



Issue Date December 17, 2010
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Audit Report Number 2011-SE-1001
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TO: Renee Greenman, Director, Region X Multifamily Hub, 0AHMLA

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FROM: Ronald J. Hosking, Regional Inspector General for Audit, 7AGA

SUBJECT: Alaska Housing Finance Corporation's Management and Occupancy Reviews  
Were Not Always as Comprehensive as Required for a Section 8  
Performance-Based Contract Administrator

## **HIGHLIGHTS**

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

We audited the Alaska Housing Finance Corporation (Corporation) to determine whether it fulfilled its contractual responsibilities as a performance-based contract administrator (contract administrator) of project-based Section 8 housing assistance payments contracts. We performed this audit because we noted indications of weaknesses in the Corporation's performance as a contract administrator while we were performing other audit work.

Our audit objectives were to determine whether the Corporation fulfilled its responsibilities as a contract administrator and whether it conducted comprehensive management and occupancy reviews of the Section 8 projects it oversaw.

## **What We Found**

The Corporation generally fulfilled its responsibilities as a contract administrator. However, its management and occupancy reviews were not always as comprehensive as required by its annual contributions contract. We noted deficiencies that existed at the time of the Corporation's reviews but were either unidentified or unreported. In addition, the Corporation did not always properly rate projects when deficiencies were identified.

## **What We Recommend**

We recommend that you require the Corporation to improve its management occupancy reviews to make them more comprehensive and review the annual contributions contract to gain a greater understanding of its responsibilities in monitoring the project owners' compliance with their obligation to provide decent, safe, and sanitary housing to assisted residents.

## **Auditee's Response**

On October 20, we requested that the Corporation provide a response to the draft. The Corporation provided its written comments on November 4, 2010. It generally disagreed with our results. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix A of this report.

## TABLE OF CONTENTS

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Background and Objectives	4
Results of Audit	
Finding: The Corporation Did Not Adequately Complete Its Management and Occupancy Reviews	5
Scope and Methodology	9
Internal Controls	11
Appendixes	
A. Auditee Comments and OIG's Evaluation	12

## **BACKGROUND AND OBJECTIVES**

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The U.S. Department of Housing and Urban Development (HUD) outsources the contract administration services for project-based housing assistance payments contracts to qualified public housing agencies, which act as performance-based contract administrators (contract administrator). The contract administrators are required to administer housing assistance payments contracts in accordance with HUD regulations and guidelines. Their responsibilities are governed by an annual contributions contract between the housing agency and HUD. After execution of the contract, the contract administrator acts as an agent of HUD and enters into housing assistance payments contracts with owners that previously had contracts with HUD. The contract administrator administers each housing assistance payments contract and is responsible for ensuring owner compliance with Section 8 regulations and guidance.

Under the performance-based contract administration program, HUD sought to achieve correct calculation and payment of Section 8 rental subsidies, consistent administration of project-based Section 8 housing assistance payments contracts, and enforcement of owner obligations to provide decent housing for eligible families and obtain the best value for dollars spent on program services.

The Alaska Housing Finance Corporation (Corporation) is headquartered in Anchorage, AK. It is a self-supporting public corporation with offices in 16 communities statewide. The Corporation provides statewide financing for multifamily complexes, congregate facilities, and single-family homes, with special loans for first-time home buyers, low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers, and those living in rural areas of the State. The Corporation also provides energy and weatherization programs, low-income rental assistance in 17 communities, and special programs for the homeless. The Corporation manages roughly 1,300 public housing units and 4,300 Housing Choice Voucher program units. It began its performance-based contract administration program on November 1, 2000, and administers 19 projects with about 1,004 units.

Our audit objectives were to determine whether the Corporation fulfilled its contractual responsibilities as a contract administrator of project-based Section 8 housing assistance payments contracts and whether it conducted comprehensive management and occupancy reviews of the Section 8 projects it oversaw.

## RESULTS OF AUDIT

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### Finding: The Corporation Did Not Adequately Complete Its Management and Occupancy Reviews

The Corporation's management and occupancy reviews were not always as comprehensive as required by its annual contributions contract. This condition occurred because the Corporation misunderstood its responsibilities under the contract. As a result, it did not recommend needed corrective actions relating to the operations of the projects that it monitored.

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#### Management and Occupancy Reviews Were Not Comprehensive

The Corporation's management and occupancy reviews were not always as comprehensive as required by its annual contributions contract. We reviewed the form HUD-9834, Management Review for Multifamily Projects, checklists and summary reports from the Corporation's management and occupancy reviews for nine projects. The management and occupancy reviews took place between 2007 and 2009. Although the forms HUD-9834 appeared to show that the Corporation conducted comprehensive reviews at the projects, our follow-up site visits found unidentified and/or unreported deficiencies that existed at the time of the Corporation's reviews. In addition, the Corporation did not always properly rate projects when deficiencies were identified.

#### HUD Requires Annual Reviews and a Quality Control Plan

Section 3.2 of the annual contributions contract requires that the public housing authority (authority) conduct an annual onsite management and occupancy review of each Section 8 project it oversees. The review must be a comprehensive assessment of the owner's procedures for directing and overseeing project operations and the adequacy of the procedures for carrying out day-to-day front-line activities. The objective of the review is to identify and resolve areas of noncompliance with HUD regulations and other requirements. The authority is required to use the form HUD-9834 or other appropriate documentation for the review and must evaluate the owner's operating policies and procedures following guidance in the appropriate HUD directives. The annual contributions contract also requires the authority to have a detailed quality control plan to ensure that contract performance requirements are met.

### **The Corporation Did Not Always Assess TRACS Monitoring**

Question E.17.b. on the form HUD-9834 asks whether the owner/agent follows up and corrects Tenant Rental Assistance Certification System (TRACS) deficiencies. For the Chester Creek Estates and Chester Park Estates projects, the reviewer responded by writing “unable to determine” on the review forms. In the review reports, the Corporation noted that the TRACS monitoring was performed by the management agent in California. However, the Corporation did not follow up with the management agent to determine whether the agent complied with requirements to correct TRACS deficiencies. Instead, the reports recommended that management certify to the Corporation that the TRACS errors are being researched and corrected as needed.

### **Tenant Complaint Procedure Deficiencies Were Not Reported**

Question F.20.a. on the form HUD-9834 asks whether the project has a written procedure to resolve tenant complaints or concerns and instructs the reviewer to review a copy. For the Coho Park Apartments, the reviewer answered “no.” This deficiency was not noted in the formal report, and no corrective actions were recommended. This project was rated “satisfactory” for tenant services when it should have been rated “below average” due to the lack of written procedures.

At the Chester Creek Estates and Jewel Lake Villa Apartments, the complaint procedures did not provide a phone number or other contact information for the Corporation in the event that the project management was unresponsive to a tenant’s complaints. However, the Corporation did not identify this issue during its review.

Question G.22.g. asks whether after-hours/emergency telephone numbers are posted. At all nine projects reviewed, emergency numbers were posted. However, none of the postings included a contact number for the Corporation. The Corporation did not recommend that the project owners add its number to the posted contact list. Although there is no specific requirement to post the Corporation’s number, tenants should be informed of this option in the event that project management is unresponsive to tenant calls.

### **Projects Lacking Work Order Procedures Were Rated Satisfactory**

Question C.5.i of the form HUD-9834 asks whether the project has a written procedure for completing work orders and instructs the reviewer to review a copy of the procedure. For the Chinook Apartments and Coho Park Apartments, the reviewer indicated that the projects did not have a written work order procedure. HUD Handbook 4350.1 states that management should be rated “below average” if its policies and procedures are ineffective or inappropriate for the project. However, the Corporation gave these two projects a “satisfactory” rating for maintenance and standard operating procedures.

### **The Corporation Misunderstood Its Responsibilities**

We discussed our assessment of the management occupancy reviews with Corporation officials. We informed them that the annual contributions contract requires the contract administrator to evaluate the owner’s operating procedures following guidance in the appropriate HUD directives. In response, the officials told us that there was no HUD requirement for project owners to have policies and procedures. Nonetheless, form HUD-9834 and HUD Handbook 4350.1 require the review and assessment of written policies and procedures and suggest ratings based on the adequacy of these procedures.

### **The Corporation Did Not Recommend Needed Corrective Actions**

The annual contributions contract requires the authority to verify that owners comply with HUD rules and other requirements related to TRACS payment requests. HUD relies on authorities to verify the accuracy of owner payment requests made through TRACS. Unless the Corporation verifies that the owners review and correct TRACS errors, HUD will not have sufficient assurance that the data in TRACS are accurate.

Section 3.6 of the contract requires the authority to accept resident complaints and follow up with owners to ensure that owners take appropriate action. The authority must respond immediately to all life-threatening health and safety issues. Tenants at the Coho Park, Chester Creek Estates, and Jewel Lake Villa projects told us that they were unaware that they could contact the Corporation if management was unresponsive to their complaints, including delays in repairs to correct unsafe conditions. Unless tenants are provided the Corporation’s contact

information, the Corporation cannot provide assurance to HUD that it receives and follows up on tenant complaints regarding health and safety issues.

Although the Corporation recommended that the two projects without written work order procedures establish written policies and procedures for maintenance, its recommendation did not provide guidance on what should be included in the procedures. We visited these projects in April 2010 and found that written policies for work orders did not exist and neither project had established a system for logging and tracking work orders.

Without an adequate system for tracking work orders, management cannot ensure that repairs requested by tenants are completed in a timely manner. This issue could be critical for problems that affect tenant health and safety. In addition, the lack of a work order tracking system makes it difficult for the contract administrator to evaluate whether management is responsive to tenant complaints and fully complies with the housing quality standards provisions of the housing assistance payments contracts.

## Recommendations

We recommend that the Director of the Region X Office of Multifamily Housing require the Corporation to

- 1A. Improve its management occupancy reviews to make them more comprehensive. Specifically, the staff assigned to conduct the reviews should
  - Be more responsive to the questions asked in the form HUD-9834, Management Review for Multifamily Projects, checklist;
  - Determine that owners/agents follow up and correct TRACS deficiencies;
  - Evaluate written policies and procedures relating to work orders and tenant complaints and make recommendations to correct any identified deficiencies;
  - Include reviews of work order logs and files to determine whether project management responds to tenant-requested repairs in a timely manner;
  - Ensure that the Corporation's contact information is given to tenants and is included with posted emergency contact numbers; and
  - Follow the ratings guidelines found in HUD Handbook 4350.1.
- 1B. Review the annual contributions contract to gain a greater understanding of its responsibilities in monitoring the project owners' compliance with their obligation to provide decent, safe, and sanitary housing to assisted residents.



## SCOPE AND METHODOLOGY

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Our audit covered the period February 2007 through February 2010 and reviewed the Corporation's performance of its contractual obligations as a contract administrator.

To accomplish our objectives, we

- Obtained an understanding of the Section 8 multifamily performance-based contract administration program by reviewing the annual contributions contract and applicable HUD handbooks,
- Reviewed the Corporation's policies and procedures for administering and monitoring the Section 8 multifamily housing assistance payments contracts under terms of the annual contributions contract,
- Reviewed documentation in the Corporation's project files,
- Interviewed Corporation and HUD staff, and
- Reviewed the Corporation's responses to tenant complaints regarding life-threatening and non-life-threatening health and safety issues.

We also reviewed the Corporation's management and occupancy reviews that took place at nine projects between February 2007 and September 2009. Using nonstatistical sampling, we selected the 9 projects for review out of the 19 that were administrated by the Corporation. The nine projects were selected because they had a large number of units and were located in the cities of Anchorage, Fairbanks, and Juneau, where it was practical for us to travel, considering the resource, weather, and other relevant circumstances. Our project selection included projects that were not selected by HUD for its most recent reviews. Our review included

- Reviewing the Corporation's management and occupancy review questionnaires and reports;
- Reviewing project management policies and procedures, including work order and tenant complaint procedures;
- Reviewing project work order files;
- Interviewing project managers and tenants; and
- Reviewing Real Estate Assessment Center inspection reports and follow-ups.

We reviewed project tenant files to determine whether the Corporation properly reviewed the files during its management and occupancy reviews. For this review, we used nonstatistical sampling and randomly selected tenant files at each project from the files reviewed by the Corporation as follows:

<u>Project</u>	<u>Number of files reviewed by the Corporation</u>	<u>Number of files reviewed by OIG*</u>
Chester Park Estates	12	4
Chester Creek Estates	7	3
Jewel Lake Villa	12	3
The Glen Apartments	7	4
Little Dipper Apartments	5	3
Chenana Apartments	5	3
Chinook Apartments	4	3
Coho Apartments	5	3
Gruening Apartments	5	3

\*Office of Inspector General

We did not use computer-generated data as audit evidence or to support our audit conclusions.

We performed our audit onsite at the main office of the Corporation, 4300 Boniface Parkway, Anchorage, AK, and at four housing projects in Anchorage, two projects in Fairbanks, and three projects in Juneau, AK. We performed our audit phase work from March through June 2010.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# INTERNAL CONTROLS

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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.

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## Relevant Internal Controls

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

- Policies and procedures implemented to reasonably ensure compliance with applicable laws and regulations.
- Controls to ensure fulfillment of the objectives of the Section 8 multifamily performance-based contract administration program.

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 objectives 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 Corporation's internal controls.


# APPENDIXES

## Appendix A

### AUDITEE COMMENTS AND OIG'S EVALUATION

#### Ref to OIG Evaluation

#### Auditee Comments



**Alaska Housing**  
FINANCE CORPORATION

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PO Box 101020  
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November 4, 2010

Mr. Ronald Hosking  
Regional Inspector General for Audit  
U.S. Department of Housing and Urban Development  
Office of Inspector General, Region X  
909 First Avenue, Suite 126  
Seattle, Washington 98104-1000

Dear Mr. Hosking:

Please find below Alaska Housing Finance Corporation's formal written comments to the draft OIG report on the performance of its contractor administrator of project-based Section 8 housing assistance payments contracts. Per your request, these are being submitted in both hard and Word electronic copy.

**Finding 1** The Corporation did not adequately complete its management and occupancy reviews ("MOR").


**Recommendation 1A:** Improve its management occupancy reviews to make them more comprehensive.

**Response:** The Corporation's management and occupancy reviews have been, and continue to be, comprehensive in their scope and nature. Please see the detailed responses below for clarification on how the corporation accomplishes that requirement.


**a. Management and occupancy reviews were not comprehensive.**

**AHFC Response:**

The corporation did at all times conduct comprehensive MOR's on the properties under its contract with HUD. There are approximately one hundred and ten (110) questions for the PBCA to ask the owner on HUD form 9834 *On-Site Review*. One of those questions asks if the owner/agent is following up and correcting Tenant Rental Assistance Certification System ("TRACS") deficiencies. In two of the nine projects that we reviewed, the reviewer's response to this question was "unable to determine." The review reports mentioned that the management agents are located in California, and recommended that the management certify that it would review and document the action required for TRACS errors, instead of making further determinations if the agent was following up and correcting deficiencies.



"HOUSING FOR ALASKANS"



Comment 1

Ref to OIG Evaluation

Auditee Comments

Comment 2

Mr. Ronald Hosking, Regional Inspector General for Audit  
November 4, 2010  
Page 2

The PBCA was unable to determine TRACS follow-up at the time of the on-site review due to lack of documentation at the property; however, the PBCA reviewed the TRACS discrepancies for the previous year and for the vouchers and determined that the agent was completing the follow-up. The PBCA was aware of conversations between the PBCA staff and the agent regarding TRACS errors and asked the agent to certify that the TRACS errors are reviewed and corrected. This request was appropriate.

**b. HUD requires annual reviews and a quality control plan.**

**AHFC Response**

Comment 3

The corporation did at all times conduct an annual comprehensive review of all the properties under its contract with HUD. In the spring of 2010 the corporation developed a detailed quality control plan that reviews the performance of the PBCA.

**c. The corporation did not always assess HUD monitoring.**

**AHFC Response**

Comment 2

In respect to whether the corporation followed up with the owner/agent to determine whether they complied with requirements to correct TRACS deficiencies, at the time of the on-site review the PBCA was unable to determine TRACS follow-up due to lack of documentation at the property. Due to this fact, the PBCA went back and reviewed the TRACS discrepancies for the previous year and determined that the agent had completed the follow-up as required. The PBCA was also aware of conversations between the PBCA staff and the agent regarding TRACS errors and also asked the agent to certify that the TRACS errors were being reviewed and corrected.

**d. Tenant complaint procedure deficiencies were not reported.**

**AHFC Response:**

During the on-site MOR all aspects of the business are reviewed. The reviewer observes how the staff and the tenants interact and how the owner/agent responds to tenant questions. The complaints listed on the desk review for the last 12 months are a major part of the evaluation. The reviewer checks for the posting of after-hours emergency phone numbers, and considers all aspects of the property to achieve the proper rating.

Owners have an emergency/after hours telephone number for tenants to call for problems that need to be addressed outside of business hours. During business hours tenants call the office for any issues. The PBCA works 8 a.m. to 5 p.m., Monday through Friday, except

Ref to OIG Evaluation

Auditee Comments

Mr. Ronald Hosking, Regional Inspector General for Audit  
November 4, 2010  
Page 3

Comment 4

State holidays. The contract does not state that the PBCA is to be on-call 24 hours a day, and it is not the PBCA's understanding that they can or should provide a twenty four hour emergency number for life threatening emergencies. Those types of calls are more properly directed to an emergency 911 operator.

Comment 5

Approximately nine months ago, the PBCA created a poster titled *Resident's Options on How to Resolve Issues*. This poster was on card stock paper sized 11x14 and included the steps that tenants can take when there are problems or issues related to their housing. The poster listed, in order, the property managers phone number, the PBCA's phone number, and finally HUD's phone number. This poster was provided to all the properties that the PBCA monitors.

**e. Projects lacking work order procedures were rated satisfactory.**

**AHFC Response:**

The corporation must insure that an owner is in compliance with HUD regulations and their Section 8 New contract. How an owner conducts business is at their discretion. Whether a properties work order procedure is satisfactory requires the corporation to review that procedure during their MOR. Coho Park Apartments and Chinook Apartments are owned by the same entity. At the time of the MOR, the corporation determined that their policies and procedures were effective and appropriate. These properties have work order forms that are completed and filed in the unit file. While they do not have formal written policies, they do have unwritten policies that they follow in their administration of this program that effectively meet their tenants needs.

Comment 6

Comment 7

Comment 8

**f. The corporation misunderstood its responsibilities.**

**AHFC Response**

There is an inconsistency between the audit finding, and HUD's requirements. This finding should be eliminated from the final report.

Comment 7

The finding states that the corporation misunderstood its responsibilities with respect to whether it required each owner to have formalized written policies and procedures. The corporation understands that each owner should be rated *Below Average* if its policies and procedures are ineffective or inappropriate for the project, and the audit properly summarized HUD-9834 and HUD Handbook 4350.1, which requires a review and assessment of an owners written policies and procedures. However, the criteria states that management **should** be rated *Below Average* if its policies and procedures are ineffective or inappropriate for the project, it does not state that the corporation **must** rate

Comment 9

Ref to OIG Evaluation

Auditee Comments

Comment 8

Comment 6

Comment 9

Mr. Ronald Hosking, Regional Inspector General for Audit  
November 4, 2010  
Page 4

management *Below Average* for not having formalized written policies and procedures. There is an inconsistency between the audit finding, and HUD's written policy.

The corporation reviewed Coho Park Apartments and Chinook Apartments, which are owned by the same entity, and determined that their policies and procedures were both effective and appropriate. These properties have work order forms that are completed and filed in the unit file. While they do not have formal written policies, they do have clear policies that they follow in their administration of this program. To rate them *Below Average* for not having formal written policies in every instance when they are not required to do so would not meet the terms of the corporations requirement for their MOR..

In addition to this, during the on-site MOR all aspects of the business are discussed. The reviewer looks at the whole picture. The reviewer observes how the staff and the tenants interact and how the owner/agent responds to tenant questions. The complaints listed on the desk review for the last 12 months are a major part of the evaluation. The reviewer checks for the posting of after-hours emergency phone numbers, and considers all aspects of the property to achieve the proper rating.

**g. The corporation did not recommend needed corrective actions.**

**AHFC Response**

Comment 5

The corporation has recommended needed corrective actions for its owners/agents to insure that it is notified about tenant complaints regarding health and safety issues, and that they can follow up on those complaints. Approximately nine months ago, the PBCA created a poster titled *Resident's Options on How to Resolve Issues*. This poster was on card stock paper sized 11x14 and included the steps that tenants can take when there are problems or issues related to their housing. The poster listed, in order, the property managers phone number, the PBCA's phone number, and finally HUD's phone number. This poster was provided to all the properties that the PBCA monitors.

Comment 4

According to the Annual Contributions Contract that the corporation has with HUD, the corporation is required to maintain telephone service during normal and customary business hours. Further, under the corporations contract with HUD, responses to life-threatening health and safety issues must be completed within one hour after they know about the issue. AHFC has complied with these requirements to the greatest extent possible.

The owner has an investment in the property and has after-hours emergency numbers posted for their tenants. During business hours tenants call the office for any issues. The PBCA works 8 a.m. to 5 p.m., Monday through Friday, except State holidays. The contract does not state that the PBCA is to be on-call 24 hours a day, and it is not the PBCA's understanding that they can or should provide a twenty four hour emergency number for

Mr. Ronald Hosking, Regional Inspector General for Audit  
November 4, 2010  
Page 5

life threatening emergencies. Those types of calls are more properly directed to an emergency 911 operator.

**Recommendation 1B      Review the annual contributions contract to gain a greater understanding of its responsibilities in monitoring the project owners' compliance with their obligation to provide decent, safe and sanitary housing to assisted residents.**

**AHFC Response**

The corporation understands the requirements in the Annual Contributions Contract, and has at all times been committed to properly monitoring the project owners' compliance with their obligations, which includes, but is not limited to the following: (i) the leasing of assisted units to Section 8 income eligible families, (ii) the maintenance of the project as decent, safe and sanitary housing for the residents, (iii) compliance with applicable nondiscrimination and equal employment opportunity requirements, (iv) compliance with Section 8 reporting, management and accounting requirements, and (v) the procurement of the prior written approval of HUD and the Contract Administrator to any transfers of the project or any portion thereof and any assignment of the HAP Contract.

AHFC will continue to meet that commitment.

If you have any questions, please contact Kevin Tune at (907) 330-8410 or me at (907) 330-8416.

Sincerely,



Catherine M. Stone  
Director, Housing Operations

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cc:    Dan Fauske, Alaska Housing Finance Corporation, Executive Director  
     Harlan Stewart, Director, Seattle Office of Public Housing  
     Colleen Bickford, Director, Anchorage Field Office



## **OIG Evaluation of Auditee Comments**

- Comment 1:** This is consistent with our report finding. The Corporation did not make further determinations if the agent was following up and correcting deficiencies. The Corporation's monitoring report did not require the project manager to send documentation to show that it followed up and corrected any TRACS deficiencies, but only required management to certify to the Corporation that the TRACS errors are being researched and corrected as needed.
- Comment 2:** We asked the Corporation for documentation showing that it conducted the review to determine if the management agent was following up on TRACS deficiencies. The documentation sent did not show that the Corporation conducted follow up reviews to determine if the management agent was following up on TRACS deficiencies after its on-site management and occupancy reviews at Chester Creek Estates and Chester Park Estates.
- Comment 3** In April 2009 HUD conducted an annual compliance review of the Corporation's performance as a contract administrator. HUD's June 1, 2009 annual compliance review report contained a finding that the Corporation did not have a quality control plan in place and required that the Corporation submit a quality control plan for review. As noted in the corporation's response, the quality control plan was not developed until the spring of 2010. The quality control plan did not exist when it conducted the management and occupancy reviews that we reviewed and reported on, nor did it exist when we began our audit field work.
- Comment 4** Our report does not state that the Corporation has to be on call 24 hours a day. Our draft report indicated that the Corporation did not provide an emergency contact number. To avoid confusion, this was changed to state that it did not provide a contact number. In order for the Corporation to be aware of issues that tenants are having with project management, tenants should be informed how to contact the Corporation for help. As noted in our report finding, tenants at 3 projects told us that they were unaware that they could contact the Corporation if project management was unresponsive to their complaints. During its management and occupancy reviews the Corporation needs to ensure that tenants are aware that they have the right to contact the Corporation and are given the contact information to do so.
- Comment 5** The posters were not displayed at the time of our site visits in March and April 2010. The posters were delivered to the projects in June and July of 2010. As described, the new posters provide adequate contact information to the tenants. The Corporation should confirm that the posters are displayed at all of the projects that it oversees.
- Comment 6** As stated in our report, management at the Coho Park Apartments and Chinook Apartments did not establish a system for logging and tracking work orders. The Corporation states that the work order forms are completed and filed in tenant

files. Since there was no system in place to track work orders, it would be impossible to determine if all work orders were included in the tenant files. Further, during our site visits at these projects, we found that the work orders did not contain the date that the repairs were requested, making it difficult to determine if there were any undue delays on the part of management to respond to tenant requests for repairs.

**Comment 7** Having written procedures is a critical element in establishing controls over the work order process. Written procedures are needed to establish consistency in the way repair requests are handled and to ensure continuity in the event that project personnel are replaced. Unwritten procedures are ineffective at establishing such consistency and continuity. In addition, written policies and procedures allow the Corporation to determine that a project's policies and procedures remain consistent between management and occupancy reviews.

**Comment 8** Although the Corporation states that the unwritten policies effectively meet the needs of the tenant, its management and occupancy reports properly recommended that the management of the Coho Park Apartments and Chinook Apartments projects establish written policies and procedures for maintenance.

**Comment 9** Rating a project's work order policies and procedures as satisfactory when there are no written work order procedures is inconsistent with the annual contributions contract requirement for the contract administrator to monitor compliance of Section 8 project owners with their obligation to provide decent, safe, and sanitary housing to assisted residents. Giving the management of a project a below average rating for not having written policies and procedures for work orders, and making recommendations to establish these written procedures, could strengthen project controls to ensure that repairs are properly completed in a timely manner and that units are maintained to provide decent, safe, and sanitary housing to assisted residents.