



Westmoreland County Housing Authority, Greensburg, PA

Housing Choice Voucher Program



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

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

Subject: The Westmoreland County Housing Authority, Greensburg, PA, Did Not Always
Ensure That Its Program Units Met Housing Quality Standards and That It
Accurately Calculated Housing Assistance Payment Abatements

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 Westmoreland County Housing Authority's Housing Choice Voucher program. This is the second 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 215-430-6734.



Audit Report Number: 2016-PH-1002

Date: April 27, 2016

The Westmoreland County Housing Authority, Greensburg, PA, Did Not Always Ensure That Its Program Units Met Housing Quality Standards and That It Accurately Calculated Housing Assistance Payment Abatements

Highlights

What We Audited and Why

We audited the Westmoreland County Housing Authority's Housing Choice Voucher program because the U.S. Department of Housing and Urban Development (HUD) authorized it more than \$8.7 million in program funding per year in fiscal years 2013 and 2014 and we had not audited its program. This is the second of two audit reports on the Authority's program.¹ Our objectives in this audit were to determine whether the Authority ensured that its Housing Choice Voucher program units met HUD's housing quality standards and whether it abated housing assistance payments as required.

What We Found

The Authority did not always conduct adequate inspections to ensure that its program units met housing quality standards, and it did not always accurately calculate housing assistance payment abatements. Of 78 program units inspected, 65 did not meet HUD's housing quality standards. Further, 38 of the 65 were in material noncompliance with housing quality standards. The Authority disbursed \$59,524 in housing assistance payments and received \$2,930 in administrative fees for these 38 units. We estimate that over the next year, if the Authority does not implement adequate procedures to ensure that its program units meet housing quality standards, HUD will pay more than \$4 million in housing assistance for units that materially fail to meet those standards. In addition, the Authority did not always accurately calculate housing assistance payment abatements. It incorrectly calculated the abatement amount for 7 of 18 units reviewed. As a result, it did not abate payments totaling \$1,978 for units that did not meet housing quality standards, and it made excessive abatements totaling \$71.

What We Recommend

We recommend that HUD require the Authority to (1) reimburse its program \$62,454 for the 38 units that materially failed to meet HUD's housing quality standards, (2) implement procedures and controls to ensure that program units meet housing quality standards, and (3) reimburse its program \$1,978 for housing assistance payments that should have been abated.

¹ Audit Report 2016-PH-1001, The Westmoreland County Housing Authority, Greensburg, PA, Did Not Properly Manage Its Housing Choice Voucher Waiting List and Select Applicants as Required, issued January 13, 2016

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Background and Objectives

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 and 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 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

HUD regulations at 24 CFR (Code of Federal Regulations) 982.405(a) require public housing agencies to perform unit inspections before the initial move-in and at least annually. The authority must inspect the unit leased to the family before the term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards. HUD regulations at 24 CFR 982.404(a) require the Authority to ensure that housing units and premises be maintained in accordance with HUD's housing quality standards and if not, the Authority is required to abate housing assistance payments to the owners until the requirements are met.

The Authority employed two full-time housing inspectors and a full-time supervisory inspector. These inspectors performed inspections of the Authority's Housing Choice Voucher program and public housing units.

Our audit objectives were to determine whether the Authority ensured that its Housing Choice Voucher program units met HUD's housing quality standards and whether it abated housing assistance payments as required.

Results of Audit

Finding: Housing Quality Standards Inspections Were Inadequate and Abatement Amounts Were Not Always Accurately Calculated

The Authority did not always conduct adequate inspections to enforce HUD's housing quality standards. Of 78 program housing units inspected, 65 did not meet HUD's housing quality standards, and 38 materially failed to meet HUD's standards. The Authority's inspectors did not identify or report 395 violations that existed at the 38 units when they conducted their inspections. Also, the Authority did not always accurately calculate housing assistance payment abatements. These conditions occurred because the Authority's inspectors did not thoroughly inspect units, the Authority did not properly administer its quality control inspection program, and responsible staff members made mistakes when calculating abatements. As a result, the Authority disbursed \$59,524 in housing assistance payments and received \$2,930 in administrative fees for the 38 units that materially failed to meet HUD's housing quality standards. Additionally, it did not abate payments totaling \$1,978 for units that did not meet housing quality standards and made excessive abatements totaling \$71. Unless the Authority improves its inspection program and ensures that all units meet housing quality standards, we estimate that it will pay more than \$4 million in housing assistance for units that materially fail to meet housing quality standards over the next year.

Housing Units Did Not Always Meet HUD's Housing Quality Standards

We statistically selected 78 units from a universe of 505 program units that passed an Authority-administered housing quality standards inspection between November 1, 2014, and February 9, 2015. The 78 units were selected to determine whether the Authority ensured that the units in its Housing Choice Voucher program met housing quality standards. We inspected the 78 units from April 20 to May 7, 2015.

Of the 78 housing units inspected, 65 (83 percent) had 521 housing quality standards violations, including 49 violations that needed to be corrected within 24 hours because they posed a serious threat to the safety of the tenants. Additionally, 38 of the 65 units (59 percent) were in material noncompliance with housing quality standards because they had 395 violations that predated the Authority's last inspection. These violations were not identified by the Authority's inspectors, creating unsafe living conditions. HUD regulations at 24 CFR 982.401 require that all program housing meet housing quality standards performance requirements, both at commencement of the assisted occupancy and throughout the assisted tenancy. The following table categorizes the 521 housing quality standards violations in the 65 units that failed our inspections.

Seq. no.	Key aspect ²	Number of violations	Number of units	Percentage ³ of units
1	Structure and materials	252	55	71
2	Illumination and electricity	112	45	58
3	Space and security	33	17	22
4	Site and neighborhood	22	17	22
5	Interior air quality	19	14	18
6	Sanitary facilities	18	13	17
7	Thermal environment	14	10	13
8	Food preparation and refuse disposal	13	12	15
9	Lead-based paint	12	6	8
10	Sanitary condition	10	7	9
11	Smoke detectors	9	9	12
12	Access	4	3	4
13	Water supply	3	3	4
	Total	521		

During the audit, we provided our inspection results to the Authority and the Director of HUD's Office of Public Housing, Pittsburgh field office.

The following photographs illustrate some of the violations we noted while conducting housing quality standards inspections in the 38 units that materially failed to meet HUD standards.

² Regulations at 24 CFR 982.401 categorize housing quality standards performance and acceptability criteria into these 13 key aspects.

³ This is the percentage of the 78 sample units that we determined had the identified violations. For example, the 55 units that had structure and materials violations were 71 percent of the 78 sample units inspected.



Inspection #2: The floor in the basement was wet, and the basement had a musty odor due to a leak in the foundation. The Authority did not identify this violation during its November 21, 2014, inspection.



Inspection #12: The walls in the basement showed signs of mold due to a water leak. The Authority did not identify this violation during its November 18, 2014, inspection.



Inspection #16: Window sill components were deteriorating, separating, and allowing moisture into the wall. The Authority did not identify this violation during its January 15, 2015, inspection.



Inspection #17: The rear stairway had an open side that was higher than 30 inches, requiring a guardrail. The Authority did not identify this violation during its December 18, 2014, inspection.



Inspection #21: An outlet on a basement wall was within 3 feet of a water source, and it was not a GFCI (ground fault circuit interrupter). The Authority did not identify this violation during its November 17, 2014, inspection.



Inspection #33: The water heater flue was not well connected to the draft hood. The Authority did not identify this violation during its November 17, 2014, inspection.



Inspection #46: Plastic sheets were used to catch roof leaks in the attic and drain into scattered buckets. The Authority did not identify this violation during its February 3, 2015, inspection.



Inspection #50: The kitchen range oven door did not stay closed and scorched the exterior of the range. The Authority did not identify this violation during its November 21, 2014, inspection.



Inspection #51: Live electric wires exposed in an unsecured cabinet, recessed in the wall of the stairway's second floor. The Authority did not identify this violation during its February 2, 2015, inspection.



Inspection #71: Exposed sewer line was stuffed with a rag. The line must be permanently capped to eliminate sewer gas. The furnace was in the same location. The Authority did not identify this violation during its December 4, 2014, inspection.

The Authority's Housing Quality Standards Inspection Process Was Not Effective

Although HUD regulations at 24 CFR 982.401 and the Authority's administrative plan required the Authority to ensure that its program units met housing quality standards, it did not always meet those standards. The Authority's inspection process was not effective because (1) its inspectors did not thoroughly inspect units, and (2) it did not properly administer its quality control inspection program.

- The Authority's inspectors did not thoroughly inspect units. They did not identify obvious violations, such as signs of mold, an improperly connected flue pipe, a leaking

roof, an unsecured electrical box, and a set of exterior stairs that had an open side. The Authority's inspectors, including the supervisory inspector, claimed that older units that had been in the system were "grandfathered" and that deficiencies were overlooked and not reported. They also explained that if a unit passed a local code inspection and a certificate of occupancy was issued, they passed the unit on its housing quality standards inspection based on the certificate of occupancy.

- The Authority did not properly administer its quality control inspection program. Regulations at 24 CFR 982.405(b) required the Authority to conduct quality control housing quality standards inspections. HUD's Housing Choice Voucher Guidebook 7420.10G provided further guidance.

The Authority's sample of quality control inspections was not representative. Section 10.9 of HUD's Housing Choice Voucher Guidebook 7420.10G states that a sample of units must be reinspected. The sample must represent a cross section of neighborhoods where program units are located and inspections completed by all inspectors conducting housing quality standards inspections. The sample should also include a cross section of initial and annual inspections. The sample should represent the type of vouchers that the Authority administers. In this case, the Authority conducted 67 quality control inspections; however, 57 of those inspections were of units assisted with project-based vouchers, while the remaining 10 units were assisted with tenant-based vouchers. The Authority's sample of 67 quality control inspections was not representative because it administered 1,629 tenant-based vouchers and 175 project-based vouchers.

The Authority hired an independent contractor to conduct inspections without HUD approval. Section 10.8 of HUD's Housing Choice Voucher Guidebook 7420.10G states that a public housing agency that administers the Housing Choice Voucher program may not inspect a unit that it owns, including a unit owned by an entity that it controls substantially. The agency must obtain the services of an independent entity to perform housing quality standards inspections. The independent agency must be approved by HUD. Contrary to requirements, the Authority did not obtain HUD approval for the independent contractor that it hired in June 2014 to perform housing quality standards inspections of the units it owned or controlled. This inspector conducted the 57 quality control inspections of the units assisted with project-based vouchers. Although the independent contractor was a part-time employee of a neighboring housing authority, the Authority's contract was with the employee as an individual and not with the housing authority. In addition, the Authority did not provide sufficient documentation to show that this contractor was qualified to do the inspections.

The Authority's quality control inspections did not identify all housing quality standards violations in the units. In the 78 inspections conducted for this audit, we inspected 4 units that the Authority inspected as part of its 2014 quality control inspection process. Three of the four units had at least one preexisting violation that was not identified by the Authority.

The Authority did not use the results of its quality control inspections to improve its program. It provided no documentation to show how it used the results of its quality control program to improve its housing quality standards inspection program.

The Authority began taking action to improve its housing quality standards program during the audit. It provided its inspectors a 1-day training session from an outside contractor in October 2015.

The Authority Did Not Always Properly Abate Housing Assistance Payments

We randomly selected 18 units from a universe of 104 units for which the Authority abated the housing assistance payments during the period October 1, 2014, to February 9, 2015, to determine whether it properly calculated the abatement amount. The Authority incorrectly calculated the abatement amount for 7 of the 18 units reviewed.⁴ Regulations at 24 CFR 982.404(a) require the Authority to ensure that housing units and premises be maintained in accordance with HUD's housing quality standards and if not, the Authority is required to abate housing assistance payments to the owners until the requirements are met. Section 10.6 of HUD's Housing Choice Voucher Guidebook 7420.10G states that abatements must begin on the first of the month following the determination that the housing quality standards violations were not corrected within the Authority-specified period for correction.

The Authority did not begin abatement on the first of the month following the Authority-specified correction period for three units. Instead, it began the abatements 1 month later, which resulted in its making ineligible housing assistance payments totaling \$1,978. This error occurred because responsible staff members used an incorrect inspection date in their calculations. In addition, contrary to section 8-II-G of the Authority's administrative plan, the Authority did not resume housing assistance payments for four units on the day the units passed inspection. The Authority's administrative plan states that the housing assistance payment will resume, meaning that the abatement will end, on the day the unit passes inspection. The Authority incorrectly ended the abatement the day after the unit passed inspection, resulting in excessive abatement of housing assistance payments to four property owners totaling \$71. This error occurred because responsible staff members used an incorrect date in their calculations.

Conclusion

The Authority's program participants were subjected to housing quality standards violations that created unsafe living conditions during their tenancy. The Authority did not properly use its program funds when it inspected and passed program units that did not meet HUD's housing quality standards. In accordance with 24 CFR 982.152(d), HUD is permitted to reduce or offset program administrative fees paid to a public housing agency if it fails to perform its administrative responsibilities correctly or adequately, such as not enforcing HUD's housing

⁴ None of these 7 units were included in the sample of 78 units inspected.

quality standards. The Authority disbursed \$59,524 in housing assistance payments and received \$2,930 in program administrative fees for 38 units that materially failed to meet HUD's housing quality standards. In addition, it did not always accurately calculate housing assistance payment abatements, which resulted in payment errors totaling \$2,049. If the Authority develops and implements controls to ensure that all units meet housing quality standards, we estimate that more than \$4 million in future housing assistance payments will be spent for units that are decent, safe, and sanitary. Our methodology for this estimate is explained in the Scope and Methodology section of this report.

Recommendations

We recommend that the Director of HUD's Office of Public Housing, Pittsburgh field office, direct the Authority to

- 1A. Certify, along with the owners of the 65 units cited in the finding, that the applicable housing quality standards violations have been corrected.
- 1B. Reimburse its program \$62,454 from non-Federal funds (\$59,524 for housing assistance payments and \$2,930 in associated administrative fees) for the 38 units that materially failed to meet HUD's housing quality standards.
- 1C. Use the results of this audit to continue training its inspectors to identify housing quality standards violations.
- 1D. Submit a request for approval of the independent contractor that it hired to perform housing quality standards inspections of the units it owned or controlled.
- 1E. Develop and implement procedures to ensure that quality control inspections are conducted properly and that the results of those inspections are used to improve the effectiveness of its housing quality standards inspections.
- 1F. Develop and implement controls to ensure that program units meet housing quality standards, thereby ensuring that an estimated \$4,014,032 in program funds is spent for units that are decent, safe, and sanitary.
- 1G. Reimburse its program \$1,978 from non-Federal funds for housing assistance payments that should have been abated for units that did not meet housing quality standards.
- 1H. Reimburse the appropriate owners \$71 for the excess housing assistance payments that it abated.
- 1I. Develop controls to ensure that staff members accurately calculate housing assistance payment abatements.

Scope and Methodology

We conducted the audit from February 2015 through March 2016 at the Authority's Housing Choice Voucher program office located at 154 South Greengate Road, Greensburg, PA, and our offices located in Baltimore, MD, and Philadelphia and Pittsburgh, PA. The audit covered the period October 1, 2014, through February 9, 2015, but was expanded when necessary.

To accomplish our objectives, 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 7420.10G, and other guidance.
- The Authority's inspection reports; computerized databases, including housing quality standards inspections, housing quality control log, housing assistance payments, and tenant data; annual audited financial statements for fiscal years 2012 and 2013; policies and procedures; board meeting minutes; and organizational chart.
- HUD's monitoring report for the Authority.

We also interviewed the Authority's employees, HUD staff, and program households.

To achieve our audit objectives, 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 statistically selected 78 program units to inspect from a universe of 505 program units that passed an Authority-administered housing quality standards inspection between November 1, 2014, and February 9, 2015. These inspections were conducted by one of the Authority's three inspectors. We selected a sample size of 75 units to inspect based on a 1-sided 95 percent confidence interval and a simulated error rate ranging from 10 to 50 percent. However, we inspected three additional units⁵ during the course of our inspections to compensate for potential instances in which a tenant's absence would prevent us from inspecting a unit and completing the necessary number of inspections prescribed for the sample strata in our sampling plan. We inspected the 78 units between April 20 and May 7, 2015, to determine whether the Authority's program units met housing quality standards. We used statistical sampling because each sampling unit was selected without bias from the audit population, thereby allowing the results to be projected to the population. An Authority inspector or maintenance supervisor accompanied

⁵ These units were included in our statistical sampling plan as spares.

us on all of the inspections. We provided the results of the 78 inspections to the Authority for action during the audit.

We determined that 38 of the 78 units (49 percent) materially failed to meet HUD's housing quality standards. We determined that these units were in material noncompliance because they had 395 violations that existed before the Authority's last inspection, which created unsafe living conditions. All units were ranked according to the severity of the violations, and we used auditors' judgment to determine the material cutoff point.

We estimate, with a 1-sided confidence level of 95 percent, that at least 39.5 percent of the 505 units were in material noncompliance with housing quality standards.⁶ By averaging the housing assistance payments made for substandard housing across all 505 units that passed an Authority inspection and deducting for a statistical margin of error, we estimate, with a 1-sided confidence interval of 95 percent, that the amount of monthly housing assistance payment dollars spent on substandard housing passed by the Authority during the sample period was \$193.69 per unit. We projected the results to the universe by multiplying the \$193.69 per unit monthly housing assistance payment for substandard housing by 1,727 (the total number of vouchers that the Authority had leased-up as of January 2015) yielding a total of \$334,503 per month. Multiplying the monthly amount of \$334,503 by 12 months yields an annual total of \$4,014,032 in housing assistance payments for substandard housing that passed an Authority inspection. This amount is presented solely to demonstrate the annual amount of program funds that could be put to better use on decent, safe, and sanitary housing if the Authority implements our recommendations. While these benefits would recur indefinitely, we were conservative in our approach and included only the initial year in our estimate.

We randomly selected 18 abatements from a universe of 104 abatements of units assisted with program vouchers that the Authority processed during the period October 1, 2014, to February 9, 2015. We used a random nonstatistical sample design that provided a representative sample to determine whether the Authority properly calculated the abatement amount. Although this sample did not allow us to project the results to the population, it was sufficient to meet the audit objective.

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 objectives.

⁶ Although we completed 78 inspections, our statistical projection was based on the results for the sample of 75 units, of which 37 materially failed to meet HUD's housing quality standards.

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 resources 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.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The Authority did not implement procedures and controls, including an effective quality control process to ensure that program units met housing quality standards.
- The Authority did not implement controls to ensure that it accurately calculated housing assistance payment abatements.

Appendixes

Appendix A

Schedule of Questioned Costs and Funds To Be Put to Better Use

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1B	\$62,454	
1F		\$4,014,032
1G	1,978	
1H		71
Totals	\$64,432	\$4,014,103


- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if the Authority implements our recommendations, it will stop incurring program costs for units that are not decent, safe, and sanitary and, instead, will spend those funds for units that meet HUD's standards, thereby putting more than \$4 million in program funds to better use. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimates reflect only the initial year of this benefit. Also, the Authority will use \$71 in program funds to reimburse owners for days when their units complied with the housing quality standards.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments



Daniel J. Wukich, CHAIRMAN • Arvin M. Ansari, VICE CHAIRMAN • Joseph H. Rollins, TREASURER
Debra J. Wohlin, SECRETARY • Nerene Price, MEMBER • Gene A. Feraco, SOLLICITOR • Michael L. Wasilowich, EXECUTIVE DIRECTOR

March 23rd, 2016

Mr. David Kasperowicz
HUD-OIG, Office of Audit
100 Penn Square East, Suite 10205
Philadelphia, PA 19107



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 WCHA's Housing Choice Voucher (HCV) program. As you know, this audit was a very in-depth and time consuming process for all parties. I want to acknowledge the efforts of the OIG and commit to resolving any and all issues.

First let me begin by stating that WCHA has been recognized by the Department of Housing and Urban Development (HUD) continuously as a high performer. Our Section 8 staff has over 100 years of experience and is viewed as a leader in our industry.

As you know, this draft report was based on an audit of WCHA's HCV program, in particular, the Housing Quality Standards (HQS) inspection system. The current HQS inspection system is very subjective in nature. It is defined by ambiguous deficiency definitions that force an increase in reliance on inspector's judgment and is soon to be replaced.

*In fact, according to the **Public and Indian Housing PIH Alert** issued on December 28th, 2015, HUD has recognized this as well and has been directed to launch a "new revised inspection criteria" (UPCS-V) replacing the current HQS system in a move to develop a consistent inspection standard across Housing assistance programs. This new system would use better defined criteria and decision guidelines that can reduce the subjectivity from inspectors while improving the end result of the inspection. The goal is to have a new standard with a reliable and replicable outcome that can be reproduced by another inspector with certain reasonableness while achieving a greater level of consistency. On January 16th, 2016 the Real Estate Assessment Center (REAC) published a **Final Update to Congress on Housing Choice Voucher Inspection Oversight**. The report indicated there are serious problems with the HQS inspection protocol in its current form and application! WCHA has already reached out to HUD to participate in the development and training aspect of this welcomed and needed new initiative.*

 EQUAL HOUSING OPPORTUNITY • EQUAL OPPORTUNITY EMPLOYER 

154 South Greengate Road • Greensburg, PA 15601-6392 • PHONE 724.832.7248 • FAX 724.836.0988

Auditee Comments

Ref to OIG Evaluation

Comment 1

Comment 2

Comment 3

Comment 4

Comment 5

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OIG AUDIT

The OIG conducted their inspections in a lot of cases months after our inspections were completed; therefore, indicating conditions present at the time of the OIG inspection, not necessarily items that would have been present at any previous inspection. In fact, WCHA determined that over 71% of the OIG inspections were conducted 120 days or more after WCHA inspections. This time gap allows conditions and circumstances to change on a daily basis and may offer varied inspection results. WCHA should not be held accountable for conditions that may not have existed at the time of our inspections, nor for areas when reasonable inspection judgment was utilized as dictated by the current HQS system. In general, the results of the OIG inspections represent conditions observed at the exact time of the OIG inspections.

In addition, the OIG inspection team spent in excess of one hour on each unit, in some cases utilizing two inspectors. In reality, based on current funding and manpower, a WCHA inspector does not have the capability to spend this amount of time on each unit as they conduct thousands of inspections each year. In fact, the HQS inspection cover sheet states that "Public reporting burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information." HUD has recognized this problem and has recently provided guidance on allowing streamlining of inspections. This change will allow the WCHA and all PHA's to develop a newly designed inspection format taking advantage of biennial inspection relief. Furthermore, many of WCHA's participating landlords and clients choose to purchase and live in older communities of which the housing stock may be over 75 years or older. Subsequently, this older stock presents many challenges for the HQS inspection process, thus requiring inspectors to use their inspection judgment with a sense of reasonableness. Current HQS inspection protocol permits inspectors to use a wide range of interpretations and judgment when completing inspections. The "REAC", January 20th, 2016 final update to Congress indicated that many of the inherent weaknesses of HQS are compounded by the lack of standardized training for public housing inspectors. The report also cites that it has not been feasible for PHA's to train and retrain highly skilled inspectors, mainly due to financial constraints.

In closing, I want to thank the OIG auditing team and fully understand the role the audit plays. However, I respectfully question the timeliness of this audit. The HQS program is recognized to be inconsistent and soon to be replaced. Congressional Committee Senate Report 113-045 directs HUD to "move to a consistent inspection standard across housing assistance programs as well as for oversight of Section 8 units". The results of the OIG audit are merely the outcome of the inherent weaknesses of the current HQS protocol. WCHA welcomes HUD's new program changes, streamlining of inspections, a new inspection standard (UPCS-V), and standardized inspection training. These new regulations will assist us in further improving our HCV program.

**Ref to OIG
Evaluation**

Auditee Comments

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We will work with the Pittsburgh HUD office to address the OIG's recommendations and work towards further enhancing our program. WCHA will continue to strive and meet the benchmarks of excellence as it has in the past.

Respectfully,

WESTMORELAND COUNTY HOUSING AUTHORITY



Michael L. Washowich
Executive Director



OIG Evaluation of Auditee Comments

- Comment 1** The Authority asserted that more than 71 percent of our inspections were conducted 120 days or more after its last inspection and because of this gap in time our inspections indicated conditions present at the time of our inspection, not necessarily items that would have been present at any previous inspection. Therefore, the Authority believes that it should not be held accountable for conditions that may not have existed at the time of its inspections. We disagree. The Authority's calculation is slightly inaccurate. According to our records, only 56 percent of our inspections were conducted 120 days or more after the Authority's last inspection. To obtain an accurate determination of whether the Authority properly inspected units, we selected a random sample of units and inspected them. We understand that housing quality standards violations can occur after the last inspection conducted by the Authority, but Federal regulations require that all program housing meet housing quality standards performance requirements at the commencement of the assisted occupancy and throughout the assisted tenancy. We determined that the Authority did not observe or report 488 violations which existed at the 78 units when it conducted its most recent inspection. We were conservative in our approach and used our professional knowledge, tenant interviews, and the Authority's latest inspection reports in determining whether a housing quality standards violation existed before the last passed inspection conducted by the Authority or whether it was identified on the last passed inspection conducted by the Authority and was not corrected. Also, in conjunction with our inspections, we took photographs of units. As indicated by the photographs in the report, some deficiencies were easily determined to have existed at the time of the Authority's inspection. We were conservative in our determination of preexisting conditions. In the event that we could not reasonably make that determination, we did not categorize the violation as preexisting.
- Comment 2** The Authority asserted that we had two inspectors conduct our inspections. We had only one inspector conduct our inspections. An auditor accompanied the inspector to take notes and interview the tenants or owners who were present while we conducted our inspections.
- Comment 3** The Authority asserted that based on current funding and manpower, an Authority inspector does not have the capability to spend an hour inspecting each unit. Federal regulations require that all program housing meet housing quality standards performance requirements at the commencement of the assisted occupancy and throughout the assisted tenancy. The Authority is responsible for operating an inspection program that provides assurance that all program units meet housing quality standards at all times, and that if the owner fails to maintain a unit in accordance with the standards, it must take prompt and vigorous action to enforce the owner obligations. It must not make housing assistance payments for a unit that fails to meet housing quality standards unless the owner corrects the

defect within the period specified by the Authority and the Authority verifies the correction. The notation on the inspection report cover sheet that informs the public that the reporting burden for collecting related information is estimated to be .25 hours per response is made so that the users of the inspection report take into account the burden that their information collection imposes on the public. It is not intended to limit the amount of time that an inspector spends inspecting a unit.

Comment 4 The Authority asserted that many of its participating landlords and clients choose to purchase and live in older communities where the housing stock may be 75 years old, or older. The older housing stock presents many challenges for the housing quality standards inspection process requiring inspectors to use their inspection judgment with a sense of reasonableness. We agree that older housing stock presents challenges for the Authority. However, Federal regulations require the Authority to ensure that all program housing meet housing quality standards performance requirements at the commencement of the assisted occupancy and throughout the assisted tenancy. Our audit results showed that it did not always conduct adequate inspections to enforce HUD's housing quality standards.

Comment 5 The Authority asserted that weaknesses in the housing quality standards inspection program are compounded by the lack of standardized training for public housing inspectors. We agree that there is a lack of standardized training for public housing inspectors. For that reason we included a recommendation in this report for the Authority to use the results of this audit to continue training its inspectors to identify housing quality standards violations. HUD has also used the results of our audits to improve the program. In September 2009, the Philadelphia Regional HUD office published a Housing Quality Standards Inspection Bulletin. The purpose of the bulletin was to provide a detailed summary, including photographs, of housing quality standards violations identified by OIG during five recently conducted audits within the jurisdiction of the Philadelphia Regional HUD office. The summary identified violations such as missing or damaged exterior and interior handrails (four or more steps); peeling and chipping paint; cracks and stains in ceilings; loose carpet tripping hazards; inadequate weather stripping; inoperable stove burners; loose commodes; inoperable ground fault circuit interrupters; open ground outlets; knockout plugs missing from junction boxes; unsecured electrical panels, fuse boxes, and junction boxes; heating flue disconnected from wall; water heater flue blocked; and, windows that did not shut or lock as intended.

Comment 6 The Authority questioned the timeliness of this audit because the problems with the current housing quality standards program have been recognized by Congress and the current program will soon be replaced by a new program. We do not agree with the Authority's position. Federal regulations required the Authority to ensure that all program housing met housing quality standards performance requirements at the commencement of the assisted occupancy and throughout the

assisted tenancy. Our audit results showed that it did not always conduct adequate inspections to enforce HUD's housing quality standards. The Authority is obligated to comply with the existing regulations until they are changed or replaced.