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TO: Boyce Norris, Director, Office of Public Housing, 4APH

FROM: *James D. McKay*
James D. McKay
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SUBJECT: Housing Authority of DeKalb County, Decatur, Georgia, Section 8 Units
Generally Met Housing Quality Standards

HIGHLIGHTS

What We Audited and Why

We audited the Housing Authority of DeKalb County's (Authority) Section 8 Housing Choice Voucher program pertaining to housing quality standards inspections. The audit was conducted as part of the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) strategic plan.

Our objective was to determine whether the Authority carried out its Section 8 program housing quality standards inspections in accordance with federal requirements.

What We Found

The Authority generally administered its Section 8 program in accordance with HUD requirements. Our inspections identified minor deficiencies in 10 of the 15 units inspected. We identified two units that had insignificant preexisting violations not identified by the Authority's inspectors.

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Based on our review of 15 inspections of Authority-administered Section 8 units, the Authority adequately performed housing quality standards inspections and required timely correction of inspection discrepancies. Thus, the report contains no finding, and no further action is necessary.

Auditee's Response

On March 16, 2007, we provided the Authority copies of our inspection reports for the 10 units that failed to meet housing quality standards. The Authority agreed with our inspection results, notified the owners of the conditions, and required them to correct the violations. We provided the draft report to Authority officials on April 9, 2007. The Authority decided not to provide a written response to the report or hold an exit conference because the report contained no findings.

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BACKGROUND AND OBJECTIVES

The Housing Authority of DeKalb County (Authority), located in Decatur, Georgia, was established in December 1955 in accordance with state and federal law to serve the citizens and communities of DeKalb County, Georgia, by promoting quality housing and related economic development through the engagement of human and financial resources. Initially, the Authority was a part of the DeKalb-Decatur Housing Authority. Effective November 3, 2003, the DeKalb-Decatur Housing Authority split into two separate housing authorities. Various interim and acting executive directors administered the Authority until a permanent executive director was appointed in October 2004 to address unresolved separation issues and move the Authority forward with revitalization and development efforts for affordable housing. On October 13, 2006, the board of commissioners terminated the executive director's contract. Currently, an interim executive director is responsible for the Authority's daily operations.

The Authority's six-member board of commissioners oversees the direction of the Authority. The board of commissioners is appointed by the chief executive officer of DeKalb County and ratified by the county commission.

The Authority administers 5,414 housing choice vouchers in DeKalb County, Georgia, and its vicinity. The annual housing assistance payments and administrative fees approved were \$32.8 million for fiscal year 2005 and \$31.4 million for fiscal year 2006. In addition, annual housing assistance payments and administrative fees pending are \$20.5 million for fiscal year 2007.

The U.S. Department of Housing and Urban Development's (HUD) Georgia State Office of Public Housing in Atlanta, Georgia, is responsible for overseeing the Authority.

HUD designated the Authority as a high-performing Section 8 public housing authority for fiscal years 2005 and 2006.

Our objectives were to determine whether the Authority carried out its Section 8 program housing quality standards inspections in accordance with federal requirements and whether additional audit work was warranted.

RESULTS OF AUDIT

The Authority appears to have an adequate system in place for ensuring timely inspections and timely completion of the deficiencies. Our inspections identified minor deficiencies in 10 of the 15 units inspected. According to housing quality standards, these units failed, but the deficiencies were easily repairable by the landlord and present no health or safety issues to the tenants. Seven of the units did not meet housing quality standards due to tenant-related damages. The inspections showed that individual units had from one to six fail conditions. Most of the violations noted were minor, such as deteriorated weather stripping on door, loose bathroom sink faucet hardware, and a disabled vehicle on the property. Two units had insignificant preexisting violations not identified by the Authority's inspectors. However, there were no indications of systemic problems regarding the units inspected. In addition, the deficiencies identified by the inspectors during their prior inspections were corrected. Although there were units that failed to meet housing quality standards, the Authority did not have any significant deficiencies that warranted additional audit work. The information below shows the frequently occurring violations for the 10 units.

- Four (26 percent) units contained only one violation,
- One (6 percent) unit contained two violations,
- Two (13 percent) units contained three violations,
- Two (13 percent) units contained four violations, and
- One (6 percent) unit contained six violations.

The Authority agreed with our inspection results. It notified the owners of the inspection results and requested that they correct the violations. The Authority also agreed to reinspect the units to ensure that the violations have been corrected. Thus, the report contains no finding, and no further action is necessary.

SCOPE AND METHODOLOGY

To accomplish our objectives, we reviewed the following:

- Applicable laws, regulations, and other HUD program requirements;
- The Authority's Section 8 policies, procedures, and administrative plan;
- Minutes from the board of commissioners meetings;
- The Authority's previous inspection reports; and
- The Authority's latest independent public accountant report and HUD program monitoring reviews.

We interviewed the Atlanta, Georgia, Office of Public Housing program officials and Authority management and staff. We obtained a listing of the inspections performed by the Authority inspectors from November 1, 2006, through January 31, 2007. We found that the Authority had inspected 2,061 units during the period. We used a statistical software program to select a random sample. The software returned a sample size of 65 units with a random start based on a 90 percent confidence level, 10 percent precision level, and 50 percent expected error rate. We used the software to generate 65 additional sample units to be used as replacements if needed. We inspected 15 (13 from the sample and two replacement units) of the 65 units during March 2007. We discontinued further inspections because our initial sample did not identify significant deficiencies. The Authority staff scheduled and participated in the inspections. An assistant housing management specialist from HUD's Office of Public and Indian Housing assisted us in conducting five inspections.

Our audit generally covered the period July 1, 2005, through December 31, 2006, but we expanded the period as needed to accomplish our objectives. We performed our on-site work from February through March 2007 at the Authority's offices in Decatur, Georgia, and the HUD Georgia State Office of Public Housing.

We performed our review 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 audit objectives:

- Compliance with laws, regulations, policies, and procedures that management has implemented to reasonably assure that resource use is consistent with laws and regulations.
- Policies and procedures that management has implemented to reasonably assure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

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

Significant Weaknesses

We did not identify any significant weaknesses in the controls cited above.

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