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Audit Report Number	2007-CH-1003
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TO: Thomas Marshall, Director of Public Housing Hub, 5DPH

FROM:  Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The Housing Authority of the City of Evansville, Indiana, Needs to Improve Its Section 8 Housing Choice Voucher Program Administration

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the Housing Authority of the City of Evansville's (Authority) Section 8 Housing Choice Voucher program (program). The audit was part of the activities in our fiscal year 2006 annual audit plan. We selected the Authority based upon our analysis of risk factors relating to the housing agencies in Region V's jurisdiction. Our objective was to determine whether the Authority administered its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) requirements.

### **What We Found**

The Authority's program administration regarding housing unit conditions, documentation to support tenant eligibility, the effectiveness of its abatement and reinspection processes, and dependents being claimed by multiple households under both its Section 8 and public housing programs needs improvement. Of the 63 housing units statistically selected for inspection, 48 did not meet HUD's housing quality standards, and 44 had 230 violations that existed at the time of the Authority's previous inspections. The 44 units had between 1 and 18 preexisting violations per unit. Based on our statistical sample, we estimate that over the next year, the Authority will pay more than \$1.5 million in housing assistance payments on units with housing quality standards violations.

The Authority needs to improve controls over its admissions and recertification processes. Of the 68 household files statistically selected for review, 20 did not contain the proper documentation to support the Authority's payment of housing assistance and utility allowances as required by HUD and the Authority's program administrative plan.

The Authority did not comply with its abatement and reinspection processes. It did not abate 5 of the 25 program units that failed an annual housing quality standards inspection and reinspection(s) between January and June 2006. Additionally, it did not ensure that 138 of the 320 unit reinspections were performed in a timely manner. The Authority also needs to improve its controls over dependents being claimed by more than one household. It allowed four household members to be claimed as household dependents under both its Section 8 and public housing programs.

We informed the Authority's executive director and the director of HUD's Cleveland Office of Public Housing of minor deficiencies through a memorandum, dated January 30, 2007.

### **What We Recommend**

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to reimburse its program from nonfederal funds for the improper use of program funds, provide support or reimburse its program from nonfederal funds for the unsupported housing assistance and utility allowance payments and related administrative fees, and implement adequate procedures and controls to address the findings cited in this audit report. These procedures and controls should help ensure that more than \$1.5 million in program funds is spent on payments that meet HUD's requirements.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

### **Auditee's Response**

We provided our discussion draft audit report to the Authority's executive director, its board chairman, and HUD's staff during the audit. We held an exit conference with the executive director on January 19, 2007.

We asked the executive director to provide comments on our discussion draft audit report by January 31, 2007. The executive director provided written comments, dated January 30, 2007. The executive director generally agreed with our recommendations. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report except for four

exhibits that included 517 pages of documentation that was not necessary for understanding the Authority's comments. A complete copy of the Authority's comments plus the four exhibits of documentation was provided to the coordinator of HUD's Indianapolis Public Housing Program Center.

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## **BACKGROUND AND OBJECTIVE**

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The Housing Authority of the City of Evansville (Authority), located in Evansville, Indiana, in Vanderburgh County, was established in 1942 under the acts of the General Assembly of Indiana of 1937. The Authority is organized to engage in the acquisition, development, leasing, and administration of a low-rent housing program and other federally assisted programs. It is governed by a seven-member board of commissioners appointed by the city's mayor to four-year staggered terms. The board of commissioners' responsibilities includes overseeing the operations of the Authority, as well as the review and approval of its policies. The Authority's board of commissioners appoints the executive director, who is responsible for coordinating established policy and carrying out the Authority's day-to-day operations.

The Authority administers a Section 8 Housing Choice Voucher program (program) funded by the U.S. Department of Housing and Urban Development (HUD). The Authority provides assistance to low-and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of December 20, 2006, the Authority had 1,906 units under contract with annual housing assistance payments totaling more than \$8.2 million in program funds.

Our objective was to determine whether the Authority administered its program in accordance with HUD's requirements. This included determining whether (1) the Authority's inspections were sufficient to detect housing quality standards violations and provide decent, safe, and sanitary housing to its residents; (2) the Authority complied with HUD requirements by obtaining the necessary documentation to determine household eligibility; (3) the Authority complied with its abatement and reinspection procedures; and (4) the Authority allowed household members to receive subsidies under both its Section 8 and public housing programs.

## RESULTS OF AUDIT

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### Finding 1: Housing Quality Standards Were Not Adequately Enforced

The Authority did not adequately enforce HUD's housing quality standards. Of the 63 program units statistically selected for inspection, 48 did not meet HUD's minimum housing quality standards, and 44 had violations that existed before the Authority's previous inspections. The violations existed because the Authority lacked adequate procedures and controls to ensure that its program units met HUD's housing quality standards. As a result, more than \$55,000 in program funds was spent on units that were not decent, safe, and sanitary. We estimate that over the next year, the Authority will pay more than \$1.5 million in housing assistance payments on units with housing quality standards violations.

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#### **HUD's Housing Quality Standards Not Met**

From the 892 program units that passed the Authority's inspections between January and June 2006, we statistically selected 63 units for inspection by using the U.S. Army Audit Agency's Statistical Sampling System software. The 63 units were inspected to determine whether the Authority ensured that its program units met HUD's housing quality standards. Our appraiser inspected the 63 units between August 21 and August 31, 2006.

Of the 63 units, 48 (76 percent) had 397 housing quality standards violations. In addition, 44 units had 230 violations that existed before the Authority's previous inspections, and 28 units were considered to be in material noncompliance since they had exigent health and safety violations that predated the Authority's previous inspections. The following table categorizes the 397 housing quality standards violations in the 48 units.

Category of violations	Number of violations
Electrical	86
Windows	57
Security	48
Interior walls	39
Lead-based paint	27
Floor	20
Ceiling	17
Range/refrigerator	16
Exterior surfaces	11
Roof	10
Smoke detectors	9
Safety of heating equipment	7
Ventilation	6
Sewer connection	5
Access to unit	4
Exterior stairs	4
Flush toilet in enclosed room	4
Foundation	4
Infestation	3
Sink	3
Space for storage and preparation of food	3
Water heater	3
Condition of chimney	2
Fixed wash basin or lavatory	2
Other potential hazardous features	2
Site and neighborhood	2
Garbage and debris	1
Interior air quality	1
Tub/shower	<u>1</u>
<b>Total</b>	<b><u>397</u></b>

We provided our inspection results to the director of HUD's Cleveland Office of Public Housing and the Authority's executive director on October 4, 2006.

### Electrical Violations

Eighty-six electrical violations were present in 38 of the Authority's units inspected. The following items are examples of electrical violations listed in the table: outlets with open grounds, light fixtures hanging from wires, no cover on junction box, ground fault circuit interrupters that do not trip, holes and gaps in the breaker box, and exposed contacts. The following picture is an example of an electrical-related violation identified.

Unit #60: Cover plate missing on an outlet in bedroom, exposing contacts.



## Window Violations

Fifty-seven window violations were present in 23 of the Authority's program units inspected. The following items are examples of window violations listed in the table: windows that do not open or stay up properly, screens that are torn or have holes, and cracked window panes. The following pictures are examples of the window violations identified.

Unit #18: Broken glass pane on a bedroom window.





Unit #33: Broken glass pane on the basement window.



### Security Violations

Forty-eight security violations were present in 28 of the Authority's program units inspected. The following items are examples of security violations listed in the table: broken latches on exterior doors, damaged storm doors, closet doors that are off their tracks, doors that do not close tightly, and doors with broken hinges. The following pictures are examples of security violations identified.

Unit #35: Broken/missing latch on front storm door.



Unit #19: Broken hinge and a loose bedroom door.



### Causes for Violations

The housing quality standards violations existed because the Authority lacked adequate procedures and controls to ensure that its program units met HUD's housing quality standards. The Authority also failed to exercise proper supervision and oversight of its program inspections. While observing the Authority's inspections, we noticed the Authority's inspectors asking the households if anything was wrong in their units or if items did not work, rather than inspecting the units themselves. We also observed housing quality standards violations in the units that the inspectors did not include in their inspection reports, such as missing handles on refrigerator doors, missing handrail on basement stairs, and missing screens in windows.

Additionally, the Authority's inspectors did not properly test the program units' ground fault circuit interrupter outlets to determine whether they were operating correctly. The inspectors relied on pushing the test button on the ground fault circuit interrupter to determine whether the outlet was operating correctly, instead of using outlet testing devices to properly test them. Pushing the test button does not always indicate that the ground fault circuit interrupter is wired correctly and operating as intended. According to page 104 of the Authority's program administrative plan, if there is an electrical outlet within six feet of running water, the outlet must be protected by a ground fault circuit interrupter. The Authority lacked assurance that the ground fault circuit interrupters were operating correctly.

Further, the Authority did not follow its program administrative plan for the quality control inspection process. The plan requires supervisory quality control inspections on 5 percent of the total number of units under contract during the Authority's previous fiscal year. Although the director of leased housing stated that she

performed quality control inspections on 5 percent of the units inspected by each of the Authority's inspectors, the results were not documented. According to the Authority's program administrative plan and HUD's requirements as discussed in 24 CFR [*Code of Federal Regulations*] 982.405(b), the Authority is required to conduct supervisory quality control housing quality standards inspections. Without documentation of the quality control inspections, HUD lacks assurance that the Authority performed the required inspections.

### **HUD Funds Not Effectively Used**

The Authority did not effectively use program funds when it failed to fully enforce HUD's housing quality standards. Our appraiser identified 44 units with housing quality standards violations that existed at the time of the Authority's previous inspections. However, the Authority's inspectors passed the 44 units. Our appraiser noted these preexisting housing quality standards violations on the applicable inspection reports that we provided to the Authority and HUD. As previously mentioned, 28 of the 44 units were considered to be in material noncompliance since they had exigent health and safety violations that predated the Authority's previous inspections.

The table in appendix D of this report lists the 28 units and the period after the Authority's previous inspections (beginning after 30 days from the time of the failure) that the units did not meet HUD's housing quality standards. The Authority disbursed \$49,517 in program housing assistance payments for the 28 units that materially failed to meet HUD's housing quality standards and received \$5,663 in program administrative fees.

### **Conclusion**

The Authority's households were subjected to health- and safety-related violations and the Authority did not properly use its program funds when it failed to ensure that the units met HUD's housing quality standards. In accordance with 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD is permitted to reduce or offset any program administrative fees paid to a public housing authority if it fails to enforce HUD's housing quality standards. The Authority disbursed \$49,517 in program housing assistance payments for the 28 units that materially failed to meet HUD's housing quality standards and received \$5,663 in program administrative fees.

If the Authority implements adequate procedures and controls over its unit inspections to ensure compliance with HUD's housing quality standards, we estimate that more than \$1.5 million in future housing assistance payments will be spent for units that are decent, safe, and sanitary. We determined this amount by multiplying 357 units (estimate that would be in material noncompliance with housing quality standards if

appropriate actions are not taken by the Authority) times \$368 (average monthly subsidy of each housing unit). This amount was then annualized to give the total estimate.

## Recommendations

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 1A. Certify, along with the owners of the 28 program units cited in this finding, that the applicable housing quality standards violations have been repaired.
- 1B. Reimburse its program \$55,180 from nonfederal funds (\$49,517 for housing assistance payments and \$5,663 in associated administrative fees) for the 28 units that materially failed to meet HUD's housing quality standards.
- 1C. Implement adequate procedures and controls to ensure that all units meet HUD's housing quality standards to prevent \$1,576,512 in program funds from being spent over the next year on units that are in material noncompliance with the standards.
- 1D. Perform routine quality control inspections in accordance with established procedures and document the inspections and feedback provided to inspectors to correct recurring inspection deficiencies noted.

## Finding 2: The Authority's Controls over Its Admission and Recertification Processes Were Inadequate

The Authority's controls over program households' admission and recertification processes need improvement. Of the 68 households' files statistically selected for review, the Authority did not maintain adequate supporting documentation to determine program eligibility for 20 households. It also did not always perform timely annual inspections or household reexaminations. This occurred because it lacked adequate procedures and controls to ensure that HUD's regulations were followed. As a result, the Authority was unable to support more than \$14,000 in housing assistance payments and it failed to administer its program effectively.

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### Adequate Eligibility Documentation Lacking

The Authority lacked documentation supporting households' eligibility for program housing assistance. From the Authority's 1,882 active program households as of May 30, 2006, we statistically selected 68 households' files for review using EZ Quant Dollar Unit Variable Statistical Sampling software. We reviewed the files to determine whether the Authority maintained adequate documentation to support households' admission to and selection for its program. Of the 68 household files reviewed, 20 (29 percent) had the following missing or incomplete documents:

- Eight were missing HUD Form 9886, Authorization for the Release of Information and Privacy Act Notice;
- Seven were missing birth certificate(s);
- Five were missing citizenship declaration(s); and
- Three were missing Social Security card(s).

Seven of the households' files were missing birth certificates for one or more of the household members, and five files did not have signed citizenship declarations. According to 24 CFR [*Code of Federal Regulations*] 982.551, the family must supply any information that the Authority or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status.

Three of the households' files did not have Social Security cards for one or more of the household members over the age of six, and eight of the files were missing the signed HUD Form 9886. According to 24 CFR [*Code of Federal Regulations*] 5.216, each applicant must submit the complete Social Security number assigned to each member of the household of at least six years of age. In addition, the Authority must require all adult applicants age 18 and older to sign HUD Form 9886, Authorization for the Release of Information and Privacy Act Notice.



### **Inspections and Reexamines Not Timely**

The Authority also did not always perform timely annual inspections or tenant reexaminations. For four files reviewed, the annual inspection was not performed within 12 months of the previous inspections (range of 61 to 146 days overdue), and one file lacked documentation to support that the household's reexamination was performed within the required 12-month period (30 days overdue). According to 24 CFR [*Code of Federal Regulations*] 982.405, the Authority must inspect the unit leased to a family at least annually during assisted occupancy. Further, 24 CFR [*Code of Federal Regulations*] 982.516 states that the Authority must conduct a reexamination of family income and composition at least annually. Appendix E contains a listing of the household files with missing and/or untimely documentation. As a result, the Authority did not administer its program effectively.

### **Lack of Adequate Procedures and Controls**

The Authority lacked adequate procedures and controls to ensure HUD's regulations were followed. It did not always ensure that its staff properly maintained household files and the files contained the required documentation. The Authority's program supervisors said they conducted periodic quality control reviews of files to determine whether staff accurately determined households' admission and recertification to the program. The Authority had documentation to support that its supervisors signed off on the households' recertifications; however, there was no documentation to support any deficiencies noted during the quality control reviews or followup with the applicable staff.

### **HUD Funds Not Effectively Used**

The Authority did not properly use its program funds when it failed to comply with HUD's regulations. As a result, it lacked required supporting housing assistance documentation for 20 of the 68 households during the period January 1, 2005, through June 30, 2006. Further, the Authority received program administrative fees related to the households. According to 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD may reduce or offset any administrative fee to a public housing authority, in the amount determined by HUD, if the public housing authority fails to perform its administrative responsibilities correctly or adequately under the program.

## Recommendations

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 2A. Provide supporting documentation or reimburse its program \$15,324 (\$14,397 in housing assistance payments plus \$927 in related administrative fees) from nonfederal funds for the unsupported housing assistance payments and related administrative fees for the two households cited in Appendix E of this report.
- 2B. Implement adequate procedures and controls to ensure that it maintains all required documentation in program household files to support housing assistance payments in accordance with HUD's requirements.

### Finding 3: The Authority Did Not Comply with Its Policies and Procedures for Abatements and Reinspections

The Authority did not follow its abatement and reinspection procedures. Of the 25 program units that failed the Authority's annual housing quality standards inspections and reinspections between January and June 2006, five were not abated. Additionally, 138 of the 320 reinspections were not performed timely. This occurred because the Authority lacked adequate procedures for abating and reinspecting units and did not adequately monitor and provide management supervision to its inspectors. As a result, the Authority improperly paid housing assistance payments of more than \$5,000, and households were subjected to conditions that were not decent, safe, and sanitary.

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#### **Abatement Procedures Not Followed**

The Authority did not abate program units that were in noncompliance with its abatement procedures. According to pages 111 and 112 of the Authority's program administrative plan, if a unit fails an inspection due to a housing quality standards violation, the owner has up to 30 days to make any major repairs. The Authority may grant up to an additional 30-day extension. However, if the necessary repairs are not completed within 60 days after the date of the initial inspection, the Authority should abate the housing assistance payments and cancel the owner's contract for noncompliance.

For five of the Authority's 25 units (20 percent), the Authority did not follow its abatement procedures. It did not reinspect units that were granted extensions and then either pass the units or abate the housing assistance payments. For example, the Authority provided an extension for an owner to repair a kitchen cabinet. The initial inspection was performed on April 5, 2006, and the reinspection occurred on May 11, 2006. However, the Authority did not reinspect the unit until July 11, 2006, 37 days beyond the 60-day requirement. The Authority should have inspected the unit within 60 days of the initial inspection to determine whether the repair was completed and either pass the unit or place the housing assistance payments in abatement.

The following table shows the five units that were granted extensions beyond the 60-day requirement.



Household identification number	Dates failed inspection	Date passed inspection	Days noncompliant in excess of 60-days	Unsupported housing assistance periods	Unsupported housing assistance payments
9433	Apr. 5, 2006 May 11, 2006	July 11, 2006	37	June 1-30 = \$499 July 1-10 = \$161	<b>\$660</b>
2245	Apr. 25, 2006 June 9, 2006	Aug. 2, 2006	39	July 1-31 = \$507	<b>507</b>
2254	Apr. 10, 2006 May 18, 2006	July 5, 2006	26	June 1-30 = \$455 July 1-4 = \$59	<b>514</b>
7115	Apr. 12, 2006 May 18, 2006	Aug. 6, 2006	25	June 1-30 = \$634 July 1-5 = \$102	<b>736</b>
2031	May 4, 2006 June 15, 2006 June 29, 2006	July 20, 2006	17	July 1-19 = \$193	<u><b>193</b></u>
<b>Total</b>					<b><u>\$2,610</u></b>

### Timely Reinspections Not Performed

The Authority did not perform timely reinspections of its program units. Of the 320 reinspections conducted from January through June 2006, 138 (43 percent) were conducted more than 40 days from the date of the initial inspection. For example, one unit failed its initial inspection on March 9, 2006, and the subsequent reinspection on April 18, 2006. The owner was granted an extension, but the inspection was never performed because the inspection report was misplaced. However, the housing assistance payments continued. As of November 13, 2006, the unit had not passed a housing quality standards inspection.

### The Authority's Policies and Procedures Not Followed

The Authority did not comply with its policies and procedures as outlined in its program administrative plan. Additionally, it failed to provide proper supervision and oversight to ensure that its inspectors complied with the abatement procedures when granting extensions and performing timely inspections. The inspectors did not document the reason(s) extensions were granted or ensure that the owners made a good faith effort to initiate repairs in accordance with the Authority's administrative plan. Further, the inspectors granted the owners multiple extensions for repairs to the Authority's program units.

The Authority implemented the Hawkins, Baptie & Company system in 2003. The system also contains a module that could assist the Authority with the inspection process; however, it has yet to be implemented as of November 2006. Currently, the Authority's inspection process is tracked manually, thus increasing the risk that inspections will not be performed in a timely manner.

## **Program Funds Not Used Efficiently**

The Authority improperly paid housing assistance payments of \$2,610 for five units. The units should have been abated because they contained housing quality standards violations that were not corrected within the Authority's 60-day limit. Further, the Authority made housing assistances payments for household number 6177, totaling \$2,782 that was not abated because the inspection report was missing. Failure to correct housing quality standards violations in a timely manner, subjected the households to conditions that were not decent, safe, and sanitary.

## **Recommendations**

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 3A. Provide supporting documentation or reimburse its program \$5,392 (\$2,610 for five units plus \$2,782 for one unit) for housing assistance payments from nonfederal funds for the six units cited in this finding.
- 3B. Implement adequate procedures and controls to follow its program administrative plan for abating housing assistance payments for units that were in noncompliance in excess of 60 days, inspections of its program units are performed in a timely manner, and its inspectors document the reason(s) for granting extensions.

## Finding 4: The Authority’s Controls over Household Members Claimed under Both Its Section 8 and Public Housing Programs Were Inadequate

The Authority needs to improve its controls over household members claimed as dependents under both its Section 8 and public housing programs. It allowed four household members to be claimed as dependents under both programs. This occurred because the Authority did not follow its controls for admissions, and failed to exercise proper supervision and oversight of its programs’ operations to ensure the same dependents were not claimed under both its Section 8 and public housing programs. As a result, HUD funds were not used efficiently and effectively as households received more in housing assistance than what they were entitled.

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### Dependents Receiving Multiple Subsidies

Weaknesses in the Authority’s supervisory controls for reviewing household information allowed four members to be claimed as household dependents under both its Section 8 and public housing programs. According to HUD’s regulations at 24 CFR [*Code of Federal Regulations*] 982.551, the family must promptly notify the Authority if any family member no longer resides in the unit. Program members can only be claimed by one head of household and the head of household must be able to demonstrate that the member resided in the unit more than 50 percent of the time.

After reviewing HUD’s Enterprise Income Verification system’s multiple subsidy report, we identified four out of 4,388 members being claimed as household dependents under both the Authority’s Section 8 and public housing programs. While the error rate was small, this problem could increase if the Authority fails to follow HUD’s regulations and its controls to eliminate the same dependent from being claimed by more than one household. Documentation in the Authority’s household files supported the applicable household entitled to claim the four dependents.

### Current Procedure for Checking Duplicate Dependents

As of October 2003, the Authority’s computer system has had the ability to identify if a dependent was claimed by more than one household. The Authority’s public housing staff member bypassed the system’s controls when she neglected to acknowledge the error message in the system during the household admission process. The error message was received for the four household members.

The following table shows the three households that inappropriately received multiple subsidies and the amount of excessive housing assistance payments and/or household rents.

OIG household number	Number of dependents claimed in multiple households	Excessive housing assistance	Undercharged household rent	Total
1	1		\$96	\$96
2	1		192	192
3	<u>2</u>	<u>\$222</u>	<u>144</u>	<u>366</u>
<b>Totals</b>	<b><u>4</u></b>	<b><u>\$222</u></b>	<b><u>\$432</u></b>	<b><u>\$654</u></b>

### Conclusion

The Authority needs to improve its controls over household members being claimed under both its Section 8 and public housing programs. As a result of the weakness in its controls and lack of management supervision, the Authority paid \$654 in excessive housing assistance and/or households paid less in rental payments for four household members.

### Recommendations

We recommend that the director of HUD’s Cleveland Office of Public Housing require the Authority to

- 4A. Reimburse the appropriate program \$654 from nonfederal funds for the Section 8 (\$222) and public housing (\$432) operating funds paid for households which claimed the same four dependents.
- 4B. Implement adequate controls to ensure that its staff verifies the appropriateness of claiming dependents under its Section 8 and public housing programs.

## SCOPE AND METHODOLOGY

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To accomplish our objective, we reviewed

- Applicable laws and regulations; the Authority's program administrative plan for 2005; and HUD program requirements at 24 CFR [*Code of Federal Regulations*] Parts 5 and 982, HUD Public and Indian Housing Notice 2005-9, and HUD's Housing Choice Voucher Guidebook 7420.10.
- The Authority's accounting records, annual audited financial statements for the periods ending December 31, 2003 and 2004, general ledgers, bank statements and cancelled checks for January 2005 through June 2006, household files, policies and procedures, board meeting minutes for January 2005 through April 2006, organizational chart, and program annual contributions contract with HUD.
- Downloaded electronic computer data for the Authority's program households as of May 30, 2006.
- HUD's reports and files relating to the Authority.

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

We statistically selected 63 of the Authority's program units to inspect, using the U.S. Army Audit Agency's Statistical Sampling software, from the Authority's 892 units that passed its inspections conducted from January through June 2006. The 63 units were selected to determine whether the Authority ensured that its program units met HUD's housing quality standards. Our sampling criteria used a 90 percent confidence level, 50 percent estimated error rate, and precision of plus or minus 10 percent.

Our sampling results determined that 28 of 63 units (44 percent) materially failed to meet HUD's housing quality standards. This was within our 50 percent estimated error rate; thus we did not need to adjust our sample size. Materially failed units were those units with exigent health and safety violations that preceded the Authority's previous inspections.

The Authority's January through June 2006 housing assistance payment registers showed that the average monthly housing assistance payment was \$368. Using the lower limit of the estimate of the number of units and the average housing assistance payment, we estimated that the Authority will annually spend \$1,576,512 (357 units times \$368 average payment times 12 months) for units that are in material noncompliance with HUD's housing quality standards. This estimate 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 recommendation. While these benefits would recur indefinitely, we were conservative in our approach and only included the initial year in our estimate. We also considered that (1) the Authority did not identify many of the preexisting violations during its most recent inspections, (2) the units would not be rescheduled for inspection

for another year under normal circumstances, and (3) it would take the Authority at least a year to complete all inspections under an improved inspection process.

Using our lower precision limit of 40 percent (based on a 50 percent error rate and a 10 percent precision), we applied this error rate to the population of 892 units inspected and passed by the Authority over a six-month period. We estimate that the Authority will spend more than \$1.5 million in housing assistance payments for 357 units that materially fail to meet housing quality standards (computed as 357 units times the average annual housing assistance payment of \$4,416) if appropriate actions are not taken to correct housing quality standards violations.

From the Authority's 1,182 active program households as of May 30, 2006, we statistically selected 68 households' files for review using EZ Quant Dollar Unit Variable Statistical Sampling software. We reviewed the files to determine whether the Authority maintained adequate documentation to support households' admission to and selection for its program. Since we used the Dollar Unit Variable Statistical Sampling software, we were unable to project the number of the Authority's files lacking documentation to support households' admission to and selection for the program.

We performed our onsite audit work from June to November 2006 at the Authority's program office located at 411 Southeast Eighth Street, Evansville, Indiana. The audit covered the period January 1, 2005, through June 30, 2006. This period was expanded as necessary to accomplish our objective.

We performed our audit in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting,
- Compliance with applicable laws and regulations, and
- Safeguarding resources.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined 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 laws and regulations - Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources - Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if internal controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

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

- The Authority failed to exercise proper supervision and oversight of its program unit inspections (see finding 1).
- The Authority lacked sufficient procedures and/or controls over household eligibility, households receiving multiple subsidies, and its abatement process (see finding 2, 3, and 4).



## APPENDIXES

### Appendix A

#### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1B	\$55,180		
1C			<u>\$1,576,512</u>
2A		\$15,324	
3A		<u>5,392</u>	
4A	<u>654</u>		
Totals	<u>\$55,834</u>	<u>\$20,716</u>	<u>\$1,576,512</u>

- 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 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.
- 3/ 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. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. In this instance, if the Authority implements our recommendation, it will cease to incur program costs for units that are not decent, safe, and sanitary and, instead will expend those funds for units that meet HUD's standards. Once the Authority successfully improves its procedures and controls, this will be a recurring benefit. Our estimate reflects only the initial year of this benefit.

## Appendix B

# AUDITEE COMMENTS AND OIG's EVALUATION

### Ref to OIG Evaluation

### Auditee Comments



Mildred A. Motley  
Executive Director

#### THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE

Telephone: (812) 428-8500  
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500 Court Street  
Evansville, Indiana 47708

#### Board of Commissioners:

Danny M. Spindler, Chairman  
Jerry Clark, Vice Chairman  
Charles Asher, Jr., Commissioner  
Debra Calhoun, Commissioner  
Judge William H. Miller, Commissioner  
Daphne Robinson, Commissioner

#### VIA FACSIMILE, ELECTRONIC MAIL AND FIRST CLASS MAIL

January 30, 2007

Mr. Heath Wolfe  
Regional Inspector General for Audit  
Office of Inspector General for Audit, Region V  
Ralph H. Metcalfe Federal Building  
77 W. Jackson Blvd., Suite 2646  
Chicago, Illinois 60604-2507

#### **Subject: Response to Discussion Draft Audit Report**

Dear Mr. Wolfe:

The Evansville Housing Authority (EHA) has received and reviewed the discussion draft audit report of HUD's Office of Inspector General for Audit for the Section 8 Tenant Eligibility Program and the findings associated with the audit. The report identifies four findings with Evansville Housing Authority's Section 8 program:

- The Housing Quality Standards were not adequately enforced.
- The Authority's control over its admissions and recertification processes were inadequate.
- The Authority did not comply with its policies and procedures for abatements and reinspections.
- The Authority's control over household members claimed under both its Section 8 and Public Housing programs were inadequate.

We appreciate the opportunity to respond to the report and believe the continued success of this program is critical to the mission of Evansville Housing Authority. After a thorough review of the documentation provided with this response, we request that the findings are reviewed and appropriate adjustments are made. Where findings are concurred with, EHA will implement the necessary corrective action to ensure that future findings do not occur.

#### **Finding 1: Housing Quality Standards were not adequately enforced.**

The process that EHA utilizes when conducting a HQS Inspection is as follows: upon entering a unit the inspectors will ask the participant if there is anything wrong in the unit as a matter of courtesy and concern toward the tenant that lives in the unit. We generally ask about problems that could be

Equal Housing Opportunity

**Comment 1**

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unnoticeable during the inspection such as a light that sometimes does not come on, a lock on a door that cannot be locked from the outside, a roof that leaks when it rains and /or a sump pump that does not work because it is currently not raining. These things could potentially be unnoticeable during the current inspection. Additionally, we ask if the landlord has done all repairs that the tenant has requested since the last inspection. After the discussion with the resident the inspectors proceed to conduct the annual HQS inspection in accordance with HUD regulations at 24 CFR 982.401. If there are deficiencies, the following action is taken: the deficiencies are written up by the inspector, written notice is provided to the landlord and tenant of the deficiencies and a re-inspection date is provided.

**OIG Recommendation: 1A. Certify, along with the owners of the 28 program units cited in this finding, that the applicable housing quality standards violations have been repaired.**

**EHA Response:** Our staff has re-inspected the 28 units that failed to meet HQS and appropriate action has been taken to ensure that the repairs were made to the units. We have abated and/or terminated assistance to those units that remain noncompliant with HQS. Tenants that are responsible for causing damages are being removed from the program. Documentation regarding the reinspection and whether the unit passed or a notice of abatement of the unit is provided. (See Exhibit A Units with Pre-existing Violations incorporated by reference).

**OIG Recommendation: 1B. Reimburse its program \$55,180 from nonfederal funds (\$49,517 for housing assistance payments and \$5,663 in associated administration fees) for the 28 units that materially failed to meet HUD's housing quality standards.**

**EHA Response:** The EHA does not agree with the total amount that is requested to be repaid. Many of the obvious tenant caused obstructions and/or damages to the unit were cited and statistically evaluated as problems that existed prior to our initial inspection causing it to appear that there were many more violations that the housing authority failed to recognize. We find this statistical analysis to be unfairly damaging to the housing authority's efforts and incorrect. Many of the failed items occurred after the initial/annual inspection. For example, the OIG inspectors failed a unit for "wires on front bedroom floor present a tripping hazard." (Household identification 4898) The wires cited were from two Sony Play Station 2 units and the accompanying remote controls. A finding like this is attributable to tenant housekeeping, not a violation of HQS standards. Additionally, the OIG inspectors failed ten (10) units for "GFI does not trip when tested with a circuit." Some of the private housing stock on the program date back to 1911. Older homes having a two-wire system have no provision for a dedicated path for grounding. Inspectors returned to these units and discovered the GFCI outlets were in fact working properly. (Household identification numbers: 4300, 6637, 4058, 5098, 8327, 3534, 3628, 4204, 9479, and 6509). EHA requests the inspections conducted by the OIG inspectors be reviewed and the amount owed recalculated. Documentation regarding the reinspection and whether the unit passed or a notice of abatement of the unit is provided. (See Exhibit A. Units with Pre-existing Violations incorporated by reference).

**OIG Recommendation: 1C. Implement adequate procedures and controls to ensure that all units meet HUD's housing quality standards to prevent \$1,576,512 in program funds from being spent over the next year on units that are in material noncompliance with the standards.**

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**Comment 2**

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**EHA Response:** EHA concurs with the OIG recommendation and will implement a quality control and inspection plan and revise the Administration Plan to reflect this change. It is projected that the quality control and inspection plan will be in place by April 2007.

**OIG Recommendation:** 1D. Perform routine quality control inspections in accordance with established procedures and document the inspections and feedback provided to inspectors to correct recurring inspection deficiencies noted.

**EHA Response:** EHA concurs with the OIG recommendation and a quality control form has been developed for the Director of Leased Housing to use when conducting quality control inspections. (See Exhibit B attached and incorporated by reference).

**Finding 2: The authority's controls over its admission and recertification process were inadequate:**

**OIG Recommendation:** 2A. Provide supporting documentation or reimburse its program \$44,998 (\$42,054 in housing assistance payments plus \$2,944 in related administration fees) from nonfederal funds for the unsupported housing assistance payments and related administrative fees for the 21 households cited in this finding.

**EHA Response:**

Documentation has been provided that would either document full compliance or indicate that the individual or unit was terminated from the program. The documentation is contained in Exhibit C Households with Missing or Untimely Documentation incorporated by reference. The specific documentation provided is detailed below.

**Sample #1938:** Tenant dropped from the program/failure to comply.

**Sample # 1940:** Birth Certificate and proof of date received provided.

**Sample #2062:** Citizenship Declaration and proof of date received provided.

**Sample #2117:** HUD Form 9886 and proof of date received provided.

**Sample #2194:** Citizenship Declaration and HUD Form 9886 provided.

**Sample #2274:** Citizenship Declaration provided.

**Sample #2520:** Birth Certificate provided.

**Sample #2537:** Birth Certificate provided.

**Sample #2550:** Birth Certificate provided and proof of date received.

**Sample #2865:** Citizenship Declaration provided.

**Sample #3055:** Social Security cards provided.

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**Ref to OIG Evaluation**

**Auditee Comments**

**Comment 3**

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**Sample #3098:** Proof of birth provided (participant born at home therefore, no birth certificate) and social security card provided.

**Sample #3104:** HUD form 9886 provided.

**Sample #3125:** Birth certificate provided.

**Sample #4278:** Tenant dropped from program/failure to comply.

**Sample #5366:** Birth certificate and social security card provided, information was in EHA's purged files.

**Sample #5431:** HUD form 9886 provided, was in move packet in a separate location.

**Sample #6179:** HUD form 9886 with note.

**Sample #7055:** HUD form 9886 with proof of date received provided.

**Sample #8327:** Concur that inspection was late.

**Sample #8352:** Birth certificate and citizenship provided, in file at time of audit.

**OIG Recommendation: 2B. Implement adequate procedures and controls to ensure that it maintains all required documentation in program household files to support housing assistance payments in accordance with HUD's requirements.**

**EHA Response:** Documentation has been provided that would either document full compliance or indicate that the individual or unit was terminated from the program. The documentation is contained in Exhibit C Households with Missing or Untimely Documentation incorporated by reference.

Specifically, HUD OIG determined that there was no evidence that birth certificates were obtained on 8 of the 68 clients files audited.

EHA acknowledges that at the time of the audit the birth certificates were purged out of the folder and that future quality control audits/annual reviews did not reveal this deficiency. EHA is exploring purchasing additional software that will enable us to scan this information and maintain it electronically to minimize future errors. In each of the cited files birth certificates have been obtained.

HUD OIG determined that there was no evidence that social security cards were obtained on four (4) of the sixty-eight (68) clients files audited.

EHA reviewed the four (4) tenant files and acknowledges that required social security cards had been purged. EHA is exploring purchasing additional software that will enable us to scan this information and maintain it electronically. In three (3) of the files missing the social security card, the social security cards have been obtained and will be maintained in the folders. The remaining tenant has been removed from the program for failure to comply with program requirements.

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HUD OIG determined that there was no evidence that the citizenship verification were obtained on five (5) of the sixty-eight (68) clients files audited. EHA verified that the citizenship verifications were present in each of the five (5) client files that clearly indicate that each family member is a natural-born citizen of the United States; therefore, this should serve as third party verification of citizenship. The missing documentation was due to a filing error only and should not be considered in the recapturing of funds. Corrective action has occurred to minimize future errors.

HUD OIG determined that there was no evidence that the HUD 9886 form was signed by eight (8) of the 68 client files audited.

EHA acknowledges that at the time of the audit there was a lack of signatures on the HUD 9886 Authorizations for the Release of Information for eight (8) of sixty-eight (68) audited files outlined in the audit report. As a corrective action, EHA has added the HUD 9668 form to every aspect of reporting: interims, annuals, moves. This corrective action will minimize these errors in the future. EHA contends that the federal funds were not in jeopardy due to the fact that the documentation was located in purged files and/or obtained by participants when missing and are in compliance with the section 8 regulations.

EHA requests that this finding be eliminated since all appropriate paperwork has been obtained.

**Finding 3: The authority did not comply with its policies and procedures for abatements and reinspections.**

**OIG Recommendation: 3A. Reimburse its program \$5,845 from nonfederal funds for the six units cited in this finding that did not have their housing assistance payments abated.**

EHA response:

**Sample item # 9433:** EHA concurs with the amount requested for reimbursement and will reimburse the program.

**Sample item # 2245:** EHA concurs with the amount requested for reimbursement and will reimburse the program.

**Sample item # 2254:** EHA concurs with the amount requested for reimbursement and will reimburse the program.

**Sample item # 7115:** EHA concurs with the amount requested for reimbursement and will reimburse the program.

**Sample # 9057:**

EHA disagrees with the amount requested for reimbursement and disputes that this unit should have been abated. The annual inspection was conducted on March 6, 2006. The follow-up inspection was scheduled for April 20, 2006 and the unit passed during this follow-up. While conducting the follow-up

**Comment 4**

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inspection, the inspector noticed another HQS violation not previously noted on the initial annual inspection and conducted a follow-up inspection on June 9, 2006 and the unit passed during this follow-up. (See Exhibit D incorporated by reference herein). EHA requests that the documentation is reviewed and this finding adjusted.

**Sample #2031:** EHA concurs with the amount requested for reimbursement and will reimburse the program.

**OIG Recommendation: 3B. Implement adequate procedures and controls to follow its program administration plan for abating housing assistance payments for units that were in noncompliance in excess of 60 days, ensure that inspections of its program units are performed in a timely manner, and its inspectors document the reason(s) for granting extensions.**

**EHA Response:** EHA is in the process of developing procedures and controls to ensure compliance with the administration plan with respect to inspecting units timely and abatement of units for non-compliance. Additionally, we will begin implementation of the inspection module and handheld devices to conduct and track inspections electronically.

**Finding 4: The authority's controls over household members claimed under both its Section 8 and Public Housing programs were inadequate.**

**OIG Recommendation: 4A. Reimburse the appropriate program \$654 from nonfederal funds for the Section 8 (\$222) and public housing (\$432) operating funds paid for households which claimed the same four dependents.**

**EHA Response:** EHA concurs with the requested amount for reimbursement and will reimburse the appropriate program from non-federal funds.

**OIG Recommendation: 4B. Implement adequate controls to ensure that its staff verifies the appropriateness of claiming dependents under its Section 8 and public housing programs.**

**EHA Response:** EHA concurs with the OIG recommendation and has had additional training on the HAB system since the occurrence to ensure full compliance. EHA will implement a procedure between the Section 8 and Public Housing Departments to confirm participation of a dependent when the computer system flag is raised.

**OIG Recommendation: 4C. Take appropriate disciplinary action against the staff member who bypassed the system controls and allowed four dependents to be claimed in more than one household.**

**EHA Response:** Disciplinary action pursuant to the Evansville Housing Authority's Personnel Manual has been taken against the responsible staff member in the form of a verbal reprimand and additional training has been provided to insure no future violations.

EHA appreciates the cooperative and supportive spirit in which this audit was performed and the opportunity to respond to the findings listed herein. As we issue additional directives and amendments to

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our Administrative plan, implement training and complete corrective actions, as described in this response, we will keep your offices apprised. Should you require additional information or clarification please feel free to contact me at (812) 428-8500 ext 104. We look forward to working with HUD in correcting any deficiencies.

Sincerely,

Mildred A. Motley  
Executive Director

cc: Dan Spindler Chairman, EHA Board of Commissioners  
Valarie Calhoun, HCV Director  
Thomas Marshall, Director of Public Housing  
Forrest Jones, Coordinator PH Program.  
Anita Cook, PH Rehabilitation Specialist

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## OIG Evaluation of Auditee Comments

**Comment 1** The table in Appendix D of this report lists the 28 units that materially failed to meet HUD's housing quality standards. HUD's housing quality standards do not distinguish between violations related to owners or tenants. When a violation existed, our appraiser appropriately cited it. For the 10 units that failed because their ground fault circuit interrupters did not trip when tested, seven had additional preexisting health and safety violations. According to the Authority's program administrative plan, if there is an electrical outlet within six feet of running water, the outlet must be protected by a ground fault circuit interrupter. In addition, if ground fault circuit interrupters are present in a unit, our appraiser determined if they were working properly.

**Comment 2** For the households 1940, 2062, 2194, 2274, 2520, 2537, 2550, 2865, 3055, 3104, 3125, 5366, 5431, and 8352, the missing documentation was provided by the Authority and the unsupported costs were removed from this audit report.

For households 1938 and 4278, the applicable forms were not documented in the households' files at the time of our audit and the Authority was unable to provide copies of the documents from the households. Although the households were removed from the program, the Authority and HUD lack assurance that the two households were eligible at the time they received housing assistance.

For households 2117, 6179, and 7055, the forms were provided, but were completed with a previous date. Proof of the dates of receipt was provided by the Authority and the unsupported funds were removed from this audit report.

For household identification number 3098, the Authority indicated that the birth certificate did not exist. However, the Authority provided a copy of the Social Security card. The unsupported costs were removed from this audit report.

For household identification number 5366, the Authority provided the birth certificate and Social Security card in its purged household file. Therefore, the unsupported costs were removed from this audit report.

**Comment 3** Although some documentation was provided by the Authority, the documentation was missing at the time of the audit, which demonstrates the Authority's need to improve its procedures in obtaining and maintaining eligibility documentation in its household files. Until the software indicated in the Authority's response is purchased, manual procedures that would ensure that the required documentation is obtained and maintained in the households' files should be implemented.

The citizenship declaration forms were not considered when determining unsupported costs. The Authority's procedures require that documents be obtained and maintained for the assisted households. The fact that the documents were missing from the applicable households' files is one indication that the Authority's controls over the

admission and recertification process were inadequate. However, no unsupported costs were considered for these missing documents because the households' files contained other documentation to support the households' citizenships.

Although the unsupported costs for this finding were reduced based on the supporting documents provided by the Authority, the finding should not be removed. The documents were missing at the time of the audit, which demonstrates the Authority must improve its controls over the admission and recertification processes.

**Comment 4** We agree with the Authority's response for household identification number 9057 and the finding was adjusted accordingly.

## Appendix C

### FEDERAL REQUIREMENTS

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#### Finding 1

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.152(d) state that HUD may reduce or offset any administrative fee to the authority, in the amount determined by HUD, if the authority fails to perform its administrative responsibilities correctly or adequately under the program, such as not enforcing HUD's housing quality standards.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.401(a)(3) state that all program housing must meet the housing quality standards performance requirements both at commencement of assisted occupancy and throughout the assisted tenancy.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.404 require owners of program units to maintain the units in accordance with HUD's housing quality standards. If the owner fails to maintain the dwelling unit in accordance with HUD's housing quality standards, the authority must take prompt and vigorous action to enforce the owner's obligations. The authority's remedies for such breach of the housing quality standards include termination, suspension, or reduction of housing assistance payments and termination of the housing assistance payment contract. The authority must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards unless the owner corrects the defect within the period specified by the authority and the authority verifies the correction. If a defect is life threatening, the owner must correct the defect within 24 hours. For other defects, the owner must correct them within 30 calendar days.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.405 state that the authority must inspect the unit leased to a family before the initial term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets the housing quality standards. The authority must conduct supervisory quality control housing quality standards inspections.

## Appendix D

### UNITS WITH PREEXISTING VIOLATIONS

Household identification number	Housing assistance payment	Last unit inspection	From	To	Improper housing assistance payment	Improper administrative fee
2264	\$273	Apr. 27, 2006	June 1, 2006	Oct. 31, 2006	\$1,365	\$187
4270	127	Apr. 4, 2006	June 1, 2006	June 30, 2006	127	37
	153		July 1, 2006	Oct. 31, 2006	612	150
1812	296	Jan. 5, 2006	Mar. 1, 2006	Aug. 31, 2006	1,776	225
	217		Sept. 1, 2006	Sept. 30, 2006	217	38
	296		Oct. 1, 2006	Oct. 31, 2006	296	38
9135	409	Jan. 12, 2006	Mar. 1, 2006	Oct. 31, 2006	3,272	300
9427	443	May 18, 2006	July 1, 2006	Oct. 31, 2006	1,772	150
4058	278	May 12, 2006	July 1, 2006	July 31, 2006	278	38
	297		Aug. 1, 2006	Oct. 31, 2006	891	113
5098	443	Jan. 24, 2006	Mar. 1, 2006	Mar. 31, 2006	443	38
	444		Apr. 1, 2006	Oct. 31, 2006	3,108	263
1811	450	June 26, 2006	Aug. 1, 2006	Aug. 31, 2006	450	37
	400		Sept. 1, 2006	Oct. 31, 2006	800	75
8327	339	Feb. 16, 2006	Apr. 1, 2006	Oct. 31, 2006	2,373	262
3534	292	June 9, 2006	Aug. 1, 2006	Oct. 31, 2006	876	112
3628	216	Mar. 2, 2006	May 1, 2006	May 31, 2006	216	38
	215		June 1, 2006	Aug. 31, 2006	645	113
	383		Sept. 1, 2006	Sept. 30, 2006	383	38
	299		Oct. 1, 2006	Oct. 31, 2006	299	38
4615	260	Jan. 5, 2006	Mar. 1, 2006	Apr. 30, 2006	520	75
	267		May 1, 2006	Aug. 31, 2006	1,068	150
	187		Sept. 1, 2006	Sept. 30, 2006	187	38
	267		Oct. 1, 2006	Oct. 31, 2006	267	38
4204	247	Apr. 27, 2006	June 1, 2006	June 30, 2006	247	37
	256		July 1, 2006	Oct. 31, 2006	1,024	150
4898	529	May 18, 2006	June 1, 2006	Oct. 31, 2006	2,116	150
5064	335	Feb. 23, 2006	Apr. 1, 2006	June 30, 2006	1,005	112
	334		July 1, 2006	Oct. 31, 2006	1,336	150
4300	204	June 29, 2006	Aug. 1, 2006	Oct. 31, 2006	612	112
4646	319	May 9, 2006	July 1, 2006	Oct. 31, 2006	1,276	150
6637	453	Apr. 27, 2006	June 1, 2006	Oct. 31, 2006	2,265	187
1982	0	Feb. 8, 2006	Apr. 1, 2006	Oct. 31, 2006	0	262
10064	379	Jan. 18, 2006	Mar. 1, 2006	Sept. 30, 2006	2,653	263
	479		Oct. 1, 2006	Oct. 31, 2006	479	38
9479	525	May 19, 2006	July 1, 2006	Sept. 30, 2006	1,575	113
	550		Oct. 1, 2006	Oct. 31, 2006	550	38
10568	430	May 18, 2006	July 1, 2006	Oct. 31, 2006	1,720	150
5895	20	Mar. 16, 2006	May 1, 2006	Oct. 31, 2006	120	225
2274	294	Apr. 27, 2006	June 1, 2006	Sept. 30, 2006	1,176	150
	455		Oct. 1, 2006	Oct. 31, 2006	455	37
6509	368	Mar. 1, 2006	Apr. 1, 2006	Oct. 31, 2006	2,576	262
9642	520	June 13, 2006	Aug. 1, 2006	Oct. 31, 2006	1,560	112

## UNITS WITH PREEXISTING VIOLATIONS (continued)

Household identification number	Housing assistance payment	Last unit inspection			Improper housing assistance payment	Improper administrative fee
			From	To		
	490		Apr. 1, 2006	Apr. 30, 2006	490	37
<b>2120</b>	517	Feb. 8, 2006	May 1, 2006	Oct. 31, 2006	3,102	225
<b>5453</b>	313	June 9, 2006	Aug. 1, 2006	Oct. 31, 2006	939	<u>112</u>
<b>Totals</b>					<b><u>\$49,517</u></b>	<b><u>\$5,663</u></b>

Administrative fee amounts are rounded.

## Appendix E

### HOUSEHOLD FILES WITH MISSING AND/OR UNTIMELY DOCUMENTATION

Household identification number	Missing documents				Late		Unsupported housing assistance payments	Unsupported administrative fees	Total unsupported costs
	Birth certificate	Social Security card	Citizenship declaration	HUD Form-9886	Certification	Inspection			
1938				X			\$4,984	\$293	\$5,277
1940*	X					X	0	0	0
2062*			X				0	0	0
2117*				X			0	0	0
2194*			X	X			0	0	0
2274*			X				0	0	0
2520*	X						0	0	0
2537*	X						0	0	0
2550*	X					X	0	0	0
2865*			X				0	0	0
3055*		X			X		0	0	0
3098*	X	X					0	0	0
3104*				X			0	0	0
3125*	X						0	0	0
4278		X	X	X			9,413	634	10,047
5431*				X			0	0	0
6179*				X			0	0	0
7055*				X			0	0	0
8327*						X	0	0	0
8352*	X		X				0	0	0
<b>Totals</b>	<u>7</u>	<u>3</u>	<u>5</u>	<u>8</u>	<u>1</u>	<u>4</u>	<u>\$14,397</u>	<u>\$927</u>	<u>\$15,324</u>

\* - The Authority provided documentation to support the household's program eligibility with its written comments, dated January 30, 2007.