



**State of Louisiana Department of Children and
Family Services, Baton Rouge, LA,
Recovery Act Homelessness Prevention and
Rapid Re-Housing Program**



Issue Date: September 7, 2012

Audit Report Number: 2012-FW-1014

TO: Cheryl S. Breaux
Director, Office of Community Planning and Development, 6HD

FROM: Gerald R. Kirkland
Regional Inspector General for Audit, Fort Worth Region, 6AGA

SUBJECT: The State of Louisiana, Baton Rouge, LA, Generally Complied With Recovery Act Homelessness Prevention and Rapid Re-Housing Program

Enclosed is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), final results of our review of the State of Louisiana Department of Children and Family Services' American Recovery and Reinvestment Act of 2009 Homelessness Prevention and Rapid Re-Housing Program.

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 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (817) 978-9309.



September 7, 2012

The State of Louisiana Department of Children and Family Services, Baton Rouge, LA, Homelessness Prevention and Rapid Re-Housing Program

Highlights

Audit Report 2012-FW-1014

What We Audited and Why

In accordance with our goal to review funds provided under the American Recovery and Reinvestment Act of 2009, we reviewed the State of Louisiana's Department of Children and Family Services' Homelessness Prevention and Rapid Re-Housing Program. Our objectives were to determine whether the State ensured that (1) Recovery Act disbursements to local governments were eligible and supported and (2) program participants were eligible to receive assistance in accordance with program requirements.

What We Recommend

We recommend that the U. S. Department of Housing and Urban Development's (HUD) Director of Community Planning and Development require the State to (1) support or repay \$41,764 in unsupported costs. Since the State's Recovery Act program ends July 31, 2012, we did not provide a recommendation to address the causes regarding expenditure and eligibility violations.

What We Found

The State generally ensured that its Recovery Act disbursements to local governments were eligible. However, some of the disbursements were not adequately supported. This condition occurred because the State's review did not always identify issues related to missing documentation when it processed reimbursement requests from its local governments. As a result, the State incurred \$10,547 in unsupported costs.

Additionally, the State did not always ensure that program participants' eligibility to receive program assistance was adequately supported. Specifically, 20 of 37 program participant files reviewed lacked required documentation supporting income verification; housing status; and needs, rent reasonableness, and lead-based paint determinations. This condition occurred because the State did not ensure that its local governments and subgrantees established adequate control procedures to ensure that they adequately supported their eligibility determinations. As a result, the State paid \$31,217 in program assistance for participants whose eligibility was not adequately documented.

TABLE OF CONTENTS

Background and Objectives	3
Results of Audit	
Finding 1: Some of the State’s Disbursements Were Not Adequately Supported	4
Finding 2: Program Participants’ Files Lacked Adequate Documentation to Support Eligibility	6
Scope and Methodology	10
Internal Controls	12
Appendixes	
A. Schedule of Questioned Costs	13
B. Auditee Comments and OIG’s Evaluation	14

BACKGROUND AND OBJECTIVES

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009, which included \$1.5 billion for the Homelessness Prevention and Rapid Re-Housing Program administered by the U. S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development. HUD distributed funding for the program based on the formula used for the Emergency Shelter Grants program. The purpose of the program is to provide homelessness prevention assistance for households that would otherwise become homeless, many due to the economic crisis, and rapid re-housing assistance for persons who are homeless as defined by Section 103 of the McKinney Vento Homeless Assistance Act (42 U.S.C. (United States Code) 11302).

HUD allows grantees the discretion to develop prevention or rapid re-housing programs that meet locally defined needs. However, HUD also expects that those resources will be targeted and prioritized to serve households that are most in need of temporary assistance and are most likely to achieve stable housing, whether subsidized or unsubsidized, after the program concludes. The program provides temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. In addition to financial assistance and housing relocation and stabilization services, other eligible program activities include data collection and evaluation and administrative services.

HUD entered into a grant agreement with the State of Louisiana, Department of Children and Family Services, awarding more than \$13.5 million to the State for the program. HUD allowed the State to distribute funds to local governments to administer the program directly or distribute all or part of its grant amounts to private nonprofit organizations to carry out program activities. As part of the grant agreement, HUD required the State to ensure that each entity that administered or received all or a portion of its program grant funds fully complied with the program requirements.

To assist in implementing the program, the State executed agreements with 23 local governments that enlisted the assistance of 45 faith-based or nonprofit organizations as subgrantees to carry out program activities. In addition, 1 of the 45 subgrantees used its own subgrantees to assist it in carrying out program activities, adding an additional administrative layer. Based upon the agreements between the State and the local governments, the State disbursed program funds, on a reimbursement basis, after the local governments submitted their payment requests along with supporting documentation. As of January 31, 2012, the State had spent more than \$10.9 million and had served 10,788 participants as of March 31, 2012. As of August 16, 2012, the State had spent all but about \$27,000 of its more than \$13.5 million award. The State was allowed to draw down funds for up to 90 days after the grant period ended, provided that these funds were used to pay for eligible costs that were incurred by July 31, 2012, the 3-year expenditure deadline.

Our objectives were to determine whether the State ensured that (1) Recovery Act disbursements to local governments were eligible and supported and (2) clients were eligible to receive program assistance in accordance with program requirements.

RESULTS OF AUDIT

Finding 1: Some of the State’s Disbursements Were Not Adequately Supported

The State generally ensured that its disbursements were eligible and adequately supported. However, 2 of 15 disbursement files reviewed lacked supporting documentation; specifically, copies of canceled checks and payroll documents. This condition occurred because the State’s reviews did not always identify issues related to missing supporting documentation when it processed reimbursement requests from its local governments. As a result, the State incurred \$10,547 in unsupported costs.

The State Did Not Always Maintain Adequate Supporting Documents

Although the State generally ensured that its program costs were eligible and disbursed in accordance with program requirements, it did not always maintain adequate file documentation to support disbursements. Specifically, our review of 15 disbursement files applicable to 5 local governments totaling more than \$1.8 million determined that 2 files had missing supporting documentation, as described below.

Missing supporting documentation – Federal Register 5307-N-01, issued under the Recovery Act, required the State to follow 2 CFR (Code of Federal Regulations) Part 225 for its payment requests. To be allowable, 2 CFR Part 225 required the State to ensure that all costs were adequately documented. Further, the State required the local governments to submit copies of canceled checks for rent and utility assistance payments, along with other documentation such as lease agreements, eviction notices, and rent reasonableness determinations. However, in some instances, the files either lacked payroll documentation to support the amounts reimbursed for labor or did not include a copy of the subgrantee’s canceled check for a reimbursed payment. Table 1 summarizes the deficiencies.

Table 1

Sample number	Unsupported costs	Missing	
		Payroll documents	Canceled check copies
1	\$5,559	X	X
2	4,988		X
Totals	\$10,547	1	2

Because of these issues, costs totaling \$10,547, related to these two disbursements totaling more than \$342,000 were unsupported.

The State Reviews Did Not Always Identify Unsupported Costs

While the State established invoice processing procedures, those procedures did not always identify unsupported costs. The State disbursed program funds to the local governments on a reimbursement basis. The State's processing procedures included a review by the program monitor staff of the invoices and supporting documentation. The program monitors were to obtain additional information or supporting documentation when needed. Once their reviews were completed, the program monitors sent the invoices to the program coordinator for further review and signature approval. The program coordinator then sent the invoices to the fiscal department for payment. However, in the two cases cited, the reviews did not identify all instances in which documentation was inadequate or missing.

Conclusion

Although the State implemented procedures for processing invoices for reimbursement, its reviews did not always identify missing or inadequate support documentation, resulting in \$10,547 in unsupported costs. Since the State's Recovery Act program ends July 31, 2012, we did not recommend a corrective action for its invoice review process.

Recommendation

We recommend that HUD's Director of Community Planning and Development require the State to

- 1A. Support the \$10,547 disbursed for the two Recovery Act disbursements that were not adequately supported or repay any amounts that it cannot support to the U. S. Treasury from non-Federal funds.

Finding 2: Program Participants' Files Lacked Adequate Documentation to Support Eligibility

Program participants' files did not always include adequate documentation to support eligibility for program assistance. Specifically, 20 of 37 participant files reviewed lacked supporting documentation, such as income certification, adequate housing status verification, and other required documentation. This condition occurred because the State did not ensure that its local governments and subgrantees, that made program eligibility determinations, established adequate control procedures to ensure that eligibility determinations were adequately supported. As a result, the State paid \$31,217 in program assistance for participants whose eligibility was not adequately documented.

Participant Files Did Not Comply With Documentation Standards

UNITY of Greater New Orleans and its subgrantees¹ processed files for the City of New Orleans. SMILE Community Action Agency processed files for St. Martin Parish. A review of 17 participant files processed by UNITY, with disbursements totaling \$55,124, determined that 4 did not contain sufficient documentation to support eligibility. Further, 16 of 20 files processed by SMILE, with disbursements totaling \$21,859, did not contain sufficient documentation to support eligibility.

Upon application, Federal Register 5307-N-01 required applicants to meet the following criteria for eligibility under the program:

- *Income* – Household income had to be at or below 50 percent of area median income.
- *Housing status* – Household members had to be either homeless to receive rapid re-housing assistance or at risk of losing their housing to receive homelessness prevention assistance.
- *Homeless but for program assistance* – Participants had to demonstrate the lack of (1) appropriate subsequent housing options and (2) financial resources and support networks needed to obtain immediate housing or remain in their existing housing.

Participants could receive assistance for either homelessness prevention or rapid re-housing. Once they were determined eligible and approved for assistance, HUD² required a recertification of the eligibility of program participants at least

¹ UNITY was a City subgrantee, but UNITY used other subgrantees to aid it in carrying out program activities. UNITY's subgrantees were Family Services of Greater of New Orleans, Neighborhood Empowerment Network Association, Project Lazarus, Covenant House, VIA LINK, and Collaborative Solutions.

² Referring to HUD's Eligibility Determination and Documentation Guidance, revised March 2010, page 5

once every 3 months for all households that received ongoing assistance using the same criteria used for the initial eligibility determination. In addition, program guidance required lead-based paint inspections for properties built before 1978 if a child age 6 or younger would be residing in the unit. HUD considered files without sufficient documentation to support eligibility noncompliant.

However, UNITY and SMILE’s participant files did not always meet support documentation standards, as shown in tables 2 and 3 below.

Table 2

UNITY documentation deficiencies						
Sample number	Unsupported costs	Adequate income documentation?	Adequate housing status documentation?	Adequate needs assessment documentation?	Avoided other documentation errors?	Recertification documentation?
1	\$6,195	No	Yes	No	No	No
2	6,026	Yes	Yes	No	Yes	Yes
3	1,976	Yes	Yes	Yes	Yes	No
4	1,186	Yes	Yes	Yes	No	No
Total	\$15,383	1 without adequate income documentation	0 without adequate housing status documentation	2 without adequate needs assessment documentation	2 with other documentation errors	3 without adequate recertification documentation

Table 3

SMILE documentation deficiencies					
Sample number	Unsupported costs	Adequate income documentation?	Adequate housing status documentation?	Adequate needs assessment documentation?	Avoided other documentation errors?
1	\$1,360	Yes	No	Yes	No
2	690	Yes	No	Yes	No
3	1,800	Yes	Yes	No	No
4	1,100	Yes	Yes	No	No
5	1,785	No	Yes	Yes	No
6	1,100	No	Yes	No	Yes
7	659	Yes	No	Yes	No
8	168	Yes	Yes	Yes	No
9	266	Yes	Yes	Yes	No
10	452	No	No	No	No
11	1,050	Yes	Yes	Yes	No
12	1,164	Yes	Yes	No	Yes
13	601	Yes	Yes	No	No
14	1,614	Yes	No	Yes	No
15	600	No	Yes	Yes	Yes
16	\$1,425	Yes	Yes	No	Yes
Total	\$15,834	4 without adequate income documentation	5 without adequate housing status documentation	7 without adequate needs assessment documentation	12 with other documentation errors

As related to income documentation, files lacked third-party verification of income and self-declarations of income. In four instances, household income was calculated based on the head of household’s income only, although there were other adult household member(s) whose income should have been assessed and documented and was not.

In regards to housing status documentation, 4 files lacked lease agreements for the evicting person and 1 file lacked a completed lease agreement needed to support the client's housing status eligibility. In addition, files contained housing status classification discrepancies. Specifically, although six participants received assistance under the rapid re-housing category,³ supporting documentation showed that these participants should have received assistance under the homelessness prevention category.⁴

As to the needs assessments documentation, 9 files lacked a complete assessment of the applicants' need for program assistance, including an assessment of the applicant's other housing options and financial resources (such as bank statements), to show that the applicant would have been homeless but for program assistance. Although we did not question the eligibility of participants, in some instances, files included only a note indicating that the program participant did not have any other housing options, financial resources, or support networks⁵ without an explanation of how the determination was made. This information would have been helpful in assessing the adequacy and consistency of the needs assessments.

The files also contained other documentation errors. For instance, 1 file lacked an adequate rent reasonableness determination, and 13 lacked sufficient documentation⁶ to support that lead-based paint testing was conducted when required. In addition, in three instances, a 3-month recertification was not properly documented as required.

Unsupported costs for disbursements to these 20 participants totaled \$31,217.

The State Did Not Always Ensure That Adequate Controls Were Established

While the State conducted monitoring of its local governments and subgrantees, it did not always ensure that the local governments and subgrantees that made program eligibility determinations established adequate program controls.

³ The classification discrepancies are separate from the inadequate housing status documentation issues. Since the housing status file documentation was an acceptable type for participant eligibility under the homelessness prevention category, we did not question those costs because of the housing status misclassification. However, these same files were deemed unsupported due to other documentation issues as reflected in the preceding tables.

⁴ The file contained documentation such as eviction notices, indicating that the participant had to leave the residence.

⁵ Case notes were acceptable according to HUD's documentation standards.

⁶ Although Lead Screening Worksheets were either included in the file or later provided by the State, age determination documentation for the selected housing units were not included in the file to justify not performing lead-based paint inspections.

St. Martin Parish did not execute a written agreement with SMILE – St. Martin Parish did not execute a written agreement with SMILE. A binding agreement would have outlined program requirements, performance expectations, and the control policy and procedure requirements. In addition, six other subgrantees administered the program without a written agreement with their respective local government. Of the six subgrantees, the State monitored four between April 25, 2011 and December 08, 2011. However, the lack of a written agreement increased the chances that SMILE, as well as other subgrantees that did not have executed agreements, would process the files incorrectly.

UNITY and its subgrantees did not follow program guidance – The State monitored UNITY in October and December 2011. According to the State, the City of New Orleans also monitored UNITY; however, the City did not provide monitoring reports but rather only the dates on which the monitoring occurred. Although UNITY developed policies and procedures for use by it and its subgrantees, it did not always follow those policies and procedures or ensure that its subgrantees followed them when determining participant eligibility.

Conclusion

Because the State did not ensure that its local governments and subgrantees established needed control procedures, it paid \$31,217 in program assistance for 20 participants whose eligibility was not adequately supported. Executing written agreements and periodic monitoring may have prevented the unsupported disbursements. Since the State's Recovery Act program ends July 31, 2012, we did not recommend a corrective action regarding the local governments' and subgrantees' internal control procedures.

Recommendations

We recommend that HUD's Director of Community Planning and Development require the State to

- 2A. Provide supporting documentation for the 20 clients or repay \$31,217 to the U. S. Treasury from non-Federal funds.

SCOPE AND METHODOLOGY

We conducted our audit at the State's office in Baton Rouge, LA, and the HUD Office of Inspector General's (OIG) offices in New Orleans and Baton Rouge, LA. We performed our audit between January and June 2012.

To accomplish our objective, we reviewed

- The State's
 - Recovery Act-related obligations and expenditures,
 - Organizational chart and written policies and procedures for the program,
 - Supporting documentation for payment of 15 local government invoices including subgrantees' reimbursement requests,
 - Quarterly and annual performance reports, and
 - Monitoring letters to the local governments and internal audit reports conveying program monitoring findings.
- Relevant criteria governing the program, including Recovery Act regulations, the Code of Federal Regulations, program laws and policies, HUD's guidance regarding the program, the grant agreement between HUD and the State including the substantial amendment, contract agreements between the State and the local governments, and contract agreements between the local governments and the subgrantees providing direct services to participants.
- A random, nonstatistical sample of 40 client files.

We also interviewed appropriate HUD program, State, and subgrantee staff members.

The State made 767 program disbursements to 23 local governments totaling more than \$10.9 million. For our disbursement review, we selected 15 disbursements totaling more than \$1.8 million. To select the 15 disbursements, we first identified the 5 local governments that received the largest amount of funding and then selected the 3 largest disbursements for each of them. We reviewed the disbursements to determine whether the State's Recovery Act expenditures were eligible and supported. Through file reviews, we determined that the disbursement data were generally reliable.

To determine client eligibility, we selected 2 of 45 subgrantees based on high-risk determinations and then randomly selected 20 participant files relative to each subgrantee, for a total of 40 participant files. Of the 40 participants, 3 did not receive any monetary assistance; thus, were not included in our review results. Therefore, our review was comprised of the remaining 37 participant files. We conducted file reviews to determine whether participants met program eligibility requirements and whether eligibility determinations were adequately supported. We obtained participant data, which included client names and identification numbers. We also obtained separate data for individual participant total assistance amounts. We determined that the participant data were generally reliable; however, there were limitations to the data for participant assistance amounts. Specifically, through comparison of the computer-processed data with supporting documentation, we found some minor discrepancies in the amount of program

assistance. We were able to obtain and verify the correct program assistance amounts for those few participants through other sources. We concluded that the computer-processed data were generally reliable for our audit objectives.

Our audit scope generally covered July 30, 2009, through January 31, 2012. We expanded the scope as needed to accomplish our audit objectives. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

INTERNAL CONTROLS

Internal control is 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 control was relevant to our audit objectives:

- Controls to ensure that (1) funds were disbursed in accordance with program guidelines and (2) participants met program eligibility requirements.

We assessed the relevant controls identified above.

A deficiency in internal controls 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 State did not ensure that local governments and subgrantees established control procedures to ensure compliance with program laws, regulations, and documentation standards when determining participant eligibility (finding 2).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Unsupported <u>1/</u>
1A	\$10,547
2A	<u>31,217</u>
Total	<u>\$41,764</u>

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

August 17, 2012

Gerald R. Kirkland, Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
Office of the Inspector General
Office of Audit (Region 6)
819 Taylor Street, Suite 13A09
Forth Worth, TX 76102

RE: DCFS Homelessness Prevention and Rapid Re-housing Program

Dear Mr. Kirkland:

The following is submitted in response to your request dated July 25, 2012 in reference to the aforementioned audit. The Department of Children & Family Services (DCFS) concurs-in-part with regard to the findings identified. As such, the following discloses DCFS's concurrences, non-concurrence and corrective actions as applicable:

Comment 1

Finding #1: Some of the State's Disbursements Were Not Adequately Supported:

DCFS does not concur with this finding, as the State (DCFS) offers supporting documentation as noted:

- Sample #1: detailed breakdown of September 2010 payroll expenditures, payment request summary, payroll transaction detail sheet, payroll direct deposit EFT confirmation for 9/1/10, payroll direct deposit EFT confirmation for 9/15/10, breakdown of life insurance payment, cancelled check for life insurance payment, breakdown of health insurance, cancelled check for health insurance, Louisiana Workman's Compensation invoice 9/1/10, and Louisiana Workman's Compensation cancelled check.

- Sample #2: checks from the local government supporting the salary cost. The checks were issued from Society of St. Vincent de Paul.
- Sample #3: the State’s subsequent review identified “other allowable cost” included in the financial assistance category which accounts for the discrepancies noted.
- Sample #4: the State’s subsequent review identified “other allowable cost” included in the financial assistance category which accounts for the discrepancies noted. Given such, the State does not concur, having demonstrated the questioned cost of \$15,420 allowable and supported.

Finding #2: Program Participants’ Files Lacked Adequate Documentation to Support Eligibility:

Comment 2

DCFS concurs in-part with this finding. The audit references HUD’s Eligibility Determination and Documentation Guidance, revised August 2011 as governing criterion. DCFS has determined that the intake dates of the audit sample fall under three governing criterion as follows: HUD Notice of Funding Availability Guidance July 2009; HUD Guidance Document March 2010; and HUD Document Guidance August 2011. Given such, DCFS assessed the identified sample exceptions with regard to the applicable governing criterion and available documentation at the State and contractor level (rather than only at the sub-contractor level); as required by HUD Guidance of 2009, 2010, and 2011.

Revised exceptions are as follows:

4	Rapid
Total	
SMILE	
Sample #	Type
2	Rapid
3	Home
4	Home
10	Rapid
13	Home
14	Home
18	Home
Total	

Given such, the State determined \$20,380 allowable and supported; amending the question costs to \$14,444.

Comment 3

Additionally, DCFS has conducted file review of the 8 sub-grantees identified for not having an executed written agreement. DCFS's review reflects 4 rather than 8 sub-grantees without said agreements. DCFS has visited the 4 noncompliant sub-grantees to offer training, technical assistance, and monitoring to ensure the applicable participant eligibility was adequately supported and that participants received assistance under the correct program category.

DCFS is committed to offering effective oversight of the \$13.5 million granted by U.S. HUD, in the pursuit of providing homelessness prevention and re-housing assistance. DCFS will maintain ongoing monitoring of its State Office oversight, in addition to training and implementation at the contractor and sub-contractor levels. Monitoring oversight will reiterate eligibility determination and documentation requirements. Moreover, oversight will include periodic sample reviews of client file documentation requirements to promote compliance.

Please advise in the event that additional clarification and/or information are required.

Sincerely,

//Signed//

Suzy Sonnier
Secretary

OIG Evaluation of Auditee Comments

- Comment 1** Based upon a review of additional documentation provided by the State after the exit conference, we agree that the State sufficiently supported disbursements for samples 1 and 2. Thus, we removed the associated questioned costs from the report. For samples 3 and 4, the State asserted that its subsequent review identified other allowable costs; however, the State did not provide any additional details identifying the nature of those allowable costs or provide supporting documentation, such as canceled checks and payroll documents, to support its claim. Therefore, we did not remove the questioned costs for samples 3 and 4 from the report. The State should provide its final supporting documentation to HUD's staff, which will assist the State with resolving recommendation 1A.
- Comment 2** We agree that the program was governed by three criterion based upon the intake dates of the sampled participants. As such, we reconsidered the deficiencies initially identified for 23 sampled participant files in relation to the applicable governing criteria and reviewed the additional supporting documentation provided by the State. In addition to the nine exceptions that the State concurred with, we determined that eleven other sampled participant disbursements remained unsupported, due to a lack of sufficient supporting documentation. We revised our conclusions and questioned costs, as applicable, and included the final determinations in the report. The State should provide its final supporting documentation to HUD's staff, which will assist the State with resolving recommendation 2A.
- Comment 3** The State asserted that four rather than eight other subgrantees (excluding SMILE) did not have executed written agreements and provided additional documentation to support its claim. Based upon a review of the additional documentation, we reduced the number that did not have executed agreements to six. The State did not provide written agreements but rather board resolutions, for the other two subgrantees that the State believed was compliant.

The State also asserted that it had conducted technical assistance and monitoring visits for those subgrantees without written binding agreements; but did not provide supporting documentation, such as the monitoring letters, to show that it had monitored/visited 2 of those subgrantees. However, since the State's Recovery Act program ended July 31, 2012 and resources were no longer available, we removed recommendation 2B, suggesting that the State perform file reviews for the other subgrantees without written agreements, from the report.