



Home Forward, Portland, OR

Moving to Work Housing Choice Voucher Program



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

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Audit Report Number: 2013-SE-1004

TO: Joy McCray, Director, Office of Public Housing, Portland Field Office, OEPH

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FROM: Ronald J. Hosking, Regional Inspector General for Audit, OAGA

SUBJECT: Home Forward Generally Complied With Moving to Work Housing Choice Voucher 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 Home Forward's Moving to Work Housing Choice Voucher program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 913-551-5870.



August 8, 2013

Home Forward Generally Complied With Moving to Work Housing Choice Voucher Requirements

Highlights

Audit Report 2013-SE-1004

What We Audited and Why

We audited Home Forward's Moving to Work Housing Choice Voucher program. We selected Home Forward, formerly known as the Housing Authority of Portland, because it disbursed the highest average Section 8 funds in Oregon from 2010 to 2012 and third highest in the Region, including Alaska, Idaho, Oregon, and Washington. We focused on its tenant-based housing choice vouchers because they represented 85 percent of its Section 8 portfolio. Our objectives were to determine whether any tenants were selected out of order from the waiting list and whether inspections for housing quality standards were completed in a timely manner.

What We Found

Home Forward generally complied with requirements for selecting Housing Choice Voucher tenants in order from the waiting list and conducting timely inspections for housing quality standards.

What We Recommend

This report contains no recommendations, and no further action is necessary with respect to this report.

We provided the discussion draft of the audit report to Home Forward on July 26, 2013, and requested its comments by August 9, 2013. Home Forward chose not to provide a written response.

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BACKGROUND AND OBJECTIVES

Home Forward

Home Forward is the new name for the Housing Authority of Portland, OR. This change occurred in May 2011. Home Forward participates in the U.S. Department of Housing and Urban Development's (HUD) Moving to Work program and has been operating as a Moving to Work agency since April 1999. In fiscal year 2012, Home Forward spent more than \$67 million in housing assistance payments. In January 2013, it was using 7,335 of its 7,379 available vouchers.

Moving to Work Program

Moving to Work is a long-term Federal pilot program designed to learn whether public housing authorities can serve their communities better with more local discretion over funding allocation, policies, and procedures. Therefore, Moving to Work agencies are granted a greater degree of regulatory flexibility to innovate new approaches to fulfilling their missions.

Housing Choice Voucher Program

The purpose of the Housing Choice Voucher program is to assist very low-income families, the elderly, and the disabled so that they may afford decent, safe, and sanitary housing in the private market. Housing choice vouchers are administered locally by public housing agencies that receive Federal funds from HUD to administer the program.

Housing assistance is provided directly to the landlord on behalf of an eligible family, and that family is responsible for finding a suitable housing unit, which the owner agrees to rent under the program. The participating family is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. These units, however, must meet minimum standards of health and safety, specifically housing quality standards. The family pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Program rules and regulations require public housing agencies to maintain waiting lists for potential tenants. They also require public housing agencies to inspect units at least annually to determine whether they meet housing quality standards.

Our objectives were to determine whether any tenants were selected out of order from the waiting list and whether inspections for housing quality standards were completed in a timely manner.

RESULTS OF AUDIT

Home Forward Generally Complied With Moving to Work Housing Choice Voucher Requirements

Home Forward generally complied with requirements for selecting Housing Choice Voucher tenants in order from the waiting list and conducting timely inspections of housing quality standards.

Waiting List Selections

Home Forward generally complied with requirements for selecting Housing Choice Voucher tenants in order from the waiting list. We analyzed each version of the waiting list in our audit period and noted when an applicant was either added to the list, removed from the list without being at the top of the list, awarded a voucher before being put on the list, or not on the list despite being awarded a voucher. We found examples of each of these issues and reviewed a sample from each category. We found no instances of tenants being selected out of order.

Housing Quality Standards Inspection Timeliness

Home Forward generally complied with requirements for conducting timely inspections of housing quality standards. We analyzed Home Forward's inspection data for fiscal year 2013 and compared the earlier inspection approval date to the more current inspection date to determine whether the more current inspection was timely. While 24 CFR (Code of Federal Regulations) 982.405(a) requires annual housing quality standards inspections, as a Moving to Work agency, Home Forward is allowed to create and implement its own policies. In this case, Home Forward's administrative plan says that it may conduct regular unit inspections every other year for nearly all Housing Choice Voucher participants. We determined that Home Forward's housing quality standards reinspections were completed in a timely manner in all material respects.

Recommendations

This report contains no recommendations, and no further action is necessary with respect to this report.

SCOPE AND METHODOLOGY

Our scope for the waiting list review was the period between April 2011 and February 2013, while the scope of the housing quality standards inspection review was April 2012 through March 2013. We performed our onsite audit work between March and May 2013 at Home Forward's office located at 135 Southwest Ash Street, Portland, OR.

To accomplish our objectives, we studied applicable agreements and HUD requirements, reviewed Home Forward's Moving to Work plans, interviewed HUD and Home Forward staff, reviewed Home Forward's Section 8 administrative plan, and analyzed Home Forward's waiting list generations and housing quality standards inspection dates.

Sample Selection

We performed analytical reviews of 100 percent of the names on the waiting list and 100 percent of the units receiving housing quality standards inspections. In each category in which we had a possible issue on the waiting list, we selected a nonstatistical sample to verify Home Forward's explanations. We focused on the applicants appearing in multiple issue categories, allowing us to effectively test the various issues while reviewing the supporting documentation for fewer applicants.

- We randomly selected two of the six applicants appearing in each of the following issue categories: added to the top of the waiting list; on the waiting list for only one generation, issued a voucher, and not identified as a Family Unification Program applicant at the bottom of the list;¹ and receiving a voucher but not a Family Unification Program applicant.
- For the four tenants with vouchers issued before their entry on the waiting list, we selected the two tenants also participating in the Family Unification Program.
- We randomly selected one of the nine applicants applying for the Family Unification Program and removed out of order without receiving vouchers.
- We randomly selected 1 of the 12 applicants removed out of order without receiving vouchers and not applying for the Family Unification Program.
- We randomly selected 4 of the 95 tenants not appearing on the waiting list.

Our review involved analyzing computer-processed waiting list and housing quality standards inspections data, and we used these data to support our audit conclusions. We assessed the data's validity by comparing list and inspection elements to information contained in the tenant files. The computer-processed data were reliable for basing our conclusions.

¹ According to Home Forward's staff members, they included Family Unification Program applicants in a separate pool of vouchers at the bottom of the waiting list. Staff members added applicants for this program to the waiting list at the bottom of the separate group and removed them from the top of the same group (not from the top of the entire list) as they were awarded a voucher.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

INTERNAL CONTROLS

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 objectives:

- Home Forward's Section 8 administrative plan describing its policies and procedures.
- Home Forward's internal quality control reviews of admissions and recertifications.
- The independent public accountant's audit report and transaction testing.

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 Home Forward's internal control.