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**Housing Opportunities for Persons with AIDS
Program Grant Audit
of
the Tarrant County Samaritan Housing, Inc.**

February 19, 2016



**City of Fort Worth
Department of Internal Audit**

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The Housing Opportunities for Persons with AIDS (HOPWA) Program Grant Audit of the Tarrant County Samaritan Housing, Inc. was conducted as a part of the Department of Internal Audit’s Fiscal Year 2015 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to determine whether:

- the Tarrant County Samaritan Housing, Inc. complied with applicable federal regulations and City contract requirements, and
- expenditures charged against the Housing and Urban Development grant were eligible, allocable, and reasonable.

Audit Scope

Our audit included a review for the period of October 1, 2014 through June 30, 2015.

Executive Summary

As a part of our FY2015 Annual Audit Plan, the Department of Internal Audit conducted an audit of Housing Opportunities for Persons with AIDS (HOPWA) Program grant funds administered by the Tarrant County Samaritan Housing, Inc., (also known as, and referred to herein as, the Samaritan House).

For FY2015, the City received \$966,137.46 in HOPWA funds. The City of Fort Worth later executed a contract with the Samaritan House for a contract period of October 1, 2014 through September 30, 2015. According to that contract, the City was to provide the Samaritan House with \$409,381.00 of HOPWA funds for the provision of supportive services (including case management and housing counseling) to 175 unduplicated HOPWA-eligible clients. Program services were to be provided at the Samaritan House, located at 929 Hemphill Street in Fort Worth, from 9:00 a.m. to 5:00 p.m., Monday through Friday. Program services could also be provided at a client’s home.

We concluded that the Samaritan House complied with federal regulations and contract requirements. Reimbursed costs were considered eligible, allocable, and reasonable. As noted in the following chart, as of the quarter ended June 2015, the Samaritan House met the City’s performance milestones specified for the number of unduplicated clients served. However, due to a classification discrepancy between the City’s contract and HUD guidelines, the Samaritan House did not meet performance milestones for budgeted expenditures.

Milestone Category	City of Fort Worth Performance Milestone (72.72% at Month 8)	Actual Performance (at Month 9)
Unduplicated HOPWA Eligible Clients	127	147
Budgeted Expenditures	\$ 297,701.86	\$ 223,074.21

HOPWA funding allowed the Samaritan House to continue providing supportive services that had been previously funded by a Tarrant County grant. Since the services provided remained the same under both grants, the City’s contract required that reimbursed expenditures continue to be classified as supportive services. HUD guidelines indicated that the reimbursed costs should have been split between “supportive services” and “facility operations”. Payroll expenditures (totaling approximately \$41,000.00) should have, therefore, been classified as facility operations versus supportive services. The payroll expenditures related to salaries associated with a Property Manager,

Property Support/Leasing Assistant, Maintenance Manager and Maintenance Technician position. Once the Samaritan House became aware of the possibility that some of their cost allocations were considered misclassified, they identified eligible expenditures to make up for those that were misclassified. Also, since the Samaritan House could no longer seek reimbursement for the four positions previously mentioned (until another contract was executed), the Samaritan House purposely limited subsequent reimbursement requests for the related payroll expenditures.

As required by federal regulations, a public notice and an amendment to HUD's Integrated Disbursement and Information System were made to correct this error. Upon consultation with HUD, an acceptable corrective action plan was implemented. It should be noted that although HUD concluded that the expenditures were misclassified, HUD also concluded that the expenditures were eligible.

In May 2015, the City of Fort Worth executed a contract amendment to add an expenditure line item in the HOPWA budget for facility operations.

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Background

The City of Fort Worth receives an annual allocation of Housing Opportunities for Persons with AIDS (HOPWA) program grant funds from the United States Department of Housing and Urban Development. HOPWA is a program that provides formula allocations and competitively-awarded grants to eligible states, cities, and nonprofit organizations to provide housing assistance and related supportive services to meet the housing needs of low-income persons and their families living with HIV/AIDS. These resources help clients maintain housing stability, avoid homelessness, and improve access to HIV/AIDS treatment and related care, while placing a greater emphasis on permanent supportive housing.

HOPWA funds must be used to provide eligible clients with one or more of the following program services.

- supportive services, including case management and housing counseling
- congregate meals
- medical case management
- substance abuse counseling
- medical transportation
- recreation and social programs
- education programs
- life and job skills programs

For FY 2015, the City received \$966,137.46 in HOPWA funds. These funds are administered by the Neighborhood Services Department, who in turn provides funds to sub-recipients such as the Tarrant County Samaritan Housing, Inc. (the Samaritan House).

The Samaritan House was established in 1991 to provide supportive housing to individuals and families who are impacted by major health issues such as HIV/AIDS and who are homeless or at-risk of homelessness. Samaritan House's mission is to create a supportive community, providing housing and resources for positive change in the lives of persons living with HIV/AIDS and other special needs. Per the Samaritan House's website, their comprehensive services open doors to hope and provide opportunities for independent, fulfilling lifestyles.

HOPWA funds were to be used to pay costs associated with the Samaritan House delivering supportive services to eligible clients receiving assistance, employee salaries and fringe benefits, and program facility operational costs, which included salaries and fringe benefits for property management and building maintenance staff. No more than 7% of the HOPWA funds were to be used to pay administrative costs, including salaries, fringe benefits, City-required insurance, and legal/accounting fees associated with the Program.



Objectives

The objectives of this audit were to determine whether the Tarrant County Samaritan Housing, Inc. complied with applicable federal regulations and City contract requirements, and to determine whether expenditures charged against the Housing and Urban Development grant were eligible, allocable, and reasonable.

Scope

The scope of this audit included a review of HOPWA funds expensed by the Tarrant County Samaritan Housing, Inc. for the period October 1, 2014 through June 30, 2015. Internal Audit activity was limited to financial management and did not include a review of the Tarrant County Samaritan Housing, Inc.'s compliance with programmatic aspects of the grant.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- reviewed Mayor and Council Communication, initial contract and contract amendment between the City of Fort Worth and the Tarrant County Samaritan Housing, Inc.;
- reviewed financial transactions maintained by the City's Neighborhood Services and Financial Management Services Departments and the Tarrant County Samaritan Housing, Inc.;
- reviewed the Neighborhood Services Department's monitoring reports;
- reviewed applicable federal regulations;
- conducted a site visit at the Tarrant County Samaritan Housing, Inc.; and
- reviewed supporting documentation related to payroll expenses.

We conducted this audit in accordance with generally accepted government auditing standards, except for peer review¹. 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.

¹ Government auditing standards require audit organizations to undergo an external peer review every three years. A peer review is planned in 2017 for the three-year period ending December 31, 2016.



Acknowledgements

The Department of Internal Audit would like to thank the Tarrant County Samaritan Housing, Inc. and the Neighborhood Services Department for their cooperation and assistance during this audit.