



**Charleston-Kanawha Housing Authority,  
Charleston, WV**

**Housing Choice Voucher Program**



Issue Date: July 17, 2013

Audit Report Number: 2013-PH-1005

TO: William D. Tamburrino, Director, Baltimore Public Housing Program Hub, 3BPH  
//signed//  
FROM: John P. Buck, Regional Inspector General for Audit, Philadelphia Region, 3AGA  
  
SUBJECT: The Charleston-Kanawha Housing Authority, Charleston, WV, Needs To  
Improve Its Housing Quality Standards Inspections and Apply Correct Payment  
Standards When Calculating Housing Assistance Payments

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 Charleston-Kanawha Housing Authority's administration of its housing quality standards inspections and housing assistance payment calculations for its 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 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 215-430-6729.



July 17, 2013

## **The Charleston-Kanawha Housing Authority, Charleston, WV, Needs To Improve Its Housing Quality Standards Inspections and Apply Correct Payment Standards When Calculating Housing Assistance Payments**

# **Highlights**

Audit Report 2013-PH-1005

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

We audited the Charleston-Kanawha Housing Authority's Housing Choice Voucher program because (1) it received more than \$13.7 million in program funding in fiscal year 2012, (2) it is the largest assisted housing agency in the State of West Virginia, and (3) we had never audited its Housing Choice Voucher program. The audit objectives were to determine whether the Authority ensured that its Housing Choice Voucher program units met U.S. Department of Housing and Urban Development (HUD) housing quality standards and whether it applied the appropriate payment standard when calculating housing assistance.

### **What We Recommend**

We recommend that HUD require the Authority to (1) reimburse its program \$22,882 from non-Federal funds for the 20 units that materially failed to meet HUD's housing quality standards, (2) implement procedures and controls to ensure that program units meet housing quality standards, (3) reimburse its program \$14,505 from non-Federal funds for the ineligible overpayment of housing assistance, and (4) ensure that the flaw in its new software program is corrected so that the software program determines the payment standard properly.

### **What We Found**

The Authority did not conduct adequate inspections to ensure that its program units met housing quality standards as required. Of 66 program units statistically selected for inspection, 47 did not meet HUD's housing quality standards. Further, 20 of the 47 units were in material noncompliance with housing quality standards. The Authority disbursed \$22,025 in housing assistance payments and received \$857 in administrative fees for these 20 units. We estimate that over the next year if the Authority does not implement adequate procedures to ensure that its program units meet housing quality standards, HUD will pay more than \$3.2 million in housing assistance for units that materially fail to meet those standards.

The Authority did not always apply the correct payment standard when calculating housing assistance payments. It made ineligible housing assistance payments totaling \$14,505 for 34 tenants that it recertified using its new software program from September 2012 to January 2013. By implementing our recommendations, the Authority can avoid making overpayments of \$228,473 in future housing assistance.

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## BACKGROUND AND OBJECTIVES

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The Charleston and Kanawha Housing Authorities reorganized and began operations as the Charleston-Kanawha Housing Authority on August 2, 2006. The goal of this new agency was to assist low-income families in every community in the West Virginia counties of Kanawha, Putnam, and Clay in a more cost-effective way, while providing a high standard of customer service. The Authority's mission is to provide every resident with a decent, safe, affordable place to live, while linking residents to programs that will assist them on their journey to self-sufficiency. The Authority is the largest assisted housing agency in the State of West Virginia. Its leased housing department administers the Housing Choice Voucher program through funds provided by the U.S. Department of Housing and Urban Development (HUD). The Authority is governed by a five-member board of commissioners appointed by the mayor of Charleston, with two board members recommended by the Kanawha County Commission. The Authority's chief executive officer is Mark Taylor. Its offices are located at 1525 Washington Street West, Charleston, WV.

Under the Housing Choice Voucher program, HUD authorized the Authority to provide leased housing assistance payments to 2,980 eligible households in fiscal year 2012. HUD authorized the Authority the following financial assistance for housing choice vouchers for fiscal years 2010 through 2012:

<b>Fiscal year</b>	<b>Number of vouchers authorized</b>	<b>Annual budget authority</b>
2010	2,930	\$13,380,551
2011	2,960	\$14,989,905
2012	2,980	\$13,759,359

HUD regulations at 24 CFR (Code of Federal Regulations) 982.405(a) require public housing authorities to perform unit inspections before the initial move-in and at least annually. The authority must inspect the unit leased to the family before the term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards. HUD regulations at 24 CFR 982.503 require the Authority to adopt a payment standard schedule that establishes voucher payment standards based on the number of bedrooms. HUD regulations at 24 CFR 982.402 require the payment standard used in the housing assistance payment calculation for a family to be the lower of the payment standard for the number of bedrooms shown on the voucher or the payment standard for the size of the unit leased by the family.

Our audit objectives were to determine whether the Authority ensured that its Housing Choice Voucher program units met HUD's housing quality standards and whether it applied the appropriate payment standard when calculating housing assistance payments.

## RESULTS OF AUDIT

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### Finding 1: Housing Quality Standards Inspections Were Inadequate

The Authority did not conduct adequate inspections to enforce HUD's housing quality standards. Of 66 program housing units inspected, 47 did not meet HUD's housing quality standards, and 20 materially failed to meet HUD's standards. The Authority's inspectors did not observe or report 319 violations that existed at the 20 units when they conducted their inspections. This condition occurred because the Authority did not implement procedures and controls to ensure that program units met housing quality standards. Its inspectors inspected too many units in a day, missed some violations during their inspections, and were not aware that some deficiencies were violations. As a result, the Authority disbursed \$22,025 in housing assistance payments and received \$857 in administrative fees for the 20 units that materially failed to meet HUD's housing quality standards. Unless the Authority improves its inspection program and ensures that all units meet housing quality standards, we estimate that it will pay at least \$3.2 million in housing assistance for units that materially fail to meet HUD's standards over the next year.

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#### **Housing Units Did Not Meet HUD's Housing Quality Standards**

We statistically selected 66 units from a universe of 149 units that passed an Authority housing quality standards inspection between November 1 and December 31, 2012. The 66 units were selected to determine whether the Authority ensured that the units in its Housing Choice Voucher program met housing quality standards. We inspected the 66 units from February 20 to March 6, 2013.

Of the 66 housing units inspected, 47 (71 percent) had 545 housing quality standards violations. Additionally, 20 of the 66 units (30 percent) were in material noncompliance with housing quality standards because they had 319 violations that predated the Authority's last inspection and were not identified by the Authority's inspectors, creating unsafe living conditions. All units were ranked according to the severity of the violations, and we used auditor's judgment to determine the material cutoff point. HUD regulations at 24 CFR 982.401 require that all program housing meet housing quality standards performance requirements both at commencement of assisted occupancy and throughout the assisted tenancy. The following table categorizes the 545 housing quality standards violations in the 47 units that failed our housing quality standards inspections.

Key aspect <sup>1</sup>	Number of violations	Number of units	Percentage of units
Structure and materials	201	43	65
Illumination and electricity	165	32	48
Site and neighborhood	48	24	36
Interior air quality	42	15	23
Sanitary facilities	27	21	32
Smoke detectors	19	12	18
Space and security	14	9	14
Food preparation and refuse disposal	13	10	15
Thermal environment	8	5	8
Access	7	6	9
Sanitary condition	1	1	2
<b>Total</b>	<b>545</b>		

We provided our inspection results to the Authority and HUD's Baltimore Office of Public Housing during the audit.

The following pictures illustrate some of the violations we noted while conducting housing quality standards inspections in the 20 units that materially failed to meet HUD's housing quality standards.



Inspection #16: The breaker box on the unit's exterior was not secure and had exposed electrical contacts with high voltage. The Authority did not identify this violation during its November 26, 2012, inspection.

<sup>1</sup> Regulations at 24 CFR 982.401 categorize housing quality standards performance and acceptability criteria into 13 key aspects. Only 11 key aspects are listed in the table because we identified no violations for 2 key aspects.





Inspection #20: The exterior staircase was missing a handrail. The Authority did not identify this violation during its November 9, 2012, inspection.



Inspection #21: The skirting on the mobile home exterior was loose and had sharp edges. The Authority did not identify this violation during its November 9, 2012, inspection.





Inspection #22: There was a hole in the wall and possible mold and mildew under the bathroom vanity. The Authority did not identify this violation during its November 9, 2012, inspection.



Inspection #32: The vent on the hot water heater had a negative slope, which prohibited gases from venting properly. The Authority did not identify this violation during its November 5, 2012, inspection.



Inspection #32: The stairwell to the basement was missing a handrail. The Authority did not identify this violation during its November 5, 2012, inspection.



Inspection #40: The window in the bedroom was screwed closed. The Authority did not identify this violation during its November 7, 2012, inspection.



Inspection #54: The electrical outlet in the hallway was missing a cover. The Authority did not identify this violation during its November 8, 2012, inspection.



Inspection #76: The soffit on the unit's exterior was missing. The Authority did not identify this violation during its November 8, 2012, inspection.

### **The Authority Needs To Improve Its Housing Quality Standards Inspections**

Although HUD regulations at 24 CFR 982.401 and the Authority's administrative plan required the Authority to ensure that its program units met housing quality standards, it failed to do so because it lacked procedures and controls. Its inspectors inspected too many units in a day. They inspected up to 15 units in an

8-hour workday. As a result, the inspectors did not thoroughly inspect the units and missed some violations during their inspections. For instance, the inspectors did not check all windows and electrical outlets in every unit; therefore, they did not identify inoperable window locks and missing covers on switches and outlets. The inspectors also missed unsecured fuse boxes, missing soffits and downspouts, missing striker plates on door locks, missing handrails, and improperly sloped flue pipes. Additionally, the inspectors were not aware that some deficiencies were violations. For example, they did not identify and report missing knockout plugs in junction boxes, which were electrical hazards; deteriorated and broken concrete steps and walkways, which were tripping hazards; and windows that were permanently sealed closed, which violated the standards.

### **The Authority Began Taking Action**

The Authority took action to improve its housing quality standards inspection program during the audit. It reduced the number of inspections performed each workday to eight. The inspectors had also begun inspecting windows to determine whether they functioned as designed and ensuring that all electrical outlets were properly wired and junction boxes did not have open knockout plugs.

### **Conclusion**

The Authority's program participants were subjected to housing quality standards violations that created unsafe living conditions during the participants' tenancy. The Authority did not properly use its program funds when it inspected and passed program units that did not meet HUD's housing quality standards. In accordance with HUD regulations at 24 CFR 982.152(d), HUD is permitted to reduce or offset program administrative fees paid to a public housing authority if it fails to perform its administrative responsibilities correctly or adequately, such as not enforcing HUD's housing quality standards. The Authority disbursed \$22,025 in housing assistance payments and received \$857 in program administrative fees for the 20 units that materially failed to meet HUD's housing quality standards. If the Authority implements controls to ensure that all units meet housing quality standards and reduces the number of inspections conducted each day, we estimate that at least \$3.2 million in future housing assistance payments will be spent for units that are decent, safe, and sanitary. Our methodology for this estimate is explained in the Scope and Methodology section of this report.

### **Recommendations**

We recommend that the Director of the Baltimore Office of Public Housing direct the Authority to

- 1A. Certify, along with the owners of the 47 units cited in this finding, that the applicable housing quality standards violations have been corrected.
- 1B. Reimburse its program \$22,882 from non-Federal funds (\$22,025 for housing assistance payments and \$857 in associated administrative fees) for the 20 units that materially failed to meet HUD's housing quality standards.
- 1C. Implement procedures and controls to ensure that program units meet housing quality standards and provide inspectors with adequate time to perform inspections, thereby ensuring that an estimated \$3,203,676 in program funds is expended for units that are decent, safe, and sanitary.



## Finding 2: Housing Assistance Payments Were Not Always Calculated Correctly

The Authority did not always apply the correct payment standard when calculating housing assistance payments. This condition occurred because the Authority had implemented a new software program for calculating housing assistance payments, which did not apply the correct payment standard when recertifying active tenants whose voucher showed a smaller number of bedrooms than the number of bedrooms in the assisted unit. The Authority did not adequately test the new software program before putting it into service, and its leased housing specialists did not verify the accuracy of the payment standard used by the new software program in its calculations. As a result, the Authority made ineligible housing assistance payments totaling \$14,505 for 34 tenants that it recertified using the new software program from September 2012 through January 2013. Unless the Authority corrects the flaw in the new software program and uses the correct payment standard in its housing assistance payment calculations, we estimate that it will overpay approximately \$228,473 in housing assistance.

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### **The Authority Installed a New Software Program That Had a Flaw Resulting in Overpayments**

The Authority installed a new software program in September 2012 to manage its Housing Choice Voucher program.<sup>2</sup> The new software program contained a flaw in the logic for selecting the payment standard for some active tenants. It determined the payment standard based on the number of bedrooms in the assisted unit rather than the number of bedrooms shown on the voucher in instances in which the number of bedrooms shown on the voucher was smaller than the number of bedrooms in the unit. The flaw affected only active tenants whose information was transferred from the old software program to the new software program. HUD regulations at 24 CFR 982.402 require the payment standard used in the housing assistance payment calculation for a family to be the lower of the payment standard for the number of bedrooms shown on the voucher or the payment standard for the size of the unit leased by the family. The Authority did not identify this problem because it did not adequately test the new software program to ensure that it produced accurate results before putting it into service and its leased housing specialists relied on the output from the new software program and did not verify factors used in the housing assistance payment calculation. As a result, the Authority made ineligible housing assistance payments totaling \$14,505 for 34 tenants that it recertified using the new software program from September 2012 through January 2013.

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<sup>2</sup> The Authority purchased the new software program from a company known as HAB Housing Software Solutions and replaced the Authority's old software program that it purchased from a company known as Tenmast.



## **The Authority Took Action Based on the Audit Results**

The Authority acknowledged the problem with the new software program and took action to correct the flaw. In December 2012, after we brought this issue to its attention, the Authority discussed the issue with the software developer. The software developer reviewed the Authority's automated data files and identified 347 active tenants for whom the Authority potentially would have made overpayments on or after February 1, 2013, and corrected the flaw for those tenants. The Authority informed us that its leased housing occupancy manager will review the tenant files identified by the developer to ensure that the payment standard is applied correctly as the Authority recertifies the tenants.

## **Conclusion**

The Authority installed a new software program in September 2012 to manage its Housing Choice Voucher program; however, the new software program contained a flaw. The program erroneously determined the payment standard for some active tenants based on the number of bedrooms in the unit rather than the number of bedrooms shown on the voucher in instances in which the number of bedrooms shown on the voucher was smaller than the number of bedrooms in the unit. The Authority overpaid \$14,505 in housing assistance for 34 tenants that it recertified using the new software program from September 2012 through January 2013. The Authority acknowledged the problem with the new software program and took action in December 2012 to correct the flaw. If the Authority verifies that the new computer software determines the correct payment standard for the remaining active tenants, it will avoid making overpayments of approximately \$228,473 in housing assistance. Our methodology for this estimate is explained in the Scope and Methodology section of this report.

## **Recommendations**

We recommend that the Director of the Baltimore Office of Public Housing direct the Authority to

- 2A. Reimburse its program \$14,505 from non-Federal funds for the overpayment of housing assistance for the 34 tenants found during our review.
- 2B. Verify that the new computer software determines the correct payment standard for the remaining active tenants for which the number of bedrooms shown on the voucher is smaller than the number of bedrooms in the unit and thereby avoid overpaying \$228,473 in future housing assistance.

## SCOPE AND METHODOLOGY

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To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR Part 982, HUD's Housing Choice Voucher Guidebook 7420.10G, and other guidance.
- The Authority's inspection reports; computerized databases including housing quality standards inspection, housing assistance payment, and tenant data; annual audited financial statements for fiscal years 2011 and 2012; tenant files; policies and procedures; board meeting minutes; and organizational chart.
- HUD's monitoring reports for the Authority.

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

To achieve our audit objectives, we relied in part on computer-processed 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.

We statistically selected 66 of the Authority's program units to inspect from a universe of 149 program units that passed an Authority-administered housing quality standards inspection between November 1 and December 31, 2012. These inspections were conducted by any of three inspectors, all of whom played an active role in the program. We selected the sample based on a confidence level of 90 percent, an estimated error rate of 50 percent, and a precision level of plus or minus 10 percent. We inspected the selected units between February 20 and March 6, 2013, to determine whether the Authority's program units met housing quality standards. The Authority's leased housing services manager for its Housing Choice Voucher program or one of its three inspectors accompanied us on all of the inspections.

Our sampling results determined that 20 of the 66 units (30 percent) materially failed to meet HUD's housing quality standards. We determined that the 20 units were in material noncompliance because they had 319 violations that existed before the Authority's last inspection, which created unsafe living conditions. All units were ranked according to the severity of the violations, and we used auditors' judgment to determine the material cutoff point.

We estimate, with a one-sided confidence interval of 95 percent, that at least 20.98 percent of the 149 units passed by inspectors during the 2-month sample period were in material noncompliance with housing quality standards. By averaging the housing assistance payments made for substandard housing across all 149 units that passed an Authority inspection and deducting for a statistical margin of error, we estimate, with a one-sided confidence interval of 95 percent, that the amount of monthly housing assistance payment dollars spent on substandard housing passed by the Authority during the sample period was at least \$90.53 per unit. There

were 2,949 active rental units when the statistical sample was determined. Multiplying the 2,949 units by the \$90.53 per unit monthly housing assistance payment for substandard housing yields a total of \$266,973 per month. Multiplying the monthly amount of \$266,973 by 12 yields an annual total of \$3,203,676 in housing assistance payments for substandard housing that passed an Authority inspection. This amount 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 recommendations. While these benefits would recur indefinitely, we were conservative in our approach and included only the initial year in our estimate.

We nonstatistically selected and reviewed housing assistance payment calculations for 90 tenants from a universe of 136 tenants whose recertified housing assistance payment may have been overstated because of the flaw in the new software program between September 1, 2012, the date the new software program was implemented, and January 31, 2013, since the flaw in the program was fixed effective February 1, 2013. We reviewed these files to determine whether the flaw in the software program caused an overstatement of the housing assistance payment. We used a risk-based approach to select the 90 files. We selected files with the largest difference in the potentially overstated monthly assistance payment amount and those with the greatest difference between the number of bedrooms in the assisted unit and the number of bedrooms shown on the voucher. We determined that in 34 of the 90 files, the flaw in the new computer software program caused an overstated assistance payment to be made. The flaw in the new computer software did not affect the assistance payment in the other 56 files because either the tenant had an increase in family size; the tenant had a reasonable accommodation for medical reasons; the tenant's rent and utility assistance was less than the correct payment standard; or the leased housing specialist, based on our notification to the Authority, ensured that the correct payment standard was used in the recertification calculations. The Authority overpaid \$14,505 in housing assistance from September 2012 through March 2013 for the 34 tenants. The Authority would have overpaid \$42,936 for these 34 tenants annually.

The Authority's software developer reviewed the Authority's automated data files and determined that there were 347 active tenants who would have had their assistance payment recertified on or after February 1, 2013, for whom the Authority potentially would have made overpayments of housing assistance due to the flaw in the new software program. We reviewed the Authority's automated data files and identified 35 additional tenants that the software developer had not identified in its review of the data. We reviewed the automated data for each of these 382 tenants. We determined that had the Authority not taken action to correct the flaw in the new software program, it would have applied an incorrect payment standard and overstated housing assistance payments for 253 of these 382 active tenants. We calculated the difference in the potentially overstated monthly assistance payment amount for these 253 tenants. We multiplied the overstated monthly assistance amount by the number of months during which the Authority would make a housing assistance payment between the date of the tenant's next recertification and January 31, 2014 (the end of the 1-year period after the flaw in the new software program was fixed). We estimated that the Authority would have made overstated housing assistance payments totaling \$185,537 during the next year for these 253 tenants. Therefore, the total estimated funds to be put to better use because the Authority took action to correct the flaw in the new software program is \$228,473.

We performed our onsite audit work from October 2012 through May 2013 at the Authority's office located at 1525 Washington Street West, Charleston, WV. The audit covered the period November 2011 through January 2013 but was expanded when necessary to include other periods.

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:

- 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 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 did not implement procedures and controls to ensure that program units met housing quality standards and provide inspectors with adequate time to perform inspections (see finding 1).
- The Authority did not implement adequate controls to ensure that its conversion to the new software program resulted in the selection of the correct payment standard when calculating housing assistance payments for active tenants (see finding 2).



## APPENDIXES

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### Appendix A

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

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Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1B	\$22,882	
1C		\$3,203,676
2A	14,505	
2B		228,473
<b>Totals</b>	<b>\$37,387</b>	<b>\$3,432,149</b>

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ 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. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if the Authority implements our recommendations, 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, thereby putting approximately \$3.2 million in program funds to better use. Once the Authority successfully improves its controls and ensures that inspectors are given adequate time to perform inspections, this will be a recurring benefit. Additionally, if the Authority implements our recommendations, it will stop making overpayments of housing assistance due to the flaw in its new software program used to calculate housing assistance payments for some active tenants, thereby putting approximately \$228,473 in program funds to better use. Once the Authority ensures that the flaw has been corrected for these tenants, this will be a recurring benefit. Our estimates reflect only the initial year of these benefits.

## Appendix B

### AUDITEE COMMENTS



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June 27, 2013

Mr. John P. Buck  
Regional Inspector General for Audit  
U.S. Department of Housing and  
Urban Development  
Wanamaker Building  
100 Penn Square East, Suite 10205  
Philadelphia, PA 19107-3380

Re: Charleston-Kanawha Housing Authority Response to Audit Findings.

Dear Mr. Buck:

Attached is Charleston-Kanawha Housing Authority's (CKHA) response to the findings from the audit conducted by the Office of Inspector General on the Housing Choice Voucher program from October 2012 through June 2013. The Board of Commissioners and staff of CKHA are committed to operating a well-managed program for the benefit of the community and families we serve. The audit recommendations are received with the goal of improving our operations and complying with all of HUD's directives.

CKHA appreciates the support of the Baltimore Public Housing Program HUB during the audit and will work with them to certify that all violations have been corrected, recommended funds have been reimbursed and procedures and controls have been adopted. Charleston-Kanawha Housing Authority also commends the work of the auditors for the professional manner in which the review was conducted and the respect shown to Authority staff.

If there are any questions regarding the responses or if any additional information is needed, please contact me at 304-348-6451, extension 322 or at [mtaylor@ckha.com](mailto:mtaylor@ckha.com).

Sincerely,

A handwritten signature in blue ink that reads "Mark E. Taylor".  
Mark E. Taylor  
Chief Executive Officer

---

Attachments

Cc: William Tamburrino  
Russell DeSouza  
Robert Pierce  
Pete Minter  
Andrew Meyers  
Dave Kasperowicz  
CKHA Board of Commissioners  
Jeff Knight

Charleston-Kanawha Housing Authority  
Housing Choice Voucher Program  
Response to Finding #1

Housing Quality Standards Inspections were Inadequate.

Cause:

*This condition occurred because the Authority did not implement procedures and controls to ensure that program units met housing quality standards. Its inspectors inspected too many units in a day, missed some violations during their inspections and were not aware that some deficiencies were violations.*

Response:

The management and inspection staff of Charleston-Kanawha Housing Authority (CKHA) takes serious its responsibility to ensure all voucher participants live in decent, safe and sanitary housing. If this were not the case, CKHA's management would have kept inspection standards at HUD's minimal level. On the contrary, CKHA has strengthened HQS standards in recent years by amending its Administrative Plan to place greater emphasis on life safety devices (smoke and CO<sub>2</sub> detectors) and criteria to improve sanitary conditions. This emphasis was confirmed during the audit as both items were infrequently cited as deficiencies.

Management does not disagree that too many inspection stops were scheduled per day, but CKHA covers a large geographic area (three counties, 1,600 square miles) and works diligently to meet HUD requirements to inspect units within a 12 month period. This does not imply units have to pass inspection; they must be inspected (pass or fail) within 12 months of the last inspection.

Prior to OIG's audit, CKHA's HQS inspectors conducted 12-13 inspections per day. These inspections not only included full initial and annual inspections, but also re-inspections and special inspections. With re-inspections, inspectors were only reviewing deficient items noted on previous failed inspections. With special inspections, the inspectors were only reviewing possible deficiencies reported to them by the complaining party (tenant or landlord) As a result, re-inspections and special inspections did not take as long to complete as initial and annual inspections. The breakdown of inspections is as follows: August – October 2012: 2 initials per day, 4 annual inspections per day, .31- special inspections and 6 re-inspections per day, per inspector. This equals out to be 12 scheduled inspections per day. January – March 2013: 1 initial, 2 annual, .19 special and 3 re-inspects per day, per inspector. This equals out to 6 inspections per day per inspector. Thus, CKHA has already begun to address the number of inspections per day and the amount of time spent per inspection

In addition to reducing the number of inspections per day, CKHA is developing procedures and controls to ensure consistent housing quality standards enforcement. This will require: regular training of staff; consistent follow-up on the part of supervisors through quality control inspections; and greater emphasis on educating landlords about the standards to increase compliance. Also, in attempt to become more efficient, CKHA is planning to schedule inspections in geographic zones to reduce travel time to allow for more time per inspection. Management believes all of these changes will result in CKHA improvements to its inspection program.

Charleston-Kanawha Housing Authority  
Housing Choice Voucher Program  
Response to Finding #2

Housing Assistance Payments Were Not Always Calculated Correctly

Cause:

*The Authority did not adequately test the new software program before putting it into service, and its leased housing specialists did not verify the accuracy of the payment standard used by the new software program in its calculations.*

Response:

As the audit report states, CKHA worked with our software provider, HAB Inc., to correct this issue in December 2012 and since that time staff have verified the correct payment standard is being used when processing rent calculations. CKHA will verify the appropriate payment standard is in effect for all active tenants and will establish a control procedure to review these standards on a semi-annual basis.