FISCAL AUDIT

COMMISSION ON HUMAN RELATIONS HOUSING AND URBAN DEVELOPMENT FAIR HOUSING PROGRAM (HUD-FHP) TRUST FUND

Report by the
Office of City Controller

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MICHAEL E. LAMB CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

June 28, 2016

To the Honorable: Mayor William Peduto and
Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this Fiscal Review of the **HUD-FHP Trust Fund,** conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The Housing and Urban Development Fair Housing Program (HUD-FHP) Trust Fund was established in 1984 via Resolution #724 to account for grants received from the U.S. Department of Housing and Urban Development (HUD) under the Fair Housing Assistance Program (FHAP). The program awards annual grants to eligible organizations for the enforcement of fair housing regulations prohibiting housing discrimination under the Fair Housing Act of 1968 *(the Civil Rights Act-Title VIII)* that was amended in 1988. The FHAP grant is awarded to the City under specific terms and conditions outlined in a Cooperative Agreement with HUD. The City is also required to comply with all applicable laws and regulations. Funds deposited into the trust fund are used to supplement the operating expenses of the Pittsburgh Commission on Human Relations.

We performed certain procedures to determine whether the trust fund is properly accounted for and administered in accordance with Resolution #724 by evaluating the effectiveness and efficiency of its operations and related internal controls.

Our procedures did not disclose any instance of noncompliance or deficiency relating to the fund's operations or related internal controls, however, we recommend CHR consider modifying Resolution #724 to change the name of the trust fund to conform with the one used by HUD. This recommendation is explained further in the Result section of this report. We appreciate the assistance and patience of the staff involved with the administration of the fund.

Sincerely,

Michael E. Lamb
City Controller

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INTRODUCTION

This fiscal review of the **HUD-Fair Housing Program Trust Fund** was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

Our procedures were conducted pursuant to Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter and covered the period January 1, 2013, through December 31, 2014

The objective of these procedures is to determine if the fund is properly accounted for and administered in accordance with Resolution #724. In order to achieve our objective, we interviewed the Interim Director to gain an understanding of the fund's processes and related internal controls. We also examined supporting documentations relating to expenditures charged to the fund. Additionally we:

- Summarized grants received and expenses charged to the fund for the period reviewed.
- Applied procedures to a sample of expenses to determine if properly supported.
- Reconciled the Commission grant and expense records to the City's accounting system.
- Reviewed most recent HUD performance reports.

Our procedures were limited to the above objective and did not entail a full audit of the CHR or its compliance with the terms of the Cooperative agreement or HUD's fair housing laws and regulations.

BACKGROUND

The Housing and Urban Development Fair Housing Program (HUD-FHP) Trust Fund was established in 1984 via Resolution #724 to account for grants received from the U.S. Department of Housing and Urban Development (HUD) under the Fair Housing Assistance Program (FHAP). The program awards annual grants to eligible organizations for the enforcement of fair housing regulations prohibiting housing discrimination under the Fair Housing Act of 1968 (*the Civil Rights Act-Title VIII*) that was amended in 1988. The FHAP grant is awarded to the City under specific terms and conditions outlined in a Cooperative Agreement with HUD. The City is also required to comply with all applicable laws and regulations. Funds deposited into the trust fund are used to supplement the operating expenses of the Pittsburgh Commission on Human Relations.

The Pittsburgh Commission on Human Relations (CHR) was established as an independent agency to enforce[1] the City's anti-discrimination policies under the Pittsburgh City Codes Article V, Chapters 651 through 659. The CHR is governed by a Board of Commissioners consisting of fifteen members (Commissioners) appointed by the Mayor of Pittsburgh to four-year terms. The Commissioners serve without pay, are independent and meet the first Monday of each month. In addition, the Commission employs a Director, Administrative Assistant, Outreach Coordinator, Clerical Specialist and 3 Investigators.

The CHR is organized into two sections; the Compliance Review and Public Hearing. Commissioners are assigned to sections by the Chairperson and are not permitted to serve in both sections at the same time. The Compliance Review Section reviews and approves or disapproves case determinations of whether probable causes exist regarding a filed complaint via a majority vote. The Public Hearing Section conducts public hearings on cases decided by the Compliance Section. Decisions reached by the Commission (orders) are fully enforceable, and may be appealed in the Allegheny County Court of Common Pleas.

Complaints are required to be filed in writing and documented on a formal complaint form; however proceedings may be initiated by a phone call or in person. Complaints must be filed within one year from the date of the alleged discrimination act. All complaints received are required to be processed in accordance with HUD standards known as "*Criteria for Processing (Criteria")*. In addition, HUD requires agencies to submit complaint-related documents and other relevant data via its electronic system; the "*Title VIII Automated Paperless Office Tracking System*" (TEAPOTS).

Periodic on-site performance assessments/reviews are conducted to determine CHR compliance with the established criteria and performance standards including requirements set forth in the Cooperative Agreement. A performance assessment relevant to our review period was conducted on May 20, 2014, for the period July 1, 2011 to June 30, 2013.

[1] Other functions include community education and outreach programs for schools, community groups, businesses, professional organizations and City departments.

Quarterly expenditure reports on all activities performed under the Cooperative Agreement are required to be submitted to a designated HUD representative showing activities data such as case status, training details, education and outreach activities etc. Grant funds for eligible expenditures incurred are received on a reimbursement basis through the "*Electronic Line of Credit Control System*" (*eLOCCS*). Reimbursements are generally received for complaint processing[2], training, and administrative costs. In addition partnership funds[3] are also available for utilizing services from parties with expertise. Additional funds may be available for other categories.

A total of $242,211 in HUD grant was received by the HUD-FHP TF during the period January 1, 2013, to December 31, 2014, as indicated below:

Table I: The Commission on Human Relations (HUD-FHP)
Trust Fund Grants
For the Period January 1, 2013, through December 31, 2014

Year	Amount
2013	$ 136,703
2014	105,508
Total	**$ 242,211**

A total of $128,336 CHR expenses were paid out of the fund during the same period as detailed below:

Table II: The Commission on Human Relations HUD-FHP
Trust Fund Expenditures
For the Period January 1, 2013, through December 31, 2014

Category	2014	2013	Total
Salaries	$ 42,094	$ 37,599	$ 79,693
Travel/Training	12,591	-	12,591
Professional and Technical	4,156	2,830	6,986
Other-Research/Study	-	25,669[4]	25,669
Supplies	1,653	708	2,361
Machinery and Equipment	1,035	-	1,035
Total	**$ 61,529**	**$ 66,806**	**$ 128,335**

[2] Based on established standards by which HUD determines whether complaints fall under the Fair Housing Act.

[3] Specific for utilizing services of individuals and/or, public, private, for-profit, or not-for-profit organizations that have the expertise needed to carry out the provisions of the fair housing law and also assist with post-cause enforcement of fair housing complaints, plus assist with education projects that could have a regional and national impact.

[4] Disbursement made to University of Pittsburgh Center for Metropolitan Studies for *"Barriers to Housing"* study.

RESULT

Our procedures did not disclose any instance of non-compliance or deficiency relating to internal controls over the administration of the fund. We noted however that the resolution establishing the fund identifies the trust fund as the *Housing and Urban Development Fair Housing Program (HUD-FHP)*, while the contract with the Department of Housing and Development including other documentation/ records refers to the program as *Housing and Urban Development – Fair Housing Assistance Program(HUD-FHAP)*. While this may not appear critical, for consistency and clarity, we recommend CHR propose that City Council update Resolution #724 by modifying the trust fund name to be consistent with the name utilized on the contract with HUD.