



Department of Veterans Affairs Office of Inspector General

Audit of the VA Homeless Veterans Transitional Housing Grant to Tampa-Hillsborough Action Plan, Inc. Tampa, Florida

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Executive Summary

Introduction

The VA Office of Inspector General (OIG) performed an audit of the financial records of the Tampa-Hillsborough Action Plan, Inc. (THAP), a non-profit corporation that received VA grant and per diem funds to operate Veterans Village, a homeless veterans transitional housing project. The purpose of the audit was to determine whether expenditures made with VA grant and per diem funds were allowable, allocable, reasonable, and incurred.

On September 15, 1995, VA awarded THAP a grant¹ of \$251,560 to acquire and rehabilitate Veterans Village. In January 1997, THAP began receiving VA per diem payments of \$15 per day for up to 20 veterans at Veterans Village. As of October 2001, THAP was receiving the current maximum daily per diem rate of \$19 per resident.

From January 1997 through October 2001, THAP received \$555,171 in per diem payments to operate Veterans Village. In October 2001, VA discontinued per diem payments because THAP had not demonstrated appropriate fiscal control or the ability to adequately administer the project, and THAP was not providing the clinical services described in its grant agreement.

Results

Our audit showed that THAP: (1) did not establish procedures to ensure proper disbursement and accounting for VA grant and per diem funds, (2) inappropriately converted Veterans Village to “for-profit” apartments, (3) received excess per diem payments, and (4) submitted grossly inflated per diem budgets. As a result, \$714,131 of the \$806,731 THAP received in grant and per diem payments should be repaid to VA.

We recommended that the Director, VA Homeless Providers Grant and Per Diem Program, initiate action to recover \$251,560 of grant funds provided to acquire and rehabilitate Veterans Village and recover \$462,571 in per diem overpayments.

¹ VA Grant 95A-12-FL.

Comments

The Director, VA Homeless Providers Grant and Per Diem Program, agreed with the findings and recommendations and provided acceptable implementation plans. (See Appendix D, page 14, for the complete text of the Director's comments.) We will follow up on the planned actions until they are completed.

(original signed by:)

MICHAEL L. STALEY

Assistant Inspector General for Auditing

Introduction

Purpose

We audited THAP's financial and administrative data for the period of September 1995 to October 2001 to determine whether expenditures made with VA grant and per diem funds were allowable, allocable, reasonable, and incurred.

Background

VA's Homeless Providers Grant and Per Diem Program provides assistance to public and non-profit private entities to establish new programs to furnish transitional housing for homeless veterans. VA may make grants for up to 65 percent of the cost to acquire and rehabilitate property for transitional housing. Reimbursements for operational costs, up to 50 percent of the costs incurred by the entity to care for veterans, are not to exceed the daily per diem amount paid under the VA State Home Domiciliary Program. The per diem reimbursement amount is determined from budgets the grant recipient submits to VA containing estimated itemized operational costs. Grant recipients are reimbursed by submitting monthly invoices that identify each veteran by name and the number of days in residence during that month.

THAP was one of a consortium of five non-profit, tax-exempt corporations organized to provide social and medical services, property management services, and rehabilitation of inner city homes in the Tampa Bay, FL, area. All five corporations were under the control of the same board of directors. All Federal grant and per diem awards received by the corporations in the consortium were administered and managed by THAP.

In THAP's grant submission, the corporation agreed to purchase and rehabilitate a single story, 12-unit apartment building. Each apartment was a two-bedroom unit. THAP stated the project would enable veterans to experience a "continuum of care" from outreach offices, substance abuse detoxification programs, other treatment programs, and compensated work therapy, leading the homeless veterans to future employment and permanent housing.

On September 15, 1995, VA awarded THAP a grant of \$251,560 to acquire and rehabilitate Veterans Village, a facility to provide housing to homeless veterans. In January 1997, THAP began receiving VA per diem payments of \$15 per day for up to 20 veterans residing at Veterans Village. When VA discontinued per diem payments in October 2001, THAP was receiving the current maximum per diem rate of \$19 for each veteran housed at its facility.

From January 1997 through October 2001, THAP received \$555,171 in per diem payments to operate Veterans Village. (See Appendix B, page 12, for a schedule of per

diem payments.) In October 2001, VA discontinued per diem payments for Veterans Village because THAP could neither demonstrate fiscal or administrative responsibility nor was it providing the services described in its grant agreement with VA.

Scope and Methodology

To accomplish our objectives, we reviewed THAP accounting records, from September 15, 1995, to October 24, 2001, which included audited financial trial balance reports, per diem budget submissions, time and attendance records, cash journals, journal ledgers, subsidiary records, payroll records, bank statements, cancelled checks, invoices, and receipts.

We reviewed laws, regulations, policies, and procedures applicable to the VA program. Public Law 102-590, *The Homeless Veterans Comprehensive Service Program Act of 1992*, established the homeless veterans transitional housing program. Title 38, Code of Federal Regulations, Sections 17.700 - 17.731, is the VA regulation applicable to the homeless veterans transitional housing program. Office of Management and Budget (OMB) Circular A-110 (*Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*) sets the standards for the administration of grants and agreements with non-profits, OMB Circular A-122 (*Cost Principles for Non-Profit Organizations*) contains the cost principles and allowable costs, and OMB Circular A-133 (*Audits of States, Local Governments, and Non-Profit Organization*) contains the requirements for auditing non-profits.

We interviewed VA officials to obtain information concerning program policy, procedures, and management controls. In addition, we discussed the requirements and standards set forth in OMB Circulars A-110, A-122, and A-133 with OMB officials.

We audited the reliability of THAP's computer-processed data and determined it was not sufficiently reliable for the purposes of our audit. THAP did not have an accounting system that operated in accordance with generally accepted accounting principles: there was no consistency or continuity in THAP's accounting system, accounting periods, or account classifications; and there was no cost allocation methodology to allocate salaries and other costs. Therefore, we obtained audited statements and trial balances from THAP's independent Certified Professional Accountant and hard copy documentation including, but not limited to, cash journals, journal ledgers, payroll records, bank statements, cancelled checks, invoices, and receipts.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards for staff qualifications, independence, and due professional care; fieldwork standards for planning, supervision, and evidence; and reporting standards for performance audits.

Results and Conclusions

Controls Over Capital Grant and Per Diem Funds Were Weak

We identified weak controls over capital grant and per diem funds. Specifically, we determined THAP: (1) did not establish proper disbursement and accounting procedures for VA funds; (2) inappropriately converted Veterans Village to “for-profit” apartments; (3) claimed excess per diem payments; and (4) submitted inflated per diem budgets. Because THAP did not implement adequate fiscal and administrative controls, VA paid THAP \$714,131 in ineligible grant and per diem payments.

Findings

Procedures Were Not Established to Ensure Proper Disbursements and Accounting for VA Funds. THAP did not comply with VA and OMB requirements for grants management. OMB Circular A-110 requires that financial management systems provide records that identify the sources and applications of funds, a comparison of outlays with budget amounts, cost accounting records that are supported by source documentation, and written procedures for determining the allowability of costs in accordance with the provisions of OMB Circular A-122.

There was no consistency or continuity in THAP’s accounting systems, accounting periods, or account classifications; and there was no cost allocation methodology to allocate salaries and other costs that benefited multiple programs. THAP’s general ledger trial balances, payroll records, and time and attendance reports were incomplete and inaccurate; and several months of cash receipts journals were missing.

At various times during January 1997 through October 2001, three of the five companies in the THAP consortium received VA per diem payments, and each company had a unique chart of accounts with different cost centers. During the latter part of 1999, the companies began using new accounting systems because the old systems were not Year 2000 compliant. THAP staff were not familiar with the new accounting software and made posting errors.

A change in the companies’ accounting period from a fiscal year to a calendar year in the middle of the accounting period resulted in inaccurate balances in some accounts. In addition, THAP had no current written procedures or policies to ensure VA and OMB grants management requirements were met.

THAP Inappropriately Converted Veterans Village to “For-Profit” Apartments.

Following an October 2001 VA inspection of THAP that found problems with its management of Veterans Village, VA discontinued per diem payments to THAP that same month and relocated the veterans to other local VA medical center affiliated programs.

OMB Circular A-110 provides that when real property is no longer needed for its original use, the “grantee shall request disposition instructions” from the Federal-awarding agency. The agency can require the grantee to repay the amount of the Federal participation in the project by selling the property or transferring the title to the Federal agency. Rather than requesting disposition instructions as required by Federal regulations, THAP converted the property into commercial apartments. As of August 2005, the Hillsborough County Tax Assessor’s records showed that the deed to the Veterans Village property was still in THAP’s name with a market value of almost \$330,000.

VA paid 100 percent of THAP’s acquisition and rehabilitation costs for the Veterans Village transitional housing operation. In addition to providing housing for homeless veterans, THAP agreed to provide the veterans a continuum of care ranging from social and medical services to employment and permanent housing. THAP’s grant agreement also stated that there would be 1 Case Manager for each 10 residents to provide counseling and ensure a continuum of care. However, THAP never hired Case Managers for Veterans Village, and the veterans did not receive the agreed-upon social and medical services. VA should utilize the property recovery provisions of OMB Circular A-110 to recoup the \$251,560 in grant funds provided to THAP for the acquisition and rehabilitation of Veterans Village. Also, VA is entitled to recover from the grant recipient all the grant amounts provided for the project if the grantee did not establish the project for which the grant was made.

THAP Claimed Excess Per Diem Payments. During the period January 1997 through October 2001, \$462,571 of the \$555,171 in per diem payments THAP received were not allocable, reasonable, or incurred, and therefore, not allowable. This occurred, in large part, because THAP submitted grossly inflated budgets to VA that were unrelated to recorded operating costs in order to obtain the maximum per diem allowed. THAP used the revenue for activities that were unrelated to Veterans Village.

As shown in Table 1 on the following page, THAP’s financial records for this period showed incurred costs of \$394,529 for Veterans Village. Our audit of THAP’s financial records found that \$209,329 of the costs recorded as incurred were not allowable in accordance with OMB circulars. Based on the VA per diem agreement, THAP was entitled to one-half of the \$185,200 in allowable costs incurred (\$394,529 - \$209,329), or \$92,600 (\$185,200/2). Therefore, THAP was overpaid \$462,571 (\$555,171 - \$92,600) in per diem payments.

Table 1. Summary of VA Per Diem Payments

Description	Amounts
Total Per Diem Paid to THAP	\$555,171
Cost Recorded in THAP's Financial Records	\$394,529
Less Salary Costs Not Allowable, Allocable, Reasonable, or Incurred	(\$107,801)
Less Other Operating Costs Not Reasonable or Allowable	<u>(\$101,528)</u>
Total Disallowed Costs	<u>(\$209,329)</u>
Total Allowable Operating Costs Incurred	\$185,200
Less VA Share - 50% of Total Allowable Costs Incurred	<u>(\$92,600)</u>
Total Allowable Per Diem Payments	<u>\$92,600</u>
Total Per Diem Overpayments	\$462,571

Salary costs of \$107,801 were not allowable, allocable, reasonable, or incurred. THAP's budget estimates for Veterans Village included \$696,690 for salaries, payroll taxes, and fringe benefits. As shown in Appendix A, pages 9-11, THAP's financial records, time and attendance reports, and payroll records included salary costs of \$198,134 for Veterans Village. However, our audit showed that only \$90,333 of the salaries were reasonable, allowable, allocable, and actually incurred as Veterans Village salary expenditures.

OMB Circular A-122 provides that charges to awards for salaries and wages, whether treated as direct or indirect costs, must be based on documented payrolls approved by a responsible official of the organization. The distribution of salaries and wages to Federal assistance awards must be supported by personnel activity reports reflecting the distribution of activity for each employee whose compensation is charged, in whole or in part, directly to the award.

During fiscal years (FY) 1997 through 1999, THAP employees recorded the time spent on each award activity on their time distribution reports. However, the entire salary, payroll taxes, and fringe benefits for THAP's Executive Director were posted to Veterans Village payroll accounts. The Executive Director was responsible for all Federal assistance awards, not just Veterans Village. Therefore, the Executive Director's payroll expenses should have been allocated by the percentage of time spent on each award activity. THAP management officials told us they could not charge the Executive Director's salary expenses to any of the other Federal grant funds, so they charged it all to Veterans Village per diem funds. However, OMB regulations apply to all Federal assistance awards, which include both grant and per diem funds.

For FY 1997,² THAP allocated \$4,774 of the Executive Director's salary package to Veterans Village payroll accounts, which we considered reasonable, allowable, and allocable. However, for FY 1998, VA per diem payments to the Veterans Village project totaled \$107,599, or approximately 13 percent of the \$811,561 THAP received from all

² A 9-month period ending September 30, 1997, since the per diem payments began January 1, 1997.

Federal sources. In FY 1999, Veterans Village per diem payments accounted for almost 24 percent, or \$128,235, of the total THAP Federal assistance revenue of \$536,489. The Executive Director's salary package allocated to Veterans Village accounts for 1998 and 1999 should have closely approximated these percentages.

For 1998, using the 13 percent allocable to Veterans Village, the salary package for THAP's Executive Director should have been \$9,615. For 1999, using the 24 percent allocable to Veterans Village, the salary package for THAP's Executive Director should have been \$13,355. Therefore, we allowed a total of \$27,744 for the salary package for the Executive Director (\$24,683 salary, \$2,086 payroll taxes, and \$975 fringe benefits).

During the FY 2000 accounting period, THAP changed accounting systems, stopped expensing salaries to Veterans Village accounts, and posted all salaries for all corporations to a general administration account. At the same time, THAP had employees discontinue completing time distribution reports. Therefore, these costs were no longer allocable to the VA per diem funds because there were no time distribution reports to specify how much of an employee's time was spent on each company's activity. Table 2 shows the excess and unsupported salaries that we disallowed.

Table 2. Disallowed Salary Costs—January 1997 through October 2001

Cost Description	Operating Budget	Trial Balance	Allowable Costs	Disallowed Costs
Executive Director	\$159,250	\$119,065	\$24,683	\$94,382
Case Manager	\$145,306	\$1,166	\$0	\$1,166
Assistant Manager	\$30,000	\$0	\$0	\$0
Site Program Manager	\$156,000	\$35,678	\$35,678	\$0
Bookkeeping	\$106,000	\$12,125	\$12,125	\$0
Accountant (Audit)	\$25,000	\$937	\$937	\$0
Clerk Typist	\$44,709	\$6,669	\$6,669	\$0
Payroll Taxes	\$30,425	\$15,427	\$7,027	\$8,400
Fringe Benefits	<u>\$0</u>	<u>\$7,067</u>	<u>\$3,214</u>	<u>\$3,853</u>
Total	\$696,690	\$198,134	\$90,333	\$107,801

Table 2 also shows THAP posted \$1,166 for salary costs for a Case Manager. We disallowed this amount because Veterans Village never had a Case Manager, even though \$145,306 had been budgeted for salary.

Other operating costs of \$101,528 were not reasonable or allowable. As shown in Appendix A, THAP's budget estimates for Veterans Village included \$690,830 for operating costs other than salaries. Appendix A also shows that THAP's financial statements and source documents supported actual costs of \$196,395, of which only \$94,867 was allowable. Table 3 on the next page lists the other operating costs (other than salaries) totaling \$101,528 that we disallowed because they were not reasonable or allowable. (Explanations for why these items were disallowed are shown in Appendix A.)

Table 3. Other Operating Costs Not Reasonable or Allowable

Cost Description	Disallowed Costs
Legal (Licenses, Fees, Etc.)	\$17,621
Office Rent/Storage Fees	\$20,161
Property Tax - Veterans Village	\$8,483
Maintenance/Rubbish Removal/Other	\$24,686
Management Fees	\$10,656
Electric/Water/Sewage	\$740
Mortgage Payments	\$11,781
Furnishing/Equipment	<u>\$7,400</u>
Total	\$101,528

THAP Submitted Inflated Per Diem Budgets. THAP submitted inflated budgets to VA that were unrelated to recorded operating costs in order to obtain the maximum per diem allowed. As shown in Appendix A, THAP's budgets submitted to VA for Veterans Village operating costs totaled \$1,387,520. However, THAP's financial records for Veterans Village had recorded operating costs totaling \$394,529 (28 percent), of which VA was responsible for one-half. THAP submitted new budgets only when VA increased the per diem rate (December 1997 and March 2000). Table 4 shows a comparison of THAP's budgeted costs and actual recorded operating costs.

Table 4. Budgeted Costs Compared to Recorded Operating Costs

Year	Budget Submission Date	Budgeted Costs	Per Diem Rate	Recorded Operating Costs
1997	November 1996	\$220,000	\$15	\$53,210
1998	December 1997	\$285,100	\$16	\$143,720
1999		\$285,100	\$16	\$121,334
2000	March 2000	\$298,660	\$19	\$38,631
2001		<u>\$298,660</u>	\$19	<u>\$37,634</u>
	Total	\$1,387,520		\$394,529

For example, in the 1997 budget submission, salaries of \$50,000 for two Program Managers and \$15,000 for an Assistant Manager were added to the budget. THAP's financial records showed that only \$35,678 was posted to the Veterans Village account for a Program Manager during the period January 1997 through October 2001, and no costs were ever posted for an Assistant Manager.

In the 2000 budget submission, THAP added \$36,000 for mortgage payments even though VA paid 100 percent of the acquisition and rehabilitation costs for Veterans Village. Mortgage funds received were used for non-VA expenditures. THAP increased transportation costs from \$4,500 to \$15,500, although the local VA medical center provided vehicles to Veterans Village to transport veterans, and THAP only recorded \$96 in transportation costs during the grant period. Also, Electric/Water/Sewage costs were

increased from \$9,900 in the 1997 budget submission to \$20,160 in 2000. During the entire grant period, THAP only recorded total costs of \$24,151 for Electric/Water/Sewage.

THAP's budgets also included building depreciation and operating reserves which are not expenditures and, therefore, cannot be considered operating costs. OMB Circular A-122 disallows both building depreciation on property acquired in whole or in part by Federal funds and operating reserves set aside for contingencies. Table 5 is an itemized listing of THAP's budgetary items for which no costs were recorded.

Table 5. Budgeted Line Items for Which No Cost Was Incurred

Cost Description	Budgeted Amount
Pagers	\$2,000
Office Phones	\$18,000
Household Supplies	\$26,600
Lawn Maintenance/and Supplies	\$13,800
Transportation 1/	\$44,500
Recreation	\$26,600
Building Depreciation	\$45,000
Operating Reserve	\$37,000
Emergency Food and Support 2/	<u>\$57,160</u>
Total	\$270,660

1/ \$96 recorded as an expense

2/ \$621 recorded as an expense

Conclusion

We concluded that THAP collected grant and per diem funds totaling \$714,131 that were not used to provide the agreed upon services to the veterans. This occurred because THAP did not adhere to the grant and per diem agreements, did not establish procedures for fiscal control and fund accounting to ensure proper disbursements and accounting for grant funds, significantly deviated from its approved budget, submitted grossly inflated budgets, and used grant proceeds for general THAP activities not related to the grant.

Recommended Improvement Action: We recommended the Director, VA Homeless Providers Grant and Per Diem Program, take action to ensure that VA recovers from THAP (a) grant funds of \$251,560 provided to acquire and rehabilitate Veterans Village and (b) disallowed per diem payments totaling \$462,571.

The Director agreed with the findings and recommendations and stated that a Letter of Indebtedness will be issued to THAP requesting payment of the funds questioned in the report. The improvement plan is acceptable, and we will follow up on the planned action until it is completed.

Schedule of Allowable and Disallowed Costs January 1997 Through October 2001

Cost Description	Operating Budget	Trial Balance	Allowable Incurred Costs	Disallowed Costs	Notes
Salaries					
Executive Director	\$159,250	\$119,065	\$24,683	\$94,382	Note A
Case Manager	\$145,306	\$1,166	\$0	\$1,166	Note B
Assistant Manager	\$30,000	\$0	\$0	\$0	
Site Program Manager	\$156,000	\$35,678	\$35,678	\$0	
Bookkeeping	\$106,000	\$12,125	\$12,125	\$0	
Accountant (Audit)	\$25,000	\$937	\$937	\$0	
Clerk Typist	\$44,709	\$6,669	\$6,669	\$0	
Payroll Taxes	\$30,425	\$15,427	\$7,027	\$8,400	Note C
Fringe Benefits	\$0	\$7,067	\$3,214	\$3,853	Note D
Salaries Subtotal	\$696,690	\$198,134	\$90,333	\$107,801	
Other Operating Costs					
Legal (Licenses, Fees, Etc.)	\$40,000	\$19,674	\$2,053	\$17,621	Note E
Office Supplies	\$19,600	\$1,027	\$1,027	\$0	
Office Equipment	\$25,800	\$425	\$425	\$0	
Printing	\$10,500	\$86	\$86	\$0	
Postage	\$6,000	\$98	\$98	\$0	
Pagers	\$2,000	\$0	\$0	\$0	
Office Phones	\$18,000	\$0	\$0	\$0	
Office Rent/Storage Fees	\$27,000	\$22,561	\$2,400	\$20,161	Note F
Property Tax – Veterans Village	\$0	\$8,483	\$0	\$8,483	Note G
Insurance (Liability and Fire)	\$35,900	\$5,136	\$5,136	\$0	
Maintenance/Rubbish Removal/Other	\$27,750	\$38,291	\$13,605	\$24,686	Note H
Management Fees	\$0	\$10,656	\$0	\$10,656	Note I
Electric/Water/Sewage	\$70,020	\$45,079	\$44,339	\$740	Note J
Telephone	\$23,360	\$21,168	\$21,168	\$0	
Cable TV	\$1,240	\$68	\$68	\$0	
Furnishing/Equipment	\$21,000	\$7,535	\$135	\$7,400	Note K
Staff Development	\$15,000	\$1,460	\$1,460	\$0	
Conferences/Workshops	\$25,000	\$2,150	\$2,150	\$0	
Household Supplies	\$26,600	\$0	\$0	\$0	
Lawn Maintenance/Supplies	\$13,800	\$0	\$0	\$0	
Transportation	\$44,500	\$96	\$96	\$0	
Recreation	\$26,600	\$0	\$0	\$0	
Mortgage	\$72,000	\$11,781	\$0	\$11,781	Note L
Building Depreciation	\$45,000	\$0	\$0	\$0	
Operating Reserves	\$37,000	\$0	\$0	\$0	
Emergency Food & Support	\$57,160	\$621	\$621	\$0	
Other Operating Costs Subtotal	\$690,830	\$196,395	\$94,867	\$101,528	
Total	\$1,387,520	\$394,529	\$185,200	\$209,329	

Explanatory Notes

A. The Executive Director charged 100 percent of her salary to the Veterans Village project, even though she was responsible for administering all Federal grants for five separate non-profit corporations. During FYs 1998 and 1999, the Veterans Village project accounted for 13 and 24 percent of all Federal grant funds received, respectively. Therefore, allowable charges to the Veterans Village project should have approximated those percentages. As a result, we determined that \$94,382 of the Executive Director's salary was not allowable, allocable, or reasonable in accordance with OMB Circular A-122. No exception was noted for the Executive Director's salary in FY 1997.

B. THAP's grant agreement stated there would be 1 Case Manager for each 10 residents to provide individual counseling services. According to THAP's Executive Director, no Case Managers were hired for Veterans Village. Therefore, the \$1,166 charged for Case Manager salaries was disallowed.

C. Disallowed payroll taxes of \$8,400 related to the Executives Director's salary disallowed in Note A.

D. Disallowed fringe benefits of \$3,853 related to the Executives Director's salary disallowed in Note A.

E. Security services totaling \$654 and \$16,967 in legal fees were not allowable. According to the Executive Director, no security services were provided for Veterans Village. The individual who received payment for the legal fees stated he provided no legal/consulting services to THAP for Veterans Village.

F. Lease charges of \$20,161 between THAP and a sister corporation (Coastal Bay, Inc.) for Veterans Village were not allowable. VA paid the entire cost of acquiring and renovating Veterans Village with grant funds; therefore, the lease charges were not allowable.

G. Local property taxes of \$8,483 were disallowed because THAP failed to file its tax exemption application for Veterans Village in a timely manner. OMB Circular A-122 states that "...taxes which an organization is required to pay...are allowable, except for taxes from which exemptions are available to the organization directly or which are available to an organization based on an exemption afforded the Federal Government."

H. Maintenance costs totaling \$24,686 were not allowable. Renovation costs of \$14,935 in 1997 for Veterans Village in Tampa were paid for with VA grant funds and were not reimbursable with per diem funds; maintenance costs of \$9,116, which were unsupported by appropriate documentation and accrued in 2002, were disallowed; and expenses of \$635 for Veterans Village in Orlando were disallowed because the Orlando site was not a part of the THAP project.

Appendix A

I. Management fees of \$10,656 were not allowable because the approved Veterans Village budget contained no such costs. THAP management was unable to explain what cost elements made up the management fees or how the fees were allocated to different projects.

J. Utility costs of \$740 for Veterans Village, incurred prior to the award of per diem payments, were included in VA grant funds to acquire and renovate Veterans Village; therefore, these costs were not an allowable per diem expense.

K. The \$7,400 cost to purchase new appliances for Veterans Village was not an allowable per diem expense because the VA grant to acquire and renovate Veterans Village included funding to purchase new appliances. Therefore, THAP could not be reimbursed from per diem funds for the same expense.

L. The mortgage cost of \$11,781 was not allowable because THAP did not get prior approval from VA to mortgage the property, and the expense was not reasonable because the cost was not necessary and did not benefit the Veterans Village project. According to OMB Circular A-110 "...the recipient...shall not encumber the property without approval of the Federal-awarding agency." No such approval was requested or received. In April 1997, THAP obtained funds of \$160,000 to pay off and renovate a THAP office building, pay down construction accounts, make accounts payable more manageable, and establish a reserve account for another project. Veterans Village was used as part of the collateral for the mortgage. None of the funds from the mortgage were for Veterans Village improvements or operating costs. The VA grant paid THAP the entire cost of acquiring and renovating the property, and THAP received per diem payments from VA for Veterans Village operating costs.

Appendix B

Schedule of Per Diem Payments January 1997 Through October 2001

Payment No.	Invoice Billing Month	Date Paid	Per Diem Rate	Amount Paid	Payment No.	Invoice Billing Month	Date Paid	Per Diem Rate	Amount Paid	
1	Jan-97	7-Apr-97	\$15.00	\$3,075	29	Jun-99	10-Aug-99	\$16.00	\$9,520	
2	Feb-97	7-Apr-97	\$15.00	\$6,435	30	Jul-99	31-Aug-99	\$16.00	\$9,733	
3	Mar-97	2-May-97	\$15.00	\$9,705	31	Aug-99	28-Sep-99	\$16.00	\$9,733	
4	Apr-97	2-Jun-97	\$15.00	\$8,820	32	Sep-99	1-Nov-99	\$16.00	\$9,733	
5	May-97	1-Jul-97	\$15.00	\$9,600	33	Oct-99	29-Nov-99	\$16.00	\$9,733	
6	Jun-97	4-Aug-97	\$15.00	\$9,375	34	Nov-99	7-Feb-99	\$16.00	\$9,733	
	Jul-97		\$15.00	\$0	35	Dec-99	7-Feb-99	\$16.00	\$9,734	
7	Aug-97	30-Sep-97	\$15.00	\$10,260	36	Jan-00	3-Mar-00	\$16.00	\$9,734	
8	Sep-97	3-Nov-97	\$15.00	\$9,345	37	Feb-00	11-Apr-00	\$19.00	\$12,331	
9	Oct-97	9-Dec-97	\$15.00	\$10,080	38	Mar-00	1-May-00	\$19.00	\$11,856	
10	Nov-97	12-Jan-98	\$15.00	\$9,150	39	Apr-00	12-Jun-00	\$19.00	\$11,400	
11	Dec-97	6-Feb-98	\$16.00	\$10,224	40	May-00	3-Jul-00	\$19.00	\$12,692	
12	Jan-98	2-Mar-98	\$16.00	\$9,824	41	Jun-00	11-Aug-00	\$19.00	\$12,635	
13	Feb-98	30-Mar-98	\$16.00	\$9,328	42	Jul-00	28-Aug-00	\$19.00	\$13,528	
14	Mar-98	28-May-98	\$16.00	\$10,381	43	Aug-00	16-Jan-01	\$19.00	\$12,901	
15	Apr-98	1-Jun-98	\$16.00	\$9,952	44	Sep-00	16-Jan-01	\$19.00	\$12,540	
16	May-98	29-Jun-98	\$16.00	\$9,920	45	Oct-00	16-Jan-01	\$19.00	\$12,958	
17	Jun-98	31-Jul-98	\$16.00	\$9,283	46	Nov-00	16-Jan-01	\$19.00	\$12,483	
18	Jul-98	8-Sep-98	\$16.00	\$10,112	47	Dec-00	12-Feb-01	\$19.00	\$14,146	
19	Aug-98	24-Nov-98	\$16.00	\$10,263	48	Jan-03	10-Apr-01	\$19.00	\$12,730	
20	Sep-98	17-Nov-98	\$16.00	\$9,152	49	Feb-03	17-Apr-01	\$19.00	\$11,704	
21	Oct-98	7-Dec-98	\$16.00	\$10,000	50	Mar-03	4-Jun-01	\$19.00	\$13,243	
22	Nov-98	5-Jan-99	\$16.00	\$10,560	51	Apr-03	5-Jun-01	\$19.00	\$12,027	
23	Dec-98	2-Feb-99	\$16.00	\$10,608	52	May-03	2-Jul-01	\$19.00	\$12,426	
24	Jan-99	1-Mar-99	\$16.00	\$10,912		Jun-01		\$19.00	\$0	
25	Feb-99	26-Mar-99	\$16.00	\$9,232	53	Jul-01	12-Oct-01	\$19.00	\$11,799	
26	Mar-99	27-Apr-99	\$16.00	\$9,056		Aug-01		\$19.00	\$0	
27	Apr-99	4-Jun-99	\$16.00	\$9,733		Sep-01		\$19.00	\$0	
28	May-99	2-Jul-99	\$16.00	\$9,733	Total Per Diem Reimbursement to THAP					\$555,171

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Questioned Costs</u>
1a	Recover grant funds provided to acquire and rehabilitate Veterans Village.	\$251,560
1b	Recover per diem payments that were not allowable.	462,571
	Total	\$714,131

Director, VA Homeless Providers Grant and Per Diem Program Comments

**Department of
Veterans Affairs**

Memorandum

Date: February 15, 2006

From: Director, VA Homeless Providers Grant and Per Diem Program

Subject: **Audit of the VA Homeless Veterans Transitional Housing Grant to Tampa-Hillsborough Action Plan, Inc. Tampa, Florida**

To: Michael Raponi, Director (52SP)

1. The VA Homeless Providers Grant and Per Diem (GPD) Program Office has reviewed the IG Draft Audit Report on THAP. The subject report was e-mailed to our office on February 15, 2006.
2. We concur with the findings of the report.
3. Upon receipt of the final report we will issue a Letter of Indebtedness to THAP requesting payment of the funds questioned in the report.
4. If you have any questions concerning this memorandum, please contact me at (toll-free) 1-877-332-0334.

(original signed by:)
Roger Casey, LCSW

OIG Contact and Staff Acknowledgments

OIG Contact	Michael A. Raponi (727) 395-2422
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Acknowledgments	Yolonda Johnson
	Al Tate
	Willie Toomer
	Tina Mitchell
	Cheri Preston

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