funds were issued to cover eligible costs, including property taxes and insurance expenses.

Comment 5

The sub-recipient of the grant, Miami-Dade County, does not own the property where the Inn Transition South program is being provided and does not pay rent on this property. However, the sub-recipient entered into a contract with the owner of the property and has agreed to upkeep the facility and reimburse the owner for the property taxes and insurance expenses. The fees collected from the participants are utilized for this purpose, however, the rental fees alone do not cover these costs. Sub-recipient Miami-Dade County uses general fund revenues as well to cover these expenses, therefore, the bank records enclosed are far greater than the \$31,724 generated from program income.

1E. and 1F. Project Number FL0431L4D001403

While the documentation available for review at the time of the initial request does not appear to support the participant's status as chronically homeless, sub-recipient Citrus Health Network has requested that the client's old paper-based records (containing service documentation from her earliest service in December 2010 up to the implementation of Citrus's Electronic Health Record in October of 2013) be taken from storage at an off-site warehouse facility for manual review. There have been significant staffing changes within this program to improve services and more adequately manage the additional needs of the participants. Furthermore, the participant is travelling and out of town until May 10th. As soon as the participant returns, Citrus staff can inquire as to any further, unreported and/or undocumented episodes of homelessness beyond what has already been provided. It is unclear whether the search of old paper records or the participant's own files may yield satisfactory proof of meeting the chronic homeless definition. However, the Homeless Trust, in partnership with sub-recipient Citrus Health Network, respectfully asks that any audit results related to this matter be delayed until an exhaustive review has been performed to avoid placing the participant's housing stability in question unnecessarily.

Comment 6

In light of the conclusions highlighted as part of the HUD OIG's review, Citrus Health Network has changed the manner in which initial certifications and annual re-certifications are conducted. Instead of a decentralized process where each case manager is primarily responsible for completing the re-certifications for their own clients, Citrus now has dedicated staff who are responsible for notifying clients and assisting all clients with timely completion of annual re-certifications. This new process should allow Citrus administration to better monitor completion and hold staff accountable when necessary. Citrus is currently auditing 100% of client records to

Auditee Comments

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make sure all records are up to date and is developing a reliable method of reporting the current status of annual re-certifications for all clients, centrally.

Additionally, in September of 2015, the Homeless Trust approved the hiring of a Housing Coordinator for the entire Miami-Dade County Continuum of Care. The Housing Coordinator is the point person, stationed in our office who is responsible for maintaining Coordinated Entry referrals to permanent housing following HUD approved Orders of Priority for referral. This individual utilizes HMIS to initiate all of the referrals for permanent housing, and ensure that the potential participant meets the homeless eligibility requirements for permanent housing. On-site site monitoring of the sub-recipient is calendared for the next monitoring cycle, which begins in May 2017.

In closing, we look forward to continuing to work cooperatively with the professionals in our U.S. HUD Field Office to resolve any issues of continuing concern to further ensure taxpayer funds are spent in accordance with U.S. HUD program rules and regulations. We welcome your review as it serves to further strengthen our agency, the programs we proudly administer and the providers who work tirelessly each day to help the less fortunate in our community.

Sincerely,



Victoria L. Mallette
Executive Director

Enclosure

c: Ronald L. Book, Chairman
Russell Benford, Deputy Mayor
Manny Sarria, Deputy Director
Terrell Thomas-Ellis, Contracts Manager
Cesar Deville, Budget Manager

OIG Evaluation of Auditee Comments

Comment 1 The Trust believed sufficient documentation existed to support on-the-job training expenditures charged to the Program. The Trust explained the process in which participant hours were verified when billing vendors for matching funds. The Trust provided us the client rosters with hours worked, invoices with employer verifications and proof of payments, and a spreadsheet for matching funds. The Trust believed this documentation was sufficient to address Program questioned costs under Recommendation 1A.

We acknowledge that the subrecipient has a process in place to verify hours worked but the documentation supporting the matching funds was not sufficient to support hours paid by the Program. Specifically, the Trust did not provide documentation such as signed timesheets or employer verification to support the hours paid by the Program. In addition, the Trust did not provide enough details to show how documentation on matching funds support Program funds. Therefore, the Trust must provide HUD with verification of hours charged to the Program for August 2015, March 2016, and May 2016, or reimburse its Program \$81,654 from non-Federal funds.

Comment 2 The Trust indicated that the subrecipient staff were reimbursed \$50 per month for the use and maintenance of personal cell phones to conduct Program-related business based on the policies and procedures that were implemented in 2005, and later revised in 2007 and 2013. The Trust indicated that the policies and procedures were established following a survey and cost analysis conducted by the agency. The Trust also stated it was not able to provide the survey and cost analysis because the record retention requirements related to it have expired, and original source material was no longer available.

We acknowledge that the Trust might no longer maintain the records of the survey and cost analyses. However, the expenditures we reviewed were from August 2015, March 2016, and May 2016. Regulations at 24 CFR 578.103(c) states that all records pertaining to the Continuum of Care funds must be retained for the greater of five years or the period specified. Therefore, the Trust was required to maintain records that support current expenditures.

Comment 3 The Trust indicated that based on a cursory search of phone plans it believed that the expenditures were reasonable. The Trust provided us with a copy of the policies and procedures that allowed the agency to reimburse each full-time staff at a rate of \$50 per month for the use of a personal cell phone for business. It believed this documentation was sufficient to satisfy Recommendation 1B.

We do not agree that a copy of the policies and procedures was sufficient to address Recommendation 1B. The Trust did not provide us with a current cost analysis and survey to support the reasonableness and eligibility of the costs. The Trust provided the same policies and procedures provided to us during our

review. We maintain that this documentation is not sufficient. It should work with HUD during the audit resolution process to resolve the recommendation.

- Comment 4 The Trust stated that it was eager to implement, in partnership with subrecipients and HUD, a suitable workaround as outlined in Recommendation 1C, which included providing guidance to subrecipients on how to adequately support the reimbursement of personal cell phones used for business.

We recognize the Trust's willingness to cooperate with HUD to address Recommendation 1C. In addition, the Trust should provide guidance to its subrecipients on how to adequately support on-the-job training expenditures.

- Comment 5 The Trust provided additional bank records to show that program income collected was used to pay for property taxes and insurance expenses.

The Trust provided sufficient documentation to support the use of Program income funds. Therefore, we eliminated the \$31,724 in questioned costs from the report and revised Recommendation 1D to request that the Trust report this Program income to HUD.

- Comment 6 The Trust stated that it would work with its subrecipient to obtain evidence showing that the participant met the chronic homeless definition. In addition, it requested that any audit result be delayed until the review of the additional documentation is reviewed.

The Trust must provide HUD with all the documentation for evaluation and final eligibility determination. It should work with HUD during the audit resolution process to resolve the recommendation.