



Loudoun County Department of Family Services, Leesburg, VA

Housing Choice Voucher Program



To: Christine Jenkins, Director, Office of Public Housing, District of Columbia Field Office, 3GPH
//signed//

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

Subject: The Loudoun County Department of Family Services, Leesburg, VA, Did Not Always Ensure That Its Program Units Met Housing Quality Standards

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 Loudoun County Department of Family Services' 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 website. 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: 2017-PH-1004

Date: June 9, 2017

The Loudoun County Department of Family Services, Leesburg, VA, Did Not Always Ensure That Its Program Units Met Housing Quality Standards

Highlights

What We Audited and Why

We audited the Loudoun County Department of Family Services' Housing Choice Voucher program because (1) we received a complaint alleging housing quality standards problems with a housing unit participating in the County's program, (2) the County had 688 vouchers and received more than \$6.4 million in fiscal year 2016, and (3) we had not audited its program. Our audit objective was to determine whether the County ensured that its Housing Choice Voucher program units met the U.S. Department of Housing and Urban Development's (HUD) housing quality standards.

What We Found

The County did not always ensure that its program units met housing quality standards. The allegation in the complaint had merit. The County's housing quality standards inspection process needs improvement. Of 15 program units inspected, 11 did not meet HUD's housing quality standards. Most of the violations identified could be easily corrected. However, 1 of the 11 units was in material noncompliance with housing quality standards. The County disbursed \$9,660 in housing assistance payments and received \$55 in administrative fees for this unit.

What We Recommend

We recommend that HUD require the County to (1) certify, along with the owners of the 11 units cited in the finding, that the applicable housing quality standards violations have been corrected; (2) reimburse its program \$9,715 from non-Federal funds for the unit that materially failed to meet HUD's housing quality standards; and (3) provide training to its inspectors on conducting housing quality standards inspections.

Table of Contents

Background and Objective.....	3
Results of Audit	4
Finding: The County Did Not Always Ensure That Its Program Units Met Housing Quality Standards.....	4
Scope and Methodology.....	8
Internal Controls.....	10
Appendixes.....	11
A. Schedule of Questioned Costs	11
B. Auditee Comments and OIG’s Evaluation.....	12

Background and Objective

The Loudoun County Department of Family Services administers the County’s Housing Choice Voucher program. The program provides rental assistance to low-income families, the elderly, and the disabled to enable them to afford decent, safe, and sanitary housing in the private market through Federal funds from the U.S. Department of Housing and Urban Development (HUD). The County is governed by a board of commissioners consisting of nine members. Its Housing Choice Voucher program office is located at 102 Heritage Way, Leesburg, VA.

Under the Housing Choice Voucher program, HUD authorized the County to provide leased housing assistance payments to 688 eligible households in fiscal years 2014 through 2016. HUD authorized the County the following financial assistance for housing choice vouchers for fiscal years 2014 through 2016.

Year	Annual budget authority
2014	\$6,610,019
2015	6,669,608
2016	6,487,829

HUD regulations at 24 CFR (Code of Regulations) 982.405(a) require public housing agencies to perform unit inspections before the initial move-in and at least annually. The agency must inspect the unit leased to the family before the term of lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards.

Our audit objective was to determine whether the County ensured that its Housing Choice Voucher program units met HUD’s housing quality standards.

Results of Audit

Finding: The County Did Not Always Ensure That Its Program Units Met Housing Quality Standards

The County did not always conduct adequate inspections to enforce HUD's housing quality standards. Of 15 program housing units inspected, 11 did not meet HUD's housing quality standards, and 1 materially failed to meet HUD's standards. This condition occurred mainly because the County's inspectors were not aware that some deficiencies were violations. As a result, the County paid owners for units that did not comply with requirements, and it disbursed \$9,660 in housing assistance payments and received \$55 in administrative fees for the unit that materially failed to meet HUD's housing quality standards.

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

We statistically selected 65 units from a universe of 170 program units that passed a County-administered housing quality standards inspection between May 1 and August 31, 2016. We inspected 14 of the 65 units as a discovery sample. To those 14 units, we added the unit identified in the complaint. The 15 units were inspected to determine whether the County ensured that the units in its Housing Choice Voucher program met housing quality standards. We inspected the 15 units between October 31 and November 4, 2016. We decided not to inspect additional units because the findings from these inspections were not significant.

Of the 15 program units inspected, 11 (73 percent) did not meet HUD's housing quality standards because they had 78 violations, including 7 violations that needed to be corrected within 24 hours. Most of the violations identified were due to structure and material violations that could be easily corrected. Additionally, 1 of the 11 units was in material noncompliance with housing quality standards because it had 18 violations that predated the County's last inspection. These violations were not identified by the County's inspector, creating unsafe living conditions. The violations occurred mainly because the County's inspectors, including the inspector who performed quality control inspections, were not aware that some deficiencies were violations and missed some violations during their inspections. For example, the inspectors did not know that keyed locks on bedroom doors and torn window screens were violations. 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 78 housing quality standards violations in the 11 units that failed our inspections.

Seq. no.	Key aspect ¹	Number of violations	Number of units	Percentage of units ²
1	Structure and materials	30	10	67
2	Interior air quality	22	5	33
3	Sanitary facilities	9	6	40
4	Illumination and electricity	8	5	33
5	Space and security	3	3	20
6	Smoke detectors	2	2	13
7	Sanitary condition	2	1	7
8	Access	1	1	7
9	Food preparation and refuse disposal	1	1	7
	Total	78		

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

The following photographs illustrate some of the violations noted during our housing quality standards inspection in the unit that materially failed to meet HUD standards.

¹ Regulations at 24 CFR 982.401 categorize housing quality standards performance and acceptability criteria into 13 key aspects. Only 9 key aspects are listed in the table because we identified no violations for 4 key aspects.

² This is the percentage of the 15 units that we determined had the identified violations. For example, the 10 units that had structure and materials violations were 67 percent of the 15 units we inspected.



Inspection #7: The stairwell to the basement was missing a handrail on the open side. The County did not identify this violation during its May 17, 2016, inspection.



Inspection #7: The key-operated lock on the bedroom door posed a hazard because it blocked egress. The County did not identify this violation during its May 17, 2016, inspection.

The County disbursed \$9,660 in housing assistance payments and received \$55 in administrative fees for the unit that materially failed to meet HUD's housing quality standards.

Conclusion

The County did not always ensure that its program units met housing quality standards. Its housing quality standards inspection process needs to be improved. With minor modifications to its process, the County can ensure that it pays housing assistance to owners for program units that meet 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 quality standards. The County disbursed \$9,660 in housing assistance payments and received \$55 in program administrative fees for one unit that materially failed to meet HUD's housing quality standards.

Recommendations

We recommend that the Director of HUD's Office of Public Housing, District of Columbia field office, require the County to

- 1A. Certify, along with the owners of the 11 units cited in this finding, that the applicable housing quality standards violations have been corrected.
- 1B. Reimburse its program \$9,715 from non-Federal funds (\$9,660 for housing assistance payments and \$55 in associated administrative fees) for the unit that materially failed to meet HUD's housing quality standards.
- 1C. Provide training to its inspectors on conducting housing quality standards inspections.

Scope and Methodology

We conducted the audit from September 2016 through April 2017 at the County's office located at 102 Heritage Way, Leesburg, VA, and our offices located in Richmond, VA, and Philadelphia, PA. The audit covered the period September 2015 through August 2016 but was expanded when necessary.

To accomplish our objective, we reviewed

- Applicable laws, regulations, the County's administrative plan, HUD's program requirements at 24 CFR Part 982, HUD's Housing Choice Voucher Guidebook 7420.10G, and other guidance.
- The County's inspection reports; computerized databases, including housing quality standards inspections, housing assistance payments, and tenant data; annual audited financial statements for fiscal year 2015; policies and procedures; board meeting minutes; and organizational chart.
- HUD's monitoring reports for the County.

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

To achieve our audit objective, we relied in part on computer-processed data from the County'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 65 program units to inspect from a universe of 170 program units that passed a County-administered housing quality standards inspection between May 1 and August 31, 2016. These inspections were conducted by the County's inspector. 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. We inspected 14 of the 65 units as a discovery sample. We also inspected the unit identified in the complaint. We inspected the 15 units from October 31 through November 4, 2016, to determine whether the County's program units met housing quality standards. The County's program manager accompanied us on all of the inspections. Of the 15 units inspected, 11 failed, and 4 passed our inspection. Although the 11 units had 78 violations, including 7 violations that needed to be corrected within 24 hours, only 1 of the units was in material noncompliance with housing quality standards. Since only 1 of the 14 discovery sample units was in material noncompliance with housing quality standards, we did not inspect additional units and we did not project our audit results to the population.

To calculate the amount of ineligible housing assistance payments that the County disbursed for the one unit that materially failed to meet HUD's housing quality standards, we divided \$2,100 (the amount of monthly housing assistance for the unit) by 30 days (average days in a month),

yielding a total of \$70 per day. We multiplied the \$70 by 138 days (the total number of days between the date of the County's last inspection on May 17, 2016, and our inspection on November 1, 2016, less 30 days) that yielded a total of \$9,660 in housing assistance payments for the unit that was in material noncompliance with HUD's housing quality standards. To calculate the amount of associated administrative fees, we multiplied \$84 (the estimated monthly per unit administrative fee) by 4.6 months (the number of months between the date of the County's last inspection and our inspection, less 30 days), yielding a total of \$386 in estimated administrative fees paid on the unit. We also divided 2 (the total number of employees associated with the housing quality standards inspections) by 14 (the total number of employees associated with the program), yielding 14.29 percent of the County's employees associated with the housing quality standards inspections. We multiplied the \$386 by 14.29 percent that yielded a total of \$55 in administrative fees paid for the unit that materially failed HUD's housing quality standards.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that 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 resource use is consistent with laws and regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

We evaluated internal controls related to the audit objective in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Appendixes

Appendix A

Schedule of Questioned Costs

Recommendation number	Ineligible 1/
1B	\$9,715

- 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.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments



Loudoun County, Virginia
www.loudoun.gov

Department of Family Services
102 Heritage Way, N.E., Suite 103, P.O. Box 7400
Leesburg, VA 20177-7400
(703) 777-0353 • Fax: (703) 737-8895



May 12, 2017

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

RE: Office of the Inspector General Draft audit report entitled, "The Loudoun County Department of Family Services, Leesburg, VA did not always ensure that its program units met housing quality standards".

Dear Mr. Kasperowicz:

The Loudoun County Department of Family Services Housing Choice Voucher (DFSHCV) program staff reviewed the above referenced draft audit report and would like to take this opportunity to submit its response to the finding and identify the corrective actions taken and to be taken to address the finding. The DFSHCV program concurs with the finding that the County did not always ensure that its program units met housing quality standards. However, the DFSHCV program does not fully concur with every item identified as a fail item during the inspections of sample units given the guidance and direction provided by the Housing Choice Voucher (HCV) Guidebook, the Housing Inspection Manual, and the inspector's judgement/interpretation of the Housing Quality Standards (HQS) minimum requirements. We appreciate that the Office of the Inspector General (OIG) staff recognized Loudoun as a successful HCV program and considers the one finding minimal in the larger scope of the program's extensive and successful implementation of policies and procedures. We appreciate the perspective shared with us at the exit interview that comparatively the audit can be considered a good review. The Loudoun County DFSHCV program agrees to implement the recommendations detailed in the audit report.

The audit report identifies 74 HQS violations. According to HUD requirements, any item in an inspection that is identified as a "fail" results in the entire unit failing the inspection. Consequently, 11 of the 15 units that were inspected are identified as failed units. Of the 74 HQS fail items cited, at least 23 fail items appear to be for violations either not clearly or specifically addressed by the Housing Inspection Manual or could easily have been caused by the tenant after the previous program inspection, such as broken towel bars, off track closet doors, water-filled flower pots, etc. (Attached please find a chart that identifies the fail items and that also provides the Housing Inspection Manual reference for those fail items that are open for interpretation or may be the result of non-reported tenant actions.)

Comment 1

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 2

Letter to David Kaserowicz
May 12, 2017
Page 2

For example, 6 of the identified fail items include missing window screens. Per the Housing Inspection Manual page 65, "screens are not required as part of this nationwide, minimum standard. However, an individual Public Housing Authority (PHA) is free to adopt a higher standard that does require screens with HUD Field Office approval, provided that this does not unduly restrict the availability of otherwise acceptable housing." The DFSHCV program has not sought approval from the HUD Field Office to be able to require screens, therefore; the DFSHCV program inspector has not failed units that have not had window screens. Although the OIG inspector applied the local Virginia Maintenance Code (304.14) when citing deficiencies for screens, both the Housing Inspection Manual and HCV Program Guidebook state that PHA's must seek HUD approval for acceptability criteria, if the variation meets or exceeds the performance requirement and does not unduly limit the amount and type of rental housing. The Housing Inspection Manual also states HUD Field Office staff will use these standards in the inspection component of their management reviews of PHA's administering the Section 8 program.

Comment 2

The HCV Program Guidebook regarding the HQS section states "In order to keep assisted units from having to meet higher standards than units in the unassisted market, PHA's should be cautious and thoughtful when requesting HUD approval of a standard higher than HQS. Though adopted into local law, local codes are not often consistently enforced among all units, or are enforced only when complaints are made. Sometimes, certain aspects of a local code are not enforced at all. If the PHA adopts local code requirements, housing choice may be restricted in these instances". "The PHA Administrative Plan should include any HUD-approved variations to HQS acceptability criteria that will be used to judge the condition of the unit. This practice formalizes the PHA's inspection standards for inspection staff, as well as for owners and tenants." As noted above, the DFSHCV program has not sought HUD approval to require higher standards in the Administrative Plan or HQS policies and therefore; HUD policies should supersede local policy. Additionally, the minimum HQS requirements as noted by HUD are kept to a minimum purposely so as to not cause any undue financial strain or severe restrictions on participating landlords and/or clients to ensure an adequate supply of rental housing at or below Fair Market Rents.

Comment 3

The Loudoun County DFSHCV program has already begun to implement specific recommendations to improve upon the HQS inspection process. Below are the corrective measures to the OIG finding and recommendations:

OIG Recommendation 1A: Certify, along with the owners of the 11 units cited in this finding, that the applicable housing quality standards violations have been corrected.

Loudoun Response: The Loudoun County DFSHCV program has started to ensure deficiencies have been corrected and will continue to ensure that violations cited will be corrected in an efficient manner and certify the correction of all deficiencies to HUD's Office of Public Housing, District of Columbia Field Office.

OIG Recommendation 1B: Reimburse its program \$9,715 from non-Federal funds (\$9,660 for housing assistance payments and \$55 in associated administrative fees) for the unit that materially failed to meet HUD's housing quality standards.

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 4

Letter to David Kasperowicz
May 10, 2017
Page 3

Loudoun Response: The Loudoun County DFSHCV program will reimburse the program \$9,715 from non-Federal funds. The agency will collaborate with HUD's Office of Public Housing, District of Columbia Field Office and verify the appropriate source of funds to reimburse the program.

OIG Recommendation 1C: Provide training to its inspector on conducting HQS inspections.

Comment 5

Loudoun Response: The Loudoun County DFSHCV program has already begun to seek trainings through HUD, Nan McKay, and interactive inspection modules available through HUDexchange webinars, ensuring the inspector conducts complete and accurate inspections. Loudoun will continue to provide landlord seminars quarterly to better educate participating landlords on HQS requirements and compliance standards. Loudoun also provides clients "tips and techniques" trainings on a bi-annually bases to equip clients with the necessary tools to maintain safe, decent, and sanitary rental units. For clients who exhibit challenges in maintaining sanitary units, they are placed on quarterly inspections to remain in compliance. Loudoun will inform HUD's Office of Public Housing, District of Columbia Field Office of its corrective action plan.

The Loudoun County DFSHCV program is acting upon the recommendations provided by your agency to ensure compliance.

Thank you for the opportunity to work with the Office of Inspector General staff in conducting this audit. I also appreciate the opportunity to comment on the audit finding.

Sincerely,



Sarah Coyle Etró, AIGP
Assistant Director, Loudoun County DFS
Executive Director, Loudoun County PHA

Cc: Glenda Blake, Director, Loudoun County DFS
Antwaun Jackson, Loudoun County DFSHCV Program Manager

Auditee Comments and OIG's Evaluation

Ref to OIG
Evaluation

Auditee Comments

INVENTORY OF FAIL ITEMS WITH SELECTED HQS MANUAL GUIDANCE*		
# Fail Items in Category	Specific Fail Item	Housing Inspection Manual Page Reference (Disputed Interpretation)
3	Gaps at Exterior Door Jambs	P.95- If door locks properly and is secured in the doorframe, can pass or pass with comment. P.63-Can pass or pass with comment if the door frame shows moderate signs of disrepair, bring to the attention of landlord and tenant P.65- Screens are not required as part of the nationwide minimum standard.
6	No window screens	
2	Loose Faucets	P.87- Pass the item if washbasin is present and working but has following defects: low pressure, dripping faucet, minor leaks or defective faucet handle.
1	Loose Outlet (pulls off wall)	
1	Missing patio door handle	
8	Keyed lock on bedroom/bathroom doors	
8	Off track windows/don't stay open	
1	Missing Storm Sash	
1	Open stairs more than 30" off the ground with railing on one side in basement area	P.95- Basement considered a secondary room, if basement stair has no railing but is almost never used and can be locked and closed off the risk is minimal, can pass or pass with comment.
1	Open Neutral outlet	
1	Damaged wall in uninhabited area	P.69- Pass walls that are basically sound but have some defects, small or shallow holes, loose or missing parts, unpainted surfaces.
3	Missing cover plates	
1	Unsteady deck railing post	
1	No doors on base kitchen cabinets	P.80- Missing cabinet doors can pass or pass with comment if there is space and storage, they are not required.
1	Damaged bathroom door at latch	
2	Rust stains or chipped enamel in bathtub	P.87-88- Can pass or pass with comment, if tub has hot and cold running water and drain works properly. No cutting hazard. P.87- Chipped porcelain can pass or pass with comment, if not severe or cutting hazard.
1	Broken window latch	
1	Holes in door	
3	Loose or missing towel bars	P.69- Pass walls that are basically sound but have some defects, small or shallow holes, loose or missing parts, unpainted surfaces. Towel bar not a necessity.

Auditee Comments and OIG's Evaluation

Ref to OIG
Evaluation

Auditee Comments

Comment 6*

INVENTORY OF FAIL ITEMS WITH SELECTED HQS MANUAL GUIDANCE*	
1	Unconnected Dryer to vent
3	Missing lock on window/door
3	Closest doors off track
1	Deteriorated Trim board at roof
3	Wrinkled carpet.
1	Loose TV cable across the floor
2	Low volume/defective smoke detectors
1	Reversed hot/neutral on outlet
2	Torn Screens
1	Inoperable Bathroom exhaust fan
1	Window blocked by tenant storage
1	Missing drywall in room not used for living
1	Deteriorated threshold
1	GFCI outlet doesn't trip
1	Leaky faucet at base of spout
1	Small bugs in kitchen
1	Flower pot with standing water
1	Unsecured main breaker
1	Dirty Air Filter
1	Loose Weather Cover on patio

P.70- If it does not pose a severe tripping hazard or buckling, can pass or pass with comment
 P.69- Pass walls that are basically sound but have some defects, small or shallow holes, loose or missing parts, unpainted surfaces.
 P.121- If unit is free from severe infestation, more than one bug, roach or vermin, pass or pass with comment, Inspector judgement
 P.121- If unit is free from severe infestation, more than one bug, roach or vermin, pass or pass with comment, Inspector judgement
 P.139- Can pass or pass with comment, if no exposed wires, fraying, improper connections

*Of the 11 OIG inspections that included fail items; 6 were conducted approximately 3 months after the DFSHCV program inspection; 2 were conducted 4 months after the DFSHCV program inspection; 2 were conducted 5 months after the DFSHCV program inspection; and 1 was conducted 12 months after the DFSHCV program inspection.

*

OIG Evaluation of Auditee Comments

- Comment 1 The County asserted that at least 23 of the 74 housing quality standards violations that we identified during our inspections appeared to be for violations either not clearly or specifically addressed by the Housing Inspection Manual or could easily have been caused by the tenant after the previous program inspection, such as broken towel bars, off track closet doors, and water-filled flower pots. It included with its written comments a chart identifying violations with which it disputed our interpretation of the Housing Inspection Manual. Although the Housing Inspection Manual may not clearly address all violations that we identified during our inspections, inspections involve some judgment. We conducted the inspections using all applicable guidance, identified by County officials, including HUD regulations at 24 CFR 982.401, HUD's Housing Choice Voucher Program Guidebook, the Virginia Maintenance Code, and the Loudoun County Code of Ordinances. We understand that violations can occur after the last inspection conducted by the County, however, Federal regulations require that all program housing meet housing quality standards at the commencement of the assisted occupancy and throughout the assisted tenancy. Our inspections identified 78 violations and all need to be addressed. Moreover, without including the violations disputed by the County, the 11 units that failed our inspection would still have failed because each would have had at least one violation. As part of the audit resolution process, the County can provide documentation to HUD for consideration in resolving specific violations, including those with which it disputed our interpretation. Also, during a review of our inspection reports and summary spreadsheets after the exit conference, we identified a few discrepancies in the number of unit violations. We adjusted the numbers in the final audit report. The total number of violations identified during our inspections totaled 78 rather than 74 shown in the draft report and the one unit that was in material noncompliance with housing quality standards had 18 violations that predated the County's last inspection rather than 19 shown in the draft report.
- Comment 2 The County asserted that it did not seek approval from the HUD field office to be able to require screens, therefore, the County inspector has not failed units that have not had window screens. It further asserted that although we applied the local Virginia Maintenance Code when citing deficiencies for screens, both the Housing Inspection Manual and Housing Choice Voucher Program Guidebook state that public housing agencies must seek HUD approval for acceptability criteria, if the variation meets or exceeds the performance requirement and does not unduly limit the amount and type of rental housing. We disagree with the County's assertions. Section 16 of the County's administrative plan stated that County-assisted properties shall comply with the Virginia Maintenance Code. Section 304.14 of the Virginia Maintenance Code states that during the period April 1 to December 1, every door, window, and other outside opening required

for ventilation of habitable rooms, food preparation areas, food service areas or any area where products to be included or utilized in food for human consumption are processed, manufactured, packaged or stored shall be supplied with approved tightly fitting screens of not less than 16 mesh per inch and every screen door used for insect control shall have a self-closing device in good working condition. This requirement applied to all assisted and unassisted housing units in Loudoun County independent of HUD's approval of the County's inclusion of the code in its administrative plan or not, therefore, we did not hold the County's assisted program units to a higher standard during our inspections.

- Comment 3 The County stated that it has started taking action to correct deficiencies and will continue to correct the cited violations in an efficient manner and that it will certify the correction of all deficiencies to HUD. This action meets the intent of our recommendation. As part of the audit resolution process, HUD will evaluate the County's corrective actions to ensure that they satisfy the recommendation.
- Comment 4 The County stated that it will reimburse its program \$9,715 from non-Federal funds. It also stated that it will collaborate with HUD to verify the appropriate source of funds to reimburse the program. This action meets the intent of our recommendation. However, as part of the audit resolution process, HUD will work with the County to determine an appropriate source of funds and repayment method to properly reimburse its program from non-Federal funds.
- Comment 5 The County stated that it has already begun to seek training classes through HUD, Nan McKay, and interactive inspection modules available through HUD Exchange webinars, to ensure that its inspector conducts complete and accurate inspections. This action meets the intent of our recommendation. However, as part of the audit resolution process, HUD will evaluate the County's corrective actions to ensure that it satisfies the recommendation.
- Comment 6 The County stated that of the 11 inspections that we performed that included fail items, 6 inspections were conducted approximately 3 months after the County's inspection, 2 were conducted 4 months after the County's inspection, 2 were conducted 5 months after the County's inspection, and 1 was conducted 12 months after the County's inspection. We agree. The scope and methodology section of the report provides details on our sample selection. The unit that we inspected 12 months after the County's last inspection was the unit identified in the complaint.