



**Hopewell Redevelopment and Housing Authority,
Hopewell, VA**

**Housing Choice Voucher and
Public Housing Program Funds**



Issue Date: February 4, 2014

Audit Report Number: 2014-PH-1002

TO: Catherine D. Lamberg, Acting Director, Office of Public Housing, Richmond Field Office, 3FPH
//signed//

FROM: David E. Kasperowicz, Regional Inspector General for Audit, Philadelphia Region, 3AGA

SUBJECT: The Hopewell Redevelopment and Housing Authority, Hopewell, VA, Generally Used Housing Choice Voucher and Public Housing Program Funds in Accordance With Applicable 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 Hopewell Redevelopment and Housing Authority's use of Housing Choice Voucher and public housing program funds.

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, section 8M, 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 215-430-6730.



February 4, 2014

The Hopewell Redevelopment and Housing Authority, Hopewell, VA, Generally Used Housing Choice Voucher and Public Housing Program Funds in Accordance With Applicable Requirements

Highlights

Audit Report 2014-PH-1002

What We Audited and Why

We audited the Hopewell Redevelopment and Housing Authority's use of U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher and public housing program funds. We audited the Authority because we received a complaint alleging that the Authority (1) improperly calculated tenant rents and utility allowances, (2) improperly managed the program waiting list, (3) used credit cards for personal transactions, (4) made duplicate payments for repairs, (5) improperly recorded time worked for an employee, and (6) paid for an employee's personal cell phone expenses. Our audit objective was to determine whether the Authority used Housing Choice Voucher and public housing program funds related to the allegations in the complaint in accordance with applicable requirements.

What We Recommend

This report contains no recommendations.

What We Found

The Authority generally used its Housing Choice Voucher and public housing program funds related to the allegations in the complaint in accordance with applicable requirements. It accurately calculated housing assistance payments, rents, and utility allowances and ensured that new program participants were selected from the waiting list as required. The Authority generally used its credit cards for Authority-related expenses, properly paid for repairs, and properly accounted for employee time worked, and its payment for an employee's cell phone expenses was reasonable. The allegations in the complaint did not have merit.

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BACKGROUND AND OBJECTIVE

The Hopewell Redevelopment and Housing Authority was established on February 6, 1940. The purpose of the Authority is to promote adequate, safe, and affordable housing and to enhance residents' quality of life, promoting economic opportunity and a suitable living environment free from discrimination.

The Authority is governed by a seven-member board of commissioners appointed by the Hopewell City Council. The board members serve in the same capacity as directors of a corporation. They are authorized to establish policies and procedures for the Authority. The board employs an executive director, who hires a staff to administer the day-to-day operations of the Authority. The Authority's main administrative office is located at 350 East Poythress Street, Hopewell, VA.

The Housing Choice Voucher program is the Federal Government's major program for assisting very low-income families, the elderly, and the disabled in obtaining decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, town houses, and apartments.

The public and Indian housing programs were established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The U.S. Department of Housing and Urban Development (HUD) provides funds to local housing agencies that manage the housing for low-income residents at rents they can afford.

HUD authorized the Authority the following financial assistance for its Housing Choice Voucher and public housing programs for fiscal years 2011 through 2013:

Fiscal year	Housing Choice Voucher program authorized funds	Public housing program authorized funds
2013	\$1,774,717	\$1,808,941
2012	1,931,854	1,810,699
2011	2,435,435	1,814,826
Total	\$6,142,006	\$5,434,466

Our audit objective was to determine whether the Authority used its Housing Choice Voucher and public housing program funds related to the allegations in the complaint in accordance with applicable requirements.

RESULTS OF AUDIT

Finding: The Authority Generally Used Housing Choice Voucher and Public Housing Program Funds in Accordance With Applicable Requirements

The Authority generally used its Housing Choice Voucher and public housing program funds related to the allegations in the complaint in accordance with applicable requirements. It accurately calculated housing assistance payments, rents, and utility allowances and ensured that new program participants were selected from the waiting list and met eligibility requirements as required. The Authority used its credit cards for Authority-related expenses, properly paid for repairs, and properly accounted for employee time worked, and its payment for an employee's cell phone expenses was reasonable. The allegations in the complaint did not have merit.

The Authority Ensured That Housing Assistance Payments Were Accurately Calculated

The Authority accurately calculated housing assistance payments. We reviewed housing assistance payment calculations for payments totaling \$9,004 for 14 tenants for the period November 2011 through April 2013 to determine whether housing assistance payments, rents, disability allowances, and utility allowances were accurately calculated. The Authority accurately calculated the housing assistance payments, rents, disability allowances, and utility allowances and maintained appropriate documentation to support the payments for these 14 tenants.

The Authority Ensured That Tenants Met Eligibility and Followed Waiting List Requirements

The Authority ensured that new participants in its Housing Choice Voucher program were eligible for assistance and selected from its waiting list. Between November 2011 and April 2013, the Authority enrolled 41 new participants in its Housing Choice Voucher program. We reviewed the files for 5 of the 41 new participants. We reviewed eligibility documentation, such as intake applications, Social Security documentation, income documentation, and other supporting documents, and verified that the families met eligibility requirements. We also verified that the Authority properly selected these tenants from its waiting list.

The Authority Used Its Credit Card for Official Business

The Authority properly used its credit card for Authority-related expenses. We reviewed 36 credit card purchases totaling \$9,586 charged to the Authority's public housing program that were made during the period April 2012 through April 2013 to determine whether the purchases were authorized and reasonable. The purchases consisted of gasoline for the Authority-owned vehicle, lodging, and other official Authority-related activities. We reviewed voucher request forms, approvals of requests, receipts, and other documentation supporting the credit card expenditures. We did not find any indication that the credit card was being used for personal use. The Authority properly used public housing program funds to pay for these purchases.

The Authority Properly Paid for Roof, Heating, and Air Conditioning Repairs

The Authority properly used public housing funds for the repair of a roof and a heating and air conditioning system. It awarded 23 contracts totaling \$743,524 to 9 vendors between April 2012 and April 2013. We reviewed two contracts with a vendor totaling \$222,249 for the repair of a roof and a heating and air conditioning system of an Authority-owned public housing development. We reviewed the Authority's public housing plan, request for proposals, bid tabulation sheets, and other procurement documentation used to support the selection of the vendor. We also reviewed the invoices and other documentation to ensure that the repair costs were adequately supported and properly approved. The Authority properly used its public housing program funds for these repairs.

The Authority Properly Accounted for Employee Time Worked

The Authority ensured that its director of finance accurately recorded time worked. The complaint alleged that the director of finance was paid for time not worked. We reviewed the employee's approved work schedule, timesheets for the 6-month period from January to June 2013, and other related documentation. The Authority's executive director approved the director of finance to work an alternate work schedule in August 2012, which allowed the employee to occasionally work from home. The employee worked part of the day in the office and the remainder of the day at home. The timesheets reviewed showed the hours worked, and they were approved by the executive director. The timesheets also showed that the employee used personal leave for hours not worked.

The Authority's Payment for an Employee's Cell Phone Charges Was Reasonable

The Authority's reimbursement to its director of public housing from public housing funds for cell phone charges was reasonable. In August 2012, the Authority's executive director authorized the director of public housing to be paid \$75 per month for using her personal cell phone for Authority business. The executive director wanted the ability to have access to his directors of finance and public housing at any time. He authorized the Authority to provide a cell phone to the director of finance. The executive director also approved the director of public housing's request to be reimbursed for the use of her phone in lieu of having the Authority provide one. We reviewed the cell phone documentation the Authority used to determine the monthly reimbursement amount and determined that it was reasonable and supported the reimbursement.

Conclusion

The allegations in the complaint did not have merit. The Authority generally used its Housing Choice Voucher and public housing program funds related to the allegations in the complaint in accordance with applicable requirements. It accurately calculated housing assistance payments, rents, and utility allowances and ensured that new program participants were selected from the waiting list and met eligibility requirements as required. The Authority used its credit cards for Authority-related expenses, properly paid for repairs, and properly accounted for employee time worked, and its payment for an employee's cell phone expenses was reasonable.

SCOPE AND METHODOLOGY

We conducted the audit from May through October 2013 at the Authority's office located at 350 East Poythress Street, Hopewell, VA, and our offices in Philadelphia and Pittsburgh, PA. The audit covered the period April 2012 through April 2013.

To achieve our objective, we reviewed

- Applicable HUD guidance at 24 CFR (Code of Federal Regulations) Parts 982, 985, and 85 and other directives that govern the program.
- The Authority's public housing plan and other written policies and procedures.
- The Authority's housing assistance payment register, accounting records, tenant files, board minutes, and other program records.

We conducted interviews with responsible Authority employees and HUD staff.

Between November 2011 and April 2013, the Authority made housing assistance payments totaling \$3.6 million for 379 tenants. Using a stratified random sampling method, we selected for review a sample of 85 housing assistance payments valued at \$47,024 to determine whether the housing assistance payments, rents, disability allowances, and utility allowances were accurately calculated. We reviewed the first 14 payments totaling \$9,004 and found that the Authority generally calculated the payments accurately and maintained appropriate documentation to support the payments. We did not review additional sample payments since the review of the first 14 payments disclosed no significant problems.

Between November 2011 and April 2013, the Authority enrolled 41 new participants in its Housing Choice Voucher program. We nonstatistically selected files for five of the seven new participants enrolled between February and April 2013 to determine whether eligibility and waiting list requirements were met.

Between April 2012 and April 2013, the Authority used its credit cards for 286 transactions totaling \$40,444. We nonstatistically selected and reviewed 36 credit card purchases totaling \$9,586, representing generally larger dollar value purchases that were made during the period April 2012 through April 2013, to determine whether the purchases were authorized and reasonable. The purchases consisted of gasoline for the Authority-owned vehicle, lodging, and other official Authority-related activities. We reviewed voucher request forms, approvals of requests, receipts, and other documentation supporting the credit card expenditures.

Between April 2012 and April 2013, the Authority awarded 23 contracts totaling \$743,524 to 9 vendors. The Authority paid the contractors for various services, such as roof repair, fence repair, and other repairs, needed for its public housing developments. We selected for review two contracts with a vendor totaling \$222,249 (30 percent of the total) for the repair of a roof and a heating and air conditioning system of an Authority-owned public housing development.

To achieve our audit objective, we relied in part on computer-processed data in the Authority's database. We used the computer-processed data to select a sample of client files for review. Although we did not perform a detailed assessment of the reliability of the data, we did perform 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.

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 objective:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that it calculates housing assistance payments correctly and properly maintains documentation in its tenant files.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

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 objective 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 control.

APPENDIX

Appendix A

AUDITEE COMMENTS

Hopewell Redevelopment & Housing Authority



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January 10, 2014

Mr. David E. Kasperowicz
Regional Inspector General for Audit
100 Penn Square East, Suite 10205
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RE: Executive Director's comment on the HUD OIG review findings

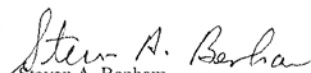
Dear Mr. Kasperowicz:

I am thankful that the OIG review is concluded and that the findings are favorable to the agency. The HRHA Board of Commissioners, staff and I have attempted to diligently manage the public trust and funds under our stewardship.

The HUD OIG staff acted professionally throughout the entire review process and concluded the review as quickly as possible, for which I am grateful. The draft report indicates the thoroughness of the review and should alleviate the concerns of the complainant and the general public.

Again, thank you for your objectivity and commitment to safeguarding public funds.

Sincerely,


Steven A. Benham
Executive Director

cc: Kimberly Harrison