



The Westmoreland County Housing Authority, Greensburg, PA

Housing Choice Voucher Program



To: Jacqueline A. Molinaro-Thompson, Director, Office of Public Housing,
Pittsburgh Field Office, 3EPH

From: //signed//
David E. Kasperowicz, Regional Inspector General for Audit, Philadelphia
Region, 3AGA

Subject: The Westmoreland County Housing Authority, Greensburg, PA, Did Not Properly
Manage Its Housing Choice Voucher Waiting List and Select Applicants as
Required

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) results of our review of the Westmoreland County Housing Authority's Housing Choice Voucher program. This is the first of two reports to be issued on the Authority.

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.



Audit Report Number: 2016-PH-1001

Date: January 13, 2016

The Westmoreland County Housing Authority, Greensburg, PA, Did Not Properly Manage Its Housing Choice Voucher Waiting List and Select Applicants as Required

Highlights

What We Audited and Why

We audited the Westmoreland County Housing Authority's Housing Choice Voucher program. We selected the Authority for audit because the U.S. Department of Housing and Urban Development (HUD) authorized it more than \$8.7 million in program funding per year for fiscal years 2013 and 2014 and we had not audited its program. Our audit objective was to determine whether the Authority managed its waiting list and selected families in accordance with requirements and whether program property owners and Authority employees participating in the program were eligible for assistance. This is the first of two reports to be issued on the Authority's program.

What We Found

The Authority did not always ensure that its waiting list was accurate and updated or that it selected applicants from the waiting list appropriately. These conditions existed because the Authority failed to follow policies and procedures established in its administrative plan. As a result, applicants were not treated fairly and consistently in accordance with program requirements.

A data match analysis showed that the Authority was providing program assistance to 11 households that were also property owners in the program. Documentation showed that the Authority properly provided assistance to those households before they purchased their homes through the Authority's Homeownership Program. The data match also showed it was providing program assistance to two of its employees. The Authority properly provided assistance to these participants before hiring them as employees.

What We Recommend

We recommend that HUD require the Authority to (1) review and update its waiting list to correct the errors identified by the audit, (2) establish and maintain project-based waiting lists as required by its administrative plan, and (3) develop and implement controls to ensure that it follows the policies and procedures in its administrative plan for updating its waiting list and selecting applicants from it. We also recommend that the Director of HUD's Pittsburgh Office of Public Housing provide technical assistance to the Authority to ensure that it properly manages its waiting list and selects applicants in accordance with applicable requirements.

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Background and Objective

The Westmoreland County Housing Authority was incorporated in 1940, as a public corporation of the Commonwealth of Pennsylvania, to provide safe, sanitary, and affordable housing for every low-income or elderly family and to operate the housing programs in accordance with Federal legislation. The Authority is governed by a board of commissioners consisting of five members. The board appoints an executive director to manage the day-to-day operations of the Authority. Its Housing Choice Voucher program office is located at 154 South Greengate Road, Greensburg, PA.

Under the Section 8 Housing Choice Voucher program, the U.S. Department of Housing and Urban Development (HUD) authorized the Authority to provide tenant-based leased housing assistance payments to 1,804 eligible households in fiscal years 2013 and 2014. HUD authorized the Authority the following financial assistance for housing choice vouchers for fiscal years 2013 and 2014:

Year	Annual budget authority
2013	\$8,789,299
2014	\$9,073,225

Regulations at 24 CFR (Code of Federal Regulations) 982.54(c) require the Authority to administer its program in accordance with its administrative plan.

Our audit objective was to determine whether the Authority managed its waiting list and selected families in accordance with requirements and whether program property owners and Authority employees participating in the program were eligible for assistance.

Results of Audit

Finding: The Authority Did Not Properly Manage Its Waiting List and Select Applicants in Accordance With Requirements

The Authority did not always ensure that its waiting list was accurate and updated or that it selected applicants from the waiting list appropriately. These conditions existed because the Authority failed to follow policies and procedures established in its administrative plan. As a result, applicants were not treated fairly and consistently in accordance with program requirements. We also found that program property owners and Authority employees participating in the Housing Choice Voucher program were eligible for assistance.

The Authority Did Not Always Ensure That Its Waiting List Was Accurate and Updated

The Authority's September 2014 tenant-based waiting list contained 33 errors. The errors included incorrect codes; for example, an applicant was shown as "housed" when the applicant had withdrawn from the program. Another applicant's information showed that the applicant was participating in both the Housing Choice Voucher program and the Authority's public housing program. The waiting list also included 119 applicants for the Authority's project-based voucher assistance. HUD's Housing Choice Voucher Guidebook 7420.10G states that the waiting lists should be updated and current. Section 4-II.F of the Authority's administrative plan requires it to update its waiting list every 24 months. Section 17-VI.C of the administrative plan requires the Authority to establish and manage separate waiting lists for individual projects or buildings that receive project-based assistance. The Authority agreed to update its waiting list, correct the errors identified during the audit, and maintain project-based waiting lists by location as required. It explained that although it had not updated its waiting list since 2011 because its staff fell behind in performing the task, it had begun updating the waiting list in May 2014, before the audit started. The Authority agreed that it had not established the project-based waiting lists as required.

The Authority Did Not Always Select Applicants in Order

Contrary to requirements, the Authority did not always select applicants in accordance with its admission policy. HUD regulations at 24 CFR (Code of Federal Regulations) 982.204(a) require public housing agencies to select participants from the waiting list in accordance with admission policies contained in their administrative plans. Section 4-III.C of the Authority's administrative plan requires it to select applicants who meet local preference requirements on a first-come, first-served basis according to the date and time that the Authority received their complete applications. For 41 applicants reviewed, the Authority did not select 15 from the waiting list in order. The Authority served 95 applicants who had applied for assistance after these 15 applied. As a result, the 15 applicants who submitted their applications before the other applicants waited longer to be served. The Authority stated that it selected applicants correctly. However, it did not provide documentation to show that its selection and intake of the 95 applicants before the 15 applicants was appropriate.

Program Property Owners and Authority Employees Participating in the Program Were Eligible For Assistance

The Authority provided assistance to 11 program property owners and 2 of its employees. We reviewed the relevant tenant and loan files, conducted public data searches, and determined that the property owners and employees were eligible for assistance. The property owners were assisted families participating in the Authority's Homeownership Program. Under this program, eligible families purchase a home and use the Authority's monthly assistance payments toward the mortgage to ease the transition from rental housing to home ownership. One of the two employees was receiving assistance and later participated in the Authority's maintenance assistant training program. In this 1-year training program, the program participants obtain job skills and knowledge with the goal of being employed by the Authority as a maintenance worker. The other person was receiving assistance, and the Authority later hired the person as a caseworker.

Conclusion

The Authority did not always ensure that its waiting list was accurate and updated or that it selected applicants from the waiting list in order of their applications. These conditions occurred because the Authority failed to follow policies and procedures established in its administrative plan. As a result, applicants were not treated fairly and consistently in accordance with program requirements.

Recommendations

We recommend that the Director of HUD's Pittsburgh Office of Public Housing require the Authority to

- 1A. Review and update its waiting list to correct the errors identified by the audit.
- 1B. Establish and maintain project-based waiting lists by location as required by its administrative plan.
- 1C. Develop and implement controls to ensure that it follows the policies and procedures in its administrative plan for updating its waiting list and selecting applicants from it.

We also recommend that the Director of HUD's Pittsburgh Office of Public Housing

- 1D. Provide technical assistance to the Authority to ensure that it properly manages its waiting list and selects applicants in accordance with applicable requirements.

Scope and Methodology

We conducted the audit from September 2014 through October 2015 at the Authority's office located at 154 South Greengate Road, Greensburg, PA, and our office located in Pittsburgh, PA. The audit covered the period October 2013 to September 2014 but was expanded when necessary.

To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR Part 982, HUD's Housing Choice Voucher Guidebook 7420.10 G, and other guidance.
- The Authority's home ownership files and tenant data, waiting lists, board meeting minutes and resolutions, participant application files, annual audited financial statements for fiscal years 2013 and 2014, and other program records.
- HUD's monitoring reports for the Authority.

We also interviewed Authority employees and HUD staff.

To achieve our audit objective, we relied in part on computer-processed data from the Authority's computer system. 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 obtained and analyzed the Authority's automated Housing Choice Voucher program waiting list as of September 2014. The waiting list indicated that 3,616 applicants had applied for program assistance and they were categorized as housed, active, and withdrawn. However, we found that 119 of the 3,616 applicants had applied for project-based assistance rather than tenant-based Housing Choice Voucher program assistance, which was the focus of this audit. To determine whether the Authority processed applications in order, we sorted the waiting list to show only those tenant-based applicants categorized as housed or active and who claimed a local preference, which resulted in a total of 157 applicants (46 housed, 111 active). A local preference was used by the Authority to select families that were homeless, veterans, and victims of disasters, among others. We used a nonstatistical sample design because the Authority's process for selecting applicants was based on the date and time that it received individual applications. Although this approach did not allow us to make a projection to the population, it was sufficient to meet the audit objective. We selected 41 applicants (30 active, 11 housed) with application dates between October 1, 2013, and May 20, 2014. For the active applicants, we selected 30 that had applied earlier, and for the housed applicants, we selected 11 of the more recently housed applicants. We compared the application dates to the application and interview dates of all 157 local preference applicants to determine whether the Authority selected applicants in order.

For the period October 1, 2013, to September 30, 2014, we compared the Social Security numbers for the Authority's 143 employees, 4,400 program participants, and 1,032 program property owners to identify potential problems. Specifically, we compared the Social Security numbers of the Authority's employees to those of the program participants and the program property owners. We also compared the Social Security numbers of the program participants to those of the program property owners. We found that 13 Social Security numbers were associated with 11 participants who were also owners of the program property and 2 participants who were also Authority employees.

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 objectives:

- Effectiveness and efficiency of program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- 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 applicable laws and regulations – Policies and procedures that management has implemented to reasonably ensure that program participants comply with program 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.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- The Authority lacked controls to ensure that it properly maintained its waiting list and selected applicants from the waiting list in order.

Appendix A

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 1



Daniel J. Wuklich, CHAIRMAN • Alvin M. Ansari, VICE CHAIRMAN • Joseph H. Rollins, TREASURER
Debra J. Wohlin, SECRETARY • Norene Price, MEMBER • Gene A. Ferace, SOLICITOR • Michael L. Washowich, EXECUTIVE DIRECTOR

December 14, 2015

David Kasperowicz, Regional Inspector General for Audit
Philadelphia Region, 3AGA
U. S. Department of Housing and Urban Development
Office of Inspector General
The Wanamaker Building
100 Penn Square East, Suite 10205
Philadelphia, PA 19107-3380

AUTHORITY COMMENTS TO DISCUSSION DRAFT REPORT REGARDING THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

Dear Mr. Kasperowicz:

On behalf of the Westmoreland County Housing Authority (WCHA) (the **Authority**), I would like to respond to the "Draft Report" completed by the Office of the Inspector General (OIG) regarding the WCHA's Housing Choice Voucher Program. I want to thank the OIG for their efforts and appreciate the opportunity to respond to the "Draft Report" provided to the **Authority** on December 10, 2015.

The WCHA has and will continue to strive for excellence. In fact, the **Authority** has been recognized by the Department of Housing and Urban Development (HUD) for our efforts and designated as a high performing program, continuously year in and year out. Our Housing Choice Voucher staff has over 100 years of combined experience and is recognized as a leader in the industry.

As you know, this was a very long, in depth and time consuming audit for all. I want to assure you that the final results, some of which we respectfully disagree with will be dealt with accordingly. We look forward to working with the Pittsburgh HUD office to resolve the finding and implement the recommendations with the goal of improving our program and the services we provide to our clients. I offer the following responses to the "Draft Report":

Page 4 Paragraph 1: the **Authority** had administrative controls in place, however, applicants were moved to local preference lists based on when the local preference was verified and not the original application date as the OIG determined. The **Authority** believed this was in accordance with HUD regulations.

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Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 2

Comment 3

Mr. David Kasperowicz:
December 14, 2015
Page 2

Page 4 Paragraph 2: the identified errors were corrected and represented a small number based on the volume of applicants and information. The **Authority** waiting list was purged entirely in 2011. The **Authority** began the purging process again in 2014 and just recently completed it. The **Authority** agreed to update its waiting list and has done so. The **Authority** established separate Project Based waiting lists by location during the audit as recommended by the OIG and will continue to do so in the future.

Page 4 Paragraph 3: the **Authority**, in managing its waiting list, believed that transferring an applicant who provided local preference verification to the local preference list based on the date of this verification and not based on the original application time and date was in accordance with HUD regulations. This was in no way an attempt to unfairly treat applicants and, in fact, all applicants were housed. Conversely, as suggested by the OIG, a placement to the local preference list based on time and date of original application would adversely impact those on the local preference list who already provided local preference verification.

Page 5 Paragraph 1: the **Authority** was in compliance regarding program property owners and **Authority** employees participating in the program who were eligible.

Finally, the **Authority** understands the importance of the audit and as previously stated we will work towards further strengthening our program, both administratively and programmatically.

The **Authority's** previous success along with the implementation of the OIG's recommendations will assist us in further improving our Housing Choice Voucher Program. We will once again strive to reach high performance status in the future.

Respectfully,

WESTMORELAND COUNTY HOUSING AUTHORITY



Michael L. Washowich
Executive Director

OIG Evaluation of Auditee Comments

- Comment 1 The Authority stated that it had administrative controls in place and it moved applicants to local preference lists based on its verification of the local preference and not the original application date. The Authority's comment refers to our cause statement in the first paragraph on page 4 of the audit report that states, "these conditions existed because the Authority failed to follow policies and procedures established in its administrative plan." This statement applies to all of the conditions that we identified: that the Authority did not always ensure that its waiting list was 1) accurate, 2) updated and 3) that it selected applicants from the waiting list in order of their applications. The Authority had policies and procedures, however, it lacked controls to ensure that its staff followed them. Regarding the movement of applicants to local preference lists, the Authority's administrative plan required it to select local preference applicants on a first come, first serve basis according to the date and time their application was received. We understood this to mean the date and time that the applicant was placed on the local preference list. For 15 applicants, we found evidence in the Authority's files that they were qualified to be placed on the local preference list before the date that the Authority placed them on the list. As a result, the Authority served 95 applicants who were placed on the local preference list after these 15 applicants were qualified to be placed on the list.
- Comment 2 The Authority stated that it corrected the errors in the waiting list identified by the audit, purged its waiting list, and established separate project-based waiting lists by location. However, the Authority did not provide us documentation to show that it corrected the errors. It provided us an updated waiting list after the exit conference. We reviewed the updated waiting list and it showed that the Authority contacted applicants that had applied between 2009 and 2012 to ensure data was accurate. However, it also showed that the Authority had not contacted applicants that applied for assistance in 2013 and 2014. Documentation the Authority provided at the exit conference showed that it plans to continue updating its waiting list in 2016. The Authority also provided us copies of the project-based waiting lists that it established, however, it also needs to show that it maintains them over time. Therefore, as part of the audit resolution process, HUD will need to evaluate and verify the Authority's corrective actions related to these audit issues.
- Comment 3 The Authority stated that it believed that transferring applicants to the local preference list based on the date it verified the local preference, not the date and time of their original application, was in accordance with HUD regulations. It also stated that, contrary to the suggestion of the auditors, placement of an applicant to the local preference list based on the time and date of the original application would adversely impact those on the local preference list who already provided local preference verification. The auditors did not suggest that the Authority should place applicants on the local preference list based on the date

and time of their original application. As discussed in comment 1, the Authority's administrative plan required it to select local preference applicants on a first come, first serve basis according to the date and time their application was received. For 15 applicants, we found that they were qualified to be placed on the local preference list before the date that the Authority placed them on the list.