



# Hammond Housing Authority, Hammond, LA

## Section 8 Housing Choice Voucher Program

**Office of Audit, Region 6  
Fort Worth, TX**

**Audit Report Number: 2017-FW-1005  
April 25, 2017**





**To:** Cheryl Williams, Director of Public Housing, 6APH

*//signed//*

**From:** Kilah S. White, Regional Inspector General for Audit, 6AGA

**Subject:** The Hammond Housing Authority's, Hammond, LA, Administration of Its Housing Choice Voucher Program Had Weaknesses

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 Hammond Housing Authority's Housing Choice Voucher program.

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

The Inspector General Act, Title 5 United States Code, 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 817-978-9309.



**Audit Report Number: 2017-FW-1005**

**Date: April 25, 2017**

**The Hammond Housing Authority's, Hammond, LA, Administration of Its Housing Choice Voucher Program Had Weaknesses**

## Highlights

---

### What We Audited and Why

---

We audited the Hammond Housing Authority as part of our annual audit plan to review public housing programs. Our objective was to determine whether the Authority properly administered its U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher program in accordance with HUD requirements.

### What We Found

---

While the Authority properly administered its waiting list and completed housing quality standards inspections at least biennially as required, it did not always ensure housing assistance payments were eligible and its participant files were supported. Specifically, the Authority did not always use the correct subsidy calculation, ensure a participant's lease ran concurrently with the housing assistance payment contract, and maintain sufficient documentation to support a participant's eligibility. Further, it did not administer its participant repayment agreements in accordance with requirements and properly use HUD's systems. These conditions occurred because the Authority did not have adequate written policies and procedures, was not always aware of HUD requirements, and in one instance disregarded HUD requirements. As a result, it (1) overpaid \$4,191; (2) could not support \$6,720 in housing subsidy payments; (3) could not support that it used \$23,463 in participant repayments correctly; (4) compromised the accuracy of HUD's database; and (5) could not always provide HUD with reasonable assurance that it administered its program to prevent fraud, waste, and abuse.

### What We Recommend

---

We recommend that the Director of HUD's New Orleans Office of Public Housing require the Authority to (1) reimburse its program \$4,191 from non-Federal funds for ineligible housing subsidy payments, (2) support the eligibility of the participant or reimburse \$6,720 in housing subsidy payments, (3) support that it correctly used \$23,463 in participant repayments, and (4) revise or implement written procedures and controls to address the findings cited in this audit report.

# Table of Contents

---

<b>Background and Objective.....</b>	<b>3</b>
<b>Results of Audit .....</b>	<b>4</b>
<b>Finding: The Authority’s Administration of Its Housing Choice Voucher Program     Had Weaknesses.....</b>	<b>4</b>
<b>Scope and Methodology.....</b>	<b>9</b>
<b>Internal Controls.....</b>	<b>10</b>
<b>Appendixes.....</b>	<b>11</b>
<b>A. Schedule of Questioned Costs and Funds To Be Put to Better Use.....</b>	<b>11</b>
<b>B. Auditee Comments and OIG’s Evaluation.....</b>	<b>12</b>

# Background and Objective

---

The Hammond Housing Authority is a public agency, chartered under the laws of the State of Louisiana to provide decent, safe, and sanitary dwelling accommodations in Hammond, LA. It is located at 411 West Coleman Avenue, Hammond, LA, and manages 329 U.S. Department of Housing and Urban Development (HUD) Section 8 housing choice vouchers. The Authority is governed by a five-member board of commissioners appointed by the mayor. Its executive director is responsible for the general oversight and administration of the Authority and manages the Authority's day-to-day operations. The Authority's permanent staff includes the executive director and a housing specialist. The Authority's fiscal year ends on December 31.

HUD's Section 8 Housing Choice Voucher program assists very low-income families, the elderly, and the disabled in affording decent, safe, and sanitary housing in the private market. Vouchers are administered locally by public housing agencies. A program participant that is issued a voucher is responsible for finding a suitable housing unit of choice where the owner agrees to rent under the program. This unit may include the participant's present residence. Rental units must meet minimum standards of health and safety as determined by the public housing agency. A housing subsidy is paid to the owner directly by the public housing agency on behalf of the program participant. The participant then pays the difference between the actual rent charged by the owner and the amount subsidized by the program. To cover the cost of the program, HUD provides funds to allow public housing agencies to make housing assistance payments on behalf of the participants and pays a fee to the public housing agency for the costs of administering the program.

From 2014 through 2016, HUD provided more than \$4.7 million, and the Authority disbursed more than \$4.5 million for its program. See table 1.

**Table 1. Section 8 funding**

<b>Fiscal year</b>	<b>Authorized funds</b>	<b>Disbursed funds</b>
2014	\$1,673,939	\$1,551,910
2015	1,541,584	1,525,382
2016	1,517,174	1,517,174
<b>Total</b>	<b>4,732,697</b>	<b>4,594,466</b>

When administering its program, the Authority must comply with the consolidated annual contributions contract, HUD regulations and other requirements, and its administrative plan.

Our objective was to determine whether the Authority properly administered its HUD Section 8 Housing Choice Voucher program in accordance with HUD requirements.

# Results of Audit

---

## **Finding: The Authority's Administration of Its Housing Choice Voucher Program Had Weaknesses**

---

While the Authority properly administered its waiting list, and completed housing quality standards inspections at least biennially, as required, it did not always ensure housing assistance payments were eligible and its participant files were supported. Specifically, the Authority did not always use the correct subsidy calculation, ensure a participant's lease ran concurrently with the housing assistance payment contract, and maintain sufficient documentation to support a participant's eligibility. Further, it did not administer its participant repayment agreements in accordance with requirements and properly use HUD's systems. These conditions occurred because the Authority did not have adequate written policies and procedures, was not always aware of HUD requirements, and in one instance disregarded HUD requirements. As a result, it (1) overpaid \$4,191; (2) could not support \$6,720 in housing subsidy payments; (3) could not support that it used \$23,463 in participant repayments correctly; (4) compromised the accuracy of HUD's database; and (5) could not always provide HUD with reasonable assurance that it administered its program to prevent fraud, waste, and abuse.

### **The Authority Did Not Always Ensure Payments Were Eligible and Supported**

The Authority did not always ensure that housing assistance payments to participants were eligible and supported. A review of 14 participant files determined that

- For one participant, the Authority did not correctly calculate the housing assistance payment. HUD regulations required the Authority to use the utility allowance amount for the lesser of the size of the dwelling unit leased by the participant or the participant's approved unit size to calculate the housing assistance payment.<sup>1</sup> However, it incorrectly used the actual unit size (three bedroom) when it should have used the participant's voucher size (two bedroom) for the utility allowance, resulting in housing assistance overpayments totaling \$396.<sup>2</sup>
- For one participant, the Authority did not ensure that the housing assistance payments contract ran concurrently with the lease. HUD regulations required that the Authority and the owner execute the housing assistance payments contract no later than 60 calendar days from the beginning of the lease term. Any housing assistance payments contract executed after the 60-day period would be void, and the Authority could not make housing assistance payments to the owner.<sup>3</sup> Before admission to the program, this participant had a lease, which began on October 17, 2014. The Authority admitted the

---

<sup>1</sup> 24 CFR (Code of Federal Regulations) 982.517(d)

<sup>2</sup> \$33 per month \* 12 months for the period between May 1, 2015, and April 1, 2016

<sup>3</sup> 24 CFR 982.305(c)

participant to the program and executed the initial housing assistance payments contract on May 1, 2015, more than 6 months later, but did not execute a new lease as required. The Authority made housing assistance payments to the owner between May and October 2015 totaling \$3,795. By not executing a new lease as required, it effectively voided the participant's housing assistance payments contract, making the \$3,795 in housing assistance payments to the owner ineligible.

- For one participant, the Authority did not maintain citizen declaration forms to support the eligibility<sup>4</sup> of three family members in the participant's household and payments totaling \$6,720 made between January 2014 and September 2015.

In addition, although it did not affect participant eligibility or the subsidy calculations, of the remaining 11 participant files reviewed, 5 contained errors. Specifically, the Authority did not always (1) complete the rent reasonableness assessment before executing the housing assistance payments contract and lease for one file, (2) use the correct utility allowance rate for two files, and (3) provide documentation to support that it completed background checks for two files.

### **The Authority Did Not Properly Administer Its Participant Repayment Agreements**

The Authority did not always properly administer its repayment agreements. For 15 participant repayment agreements reviewed, the Authority did not document a written repayment agreement for 1, as required<sup>5</sup>. For the remaining 14 repayment agreements, the Authority did not fully execute 1 agreement because it did not contain the Authority's executive director's signature and did not ensure that all 14 agreements included any of the following HUD required provisions<sup>6</sup>:

- (1) Referencing the paragraphs in the program packet with which the participant did not comply and stating that the participant could be subject to termination of tenancy, assistance, or both;
- (2) Stating that the monthly retroactive rent repayment amount was in addition to the participant's regular rent contribution and was payable to the Authority; and
- (3) Stating that the terms of the agreement could be renegotiated if there was a decrease or increase in the participant's income.

In addition, none of the participants' files reviewed included the required form HUD-52675, which made participants aware of the program requirement for the Authority to report debts owed and other related information to HUD and other housing agencies.<sup>7</sup> When asked, the executive director stated that she had not executed this form with any of the Authority's program participants.

When the Authority collected the repayments, HUD regulations required it to report the collections to HUD<sup>8</sup> and authorized it to use up to 50 percent in support of the program. For the remaining 50 percent, HUD regulations required the Authority to apply the funds as directed by

---

<sup>4</sup> 24 CFR 5.508

<sup>5</sup> Office of Public and Indian Housing (PIH) Notice 2010-19, number 16

<sup>6</sup> PIH Notice 2010-19, number 16

<sup>7</sup> During our audit period, the Authority had 404 program participants.

<sup>8</sup> PIH Notice 2010-16, number 3

HUD.<sup>9</sup> Between January 2014 and October 2016, the Authority collected \$46,927. However, it did not report the collections to HUD as required, deposited 100 percent of the collected funds into its bank account, and used half of the collected funds for housing assistance payments and the other half for administrative funds. Because the Authority did not report the collections to HUD, it did not receive HUD direction on how to apply at least 50 percent, or \$23,463, of the funds and could not support that it spent the funds correctly.

### **The Authority Did Not Properly Use HUD's Systems**

The Authority did not properly use HUD's Enterprise Income Verification (EIV) system and Public and Indian Housing Information Center (PIC) system. HUD regulations required the Authority to use the EIV system in its entirety, including reporting and monitoring, to reduce administrative and subsidy payment errors in accordance with HUD administrative guidance,<sup>10</sup> ensure the accuracy of data entered in PIC,<sup>11</sup> and maintain complete and accurate accounts and other records for the program in accordance with HUD regulations.<sup>12</sup>

The Authority did not report debts owed and participant terminations in the EIV system, although it wrote off more than \$19,000<sup>13</sup> in uncollected debts between January 2014 and December 2015. In addition, the Authority did not always submit accurate data to the PIC system. For at least one participant, the Authority had not updated its PIC data since 2013. Further, the Authority did not monitor EIV reports monthly for deceased participants, identity verification, and immigration reports or quarterly for income discrepancy, multiple subsidy, or new hires reports as required.

By not accurately reporting participant data in the EIV and PIC systems, the Authority compromised the accuracy of HUD's databases. In addition, by not monitoring the EIV reports, the Authority may have missed identifying unreported income of program participants in a timely manner and could not provide HUD with reasonable assurance that it administered its program to prevent fraud, waste, and abuse.

### **The Authority Did Not Have Adequate Policies and Procedures, Did Not Always Understand Requirements, and Disregarded HUD Requirements**

The Authority did not have adequate policies and procedures, its staff did not always understand HUD requirements, and in one instance it disregarded HUD requirements. Specifically, the Authority had not updated its 1995 administrative plan in its entirety to reflect current operations, and its policies and procedures were not adequate to ensure that it complied with Federal reporting requirements. Although portions of the administrative plan had been updated using board resolutions, there were portions of the plan that were no longer relevant to the Authority or the program. The plan also contained references to portions of the plan that had been eliminated by the Authority's board. In addition, the Authority's administrative plan and

---

<sup>9</sup> HUD Housing Choice Voucher Program Guidebook, chapter 22.7

<sup>10</sup> 24 CFR 5.233

<sup>11</sup> Notice PIH 2010-51 extended by 2012-33

<sup>12</sup> 24 CFR 982.158(a)

<sup>13</sup> For fiscal years 2014 and 2015

policies did not contain procedures related to reporting debts owed and participant terminations in the EIV system, PIC reporting, and monitoring the EIV reports.

The Authority's executive director was not aware of the requirements to use the lesser of the bedroom or voucher size to calculate the utility allowance amount, the monitoring and reporting requirements, and did not fully understand the HUD requirements related to rent reasonableness assessments. The Authority's executive director also stated that she was not aware of the required form HUD-52675. Further, the Authority's staff did not fully understand the PIC reporting process and was not always aware of errors in participant data.

In the instance where the Authority did not execute a new lease, the Authority's executive director stated that the Authority did not execute a new lease because the owner refused to do so. However, the Authority still made housing assistance payments to the owner, thereby disregarding HUD requirements.

### **The Authority Took Action To Correct Deficiencies**

The Authority took action to correct some of its deficiencies. Once it became aware of the HUD requirements for calculating the participant's utility allowance, it updated its administrative plan through a board resolution, effective July 1, 2015. Also in 2015, the Authority took corrective action to ensure that all current participants filled out the citizen declaration forms at each recertification appointment. Further, after we provided the Authority with the preliminary results of our review in January 2017, the Authority entered five tenants' debts into the EIV system, began redeveloping its administrative plan in its entirety, and corrected the data issues in PIC.

### **Conclusion**

While the Authority properly administered its waiting list, and completed housing quality standards inspections at least biennially, as required, it had issues with its subsidy calculations, participant files, participant repayment agreements, and use of HUD systems. These conditions occurred because the Authority did not have adequate written policies and procedures, was not always aware of HUD requirements, and in one instance disregarded HUD requirements. As a result, it overpaid \$4,191 and could not support \$6,720 in housing subsidy payments and that it used \$23,463 in participant repayments correctly; compromised the accuracy of HUD's database; and could not always provide HUD with reasonable assurance that it administered its program to prevent fraud, waste, and abuse.

### **Recommendations**

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

- 1A. Repay its program from non-Federal funds \$4,191 for ineligible housing subsidy overpayments.
- 1B. Support the eligibility of the participant or reimburse its program \$6,720 from non-Federal funds for housing subsidy payments.
- 1C. Support that it properly used the funds collected or repay its program \$23,463 from non-Federal funds.

- 1D. Develop and implement controls to identify errors and ensure that housing assistance payments are correctly calculated and paid, leases run concurrently with the housing assistance payments contract, required eligibility documentation is maintained, rent reasonableness is completed before executing the housing assistance payments contract and lease, the correct utility allowance rate is used, and documentation to support completed background checks is maintained.
- 1E. Revise its written policies and procedures to ensure that it administers its participant repayment agreements in compliance with requirements.
- 1F. Ensure that it executes form HUD-52675 with all program participants and adult household members.
- 1G. Develop written policies and procedures, to include HUD's requirements to (1) properly report participant data in the PIC system, (2) report repayments and debts owed in the EIV system, and (3) monitor EIV reports.
- 1H. Compare current participant and financial data to the EIV and PIC system data to ensure that all participant data were accurately submitted and reported.
- 1I. Revise its administrative plan to ensure that it accurately reflects current HUD requirements and the Authority's current policies and procedures.
- 1J. Provide training to its staff to ensure that it is familiar with all HUD documentation and reporting requirements.

# Scope and Methodology

---

We conducted our audit at the Authority's office in Hammond, LA, and our office in New Orleans, LA, between October 2016 and March 2017. Our audit scope covered the period January 1, 2014, through September 30, 2016. We expanded the scope as necessary to accomplish our audit objective.

To accomplish our objective, we reviewed relevant regulations and program guidance and the Authority's

- Organizational chart and written program policies and procedures;
- Audited financial statements and HUD monitoring reports;
- Bylaws, board meeting minutes, and 5-year and annual plans;
- Administration of its waiting list;
- Income discrepancy report from HUD's EIV system;
- Program participant repayment agreements and file documentation;
- Housing quality inspections report from HUD's PIC system; and
- Program participant files.

We also interviewed Authority staff and obtained clarification from HUD as needed.

For our program participant file review, we selected a nonstatistical sample of 40 program participants from a total of 404 included in HUD's PIC data as of September 30, 2016. Although this approach did not allow us to project the results of the sample to the population, it was sufficient to meet the audit objective. During our initial survey, we reviewed 14 of 40 program participant files to determine participant eligibility and the accuracy of the housing assistance payment calculations. Because the issues identified were not significant, we did not review the additional 26 program participant files selected. Through file reviews, we determined that the computer-processed data related to the participant files were generally reliable.

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:

- Effectiveness and efficiency of operations – Policies and procedures that the Authority's management implemented to reasonably ensure that a program met its objectives.
- Reliability of financial reporting – Policies and procedures that the Authority's management implemented to reasonably ensure that valid and reliable data were obtained, maintained, and fairly disclosed in reports.
- Compliance with applicable laws and regulations – Policies and procedures that the Authority's management implemented to reasonably ensure that resource use was 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.

# Appendixes

---

## Appendix A

---

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

<b>Recommendation number</b>	<b>Ineligible 1/</b>	<b>Unsupported 2/</b>
1A.	\$4,191	
1B.		\$ 6,720
1C.		23,463
<b>Totals</b>	<b>4,191</b>	<b>30,183</b>

- 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/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

# Appendix B

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

Comment 1

Comment 2

Comment 3

Comment 3

Comment 1

Comment 3



## Hammond Housing Authority



*Jackson Square Court**Disaster Housing Assistance Program**Section 8 Voucher*

April 10, 2017

Ms. Kilah White, Regional Inspector General  
Office of Audit (Office 6)  
819 Taylor Street Suite 13A09  
Fort Worth, TX 76102

Dear Ms. White,

This letter is in response to the draft audit report entitled "The Hammond Housing Authority's, Hammond, LA, Administration of Its Housing Choice Voucher Program Had Weaknesses."

In reference to the first comment (page 4) listed concerning one utilization of the proper utility allowance schedule based on the lesser of the voucher size or the unit size, the correct allowance was used according to the administrative plan at the time of that particular reexam. The policy was presented to the board of commissioners and a resolution was signed effective July 1, 2015, therefore, May 1, 2015 reexams were done using the allowance for the size of the units as per the policy at that time. Incorrect payments were not made according to the policy.

In reference to the second comment concerning one lease that did not run concurrently with the contract, in this instance the lease was with a tax credit property. The family was established in their residence at the time the voucher was issued. The housing authority requested a new lease, however, due to the tax credit regulations, the management advised that a new lease cannot be started. We have verified this tax credit rule with approximately 10 tax credit properties in the Hammond City limits, and all responses are the same. All private landlords provide a lease to run concurrently with the contract. If this conflict in the Tax Credit and Section 8 Rule holds true, I will have no choice but to not enter into contracts with Tax Credit properties for families who are already established in a Tax Credit property. This will cause hardship on the families receiving assistance and will greatly reduce my housing stock, as I currently have 10+ Tax Credit communities in my jurisdiction. Any guidance from HUD on this matter is greatly appreciated.

In reference to one file where a citizenship form was not present (page 4), it was found in late 2015 that a citizenship form was not obtained. At the time, all participants were asked to fill out the form at the annual reexam to ensure a form was on file for all participants, in addition to the citizenship form being added to a final checklist that was already in place for each tenant file. However, this particular family's participation had ended prior to the utilization of the updated checklist, therefore, this was an oversight. Birth certificates and social security cards were obtained for all household members and we will attempt to contact the family to have the citizenship form completed.

The following items did not affect the eligibility nor the subsidy (page 5), however, the following comments are in response:

- 1.) We will ensure rent reasonableness comparisons are completed prior to the execution of the contract. We now do the rent reasonableness comparison at the time of inspection.
- 2.) All Utility Allowances were used correctly in accordance to the Administrative Plan at that time.
- 3.) One background check was not completed, due to misinformation concerning administration of VASH, and another report was completed, however, only the consent form could be found at the time of the audit field work. At this time, all VASH families have been cleared through the National Sex Offender Registry.

**Ref to OIG  
Evaluation**

**Auditee Comments**

Comment 3

In reference to the repayment agreements not including the appropriate HUD required provisions, the language will be added to any and all agreements executed in the future. Also, in reference to the form HUD-52675, all applicants are signing and receiving a copy of the form upon voucher issuance, and all participants at the reexam. As stated, I was unaware of this form, and will ensure all participants are made aware and sign the form.

Comment 3

In reference to repayments agreement funds collected, all monies collected were reported to HUD in VMS. Any direction that I receive from HUD on how to utilize the funds will be followed accordingly.

Comment 3

In reference to the improper use of the EIV and PIC system (page 6), due to my new administration I have only recently started submitting and learning the HUD system. I was unaware that debts owed were to be reported in that system. However, since the realization, I have entered all debts owed by terminated families. I am unaware how to submit debts owed by participants, if this is applicable. I am in the process of scheduling additional PIC/EIV training so that I may be more knowledgeable of the system and its requirements, however, again, as you are aware, I have had many obstacles to overcome in my short tenure as Executive Director and I will comply with all regulations to the best of my ability. Also, I am currently monitoring all reports either monthly or quarterly as required.

Comment 3

In reference to the inadequacies of my policies and procedures, I am in the process of completing a new administrative plan to include all HUD requirements. I have contracted DL Morgan and Associates to complete this and plan to have it in place no later than May 30, 2017.

As always, I look forward to resolving all findings and concerns. Please contact me if you have any additional questions or concerns.

Yours truly,



Delores Tillman  
Executive Director

*"This institution is an Equal Opportunity Provider"*

411 West Coleman Ave Hammond, LA 70403 Office: (985) 345-2713 Fax: (985) 542-8258

## OIG Evaluation of Auditee Comments

Comment 1 The Authority asserted that it used the correct utility allowance according to its administrative plan at the time of the reexamination. The Authority explained that the policy was presented to the board and a resolution was signed effective July 1, 2015, and the May 1, 2015 reexaminations were done using the allowance as per the policy at that time; thus incorrect payments were not made according to the policy.

Although the Authority followed its own policy, the policy did not comply with HUD requirements in effect at that time. HUD's requirement to use the lesser of the voucher or unit size to calculate the utility allowance was effective July 1, 2014, and the Authority's policy was not updated with the correct requirement until a year after the effective date on July 1, 2015. Therefore, the utility allowance calculation used by the Authority was not in compliance with HUD's requirements and the Authority overpaid \$396 in housing assistance payments for this participant.

Comment 2 The Authority stated that due to the tax credit rules, property management advised that a new lease could not be started to run concurrently with the housing contract; and that it verified this tax rule with approximately 10 tax credit properties in the Hammond city limits.

We understand the Authority's concerns; however, the Authority did not comply with HUD's requirements and did not ensure the HAP contract ran concurrently with the lease. Therefore, \$3,795 is ineligible. The Authority should work with HUD to determine the best course of action to address the concerns and satisfy the recommendations.

Comment 3 The Authority stated that in reference to the citizenship form, the family's participation had ended prior to the utilization of its updated checklist and therefore was an oversight. The Authority stated that it obtained the birth certificates and the Social Security cards and that it would attempt to contact the family to have the citizenship form completed. In addition, the Authority stated that it (1) would ensure rent reasonableness comparisons are completed as required; (2) ensured that all Veterans Affairs Supportive Housing (VASH) families have been cleared through the National Sex Offender Registry; (3) would add required language to its repayment agreements, require all applicants to complete the form HUD-52675, and utilize funds as per HUD direction; (4) entered all debts owed by terminated families into the HUD system; (5) is in the process of scheduling PIC/EIV training; (6) monitors all reports either monthly or quarterly as required; and (7) is in the process of completing a new administrative plan to include all HUD requirements.

We appreciate the Authority's efforts to make improvements by taking actions to address the issues identified in the report. The Authority will need to provide

evidence to HUD of actions taken toward correcting the identified issues, and work with HUD to continue to resolve the remaining issues and satisfy the recommendations.