

BELLE GLADE HOUSING AUTHORITY

Administration and Management of
Residential Migrant Housing



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 2018 through January 2020:

Stephen Weeks, Chairman
Fritz Stein III, Commissioner through 1-20-20^a
Vice-Chairman from 1-21-20
Julio Sanchez, Vice-Chairman through 12-31-19^a
Horace Harris, Commissioner
Robert Hooker, Commissioner
George Burch, Commissioner
Paul Hall, Commissioner through 10-17-18^b
Johnnie Prince, Commissioner from 12-18-18^b

^a Vice-Chairman position vacant 1-1-20, through 1-20-20;
Commissioner position vacant 1-21-20, through 4-20-20.

^b Commissioner position vacant 10-18-18, through 12-17-18.

Alan Sullivan served as Executive Director through December 2019. 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 Stefanie Johnson, CPA, and the audit was supervised by Derek H. Noonan, CPA.

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

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

BELLE GLADE HOUSING AUTHORITY

Administration and Management of Residential Migrant Housing

SUMMARY

This operational audit of the Belle Glade Housing Authority (Authority) focused on selected processes and administrative activities. Our operational audit disclosed the following:

Finding 1: The United States Department of Agriculture and the Florida Department of Health cited significant health and safety violations at the Authority's migrant housing complexes because the Authority did not properly maintain the complexes, and the Authority did not promptly and effectively remedy those violations.

Finding 2: Effective policies and procedures had not been established for identifying and responding to housing complex capital needs.

Finding 3: The Authority did not perform daily and annual housing inspections to ensure safe and satisfactory living conditions.

Finding 4: The Authority did not promptly and effectively record, track, and resolve tenant complaints.

Finding 5: Policies and procedures for accurately calculating tenant applicant household income, prioritizing eligibility based on that income, and timely notifying applicants of their application status need enhancement.

Finding 6: Authority records did not always demonstrate that tenants' eligibility was annually recertified or that recertification notices were timely sent to all tenants.

Finding 7: Standard tenant lease agreements and occupancy rules provided to tenants lacked some required disclosures.

Finding 8: The Authority paid \$20,000 in severance pay to the former Maintenance Supervisor; however, contrary to State law, the payment was not authorized pursuant to an existing employment contract.

Finding 9: The Authority had not established policies and procedures governing the acquisition, assignment, control, and use of tangible personal property.

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

¹ Resolution No. 623, City of Belle Glade.

² Section 421.04, Florida Statutes.

Commission. In addition, the Authority programs and housing complexes are subject to oversight and monitoring by Federal and State agencies.

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 *MFH Asset Management Handbook*.

In addition, 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 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

As discussed in the **BACKGROUND** section of this report, the United States Department of Agriculture (USDA) and the Florida Department of Health (DOH) monitor the Belle Glade Housing Authority (Authority) housing program and conduct periodic inspections of the housing complexes. Our examination of inspection reports and other Authority records for the period October 2018 through January 2020 disclosed significant health and safety violations. Specifically:

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

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.

- In a letter⁶ dated July 29, 2019, the USDA recapped meetings with the Authority that discussed USDA inspections disclosing an “unacceptable level of deferred maintenance of the property” at the Okeechobee and Osceola housing complexes. The letter indicated that, during the June 11, 2018, meeting, the USDA identified concerns about the ongoing deferred maintenance and poor physical condition of the property, as well as vacant units that were not ready for occupation despite ample funds available in the Authority’s reserve account⁷ and a significant waiting list of approved eligible tenants. Federal regulations⁸ provide that upon receiving notice of compliance violations, the Authority must submit to the USDA revisions to the management plan establishing the changes in housing operations that will be made to restore compliance. The letter indicated that the Authority “must submit an extensive written plan by August 14, 2019, with specific actions and timeframes” to correct listed concerns.

The Authority responded to the USDA in a letter dated August 13, 2019, proposing corrective actions for some violations;⁹ however, the letter did not address all violations.¹⁰ In September 2019, USDA personnel met with Authority personnel to “assess progress and management capability” and visited the housing complexes to evaluate their physical condition. The USDA summarized the results of this visit in another letter dated October 15, 2019, indicating that the Authority’s August 13, 2019, response was “not sufficient” and the Authority had “clearly demonstrated that it was unable to make the needed improvements” and strongly recommending that an independent, third-party property management company be engaged. Consequently, the Authority terminated the employment of all its employees as of December 31, 2019, and contracted with a third-party property management company, effective January 1, 2020, to manage the Authority’s migrant housing complexes.

From October 2018 to October 2019, the DOH issued 20 inspection reports with unsatisfactory ratings describing the results of inspections for multiple units. The inspections identified safety and health concerns constituting noncompliance with DOH rules,¹¹ including abandoned appliances, vermin infestation, and mold-like substances. Our examination of 10 of the 20 inspection reports disclosed that DOH follow-up inspections resulted in 6 of the 10 reports receiving subsequent ratings of satisfactory. The DOH conducted at least one follow-up inspection prior to December 2019 for the remaining 4 unsatisfactory reports, and the inspection received an unsatisfactory rating. As a result of the Authority not promptly correcting noted violations, on August 20, 2020, the DOH filed a *Notice of Activities Conducted Without or In Violation of a Required License/Permit*. Following discussions with the DOH, the Authority signed a settlement agreement with the DOH on December 18, 2020, whereby the Authority agreed to:

- Pay \$9,000 to settle outstanding citations and administrative costs for violations.¹²
- Invest no less than \$500,000 over the next 12 months (through December 18, 2021).

⁶ The letter noted that USDA and Authority personnel met on June 24, 2015, July 13, 2016, June 21, 2017, June 11, 2018, and August 18, 2018, to discuss concerns associated with USDA inspections but did not disclose the inspection dates.

⁷ Title 7, Section 3560.306, Code of Federal Regulations, *Reserve Account*, requires the Authority to maintain a reserve account. The reserve account is primarily used to meet major capital expense needs, such as replacing roofs, replacing windows, and adding new kitchen and bathroom fixtures.

⁸ Title 7, Section 3560.102(d)(1), Code of Federal Regulations, *Housing Project Management, Direct Multi-Family Housing Loans and Grants*.

⁹ Corrective actions included spreading fill dirt, developing a list of units that needed to be repainted, and updating the lease agreement to include some of the changes noted by the USDA’s July 29, 2019, letter.

¹⁰ Examples of violations not addressed included actions to address the poor physical condition inside the units, rehabilitation of all vacant units (approximately 45), and correction of the DOH violations cited, such as vermin infestation, mold, and abandoned appliances.

¹¹ DOH Rule 64E-14, Florida Administrative Code.

¹² The Authority signed the settlement agreement and paid the fine on December 16, 2020.

- Remedy the remaining violations no later than September 30, 2021. Any violations not corrected by that date would result in the DOH fining the Authority up to \$500 per day until the outstanding violations are corrected.

Failure to timely correct deficiencies identified by the USDA and the DOH impair the Authority's ability to fulfill its mission of providing decent, safe, and sanitary housing for low income, elderly, or disabled farm workers in the City of Belle Glade.

As discussed in Findings 2, 3, and 4, deficiencies in the Authority's capital outlay planning, housing complex inspections, and work order tracking systems may have contributed to the health and safety concerns identified by the USDA and the DOH. In response to our inquiries, property management company personnel indicated that they were working to resolve the deficiencies identified by the USDA and the DOH and are simultaneously addressing routine and preventative maintenance and educating tenants on the proper care of their homes and surrounding area.

In May 2021, property management company personnel indicated, and provided some photographic evidence, that certain corrective measures had been taken, such as road resurfacing, smoke detector installations, and contracting with vendors to provide routine lawn and vegetation care and pest control. Recent DOH inspection reports also confirmed the correction of some noted deficiencies. However, as of May 2021, other inspection violations, such as electrical upgrades and kitchen and bathroom cabinet replacements, continued but, according to property management company personnel, were planned for correction before the DOH September 30, 2021, deadline.

Recommendation: The Authority should continue efforts to promptly resolve the health and safety violations and other deficiencies noted in the USDA and DOH inspections and notifications.

Finding 2: Capital Outlay Planning and Reserves

USDA regulations¹³ and the USDA Handbook¹⁴ require borrowers to maintain housing projects in compliance with local, state, and Federal laws and regulations to provide affordable, decent, safe, and sanitary housing. The two most common planning tools used by the Authority to plan for major capital expenses are the annual capital expense budget (capital budget) and the capital needs assessment (CNA).

USDA regulations¹⁵ require the capital budget to include anticipated expenses for the long-term capital needs of the housing project to assure adequate maintenance and replacement of capital items. The capital budget is to identify major maintenance, replacement, and accessibility needs during the annual budget cycle and specify whether the capital expenses will be paid from operating revenues or from the reserve account funded by contributions from operating funds. The objective of the budget is to help the Authority properly manage reserve account resources and address the housing complexes' capital needs.

The CNA is a USDA-designed standard form used for capital planning purposes. The CNA includes the estimated useful lives of housing complex items (e.g., electrical systems, building structure, and

¹³ Title 7, Section 3560.103, Code of Federal Regulations, *Maintaining Housing Projects*.

¹⁴ *USDA Multi-Family Housing Asset Management Handbook*.

¹⁵ Title 7, Section-3560.103(c), Code of Federal Regulations.

appliances), the current condition of those items, whether any actions are needed to keep those items in good working condition, the estimated costs of any such actions, the duration in years to carry out such actions, and which calendar years¹⁶ in the subsequent 20-year period any required actions should be completed.

Our discussions with property management company personnel and review of Authority CNA records supporting the 2018-19 fiscal year capital budget disclosed that, although 45 roofs were replaced at a cost of \$345,251 during that fiscal year, the Authority’s CNA included expenses for several projected capital needs items, other than roof replacements, that the Authority did not include in the 2018-19 fiscal year budget or complete. Capital needs omitted from the budget or not completed were for items such as lighting replacements in tenant spaces and electric switch replacements with estimated costs of \$593,648 and \$568,496, respectively.

In addition, our examination of Authority financial statements disclosed, as summarized in Table 1, that the Authority had ample reserve account balances to address additional significant capital needs.

Table 1
Reserve Account (in Millions)
For the 2017-18 and 2018-19 Fiscal Years

	2017-18	2018-19
Beginning Reserve Account Balance	\$3,149,883	\$2,889,540
Additions During the Year	18,534	15,429
Withdrawals Made During the Year	278,877	345,251
Ending Reserve Account Balance	<u>\$2,889,540</u>	<u>\$2,559,718</u>

Source: Authority’s audited 2018-19 fiscal year financial statements.

According to the 2017-18 and 2018-19 fiscal year audit reports, although the Authority had reserve account balances of \$2.9 million and \$2.6 million at the end of the 2017-18 and 2018-19 fiscal years, respectively, the Authority incurred operating losses of \$448,302 and \$404,016, respectively, for those fiscal years. Therefore, operating funds were not available to fund capital needs. In response to our inquiries, property management company personnel indicated that the Authority did not use the reserves to finance capital needs because the Board understood from the former Executive Director and legal counsel that there had to be a minimum balance in the maintenance reserve. Once the property management company was hired to manage the housing complexes, reserves were used for capital improvements with USDA approval.

According to Authority records, a contributing factor for the operating losses may have been that the Authority had not raised housing complex rental rates since October 2013. Having rental rates that are comparable to area market rates for comparable properties would have provided additional operating resources for the Authority to address unmet capital needs identified in the CNA.

In response to our inquiries, property management company personnel indicated that they did not know why, under the Authority’s previous management, rents had not been increased since October 2013.

¹⁶ The instructions for the CNA indicate that a year is a calendar year even though the Authority operates on an October to September fiscal year.

However, they indicated that, during October 2018 through January 2020, the USDA did not encourage increases in rental rates, which led to rental rates being much lower than market rates. In January 2020, the property management company obtained an appraisal on another property they manage that is located near the Authority housing complexes and rental rates for seven additional comparable property rentals. Based upon the appraisal and rental rates obtained, and to help fund the maintenance and repairs of the units, the Authority increased monthly rental rates for the 2020-21 fiscal year by \$134 for each apartment.¹⁷

The Authority's failure to budget and spend reserve account moneys for identified CNA items and lack of periodic rent adjustments based on comparisons to rental rates of comparable area properties impaired the Authority's ability to properly maintain the housing complexes and may have contributed to some of the deficiencies discussed in Finding 1.

Recommendation: The Authority should continue efforts to meet the capital needs identified in the CNA and should use established reserves as necessary. In addition, the Authority should 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.

Finding 3: Daily and Annual Housing Inspections

Pursuant to DOH rules,¹⁸ the Authority is to inspect daily the grounds and common-use areas¹⁹ relating to the operation of each facility and ensure that each is maintained in a clean, satisfactory operating condition and kept in good repair. In addition, the management plan in effect through December 2019 indicated that the Authority will conduct routine inspections of the units at least annually by onsite maintenance staff. The purpose of the inspection is to check for outstanding maintenance items, ensure the units comply with DOH rules by providing satisfactory living conditions, and provide appropriate monitoring of completed work orders.

Although we requested, the Authority did not provide us with documentation evidencing that the Authority conducted the common-use area inspections required by DOH rules during the period October 2018 through January 2020. While the Authority provided us records demonstrating that some inspections were performed when tenants moved in and out of units, the Authority did not provide records to evidence that annual inspections were performed as required by the management plan.

In response to our inquiries, property management company personnel indicated that they had no knowledge regarding the Authority's inspection procedures and records retention practices prior to being engaged in January 2020. Consequently, it was not possible to determine whether Authority personnel conducted inspections but misplaced the documentation evidencing such inspections or whether inspections were not conducted.

¹⁷ For example, the Authority increased monthly rental rates for studio apartments from \$230 to \$364 and for four-bedroom apartments from \$442 to \$576.

¹⁸ DOH Rule 64E-14.021(3), Florida Administrative Code, *Responsibility of Operator and Owners*.

¹⁹ Defined in rule to include toilets, showers, laundries, mess halls, dormitories, and any facilities relating to the operation of the facility.

The property management company submitted an updated management plan with an effective date of January 1, 2020, which included routine inspections as a priority. However, due to the COVID-19 pandemic, routine inspections were not performed. According to property management company personnel, units were renovated as they became vacant, and tenants were moved into the renovated units. Of the 714 rental units as of April 2021, many units needing renovation were occupied, and the property management company had fully renovated and made available 81 of those units. Also, as of that date, property management company personnel indicated that they planned to implement a preventative maintenance program, including daily inspections of common areas.

The lack of daily common-use area inspections and annual housing inspections likely contributed to the significant health and safety violations discussed in Finding 1.

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

Finding 4: Work Orders

According to State law,²⁰ the landlord at all times during the tenancy is to comply with the requirements of applicable building, housing, and health codes. Where there are no such codes, the landlord is to maintain the roofs, windows, doors, floors, steps, porches, exterior walls, foundations, and all other structural components in good repair and capable of resisting normal forces and loads and the plumbing in reasonable working condition. The standard tenant lease agreement used by the Authority provides that, as the landlord, the Authority agrees to maintain in good and safe working order and condition, the electrical, plumbing, sanitary, ventilating, and other facilities required to be supplied by the Landlord.

Our discussion with property management company personnel and review of Authority records for the period October 2018 through January 2020 disclosed that the Authority did not have an effective system to receive, track, and resolve tenant requests for repairs and maintenance. According to property management company personnel, prior to January 2020, Authority personnel manually logged tenant repair and maintenance requests in a telephone message book by noting the date and time of the call, the tenant's address, and a brief description of the requested repair or maintenance. After the request was logged, a maintenance worker prepared a hand-written work order and assigned a non-sequential work order number. Upon completion of the work orders, the maintenance worker located the request in the telephone message book and drew a line through the request to indicate that the request was resolved.

Because the requests logged in the telephone message book were not assigned tracking numbers that could be traced to the written work orders, determining whether a work order was completed necessitated a manual search of the telephone message book and comparison with multiple work orders. As part of our audit, we examined the 52-page telephone message book (each page contains four telephone messages) for the month of October 2018 to determine whether a work order had been completed. We noted that several telephone message book entries were illegible or did not contain a complete address.

²⁰ Section 83.51(1), Florida Statutes.

Consequently, Authority records were not sufficient to demonstrate that work orders had been established or completed for each tenant repair and maintenance request.

We selected ten of the legible October 2018 telephone message book entries and compared them to the work order statistics report, which showed a summary of work orders by unit number, to determine if there was a related work order for each request entry. Our comparison disclosed that work orders were not created for three of the ten request entries.²¹ Consequently, Authority records did not demonstrate that work orders were created related to these three requests or otherwise demonstrate that the issues were resolved. For the seven requests with work orders created, the number of days that elapsed from the tenant request to completion of the work order averaged 5 days and ranged from 0 to 20 days.

In addition, the Authority's management plan did not specify a time frame for the resolution of tenant requests. In response to our inquiries in April 2021, property management company personnel stated that they do not know whether the Authority had established work order time frames prior to the Authority retaining the property management company. Establishing time frames for the resolution of requests would help the Authority prioritize and promptly resolve requests and better ensure that the units are maintained in good, safe, working order and condition as required by the tenant leases and State law.²²

In February 2020, the property management company implemented a new work order system, whereby tenant requests are automatically assigned a work order number and are tracked from tenant request to resolution. Tenant requests are entered into the work order system either directly by the tenant online or by property management company personnel, and the system automatically creates a work order. The work order is open until completed, and the system is capable of generating reports of open and closed work orders. In addition, the property management company established time frames for the resolution of requests. According to property management company personnel, minor requests reported before noon are resolved the same day, minor requests reported after noon are resolved no later than the following day, and work orders deemed to be emergencies are completed the same day.

To determine whether the work order changes implemented in February 2020 resulted in timely resolution of tenant requests, we examined Authority records for 531 resident requests received during the period February 2020 through August 2020. Our examination of the Closed Requests Summary Report (as of August 1, 2020) and the Open Requests Summary Report (as of August 5, 2020) disclosed that 262 of the 531 work orders had been completed, and the other 269 work orders remained open (i.e., not fully completed).

In response to our inquiries, property management company personnel indicated that many work orders were not correctly closed in the system; consequently, many of the items listed as open were really closed. Property management company personnel also indicated that, to protect the safety of workers and tenants during the COVID-19 pandemic, maintenance workers were prohibited from entering tenant units except for emergency work orders during the period March 2020 through September 2020. Therefore, some work orders could not be closed. After September 2020, the property management

²¹ The complaints were for inoperative air conditioning, a foam crack in the air conditioning condenser, and a leaking kitchen sink.

²² Section 83.51(1), Florida Statutes, requires the Authority to comply with the requirements of applicable building, housing, and health codes.

company's maintenance workers began completing non-emergency work orders initiated during the period March 2020 through September 2020. In addition, property management company personnel indicated that, starting in September 2020, they started prioritizing and addressing the most urgent items first and are diligently working with the USDA and the DOH to make all required improvements.

In April 2021, we evaluated the status of 13 of the 269 work orders listed as open as of August 5, 2020, and examined 12 of the 262 work orders listed as closed as of August 1, 2020, to determine whether the work orders had been timely closed. We noted that:

- As of April 2021, 3 of the open work orders dated in March and April 2020 still had not been completed. According to property management company personnel, 2 of the open work orders remained open because they were considered to be low priority. In response to our inquiries regarding prioritization of work orders, property management company personnel indicated that various factors are considered when prioritizing work orders and that they were consulting with the Authority, the DOH, and the USDA in determining a prioritization approach.
- The 12 closed work orders had all been completed no later than 3 days of being requested, most within 1 day after the work order was created.

Recommendation: The Authority should continue its efforts to enhance the work order system to ensure tenant requests are timely addressed.

Finding 5: Tenant Eligibility

Guidelines in the USDA Handbook²³ 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 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.

To determine eligibility, Authority personnel obtained and reviewed various documents (e.g., household income records and Federal tax forms) to determine household size and income. During the period October 2018 through December 2019, Authority personnel used an eligibility software application²⁴ to determine eligibility and prepare tenant certification forms, which Authority personnel printed and signed. The certification was effective for 1 year from the effective date listed on the certification unless the tenant's household size or income changed.

²³ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraphs 6.9, 6.15, and 6.18.

²⁴ In January 2020, the property management company implemented new eligibility software to prepare the tenant certification.

We requested, and the Authority provided, a listing of tenants at the beginning (week starting on October 6, 2018) and toward the end (week starting on December 21, 2019) of the audit period.²⁵ From these two lists each totaling approximately 700 tenants, we selected and examined Authority records for 30 tenants to determine whether the Authority provided housing to income-eligible occupants and properly calculated the amounts of rental subsidies and tenant contributions. We found income calculation errors for 3 tenants. Specifically:

- Authority personnel entered a tenant's previous employment income of \$27,319 on the certification form rather than his current retirement income of \$19,159, according to a letter from the United States Social Security Administration included in the tenant's file. Based upon USDA eligibility guidelines, the incorrect higher household income amount entered on the certification form did not result in a lower level of rent assistance for the applicant.
- For 2 tenants, the number of household members was reported incorrectly. The amount of household income is adjusted based upon the number of household members, and the adjusted annual income is used to determine eligibility.
 - For 1 tenant, an adjustment of \$2,400 was used instead of an appropriate \$1,920, resulting in household income being understated by \$480. In addition, Authority personnel made a math error in calculating household income, resulting in an overstatement of \$291. The net effect of the two errors was \$189 of underreported adjusted household income. However, the results of these two errors did not impact the tenant's eligibility or rent subsidy benefits.
 - For the other tenant, a child aged 19, who had graduated high school, was considered to be a dependent for certification purposes. According to USDA guidelines, to qualify as a household member dependent, a child over 18 years old who has graduated high school must be a full-time college student. Authority records did not contain documentation evidencing that the child was a full-time college student or that Authority personnel had attempted to contact the tenant for clarification. As a result, it appears the tenant's household income was understated by \$480. However, neither the tenant's eligibility nor the amount of rental subsidy benefits was affected based upon the child being included or excluded as part of the household.

Although the three income calculation errors we found did not impact tenant eligibility or rent subsidy benefits, when household size and household income are not calculated correctly, the risk increases that an ineligible applicant may be approved as a tenant or that the tenant's rent subsidy benefits may be too high or too low.

Additionally, our review of the 30 certification forms associated with the tenant documentation examined disclosed that the certification forms lacked evidence of supervisory review, which may have contributed to the noted errors. The standard USDA certification form includes a place for the applicant and preparer to sign the form but does not require a reviewer's signature.

In response to our inquiries, property management company personnel indicated that they did not know, prior to January 2020, whether someone other than the certification form preparer had independently reviewed the form because the form did not include a reviewer signature line and an independent review

²⁵ The Authority's software used prior to January 2020 was no longer active as of the beginning of the audit; consequently, the property management company could not generate tenant listings by unit using the software. The only reports available were periodically printed hardcopy documents on file at the Authority's administrative office. Given these limitations, the Authority was not able to provide to us a complete population of tenants who occupied the units during the period October 2018 through December 2019.

was not otherwise documented. Property management company personnel also indicated, however, that the USDA conducts occupancy, wage matching, and tenant file reviews. In February 2020, the property management company's occupancy specialists began preparing the certification forms and the company's assistant managers began reviewing certification forms for accuracy.

Our review of Authority records and discussions with property management company personnel also disclosed that, prior to the property management company being engaged in January 2020, the Authority had not established procedures for prioritizing applicants on the waiting list. According to property management company personnel, Authority personnel would review the waiting list, which included the income level of each applicant, and arbitrarily determine which applicants had higher priority. Effective policies and procedures for prioritizing applicants on the waiting list would provide additional assurance that eligible applicants receive housing in the priority order established by USDA regulations. According to property management company personnel, the eligibility software implemented in January 2020, automatically creates a waiting list, prioritizes the applicants based on income level priority, and assigns a waiting list number so that lower income applicants receive priority of service. As of June 11, 2021, the waiting list included 69 eligible applicants.

Furthermore, our review of Authority records disclosed that the Authority lacked policies and procedures for notifying applicants within 10 days of receipt of a tenant's completed application, as required by USDA guidelines.²⁶ During our examination of tenant eligibility records, we noted that Authority records did not demonstrate that Authority personnel notified the applicant within the required 10-day time frame. Notifying applicants of their application status within 10 days would allow the applicant to make alternate living arrangements if not selected for immediate occupancy and documenting the notifications would evidence the Authority's notification process and compliance with USDA guidelines. According to property management company personnel, the management plan implemented subsequent to our audit period provides for notification of applicants within 10 days of acceptance of a complete application to communicate that the applicants are selected for immediate occupancy, placed on a waiting list, or rejected.

Recommendation: The Authority should:

- **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.**

²⁶ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraph 6.18.

Finding 6: Tenant Eligibility Recertification

Guidelines in the USDA Handbook²⁷ require tenants to be recertified every year within 1 year of the certification date²⁸ to remain eligible to continue residing at the property and continue receiving the same amount of rental subsidy, if any. The guidelines require the Authority to send written notification to the tenants at least 75 to 90 days prior to the date that their eligibility certification form expires. The notification is required to provide the tenant with a recertification appointment date and provide a list of documents (e.g., pre recertification form, financial statement form, and bank statements) that the tenants must complete and bring to the appointment. If the Authority does not receive a response to the first written notification, USDA guidelines²⁹ require the Authority to issue a second letter 30 days prior to the date the 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.

Although we requested, the Authority did not provide documentation evidencing that tenant recertification notices were sent 75 to 90 days prior to the certification expiration dates during the period October 2018 through January 2020. According to property management company personnel, the Authority used the Authority's software to track tenant recertifications during that period; however, property management company personnel were unaware how Authority personnel documented the notices sent and verified recertifications as correctly prepared. In response to our inquiries in March 2021, property management company personnel indicated that they believed the Authority sent recertification notices and filed them in a box; however, the box could not be located.

To determine whether the Authority properly prepared and sent tenant recertification notices, we selected for examination records for the same 30 tenants selected for our eligibility testing discussed in Finding 5. From those records, we identified 7 tenants who had been living in the housing complexes for longer than a year, and thus were required to be recertified. However, property management company personnel could not locate the recertification documents for 1 of the 7 tenants. Absent such documentation, Authority records did not evidence that the tenant was recertified as eligible for continued occupancy at the same level of rental assistance. Subsequent to our inquiry, the tenant whose documents could not be located was found to be eligible for housing and recertified in June 2020.

According to property management company personnel, a new property management application was implemented in February 2020 to track the recertification process and, from February 2020 through April 2021, about 50 of the approximately 700 tenants moved out upon being contacted for recertification or were determined to be ineligible for tenancy.

Failure to timely recertify tenants and document the recertification process may result in ineligible tenants occupying housing for which they no longer qualify, thereby preventing occupancy by an eligible applicant on the waiting list. Additionally, the amount of rent subsidy may no longer be correct for some eligible tenants.

²⁷ *USDA Multi-Family Housing Asset Management Handbook* HB-2—3560, Chapter 6, Paragraphs 6.11(B)(5) and 6.28.

²⁸ The certification expires 1 year from the effective date listed on the tenant certification form.

²⁹ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraphs 6.28 A.1.

Recommendation: The Authority should 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.

Finding 7: Required Tenant Communications

Pursuant to guidelines in the USDA Handbook,³⁰ the Authority must establish occupancy rules. Occupancy rules are the basis for the tenant and management relationship and are to be attached to each tenant's lease upon initial occupancy and posted in a central location so that tenants may easily access the information. The occupancy rules must address basic items and information, such as maintenance requests, work-order procedures, office locations and hours, emergency telephone numbers, and access to community and public transportation schedules.

USDA guidelines³¹ also require the Authority to provide leases in additional languages to tenants in areas with a concentration of non-English speaking tenants. The lease must also contain specific provisions and clauses such as:

- A requirement that tenants agree to income certification.
- A requirement that tenants notify the Authority regarding changes in income, citizenship, or number of persons living in the unit.
- For handicapped-accessible units occupied by those not needing its special features, a statement that the Authority has made a temporary unit assignment, and specify who bears the cost of moving the tenant to another unit. Additionally, the lease clause must require the Authority to provide the tenant with written notification that the tenant is required to move within 30 days of notification because an eligible applicant with disabilities requires the unit.

Our examination of the Authority's standard tenant lease agreement in effect as of December 2019 disclosed:

- The leases were only available in English even though the housing complexes are located in an area with a concentration of non-English speaking tenants.³²
- The lease section containing information regarding handicapped-accessible unit eligibility did not include the required statement that the Authority shall notify the tenant in writing in the event that they must move to another available unit within 30 days of notification if an eligible applicant with disabilities requires the unit.

According to property management company personnel, the USDA approved the standard tenant lease agreement. However, notwithstanding the USDA approval, by not including all the lease provision and clause requirements, tenants may not clearly understand their rights and duties pursuant to the lease. Subsequently, in February 2020, the Authority's standard tenant lease agreement was updated to include a statement that program information is available in languages other than English and the required clause for handicapped-accessible units occupied by tenants not needing the units' special features.

³⁰ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraph 6.15.

³¹ *USDA Multi-Family Housing Asset Management Handbook* HB-2—3560, Chapter 6, Paragraph 6.25, Attachment 6-E and 6-F.

³² According to property management company personnel, most of the tenants speak either Spanish or Haitian Creole. According to the 2010 Census data, 47 percent of the population of the City of Belle Glade speak a language other than English.

Additionally, our review of the occupancy rules provided to tenants and in effect as of December 2019 disclosed the following items were not addressed:

- Maintenance requests and work-order procedures.
- Office hours.
- Access to community and public transportation schedules.

These items are important, for example, to inform tenants about available transportation options and how to report maintenance issues.

Subsequently, in February 2020, the property management company updated the occupancy rules to include maintenance request and work-order procedures but did not include the office location, office hours, emergency telephone numbers, and access to community and public transportation schedules. In response to our inquiries, property management company personnel indicated that the tenants are well aware of all contact information and the information is posted on the office door, tenant portal on the Web site, social media, and in newsletters. Tenants are also provided magnets with this information. Regarding the transportation schedules, property management company personnel indicated that such notification is unnecessary because buses make several daily stops at both housing complexes. Notwithstanding this response, USDA guidelines provide that the occupancy rules include office location, office hours, emergency telephone numbers, and methods to obtain community and public transportation schedules.

Recommendation: The Authority should update the occupancy rules to include office location and hours and information on how to access community and public transportation schedules.

Finding 8: Severance Pay

Pursuant to State law,³³ on or after July 1, 2011, a special district³⁴ that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an officer, agent, employee, or contractor must also include a provision that precludes the severance pay from exceeding an amount greater than 20 weeks of compensation. An officer, agent, employee, or contractor may receive severance pay that is not provided for in a contract or employment agreement if the severance pay represents the settlement of an employment dispute and does not exceed an amount greater than 6 weeks of compensation. State law does not create an entitlement to severance pay in the absence of specific prior authorization.

As part of our audit, we requested for examination Authority records supporting all severance payments during the period October 2018 through January 2020. According to responses to our inquiries and records provided, during that period, the Authority made severance payments of \$101,192 and \$20,000 to the Executive Director and Maintenance Supervisor, respectively. The two individuals separated from Authority employment on December 31, 2019, and received their severance payments in January 2020.

³³ Section 215.425(4), Florida Statutes.

³⁴ The Authority is classified as a special district on the Official List of Special Districts maintained by the Florida Department of Economic Opportunity in accordance with Section 189.061(1)(a), Florida Statutes.

The Executive Director's severance payment was made in accordance with the Authority-established employment contract with the Executive Director, which originated in 2005 and established the basis for his severance pay calculation and payment. Because the Executive Director's contract predated the statutory requirements, the severance pay was not subject to those requirements.

The Authority had not established a contract with the Maintenance Supervisor and, although we requested, Authority records were not provided to demonstrate how the Board determined the severance payment amount, which represented 14 weeks of compensation. In addition, according to the December 26, 2019, Board minutes, the Maintenance Supervisor's severance pay was approved by the Board for his 24 years of service, and there was no indication of an employment dispute. Without a contract establishing the basis for severance pay or evidence of an employment dispute settlement, Authority records did not demonstrate that the \$20,000 severance payment complied with State law.

In response to our inquiries, property management company personnel indicated that they were unaware whether the Authority had policies or procedures in place in December 2019 when the Board authorized the Maintenance Supervisor's severance pay. Absent such policies and procedures, there is an increased risk that the amount of any future severance payments will violate the limits in State law.

Recommendation: In the event the Authority decides to hire employees in the future, policies and procedures should 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.**

Finding 9: Tangible Personal Property

According to the Authority's 2018-19 fiscal year financial audit report,³⁵ the acquisition cost of the Authority's tangible personal property (TPP)³⁶ totaled \$611,020 as of September 30, 2019. 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.

³⁵ The 2018-19 fiscal year financial audit report was the most recent audit report available as of April 2021.

³⁶ As reported in the Authority's 2018-19 fiscal year financial audit report, TPP includes machinery, equipment, and fixtures.

Our examination of Authority TPP records and discussions with property management company personnel disclosed that controls over TPP could be enhanced. Specifically, we found that:

- As of April 2021, the Authority had not established policies and procedures governing the acquisition, assignment, control, and use of TPP, including policies and procedures that require periodic physical inventories and reconciliation of the inventory results to the property records. Upon inquiry, property management company personnel indicated that the Authority relied on the financial statement auditor to assist the Authority or property management company personnel, as applicable,³⁷ in the annual updating of property records as part of the financial statement audit. Each fiscal year, the financial statement auditor prepared a report titled, *Book Asset Detail*, that showed 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).
- The 2018-19 fiscal year *Book Asset Detail* report used to account for the Authority's TPP did not include each TPP item's physical location; item condition; custodian's name; manufacturer's serial number; method of acquisition, including the voucher and check number; or the date the item was last inventoried.
- The Authority did not conduct annual inventories of TPP during the period October 2018 through January 2020. Upon inquiry, property management company personnel indicated that the Authority did not conduct physical inventories due to Authority staff assisting the financial auditor each fiscal year in preparing the *Book Asset Detail* report.

Absent policies and procedures governing the acquisition, assignment, control, use, and disposition of TPP, there is an increased risk Authority records will not accurately reflect the TPP owned and its value. Consequently, TPP may be lost, misappropriated, or inappropriately used.

According to the *Book Asset Detail* report, as of September 30, 2019, the acquisition cost of 15 vehicles totaled \$343,633, or 56 percent of the \$611,020 total acquisition cost of the Authority's TPP as of that date. To evaluate the propriety of the number of vehicles in the *Book Asset Detail* report, we compared the vehicles listed in the report to the vehicle schedule provided by the Authority to their insurance carrier for the 2019-20 fiscal year vehicle insurance policy. Our comparison disclosed that 5 vehicles were included in the vehicle schedule provided to the insurance carrier that were not included in the *Book Asset Detail* report. Specifically, we noted that:

- 3 vehicles costing \$54,345 were listed in the *Book Asset Detail* report as disposed of during the 2018-19 fiscal year. Because the *Book Asset Detail* report was not prepared until after the 2018-19 fiscal year concluded, and after the insurance policy went into effect on October 1, 2019, the schedule provided to the Authority's insurance carrier included vehicles the Authority no longer owned as of October 1, 2019.
- 2 vehicles costing \$46,148 were sold by the Authority during the 2016-17 fiscal year.

Other Authority records also evidenced the vehicle sales; consequently, the Authority continued to insure 5 vehicles that it no longer owned. The lack of effective policies and procedures requiring the Authority to report vehicle disposals to the insurance carrier and periodically reconcile the schedule provided to the insurance carrier to the property records may have contributed to the lack of timely updates of vehicle insurance coverages. The property management company provided us with a schedule of vehicles that

³⁷ From October 1, 2018, through December 31, 2019, the Authority had employees. Subsequent to December 31, 2019, the Authority terminated all employees and property management company employees assumed administrative responsibilities.

was updated in March 2020 and provided to the insurance carrier, and the updated schedule did not include the 5 vehicles we identified as no longer owned by the Authority.

Recommendation: To promote the proper accountability for and safeguarding of TPP, the Authority should 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.**

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations. Pursuant to Section 11.45(2)(j), Florida Statutes, the Legislative Auditing Committee, at its November 14, 2019, meeting, directed us to conduct this operational audit of the Belle Glade Housing Authority.

We conducted this operational audit from March 2020 through June 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus 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 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's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records for the period October 2018 through January 2020 and selected transactions taken prior and subsequent thereto. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically 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.

An audit by its nature, does not include a review of all records and actions of Authority management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Authority policies and procedures, and other guidelines, and interviewed Authority personnel to obtain an understanding of Authority processes.
- Examined Authority records to determine if severance payments totaling \$121,192 during the audit period made to two employees complied with Section 215.425(4), Florida Statutes.
- Examined Authority accounting records to determine whether the records provide for separate accountability for restricted capital outlay resources.
- Examined records associated with roofing repairs totaling \$345,251 during the 2018-19 fiscal year to determine compliance with Section 287.055, Florida Statutes; Authority policies and procedures; and contract terms and conditions.
- Examined Authority records and inquired of property management company personnel to determine whether the Authority implemented procedures to ensure the proper acquisition, assignment, control, use, and disposition of tangible personal property.
- 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 2019-20 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 the Authority's capital budget and capital needs assessment (CNA) to determine if capital needs and related financing options were adequately identified.

- Evaluated whether the capital budget and CNA included elements required by Department of Health (DOH) Rule 64E-14.007, Florida Administrative Code, which includes requirements for buildings and structures of migrant labor camps and residential migrant housing.
- 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 tenants to determine if the Authority determined eligibility in accordance with the *USDA's Asset Management Handbook's* project occupancy requirements.
- Examined occupancy rules provided to the tenants to determine whether the rules included all items required by the *USDA's Asset Management Handbook*.
- Examined the standard lease agreement to determine compliance with the Code of Federal Regulations and the *USDA's Asset Management Handbook* lease requirements.
- Examined documentation for 7 tenants who occupied Authority-managed housing for more than a year to determine whether the Authority complied with the annual recertification requirements in the *USDA's Asset Management Handbook*.
- 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 period October 2018 through June 2021.
- Examined records for 10 tenant complaints from the month of October 2018 to determine whether work orders were established and completed to resolve the complaints.
- From the 531 work orders created during the period February 2020 through August 2020, examined 25 work orders to determine whether the work orders complied with the Authority's new procedures implemented in February 2020. We also examined an additional 8 work orders from the same period to determine whether the work orders did not represent repairs or maintenance that should have been resolved by a prior work order for the same issue at the same unit.
- Sent surveys to 20 tenants in February 2021 to determine if the tenants knew where to submit complaints, and, if they had submitted complaints, whether the complaints had been timely and satisfactorily resolved.
- Evaluated the reasonableness of migrant housing rental rates by comparing the rental rates established by the Authority in February 2020 to housing rental rates for similar properties as of January 2020.
- Evaluated whether rental rates were adequate to provide the Authority with sufficient resources to perform all necessary capital improvements.
- Examined the Authority's August 2019 and December 2019 improvement plans to address the USDA's July 2019 notice of noncompliance to determine if the plans addressed the items noted by the USDA during inspection.
- Evaluated the Authority's process for resolving deficiencies noted in migrant housing inspections conducted by the DOH, the USDA, and Authority personnel.
- Examined Authority records to determine whether the Authority had taken appropriate actions to address concerns noted in the USDA's August 2019 notice of noncompliance. For example, we examined the Authority's standard tenant lease agreement revised in February 2020 to determine whether the agreement reflected the required changes outlined in the USDA's August 2019 notice of noncompliance.
- From the population of 20 unsatisfactory DOH initial inspections during the period October 2018 through October 2019, selected and examined 10 related follow-up DOH inspections to determine whether the Authority adequately monitored and corrected the findings.

- Reviewed the December 2019 management plan and interviewed Authority management to evaluate the adequacy of procedures for conducting required inspections.
- Reviewed 15 inspection reports prepared by Authority personnel during the period April 2018 through December 2019 to determine whether the Authority performed routine inspections to ensure safe conditions and standards were met at the Authority's two housing complexes.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



1204 N W AVENUE L TERRACE BELLE GLADE, FL. 33430-0577
TELEPHONE (561) 996-2140 FAX (561) 996-9503

October 19, 2021

Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Subject: Response to preliminary and tentative audit findings

Ms. Norman,

We are in receipt of the 9 preliminary and tentative audit findings and recommendations and have discussed them during the exit conference. They have also been reviewed in detail by the Belle Glade Housing Authority (BGHA) Board of Directors.

As noted in the findings, the BGHA hired an experienced third-party property management company to manage the day-to-day operations of Okeechobee Center and Osceola Center effective January 1, 2020. Since hiring the management company, we have made considerable progress in addressing the concerns of the Health Department, USDA and greatly improved the quality of service provided to our residents by ensuring that routine and preventative maintenance procedures are followed, and corrective measures are taken to eradicate all noted deficiencies. We will continue to strive to bring these properties into full compliance and diligently respond to the ongoing needs of our residents.

Over the course of the past several months, the BGHA and management company has worked closely with the Health Department and USDA, RD to develop viable plans that address immediate concerns. The short-term plan is to place emphasis on turning "make ready units" to include, kitchen cabinets, bathrooms, flooring, prepping / painting, appliances, adding necessary fill to remediate deficient soils conditions and improving entrance pathways.

We will continue to work with USDA, the State, and other stakeholders to establish the appropriate financing structure with a dedicated funding source sufficient to address the immediate and projected ongoing capital needs of the

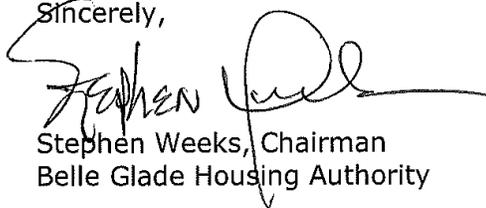
"This institution is an equal opportunity provider, and employer."

Project. Toward that end, the BGHA will be making application to secure funding from the USDA Section 514/516 Off Farm Labor Housing "Repair NOSA" anticipated to be announced in December 2021. An award of funding under the USDA program of up to eight million dollars (\$8,000,000) in loans and grants would facilitate a substantial portion of the funds required to meet the longer- term physical needs and 504 requirements and extend the expected useful life by upgrading Okeechobee Center and Osceola Center to full preservation standard.

We would add that all progress to date has been made despite a global pandemic that has been plagued with shutdowns, sickness, deaths, lack of materials and supplies, and many other challenges which continue. The BGHA is committed to providing decent, safe, and sanitary housing to farm workers. And believes that the preservation and regeneration of this vital affordable housing resource is essential to the farm worker community to which it serves.

Our response to the findings and recommendations are noted seriatim on the following pages.

Sincerely,



Stephen Weeks, Chairman
Belle Glade Housing Authority

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

Finding 1: As noted in the cover letter, The Belle Glade Housing Authority (BGHA) is continuing efforts to promptly resolve the health and safety violations and other deficiencies noted in the USDA and DOH inspections and notifications. Management is working closely with USDA and the DOH. The DOH continues to inspect units routinely and the USDA RD and BGHA have agreed on a Servicing Work Out Plan (SWOP) to address all deficiencies both immediate and long term.

Both agencies are aware that it will take a considerable outlay of funds to address noted deficiencies. Toward that end, the BGHA will be making application to secure funding from the USDA Section 514/516 Off Farm Labor Housing "Repair NOSA" anticipated to be announced in December 2021. An award of funding under the repair program of up to eight million dollars (\$8,000,000) in loans and grants, would facilitate a substantial portion of the funds required to meet the longer- term physical needs and 504 requirements and extend the expected useful life by upgrading Okeechobee Center and Osceola Center to full preservation standard.

Our progress to date since hiring our property management company has been significant.

Finding 2:

Effective January 2020, the new Management Agent with the cooperation of the BGHA Board and USDA RD began to address outstanding Health and Safety deficiencies at the Project while simultaneously addressing routine and preventative maintenance as well as educating residents on the proper care of their homes and surrounding area.

With BGHA Board and USDA approval, the Agent developed an Action Plan to address the immediate deficiencies cited by the Health Department and USDA. The Action Plan included a budget for specific improvement projects identified below as currently completed or in progress. It was agreed that the cost of these immediate improvements would be funded from the reserves and over funded escrow accounts that were immediately available sources:

RESPONSE TO STATE OPERATIONAL AUDIT OF THE BELLE GLADE HOUSING AUTHORITY

IMPROVEMENTS	COSTS	STATUS
Import soil and rock- backfill, regrade, and correct harborage	\$ 375,000	On-going
Make ready vacant units with required electrical upgrades to each unit	\$ 202,500	On-going
Provide, obstacle free walkways	\$ 183,629	On-going
Needed Street repaving and improvements	\$ 731,545	Complete
Kitchen / Bathroom cabinets	\$ 283,629	On-going
Roofing (45 buildings)	\$ 290,080	Complete
Tree Trimming	\$ 125,000	Complete
Exterior Painting of all buildings	\$ 350,000	In progress
New Property Signs (2)	\$ 20,000	Complete
Speed Bumps	\$ 45,000	Complete
Total	\$ 2,606,383	

As a continuation of this plan the approved Capital Improvements reflected in the 9/30/2021 FYE budget included fill, make ready units, roofing, cabinets and rangehoods totaling \$882,200. This budget constructed at the time, fell within the feasible limits of a reasonable rent increase and operating expense projections. The 9/30/22 FYE budget included the continuation of these same capital improvements and addressing the physical needs identified in the Capital Needs Assessment (CNA).

The BGHA has worked with management and USDA to enhance the desirability of the properties and increase the rents accordingly. In addition to the \$134 rent increase effective 10/1/2021, the approved budget effective 10/1/2022 included a \$70 across the board rent increase. Generally, USDA RD rents have been lower than HUD and Fair Market Rents. However, the BGHA and other borrowers are beginning to raise rents so that the rents are not significantly lower, and the properties can be adequately maintained. The following chart reflects the \$70 across the board rent increase in comparison to previous, new and HUD rents. The \$70 across-the-board increase was tolerable and did not cause excessive move outs.

Size	Previous Rent	New Rent	Difference	HUD Rents
0-Bedroom	\$ 364	\$ 434	\$ 70	\$ 580
1-Bedroom	\$ 429	\$ 499	\$ 70	\$ 730
2-Bedroom	\$ 476	\$ 546	\$ 70	\$ 900
3-Bedroom	\$ 541	\$ 611	\$ 70	\$ 1,250
4-Bedroom	\$ 576	\$ 646	\$ 70	\$ 1,470

Finding 3:

Okeechobee Center and Osceola Center are Section 514/516 Farm Labor Housing dwelling units through the United States Department of Agriculture (USDA), Rural Development, a federal program that provides affordable loans and grants to purchase, construct, or repair housing for America's farmworkers.

Both properties consist of 454 one story buildings containing efficiencies, one, two, three- and four-bedroom units. Both properties are residential communities and with the change in management, each property has an on-site office and dedicated on site staff, consisting of managers, administrative personnel, maintenance technicians and grounds persons. Staff work exclusively on assigned property locations providing administrative, maintenance and policing grounds daily. Job descriptions are shown as exhibits in the approved management plan which show the duties of each employee. Outlined below are specific duties of grounds keepers who are assigned to each property and police the grounds every day, all day:

GROUNDS KEEPER

DUTIES: Assist in the maintenance of the grounds and ensure that all trash is removed daily Reports to Maintenance Supervisor and or Lead Technician. Duties include but not necessarily limited to:

- Police grounds daily to ensure all trash is removed
- Report all areas of concern to supervisor
- Operating equipment
- Operating power mower, tractors, and small trucks
- Maintain clothes lines / poles
- Adjusting hand and power mowers
- Assist with maintaining grounds
- Other duties as assigned

The properties are inspected daily and as noted in number 2 above, vacate units are being renovated ("make ready units").

Finding 4:

Management is continuing to prioritize work orders and address noted concerns.

Finding 5:

The management agent has and continues to provide training of the on-site staff both in house and via third-party. Several employees have attained the National Center for Housing Management (NCHM's) Certified Occupancy Specialist (COS) accreditation designation, to ensure core competency in rent calculation, eligibility, verification, recertification, tenant screening, and Fair Housing.

In addition, management now uses the third-party services of Windsor Compliance through the property management software RealPage which reviews all recertifications and move ins prior to execution.

Management will continue to select residents on the waiting list in accordance with USDA regulations, applicable waivers and agreements and send notifications to applicants within 10 days of acceptance of a complete application and maintain an accurate record of the notifications.

Finding 6:

See number 5 above. Management will 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.

Finding 7:

The BGHA Application Packets given to all applicants and available on the BGHA Website and each property website contains all required information including office location, hours, and information on how to access community and public transportation schedules. The cover letter for the application

packet provides all necessary information and directs applicants to the BGHA website at www.bellegladeha.com. The Community Outreach tab provides a wealth of information including a link to all public transportation and schedules: <https://www.palmtran.org/>. The following language has also been added to the first page of the House Rules and posted on the website:

Visit our website at www.bellegladeha.com. Click on the Community Outreach Tab to obtain information regarding the following:

City of Belle Glade
U.S. Department of Agriculture
Families First of Palm Beach County
Be Well Palm Beach County
Palm Beach County
Palm Beach County Sheriff's Office
Palm Beach County Fire Rescue
Palm Tran Public Transportation
Palm Beach County Water Utilities
Solid Waste Authority
FPL

Finding 8:

Noted. However, the BGHA no longer has employees.

Finding 9:

Noted. Will follow recommendation.