

BELLE GLADE HOUSING AUTHORITY

Administration and Management of
Residential Migrant Housing

Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Board of Commissioners and Executive Director

The following individuals served as Belle Glade Housing Authority Commissioners during the period October 2021 through March 2023:

Stephen Weeks, Chairman
Fritz Stein III, Vice-Chairman
George Burch, Commissioner ^a
Horace Harris, Commissioner
Johnnie Prince, Commissioner
James Houston, Commissioner
Keith Wedgworth, Commissioner from 01-18-2022 ^b

^a Commissioner did not attend meetings during the period 10-01-21 through 6-19-23. Resigned effective 09-19-23.

^b Commissioner position vacant 10-01-21, through 12-20-2021. Appointed by City Commission 12-21-2021.

Effective January 2020, the Authority hired a property management company to manage its migrant housing complexes and no longer employed an executive director or other staff.

The team leader was Tim L. Tucker, CPA, and the audit was supervised by Gina Bailey, CPA, CFE, CISA.

Please address inquiries regarding this report to Derek H. Noonan, CPA, Audit Manager, by e-mail at dereknolan@aud.state.fl.us or by telephone at (850) 412-2864.

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BELLE GLADE HOUSING AUTHORITY

ADMINISTRATION AND MANAGEMENT OF RESIDENTIAL MIGRANT HOUSING PRIOR AUDIT FOLLOW UP

SUMMARY

In our operational audit report No. 2022-032 of the Belle Glade Housing Authority (Authority), we noted nine findings related to various functions and activities. This operational audit focused on the progress that the Authority had made, or was in the process of making, in addressing the findings and recommendations in report No. 2022-032.

Our audit disclosed that the Authority had:

- Corrected four findings (Findings 1, 3, 6, and 7).
- Partially corrected four findings (Findings 2, 4, 5, and 9).
- Had no occasion to correct one finding (Finding 8).

BACKGROUND

The Belle Glade Housing Authority (Authority) was created in 1947 by the City of Belle Glade (City)¹ pursuant to State law² to provide safe, decent, sanitary, and affordable housing for low income, elderly, or disabled farm workers in the City. The Authority operates two rural housing complexes: the Okeechobee Center and the Osceola Center, with 400 and 314 rental units, respectively. The Authority is governed by a Board of Commissioners composed of seven members appointed by the City Commission. In addition, the Authority programs and housing complexes are subject to oversight and monitoring by Federal and State agencies. In January 2020, the Authority hired a property management company to manage its migrant housing complexes and has had no employees since that date.

The Authority receives grants from the United States Department of Agriculture (USDA), which subsidizes housing complex rent by providing full or partial rental payments to the Authority for low-income tenants unable to pay their full rent. As a condition for receiving this grant funding, the Authority is required to comply with Federal regulations³ and the USDA's *Multi-Family Housing Asset Management Handbook*.

The Authority is required to provide to the USDA a yearly budget, year-end financial statements, requests for any rent or utility increases, and changes to standard tenant lease agreements. The USDA requires the Authority to develop and maintain a management plan that establishes the policies and procedures to be used to ensure that the Authority complies with USDA requirements, including policies and procedures related to personnel and staffing, tenant eligibility determination, leasing and occupancy policies, and plans and procedures for carrying out an effective maintenance, repair, and replacement program. The USDA monitors the Authority through onsite visits and by reviewing records provided by

¹ Resolution No. 623, City of Belle Glade.

² Section 421.04, Florida Statutes.

³ Title 7 Code of Federal Regulations, Part 3560, *Direct Multi-Family Housing Loans and Grants*.

the Authority. For any issues identified by the USDA through its monitoring process that require the Authority to take corrective actions, the USDA sends a formal servicing letter to the Authority.

State law⁴ provides that the Florida Department of Health (DOH) is the administrative agency of the State of Florida with the power and duty to protect Florida's public health and gives the DOH the authority to promulgate rules to administer and enforce those provisions of State law. For example, the DOH performs periodic inspections of the Authority's housing complexes.⁵ If the DOH identifies health violations during such inspections, an unsatisfactory inspection report is issued to the Authority, which must correct such violations by the dates and times specified on the inspection report. Failure to correct such deficiencies can result in an administrative fine or initiation of other legal actions.

FINDINGS AND RECOMMENDATIONS

Finding 1: Housing Complex Health and Safety Violations

Previously Reported

The United States Department of Agriculture (USDA) and the Florida Department of Health (DOH) cited significant health and safety violations at the Belle Glade Housing Authority's (Authority) migrant housing complexes because the Authority did not properly maintain the complexes, and the Authority did not promptly and effectively remedy those violations.

We recommended that the Authority continue efforts to promptly resolve the health and safety violations and other deficiencies noted in the USDA and DOH inspections and notifications.

Results of Follow-Up Procedures

The Authority corrected this finding. Our examination of Authority records disclosed that the Authority paid a \$9,000 fine and invested at least \$500,000 to improve the housing complexes as required by the December 2020 DOH settlement agreement. In a letter⁶ dated October 7, 2022, the DOH confirmed that the Authority had resolved the violations and released the Authority from the settlement agreement obligations effective September 30, 2022.

Although the USDA did not conduct any inspections during our audit period (October 2021 through March 2023), the DOH conducted 83 and 46 inspections at the Okeechobee Center and the Osceola Center, respectively, during the period January 2021 through July 2023. Our examination of documentation for 30 of the DOH inspections disclosed that the DOH had not identified any uncorrected violations or any new or additional violations.

⁴ Chapter 381, Florida Statutes, establishes the duties and powers of the DOH. Section 381.0086, Florida Statutes, provides that the DOH shall adopt rules necessary to protect the health and safety of migrant farmworkers and other migrant labor camp or residential migrant housing occupants. Section 381.0011, Florida Statutes, provides that the DOH shall administer and enforce laws and rules relating to sanitation, control of communicable diseases, illnesses and hazards to health among humans and from animals to humans, and the general health of the people of the State.

⁵ DOH Rule 64E-14.004(4)(a), Florida Administrative Code, requires that residential migrant housing occupied 6 weeks or more during a quarter be inspected at least twice quarterly during periods of occupancy.

⁶ The letter was in reference to Belle Glade Housing Authority; Case MLC-03-20; Confirmation of Closure of Settlement Agreement.

Finding 2: Capital Outlay Planning and Reserves

Previously Reported

Effective policies and procedures had not been established for identifying and responding to housing complex capital needs.

We recommended that the Authority continue efforts to meet the capital needs identified in the capital needs assessment (CNA) and use established reserves as necessary. In addition, we recommended that the Authority periodically compare housing complex rental rates to the rates of comparable area properties and adjust rental rates as necessary to maintain sufficient operating funds to address the capital needs identified in the CNA.

Results of Follow-Up Procedures

The Authority partially corrected this finding. Our examination of the Authority records disclosed that the Authority contracted with a consultant to prepare the 2020 CNA and a 2022 2-year CNA update, in December 2020 and August 2022, respectively. The CNAs list short-term (12 months or less) and long-term (more than 12 months to 20 years) capital needs for the Okeechobee and Osceola Centers.

The consultant inspected 167 of the 713 dwelling units located in the Okeechobee and Osceola Centers and noted in the CNA that, although none of the inspected units required immediate repairs to correct health and safety deficiencies, both centers had unmet capital needs for the 2020-21, 2021-22, and 2022-23 fiscal years, as shown in Table 1.

**Table 1
Capital Needs**

For the 2020-21 through 2022-23 Fiscal Years

| Unmet Need | 2020-21 | 2021-22 | 2022-23 |
|---------------------|---------------------------|---------------------------|---------------------------|
| Site | \$ 427,080 | \$ - | \$1,136,937 |
| Architecture | 1,450,666 | 679,492 | 1,527,272 |
| Mechanic & Electric | 129,877 | 117,544 | 186,989 |
| Dwelling Units | 906,674 | 684,213 | 1,714,253 |
| Totals | <u>\$2,917,297</u> | <u>\$1,481,249</u> | <u>\$4,565,451</u> |

Source: CNAs dated December 30, 2020, and August 20, 2022.

The unmet needs included, for example, roofing, windows, kitchen and bathroom cabinets, air conditioning, and site improvements. The August 2022 CNA update also identified similar long-term capital needs totaling \$17.6 million.

In contrast to the capital needs included in the 2020 CNA and the 2022 CNA update for the 2021-22 and 2022-23 fiscal years, the Authority's USDA-approved capital budget allocations for the same fiscal years were only \$1.1 million and \$525,000, respectively. In response to our inquiries regarding the significant differences between the CNAs and the USDA-approved budgets, the Authority's property management company indicated that the Authority lacked financial resources to fully fund the CNA-identified capital needs. However, the Authority has taken significant actions to obtain the resources necessary to address the CNA-identified needs, for example, the Authority:

- Increased rent⁷ by \$624,888 and \$289,260, for the 2021-22 and 2022-23 fiscal years, respectively.
- Secured a commitment of \$2.5 million from the Palm Beach County Board of County Commissioners in September 2022.
- Obtained an \$8 million grant and \$2.7 million loan from the USDA in April 2023.

Notwithstanding the significant efforts made by the Authority to address capital needs, the majority of the funds were not yet available for expenditure by the Authority as of October 2023, so significant unmet capital needs remained.

Recommendation: We recommend that the Authority continue its efforts to meet the capital needs at the Okeechobee and Osceola Centers.

Finding 3: Daily and Annual Housing Inspections

Previously Reported

The Authority did not perform daily and annual housing inspections to ensure safe and satisfactory living conditions.

We recommended that the Authority implement procedures for conducting routine inspections of housing and common-use areas, retain documentation evidencing those inspections, and correct any noted deficiencies. Additionally, we recommended that the Authority continue efforts to renovate vacant units.

Results of Follow-Up Procedures

The Authority corrected this finding. Our review of Authority records disclosed that the Authority performs inspections concurrently with DOH inspections and when tenants move in and out of housing units. The Authority documented these inspections on a standard form, which contains the tenant's name, unit address, date the inspection was conducted, a list of items and areas that can be inspected, the results of the inspection, and tenant and property management company signatures.

The DOH conducted 129 inspections (83 at the Okeechobee Center and 46 the Osceola Center) during the period January 2021 through July 2023. Our examination of documentation for 30 of the DOH inspections disclosed that the DOH had not identified any uncorrected violations or any new or additional violations. Additionally, our examination of Authority records disclosed that property management company personnel conducted daily inspections of common-use areas and identified issues, such as damaged fixtures and burned-out light bulbs.

According to Authority records, 128 units were vacant as of June 2023 pending necessary renovations. In response to our inquiries, property management personnel indicated that efforts to renovate vacant units will continue as funding becomes available, and that the \$2.5 million provided by the Palm Beach County Board of County Commissioners will be used to restore vacant units.

⁷ The rent increase was supported by a market study performed by a real estate appraiser.

Finding 4: Work Orders

Previously Reported

The Authority did not promptly and effectively record, track, and resolve tenant complaints.

We recommended that the Authority continue its efforts to enhance the work order system to ensure tenant requests are timely addressed.

Results of Follow-Up Procedures

The Authority partially corrected this finding. Our review of Authority records disclosed that an automated work order system was implemented in February 2020, and work order instructions were made available to tenants and property management company personnel. In addition, occupancy rules provided to each tenant were updated to include maintenance request and work-order procedures.

Tenants can report problems by telephone, in-person at the office located at each center, or by logging into the Authority's Web site and requesting assistance. The automated work order system records the complaint date, location, service issue, the technician assigned to the complaint, parts and labor time used to resolve the complaint, and work order completion date. However, the work order system does not distinguish between work orders originating from tenant complaints and those initiated to address violations identified during DOH and property management company inspections.

Our examination of 30 work orders selected from the 6,169 work orders⁸ reported as closed during the period October 2021 through June 2023 disclosed that 9 work orders for smoke alarms, window screen, exterior door handle, broken electrical outlet cover, damaged refrigerator, and air conditioner repairs or replacements, including two work orders classified as emergencies, were not closed until 15 to 100 days, an average of 48 days, after the work order creation dates. Although we requested, property management company personnel did not provide alternate records evidencing that the 9 work orders were completed at earlier dates than shown in the work order system records.

In response to our inquiries, property management company personnel indicated that their procedures require timely performance of maintenance work orders. Some work orders may not be promptly closed because, according to property management company personnel, although work orders resulting from DOH inspections are promptly completed, the work orders are not classified as completed in the work order system until the DOH reinspects and approves the work, which can take up to 6 weeks.

Although the Authority made significant improvements in addressing the tenant complaint resolution deficiencies disclosed in our report No. 2022-032, further efforts are needed to promptly resolve tenant requests and enhance tenant living conditions.

Recommendation: We recommend that the Authority continue its efforts to promptly complete work orders resulting from tenant complaints and inspections. In addition, so the Authority can better monitor the prompt completion of work orders, we recommend that the work order system

⁸ Because the work order system does not distinguish between work orders created to address tenant complaints and those created to address violations noted in DOH and property management company personnel inspections, we selected our test items from the population of work orders reported as closed in the work order system during the period October 2021 through June 2023.

be enhanced, or other records be maintained, to identify and track work orders that are complete but pending DOH approval.

Finding 5: Tenant Eligibility

Previously Reported

Policies and procedures for accurately calculating tenant applicant household income, prioritizing eligibility based on that income, and timely notifying applicants of their application status needed enhancement.

We recommended that the Authority:

- Continue efforts to improve the accuracy of household size and income information entered on the certification forms.
- Continue to provide for independent supervisory review of certification forms and establish policies and procedures to evidence those reviews.
- Establish waiting list prioritization policies and procedures that require prioritization of applicants based upon household income levels in accordance with USDA guidelines.
- Send notifications to applicants within 10 days of acceptance of a complete application and maintain an accurate record of the notifications.

Results of Follow-Up Procedures

The Authority partially corrected this finding. Guidelines in the USDA *Multi-Family Housing Asset Management Handbook* (USDA Handbook)⁹ provide that the Authority should use the income information on the tenant application to:

- Determine whether an applicant is eligible to reside in multi-family housing.
- Calculate the applicant's ability to pay rent.
- Determine the amount of rental assistance the applicant is eligible to receive.

In addition, the USDA Handbook guidelines require the Authority to notify applicants in writing within 10 calendar days of the application that they have been either selected for immediate occupancy, placed on a waiting list, or rejected. The guidelines also establish a priority order for selecting applicants from the waiting list based upon household size and household income. Specifically, very low-income applicants, determined using thresholds established in the guidelines, are highest priority, followed by low-income applicants, then moderate-income applicants.

The Authority established policies and procedures in a Management Plan (Plan) and a Management Agreement (Agreement) effective January 2020, for eligibility determination and certification form review. These documents require that site personnel be adequately trained and participate in any training and/or education to improve operations. The Plan requires property managers or occupational specialists to review and approve the new tenant application for eligibility forms, certification forms, and lease agreements. These documents also established policies and procedures for prioritizing applicants on the waiting list to provide additional assurance that eligible applicants receive housing in the priority order

⁹ USDA *Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraphs 6.9, 6.15, and 6.18.

established by USDA regulations. In addition to the establishment of policies and procedures in the Plan and Agreement, the Authority contracted with a vendor in June 2021 to review all applications and certification forms and compared household incomes to those in the USDA Handbook guidelines.

During the period October 2021 through March 2023, 98 tenants moved into Authority housing. Our review of Authority eligibility records for 30 of those tenants disclosed that the tenants met the eligibility requirements and that certification forms were independently reviewed by appropriate supervisory personnel. However, our testing also disclosed that 16 of the 30 new tenants were not notified in writing of their application status within the required 10-day time frame. Those 16 tenants were contacted between 31 and 413 days, an average of 150 days, after their application date. According to property management company personnel, the application status notification delays were caused by personnel oversight.

Absent timely written notification to all applicants within the required 10 calendar days, the Authority cannot demonstrate compliance with the USDA notification requirements.

Recommendation: We continue to recommend that the Authority send notifications to applicants within 10 calendar days of acceptance of a complete application and maintain an accurate record of the notifications.

Finding 6: Tenant Eligibility Recertification

Previously Reported

Authority records did not always demonstrate that tenants' eligibility was annually recertified or that recertification notices were timely sent to all tenants.

We recommended that the Authority continue efforts to ensure that tenant eligibility is recertified every year and that tenant files include evidence of notification and recertification documentation required by USDA guidelines.

Results of Follow-Up Procedures

The Authority corrected this finding. The USDA Handbook¹⁰ requires tenants to be recertified every year within 1 year of the certification date¹¹ to remain eligible to continue residing at the property and continue receiving the same amount of rental subsidy, if any. Tenants must be notified in writing at least 75 to 90 days prior to the date that their eligibility certification form expires. Additionally, executed tenant certification forms, recertification notices, and any supporting documentation are to be retained in the tenant's file for the longer of 3 years or until the next USDA monitoring visit or compliance review.

Our review of 30 of the 769 tenant recertifications completed by the Authority during the period October 2021 through March 2023 disclosed that the tenant recertification notices were sent at least 75 to 90 days prior to the certification expiration dates, and the Authority properly retained the recertification documents.

¹⁰ USDA Multi-Family Housing Asset Management Handbook HB-2—3560, Chapter 6, Paragraphs 6.11(B)(5) and 6.28.

¹¹ The certification expires 1 year from the effective date listed on the tenant certification form.

Finding 7: Required Tenant Communications

Previously Reported

Standard tenant lease agreements and occupancy rules provided to tenants lacked some required disclosures.

We recommended that the Authority update the occupancy rules to include office location and hours and information on how to access community and public transportation schedules.¹²

Results of Follow-Up Procedures

The Authority corrected this finding. Our review of Authority records disclosed that the property management company updated the occupancy rules in multiple languages to include the office location, office hours, emergency telephone numbers, and information on how to access community and public transportation schedules.

Finding 8: Severance Pay

Previously Reported

The Authority paid \$20,000 in severance pay to the former Maintenance Supervisor; however, contrary to State law,¹³ the payment was not authorized pursuant to an existing employment contract.

We recommended, in the event the Authority decides to hire employees in the future, policies and procedures be established to limit severance pay in accordance with State law. Such policies and procedures should:

- Prohibit severance pay unless the pay provided for in an employment contract or paid to settle an employment dispute and is limited to amounts specified in State law.
- Clearly define what constitutes an employment dispute and specify the types of records that should be prepared and maintained to support such disputes.
- Specify how the amount of severance pay is to be determined and that such determination must be documented.

Results of Follow-Up Procedures

The Authority had no occasion to correct this finding. As noted in report No. 2022-032, effective January 2020, the Authority retained a property management company to act as their management agent for the Okeechobee and Osceola Centers. Our examination of Authority records disclosed that, from that date through September 2023, the Authority had not employed any personnel.

¹² Our recommendation did not address the standard tenant lease agreement because, as noted in our report No. 2022-032, the Authority updated the agreement form in February 2020, prior to the issue of our report.

¹³ Section 215.425(4), Florida Statutes.

Finding 9: Tangible Personal Property

Previously Reported

The Authority had not established policies and procedures governing the acquisition, assignment, control, and use of tangible personal property (TPP).

We recommended that, to promote the proper accountability for and safeguarding of TPP, the Authority establish comprehensive policies and procedures for the acquisition, assignment, control, use, and disposition of TPP. Such policies and procedures should require:

- Annual, or more frequent, physical inventories of TPP, including comparison of the inventory results to the TPP records, reconciliation of any noted discrepancies, and thorough investigation of items not located.
- Periodic comparisons of schedules of insured property to TPP records.
- Prompt update of TPP records and insurance carrier notification, as appropriate, whenever TPP is acquired or disposed.

Results of Follow-Up Procedures

The Authority partially corrected this finding. According to the Authority's audited 2021-22 fiscal year financial statements,¹⁴ the acquisition cost of the Authority TPP¹⁵ totaled \$853,074 as of September 30, 2022. The Authority is responsible for maintaining complete and accurate records of TPP and establishing adequate internal controls over the acquisition and disposition of TPP. Additionally, to promote the proper accountability for and safeguarding of TPP, the Authority should complete a physical inventory of all TPP at least once each fiscal year. Upon completion of the physical inventory, inventory results should be compared to the property records, noted differences should be thoroughly investigated, and property records should be corrected, as appropriate. To verify that insurance coverage for TPP items remains appropriate, the property schedule provided to the insurance carrier should also be annually compared to the property records.

Each fiscal year, property management company personnel prepare a *Fixed Asset Detail* report that shows for each TPP item the date the item was placed into service, the original cost of the item, the current year's depreciation expense, the accumulated depreciation expense, and the current book value of the item (the item's original cost minus the accumulated depreciation expense).

Our examination of the September 30, 2022, *Fixed Asset Detail* report, the most recent report available at the time of our examination in August 2023, disclosed that the report did not include each TPP item's physical location; condition; custodian's name; manufacturer's serial number; method of acquisition, including the voucher and check number; or last inventory date. In addition, the Authority did not conduct annual inventories of TPP during the period October 2021 through August 2023. In response to our inquiries in June and August 2023, property management company personnel indicated that they did not conduct physical TPP inventories and that the Authority plans to increase the \$1,000 TPP capitalization

¹⁴ The 2021-22 fiscal year financial audit report was the most recent audit report available at the time of our audit fieldwork.

¹⁵ Per the notes to the Authority's 2021-22 fiscal year audited financial statements, TPP includes machinery, equipment, and vehicles.

threshold so that no significant amounts of TPP will be required to be recorded in the Authority's accounting records.

According to the September 30, 2022, *Fixed Asset Detail* report, the Authority had 12 vehicles with acquisition costs totaling \$274,904, or 32 percent of the \$853,074 total acquisition cost of the Authority's TPP as of that date. We compared the values in the *Fixed Asset Detail* report to the Authority's 2022-23 fiscal year vehicle insurance policy schedule of values and performed other audit procedures and found that, at the time of our comparison in September 2023:

- Two vehicles listed as insured property in the vehicle insurance policy were not included in the *Fixed Asset Detail* report.
- One vehicle sold in April 2020 was incorrectly still listed in the *Fixed Asset Detail* report. The vehicle was properly excluded from the vehicle insurance policy.

Periodic TPP inventories and reconciliations of Authority TPP records to insured property schedules would have detected these errors. Absent policies and procedures governing the acquisition, assignment, control, use, and disposition of TPP, there is an increased risk that Authority records will not accurately reflect the TPP owned and its value. Consequently, TPP may be lost, misappropriated, or inappropriately used.

Subsequently, in September 2023, the Authority adopted a policy,¹⁶ retroactively effective as of October 2022. The new policy increased the capitalization threshold from \$1,000 to \$5,000 and required that all capital assets be periodically inventoried.

Recommendation: To promote the proper accountability for and safeguarding of TPP, the Authority should enhance its TPP policies and procedures to require:

- **Periodic comparisons of schedules of insured property to TPP records.**
- **Prompt update of TPP records and insurance carrier notification, as appropriate, whenever TPP is acquired or disposed.**

In addition, we recommend that the Authority conduct annual, or more frequent, physical inventories of TPP as required by its policy. Such inventories should include a comparison of the inventory results to the TPP records, reconciliation of any noted discrepancies, and thorough investigation of items not located.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an operational audit of the Belle Glade Housing Authority and issued our report No. 2022-032 in October 2021. Pursuant to Section 11.45(2)(j), Florida Statutes, the objective of this audit was to perform, no later than 18 months after the release of that report, appropriate follow-up procedures to determine the Authority's progress in addressing the findings and recommendations contained within report No. 2022-032.

We conducted this follow-up audit from May 2023 through September 2023 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

¹⁶ *Fixed Asset Policy*.

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.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the follow-up audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The overall objective of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period October 2021 through March 2023, and selected Authority actions taken prior and subsequent thereto. Our follow-up audit included the examination of pertinent Authority records and transactions, inquiry of Authority personnel, observation of procedures in practice, and additional follow-up procedures as appropriate. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

In conducting our audit, we:

- Reviewed applicable laws, rules, Authority policies and procedures, and other guidelines, and interviewed the Authority's property management company personnel to obtain an understanding of Authority responsibilities and processes and to determine whether the authority had established effective policies and procedures for major property management functions.
- Examined the Authority's October 2021 and October 2022 improvement plans to determine whether they adequately addressed the United States Department of Agriculture's (USDA's) July 2019 notice of noncompliance.
- Examined the Authority's capital budget and capital needs assessments (CNAs) to determine if capital needs and related financing options were adequately identified.
- Determined whether the Authority performed studies of housing rental rates by comparing the rental rates established by the Authority to housing rental rates for similar properties and evaluated whether rental rates were adequate to provide the Authority with sufficient resources to perform all necessary capital improvements.

- Evaluated the adequacy of the Authority’s process for resolving deficiencies noted in migrant housing inspections conducted by the Florida Department of Health (DOH), the USDA, and property management company personnel.
- Reviewed the January 2020 management plan and interviewed property management company personnel to evaluate the adequacy of procedures for conducting required migrant housing inspections.
- Examined 30 of the 129 total inspection reports for inspections conducted during the period January 2021 through July 2023 at the Okeechobee and Osceola Centers by DOH and property management company personnel to determine whether corrective actions were promptly taken for concerns identified during previous inspections.
- Reviewed Authority records and inquired of property management company personnel to determine how the Authority received, tracked, and resolved tenant complaints and related work orders during the audit period.
- From the 6,169 work orders created during the audit period, examined 30 selected work orders to determine whether the work orders were tracked from initial receipt to resolution, were not for a reoccurring issue, were timely resolved, or, if the problem related to a capital improvement need, the issue was documented for capital planning purposes.
- Examined documentation for 30 tenants to determine if the Authority determined eligibility in accordance with the USDA *Multi-Family Housing Asset Management Handbook* (USDA Handbook) project occupancy requirements.
- Reviewed the management plans in effect during the audit period to determine whether the Authority had established adequate tenant eligibility certification and recertification procedures for Authority properties.
- Examined documentation for 30 of the 769 tenants who occupied Authority-managed housing for more than a year to determine whether the Authority complied with the USDA Handbook annual recertification requirements, including the requirement to provide recertification notices to tenants 75 to 90 days prior to the certification expiration dates.
- Examined the Authority’s occupancy rules provided to tenants to determine whether they disclosed office location, office hours, emergency telephone numbers, and access to community and public transportation schedules, as required by the USDA Handbook.
- Reviewed Authority records and verified that the Authority had not employed any personnel during since January 2020.
- Examined Authority records and inquired of property management company personnel to determine whether the Authority implemented policies and procedures to ensure the proper acquisition, assignment, control, use, and disposition of tangible personal property (TPP).
- Inquired of property management company personnel to determine whether the Authority conducted periodic physical inventories of Authority tangible personal property and reconciled the results to the property records.
- Compared the schedule of vehicles in the Authority’s 2022-23 fiscal year vehicle insurance policy to the vehicles recorded in the Authority’s property records to determine whether all vehicles were insured and whether the Authority was insuring vehicles that it no longer owned.
- Examined records associated with 5 TPP items costing \$6,670 selected from the 206 items costing \$117,833 acquired by the Authority during the audit period and compared those records to Authority TPP records to determine whether the TPP records were updated for the TPP additions.

- Inquired of property management company personnel to determine whether the Authority entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report, and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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November 22, 2023

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Subject: Response to preliminary and tentative follow up audit findings

Ms. Norman,

We are in receipt of the preliminary and tentative findings resulting from your follow-up audit of the Belle Glade Housing Authority. Management and the Belle Glade Housing Authority (BGHA) Board of Directors have reviewed the status of the findings, recommendations, and response.

We are pleased that the follow up audit is a "good report" and reflects the considerable progress made by the BGHA over the past three years. As noted in the findings, the BGHA with the assistance of management has secured a commitment of \$2.5 million from the Palm Beach County Board of County Commissioners, \$8 million grant, and \$2.7 million loan from the USDA RD. These funds will be used to continue to make improvements to enhance the properties and services provided to our residents.

The BGHA will continue to work with the USDA RD, Health Department, Palm Beach County, City of Belle Glade, and other stakeholders to enhance Okeechobee and Osceola Centers. Our response to the findings and recommendations are noted seriatim on the following pages.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Weeks".

Stephen Weeks, Chairman
Belle Glade Housing Authority

"This institution is an equal opportunity provider, and employer."

As discussed during the exit conference, we take exception to the paraphrasing of management responses which do not accurately represent our positions. Responses to partially corrected findings are noted below.

Finding 2: Capital Outlay Planning and Reserves: USDA RD regulations state that "A Capital Needs Assessment (CNA) is a systematic assessment to determine a property's physical capital needs over the next 20 years based upon the observed current physical conditions of a property. The CNA report provides a year-by-year estimate of capital replacement costs over this 20-year period for use by the property owner and USDA Rural Development (RD) personnel in planning the reserve account for replacements and other funding to cover these costs. Note: RD will use the CNA report as a key source of information about expected capital needs at the property and the timing of these needs. However, the CNA report is only an estimate of these needs and their timing. It should not be viewed as the formal schedule for actual replacement of capital items. Replacement of capital items should occur when components reach the end of their actual useful life, which may occur earlier or later than estimated in the CNA report."

The above USDA RD regulation was explained to the state auditors on numerous occasions. USDA RD approves all budgets including capital improvements and approves all CNA's. The CNA is a tool to identify potential capital needs for the sizing of the reserves, financing, refinancing, and budgetary purposes. It is not directly tied to the budget, as replacement of capital items occur when components reach the end of their actual useful life and funds are available.

As noted, the BGHA with the assistance of management has secured a commitment of \$2.5 million from the Palm Beach County Board of County Commissioners in September 2022 and an \$8 million grant and \$2.7 million loan from the USDA in April 2023. These funds will be used to upgrade the property, including many items listed in the CNA as well as other improvements to enhance the properties and services provided.

Finding 4: Work Orders:

Work orders resulting from annual DOH inspections are promptly completed but are not closed out until the DOH reinspects and approves the work, which can take up to 6 weeks. Routine work orders are promptly addressed. The BGHA will continue to streamline the work order process and address concerns.

Finding 5: Tenant Eligibility:

BGHA applications are complete when accepted as applicants come to the office and discuss the accurate completion of their application with staff who speak, English, Creole, and Spanish. Also, applicants are notified in writing when the waiting list is being updated.

Applicants are notified in writing if in fact they are not responding to phone calls and or messages regarding the availability of a unit. Ineligible applicants are notified in writing of the denial within 10 days after the application is processed.

We will follow the recommendation and send written notifications to applicants within 10 calendar days of acceptance of a complete application and maintain an accurate record of the notifications.

Finding 9: Tangible Personal Property:

We will follow recommendation and make any adjustments. However, please note that the BGHA auditor reviewed the discrepancies with the vehicles and stated, "this will literally have a \$0 impact to the audit and is not material to the financial statements and footnotes as a whole."