

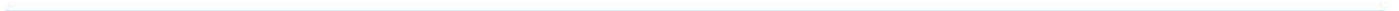


Boston Housing Authority, Boston, MA

Housing Choice Voucher Program

**Office of Audit, Region 1
Boston, MA**

**Audit Report Number: 2017-BO-1004
April 5, 2017**





To: Marilyn B. O'Sullivan, Director, Public Housing, 1PH

//Signed//

From: Ann Marie Henry, Regional Inspector General for Audit, 1AGA

Subject: The Boston Housing Authority, Boston, MA, Housed Eligible Tenants and Correctly Calculated Voucher Subsidies

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of tenant eligibility and rental calculations in the Housing Choice Voucher program operated by the Boston Housing Authority.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. This report does not have recommended corrective actions. 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 617-994-8380.



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The Boston Housing Authority, Boston, MA, Housed Eligible Tenants and Correctly Calculated Voucher Subsidies

Highlights

What We Audited and Why

We audited the Housing Choice Voucher program at the Boston Housing Authority because of the size of the program, the time that had elapsed since our last audit, and the inherent program risk. The Authority operates the second largest Housing Choice Voucher program in New England. In addition, our office had not audited any Authority program since 2010. The Housing Choice Voucher program is inherently risky as Congress designed it to rely on information provided by tenants and property owners to calculate the amount the U.S. Department of Housing and Urban Development (HUD) pays for each voucher. The objective of our review was to determine whether the Authority ensured that tenants were eligible program participants and whether rental payments were correctly calculated.

What We Found

For the files tested, the Authority ensured that its tenants were eligible program participants and rental payments were correctly calculated.

What We Recommend

Our report does not contain recommendations.

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Background and Objective

Congress created the Housing Choice Voucher program under Title 42 of the United States Code. It authorized the U.S. Department of Housing and Urban Development (HUD) to provide assistance to public housing agencies for tenant-based assistance using its payment standard. If a public housing agency approves a family's unit and tenancy, it contracts with the owner and uses HUD funds to make rent subsidy payments on behalf of the family. Public housing agencies may not approve a tenancy unless the rent is reasonable. They calculate program subsidies using a local payment standard that reflects the cost to lease a unit in the local housing market. The family generally pays 30 percent of its adjusted monthly income for rent. If the rent is more than the payment standard, the family pays a larger share of the rent.

The Boston Housing Authority, created in 1935, works to provide stable, quality, affordable housing for low- and moderate-income persons and create a healthy living environment. HUD provided \$164 million to the Voucher program for the Authority's fiscal year ended March 31, 2015 and \$167 million for the Authority's fiscal year ended March 31, 2016.

The objective of our review was to determine whether the Authority ensured that tenants were eligible program participants and rental payments were correctly calculated.

Results of Audit

Finding 1: The Authority Housed Eligible Tenants and Correctly Calculated Voucher Subsidies

For the files tested, the Authority ensured that tenants housed with Housing Choice Voucher program funds were eligible. It also correctly calculated voucher subsidies for those tenants participating in the program.

Tenants Were Eligible

Our review of 20 newly admitted tenant families and 20 renewal payments found that all of the 40 families were income eligible. When a family reported zero income, the Authority appropriately followed up with the family to determine how it paid for food, utilities, toiletries, and cleaning supplies. The Authority used the appropriate voucher size in its determinations and appropriately handled reasonable accommodations. It checked the citizenship of its families and appropriately handled the proration of benefits for families that included noncitizens.

Rental Calculations Were Correctly Calculated

Our review of the rental calculations for 20 newly admitted tenant families and 20 renewal payments found that the Authority had adequate, relevant, third-party documentation to support the 40 calculations of income and deductions. We also found that the Authority correctly calculated the rental subsidies, the tenant portion of the rent, and the utility allowances.

Scope and Methodology

The audit focused on whether the Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's requirements for eligibility and rent calculations. We conducted our audit work between October 2016 and January 2017 at the Authority's main office at 52 Chauncy Street, Boston, MA. Our review covered the tenant-based Housing Choice Voucher program between April 1, 2014, and March 31, 2016.

To accomplish our objective, we

- Reviewed 42 USC 1437f Chapter 8 Subchapter 1 Subsection (o) Voucher program, 24 CFR 982, the Housing Choice Voucher Guidebook 7420.10G, relevant HUD public housing notices, the Authority's administrative plan, and the Authority's policies and procedures.
- Interviewed key personnel at the Authority to determine how the Authority operated its program.
- Reviewed independent public auditors' reports as part of our testing for control weaknesses.
- Examined 20 files for newly admitted families housed between April 1, 2014, and March 31, 2016. We statistically selected 130 families newly admitted to the program using a stratified systemic sampling method. This sampling method used a 95 percent, one-sided confidence interval. The universe included 1,511 families on whose behalf the Authority paid more than \$1.46 million in housing assistance payments. For the 20 files, we examined whether the family housed was eligible for the program, whether the Authority correctly calculated the subsidized payments, whether the rents were reasonable¹ and whether the tenant's share of the rent was less than 40 percent of their monthly income². This process required reviewing up to 30 separate elements. Some data elements depended on the tenant's circumstances. For example, if tenants had children living with them, the Social Security numbers and birth certificates for each child were reviewed. After our survey review of 20 files, we determined that we did not need to review the entire 130 files in the sample. Therefore, the results of our review of this sample could not be projected to the universe.
- Examined 20 rental subsidy payments that the Authority made to property owners between April 1, 2014, and March 31, 2016. We statistically selected 143 payments using a stratified systemic sampling method. This sampling method used a 95 percent, one-sided confidence interval. The universe included 272,084 rental subsidy payments that totaled over \$300 million. For the 20 payments, we examined whether the Authority made payment on behalf of an eligible family, assessed whether the rent was reasonable³

¹ This requirement is in 24 CFR 982.507.

² This requirement is in 24 CFR 982.508.

³ This requirement is in 24 CFR 982.507.

and correctly calculated the subsidies. This process required reviewing up to 20 separate elements. Some data elements depended on the tenant's circumstances. For example, if a tenant family included noncitizens, we reviewed whether the Authority had properly prorated the assistance for the family. After our survey review of 20 files, we determined that we did not need to review the entire 143 payments in the sample. Therefore, the results of our review of this sample could not be projected to the universe.

- Obtained an understanding of the computer systems used at the Authority and the controls used to ensure the accuracy of the data. We did not rely solely on the computerized data. Instead, we performed a minimal level of testing and found the data to be adequate for our purposes.
- Reviewed media articles about the condition of the rental market in the Boston metropolitan area to understand how the market impacts rental costs and subsidy calculations.

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:

- Establishment of an organized file system,
- Secondary review of eligibility, determinations, and rental calculations, and
- Systemic sharing of program changes with the Authority's employees.

We assessed the relevant controls identified above.

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

We evaluated internal controls related to the audit objective(s) in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the Boston Housing Authority's internal control.

Appendix A

Auditee Comments



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March 29, 2017

Ann Marie Henry
Regional Inspector General for Audit
Region 1 Boston
U.S. Department of Housing and Urban Development
Office of Inspector General
10 Causeway Street, Room 370

**RE: Draft Audit Report - Boston Housing Authority, Housing Choice Voucher Program
Authority's Response**

Dear Ms. Henry;

The Authority thanks you for the opportunity to review and provide comment on the subject draft audit. The HUD Regional Inspector General's Audit serves to confirm our view that BHA staff are committed to excellence in running a program that accurately and effectively measures tenant eligibility and rental calculations in the Housing Choice Voucher program. This program is essential in providing housing to some of the neediest members of society. Careful application of program rules and regulations are critical in making every scarce funding dollar count.

The BHA agrees with the audit report and has no further comments. We look forward to its publication.

Very truly yours,



William E. McGonagle
Administrator

Equal Opportunity Housing/Equal Opportunity Employer