



Broward County Housing Authority, Lauderdale Lakes, FL

Section 8 Housing Choice Voucher Program

**Office of Audit, Region 4
Atlanta, GA**

**Audit Report Number: 2016-AT-1014
September 30, 2016**



To: Uche Oluku, Director of Public Housing, 4DPH

From: //signed//
Nikita N. Irons, Regional Inspector General for Audit, 4AGA

Subject: The Broward County Housing Authority, Lauderdale Lakes, FL, Did Not Always Comply With HUD's and Its Own Section 8 Housing Choice Voucher Program 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 Broward County Housing Authority's Section 8 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 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 404-331-3369.



Audit Report Number: 2016-AT-1014

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The Broward County Housing Authority, Lauderdale Lakes, FL, Did Not Always Comply With HUD's and Its Own Section 8 Housing Choice Voucher Program Requirements

Highlights

What We Audited and Why

We audited the Broward County Housing Authority's Section 8 Housing Choice Voucher program as part of the activities in our fiscal year 2016 annual audit plan. Our objective was to determine whether the Authority administered its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) and its own requirements.

What We Found

The Authority did not always comply with HUD's requirements and its own administrative policies and procedures when administering its program. It did not always correctly calculate housing assistance payments or fully use the Enterprise Income Verification (EIV) system. These conditions occurred because the Authority lacked a sufficient understanding of HUD's and its own requirements for administering the program. As a result, HUD lacked assurance that the Authority properly managed its program because it overpaid \$19,771 in housing assistance, underpaid \$1,010 in housing assistance, and received more than \$8,400 in ineligible administrative fees. Also, the Authority may have used a substantial amount of HUD funds to pay ineligible rental costs annually.

What We Recommend

We recommend that the Director of the HUD Miami Office of Public Housing require the Authority to (1) reimburse its program more than \$28,000 from non-Federal funds for the overpayment of housing assistance and ineligible administrative fees it received; (2) reimburse its households more than \$1,000 for the underpayment of housing assistance; (3) review, verify, and resolve the substantial underreporting of more than \$4.5 million in tenant annual income identified on the Authority's EIV income discrepancy report; and (4) develop and implement adequate procedures and controls to address the issues cited in this audit report.

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Background and Objective

The Broward County Housing Authority is a public housing agency established in 1969. It is an independent special district of the State of Florida that was created to address a shortage of safe dwelling accommodations in Broward County available to persons of low income at rentals they could afford. The Authority is governed by a five-member board of commissioners appointed by the governor to 4-year terms. The board's responsibilities include approving budgets, exercising control over facilities and properties, and controlling the use of funds generated by the Authority. The chief executive officer is appointed by the board of commissioners and is responsible for supervising staff and managing the day-to-day operations of the Authority.

The Authority administers the Housing Choice Voucher program under a contract with the U.S. Department of Housing and Urban Development (HUD). The program provides opportunities for very low-income families to obtain rental housing outside areas of poverty or minority concentration. As of September 30, 2015, the Authority had 5,777 vouchers and was authorized more than \$63.4 million in program funds for fiscal year 2015.

The Enterprise Income Verification (EIV) system is used to support upfront income verification by providing income information to be used by public housing agencies during tenant recertification. The system provides a secure portal to reports on public and Indian housing household wages, unemployment insurance benefits, and Social Security and Supplemental Security Income. EIV is a Web-based system, allowing access to information across secure Internet connections. The EIV income discrepancy report identifies subsidized tenants with annual income discrepancies of \$2,400 or more due to potentially underreported income. The report calculates income discrepancies by comparing the tenant's projected next year's income, as reported in the tenant rental assistance certification system, with the actual income data compiled by EIV.

Our audit objective was to determine whether the Authority administered its Section 8 program in accordance with HUD's and its own requirements. Specifically, our audit focused on the Authority's administration of the program regarding the accuracy of housing assistance payments.

Results of Audit

Finding: The Authority Did Not Always Comply With Program Requirements

The Authority did not always comply with HUD's requirements and its own administrative policies and procedures when administering its Section 8 Housing Choice Voucher program. Specifically, it did not always (1) correctly calculate housing assistance payments or (2) fully use the EIV system. These conditions occurred because the Authority lacked a sufficient understanding of HUD's and its own requirements for administering the program. As a result, HUD lacked assurance that the Authority properly managed its program because it overpaid \$19,771 and underpaid \$1,010 in housing assistance and received more than \$8,400 in ineligible administrative fees. Also, the Authority may have used a substantial amount of HUD funds to pay ineligible rental costs annually.

The Authority Miscalculated Housing Assistance Payments

We reviewed 90 statistically selected¹ certifications to determine whether the Authority correctly calculated housing assistance payments for the period January 2013 through September 2015. For the 90 household files reviewed, 13 (14.4 percent) had incorrectly calculated housing assistance. The errors occurred because the Authority's staff lacked a sufficient understanding of HUD's and its own requirements for calculating housing assistance payments.

The 13 certifications contained the following deficiencies:

- Four used inadequate sources of income,
- Four had unaccounted for income,
- Three had improper income calculations,
- One had an incorrect payment standard, and
- One had an incorrect allowance.

These errors resulted in \$19,771 in overpayment of housing assistance. Because the housing assistance was incorrectly calculated, the Authority inappropriately received \$7,793 in administrative fees for the 13 households.

In addition, there were three underpayments of housing assistance totaling \$1,010, in instances in which the Authority (1) used an inadequate source to calculate tenant income and (2) calculated a portion of tenant income incorrectly. The Authority inappropriately received \$635 in administrative fees for the three households.

¹ Our methodology for the statistical sample is explained in the Scope and Methodology section of this audit report.

The Authority Did Not Monitor, Resolve, and Retain EIV Reports

In April 2016, we obtained the Authority's 2015 EIV income discrepancy report and identified more than 500 subsidized tenants with discrepancies of \$2,400 or more, indicating potentially substantial² underreporting of income totaling more than \$4.5 million. The report calculates income discrepancies by comparing the tenant's projected next year's income, as reported in the tenant rental assistance certification system, with the actual income data compiled by EIV. If the EIV report reveals a substantial difference in the reported income, according to 24 CFR (Code of Federal Regulations) 5.236(b)(2)(3), public housing agencies are required to compare the information on the EIV report with the family-reported information.

The Authority did not monitor its EIV income discrepancy reports quarterly³ and, therefore, did not verify and resolve reported income discrepancies.⁴ The Authority's management did not believe it was required to review the discrepancy reports because HUD's regulations at 24 CFR 982.516 allowed the Authority the option to perform interim exams and the discretion to enforce repayment policies, which the Authority had adopted in its administrative plan. However, 24 CFR 5.233 required the use of HUD's EIV system on January 31, 2010, and it did not provide an exemption for public housing agencies to resolve income discrepancies by performing interim exams. Hence, the Authority was not excused from the requirements.

The Authority also did not retain⁵ the tenants' EIV income reports it obtained because its management thought HUD's record retention requirement did not apply to public housing agencies in Florida due to the State's Sunshine Law. Since the law allows public disclosure of records within certain limits, the Authority expressed concerns that this law would allow the public to request tenants' income and employment information from the EIV system. However, the Federal Privacy Act⁶ would disallow and prevent any protected tenant information from being disclosed and would preempt any State or local laws, such as the Florida Sunshine Law. The Authority based its policy on HUD training provided several years ago and before the final HUD rule issued in 2010. The Authority's failure to retain EIV income reports makes it difficult for HUD and other reviewers to confirm its evaluation of tenants' income data and resolution of income discrepancies. As income data is updated and overwritten in the EIV system, any previous income data relied upon could be lost and unavailable unless the Authority retains a record. Therefore, determining the amount of reimbursement to HUD program due to errors made by the Authority or if the error was due to the tenants underreporting or not reporting income, becomes harder.

Conclusion

The Authority did not always correctly calculate housing assistance payments and did not monitor, resolve, and retain EIV reports because it lacked a sufficient understanding of HUD's and its own requirements.

² HUD Office of Public and Indian Housing (PIH) Notice PIH 2010-19 (HA), 15, page 13, note

³ Notice PIH 2010-19 (HA), 14, page 11

⁴ Notice PIH 2010-19 (HA), 12(A)(iii), page 7

⁵ Notice PIH 2010-19 (HA), page 15, states that public housing agencies are authorized to maintain the EIV income report in the tenant file for the duration of tenancy and no longer than 3 years from the end of participation date.

⁶ 24 CFR 5.210(c) and 5.212

The amount of unreported and underreported income significantly impacts the housing assistance payment calculations, which are used to determine the tenant's portion of rental housing costs and the amount of HUD funds used to pay for rental assistance. According to HUD guidance,⁷ the Authority may be subject to sanctions and assessments of disallowed costs associated with any incorrect subsidy or rent calculation. In accordance with 24 CFR 982.152(d), HUD is permitted to reduce or offset any program administrative fees paid to a public housing agency if it fails to perform its administrative responsibilities correctly or adequately under the program. The Authority received \$8,428 (\$7,793 + \$635) in program administrative fees related to the overpaid and underpaid housing assistance. Based on the type of deficiencies found, the Authority's staff requires refresher training to avoid a recurrence of these conditions.

As a result of the deficiencies described above, HUD lacked assurance that the Authority properly managed its program because it (1) overpaid \$19,771 in housing assistance, (2) underpaid \$1,010 in housing assistance, and (3) may have used a substantial amount of HUD funds to pay ineligible rental costs annually.

Recommendations

We recommend that the Director of the HUD Miami Office of Public Housing require the Authority to

- 1A. Reimburse its program \$28,199 (\$19,771 + \$7,793 + \$635) from non-Federal funds for the overpayment of housing assistance and ineligible administrative fees it received for the deficiencies cited in this report.
- 1B. Reimburse the three households \$1,010 from program funds for housing assistance underpayments.
- 1C. Ensure that its staff is trained and familiar with HUD's and the Authority's requirements for proper calculation of housing assistance payments.
- 1D. Develop and implement written controls consistent with HUD's regulations that require the Authority to monitor and resolve EIV income discrepancies.
- 1E. Review, verify, and resolve the substantial underreporting of tenant annual income identified on the April 20, 2016, EIV income discrepancy report. Any overpayments should be reimbursed to its program from non-Federal funds.
- 1F. Ensure that its staff is trained and familiar with HUD's requirements regarding the mandatory use of HUD's EIV system.
- 1G. Develop and implement controls to ensure that EIV income reports are retained for at least 3 years from the effective date of action and the Authority's records

⁷ Notice PIH 2010-19 (part 21), page 19

management is consistent with other HUD privacy and data security requirements, such as the HUD EIV security procedures.

Scope and Methodology

We performed our onsite audit work between December 2015 and August 2016 at the Authority's main office at 4780 North State Road 7, Lauderdale Lakes, FL. The audit covered the period January 1, 2013, through September 31, 2015, but was expanded as determined necessary.

To accomplish our objective, we

- Interviewed HUD program staff and the Authority's employees;
- Reviewed applicable laws, HUD's regulations at 24 CFR Parts 5 and 982, Notices PIH 2010-19 and 2015-02, and HUD's Guidebook 7420.10G;
- Reviewed the Authority's Housing Choice Voucher tenant files, financial records, policies and procedures, board meeting minutes, organizational chart, payment standards, and housing assistance payments register;
- Reviewed EIV tenant income reports for the sample housing assistance payments; and
- Reviewed the Authority's housing quality standards inspection reports from 2013 through April 2016.

We statistically selected a stratified random sample of 90 monthly housing assistance payments from the Authority's 151,160 monthly disbursements to landlords from January 2013 through September 2015 (33 months). We stratified the sample to decrease the margin of error in the statistical sample design. We reviewed all 90 statistically selected housing assistance payments to determine whether the Authority correctly calculated housing assistance payments. The sample was designed to detect up to 16 percent in either an overpayment or underpayment for projections to be statistically valid. The 13 overpayments we identified equated to a 14.4 percent error rate (13 of 90), and the 3 underpayments had a 3.3 percent error rate (3 of 90), which was too low to project. Therefore, we are unable to project our results to the universe of 151,160 monthly disbursements to landlords.

We obtained and reviewed EIV income reports for the 90 tenants in our sample to assist in verifying their incomes. We also obtained and reviewed the Authority's 2015 EIV income discrepancy report to determine whether the Authority used the report as required.

We relied in part on computer-processed data contained in the Authority's systems to achieve our audit objective. Although we did not perform detailed assessments of the reliability of the data, we performed minimal levels of testing and found the data to be adequately reliable for our purposes. The tests for reliability included but were not limited to comparing computer-

processed data to housing assistance payments, information in the sample household files, and other supporting documentation.

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 operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that the use of resources 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 Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- The Authority did not always comply with HUD's requirements and its own administrative plan regarding the administration of its Section 8 program (finding).

Appendixes

Appendix A

Schedule of Questioned Costs and Funds To Be Put to Better Use

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1A	\$28,199	
1B		\$1,010
Total	\$28,199	\$1,010

- 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 implemented our recommendation, tenants would be appropriately reimbursed for funds they should not have paid.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 1



4780 North State Road 7, Lauderdale Lakes, Florida 33319 • (954) 739-1114 • TRS/Florida Relay Service 711 • www.bchaff.org

September 12, 2016

Nikita N. Irons
Regional Inspector General for Audits – Region 4
U. S. Department of Housing and Urban Development
Office of Inspector General
75 Spring Street, SW, Room 330
Atlanta, GA 30303-3388

Re: Response to the draft audit report of the Broward County Housing Authority

Dear Ms. Irons:

The Broward County Housing Authority administers nearly 5,800 Housing Choice Vouchers and approximately 1,100 special programs including the Shelter Plus Care, Mainstream, Family Unification Program, VASH, Mod Rehab and Tenant Based Rental Assistance. These programs provide the opportunity for low-income residents to rent from private property owners and live anywhere in Broward County. The Housing Authority takes great strides to ensure that program oversight and compliance is adhered to as well as being good stewards to safeguarding federal funds. The draft audit report does not reflect the hard work, dedication and commitment staff takes in serving some of the most vulnerable families in Broward County.

Based on the recommendations of the Audit Report completed by the Office of the Inspector the Broward County Housing Authority (BCHA) would offer the following:

1A. Reimburse its program \$28,403 (\$19,970 + \$7,797 + \$636) from non-federal funds for the overpayment of housing assistance and ineligible administrative fees it received for the deficiencies cited in the report.

BCHA disagrees with the OIG's recommendation to repay the overpayment amount of (\$19,970) with non-federal funds. The Housing Authority completed a new review of four of the thirteen files and prior to the issuance of the draft report has three families on repayment agreements and the remaining family will be in the week of September 12, 2016 to sign an agreement. As these funds are recouped, they are being used by other low-income families on the program. The remaining nine files will be reviewed over the next thirty days and discussed with the Miami HUD Field Office. The administrative fees amounts (\$7,797 and \$636) that were calculated will need to be reviewed by staff. The amounts used are not the actual funding received by BCHA. In that, the administrative fees were prorated by HUD in the fiscal years. Additionally, the \$636 for the underpayment should not apply.

BOARD OF COMMISSIONERS: Michael S. Long, Chair; Mark O'Loughlin, Vice Chair; Russell Marcus; Mercedes J. Núñez; Karyne Pompilus
Ann Deibert, CEO

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2013 administrative fee \$88.39 vs. 2013 prorated fee received \$61.53
2014 administrative fee \$88.39 vs. 2014 prorated fee received \$61.62
2015 administrative fee \$88.75 vs. 2015 prorated fee received \$66.58

1B. Reimburse the three households \$1,014 from program funds for housing assistance underpayments.

Comment 2

BCHA will review the three files listed as underpayments totaling (\$1,014) and if it is deemed that the three families were underpaid, the households will be reimbursed by program funds.

1C. Ensure that its staff is trained and familiar with HUD's and the Authority's requirements for proper calculation of housing assistance payments.

Comment 3

Staff at BCHA is familiar with and been trained on the requirements for the proper calculation of housing assistance payments. In fact, BCHA staff received Nan McKay recalculation training and other Nan McKay training such as HCV utilization. Unfortunately, with a program size of 5,800 vouchers and a budget in excess of \$63.4 million at times human error will occur. The Housing Authority will consider refresher training for staff during its 2016/2017 fiscal year.

1E. Review, verify, and resolve the substantial underreporting of tenant annual income identified on the April 20, 2016, EIV income discrepancy report. Any overpayment should be reimbursed to its program from non-Federal funds.

Comment 4

BCHA staff is trained on the usage of the Enterprise Income Verification (EIV) system. Furthermore, staff utilizes and monitors EIV reports as highlighted in HUD's PIH Notice 2010-19 (HA). There is a process in place to use the Upfront Income Verification (UIV) to verify program participants' income during the annual reexamination.

In terms of the OIG's recommendation based on the April 20, 2016 income discrepancy report BCHA disagrees with the assessment. BCHA embarked on a streamlining process to reduce administrative burden due to reduced administrative fees. PIH Notice 2012-15 (HA) stated:

"Since 2008, Congress has not appropriated 100 percent of funding eligibility under the formula. Based on the amount of funding for administrative fees in H.R. 2112, Consolidated and Further Continuing Appropriations Act, 2012, enacted on November 18, 2011, the Department is expecting the proration to be approximately 75 percent for fiscal year 2012. The reduction in administrative fees makes it necessary for many PHAs to streamline their business practices and look for ways to reduce costs. This Notice provides guidance that PHAs may wish to consider in order to reduce administrative burdens and administrative costs".

As a result, of reduced administrative funding the Housing Authority reviewed the streamline rule in an effort to address increased program cost. Program changes were made based on PIH

2010-19. Further, PIH Notice 2012-15 (HA) in section (d) further stated:

“Eliminating Interim Reexaminations for Increases in Income. PHAs may wish to consider the administrative costs of processing interim increases in income compared to the reduction in HAP expenses. Although many PHAs conduct interim reexaminations for increases in participant’s income, the regulations do not require this action. The regulations at 24 CFR 982.516 require a PHA to develop policies prescribing when and under what conditions the family must report a change in family income or composition. Therefore, a PHA may adopt policies that do not require families to report increases in income until the next annual reexamination.

PHAs should consider the impact on the PHA’s HAP expenses before implementing such a policy. For example, a PHA might conduct an analysis of the previous year’s interim reexaminations to determine the effect on HAP expenses before the PHA takes any action.

Another alternative is to implement a policy where the PHA only requires the family to report an increase in income above a set threshold. This policy would decrease the number of interim reexaminations that the PHA must conduct. This approach creates a balance between the staff resources required to conduct the interim reexamination and the reduction in HAP expenses for the PHA. For example, a PHA could require an increase of at least \$5,000 in annual income before a family is required to report a change and the PHA conducts an interim reexamination.

PHAs are required to include in their Administrative Plan their policy on when an interim reexamination will be conducted. PHAs must conduct an interim reexamination if requested by the family due to a change in income or family composition”.

Comment 4

The notice does not prohibit a PHA from eliminating the interim reexamination as part of an administrative cost savings with the exception when a family request an interim reexamination due to a decrease in household income. Therefore, the potential increase in earned income is captured during the annual reexamination process utilizing UIV. BCHA will work with the Miami HUD Field Office to address the contradiction and interpretation of various HUD guidance, policies and regulations to address the EIV income discrepancy report.

IF. Ensure that its staff is trained and familiar with HUD’s requirements regarding the mandatory use of HUD’s EIV system.

Comment 5

BCHA staff is trained and familiar with the HUD requirements regarding the use of the EIV system. Again, EIV is used for annual reexaminations as well as various EIV reports are monitored. BCHA will provide refresher training for staff on the use of the EIV System. BCHA will provide refresher training for staff on the use of the EIV System.

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IG. Develop and implement controls to ensure that EIV income reports are retained for at least 3 years from the effective date of action and the Authority's records management is consistent with other HUD privacy and data security requirements, such as the HUD EIV security procedures.

Comment 6

BCHA has had a process in place to retain the EIV income report. Additionally, BCHA has a EIV policy and procedure that address data security. However, there is contradiction between the Federal Privacy Act and the Florida Sunshine Law. Under the Federal Privacy Act documents such as the EIV income report would be deemed private and not shared as part of a public request of information. However, under the Florida Sunshine Law all documents are subject to public request. The front page of the EIV report is placed in the files and retained to eliminate the possibility of violating a participant's privacy while complying with the Florida Sunshine Law. BCHA will work with the Miami Field Office to address this recommendation.

Thank you for providing an opportunity to comment on the draft audit report. Should you have any questions, please do not hesitate to contact me at (954) 739-1114, extension 2329.

Sincerely,

Ann Deibert
Chief Executive Officer

OIG Evaluation of Auditee Comments

Comment 1 The Authority disagreed with our recommendation to repay the \$19,970 of overpaid housing assistance with non-Federal funds. It commented that it reviewed 4 of the 13 overpayment files identified in the report and the applicable families had either signed or were expected to sign repayment agreements. The Authority further stated that the remaining 9 files will be reviewed and discussed with the Miami HUD field office over the next 30 days. It also explained that the ineligible administrative fees we calculated would be reviewed by staff because HUD prorated the fees and the Authority did not receive the amounts in our calculations. Additionally, it commented that the \$636 ineligible administrative fee related to the underpaid housing assistance should not apply.

The actions taken or planned by the Authority in reference to reviewing the overpaid housing assistance should satisfy the intent of that part of the recommendation; however, any overpayment not reimbursed by tenants should be reimbursed to its program from non-federal funds. We contend that the Authority must repay the ineligible administrative fees to its program even if the amounts are later determined to require adjustments due to being prorated by HUD, including the \$635 (adjusted for final report) related to the underpaid housing assistance. In accordance with 24 CFR 982.152(d), HUD is permitted to reduce or offset any program administrative fees paid to a public housing agency if it fails to perform its administrative responsibilities correctly or adequately under the program. The Authority will have an opportunity to resolve the recommendations contained in this report during the audit resolution process.

Comment 2 The Authority commented that it will review the 3 files listed as underpayments and if deemed that the 3 families were underpaid, the households will be reimbursed by program funds.

The Authority plans to review the 3 files listed as underpayments will assist in resolving this recommendation. The Authority should provide the results of their review to HUD during the audit resolution process.

Comment 3 The Authority commented that its staff was familiar with and had been trained on the requirements for the proper calculation of housing assistance payments and that with its large program size, at times human error will occur. The Authority further commented that it will consider refresher training for staff during its 2016 to 2017 fiscal year.

The Authority's plans to consider refresher training for staff may help to address the recommendation. The Authority can work with HUD during the audit resolution process.

Comment 4 The Authority commented that its staff is trained on the usage of the Enterprise Income Verification (EIV) system and utilizes and monitors EIV reports as

highlighted in HUD's Notice PIH 2010-19 (HA). It also commented that there is a process in place to use the Upfront Income Verification (UIV) to verify program participants' income during the annual reexamination. The Authority further commented that it disagreed with the assessment on which we based the recommendation and explained its streamlining process to reduce administrative burden due to reduced administrative fees, in accordance with PIH Notices. The Authority also stated that it will work with the Miami HUD field office to address the contradiction and interpretation of various HUD guidance, policies, and regulations to address the EIV income discrepancy report.

According to Notice PIH 2010-19, EIV has the ability to identify potential issues which may impact a family's level of assistance. The notice also provides that in order to ensure PHAs are aware of potential subsidy payment errors, PHAs are required to monitor EIV income discrepancy reports on a quarterly basis. We found that the Authority did not monitor its EIV income discrepancy reports quarterly and; therefore, did not verify and resolve reported income discrepancies as required. Therefore, the recommendation still stands. The Authority needs to work with HUD to find streamlining techniques that comply with HUD guidance.

- Comment 5 The Authority commented that its staff is trained and familiar with the HUD requirements regarding the use of the EIV system. It also commented that EIV is used for annual reexaminations and various EIV reports are monitored. The Authority further commented that it will provide refresher training for staff on use of the EIV system.

The Authority's plans to provide refresher training for staff, once completed, should address the recommendation.

- Comment 6 The Authority commented that it has a process in place to retain the EIV income report and has an EIV policy and procedure that addresses data security. It also explained that there is a contradiction between the Federal Privacy Act and the Florida Sunshine Law and that it will work with the HUD Miami field office to address this recommendation.

We contend that the Authority's administrative plan explicitly states that income reports will be not be retained in participant files due to the State of Florida Sunshine laws. As we state in the audit report, the Federal Privacy Act preempts the Florida Sunshine Law and protects the PHA from having to release EIV reports; therefore, they need to be maintained. The Authority will work with the HUD Miami field office to determine how to address this recommendation.