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April 15, 2008

Audit Report Number
2008-PH-1007

TO: Dennis G. Bellingtier, Director, Office of Public Housing, Pennsylvania State Office, 3APH

FROM: John P. Buck, Regional Inspector General for Audit, Philadelphia Regional Office, 3AGA

SUBJECT: The Harrisburg Housing Authority, Harrisburg, Pennsylvania, Did Not Ensure That Its Section 8 Housing Choice Voucher Program Units Met Housing Quality Standards

HIGHLIGHTS

What We Audited and Why

We audited the Harrisburg Housing Authority's (Authority) administration of its housing quality standards inspection program for its Section 8 Housing Choice Voucher program based on the survey results of our recently completed audit of the Authority's low-rent public housing and Section 8 Housing Choice Voucher programs. This is our second audit report issued on the Authority's programs. The audit objective addressed in this report was to determine whether the Authority adequately administered its Section 8 housing quality standards inspection program to ensure that its program units met housing quality standards in accordance with U.S. Department of Housing and Urban Development (HUD) requirements.

What We Found

The Authority did not adequately administer its inspection program to ensure that its program units met housing quality standards as required. We inspected 52 housing units and found that 37 units did not meet HUD's housing quality

standards. Moreover, 35 of the 52 units had exigent health and safety violations that the Authority's inspectors neglected to report during their last inspection. The Authority spent \$34,113 in program and administrative funds for these 35 units. We estimated that over the next year if the Authority does not implement adequate procedures and controls to ensure that its program units meet housing quality standards, HUD will pay more than \$884,000 in housing assistance and administrative fees for units with material housing quality standards violations.

Program rents were not abated for units that failed the Authority's housing quality standards inspections. Eleven units that failed inspections performed between January 2006 and July 2007 remained in failing status for more than two months. However, the Authority failed to abate the program rents or terminate the contracts for these units, resulting in an improper payment of \$10,796 in housing assistance and administrative fees.

What We Recommend

We recommend that HUD require the Authority to ensure that housing units inspected during the audit are repaired to meet HUD's housing quality standards, reimburse its program from nonfederal funds for the improper use of \$34,113 in program funds for units that materially failed to meet HUD's housing quality standards, and implement adequate procedures and controls to ensure that in the future, program units meet housing quality standards to prevent an estimated \$884,917 from being spent annually for units with material housing quality standards violations. Further, we recommend that HUD require the Authority to reimburse its program \$10,796 from nonfederal funds for the 11 units for which it did not abate payment or terminate the assistance contract in a timely manner and develop and implement management controls to ensure that employees comply with its policies and procedures concerning abatements.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

Auditee's Response

We discussed the report with the Authority during the audit and at an exit conference on February 28, 2008. The Authority provided written comments to our draft report on March 13, 2008. The Authority acknowledged that it needed to improve its inspection program and that it had implemented management improvements to address some of the issues addressed in the audit report. However, the Authority contested some of the violations that we identified, asserting that we overstated the amount of ineligible funds included in the report.

The complete text of the Authority's response, along with our evaluation of that response, can be found in appendix B of this report.

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BACKGROUND AND OBJECTIVES

The Harrisburg Housing Authority (Authority) was established in 1938 under the Housing Authority Law of the Commonwealth of Pennsylvania to serve the needs of low-income, very low-income and extremely low-income families in the City of Harrisburg and to (1) maintain the availability of decent, safe and affordable housing in its communities; (2) ensure equal opportunity in housing; (3) promote self-sufficiency and asset development of families and individuals; and (4) improve community quality of life and economic viability. A five-member board of commissioners governs the Authority. The commissioners serve five-year terms on the board. The acting executive director of the Authority during the audit was Jerry Shenck. The Authority's main administrative office is located at 351 Chestnut Street, Harrisburg, Pennsylvania.

Under the Section 8 Housing Choice Voucher program, the Authority makes rental assistance payments to landlords on behalf of eligible low-income families. HUD compensates the Authority for the cost of administering the program through administrative fees.

HUD authorized the Authority to provide leased housing assistance payments for more than 940 eligible households. HUD authorized the Authority the following financial assistance for housing choice vouchers:

<u>Authority fiscal year</u>	<u>Annual budget authority</u>	<u>Amount disbursed</u>
2006	\$4,227,108	\$4,227,108
2007	\$4,361,872	\$4,361,872
Total	\$8,588,980	\$8,588,980

HUD regulations at 24 CFR [*Code of Federal Regulations*] 982.305(a) state that a public housing authority may not execute a housing assistance contract until it has determined that the unit has been inspected and meets HUD's housing quality standards.

HUD regulations at 24 CFR 982.405(a) require public housing authorities to perform unit inspections before the term of the lease, at least annually during the assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards.

HUD regulations at 24 CFR 982.404(a) state that if the owner fails to maintain the dwelling unit in accordance with HUD's housing quality standards, the public housing authority must take prompt and vigorous action to enforce the owner obligations. The authority must not make any housing assistance payments for a dwelling unit that fails to meet HUD's housing quality standards unless the owner corrects the defect within the period specified by the authority and the authority verifies the correction.

Our audit objective was to determine whether the Authority adequately administered its inspection program to ensure that its program units met housing quality standards in accordance with HUD requirements.

RESULTS OF AUDIT

Finding: Controls over Housing Quality Standards Were Inadequate

The Authority did not adequately enforce HUD's housing quality standards. Of 52 program units selected for inspection, 37 did not meet minimum housing quality standards, and 35 had material violations that existed before the Authority's previous inspections. The Authority's inspectors did not report 228 violations when they performed their inspections. Further, the Authority did not abate units that failed its housing quality standards inspections as required. The violations occurred because the Authority's contracts with its inspectors coupled with a lack of quality controls created weakness in its inspection program, the Authority did not adequately address problems it had identified in the past with completed inspections, it did not routinely perform quality control inspections, and it contracted with individuals who did not have training in conducting housing quality standards inspections. The improper abatements occurred because employees disregarded policy and used their discretion in continuing to make housing assistance payments for failed units. As a result, the Authority spent more than \$44,000 in program and administrative funds for units that materially failed to meet HUD's housing quality standards. We estimate that over the next year, HUD will pay more than \$884,000 in housing assistance for units with material violations of housing quality standards.

Section 8 Tenant-Based Housing Units Were Not in Compliance with HUD's Housing Quality Standards

We statistically selected 52 units from unit inspections passed by the Authority's inspectors during the period April 21 to July 20, 2007. The 52 units were selected to determine whether the Authority ensured that the units in its program met housing quality standards. We inspected the selected units between August 20 and August 29, 2007.

Of the 52 units inspected, 37 (71 percent) had 320 housing quality standards violations. Additionally, 35 of the 52 units (67 percent) were considered to be in material noncompliance since they had exigent health and safety violations that predated the Authority's last inspection and were not identified by an Authority inspector. Two of the 35 units had five violations that were noted on the Authority's previous inspection report, and the Authority later passed the units, but during our inspection, it was determined that the violations had not been corrected. The 35 units had 233 total violations (including the five identified by the Authority but not corrected) that existed before the Authority's last inspection report. The Authority's inspectors did not identify or did not report 228 violations that existed at the time of their most recent inspections. HUD regulations at 24

CFR [*Code of Federal Regulations*] 982.401 require that all program housing meet HUD’s housing quality standards at the beginning of the assisted occupancy and throughout the tenancy. The following table categorizes the 320 housing quality standards violations in the 37 units that failed the housing quality standards inspections.

Type of violation	Number of violations	Number of units	Percentage of units
Structure and materials	130	28	54
Illumination and electricity	56	29	56
Space and security	56	23	44
Food preparation and refuse disposal	22	11	21
Smoke detectors	21	15	29
Sanitary facilities	20	14	27
Interior air quality	5	4	8
Thermal environment	4	4	8
Site and neighborhood	3	3	6
Sanitary condition	3	3	6
Total	320		

We provided our inspection results to the Director of HUD’s Office of Public Housing, Pennsylvania State Office, and the Authority’s acting executive director during the audit.

Housing Quality Standards Violations Were Identified

The following pictures illustrate some of the violations we noted while conducting housing quality standards inspections at the Authority’s leased housing units.



Inspection #23: Mold is present in the basement bathroom on the vanity and wall. This violation was not identified during the Authority's June 29, 2007, inspection.



Inspection #47: A mouse hole and droppings are above the baseboard in the dining room. This violation was not identified during the Authority's July 25, 2007, inspection.



Inspection #29: A leaking drain pipe from the kitchen is wrapped with duct tape in failed attempts to stop the leak. This violation was not identified during the Authority's April 26, 2007, inspection.



Inspection #29: There are exposed contacts on a furnace controller near the basement floor. This violation was not identified during the Authority's April 26, 2007, inspection.



Inspection #23: Damage to plaster and missing ceiling tiles in the back bedroom on the second floor were caused by a leak in the roof of the adjacent abandoned unit. The violation was not identified during the Authority's June 29, 2007, inspection.



Inspection #52: There is an unacceptable discharge pipe on the water heater's pressure relief valve that leaves a gap through which escaping steam can scald a tenant. The pipe needs to be continuous to within a minimum of six inches off the floor. This violation was not identified during the Authority's July 5, 2007, inspection.



Inspection #38: The cover plate is missing from the left/rear bedroom wall outlet. This violation was not identified during the Authority's April 26, 2007, inspection.



Inspection #35: There is a loose carpet on the basement stairs, and a guardrail is needed on the open side of the staircase. This violation was not identified during the Authority's April 26, 2007, inspection.



Inspection #47: The banister protecting the stairway opening on the third floor is only 23 inches from the floor and insufficiently high for protection. Also, the handrail on the stairway to the third floor stops three steps short of the top. Neither of these violations was identified during the Authority's July 25, 2007, inspection.

The Authority Lacked Controls to Ensure Compliance with HUD's Housing Quality Standards

Although HUD regulations and the Authority's written policies and procedures required the Authority to ensure that its program units met housing quality standards, it failed to do so. This condition occurred because (1) the fee structure of the Authority's contracts with its contracted inspectors coupled with a lack of quality controls created weakness in the Authority's inspection program, (2) the Authority did not take action to address problems identified with the inspections completed by the contracted inspectors, (3) it did not routinely perform quality control inspections, and (4) it hired contractors who did not have training in HUD's housing quality standards to perform inspections. The following paragraphs provide details.

The Authority's Contracts for Inspection Services and Lack of Controls Created Weakness in the Authority's Inspection Program

The Authority's contracts with its inspectors stated that "the contractor will provide services on an as needed basis" and "the contractor will be compensated per unit for inspection services." One inspector was paid a flat fee of \$75 per unit¹ for inspection and any reinspections if the unit failed, and the other inspector was paid a flat fee of \$49 per unit² for inspection and any reinspections if the unit failed. We believe that the inspectors' flat fee arrangements coupled with the lack of quality controls (discussed in the following paragraphs) created a weakness in the Authority's inspection program. The inspectors lacked incentive to identify all of the violations in the units that they inspected. This was demonstrated by the significant number of deficiencies that we identified during our inspections. Our inspection results showed the Authority's inspectors passed 35 units during the prior four month period with a total of 233 preexisting deficiencies. These results provide the basis for the quality of the inspection work provided by the Authority's inspectors.

The Authority Did Not Adequately Address Concerns with Inspections

The Authority's Section 8 coordinator was aware of problems with the quality of the inspections completed by the inspectors but did not take sufficient action to address the problems. The Section 8 coordinator stated that she identified problems with the inspectors' work when conducting quality control and complaint inspections. As part of the followup procedures for complaints, the Section 8 coordinator addressed problems identified during the complaint inspections with the inspector who had passed the unit during the last inspection.

¹ This inspector had been providing inspection services to the Authority for more than 15 years.

² This inspector provided inspection services to the Authority from March to July 2007. The Authority terminated its contract with this inspector on July 31, 2007, effective September 3, 2007.

The Section 8 coordinator also stated that, at other times, she counseled one of the inspectors regarding the quality of his inspections. The coordinator stated that the inspector was indifferent to the assessment of his work. The Section 8 coordinator did not document her discussions with the inspector. The coordinator stated that she was not responsible for enforcing the contracts. The Authority's former executive director had hired the inspectors; therefore, the coordinator was reluctant to raise the issue with him. The coordinator stated that she discussed the inspector's performance with the acting executive director, but she did not document the discussion.

The Authority Did Not Routinely Perform Quality Control Inspections

The Authority did not perform its required quality control inspections throughout the year. For 2007, the Authority's Section 8 coordinator performed quality control inspections from January to March. No quality control inspections were conducted between March 23 and July 23, 2007. The Section 8 coordinator stated that no quality control reviews were conducted because staffing issues prevented them from being performed. Periodic quality control reviews performed within narrow timeframes may not provide sufficient assurance that inspectors consistently perform thorough inspections. For example, the universe for the sample of units that we inspected consisted of inspections passed by the Authority's inspectors during the period April 21 to July 20, 2007, which falls within the period during which the Authority did not perform quality control inspections. Had the Authority performed routine quality control inspections, the inspectors could have identified violations that we identified during our inspections.

The Authority's Inspectors Lacked Training in the Requirements of HUD's Housing Quality Standards

The Authority contracted for inspection services, and the contracted inspectors were responsible for passing 51 of the 52 units that we inspected. There was no documentation in the contract files demonstrating that the contractors had any training in HUD's housing quality standards. Further, the Authority did not require the inspectors to be trained in HUD's housing quality standards at any time, nor did it provide any training to them. As a result, 35 of the 52 units that we inspected had preexisting exigent health and safety violations that the Authority's inspectors did not identify during their inspections.

The Authority Did Not Abate Failed Units as Required

The Authority did not abate housing assistance payments or terminate contracts as required. We reviewed 12 units that failed inspection at least once during the period January 2006 to July 2007. For 11 of the 12 units, the Authority did not abate the housing assistance payments or terminate the contracts for the failed

units as required. For 1 of the 12 units, the Authority performed an initial inspection and, accordingly, had not made any housing assistance payments for the unit before it passed a later inspection. The 11 units failed inspection and remained in failed status between two to four months after the initial failed inspection, and the Authority continued to make housing assistance payments for them. Although the Authority abated \$3,886 in payments for eight of the units, the abatements were not for the full amount of housing assistance payments that the Authority made while the unit was also in failed status.

HUD regulations at 24 CFR 982.404(a) and (b) require the Authority to take prompt and vigorous action to enforce owner and family obligations and prohibit the Authority from making housing assistance payments for a dwelling unit that fails to meet HUD's housing quality standards unless the owner corrects the defect within the period specified by the Authority and the Authority verifies the correction. The regulations state that owners and families have 30 calendar days (or any authority-approved extension) to make the necessary repairs for routine housing quality standards violations and 24 hours for any life-threatening violations. The Authority may terminate assistance to a family because of housing quality standards violations caused by the family. The Authority's policy states that abatements will be effective from the day after the date of the failed inspection. Notice of abatement is generally for 30 days, depending on the nature of the repairs needed.

This condition occurred because employees did not follow the Authority's policies and procedures regarding abatements and terminations. Employees used their own discretion to continue making payments for the units. As a result, contrary to HUD regulations and its own policy, the Authority continued to pay for units that remained in failed status. The Authority made housing assistance payments totaling \$9,792 and received administrative fees totaling \$1,004 for units that did not meet housing quality standards.

The Authority Did Not Take Timely Action to Address Violations That We Identified

The Authority followed up on our inspection results and took action but did not take action in a timely manner. The Authority provided a summary schedule of the actions it took in response to the results of our inspections. The summary schedule showed that for the 37 units that failed our inspections, the Authority canceled or planned to cancel 12 housing assistance payments contracts and that it reinspected the other 25 units and gave them a passing inspection score. However, 22 of the 37 units had life-threatening violations requiring correction within 24 hours of notice, and the summary schedule did not indicate that the

Authority verified correction of the violations within 24 hours as required.³ Further, for the remaining 15 units without 24-hour life-threatening violations, although the Authority's policy requires violations to be corrected generally within 30 days, the Authority's summary schedule did not indicate that any of the required repairs were made within that timeframe.

Conclusion

The Authority's tenants were subjected to health- and safety-related violations, and the Authority did not properly use its program funds when it failed to ensure that units complied with HUD's housing quality standards and abate units as required. In accordance with HUD regulations at 24 CFR 982.152(d), HUD is permitted to reduce or offset any 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 \$31,064 in housing assisting payments to landlords for the 35 units that materially failed to meet HUD's housing quality standards and received \$3,049 in program administrative fees for these units. In addition, the Authority did not abate units as required and disbursed \$9,792 in housing assisting payments and received \$1,004 in program administrative fees for 11 units that failed to meet HUD's housing quality standards.

If the Authority implements the recommendations in this report to ensure compliance with HUD's housing quality standards, we estimate that more than \$884,000 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 audit report.

Recommendations

We recommend that the Director of the Office of Public Housing, Pennsylvania State Office, direct the Authority to

- 1A. Certify, along with the owners of the 37 units cited in this finding, that the applicable housing quality standards violations have been corrected.
- 1B. Reimburse its program \$34,113 from nonfederal funds (\$31,064 for housing assistance payments and \$3,049 in associated administrative fees) for the 35 units that materially failed to meet HUD's housing quality standards.

³ The property maintenance staff corrected life-threatening violations in three units while we performed our inspections. Although the life-threatening violations for these units were included in our overall audit results, we did not expect the Authority to follow up on these specific violations since we reported to the Authority that they had been corrected.

- 1C. Develop and implement controls to ensure that program units meet housing quality standards, thereby ensuring that \$884,917 in program funds is expended only for units that are decent, safe, and sanitary.
- 1D. Develop and implement controls to ensure that supervisory quality control inspections are conducted and documented and that feedback is provided to inspectors to correct recurring deficiencies noted.
- 1E. Ensure that its inspectors are trained in the requirements of HUD's Section 8 housing quality standards and hire inspectors who have had training in HUD's Section 8 housing quality standards.
- 1F. Reimburse its program \$10,796 from nonfederal funds (\$9,792 for housing assistance payments and \$1,004 in associated administrative fees) for the 11 units that failed to meet HUD's housing quality standards and for which program rents were not abated in a timely manner.
- 1G. Develop and implement management controls to ensure that employees comply with its policies and procedures concerning abatements.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR [*Code of Federal Regulations*] Part 982, and HUD's Housing Choice Voucher Guidebook, 7420.10G.
- The Authority's accounting records, annual audited financial statements for 2006, check register, tenant files, computerized databases including housing assistance payments, and the Authority's board meeting minutes from 2006 and 2007.
- HUD's monitoring reports for the Authority.

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

To achieve our audit objective, we relied in part on computer-processed data in the Authority's database. 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 52 of the Authority's program units to inspect using the StatSamp template for Excel software from 227 unit inspections passed by the Authority's inspectors during the period April 21 to July 20, 2007. The 52 units were selected to determine whether the Authority's program units met housing quality standards. The sampling criteria used a 90 percent confidence level, 50 percent estimated error rate, and precision of plus or minus 10 percent.

Our sampling results determined that 35 of 52 units (67 percent) materially failed to meet HUD's housing quality standards. Materially failed units were those with exigent health and safety violations that predated the Authority's previous inspections or were on the last inspection report, and the violation had not been corrected at the time of our inspection. All units were ranked, and we used auditors' judgment to determine the material cutoff line.

Based upon the sample size of 52 from a total population of 227, an estimate of 67 percent (35 units) of the sample population materially failed housing quality standards inspections. The sampling error is plus or minus 9.37 percent. There is a 90 percent confidence that the frequency of occurrence of program units' materially failing housing quality standards inspections lays between 57.94 and 76.67 percent of the population. This equates to an occurrence of between 132 and 174 units of the 227 units in the population. We are using the most conservative numbers, which is the lower limit or 132 units.

We analyzed the applicable Authority databases and estimated that the annual housing assistance payment per recipient in our sample universe was \$6,704. Using the lower limit of the estimate of the number of units and the estimated annual housing assistance payment, we estimate that the Authority will spend \$884,917 (132 units times \$6,704 (rounded)) annually for units that are in material noncompliance with HUD's housing quality standards. This estimate 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 only included the initial year in our estimate.

We selected a nonstatistical sample of 12 housing units for review from a universe of 895 units that failed the Authority's housing quality standards inspection at least once during the period January 2006 to July 2007. For all 895 units, we determined the length of time between the Authority's first inspection of the units, if available, and its reinspections that resulted in a passing score, indicating that the deficiencies had been corrected and the unit complied with HUD's housing quality standards. We nonstatistically selected 12 units and matched the series of inspection dates for the 12 units to the Authority's housing assistance payments register to identify payments that the Authority made for the units after the initial failed inspection. We calculated the total amount of housing assistance payments the Authority made for these units before a reinspection resulted in a passing score, if available. The Authority made housing assistance payments for only 11 of the 12 units. The Authority performed an initial inspection of one unit and had not made any housing assistance payments for the unit before it passed inspection.

We performed our on-site audit work from June through December 2007 at the Authority's main administrative office located at 351 Chestnut Street, Harrisburg, Pennsylvania, and the Authority's Section 8 program office located at 2101 North Front Street, Building #3, Suite 101, Harrisburg, Pennsylvania. The audit covered the period January 1, 2006, through June 30, 2007, but was expanded when necessary to include other periods.

We performed our audit in accordance with generally accepted government auditing standards.

INTERNAL CONTROLS

Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

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

- 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 significant weakness exists if internal controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

Significant Weakness

Based on our audit, we believe the following item is a significant weakness:

- The Authority lacked sufficient controls to ensure compliance with HUD regulations regarding unit inspections, that units met minimum housing quality standards, and abatement for units that did not meet housing quality standards.

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/
1B	\$34,113	
1C		\$884,917
1F	\$10,796	
Total	\$44,909	\$884,917

- 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. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which 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. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of this benefit.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

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March 13, 2008

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Re: Response to Draft Audit Report on the Administration of the
Housing Choice Voucher Program

Dear Mr. Buck:

Thank you for the opportunity to respond to the draft audit report of the Harrisburg Housing Authority's ("HHA") Housing Quality Standards inspections for its Section 8 Housing Choice Voucher Program. In the draft audit report ("Draft Audit") provided to HHA, the Office of Inspector General ("OIG") concludes that HHA did not adequately enforce HUD's Housing Quality Standards ("HQS"). We have not seen the final audit report or any revised draft since we met for an exit conference on February 28, 2008 and therefore our responses are based on the Draft Audit that HHA received on February 18, 2008.

The HHA takes the findings of the Draft Audit very seriously and has implemented management improvements to address some of the issues described in the Draft Audit. We have sent the Section 8 Coordinator, who is responsible for overseeing the inspectors and for conducting quality control inspections, to a Housing Quality Standards training provided by the National Association of Housing and Redevelopment Officials ("NAHRO"). The on-staff inspector went to the NAHRO training as well. Management has also clarified with the Section 8 Coordinator that the job includes the authority to oversee the inspectors, to take actions to reprimand inspectors if inspections are not adequately performed, and to document such work. HHA also took action on all the units that were identified as having pre-existing conditions or other HQS violations. HHA changed its guidance for inspectors on HQS and is also looking at a substantial upgrade of the hand-held computer program that inspectors use while inspecting. In addition, HHA will be exploring ways to more exhaustively document the condition of the unit at initial inspection through the use of pictures and other documentary methods.

Comment 1

Comment 2

The Section 8 Housing Choice Voucher Program will be included in the agency-wide assessment HHA is currently conducting with the help of outside consultants to upgrade and modernize HHA and it is likely that further changes in program administration and oversight will be implemented as a result of that assessment. In October of 2008, HHA plans to make significant management changes that will streamline and strengthen HHA. HHA hopes to spend the next 8 months focusing on the assessment, the recommendations of the outside consultants, and implementation of needed changes, rather than responding to audits of past program administration. HHA is currently searching for an executive director and hope to provide the new executive with a stronger agency that is poised for moving forward.

HHA learned some valuable things through this audit process, much of which management thought was clear already, but HHA sees that there is a need to reinforce the below concepts throughout the agency:

- It is essential that staff understand how their jobs relate to the agency's obligations to the citizens of Harrisburg and HUD;
- Management must be clear with staff to take their monitoring roles seriously and must check with monitoring staff regularly to be sure procedures are being followed;
- Quality control inspections are vital, should be conducted throughout the year, and should be thoroughly documented; and
- The agency needs to improve its documentation so that it is clear to any reviewer that it is carrying out programs in accordance with requirements.

Comment 3

While HHA agrees that improvements should be made in this program and that the Draft Audit illustrates some of the areas for upgrading, we think that some of the conclusions in the report are unsupported and should not be a basis for action against the HHA. We raised many of these issues in our initial written response to the initial draft audit, which was sent to the OIG on February 14, 2008. HHA received no acknowledgement from the OIG of the comments provided at that time and at the exit conference it was apparent that the submitted comments were not considered in any way. The remainder of this response addresses HHA's concerns with the Draft Audit.

Comment 4

The Draft Audit alleges that when the OIG's HQS expert re-inspected units that had been inspected by HHA inspectors between one and four months before, a significant number of units had "pre-existing conditions" that violated HQS. The OIG inspector's reports note the "pre-existing conditions" with an asterisk and states the condition that the OIG inspector determined was "pre-existing." However, there is no documentation that explains how or why the OIG inspector determined the condition was pre-existing. When asked during the exit interview, the auditors were unable to provide any further evidence or justification for the finding that these conditions were in fact pre-existing. At the exit interview the only corroborating evidence offered to support the finding of a pre-existing

condition was the testimony of the tenant of the unit. In most instances, this testimony was not documented (at least in anything provided to HHA), and given the interest of the tenant to avoid fines or penalties, its reliability is questionable. Further, auditors seem to have disregarded evidence that the conditions were not present, such as the lack of tenant complaints or move-in inspection forms that do not list the supposed pre-existing conditions. Auditors also disregarded explanations from HHA inspectors, tenants and landlords as to how the conditions originated in the time period since the last HHA inspection¹ or an explanation of the applicability of local codes. While the auditors claim that professional judgment was used at the time of the inspection to determine the conditions were pre-existing, the auditors are still under the burden to perform and document an overall assessment of the collective evidence used to support their findings and conclusions.²

Comment 5

The lack of evidence and support for this finding is particularly troubling given that the "pre-existing conditions" are the sole basis for the OIG's calculation of alleged ineligible HAP payments made by HHA and ineligible administrative fees retained by HHA. As the auditors explained at the exit interview, and as shown in documentation later forwarded by the auditors, the amount of ineligible costs that the auditors have recommended that HHA repay is based on the number of days between HHA's last inspection and the date of the auditor's inspection. Thus, the question of whether or not certain HQS violations actually existed at the time of HHA's inspection is one of material importance to whether or not HHA has an obligation to repay the program and forgo administrative fees. The auditors present at the exit conference said that the inspector's determination that the conditions were pre-existing was enough information to support the conclusion that a condition was present at the initial inspection. However, the auditors have the responsibility to provide sufficient evidence within the audit report to support this finding³, which has not been done in this case. Therefore, the penalty of the suggested reimbursements should not be imposed on the HHA.

Comment 6

We have attached a spreadsheet which details HHA's objections to the specific violations deemed as pre-existing conditions. By our analysis only 20 units, as opposed to 35, could be substantiated as having pre-existing conditions. The remaining 15 units had HQS violations in which no photographic or other evidence demonstrated that the conditions were actually pre-existing. After examining all of the inspection reports and photographs we believe the OIG overstated the number of pre-existing conditions by at least 131. We request that the OIG either provide evidence and documentation for these pre-existing conditions, as required by the Government Auditing Standards, or revise the Draft Audit report accordingly.

Comment 7

Comment 8

¹ In one instance, a toilet in the unit above the inspected unit had been left running and caused a flood throughout the entire unit, which caused severe leaking and ceiling damage in a number of rooms in the inspected unit. While the condition appeared to be chronic, it was in fact recent and not present at the prior HHA inspection. The auditors disregarded this explanation and instead marked the unit as having a pre-existing condition.

² Government Auditing Standards, § 7.68

³ Government Auditing Standards, § 8.14

Comment 9

Below are examples of conditions cited that could have arisen since the initial inspection and should have been supported with factual descriptions:

Comment 10

- In several instances, flaking and chipped paint was cited, but could easily have occurred since last inspection.

Comment 11

- A condition of a loose board on a deck was cited, however the board could easily have become loose in the nine weeks since the previous inspection.

Comment 12

- A hose leading from the basement to the exterior causing a door to remain open is not a violation of HQS, but a temporary condition that can be dealt with by the tenant by simply removing the hose and closing the door.

Comment 13

- A seal on the bottom of a refrigerator door was cited as a failure yet there was no evidence that the refrigerator was unable to maintain a temperature below 40 degrees which would be the only justification for failure.

Comment 14

- A loose vinyl baseboard could easily have loosened in the six weeks since the previous inspection.

Comment 15

- A defective smoke alarm could easily have become defective in the six weeks since the previous inspection.

Comment 16

- A hole in the drywall could easily been done within the six weeks since the previous inspection.

Comment 17

- An electric cord to the washing machine that transverses a walking area is cited as a defect to flooring. It can easily be disengaged by the tenant when not in use and therefore is not a condition that violates HQS.

Comment 18

- A broken glass pane was cited as having existed at time of inspection 10 weeks before, solely based on the statement of a minor child.⁴

Comment 19

- A hole in a wall was cited for failure of wall condition of unfinished play room, however this appears to be unfinished work of ongoing construction and therefore not a violation of HQS.

Comment 20

- In one unit OIG inspector found two burners on stove not working, an outlet cover plate missing, loose carpet on the top riser of the stairs as having existed at time of initial inspection three months before without further evidence. All of these conditions could have easily occurred within the time period since the inspection.

⁴ For this unit, HHA has a copy of a "move-in" inspector signed by the Landlord and the Tenant, which is attached. This was not provided to the OIG, but HHA obtained it in response to the Draft Audit.

Comment 21

These examples cast significant doubt on the efficacy of the OIG inspections upon which the condition of the findings are based and consequently cast doubt on the causes cited for the conditions, the impact on the program, and the recommendations. The lack of specificity and evidence also means that HHA cannot adequately address the issue with staff or the contract inspectors because HHA cannot articulate to them why it is known, versus assumed, that the conditions existed at the initial inspections.

Further, the Draft Audit unfairly characterizes HHA's practices with regard to the Section 8 program. Particularly, the OIG's conclusions regarding HHA's inspection contracts and the conduct of Quality Control inspections do not adequately represent HHA's operations—which are in accordance with the available HUD guidance and the industry standards. These items are discussed in more detail below.

Comment 22

In the Draft Audit, the OIG also asserts that HHA's contracts with its inspectors create a disincentive for conducting thorough or follow-up HQS inspections without reference to the offensive language in the contracts. HHA does not believe its contracts with Section 8 inspectors create a disincentive. Rather, of the 977 inspections completed in 2007, 84% cited failed conditions, all of which were followed up with re-inspections despite the fact that the contract did not provide for additional compensation for these follow-up inspections. The large number of re-inspections demonstrates that no disincentive towards finding failed conditions or conducting follow-up inspections is present. A review of the contract forms used by other housing authorities reveals that HHA's contract forms are in accord with industry standard. In addition, the OIG's suggestion could create a situation where the likeliness of fraud would increase if the inspectors thought they would be paid more if they failed units and needed to make repeat visits. In the exit conference, the OIG auditors had no specific recommendations for contract changes and acknowledged that the contracts were not an issue. HHA would expect that the discussion of the contracts, since the conclusions are non-supported, will not be in the final report.

Comment 23

Contrary to OIG's conclusion that HHA did not perform adequate quality control inspections, HHA followed the requirements set forth under applicable HUD guidance. HUD Guidebook 7420.10G sets forth the minimum number of Quality Control Samples that are to be taken. For a PHA that has between 601 and 2000 units, 16 plus 1 for each 100 units over 600 must be sampled. For HHA this equals 20 inspections (16 + 4). In fact, in 2006 HHA conducted 20 quality control samples. Further, in 2007 HHA staff performed 15 quality control samples, which in combination with the 14 conducted by the OIG bring the total number of quality control samples to 29. HHA received guidance from Santo Duca at the HUD Philadelphia field office that since the OIG inspector is a qualified professional, that the 15 inspections could be combined with the 14 conducted by HHA for purposes of meeting the quality control inspection indicator under its SEMAP evaluation pursuant to 24 CFR 985.3(e).

Moreover, the units selected for Quality Control are selected by using HHA's QC Inspection Standard Operating Procedures. This procedure was implemented in January of 2007 following the recommendation from Mr. Ed Williams, Housing Specialist from

Comment 24

the Philadelphia HUD Field Office who conducted an in-house audit of SEMAP's indicator #5. Each month, HHA conducts quality control inspections of at least one of each of the following inspection types, and the units are selected from the previous month's passed inspection results:

- Annual Pass, 1st time inspection
- Annual Pass, Re-Inspection
- Initial Pass, 1st time inspection
- Initial Pass, Follow-up inspection

Comment 25

Quality Control Complaint Inspections are scheduled and conducted to address HQS deficiencies. When a complaint is received, the tenant/landlord will be notified by telephone or in writing upon receipt of the complaint letter. If the deficiency is not addressed by the responsible party after notification is provided, an inspection will be scheduled. Both parties are encouraged to attend the inspection and are notified by mail. If the Section 8 Office is notified of a deficiency that is severe or a 24-hour emergency item, an inspection is required. Vigorous action is taken to request correction with 24 hours, or the HAP contract will be terminated.

Comment 26

Further, contrary to OIG's opinion that HHA did not adequately address problems identified with completed housing quality standards inspection in the past, HHA provided the OIG with the 2007 Quality Control Inspection Log and the Complaint Log for HQS deficiencies. The information contained in these documents demonstrates that HHA did adequately address problems identified, yet the OIG has disregarded this information in the drafting of the Draft Audit.

Comment 27

HHA would also like to take this opportunity to address each recommendation made by the OIG. HHA feels that it has made great strides on most of the issues identified by the OIG, and will continue to implement reforms to its Section 8 program to address the majority of the recommendations. However, HHA strongly objects to the calculation of ineligible costs based on pre-existing conditions, and the imposition on HHA of a requirement to repay these costs. Our responses are further laid out below:

1A. Certify, along with the owners of the 37 units cited in this finding, that the applicable housing quality standards violations have been corrected.

HHA will make this certification or describe what HAP contracts have been cancelled.

1B. Reimburse its program \$34,113 from nonfederal funds (\$31,064 for housing assistance payments and \$3,049 in associated administrative fees) for the 35 units that materially failed to meet HUD's housing quality standards.

HHA believes that this recommendation is not supported by law or regulation. 24 CFR 982.155 (3) describes what is to happen "[i]f the PHA has not adequately administered any Section 8 program...." In that case, "...HUD may prohibit the use of

**Comment 27
Comment 29**

funds in the administrative fee reserve, and may direct the PHA to use funds in the reserve to improve administration of the program or to reimburse ineligible expenses.” Consequently, reimbursement of any ineligible expenses should be made from HHA’s administrative fee reserve.

Comment 28

Further, HHA disagrees with the amount of ineligible costs identified. As shown in the attached spreadsheet, and as discussed above, HHA believes that the OIG has mischaracterized at least 15 units as having pre-existing conditions. The HQS violations cited in those inspection reports as pre-existing conditions cannot be and have not been substantiated as such. Consequently, the HAP contract payments for these units should not be deemed ineligible. By our calculation, the OIG has overstated the amount of ineligible funds by at least \$10,512.63. We ask that the OIG revise the amount of ineligible funds.

Comment 29

In addition, HHA believes the amount of ineligible administrative fees also be revised accordingly. In determining any Section 8 amounts to be reimbursed from the administrative reserve or administrative fee to be withheld in the future, HUD is restricted by principles of administrative law to a “reasonableness standard.” It would be reasonable, for example, to consider all administrative functions provided with regard to a unit, when determining what portion of those functions is consumed by an inadequate HQS inspection and consequent enforcement. Likewise, HUD should consider the likelihood of a PHA in recovering paid Section 8 assistance amounts when imposing reimbursement requirements under 982.155. Just because some element of the dwelling unit did not meet HQS does not mean that no value was provided by the Landlord. Given the large amount of HAP payments which are actually eligible, we assume the amount of ineligible administrative fees will also be revised.

1C. Develop and implement controls to ensure that program units meet housing quality standards, thereby ensuring that \$884,917 in program funds is expended only for units that are decent, safe, and sanitary.

As stated above, we have implemented some improvements already and will do more as a result of our agency assessment.

1D. Develop and implement controls to ensure that supervisory quality control inspections are conducted and documented and that feedback is provided to inspectors to correct recurring deficiencies noted.

As stated above, we have implemented some controls already and will do more as a result of our agency assessment.

1E. Ensure that its inspectors are trained in the requirements of HUD’s Section 8 housing quality standards and hire inspectors who have had training in HUD’s Section 8 housing quality standards.

As stated above, we have sent the Section 8 Coordinator and on-staff inspector to training already and will do more as a result of our agency assessment.

1F. Reimburse its program \$10,796 from nonfederal funds (\$9,792 for housing assistance payments and \$1,004 in associated administrative fees) for the 11 units that failed to meet HUD's housing quality standards and for which program rents were not abated in a timely manner.

HHA believes that this recommendation is not supported by law or regulation. 24 CFR 982.155 (3) describes what is to happen “[i]f the PHA has not adequately administered any Section 8 program...” In that case, “...HUD may prohibit the use of funds in the administrative fee reserve, and may direct the PHA to use funds in the reserve to improve administration of the program or to reimburse ineligible expenses.” Consequently, reimbursement of any ineligible expenses should be made from HHA’s administrative fee reserve.

Comment 29


1G. Develop and implement management controls to ensure that employees comply with its policies and procedures concerning abatements.

As stated above, we have implemented some controls already and will do more as a result of our agency assessment.

Thank you for the opportunity to respond to the Draft Audit. We hope that our entire response will be included in the final report. In general, we agree that HHA does need to make program improvements, but it should be noted that the methodology behind the Draft Audit and the conclusions are not adequately supported. We note that this same template of an audit has been conducted in a number of housing authorities, some of whom were able to produce independent verification that many of the units re-inspected by the OIG inspectors complied with HQS. At the very least, this demonstrates that there is some judgment involved in HQS inspections so that different qualified inspectors can reasonably come to different conclusions and that the repayment of funds is not an appropriate remedy.

Comment 30

Sincerely,


 Jerry Shenck
 Acting Executive Director
 Harrisburg Housing Authority

HUD – OIG AUDIT INSPECTIONS
 AUGUST 23 – 30TH 2007 – HUD AUDIT INSPECTIONS
 Objections to Pre-Existing Conditions Noted by OIG Inspector

Comment 31
 Total Questioned Ineligible HAP Payments: \$10,512.63
 Total Questioned Violations: 131

Client Number	Address	Date of Inspection	Contested Pre-Existing Conditions	Reason for Disagreement	Contested Ineligible HAP Payments
15061	2628 N. 7 th St	08/29/07	<ul style="list-style-type: none"> o TV Cable across doorway o Broken Switch o No outlet cover plate o Dining room-no latch on outside door o Missing cover plate, front bedroom wall outlet o No handrail on basement stairway to outside o Peeling paint on kitchen window sill 	<ul style="list-style-type: none"> o None of the items listed above have been proven to be pre-existing. Some items could have been caused by tenant damage or removal of items. o The missing handrail on the basement stairway has not been enforced under City Codes previously because the stairway is considered a utility stairway and not for tenant access. 	Ineligible HAP Payment Contested: \$795.67 Number of Violations Contested: 7
14053	638 Murch St	08/21/07	<ul style="list-style-type: none"> o Loose board on rear deck floor o Hole to outside on front foundation wall o Air infiltration through door gaps left/rear bedroom door 	<ul style="list-style-type: none"> o There is no evidence to prove the board was damaged or became loose within the 70 days since HHA's last inspection. o The hole to the outside wall could have been caused by the removal of a pipe, cable or insulation in the 70 days since HHA's inspection. o The door gaps were cited as a security item, however the security of the unit was not compromised by a small gap. 	Ineligible HAP Payment Contested: \$901.33 Number of Violations Contested: 3
09578	2022 Swatara St.	08/23/07	<ul style="list-style-type: none"> o L/R burner does not ignite on stove o Window does not stay up in dining room o Rear bedroom doorknob free spins o Broken glass pane in back porch 	<ul style="list-style-type: none"> o There is no documented evidence that these conditions existed at the time of HHA's inspection, and all of these violations could have easily 	Number of Violations Contested: 5

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04/14	148 5 ^{1/2} van Terrace	08/23/07	<ul style="list-style-type: none"> No cover on junction box Keyed deadbolt lock on back door 	<ul style="list-style-type: none"> occurred in the 3 months between inspections. The deadbolt lock present at the IG inspection appeared to be new and could have been easily installed by tenant without HHA's or owner's knowledge or approval. 	Number of Violations Contested: 1
08/9/07	209 Mary St.	08/29/07	<ul style="list-style-type: none"> GFCI does not trip, stays on Cracked glass pane Damaged door Missing closet doorknobs Torn toilet seat cover 	<ul style="list-style-type: none"> GFCI cannot be proven to be pre-existing. It could have malfunctioned at any time. Cracked glass, damaged door, missing closet doorknobs and torn toilet seat covers could have easily been caused by the tenants in the time since the last HHA inspection. This unit was current with the City Codes Rental Inspection as of 04/26/07. In addition, a pre-move in inspection checklist completed by tenant was provided by Washington Square confirming tenant's acceptance of the unit in good condition. This disputes the inspector's assertion of pre-existing conditions. 	Number of Violations Contested: 5
14921	2400 Market #D-71	08/21/07	<ul style="list-style-type: none"> Moisture damage on wall near window (2 instances) Paint peeling at and below window (2 instances) No cover plate on electric junction box in foyer 	<ul style="list-style-type: none"> The moisture damage and paint peeling was clearly caused by an air conditioner. It would not have been pre-existing at the time of the HHA's inspection in early May since air conditioners are generally not used in the spring. An air conditioner could have easily been placed in the window and removed by the tenant during the months of June, July or August. The photograph of the missing cover indicates the cover was removed after the room was painted since the wall under the 	<p>Ineligible HAP Payment Contested: \$1404.03</p> <p>Number of Violations Contested: 5</p>

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13994	2400 Market #A-53	08/21/07	<ul style="list-style-type: none"> GHCI does not trip, stays on 	<ul style="list-style-type: none"> plate is lacking paint. The unit was painted after the HHA inspection and thus this cannot be proven to be pre-existing. The GHCI could have malfunctioned at any time in the two months since the HHA inspection. This unit was current with City Codes Rental Inspection as of 06/07/07. 	<p>Ineligible HAP Payment Contested: \$583.50</p> <p>Number of Violations Contested: 1</p>
03123	1504 State St #1	08/27/07	<ul style="list-style-type: none"> Hose keeps exterior doors from closing Hole in patio needs to be filled in Peeling paint on kitchen door & window Flue appears to be blocked and needs to be cleaned out 	<ul style="list-style-type: none"> The placement of the hose cannot be proven to be pre-existing as the tenant put the hose through the door to fill a pool. It cannot be determined when an item was removed to create the hole in patio, this easily could have happened in the two months between inspections. It cannot be determined from the photograph when the paint began deteriorating. It's very possible that this condition developed during the two months between inspections. The flue not been proven to be blocked, it only appeared to be pre-existing. 	<p>Number of Violations Contested: 4</p>
07026	225 S. 13 th St.	08/23/07	<ul style="list-style-type: none"> Protruding nail on delaminating door 	<ul style="list-style-type: none"> The nail appears to be an attempt to correct tenant damage and cannot be proven to be pre-existing. 	<p>Ineligible HAP Payment Contested: \$17.80</p> <p>Number of Violations Contested: 1</p>

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07396	44 N. 18 th St.	08/22/07	<ul style="list-style-type: none"> o Door needs weather stripping o Broken latch on front door o Loose handrail bracket o Reversed hot/neutral outlet (2 instances) 	<ul style="list-style-type: none"> o The weather stripping could have become loose and easily removed in the month between inspections. o The broken latch on front door cannot be determined to be pre-existing as it could have been broken within a month. o It cannot be determined when the handrail bracket became loose. o The reversed hot/neutral outlets could have been changed at any time. o This unit was passed and is current with the City Codes Renier's Inspection. 	Ineligible HAP Payment Contested: \$214.20 Number of Violations Contested: 5
13978	2400 Market #D-44	08/21/07	<ul style="list-style-type: none"> o Torn refrigerator seal o GFCl does not trip, stays on o Stained, suspended ceiling o Leak in ceiling 	<ul style="list-style-type: none"> o It cannot be determined when seal became loose and has not been determined to hamper effectiveness of the refrigerator. o The GFCl could have malfunctioned at any time. o The stained ceiling and the leak in the ceiling occurred after HHA's May 10, 2007 inspection, as demonstrated by the work orders from the landlord, and therefore are not pre-existing conditions. o This unit was passed and current with the City Codes Renier's Inspection. 	Ineligible HAP Payment Contested: \$1,131.50 Number of Violations Contested: 4
09322	438 Hummel St.	08/22/07	<ul style="list-style-type: none"> o GFCl outlet does not trip, stays on. o Broken glass pane o Peeling paint inside of pantry o Rotted window frame, gaps at sash 	<ul style="list-style-type: none"> o The GFCl outlet could have malfunctioned at any time. o Broken glass pane cannot be determined to be a pre-existing condition since it is possible that the tenant damaged this window since the prior inspection. o Cannot determine when paint began to peel inside pantry, the paint appears to be a fresh coat 	Number of Violations Contested: 4

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08655	616 Radnor St.	08/29/07	<ul style="list-style-type: none"> o Door has gaps, need weather stripping o Possible asbestos on heating pipes o Furnace flue in contact with plastic o GFCI outlet does not trip, stays on. o Needs handrail at bottom steps o Unsecured disconnect box 	<ul style="list-style-type: none"> o The weather stripping could have easily been removed after HHA's inspection. o The possible asbestos on heating pipes is unfounded, this was not determined to be asbestos. o It cannot be determined who placed the plastic by the flue or when it was placed there. 88 days elapsed from HHA's inspection and this condition could have developed within that time. o The GFCI outlet could have malfunctioned at any time. o No handrail is needed on the bottom steps; the first step has the edge of wall for grip, leaving only 3 steps which do not require a handrail. o The disconnect box could have been unsecured during the 88 days between inspections. o This unit was passed and current with the City Codes Renier's Inspection. 	<p>and thus it is likely it has peeled since the last inspection.</p> <ul style="list-style-type: none"> o The severity of the rotted window frame and the gaps in the sash at the time of the HHA inspection cannot be determined. More than 90 days elapsed from HHA's inspection and the condition may have worsened during this time to become a HOS violation. o Items are current with City Codes Reniers Inspection. 	Number of Violations Contested: 6
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Comment 45

05/17	23 N. 17 th St.	08/27/07	<ul style="list-style-type: none"> o Window does not stay open o Kitchen stained and has a mouse hole o Cracked/ Loose Plaster & paint o Stone foundation leaks o Leaking roof & missing rear downspout o Reversed horizontal on outlet 	<ul style="list-style-type: none"> o All items listed above cannot be determined to be a pre-existing condition and could have occurred after IHA's initial inspection. o This unit passed and is current with the City Codes Renner's Inspection. 	Number of Violations Contested: 6
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Comment 31
Comment 46

04/28	315 Meadow Lane	08/22/07	<ul style="list-style-type: none"> o Pressure relief valve discharges into a receptor instead of a continuous pipe or piped to within 6 inches of the floor. 	<ul style="list-style-type: none"> o Pursuant to local codes, where water heaters are not located in a basement or other area with a floor drain, they must be discharged into a receptor connected to a drain pipe in order to be code compliant. An installation as described and required by the OIG inspector is a violation of the International Residential Code which has been adopted by the State of Pennsylvania and the City of Harrisburg. o This unit passed and is current with the City Codes Renner's Inspection. 	Ineligible HAP Payment Contested: \$261.00 Number of Violations Contested: 1
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Comment 31
Comment 47

15/31	1927 Swatara St.	08/23/07	<ul style="list-style-type: none"> o Latch bolt missing on door for privacy o Loose wall register o Cannot open window o Holes in electric panel (photo not provided) o Hole at bottom of exterior door (photo not provided) 	<ul style="list-style-type: none"> o The actual occurrence of these violations cannot be determined and easily could have happened within the 103 days that had elapsed since IHA's inspection. o This unit passed and is current with the City Codes Renner's Inspection prior to IHA's inspection. 	Number of Violations Contested: 5
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Comment 31
Comment 48

16/29	1814 North St.	08/22/07	<ul style="list-style-type: none"> o Damp musty smell o Holes in stairway to outside 	<ul style="list-style-type: none"> o The actual occurrence of these violations cannot be determined and easily could have happened within the four months that had elapsed since IHA's inspection. 	Number of Violations Contested: 2
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Comment 31

07/894	371 Hale Avenue	08/28/07	<ul style="list-style-type: none"> o Keyed deadbolt lock on back door o Broken outlet box and cover plate 	<ul style="list-style-type: none"> o The deadbolt locks were present, however they appeared 	Ineligible HAP Payment Contested: \$639.20
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Comment 49

12705	2510 Jefferson St.	08/28/07	<ul style="list-style-type: none"> ○ Window does not lock ○ Keyed deadbolt lock on outside door, 	<ul style="list-style-type: none"> ○ to be new and could have been easily installed by tenant without HHA's or owner's knowledge or approval. ○ The other conditions could have easily developed in the time between inspections. ○ This unit was passed and current with the City Codes Renier's Inspection prior to HHA's inspection. 	Number of Violations Contested: 4
15878	216 Peffer St. 2 nd Fl.	08/21/07	<ul style="list-style-type: none"> ○ Flooded basement / standing water ○ Open ground on outlet 	<ul style="list-style-type: none"> ○ The deadbolt locks were present, however they appeared to be new and could have been easily installed by tenant without HHA's or owner's knowledge or approval. ○ The loose TV cable is tenant caused and cannot be determined to be pre-existing. ○ The other conditions could have easily developed in the time between inspections. ○ This unit was passed and current with the City Codes Renier's Inspection prior to HHA's inspection. 	Number of Violations Contested: 2

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10538	1938 Zarker St.	08/28/07	<ul style="list-style-type: none"> o Sink drain leaks o Kitchen window doesn't lock o Loose floor boards on porch o Latch bolt stuck inside door o Open outlets (3) o Peeling paint on window frame o Loose TV cable across doorway 	<ul style="list-style-type: none"> o HHA's inspection. o It cannot be determined when sink began to leak; it easily could have occurred in the 60 days elapsed from HHA's inspection. o Peeling paint on window frame, open outlets, latch bolt, kitchen window and loose floor boards cannot be determined, and these conditions could have developed in the time elapsed since the HHA inspection. The loose TV cable across doorway is tenant caused and cannot be determined to be pre-existing. o This unit was passed and current with the City Codes Renter's inspection prior to HHA's inspection. 	Number of Violations Contested: 9
13955	215 Mary St.	08/29/07	<ul style="list-style-type: none"> o Pressure relief valve discharges into a receptor instead of a continuous pipe or piped to within 6 inches of the floor. 	<ul style="list-style-type: none"> o Pursuant to local codes, where water heaters are not located in a basement or other area with a floor drain, they must be discharged into a receptor connected to a drain pipe in order to be code compliant. An installation as described and required by the OIG inspector is a violation of the International Residential Code which has been adopted by the State of Pennsylvania and the City of Harrisburg. o This unit passed and is current with the City Codes Renter's inspection. 	Ineligible HAP Payment Contested: \$1,204.37 Number of Violations Contested: 1
13339	2427 N. 3 rd St.	08/29/07	<ul style="list-style-type: none"> o Loose TV cable across doorway o Missing doorknob o Oven door does not close tightly o Kitten still on a basement window o Open ground outlets (2) o Loose bracket on handrail o Broken pane of glass 	<ul style="list-style-type: none"> o The loose TV cable across the doorway is tenant caused and cannot be determined to be pre-existing o The missing doorknob could have fell off or been removed at any times in the 124 days since 	Number of Violations Contested: 10

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14647	1908 Susquehanna	08/29/07	<ul style="list-style-type: none"> o Loose carpet on stairway 	<ul style="list-style-type: none"> o the HHA inspection. o Neither the loose oven door or the rotten sill can be determined as pre-existing as the conditions also could have developed within 124 days. o There is no evidence that the open ground outlets existed at the time of HHA's inspection. Furthermore, without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code. o This unit was previously approved by City Codes Rental Inspection. o Loose bracket on handrail could have become loose after HHA inspection. o Broken pane of glass could have become broken after HHA inspection. o Loose carpet on stairway could have become loose after HHA inspection. 	<p>Ineligible HAP Payment Contested: \$597.00</p> <p>Number of Violations Contested: 4</p> <p>Ineligible HAP Payment Contested: \$347.20</p>
13462	2400 Market #A-32	08/21/07	<ul style="list-style-type: none"> o Moisture caused plaster deterioration o Broken door latch and missing lock on bathroom o Loose toilet in need of anchoring o Peeling paint 	<ul style="list-style-type: none"> o The source of moisture on the plaster deterioration or the peeling paint was not determined or proven to be pre-existing. These conditions could have developed in the 75 days since HHA's inspection. o Broken door latch & lock on bathroom also cannot be proven to be pre-existing. o Toilet could have become loose in the 75 days between inspections. 	<p>Ineligible HAP Payment Contested: \$597.00</p> <p>Number of Violations Contested: 4</p>
14647	1908 Susquehanna	08/29/07	<ul style="list-style-type: none"> o Gap on outside door o Open ground outlet 	<ul style="list-style-type: none"> o The gap on outside door cannot be proven to be pre-existing as the weather stripping could 	<p>Ineligible HAP Payment Contested: \$347.20</p>

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12655	1723 Regina St.	08/28/07	<ul style="list-style-type: none"> o Missing latch on storm door & broken closer o Missing doorknobs o Leaking pipe from kitchen o Exposed wires on ceiling fan o Rear fence & gate are damaged o Sewer line leaking in basement 	<ul style="list-style-type: none"> o The missing latch on storm door and broken closet could have been caused by tenant within the 122 days since the HHA inspection. o The missing doorknobs also could have been removed since the last inspection. o It is impossible to determine when the pipe began to leak; it could have occurred within the 122 days between inspections. o The exposed wires on ceiling fan could have been caused at any time; it's impossible to determine when and who installed the fan. o Rear fence & gate also could have been damaged within 122 days. o Sewer line leaking in basement cannot determine pre-existing condition as 122 days elapsed from HHA's inspection. 	<p>have become loose and removed since HHA's last inspection.</p> <ul style="list-style-type: none"> o There is no evidence proving the open ground outlet existed prior to HHA's inspection. Furthermore, without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code. The unit was approved and current with City Codes Rental Inspection. <p>Number of Violations Contested: 6</p>
11387	2348 Berryhill St.	08/21/07	<ul style="list-style-type: none"> o Broken lowered bi-fold door o Missing cover plate o Open ground outlet 	<ul style="list-style-type: none"> o The broken lowered bi-fold door and missing cover plate cannot be determined to be pre-existing as 115 days elapsed from HHA's inspection date, 	<p>Number of Violations Contested: 2</p> <p>Number of Violations Contested: 3</p>

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12046	1101 Market St. #322D	08/20/07	<ul style="list-style-type: none"> o Room is too small 6'8" X 14'2" 	<ul style="list-style-type: none"> o and these violations could have been caused by tenant within this time frame. o No evidence proving the open ground outlet existed. Furthermore, without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code. Previously approved by City Codes Inspection. 	<p>Ineligible HAP Payment Contested: \$40.00</p> <p>Number of Violations Contested: 1</p>
06840	2994 Wilson Parkway	08/28/07	<ul style="list-style-type: none"> o Open ground outlet 	<ul style="list-style-type: none"> o We see no evidence proving this condition existed. Furthermore, without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code. The unit was approved and current with City Codes Renal Inspection. 	<p>Ineligible HAP Payment Contested: \$241.30</p> <p>Number of Violations Contested: 1</p>
12245	1443 Vernon St.	08/23/07	<ul style="list-style-type: none"> o Keyed deadbolt lock on back door o Cracked glass pane o Missing cover plates o Loose linoleum on kitchen floor 	<ul style="list-style-type: none"> o The deadbolt lock was present, however it appeared to be new and could have been easily installed by tenant without HHA's or owner's knowledge or approval. o Cracked glass pane could be tenant damage and unable to prove to be pre-existing. o Missing cover plates were readily removable by tenant and unable to prove pre-existing. o Loose linoleum on kitchen floor 	<p>Number of Violations Contested: 4</p>

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13098	2242 Jefferson St.	08/29/07	<ul style="list-style-type: none"> o Water puddle near washing machine o Missing outlet cover plate o Open ground on outlets 	<ul style="list-style-type: none"> o could have occurred at any time during the 118 days that elapsed since HHA's inspection. o Water puddle near washing machine is tenant caused damage and not pre-existing. o Missing outlet cover plate could have been removed by tenant and cannot be determined as pre-existing. o We see no evidence proving the open ground outlets existed at the time of the HHA inspection. Furthermore, without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code. This unit was approved previously by City Codes although currently expired. 	Number of Violations Contested: 3
07605	1945 Berryhill St.	08/23/07	<ul style="list-style-type: none"> o Keyed deadbolt lock on front and balcony doors o Broken glass in playroom o Hole in wall o Loose banister o Broken switch/outlet cover plate 	<ul style="list-style-type: none"> o Deadbolt locks were present, however they appeared to be new and could have been easily installed by tenant without HHA's or owner's knowledge or approval. o Broken glass in playroom appeared to be tenant damage as only the inside pane was broken, outside pane and screen were intact. This damage readily could have happened after HHA's inspection. o Hole in wall & loose banister cannot be proven to be pre-existing conditions. o The minuscule crack in the cover plate doesn't expose any electric elements and therefore should not be considered a violation. 	Number of Violations Contested: 7
15844	714 N. 19 th St.	08/27/07	<ul style="list-style-type: none"> o 2 stove burners do not work 	<ul style="list-style-type: none"> o The burners could have 	Ineligible HAP Payment

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		<ul style="list-style-type: none"> o Torn padded toilet seat o Sove knob missing 	<ul style="list-style-type: none"> o malfunctioned and the knob removed within the 96 days that elapsed since the HHA inspection. o Torn padded toilet seat cannot be determined to be pre-existing as tenant may have chosen to install a padded seat after the HHA inspection. 	<p>Contested: \$1,054.00</p> <p>Number of Violations Contested: 4</p>
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OIG Evaluation of Auditee Comments

- Comment 1** We are encouraged by the Authority’s statements that it takes the findings very seriously and has implemented management improvements to address some of the issues included in the audit report. We commend the Authority for completing the followup actions for the 37 units that the audit determined were not in compliance with housing quality standards.
- Comment 2** We are encouraged by the Authority’s plans to perform the agency-wide assessment and make significant management changes that will streamline and strengthen it.
- Comment 3** The conclusions in the audit report are supported by audit work performed in accordance with generally accepted government auditing standards. While many of the issues were raised in the Authority’s response to the finding outline worksheets, the Authority’s comments were considered.
- Comment 4** We used our professional knowledge, tenant interviews, and the Authority’s latest inspection reports in determining whether a housing quality standards violation existed prior to the last passed inspection conducted by the Authority or if it was on the last passed inspection conducted by the Authority and was not corrected. During our inspections, the auditor and the HUD OIG housing inspector questioned the tenants about the violations identified during the inspections in order to determine whether the violations were preexisting or not. The HUD OIG housing inspector documented the pre-existing conditions on the inspection report and took pictures of the violations, as needed. We provided copies of all our inspection reports and the corresponding photographs to the Authority during the audit. Representatives from the Authority accompanied us on all of our inspections. The representatives intermittently made comments pertaining to violations that we identified. We considered the comments in making our determinations.

Contrary to the Authority’s assertion, the testimony of the tenant is a valid method to use in determining the existence of deficiencies. For example, HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.9, states that for SEMAP purposes, a housing quality standards deficiency found at the time of the quality control reinspection represents a “fail” quality control inspection. When rating an individual inspector’s performance, the quality control inspector should take into account whether the failed item occurred since the previous inspector was on site. Often the tenant can describe when the deficiency occurred and will be helpful in making this determination. Further, the lack of complaints by tenants does not directly correlate to a lack of deficiencies in their homes. The tenants may have registered complaints with the landlord and not the Authority or the tenants simply may not know that deficiencies, such as those we identified during our inspections, were violations of HUD’s housing quality standards.

- Comment 5** The Authority's objection to the support for the finding is without merit. As indicated in the second paragraph on page three of its response, the Authority admits, by its own analysis, that 20 units could be substantiated as having preexisting conditions. Further, as stated earlier, we used our professional knowledge, tenant interviews, and the Authority's latest inspection reports in determining whether a housing quality standards violation existed prior to the last passed inspection conducted by the Authority or if it was on the last passed inspection conducted by the Authority and was not corrected.
- Comment 6** The auditors did not assert that the inspector's determination that conditions were preexisting was the sole support for concluding that a condition was preexisting. Rather, in consultation with our certified HUD inspector, we used our professional knowledge, tenant interviews, and the Authority's latest inspection reports to determine whether a violation existed prior to the last passed inspection conducted by the Authority. In the event that we could not reasonably make that determination, we did not categorize the violation as preexisting.
- Comment 7** We have considered the Authority's response and revised the final audit report as deemed appropriate. Our evaluation of the Authority's objections to deficiencies that the audit identified in specific units is included in the comments to the Authority's spreadsheet found on pages 30 through 42 of this report.
- Comment 8** We did not disregard the explanation provided and did not categorize the unit as having a preexisting condition based on the stained ceiling throughout the unit. However, the stained suspended ceiling and the leak in the bathroom were cited as preexisting conditions. These were not the only preexisting conditions cited for this unit. See Comments 13 and 42.
- Comment 9** In consultation with our certified HUD inspector, we used our professional knowledge, tenant interviews, and the Authority's latest inspection reports to determine whether a violation existed prior to the last passed inspection conducted by the Authority. In the event that we could not reasonably make that determination, we did not categorize the violation as preexisting. We provided the Authority with factual descriptions of all our inspections addressed in this report.
- Comment 10** The determinations that flaking and chipped paint was a preexisting violation were supported by statements made by the tenants.
- Comment 11** The determination that a loose board on a deck was a preexisting violation was supported by statements made by the tenant.
- Comment 12** The tenant explained to the inspector and the auditor, in the presence of the Authority's employees, that the second floor tenant uses the hose to fill a portable pool in the back yard and has kept it in the doorway all summer and refuses to remove it. As a result, vermin are able to enter the basement through the open doorway.

Comment 13 The fact that a door seal was broken is enough to determine that the refrigerator was unable to maintain the proper interior temperature. HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.3, states that the refrigerator must be of adequate size for the family and capable of maintaining a temperature low enough to keep food from spoiling. The guidebook includes the following example for clarification:

What temperature must a refrigerator maintain to keep food from spoiling?

- Above 32° F, but generally below 40° F.
- Consider how often the refrigerator will be opened. Proper temperatures are difficult to maintain if the refrigerator is frequently opened during warm weather, door seals are removed or broken, or the door sits open.

Comment 14 We did not cite a loose vinyl baseboard as a preexisting violation in any of the units that we inspected.

Comment 15 We did not cite a defective smoke alarm as a preexisting condition in any of our inspection reports. We did cite the lack of a smoke detector in the basement, for example, as a preexisting condition.

Comment 16 The determination that a hole in the drywall was a preexisting violation was supported by statements made by the tenant.

Comment 17 None of the units included in the audit report were cited for having an electric cord traversing a walking area. We conducted two extra inspections to ensure that we would meet the requirements for our statistical analysis. Although the inspection for this particular unit included a violation for having an electric cord across the floor, we did not include the inspection for this unit in our audit results. We provided the inspection report to the Authority for its information. Further, anything that transverses a walking area is considered a tripping hazard and is a violation of housing quality standards. The regulations at 24 CFR 982.401(g)(2)(iv) state that the condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling.

Comment 18 At no time did we enter a unit where there was not an adult present. Nowhere did we claim that a minor child provided a statement that we used as the sole justification for determining that a broken pane of glass was preexisting. Further, although the Authority stated that it “has a copy of a “move-in” inspector signed by the Landlord and the Tenant, which is attached” the document was not attached as indicated.

- Comment 19** Deficiencies such as holes in the walls, etc., were confirmed by asking the tenant and by using professional judgment. The hole in this instance was determined to be preexisting. Further, the housing quality standards regulations at 24 CFR 982.401 (a)(3) state that all program housing must meet the housing quality standards performance requirements both at commencement of assisted occupancy, and throughout the assisted tenancy. Also, the acceptability criteria for structure and materials states that ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.
- Comment 20** The determination that two inoperable stove burners were preexisting violations were supported by statements made by the tenant. We did not cite the outlet cover and loose carpet on the top risers as preexisting conditions.
- Comment 21** To the contrary, these examples demonstrate the efficacy of the OIG inspections upon which the conditions of the findings are based. Each of the OIG inspections were systematically documented using the HUD Inspection Checklist, Housing Choice Voucher Program, form HUD-52580. In order to meet all housing quality standards requirements, inspections must be conducted and recorded using form HUD 52580-A or 52580. In addition to documenting the results on the inspection form, we also documented the results by taking pictures as appropriate.
- Comment 22** We believe that the inspectors' flat fee arrangements coupled with the lack of quality controls created weakness in the Authority's inspection program. As a result, the inspectors may not have identified all of the violations in the units they inspected as was demonstrated by the significant number of deficiencies that we identified during our inspections of the units. The language in the contract may be standard within the industry, but the compensation should be related to the quality of the inspector's work. Our inspection results showed the Authority's inspectors passed 35 units during the prior four month period with a total of 233 preexisting deficiencies. These results provide the basis for the quality of the inspection work provided by the Authority's inspectors. We revised the text in the report to clarify this point.
- Comment 23** We did not conclude that the Authority did not perform adequate quality control inspections; rather we concluded that the Authority did not perform quality control inspections throughout the year. Further, although the representative from the HUD Philadelphia field office informed the Authority that it could combine inspections, the 14 inspections the Authority selected were the only units that we initially passed. The Authority did not consider the other 38 inspections that we performed during the audit. Had the Authority taken all of our inspections and considered them, rather than selectively taking only the 14 inspections that we initially passed, the Authority's quality control process would have shown that 42 of 67 (15 conducted by the Authority and 52 that we conducted) or 63 percent of the units inspected failed the quality control review process.

- Comment 24** We disagree with the Authority's statement that each month it conducts quality control inspections of at least one of the inspection types, selected from the previous month's passed inspection results because, as stated in the audit report, the Authority did not conduct any quality control inspections between March 23 and July 23, 2007.
- Comment 25** We take no exception to these statements. We would expect the Authority to take action on complaints.
- Comment 26** We considered the Authority's quality control inspection log and its complaint log for housing quality standards deficiencies. However, as stated earlier, the Authority did not conduct any quality control inspections between March 23 and July 23, 2007; the Authority did not consider the 37 inspections that we performed during the audit that resulted in a failing assessment of the unit; and we would expect the Authority to take action on complaints. However, the results of our inspections were brought to the attention of the Authority via our audit and were not detected during any quality control inspections. The audit has identified weaknesses and includes recommendations for corrective actions to address the weaknesses.
- Comment 27** We are encouraged by the Authority's statements that it has taken corrective action and will continue to take corrective action to address the recommendations. The objection of the Authority to the ineligible costs is noted. However, as stated in the audit report, HUD regulations at 24 CFR [*Code of Federal Regulations*] 982.401 require that all program housing meet HUD's housing quality standards at the beginning of the assisted occupancy and throughout the tenancy. HUD compensates the Authority for the cost of administering the program through administrative fees. In accordance with 24 CFR 982.152(d), HUD is permitted to reduce or offset any 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.
- Comment 28** We did not overstate the amount of ineligible funds. We used a conservative methodology to compute the ineligible funds. As we explained at the exit conference, for the units that had preexisting violations we did not calculate any ineligible housing assistance payments for the first 30 days after the date of the Authority's inspection. At the exit conference, the Director of HUD's Office of Public Housing, Pennsylvania State Office, acknowledged that we were conservative in our approach. The Director acknowledged that we did not have to exclude the first 30 days from our calculations. Also, after the exit conference, we provided the Authority a copy of the spreadsheet showing our calculations. Further, the Authority stated that by its calculation, the OIG has overstated the amount of ineligible funds by at least \$10,512. This figure was also shown on the first page of the attached spreadsheet. However, the amount of funds listed on the spreadsheet total \$9,692 not \$10,512.

As stated in the audit report, in accordance with HUD regulations at 24 CFR 982.152(d), HUD is permitted to reduce or offset any 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 \$31,064 in housing assisting payments to landlords for the 35 units that materially failed to meet HUD's housing quality standards and received \$3,049 in program administrative fees for these units.

Comment 29 The Authority did not provide any evidence that it had funds in its administrative fee reserve to reimburse the ineligible amounts. If the Authority has funds in its administrative fee reserve to reimburse the ineligible amounts, then we would expect the Authority to do so, as appropriate. If not, the Authority needs to reimburse its program from nonfederal funds.

Comment 30 We have included the Authority's entire response as an appendix to the audit report. We recognize the Authority's acknowledgement that it needs to make program improvements. The methodology supporting the conclusions in the audit report is sound and the conclusions are supported. We agree that some judgment is involved; however, as stated earlier, we used our professional knowledge, tenant interviews, and the Authority's latest inspection reports in drawing our conclusions.

Comment 31 In consultation with our certified HUD inspector, we used our professional knowledge, tenant interviews, and the Authority's latest inspection reports to determine whether a violation existed prior to the last passed inspection conducted by the Authority. In the event that we could not reasonably make that determination, we did not categorize the violation as preexisting.

Comment 32 Regarding the missing handrail on the basement stairway, HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.3, states that handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches off the ground. In this case, there were seven risers and the top of the steps was more than thirty inches off the ground.

Comment 33 In the inspection report that we provided the Authority the inspector wrote that there was air infiltration through the door gaps. His description of the accompanying photos stated that the gaps were visible on the second floor bedroom door to the outside and that it was in need of weather stripping. The defect results in significant air infiltration into the unit. HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.3, states that the Authority must determine that units are free from water, excessive air, and vermin infiltration.

Comment 34 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted

that although the Authority contested five violations, there were nine other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.

Comment 35 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested one violation, there were two other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.

Comment 36 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. When our inspector made the notation "GFCI does not trip, stays on" he determined the condition was preexisting because the GFCI was improperly wired. That is, the GFCI has two sets of contacts. One set is for the "hot" wires to be connected and the second set to connect ordinary outlets that would be protected by the same GFCI. However, if the "hot" wires are connected to the wrong screws, as was the case in the unit inspected, the GFCI stays on and does not trip. We noted that although the Authority contested five violations, there were four other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the unit failed reinspection on November 2, 2007, and it was scheduled to terminate from the program on December 21, 2007.

Comment 37 The Authority claims that air conditioners are generally not used in the spring and that an air conditioner could have been installed and removed by the tenant during the months in between our inspection and the Authority's last inspection. The Authority also claims that the unit was painted after the Authority's inspection, but provided no evidence to support the assertion.

Comment 38 When our inspector made the notation "GFCI does not trip, stays on" he determined the condition was preexisting because the GFCI was improperly wired. That is, the GFCI has two sets of contacts. One set is for the "hot" wires to be connected and the second set to connect ordinary outlets that would be protected by the same GFCI. However, if the "hot" wires are connected to the wrong screws, as was the case in the unit inspected, the GFCI stays on and does not trip.

Comment 39 The tenant explained to the inspector and the auditor, in the presence of the Authority's employees, that the second floor tenant uses the hose to fill a portable pool in the back yard and has kept it in the doorway all summer and refuses to remove it. As a result, vermin are able to enter the basement through the open doorway. Moreover, the Authority indicated that the 24-hour deficiency was confirmed on September 6, 2007, that there was a reinspection on November 1, 2007, and the contract was cancelled on November 30, 2007.

- Comment 40** The Authority indicated that the unit was reinspected on October 16, 2007, and the unit was scheduled for contract cancellation on December 31, 2007.
- Comment 41** Not only did our inspector determine that the handrail bracket was loose, but he also noted that the span between handrail brackets is too long and it needs an intermediate bracket. No intermediate brackets were noted to have been installed prior to our inspection. Also, the reversed hot/neutral outlets were determined to be preexisting because the outlets were wired incorrectly when the outlets were installed.
- Comment 42** See Comment 38. Also, the Authority claims that the stained ceiling and the leak in the ceiling occurred after its May 10, 2007, inspection and makes reference to work orders from the landlord. However, the Authority did not provide copies of the work orders to support its assertion and these deficiencies were still present when we inspected the unit on August 21, 2007. Also, the stained suspended ceiling was determined to be preexisting and the stained ceiling in the remainder of the unit was determined to be non-preexisting. This unit was also discussed in Comment 13 above.
- Comment 43** We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested four violations, there were three other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.
- Comment 44** We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested six violations, there were three other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.
- Comment 45** We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested six violations, there were seven other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the unit was reinspected on November 1, 2007, that the unit failed the reinspection, and was scheduled for contract cancellation on December 31, 2007.
- Comment 46** HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.3, states that plumbing fixtures must be free of threats to health and safety; water-heating equipment must be installed safely and must not present any safety hazards; and all water heaters must have temperature/pressure relief valves, and a discharge line. Program regulations set forth basic housing quality standards which all units must meet before assistance can be paid for a unit. Housing quality standards establish the minimum criteria necessary for the health and

safety of program participants. In this instance, (see photo on page 10 of this report) the condition presented a health and safety issue for the tenant.

Comment 47 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested five violations, there was one other preexisting violation that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.

Comment 48 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested two violations, there were two other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the unit was reinspected on November 8, 2007, that the unit failed the reinspection, and was scheduled for contract cancellation on December 31, 2007.

Comment 49 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested four violations, there were six other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the unit was reinspected on November 2, 2007, that the unit failed the reinspection, and the contract was cancelled on December 31, 2007.

Comment 50 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested two violations, there was one other preexisting violation that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority commented that "without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code." However, the Authority reported that it reinspected and passed the unit on November 9, 2007. The Authority's inspector should have been able to provide the specific details to determine compliance with the code.

Comment 51 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested nine violations, there were three other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.

Comment 52 HUD's Housing Choice Voucher Program Guidebook, 7420.10G, section 10.3, states that plumbing fixtures must be free of threats to health and safety; water-

heating equipment must be installed safely and must not present any safety hazards; and all water heaters must have temperature/pressure relief valves, and a discharge line. Program regulations set forth basic housing quality standards which all units must meet before assistance can be paid for a unit. Housing quality standards establish the minimum criteria necessary for the health and safety of program participants. In this instance, the condition presented a health and safety issue for the tenant.

Comment 53 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested nine violations, there were four other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority commented that "without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code." However, the Authority reported that it reinspected and passed the unit on November 2, 2007. The Authority's inspector should have been able to provide the specific details to determine compliance with the code.

Comment 54 The Authority commented that "without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code." However, the Authority reported that it reinspected and passed the unit on November 1, 2007. The Authority's inspector should have been able to provide the specific details to determine compliance with the code.

Comment 55 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested six violations, there were five other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit.

Comment 56 We disagree with the Authority's contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested three violations, there were two other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority commented that "without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code." However, the Authority reported that it reinspected and passed the unit on November 28, 2007. The Authority's inspector should have been able to provide the specific details to determine compliance with the code.

Comment 57 The Authority's quality standards for its Section 8 existing housing program state that a bedroom shall not be less than 100-square feet of floor space and shall not

be less than 8 feet in any dimension. Moreover, the Authority indicated that the unit was disqualified for being too small and that the tenant transferred to an eligible unit.

Comment 58 The Authority commented that “without specific details of the actual condition, it is hard to determine if indeed this particular installation was not in compliance with article 406 of the National Electrical Code.” However, the Authority reported that it reinspected and passed the unit on November 1, 2007. The Authority’s inspector should have been able to provide the specific details to determine compliance with the code.

Comment 59 We disagree with the Authority’s contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested four violations, there were sixteen other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the contract was cancelled due to tenant-caused housing quality standards deficiency – no UGI natural gas service.

Comment 60 We disagree with the Authority’s contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested three violations, there were four other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the 24-hour deficiencies were corrected and a cancellation letter was mailed on September 21, 2007, due to the unacceptable unit location.

Comment 61 We disagree with the Authority’s contention. The violations cited were preexisting for reasons previously explained with similar violations. We noted that although the Authority contested seven violations, there were three other preexisting violations that the Authority did not contest. Moreover, the Authority did not contest any of the ineligible costs that we reported for this unit. Further, the Authority indicated that the unit was reinspected on November 1, 2007, that the unit failed the reinspection, and was scheduled to be terminated on December 31, 2007.