



Adams County Housing Authority, Gettysburg, PA

Housing Choice Voucher Program



To: Monica Hawkins, Director, Office of Public Housing, Pennsylvania State Office,
3APH

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

Subject: The Adams County Housing Authority, Gettysburg, PA, Did Not Administer Its
Housing Choice Voucher Program According to HUD Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Adams County Housing Authority's Housing Choice Voucher Program.

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

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 215-430-6734.



Audit Report Number: 2018-PH-1005

Date: September 19, 2018

The Adams County Housing Authority, Gettysburg, PA, Did Not Administer Its Housing Choice Voucher Program According to HUD Requirements

Highlights

What We Audited and Why

We audited the Adams County Housing Authority because (1) a news article reported that the executive director received an excessive salary and practiced nepotism, (2) we received a complaint alleging nepotism and potential misuse of Federal funds, and (3) we had never audited the Authority. Our audit objective was to determine whether the Authority administered its program according to applicable U.S. Department of Housing and Urban Development (HUD) requirements.

What We Found

The Authority did not administer its Housing Choice Voucher Program according to HUD requirements. The allegations regarding misuse of Federal funds and nepotism had merit. The allegation regarding the executive director's salary did not. The executive director's HUD salary did not exceed HUD limits. However, the Authority (1) violated HUD conflict-of-interest requirements, (2) did not have a plan for allocating indirect payroll expenses, (3) did not maintain documentation to show that it used its administrative fee for its intended purpose, (4) did not always ensure that its program units met housing quality standards, and (5) improperly inspected and performed rent reasonableness determinations on program units owned by an entity that it substantially controlled. These conditions occurred because (1) the Authority was unaware of HUD's requirements, (2) it lacked controls to ensure compliance with all HUD requirements, and (3) its inspector did not thoroughly inspect units. As a result, the (1) Authority made ineligible payments totaling \$279, (2) its use of administrative fees totaling \$225,182 for indirect payroll expenses and \$47,376 for office rent were unsupported, (3) it made assistance payments for units that did not meet housing quality standards, and (4) HUD could not rely on its inspections and rent reasonableness determinations.

What We Recommend

We recommend that HUD require the Authority to (1) reimburse its program \$279 from non-Federal funds, (2) provide documentation to show that indirect payroll expenses totaling \$225,182 and office rent expenses totaling \$47,376 were reasonable and necessary for the administration of the program or repay its program from non-Federal funds, (3) develop and implement controls to ensure that it properly uses administrative fees and has an independent entity perform housing quality standards inspections and rent reasonableness determinations on units owned by entities that it substantially controls, and (4) provide training to its inspector on conducting housing quality standards inspections.

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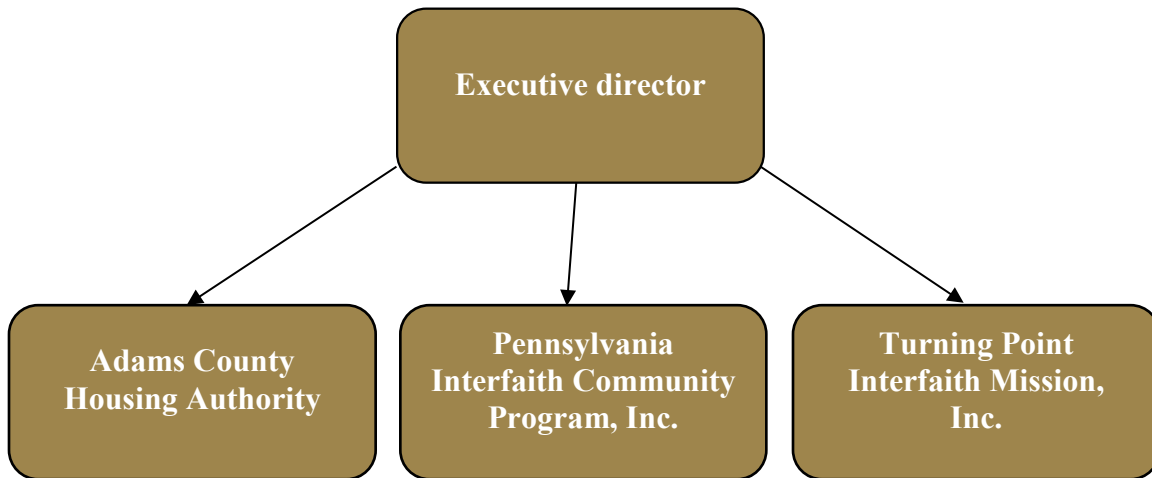
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Background and Objective

The Adams County Housing Authority was established in 1966. The Authority's mission is to provide safe, decent, and affordable housing opportunities to low-income families. It manages nearly 600 housing choice vouchers that receive funding through the U.S. Department of Housing and Urban Development (HUD) and two multifamily projects that receive rental assistance through the U.S. Department of Agriculture's Rural Housing Service program. It owns an office building located at 40 East High Street, Gettysburg, PA, which it uses as its office. In October 2004, the Authority refinanced its mortgage on the office building with the U.S. Department of Agriculture. The Authority leases office space to two non-Federal, nonprofit organizations: Pennsylvania Interfaith Community Program, Incorporated (PICPI) and Turning Point Interfaith Mission, Incorporated (Turning Point). The nonprofit organizations provide housing to low-income families in Adams County. Below is a photo of the Authority's office building.



The Authority is governed by a board of directors consisting of six members. The Authority and the two nonprofit organizations have separate boards of directors and board members. The Authority has no employees. All of the employees that work in the office building are PICPI employees. PICPI lends its employees to the Authority to meet its operational needs. The Authority pays PICPI for the salary and benefit costs of those employees. The Authority's executive director also serves as the executive director of PICPI and Turning Point. The following diagram shows the relationship between the executive director and these organizations.



Under the Housing Choice Voucher Program, HUD authorized the Authority to provide leased housing assistance payments to nearly 600 eligible households in fiscal years 2016 and 2017. HUD authorized the Authority the following financial assistance for housing choice vouchers for fiscal years 2016 and 2017.

Year	Annual budget authority
2016	\$2,431,040
2017	2,614,364

On August 30, 2017, a news article reported that the executive director received an excessive salary and practiced nepotism. The article reported that the executive director collected three salaries totaling \$168,135 in 2016 and that the executive director’s son, sister and niece were employed by the nonprofit organizations. On the same day, we received a complaint alleging nepotism involving the executive director’s sister and son and questions concerning the allocation of funds between the three organizations.

Our audit objective was to determine whether the Authority administered its program according to HUD requirements.

Results of Audit

Finding: The Authority Did Not Administer Its Program According to HUD Requirements

The Authority did not administer its Housing Choice Voucher Program according to HUD requirements. The allegations regarding misuse of Federal funds and nepotism had merit. The allegations regarding the executive director's salary did not. The executive director's HUD salary did not exceed HUD limits. However, the Authority (1) violated HUD conflict-of-interest requirements, (2) did not have a cost allocation plan for indirect payroll expenses, (3) did not maintain documentation to show that it used its administrative fee for its intended purpose, (4) did not always ensure that its program units met housing quality standards, (5) improperly inspected units owned by an entity that it substantially controlled, and (6) improperly performed rent reasonableness determinations on units owned by an entity that it substantially controlled. These conditions occurred because (1) the Authority was unaware of HUD's requirements, (2) it lacked controls to ensure compliance with all HUD requirements, and (3) its inspector did not thoroughly inspect units. As a result, (1) the Authority made ineligible payments totaling \$279, (2) its use of administrative fees totaling \$225,182 for indirect payroll expenses was unsupported, (3) its use of administrative fees totaling \$47,376 for office rent was unsupported, (4) it made housing assistance payments to owners of units that did not comply with housing quality standards, and (5) HUD lacked assurance that its housing quality standards inspections and rent reasonableness determinations for units owned by an entity that it substantially controlled were reliable.

The Executive Director's HUD Salary Did Not Exceed Established HUD Limits

The Consolidated Appropriations Act of 2016 allowed the chief executive officers of public housing agencies to earn salaries, including bonuses, not to exceed the annual rate of basic pay for a position at level IV of the Executive Schedule at any time during the public housing agency's fiscal year. The Consolidated Appropriations Act of 2017 repeated the provision for fiscal year 2017. The Executive Schedule level IV pay rate was \$160,300 for fiscal year 2016 and \$161,900 for fiscal year 2017. The executive director earned a salary from the Authority and the two nonprofit organizations totaling \$166,430 in fiscal year 2016 and \$172,238 in fiscal year 2017. However, the portion of the executive director's salary paid by the Authority totaled \$53,473 for fiscal year 2016 and \$55,467 for fiscal year 2017. The executive director's HUD salary did not exceed the established HUD limits for those years.

The Authority Violated HUD Conflict-of-Interest Requirements

The Authority's consolidated annual contributions contract prohibited it from entering into a contract in connection with the Housing Choice Voucher Program in which any employee of the Authority who formulated policy or influenced decisions with respect to the program had a direct or indirect interest. During the audit period, PICPI employed six persons who were related to the executive director, which included the executive director's son, sister, nephew-in-law, niece, grandson, and granddaughter. PICPI hired these family members between 2009 and 2014. Of

the six family members, three performed maintenance duties, two performed general custodial duties, and one performed tenant intake duties. Payroll records showed that during the audit period, only the grandson charged time to the program and earned \$279. The grandson was a seasonal, summer employee. The Authority had no documentation to show that it had requested a waiver from HUD. None of the other five family members charged time to the Authority's Housing Choice Voucher Program. This condition occurred because the Authority lacked controls to prevent and detect conflict-of-interest situations. Because the Authority violated its consolidated annual contributions contract, the payment of \$279 was ineligible.

In December 2017, the executive director's son was permanently furloughed from his position with PICPI because grant funds for his position had expired. In the same month, the executive director's employment was terminated by the Authority and the two nonprofit organizations because the executive director violated PICPI's personnel policy, which prohibited the executive director from supervising family members.

The Authority Did Not Maintain a Cost Allocation Plan

Regulations at 2 CFR (Code of Federal Regulations) 200.416 required the Authority to develop a cost allocation plan when certain services, such as accounting, were provided on a centralized basis. PICPI provided 13 employees to the Authority to administer its Housing Choice Voucher Program. Of the 13 employees, 11 performed centralized services, such as accounting, management, inspection, and administrative services, for the Authority and the other nonprofit organizations. The remaining two employees charged all of their time to administering the program. During the audit period, the Authority charged indirect payroll expenses¹ totaling \$225,182 for the 11 employees who performed centralized services. The Authority did not maintain a cost allocation plan to show how it allocated costs for the 11 employees. In October 2017, the Authority prepared and submitted a cost allocation plan to HUD. The purpose of the plan was to summarize, in writing, the methods and procedures that it used to allocate costs to various programs, grants, contracts, and agreements. The Authority stated that it had used the method for allocating costs described in the plan for the past 20 years. The plan stated that costs that benefited more than one program would be allocated to those programs based on the ratio of each program's salaries to the total of all program salaries. However, the timesheets reviewed did not support this assertion. This condition occurred because the Authority was unaware that it was required to maintain a cost allocation plan and it did not otherwise document the methodology that it used to allocate costs that benefited more than one program. As a result, the Authority's use of \$225,182 in administrative fees for indirect payroll expenses was unsupported.

The Authority Could Not Support Its Use of Administrative Fees for Office Rent

During the audit period, the Authority transferred \$1,974 monthly from its administrative fee account to its management account² for office rent. The Authority transferred a total of \$47,376

¹ Includes salary and benefit costs

² The Authority also deposited into this account the rent it collected from PICPI and Turning Point as well as rent it collected from renting spaces in its parking lot. From this account, the Authority made its monthly mortgage payments on its office building.

into this account during our 24-month audit period. PICPI moved most of the residual funds from the Authority's management account into a PICPI account monthly. However, the Authority owned the office building and collected \$8,799³ in rent monthly from PICPI and Turning Point. The Authority's monthly mortgage payment was \$4,749. Since the Authority collected more rent than the amount of its monthly mortgage, we questioned the necessity of the Authority's payment for office rent. The Authority did not maintain documentation to show why it made payments for office rent, how it calculated the \$1,974 monthly amount, and how the transfer of the funds to PICPI benefited the administration of the program. PICPI employees stated that they did not know how the amount was calculated. This condition occurred because the Authority lacked controls to ensure that it used administrative fees for their intended purpose and maintained documentation to support their use. Regulations at 24 CFR 982.152(a)(3) required the Authority to use its Housing Choice Voucher Program administrative fees only to cover costs incurred to perform its administrative duties for the program. As a result, the Authority's use of administrative fees totaling \$47,376 was unsupported.

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

We performed observations on 14 of the 98 program units that passed an Authority-administered housing quality standards inspection between August 27 and November 27, 2017. The 14 units were selected to determine whether the Authority ensured that the units in its Housing Choice Voucher Program met housing quality standards. As of April 2016, HUD regulations at 24 CFR 982.405(a) required the Authority to perform unit inspections before family move-in, at least biennially during assisted occupancy, and at other times as needed to determine whether the unit met housing quality standards. We conducted observations of the 14 units on December 6 and 7, 2017. Of the 14 housing units observed, 10 did not meet HUD's housing quality standards because they had 56 violations. However, none of the units were in material noncompliance with HUD's standards. Most of the violations were structural and materials violations that could be easily corrected. None of the units was in extremely poor condition due to (1) deficiencies that had existed for an extended period, (2) deficiencies noted in a prior inspection that had not been corrected, or (3) deferred maintenance that consistently failed the unit. The violations occurred mainly because the Authority's housing inspector did not thoroughly inspect units and did not identify obvious violations, such as a missing handrail. As a result, the Authority made housing assistance payments to owners for units that did not comply with requirements. Regulations at 24 CFR 982.401 required that all of the Authority's program housing meet HUD's housing quality standards at the beginning of the assisted occupancy and throughout the tenancy.

The Authority Improperly Inspected Units That It Substantially Controlled

The Authority did not comply with HUD requirements when it inspected program units owned by an entity that it substantially controlled. For the same 14 units noted above, 2 units were owned by PICPI, and 2 units were owned by Turning Point. Regulations at 24 CFR 982.352(b)(1)(iv)(A)(3) prohibited the Authority from inspecting units that it owned, including units owned by an entity that it substantially controlled. The Authority was required to obtain the services of an independent entity, approved by HUD, to perform these housing quality

³ Of the \$8,799 collected for rent, \$6,302 was from PICPI, and \$2,497 was from Turning Point.

standards inspections. In March 2014, the Authority entered into an agreement with a local public housing agency to mutually provide inspection services on units owned by their affiliates, which may have caused a potential conflict of interest. Although an agreement existed between the two housing agencies, the Authority did not always use the local housing agency to inspect units owned by PICPI or Turning Point. For three of the four units, the local housing agency performed the initial inspections, which resulted in the units failing the inspection. However, the Authority's inspector performed the followup inspections, which resulted in the units passing the inspection. For the remaining unit, the Authority's inspector performed the initial inspection, which resulted in the unit passing the inspection. This condition occurred because the Authority lacked controls to ensure compliance with HUD requirements for inspecting program units owned by an entity it substantially controlled. As a result, HUD could not rely on the Authority's housing quality standards inspections of the units owned by the two nonprofit organizations that it substantially controlled.

The Authority Improperly Performed Rent Reasonableness Determinations on Units That It Substantially Controlled

The Authority did not comply with HUD requirements when it performed rent reasonableness determinations on units owned by an entity that it substantially controlled. Regulations at 24 CFR 982.352(b)(1)(iv)(A)(1) prohibited the Authority from performing rent reasonableness determinations on units that it owned, including units owned by an entity that it substantially controlled. The Authority was required to obtain the services of an independent entity, approved by HUD, to perform these rent reasonableness determinations. However, the Authority performed rent reasonableness determinations on program units that were owned by PICPI. This condition occurred because the Authority lacked controls to ensure compliance with HUD requirements for performing rent reasonableness determinations on units that it substantially controlled. As result, HUD could not rely on the Authority's determinations that the rents charged for the PICPI units participating in the program were reasonable.

Conclusion

The Authority did not administer its program according to HUD requirements. It (1) violated HUD conflict-of-interest requirements, (2) did not have a cost allocation plan for indirect payroll expenses, (3) did not maintain documentation to show that it used its administrative fee for its intended purpose, (4) did not always ensure that its program units met housing quality standards, (5) improperly inspected units owned by an entity that it substantially controlled, and (6) improperly performed rent reasonableness determinations on units owned by an entity that it substantially controlled. As a result, (1) the Authority made ineligible payments totaling \$279, (2) its use of administrative fees totaling \$225,182 for indirect payroll expenses was unsupported, (3) its use of administrative fees totaling \$47,376 for office rent was unsupported, (4) it made housing assistance payments to owners of units that did not comply with housing quality standards, and (5) HUD lacked assurance that its housing quality standards inspections and rent reasonableness determinations for units owned by an entity that it substantially controlled were reliable.

Recommendations

We recommend that the Director of HUD's Pennsylvania State Office of Public Housing require the Authority to

- 1A. Reimburse its program \$279 from non-Federal funds for the ineligible payment it made due to the conflict-of-interest situation identified by the audit.
- 1B. Develop and implement controls to prevent and detect conflict-of-interest situations.
- 1C. Provide documentation to show that indirect payroll expenses totaling \$225,182 charged to the program were reasonable and necessary or repay its program from non-Federal funds for any amount that it cannot support.
- 1D. Develop and implement a cost allocation plan to use as a basis for charging indirect payroll expenses to the program.
- 1E. Provide documentation to show that administrative fees totaling \$47,376 were used to perform administrative duties for the program or repay its program from non-Federal funds for any amount that it cannot support.
- 1F. Develop and implement controls to ensure that administrative fees are used to perform administrative duties for the program.
- 1G. Certify, along with the owners of the 10 units cited in the finding, that the applicable housing quality standards violations have been corrected.
- 1H. Provide training to its inspector on conducting housing quality standards inspections.
- 1I. Develop and implement controls to ensure that an independent entity performs housing quality standards inspections of units that it substantially controls.
- 1J. Submit a request for approval of an independent entity to perform rent reasonableness determinations for program units that it substantially controls.
- 1K. Develop and implement controls to ensure that the independent entity approved in recommendation 1J performs rent reasonableness determinations for program units that it substantially controls.

Scope and Methodology

We conducted the audit from October 2017 through September 2018 at the Authority's office located at 40 East High Street, Gettysburg, PA, and our office located in Philadelphia, PA. The audit covered the period October 2015 through September 2017 but was expanded to include units that passed an Authority-administered inspection in October and November 2017 because we wanted to evaluate the current status of the Authority's inspection program when we conducted our observations in December 2017 and we did not want the time between the Authority's inspection and our observation to be more than 120 days.

To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan and consolidated annual contributions contract with HUD, HUD's program requirements at 24 CFR Part 982, requirements at 2 CFR Part 200, HUD's Housing Choice Voucher Guidebook 7420.10G, and other guidance.
- The Authority's inspection reports; computerized databases, including housing quality standards inspections, housing quality control inspections, housing assistance payments, and tenant data; tenant files; annual audited financial statements for fiscal years 2017, 2016, and 2015; bank statements; interagency cooperation and management agreement; organizational chart; payroll reports and timesheets; draft cost allocation plan; and board meeting minutes.

We also interviewed PICPI staff, including the housing inspector; HUD staff; and program households.

To achieve our audit objective, we relied in part on computer-processed tenant and housing quality standards inspection data from the Authority's computer system. Although we did not perform a detailed assessment of the reliability of the data, we did perform a minimal level of testing and found the data to be adequate for our purposes. The testing entailed comparing the computer-processed data to the documents in the tenant files, including inspection reports.

We nonstatistically selected 14 of the Authority's program units to inspect from a universe of 98 units that passed the Authority's housing quality standards inspections from August 27 to November 27, 2017. We selected the 14 units to determine whether the Authority's program units met housing quality standards. We observed the units on December 6 and 7, 2017. The Authority's inspector accompanied us on all 14 observations. Of the 14 units observed, 10 failed, and 4 passed our observation. Although 10 failed units had 56 violations, none of the units was in material noncompliance with housing quality standards. Therefore, we did not observe additional units and we did not project our audit results to the population.

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

Internal Controls

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

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

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

Relevant Internal Controls

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

- Effectiveness and efficiency of program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with applicable laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

We assessed the relevant controls identified above.

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

Significant Deficiencies

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

- The Authority lacked controls to
 - Detect and prevent conflict-of-interest situations.

- Ensure that administrative fees are used for their intended purpose.
- Ensure that an independent entity performs housing quality standards inspections and rent reasonableness determinations for program units that it substantially controls.
- The Authority lacked a cost allocation plan to charge indirect payroll expenses.
- The Authority did not thoroughly inspect program units.

Appendixes

Appendix A

Schedule of Questioned Costs

Recommendation number	Ineligible 1/	Unsupported 2/
1A	\$279	
1C		\$225,182
1E		47,376
Total	279	272,558

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments



Adams County Housing Authority
Pennsylvania Interfaith Community Programs
40 E. High Street, Gettysburg, PA 17325
Phone (717) 334-1518 Fax (717) 334-8326
TDD/TTY Relay Service: 1-800-654-5984
www.adamscha.org

September 12, 2018

David E. Kasperowicz
Regional Inspector General for Audit
U.S. Department of Housing & Urban Development
Wanamaker Building
100 Penn Square East, Suite 10205
Philadelphia, PA 19107-3380

Dear Mr. Kasperowicz:

This letter is Adams County Housing Authority's (ACHA) response to the recommendations in the draft audit report of our Housing Choice Voucher (HCV) program that was dated August 27, 2018 and was discussed with you at the exit conference on September 10, 2018.

ACHA acknowledges and accepts the responsibility for completing necessary corrections and for implementing policies that will ensure the proper administration of the HCV program.

1A. Recommendation Reimburse its program \$279 from non-Federal funds for the ineligible payment it made due to the conflict-of-interest situation identified in the audit.

Response ACHA concurs with the recommendation and certifies that \$279 will be reimbursed from non-Federal funds to the HCV program.

Responsible Party Accounting Supervisor

1B. Recommendation Develop and implement controls to prevent and detect conflict-of-interest situations.

Response ACHA concurs with the recommendation and certifies that a new personnel policy will be implemented, effective October 1, 2018, that clearly defines conflicts-of-interest, whether actual or perceived. The policy also explains how conflicts-of-interest will be addressed and by whom. A copy of this policy will be provided to the HUD Field Office.

Responsible Party Executive Director



This institution is an equal opportunity provider and employer.



Comment 1

Comment 2

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 3

1C. Recommendation Provide documentation to show that indirect payroll expenses totaling \$225,182 charged to the program were reasonable and necessary or repay its program from non-Federal funds for any amount that it cannot support.

Response ACHA concurs with the recommendation and will provide documentation to the HUD Field Office demonstrating the \$225,182 indirect payroll expenses were reasonable and necessary to the HCV program.

Responsible Party Accounting Supervisor

1D. Recommendation Develop and implement a cost allocation plan to use as a basis for charging indirect payroll expenses to the program.

Response ACHA concurs with the recommendation and will work the HUD Field Office to develop a cost allocation plan for indirect payroll expenses that are reasonable and necessary to the HCV program.

Responsible Party Accounting Supervisor

Comment 2

1E. Recommendation Provide documentation to show that administrative fees totaling \$47,375 were used to perform administrative duties for the program or repay its program from non-Federal funds for any amount it cannot support.

Response ACHA concurs with the recommendation and will provide documentation to the HUD Field Office demonstrating that \$47,375 in administrative fees were used to perform administrative duties necessary to the HCV program.

Responsible Party Accounting Supervisor

Comment 4

1F. Recommendation Develop and implement controls to ensure that administrative fees are used to perform administrative duties for the program.

Response ACHA concurs with the recommendation and will work with the HUD Field Office to develop and implement controls to ensure administrative fees are used to perform administrative duties necessary to the HCV program.

Responsible Party Accounting Supervisor

Comment 2

1G. Recommendation Certify, along with the owners of the 10 units cited in the finding, that the applicable housing quality standards violations have been corrected.

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 2

Response ACHA concurs with the recommendation and certifies that proof will be provided to the HUD Field Office, within 30 days, that the housing quality standards violations have been corrected.

Responsible Party Administrator of Housing Management

1H. Recommendation Provide training to its inspector on conduction housing quality standards inspections.

Comment 2

Response ACHA concurs with the recommendation and ACHA's housing inspector and senior administrator of operations will be completing housing quality standards training provided by Nan McKay and Associates on October 30 – November 1, 2018.

Responsible Party Senior Administrator of Operations

1I. Recommendation Develop and implement controls to ensure that an independent entity performs housing quality standards inspections of units that it substantially controls.

Comment 2

Response ACHA concurs with the recommendation and will work with the HUD Field Office to implement controls and ensure that a HUD-approved independent entity is used to perform housing quality standards inspections of units that it substantially controls.

Responsible Party Senior Administrator of Operations

1J. Recommendation Submit a request for approval of an independent entity to perform rent reasonableness determinations for program units that it substantially controls

Comment 2

Response ACHA concurs with the recommendation and will work with the Field Office to submit a request for the approval of an independent entity to perform rent reasonableness determinations for program units that it substantially controls.

Responsible Party Administrator of Housing Management

1H. Recommendation Develop and implement controls to ensure that the independent entity approved in recommendation 1J performs rent reasonableness determinations for program units that it substantially controls

Comment 2

Response ACHA concurs with the recommendation and will work with the HUD Field Office to implement controls and ensure that a HUD-approved independent entity is used to perform rent reasonableness determinations for program units that it substantially controls.

Responsible Party Administrator of Housing Management

Auditee Comments and OIG's Evaluation

**Ref to OIG
Evaluation**

Auditee Comments

Sincerely,



Stephanie McIlwee
Executive Director

OIG Evaluation of Auditee Comments

- Comment 1 The Authority concurred with the recommendation and stated that it will reimburse its Housing Choice Voucher Program \$279 from non-Federal funds. As part of the audit resolution process, HUD will review the documentation provided by the Authority, determine whether it satisfies the recommendation, and provide its determination and the documentation to OIG for review and concurrence.
- Comment 2 The Authority concurred with the recommendation. We acknowledge the Authority's positive attitude toward the audit report and the recommendations. As part of the audit resolution process, HUD and OIG will agree on the necessary documentation to be provided by the Authority to show that its corrective actions satisfied the recommendations.
- Comment 3 The Authority concurred with the recommendation and stated that it will provide documentation to HUD to demonstrate that \$225,182 in indirect payroll expenses were reasonable and necessary to the Housing Choice Voucher Program. As part of the audit resolution process, HUD will review the documentation provided by the Authority, determine whether it satisfies the recommendation, and provide its determination and the documentation to OIG for review and concurrence.
- Comment 4 The Authority concurred with the recommendation and stated that it will provide documentation to HUD to demonstrate that \$47,375 in administrative fees were used to perform administrative duties necessary to the Housing Choice Voucher Program. (We noted that the Authority used the figure \$47,375 rather than the \$47,376 figure shown in the audit report. We attribute the one dollar difference between the figures to a typographical error by the Authority.) As part of the audit resolution process, HUD will review the documentation provided by the Authority, determine whether it satisfies the recommendation, and provide its determination and the documentation to OIG for review and concurrence.