



# New Hampshire Housing Finance Authority, Bedford, NH

## Housing Choice Voucher Program



**To:** Marilyn B. O’Sullivan, Director, Office of Public Housing, 1APH

**//signed//**

**From:** Justin E. Grzyb, Acting Regional Inspector General for Audit, 1AGA

**Subject:** The New Hampshire Housing Finance Authority, Bedford, NH, Complied With Housing Choice Voucher Program Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General’s (OIG) final results of our review of the New Hampshire Housing Finance Authority’s Housing Choice Voucher Program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, appendix 8M, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 617-994-8380.



**Audit Report Number: 2020-BO-1001**

**Date: March 4, 2020**

**The New Hampshire Housing Finance Authority, Bedford, NH, Complied  
With Housing Choice Voucher Program Requirements**

# Highlights

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## What We Audited and Why

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We audited the Housing Choice Voucher Program at the New Hampshire Housing Finance Authority because it was rated high risk on our risk assessment and due to the size of the Authority's program. It averaged 3,508 vouchers and more than \$2.4 million in housing assistance payments monthly. In addition, we had not audited the Authority's program in the last 10 years. The audit objective was to determine whether the Authority administered its program in compliance with U.S. Department of Housing and Urban Development (HUD) requirements. Specifically, we wanted to determine whether the Authority ensured that program participants were housed in appropriate size units and rents did not exceed the Authority's payment standards.

## What We Found

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The Authority administered its program in compliance with HUD requirements. For the program participants reviewed, the Authority ensured that they were housed in appropriate size units and that the rents charged did not exceed the Authority's payment standards.

## What We Recommend

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This report contains no recommendations.

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# Background and Objective

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The Housing Choice Voucher Program is a program within the Office of Public Housing. The Housing Choice Voucher Program is the Federal Government’s major program for assisting very low-income families, the elderly, and the disabled in affording decent, safe, and sanitary housing in the private market. Because housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

Housing choice vouchers are administered locally by public housing agencies (PHA). The PHAs receive Federal funds from HUD to administer the program. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

The New Hampshire Housing Finance Authority is located in Bedford, New Hampshire, and was created by Chapter 204-C of the Revised Statutes Annotated of New Hampshire. The Authority provides financial and technical assistance to create and preserve decent, affordable housing for low- and moderate-income New Hampshire residents. The Authority offers and administers a variety of programs to provide affordable housing opportunities, such as Federal rental assistance programs, technical assistance loans to stimulate the development of multi-family and special needs housing, low income housing tax credits, and the HOME Investment Partnerships program.

The Authority received more than \$115 million in Housing Choice Voucher Program funding during fiscal years 2015 through 2018 and averaged about 3,500 vouchers per month.

	Fiscal year	Authorized funds
1	2015	\$28,036,359
2	2016	29,409,012
3	2017	27,696,979
4	2018	30,080,126
<b>Total</b>		<b>115,222,476</b>

The audit objective was to determine whether the Authority administered its program in compliance with HUD requirements. Specifically, we wanted to determine whether the Authority ensured that program participants were housed in appropriate size units and rents did not exceed the Authority’s payment standards.

# Results of Audit

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## **Finding: The Authority Complied With Housing Choice Voucher Program Requirements**

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The Authority administered its program in compliance with HUD requirements. For the program participants reviewed, the Authority ensured that they were housed in appropriate size units and that the rents charged did not exceed the Authority's payment standards.

### **Program Participants Were Housed Appropriately and Rents Charged Were Within Program Limits**

Our review of 60 statistically selected housing assistance payment months, associated with 60 of the Authority's program participants, found that the Authority housed program participants in appropriate size units, correctly calculated the rental subsidies, correctly calculated the tenant portion of the rent, determined appropriate utility allowances, and ensured that the rents charged were within program limits.

In addition, for 46 of the 60 program participants, we reviewed the housing assistance payments made for the duration of the family's tenancy during the audit period.<sup>1</sup> We also found that program participants were housed in appropriate size units and that the rents charged were within program limits.

### **Recommendations**

This report contains no recommendations.

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<sup>1</sup> The statistical sample identified 60 housing assistance payment months, associated with 60 unique program participants. In addition, for 46 of the 60 unique program participants we reviewed the participant files for the entire audit period of January 2016 to December 2018 to determine whether there were any housing assistance underpayments or overpayments. Due to time constraints and materiality, we did not review all 60 program participant files for the entire audit period.

# Scope and Methodology

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We performed our audit work from May 2019 through December 2019 at the New Hampshire Housing Finance Authority's office located at 32 Constitution Drive, Bedford, NH, and our offices located at 10 Causeway Street, Boston, MA, and 10 Church Street, Hartford, CT. The audit covered the period January 1, 2016, through December 31, 2018.

To accomplish our audit objective, we interviewed HUD program staff and Authority personnel to determine how the Authority operated its program. In addition, we

- Reviewed applicable laws, regulations, HUD's program requirements at 24 CFR (Code of Federal Regulation) parts 982 and 983, and HUD's fair market rents. Some program participants received project-based vouchers; which is a component of the Housing Choice Voucher Program. Project-based voucher regulations are located at 24 CFR Part 983. We specifically reviewed 24 CFR 982.201, eligibility; 24 CFR 982.302, issuance of voucher; 24 CFR 982.402, subsidy standards; 24 CFR 982.635 homeownership option: amount of monthly homeownership assistance payment; and 24 CFR 983.301 determining the rent to owner.
- Reviewed the Authority's administrative plans, policies and procedures, accounting records, payment standards, housing assistance payments, and program participant files.
- Examined 60 statistically selected housing assistance payment months, associated with 60 unique program participants, from January 2016 to December 2018. The audit universe consisted of 5,366 monthly housing assistance payments (5,243 units)<sup>2</sup> from January 2016 to December 2018. The total of monthly assistance payments in the audit universe was just under \$3.6 million. The sampling method used a 95 percent, one-sided confidence interval. We used a statistical sample so the audit results could be projected to the universe. However, for the selected tenant months reviewed, we found that the program participants were housed in appropriate size units and that they received the appropriate housing assistance. Therefore, our results were not projected and are based on the 60 program participant months reviewed.
- Examined the housing assistance payments for 46 of the 60 unique program participants included in the statistical sample for the period January 2016 to December 2018 in which the participant received housing assistance from the Authority. The 46 program participants had a combined 1,195 months with

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<sup>2</sup> A program participant may have moved out of a unit and another participant may have moved into the same unit during the audit period.

\$790,948 in housing assistance payments.<sup>3</sup> For the 46 program participants, we ensured that they were housed in appropriate size units and received the correct housing assistance from the Authority. In addition, 5 of the 46 participants received utility allowances for 76 utility months which totaled \$4,229 in utility allowance payments.<sup>4</sup> For those five program participants, we ensured that they received the appropriate utility allowance. The results of the program participants reviewed cannot be projected to the population.

To achieve our objective, we relied in part on the Authority's computer-processed data. Although we did not perform a detailed assessment of the reliability of the financial data, we performed a minimal level of testing and found the data to be adequate for our purposes.

We conducted the audit 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 objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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<sup>3</sup> The number of months for a program participant ranged from 1 month to 36 months and for the 46 program participants selected the total number of months was 1,195 calendar housing assistance payment months.

<sup>4</sup> Utility allowance payments are reimbursements to program participants for expenditures related to utilities that may include heating, cooking, water heating, air conditioning, range, and refrigerator.



# Internal Controls

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Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

## **Relevant Internal Controls**

We determined that the following internal controls were relevant to our audit objective:

- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that the use of resources is consistent with laws and regulations.
- Effectiveness and efficiency of operations – Policies and procedures that management has implemented to provide reasonable assurance that a program meets its objectives, while considering cost effectiveness and efficiency.
- Validity and reliability of information – Policies and procedures that management has implemented to reasonably ensure that valid and reliable information is obtained, maintained, and fairly disclosed in reports.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

We evaluated internal controls related to the audit objectives in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal controls.

# Appendix

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## Appendix A


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### Auditee Comments and OIG's Evaluation

#### Ref to OIG Evaluation

#### Auditee Comments

#### Comment 1



February 6, 2020


Zakia J. Haneef  
Acting Regional Inspector General for Audit, IAGA  
U.S. Department of Housing and Urban Development  
Office of Inspector General  
10 Causeway Street, Room 370  
Boston, MA 02222

Dear Ms. Haneef,




Thank you for providing the draft copy of the Office of Inspector General Audit Report (draft OIG Audit Report) concerning the Department of Housing and Urban Development's (HUD) Housing Choice Voucher Program at New Hampshire Housing Finance Authority (New Hampshire Housing).

We are pleased that the draft OIG Audit Report found New Hampshire Housing in compliance with HUD requirements and that there were no findings or recommendations related to the audit. We appreciate the opportunity to comment. The draft OIG Audit Report appears to accurately describe New Hampshire Housing's administration of the Housing Choice Voucher Program. If you have any questions prior to the release of the final audit report, please feel free to contact Jessica Patten, Compliance Manager, at [JPatten@nhhfa.org](mailto:JPatten@nhhfa.org).

Sincerely,



Dean Christon  
Executive Director

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**  
32 Constitution Drive, Bedford, NH 03110 | 603.472.8623  
Mail: PO Box 5087, Manchester, NH 03108 | [NHHFA.org](http://NHHFA.org)   

## **OIG Evaluation of Auditee Comments**

Comment 1 We appreciate the Authority's cooperation during our review.