

Mississippi River. The Sector Lower Mississippi River Commanding Officer has the authority, responsibility and missions of the prior Group Commander, Captain of the Port (COTP), Officer in Charge, Marine Inspection (OCMI), Federal On Scene Coordinator (FOSC), Federal Maritime Security Coordinator (FMSC), and Search and Rescue Mission Coordinator (SMC) Lower Mississippi River. The Coast Guard has established a continuity of operations whereby all previous practices and procedures will remain in effect until superseded by an authorized Coast Guard official and/or document.

DATES: This change is effective July 8, 2005.

ADDRESSES: Documents indicated in this preamble as being available in the docket are part of docket CGD08-05-037 and are available for inspection or copying at Commander (rpl), Eighth Coast Guard District, 500 Poydras Street, New Orleans, Louisiana 70130-3310 between 7:30 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Lieutenant Michael Roschel, Eighth District Planning Office at 504-589-6293.

SUPPLEMENTARY INFORMATION:

Discussion of Notice

Sector Lower Mississippi River is located at #2 Auction Avenue, Memphis, Tennessee 38105 and contains a single Command Center. Sector Lower Mississippi River is composed of a Response Department, Prevention Department, and Logistics Department. Effective July 8, 2005, Group Lower Mississippi River and Marine Safety Office Memphis no longer exist as organizational entities. Sector Lower Mississippi River is responsible for all Coast Guard Missions in the following zone: "The boundary of Sector Lower Mississippi River is comprised of Oklahoma; all of Arkansas except for Boone, Marion, Baxter, and Fulton Counties; in Tennessee: Shelby, Fayette, Hardeman, Tipton, Haywood, Lauderdale, Crockett, and Dyer Counties, and all of Lake County, with the exception of the portion of the Mississippi River which borders that part of New Madrid County, Missouri, lying east of 89° 30'W longitude (including the area known as Winchester Towhead); in Missouri: Pemiscot County, and those portions of Dunklin and New Madrid Counties south of a line drawn eastward from the southeast corner of Butler County to the

westernmost point of intersection of the Missouri, Kentucky, and Tennessee borders at the lower Mississippi River (Mile 882.7). In Mississippi: DeSoto, Marshall, Benton, Tippah, Tunica, Tate, Coahoma, Quitman, Panola, Lafayette, Union, Pontotoc, Lee, Bolivar, Washington, Sunflower, Tallahatchie, Leflore, Yalobusha, Grenada, Calhoun and Chickasaw Counties."

Sector Lower Mississippi River's zone will be modified in the future upon the stand-up of adjoining sectors. Notice will be published in the **Federal Register**.

The Sector Lower Mississippi River Commander is vested with all the rights, responsibilities, duties, and authority of a Group Commander and Commanding Officer Marine Safety Office, as provided for in Coast Guard regulations, and is the successor in command to the Commanding Officers of Group Lower Mississippi River and Marine Safety Office Memphis. The Sector Lower Mississippi River Commander is designated: (a) Captain of the Port (COTP) for the Lower Mississippi River COTP zone; (b) Federal Maritime Security Coordinator (FMSC); (c) Federal On Scene Coordinator (FOSC) for the Lower Mississippi River COTP zone, consistent with the National Contingency Plan; (d) Officer in Charge of Marine Inspection (OCMI) for the Lower Mississippi River Marine Inspection Zone and, (e) Search and Rescue Mission Coordinator (SMC). The Deputy Sector Commander is designated alternate COTP, FMSC, FOSC, SMC and Acting OCMI. A continuity of operations order has been issued ensuring that all previous Group Lower Mississippi River and Marine Safety Office Memphis practices and procedures will remain in effect until superseded by Commander, Sector Lower Mississippi River. This continuity of operations order addresses existing COTP regulations, orders, directives and policies.

The following information is a list of updated command titles, addresses and points of contact to facilitate requests from the public and assist with entry into security or safety zones:

Name: Sector Lower Mississippi River.

Address: Commander, U.S. Coast Guard Sector Lower Mississippi River, #2 Auction Avenue, Memphis, Tennessee 38105.

Contact: General Number, (901) 544-3912, Sector Commander: Commander David Stalfort; Deputy Sector Commander: Lieutenant Commander Jerry Davenport.

Dated: June 13, 2005.

R.F. Duncan,

Rear Admiral, U.S. Coast Guard, Commander, Eighth Coast Guard District.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4892-N-02]

OIG Fraud Alert: Bulletin on Detecting and Preventing Embezzlement by Section 8 Fund Handlers

AGENCY: Office of the Inspector General, HUD.

ACTION: Notice.

SUMMARY: This **Federal Register** notice provides important information recently issued by HUD's Office of the Inspector General (OIG) on a recurring national problem in the embezzlement of Section 8 funds by housing authority (HA) officials empowered to issue Section 8 vouchers (checks) on behalf of low-income renters.

FOR FURTHER INFORMATION CONTACT: Bryan P. Saddler, Counsel to the Inspector General, Office of Legal Counsel Office of Inspector General, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 8260, Washington, DC 20410-4500, telephone (202) 708-1613 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

HUD's OIG is established by law to provide independent and objective reporting to the Secretary, the Congress, and the American people through its audit and investigative activities. OIG works to promote the integrity, efficiency and effectiveness of HUD programs and operations to assist the Department in meeting its mission. OIG is charged specifically with combating waste, fraud, and abuse in the administration of HUD programs and operations.

Consistent with this charge, Section II of this notice presents OIG's recently issued bulletin on detecting and preventing embezzlement of local HA checks.

II. Fraud Information Bulletin: Detecting and Preventing Embezzlement by Section 8 Fund handlers

Purpose

This Bulletin highlights a recurring national problem in the embezzlement of Section 8 funds by HA officials empowered to issue Section 8 vouchers (checks) on behalf of low-income renters.

Background

OIG's mission is to provide policy direction for HUD and to conduct, supervise, and coordinate audits, investigations, and other activities for the purpose of promoting economy and efficiency in the administration of the programs and operations of HUD and preventing and detecting fraud and abuse in such programs. HUD administers federal aid to local HAs that own and operate housing for low-income residents at rents they can afford. During the course of audits and investigations of, and relating to, HAs, OIG has discovered multiple instances of HA officials abusing Section 8 vouchers for personal gain. Examples of these schemes follow.

Examples

In Newark, NJ, a former official with the Housing Authority for the City of Perth Amboy (HACPA) pled guilty to four counts of theft from a program receiving government funds. The official administered Section 8 funds for HACPA, including issuing vouchers to landlords on behalf of Section 8 recipients. While serving in this capacity, the official forged the signatures of various landlords on Section 8 vouchers and endorsed the checks over to herself. The official then deposited the funds into her personal account. Over several years, the official managed to embezzle \$407,603 of Section 8 funds in this manner, which she spent on jewelry, clothes, travel, and other personal expenses.

In Boston, MA, a former official with the Avon Housing Authority (AHA) was indicted on multiple bribery counts. The official, who administered Section 8 funds for the AHA, solicited and received bribes from Section 8 applicants. In exchange for these bribes, the official would issue vouchers to the applicants, some of whom would not otherwise be eligible to receive them or would normally wait longer to receive them. The official exceeded the AHA's number of allowed vouchers by over 90, for a total value of approximately \$1.3 million, causing the AHA to pay nearly \$50,000 per month it did not have. As a result, the AHA was forced to

terminate more than 90 eligible families from the Section 8 program.

What Happens

In each case, a particular HA official possesses primary responsibility for issuing Section 8 vouchers. Although other HA personnel may technically be required to play a role in authorizing such vouchers, the official in question acts independently to a large degree. Exploiting this independence, the official mishandles the Section 8 funds in some way, such as by fraudulently endorsing vouchers and keeping the funds, or by issuing unauthorized vouchers in exchange for bribes.

The Problem

Federal funds are at risk, and from an HA's standpoint avoiding victimization can be difficult. First, even tiny HAs may have numerous landlords who regularly receive Section 8 vouchers, and it only takes one employee to open an HA to fraud. Second, HAs may have few personnel, often stretched thin or performing multiple jobs, making it difficult to detect and prevent fraud by a fellow HA employee. Third, every Section 8 dollar wasted or stolen is lost to those low-income individuals who require Section 8 assistance, thereby reducing the number of available vouchers.

Red Flags

- Discrepancies between income actually received by a participating landlord and the amount shown on the landlord's 1099.
- Discrepancies between income actually received by a participating landlord and the amount indicated in recertification documents.
- Inability or unwillingness of HA's Section 8 fund administrator to produce copies of vouchers.

HA Responsibility. What Can Be Done?

Internal Controls

The key step in preventing these problems is for HAs to enhance procedures for preventing and detecting fraud and mismanagement (*i.e.*, to improve internal controls). The most effective internal control concept is separation of duties. An ideal system of internal controls will separate three functions: (1) Authorizing transactions; (2) keeping books; and (3) handling funds.

Certification and Recertification Authority. Duties should be separated even further, however. HA officials who handle funds should not also handle landlord certifications and recertifications for Section 8 eligibility, because the recertification process

might reveal fraud, waste, or abuse in those officials' handling of Section 8 funds over the past year. For example, recertification documents could reveal discrepancies between the amount of money actually distributed to landlords, and the amount that official claimed was distributed. Otherwise, fund handlers might conceal misdeeds for long stretches of time. Certification and recertification authority should be placed only with HA personnel other than those who handle Section 8 funds.

Executive Director—More Training, Closer Supervision. Executive directors—particularly in small HAs—cannot leave all Section 8 matters in the hands of the official charged with handling the funds. Executive directors must undergo training on a regular basis to ensure current knowledge of the Section 8 program, and must supervise all HA employees closely to prevent unauthorized distributions of Section 8 funds. Separation of duties does not mean that the executive director abdicates all responsibility for functions performed by other HA officials.

External Controls

Electronic Payment Systems. HAs may also consider converting to an electronic payment system, and ensuring that the person(s) authorized to handle funds are not the only HA officials authorized to access that system. Electronic payment systems presumably generate an automatic, nearly real-time record of all issued vouchers, thereby ensuring that the HA official who keeps the books will learn promptly of any questionable Section 8 expenditures by the HA official responsible for administering the funds.

Dated: June 27, 2005.

Kenneth M. Donohue,
Inspector General.

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DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

Agency Information Collection Activities Under OMB Review; Comment Request

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of renewal of currently approved collection (OMB No. 1006-0005).

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), this notice announces the following Information