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| Issue Date | September 30, 2002 |
| Audit Case Number | 2002-BO-1006 |

TO: Charles H. Williams, Director HUD's Office of Multifamily Housing Assistance Restructuring, HY

FROM: Barry L. Savill, Regional Inspector General for Audit, IAGA

SUBJECT: Interim Report - Congressionally Requested Audit of the Outreach and Training Assistance Grant awarded to the People to End Homelessness, Providence, RI Grant Number: FFOT00034RI.

INTRODUCTION

We have partially completed our audit of People to End Homelessness (Grantee). This is an interim report containing findings to date. We have determined that the Grantee does not have adequate internal controls to ensure grant funds are properly used. Because of the condition of the internal controls and financial records, we have not yet completed our evaluation of grant expenditures. We will issue a final report covering that area after we finish evaluating the accounting records. Our interim report contains two recommendations to correct the conditions found to date.

Section 1303 of the 2002 Defense Appropriation Act (Public Law 107-117) requires the HUD Office of Inspector General to audit all activities funded by Section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA). The directive would include the Outreach and Training Assistance Grants (OTAG) and Intermediary Technical Assistance Grants (ITAG) administered by the Office of Multifamily Housing Assistance Restructuring (OMHAR). Consistent with the Congressional directive, we reviewed the eligibility of costs with particular emphasis on identifying ineligible lobbying activities.

In conducting the audit, we reviewed the Grantee's accounting records and interviewed responsible staff. We also reviewed the requirements in MAHRA, the OTAG Notice of Fund Availability, the OTAG grant agreement, HUD's requirements for grant agreements for nonprofit entities, and the Office of Management and Budget's guidance on the allowability of cost for nonprofit grantees.

The audit covered the period of January 2001 through June 2002 for the OTAG grant. We performed the fieldwork at People to End Homelessness, located at 807 Broad Street Providence, RI during June through August 2002. We conducted the audit in accordance with Generally Accepted Government Auditing Standards.

Should you or your staff have any questions, please contact Cristine M. O'Rourke or me at 617-994-8380.

SUMMARY

The People to End Homelessness (Grantee) does not have adequate internal controls to ensure grant funds are used properly and does not use a reasonable method to allocate costs. These problems exist because the Grantee has a limited number of personnel, suspended its operations for five months, has a Contractor's employee acting as Executive Director, and does not have personnel with the proper administrative experience. As a result, HUD lacks assurance that grant funds have been properly spent in accordance with program requirements. Because of the condition of the internal controls and financial records, we have not yet completed our evaluation of grant expenditures. We have no evidence of direct lobbying and are evaluating indirect lobbying. We will issue a final report covering these areas after we complete our evaluation.

BACKGROUND

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) established the Office of Multifamily Housing Assistance Restructuring (OMHAR) within HUD. Utilizing the authority and guidelines under MAHRA, OMHAR's responsibility included the administration of the Mark-to-Market Program, which included the awarding, and oversight of the Section 514 Outreach and Training Assistance and Intermediary Technical Assistance Grants. The objective of the Mark-to-Market Program was to reduce rents to market levels and restructure existing debt to levels supportable by these reduced rents for thousands of privately owned multifamily properties with federally insured mortgages and rent subsidies. OMHAR worked with property owners, Participating Administrative Entities, tenants, lenders, and others to further the objectives of MAHRA.

Congress recognized, in Section 514 of MAHRA, that tenants of the project, residents of the neighborhood, the local government, and other parties would be affected by the Mark-to-Market Program. Accordingly, Section 514 of MAHRA authorized the Secretary to provide up to \$10 million annually (\$40 million total) for resident participation for the period 1998 through 2001. The Secretary authorized \$40 million, and HUD staff awarded about \$26.6 million to 38 grantees (a total for 81 grants awarded). Section 514 of MAHRA required that the Secretary establish procedures to provide an opportunity for tenants of the project and other affected parties to participate effectively and on a timely basis in the restructuring process established by MAHRA. Section 514 required the procedures to take into account the need to provide tenants of the project and other affected parties timely notice of proposed restructuring actions and appropriate access to relevant information about restructuring activities. Eligible projects are generally defined as HUD-insured or HUD-held multifamily projects receiving project based rental

assistance. Congress specifically prohibited using Section 514 grant funds for lobbying members of Congress.

HUD issued a Notice of Fund Availability in fiscal year 1998 and a second Notice of Fund Availability in fiscal year 2000 to provide opportunities for nonprofit organizations to participate in the Section 514 programs. HUD provided two types of grants: the Intermediary Technical Assistance Grant (ITAG) and the Outreach and Training Assistance Grants (OTAG). The Notice of Fund Availability for the ITAG states that the program provides technical assistance grants through Intermediaries to sub-recipients consisting of: (1) resident groups or tenant affiliated community-based nonprofit organizations in properties that are eligible under the Mark-to-Market program to help tenants participate meaningfully in the Mark-to-Market process, and have input into and set priorities for project repairs; or (2) public entities to carry out Mark-to-Market related activities for Mark-to-Market-eligible projects throughout its jurisdiction. The OTAG Notices of Fund Availability state that the purpose of the OTAG program is to provide technical assistance to tenants of eligible Mark-to-Market properties so that the tenants can: (1) participate meaningfully in the Mark-to-Market program, and (2) affect decisions about the future of their housing.

OMHAR also issued a December 3, 1999 memorandum authorizing the use of OTAG and ITAG funds to assist at-risk projects. OMHAR identified these as non-Mark-to-Market projects where the owners were opting out of the HUD assistance or prepaying the mortgages.

HUD's regulation, 24 Code of Federal Regulation Part 84, contains the uniform administrative requirements for grants between HUD and nonprofit organizations. The regulations (24 CFR 84.27) require that nonprofit grantees utilize the Office of Management and Budget (OMB) Circular A-122, Cost Principles for Non-Profit Organization, in determining the allowability of costs incurred to the grant. OMB Circular A-122 outlines specific guidelines for allowability of charging salaries and related benefits to the grants and the records needed to support those salaries. For indirect costs charged to the grant, the Circular establishes restrictions for indirect costs, and specific methods and record keeping to support the allocation of costs.

The Circular also establishes the unallowability of costs associated with Federal and state lobbying activities. Simply stated, the use of federal funds for any lobbying activity is unallowable. OMB Circular A-122 identifies some examples of unallowable activities of lobbying. These include any attempt to influence an elected official or any Government official or employee (Direct Lobbying) or any attempt to influence the enactment or modification of any actual or pending legislation by propaganda, demonstrations, fundraising drives, letter writing, or urging members of the general public either for or against the legislation (Grassroots Lobbying).

The Grantee applied for the OTAG grant in fiscal year 2000. The Grantee received an OTAG of \$400,000, which HUD later amended to \$266,667. The Grantee expended \$44,835 from this Grant as of June 30, 2002.

In addition to the OTAG, the Grantee received funding from various other Federal, State and Nonprofits including:

| Type | Amount | Source |
|---|-----------|---|
| Community Development Block Grant | \$18,000 | HUD passed through the City of Providence, RI |
| Intermediary Technical Assistance Grant | \$2,243 | HUD |
| Family Emergency Apartment Program | \$119,160 | State of Rhode Island |
| Non profit Grants | \$21,750 | Various Private Foundations |
| Total | \$161,153 | |

FINDING

The Grantee Lacks Internal Controls

The Grantee does not have adequate internal controls to ensure: (1) grant funds are used properly and (2) its costs are reasonable and properly documented. These problems exist because the Grantee has a limited number of personnel, suspended operations when HUD temporarily halted funding the program, has a Contractor's employee acting as Executive Director, and does not have personnel with the proper administrative experience. As a result, HUD lacks assurance that grant funds have been properly spent in accordance with program requirements. Because of the condition of the internal controls and financial records, we have not yet completed our evaluation of grant expenditures. Without proper internal controls, supporting documentation, and strict adherence to program requirements, HUD lacks assurance that grant funds are properly spent.

Office of Management and Budget Circular A-122, Attachment B, Section 7m states the distribution of salaries and wages to awards (grants) must be supported by personnel activity reports and these reports must reflect the distribution of activity by each employee and must be maintained for all staff members whose compensation is charged to the Federal awards. Attachment A of the Office of Management and Budget Circular A-122 also advises that the grantee must support a cost allocation by taking into account all activities of the organization. If the grantee does not have an approved cost allocation plan, the grantee must submit an initial cost allocation plan for approval within three months of receiving the award.

The Office of Management and Budget Circular A-122, Attachment A, Section D states actual conditions shall be taken into account in selecting the basis for allocating expenses and the essential consideration in selecting a method is that method's suitability for assigning the pool of costs to cost objectives in accordance with the benefits derived; a traceable cause and effect relationship; or logic and reason, where neither the cause nor the effect of the relationship is determinable.

Inadequate Internal Controls

The Grantee's internal controls are not adequate and provide no assurance that grant funds are properly controlled. We identified the following weaknesses in the Grantee's control structure:

- The Grantee does not have an Executive Director. The person acting in that capacity is an employee of the contractor hired by the Grantee in July 2001 to act as contract manager of the HUD OTAG program.
- The Grantee's policies and procedures are not adequate. The Grantee does not have policies and procedures that cover how to account for grant funds and segregate costs between grants.
- Accounting records are not complete or reliable. While the Grantee uses a computerized financial program to maintain its books and records; however, this program was not used consistently during the grant period. Information is fragmented between the computer hard drive, the administrative contractor's filing cabinets, and storage units.
- The computerized financial system does not reconcile with available supporting documentation for payroll costs.
- The Grantee used OTAG funds for expenditures that took place before the award of the Grant.

The above weaknesses occurred because the Grantee had a small staff that did not have the necessary experience or skills to set up a proper system of internal controls. The Grantee does not have an independent Executive Director because the person acting as Executive Director is an employee of a contractor hired by the Grantee. An effective system of internal controls is necessary to ensure OTAG funds are properly controlled and effectively spent.

AUDITEE COMMENTS AND OIG EVALUATION OF AUDITEE COMMENTS

We provided our draft report to the Grantee for their comments on September 12, 2002. The Grantee provided their comments on September 25, 2002. We included the Grantee's entire response in Appendix A of the report.

- The Grantee agreed that they did not have an Executive Director, and has appointed a board member as Acting Executive Director.

-
- The Grantee stated that they *revised its internal control procedures and documented them in writing*. The Grantee identified that they made the following changes to its policies:
 - (1) Opened a separate bank account for OTAG funds, and
 - (2) Modified their accounting system to segregate costs between grants.

The Grantee has recently drafted written policies and procedures. At the time of our review, the grantee did not have these procedures and our review showed that these new procedures were not in use during our audit period.

- The Grantee believes their records are complete and reliable. Since the report does not provide specific examples, the Grantee stated that they were unable to properly respond to this comment.

Specific examples include:

1. The Grantee billed payroll charges to the Grant that exceeded paychecks to employees by \$10,498. The paychecks to employees also did not match payments disbursed through the accounting system.
 2. The Grantee allowed their Contract Manager to charge the Grant for audit costs of the Contract Manager that were already included in the Contract Manager's contract. The Grantee did not have an audit, nor was one required.
- The Grantee believes that financial records did not reconcile to supporting documentation for payroll cost was because the employee putting together the vouchers for reimbursement was using a cash basis of accounting while the Contract Manager's employee was using an accrual basis of accounting. The Grantee believes the differences are immaterial and indicated that they have changed their billing procedure.

Payroll charges reimbursed by the Grant exceeded paychecks to employees by \$10,498. Cash Basis and Accrual Basis differ in the manner in which they deal with the issue of when to recognize revenues and expenses. Temporary timing differences, caused by recognition of expenses at different times under different bases of accounting, do not account for the difference between billings reimbursed by the Grant for payroll and paychecks to employees.

- The Grantee believes that the grant began on January 1, 2001. The Grantee provided a grant agreement signed by the Director of OMHAR and the person acting as the Executive Director. The person acting as Executive Director is an employee of the Contract Manager. The Director of OMHAR's signature is undated and the signature from the Grantee is dated January 9, 2001. The grant agreement does not specify the term of the grant. The Grantee believes that expenditures of \$2500 for the period January 1, 2001 to March 31, 2001 were appropriately charged to the Grant.

OIG will be performing additional work to determine the correct term of the grant and will address the issue in our final audit report. At OIG's request, the Grantee provided an electronic accounting report delineating all expenditures for the period of January 1, 2001 to June 30, 2002. This listing showed expenditures from January 1, 2001 to March 31, 2001 of \$234.

RECOMMENDATIONS

We recommended that the Director of the Office of Multifamily Housing and Restructuring:

1. Deny the Grantee's draw down requests until:
 - a. The People to End Homelessness hires an Executive Director who does not have a relationship to its contractors,
 - b. The People to End Homelessness develops and implements internal control procedures, and
 - c. Your staff verifies that the control procedures are implemented and effective.
2. Require the Grantee to maintain adequate salary records and supporting documentation for salaries and other expenditures.

MANAGEMENT CONTROLS

In planning and performing our audit, we considered the management controls relevant to the People to End Homelessness's Section 514 program to determine our audit procedures, not to provide assurance on the controls. Management controls 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 and include the systems for measuring, reporting, and monitoring program performance

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

- Receipt of grant funds,
- Disbursement of grant funds,
- Financial recording and reporting for grant funds,
- Selection and award of consulting and other service contracts, and
- Administrative reporting to HUD of the grant fund's usage and results.

A significant weakness exists if management controls do not provide reasonable assurance that: resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss and misuse; and that reliable data is obtained, maintained and fairly disclosed in financial statements and reports.

Based on our review, we believe the following items are significant weaknesses:

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- Lack of adequate internal controls.
 - Conflict of Interest in having a Contractor's employee act as Executive Director
 - Lack of supported cost allocation plan.

FOLLOW-UP ON PRIOR AUDITS

The Office of Inspector General has performed no previous audits of the People to End Homelessness.

AUDITEE COMMENTS

People To End Homelessness
Outreach and Technical Assistance to HUD Tenants

September 24, 2002

Barry L. Savill
Regional Inspector General of Audit
U.S. Department of Housing and Urban Development
Thomas P. O'Neil, Jr. Federal Building, Room 370
10 Causeway Street
Boston, Massachusetts 02222-1092

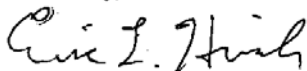
Dear Mr. Savill,

We are writing in response to your letter and the draft report based on the recent audit of the activities of People To End Homelessness (PTEH). The draft report concerns the work of PTEH on the Outreach and Technical Assistance Grant (OTAG) Number FFOT00034RI. Our response to the draft report is attached.

PTEH has performed work on the OTAG in good faith based on requirements detailed in Section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), the Notice for Funding Availability for OTAG, and OMB Circular A-122.

We welcome the opportunity to respond to the preliminary findings of your audit in the draft report. If you have any questions regarding the attached response or need additional information, please feel free to contact Eric Hirsch at (401) 865-2510 or Dick Fontaine at (401) 726-2285. Thank you.

Sincerely,



Eric Hirsch
Treasurer
People To End Homelessness



Dick Fontaine
President
People To End Homelessness

OTAG Office
• 807 Broad Street • Box 46 • Providence • RI • 02907 •
Phone (401) 772-2545

RESPONSE TO DRAFT AUDIT REPORT on
Congressionally Requested Audit of People To End Homelessness
Outreach and Technical Assistance Grant (OTAG)
Grant Number FFOT00034RI

Background

People To End Homelessness, since 1996, have worked with low-income and/or homeless individuals and families in Rhode Island to improve their living conditions. The Board of PTEH consists primarily of low-income individuals who reside at one of HUD's housing assistance programs; supportive housing program, Section 8 voucher program and privately owned project based Section 8. In 1998, one of the main goals PTEH identified was the preservation and expansion of Section 8 housing, with particular emphasis on preserving at risk Section 8 housing. In order to expand work with Section 8 tenants, PTEH applied for and received an OTAG grant, January 2001.

The OTAG proposal was drafted according to the guidelines contained in the "Application Kit 2000", prepared by OHMAR and the December 1999 clarifying memo that was sent to all OTAG and ITAG recipients and potential grantees. This proposal focused on outreach and technical assistance, and information distribution to residents of eligible privately owned Section 8 housing in the State of Rhode Island.

Beginning in the fall of 2001, all OTAG funds were frozen. Funds were not released until March of 2002. During this five month period PTEH was forced to layoff all staff related to the OTAG project and close the OTAG office. PTEH (like any other business in a similar situation) could not meet the financial nor contractual obligations for an extended period of time without the income to sustain the project. PTEH along with dedicated volunteers continued to operate the OTAG program until funding was restored in March of 2002. A new OTAG office was opened in June 2002 at 807 Broad Street, Providence, RI.

Preliminary Findings

From June 26, 2002 through August 2002, David Montella and later joined by Bob Doocey, auditors in HUD's Office of Inspector General for the New England Region, spent time at the PTEH offices conducting an audit of the organizations performance of the OTAG. The audit period extended from January 1, 2001 through June 30, 2002. A draft report of the audit was sent to People to End Homelessness on September 12, 2002 and contained a finding detailing five weaknesses. The following is a response to those findings.

Executive Director

The draft report raised concerns that the PTEH had no Executive Director. The PTEH has limited funds available and is not able to hire an Executive Director. To remedy this situation, the Board of the PTEH has decided to appoint a Board member as acting Executive Director on a pro bono basis. The PTEH has also hired a program coordinator for the OTAG project.

Policies and Procedures

The auditor raised the issue that the PTEH had inadequate policies and procedures regarding accounting for grant funds. PTEH has reviewed their policies and procedures and documented them in writing (a copy is attached). The following changes have been established:

1. A separate bank account has been established for OTAG funds.
2. QuickBooks has been modified to segregate costs between grants.

Accounting Records

The auditor indicated that the accounting records were not complete or reliable. Unfortunately, when the auditor came to the office, PTEH was in the process of re-opening their OTAG office after HUD froze the funding and the records were located in two different places.

PTEH feels that its records are complete and reliable. Without specific examples relating to the insufficient documentation, PTEH is unable to respond to this comment.

Documentation of Payroll Costs

The auditor claimed that the computerized financial records did not reconcile with supporting documentation for payroll costs. PTEH was billing OMHAR on a cash basis for payroll costs. The accounting system was maintaining payroll costs on an accrual basis. Although the differences the auditor indicated were immaterial, PTEH has changed the billing procedures to conform to the accounting records.

Grant Award Period

The draft report indicated that expenditures took place prior to the grant award and were charged to the OTAG grant. PTEH was under the impression the grant began on January 1, 2001 as indicated on the grant agreement (see attached copy). The auditor states that the grant begins on April 1, 2001, which was the date of the first draw down. We believe that the expenditures from January 1, 2001 to March 31, 2001, which were approximately \$2,500, were appropriately charged to OMHAR/OTAG.

Recommendations

- 1a. PTEH has appointed the President of the Board of Directors as Acting Executive Director. He has no relationship to the contractors.
- 1b. PTEH has revised its internal control procedures and documented them in writing.
- 1c. Internal control procedures will be forwarded to OMHAR and PTEH will cooperate with any OMHAR audits or reviews.

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2. PTEH has always maintained time records according to OMB A-122. PTEH has redesigned their timesheets to make the documentation clearer. The billing to OMHAR in the future will be on the accrual basis and will be reconciled to the general ledger on a monthly basis.

All supporting documentation for direct expenses will be maintained in the PTEH office. All indirect costs will be supported by a cost allocation plan.

People to End Homelessness (PTEH)
Accounting Policies and Procedures

General Ledger

PTEH maintains its general ledger on QuickBooks. There is a standard chart of accounts for assets, liabilities, etc. To maintain restricted funds, PTEH has set-up classes in QuickBooks. The classes are used to keep track of income and expenses of the various programs, as well as the general and administrative expenses. The Class is not part of the account number. Each transaction must be coded with a class. The following classes are being used:

1. General and Administrative
2. OTAG
3. Family Program
4. Outreach Program
5. Other Program

Accounts Receivable

The only receivables of PTEH are the drawdowns from OTAG and the reimbursements from the Family Program. The Coordinator of each of these programs works with the bookkeeper to prepare the billing. The expenses per the invoice are agreed to the general ledger. A profit and loss statement by class is used to determine the expenses. The invoices are prepared manually due to format restrictions from the funding sources. After preparing the invoice, the bookkeeper enters the invoice as an accounts receivable.

Cash Receipts

The majority of cash receipts are received through the direct deposit from the federal government. All direct deposits, which are all from OTAG, are deposited in a checking account, which is specifically for the federal grant money (OTAG). All other deposits are maintained in another checking account.

The bookkeeper records all direct deposit receipts to the general ledger.

All other receipts come through the mail. The Program Coordinator opens the mail. She separates the checks and gives them to a volunteer. The volunteer photocopies them. The bookkeeper prepares the deposit slips. A volunteer takes the deposit to the bank. The stamped receipt is given to the bookkeeper.

The bookkeeper codes and enters all cash receipts into QuickBooks.

The "deposit package" which contains the deposit slip, copies of the checks, any remittance advices are filed by date in the Administrative Office.

Accounts Payable, Expenses, Cash Disbursements

The Program Coordinator initiates and approves all purchases under \$1,500. The Program Coordinator prepares a Purchase Requisition and orders the goods or services. The Executive Director approves any Purchase Requisition over \$1,500.

The bookkeeper receives all Purchase Requisitions. When the invoice is received in the mail, it is matched to the Purchase Requisition and/or the packing slip. The entire package is maintained by the bookkeeper.

The bookkeeper enters the invoices into QuickBooks, carefully entering each account and class. Each week, the bookkeeper determines which bills are to be paid. She processes the checks and sends the invoice package and check to be approved by the Treasurer. The Treasurer or a designated Board member signs the checks. After approval and check signing, the volunteer immediately mails them to the vendor.

Property and Equipment

All purchases of \$1,000 or more that have a useful life of one year or more are capitalized and depreciated. The Executive Director approves these purchases, with the exception of computer purchases. A perpetual inventory of property and equipment is maintained on excel.

Payroll Procedures

The Executive Director hires all employees, after a recommendation from the hiring committee.

The bookkeeper prepares the payroll bi-weekly using the payroll service, Paychex.

Each employee prepares a bi-weekly timesheet. The timesheet indicates the hours worked per day broken down by activity/program worked on. For employees working on the OTAG grant, the timesheet is more detailed to comply with OTAG requirements. The Executive Director or Board Treasurer approves each timesheet. The Program Coordinator of OTAG approves timesheets for OTAG employees.

Cost Allocations

PTEH basically has three programs. Most costs associated with each program are direct. Separate offices are maintained for the two federal programs and the Outreach Program receives in-kind rent, therefore occupancy costs do not have to be allocated. Beginning October 1, 2002, all employees will work on one program only. Volunteers perform the majority of general and administrative functions. There will be no payroll or fringe benefits to allocate.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

January 9, 2001

Dear OTAG Grantee:

Thank you for signing and promptly returning the signature page of your Grant Agreement.

In order to have proper file documentation, I must require you to countersign the signature page that has been signed by the Director of OMHAR.

Please sign the signature page that we have faxed to you and return it via fax to my attention immediately.

The fax number is (202)705-0687.

Thank you for your cooperation and patience in this process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dennis Dorsey".

Dennis Dorsey
Grants Administrator



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

JAN 05 2001

Dear OTAG Grantee:


Revisions have been made to the Grant Agreement that was Federal Expressed to you on December 29, 2000. Identified on page 1 of this Grant Agreement (enclosed) is the total award amount for the three-year period. However, the initial funding obligated for your grant is less than the total grant amount, which is based on availability of funds at the time of award.

It is anticipated that the Grant Agreement will be fully funded on a unilateral basis when additional funds are made available through the budget process. Reference Articles IV. & V. on page 3 of the Grant Agreement.

Additionally, the language in paragraph (c) under Article II of the grant agreement has been modified to reflect that the Grantee shall perform the work items included in the Grantee's Application (enclosed).

Further instructions will follow regarding training in the funds drawdown process for your grant and access to your Line of Credit Control System (LOCCS) account.

Please Federal Express your signature page no later than Wednesday, January 10, 2001.


Dennis Dorsey
OTAG Administrator

Enclosures

OUTREACH AND TRAINING GRANT AGREEMENT

This Outreach and Training Grant Agreement (the "Agreement") between the Department of Housing and Urban Development ("HUD") and People to End Homelessness, Inc. (the "Grantee") (Tax Identification Number 05-0509438) for Grant Number FFOT00034RI, is made pursuant to Section 534 of the FY 2000 Appropriations Act, which amended Section 514(f)(3) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRA").

Grant Amount: \$400,000

The following are hereby incorporated into this Grant Agreement:

1. Grantee's Application;
2. Acknowledgment letter from HUD informing the Grantee of its acceptance; and
3. Notice of Funding Availability for Outreach and Training Assistance Grants (65 Fed. Reg. 9777, February 24, 2000) (the "NOFA").

In reliance upon and in consideration of the mutual representations and obligations hereunder, HUD and the Grantee agree as follows:

The Grantee agrees to carry out its grant activities under this Grant Agreement in compliance with MAHRA, the NOFA and any other applicable laws, regulations and requirements (including recordkeeping requirements), and with the activities listed in Item 12 of Grantee's Application to the extent that the funding is sufficient. The Grantee also agrees to accept responsibility for such compliance by any other entities to which it makes grant funds available.

Subject to the provisions of this Grant Agreement, HUD will make grant funds in the amount stated above available to the Grantee. The Grantee's rights under this Grant Agreement may not be assigned without prior written approval of HUD.

ARTICLE I. DEFINITIONS

- (a) The term "Grant" as used herein refers to funds provided under this Grant Agreement.
- (b) The term "Grantee" as used herein refers to the grant recipients identified above.

- (c) The term "Grant Officer" means the official authorized by HUD to execute and/or administer this Grant. The Grant Officer shall be the Deputy Assistant Secretary for Multifamily Housing Programs.
- (d) The term "Grant Representative" means the HUD individual who is responsible for the technical administration of the Grant, the evaluation of performance under the Grant, the Acceptance of technical reports or projects, and other such specific responsibilities as may be stipulated in the Grant.

ARTICLE II. SCOPE AND CONDUCT OF WORK

- (a) The Grantee shall perform the works items listed in the Grantee's Application to the extent that Grant funds are made available. This shall include providing the necessary personnel, materials, services, equipment, facilities (except as otherwise specified herein) and otherwise doing all things necessary for or incidental to the performance of the program activities as set forth in Grantee's Application and this Grant Agreement.
- (b) During the effective period of this Grant Agreement, the Grant Representative shall be responsible for monitoring the approved activities of the Grantee, unless the Grantee is notified in writing of his or her replacement.
- (c) Only the Grant Officer has the authority to authorize deviations from this Grant Agreement. In the event the Grantee does deviate without written approval of the Grant Officer, such deviation shall be at the risk of the Grantee. Any costs related thereto shall be borne by the Grantee.

ARTICLE III. CONFLICT OF INTEREST

- (a) Funds received under this Grant Agreement shall not be used to supplant or duplicate other resources for the proposed activities. In carrying out its duties under this Grant Agreement, the Grantee must avoid even the appearance of a conflict of interest. All executives, board members, key management personnel, or any other person or entity with direct or indirect control, is required to execute a Conflict of Interest Certification at the time of execution of this Grant Agreement and on each anniversary date of execution.
- (b) If the Grantee is providing services under this Grant Agreement that are related to a specific property, and any group related to that property receives grant funds under the Mark-To-Market Intermediary Technical Assistant Grant (ITAG) program, the Grantee shall cease billing for activities related to that property under this Grant Agreement within 30 days.

and 3 CFR 1960 Comp., p. 307); section 504 of the Rehabilitation Act of 1973 (29 USC 794); the Age Discrimination Act of 1975 (42 USC 6101-6107); Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u), Executive Order 11246 (3 CFR 1964-1965 Comp, p. 339), Executive Orders 11625, 12432, and 12138 and all implementing regulations issued pursuant to these statutes and authorities.

ARTICLE XI. SPECIAL CONDITIONS

The Grantee agrees to submit a detailed budget for the period ending September 30, 2001, as directed by the Grant Representative. The budget shall list the dollar amount allocated to carry out each OTAG Grant activity. The Grantee must submit this budget prior to drawing down Outreach and Training Grant funds.

This Grant Agreement is hereby executed on behalf of the parties as follows:

UNITED STATES OF AMERICA
Secretary of Housing and Urban Development

Ira G. Pepperdorn
Signature of Authorized Official



Director, Office of Multifamily Housing Assistance Restructuring (OMHAR)
Title

Date

RECIPIENT

People To End Homelessness
Name of Organization

Catherine Rhoads (Catherine Rhoads)
Signature of Authorized Official

Executive Director
Title

1/9/01
Date

EXTERNAL REPORT DISTRIBUTION

The Honorable Joseph Lieberman, Chairman, Committee on Government Affairs

The Honorable Fred Thompson, Ranking Member, Committee on Governmental Affairs

Sharon Pinkerton, Senior Advisor, Subcommittee on Criminal Justice, Drug Policy & Human Resources

Andy Cochran, House Committee on Financial Services

Clinton C. Jones, Senior Counsel, Committee on Financial Services

Kay Gibbs, Committee on Financial Services

Stanley Czerwinski, Director, Housing and Telecommunications Issues, U.S. GAO

Steve Redburn, Chief Housing Branch, Office of Management and Budget

Linda Halliday, Department of Veterans Affairs, Office of Inspector General

William Withrow, Department of Veterans Affairs, OIG Audit Operations Division

George Reeb, Assistant Inspector General for Health Care Financing Audits

Jennifer Miller, Professional Staff, House Committee on Appropriations

The Honorable Christopher S. Bond, Ranking Member,
Subcommittee on Veterans Affairs, HUD and Independent Agencies, 274 Russell Building,
United States Senate, Washington, DC 20510

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

The Honorable Barbara A. Mikulski, Chair
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