



Issue Date December 3, 2008

Audit Report Number 2009-PH-1002

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 Delaware County Housing Authority, Woodlyn, 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 Delaware County Housing Authority's (Authority) administration of its housing quality standards inspection program for its Section 8 Housing Choice Voucher program as part of our fiscal year 2008 audit plan. This is our second and final of two reports to be issued on the Authority's Section 8 Housing Choice Voucher program. The audit objective addressed in this report was to determine whether the Authority ensured 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 61

housing units and found that 60 units did not meet HUD's housing quality standards. Moreover, 32 of the 60 units had health and safety violations that the Authority's inspectors did not observe or report during their last inspection. The Authority spent \$43,324 in program and administrative funds for these 32 units.

The Authority did not properly abate rents when units failed its housing quality standards inspections. We reviewed 25 program units that did not pass the Authority's housing quality standards inspections and determined that the Authority failed to abate payments for 21 of the units and inappropriately abated payments for four units. The 21 units remained in a failing status for as long as 65 days. However, the Authority failed to abate the program rents or terminate the contracts for these units, resulting in improper payments of \$6,522. In four cases, the Authority did not resume the housing assistance payments once the units became compliant with housing quality standards, resulting in \$1,520 in underpayments to landlords.

We estimate 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 and that abatement requirements are enforced, HUD will pay more than \$1.9 million in housing assistance on units with material housing quality standards violations and for units that should have had assistance payments abated.

What We Recommend

We recommend that the Director of HUD's Pennsylvania State Office of Public Housing 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 \$43,324 in program and administrative 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 \$1.9 million from being spent annually on units that materially fail to meet HUD's housing quality standards. Further, we recommend that HUD require the Authority to reimburse its program \$6,522 for the 21 units for which it did not abate assistance payments, pay landlords \$1,520 for payments that were not abated correctly, and enforce its established policies and procedures to ensure that its abatements comply with HUD requirements, thereby preventing an estimated \$26,000 from being spent annually on units that should have had assistance payments abated.

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 provided our discussion draft audit report to the Authority's executive director and HUD officials on October 22, 2008. We discussed the audit results with the Authority and HUD officials throughout the audit and at an exit conference on October 30, 2008. The Authority provided written comments to our draft report on November 7, 2008. 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 Delaware County Housing Authority (Authority) was created by the Delaware County Council in January 1938. The Authority was created to address the lack of decent, safe, and sanitary housing for the low-income families in the Delaware County, Pennsylvania, area. The Authority is governed by a board of commissioners made up of a chairman, vice chairman, secretary, assistant secretary, treasurer, and assistant treasurer. The current executive director is Lawrence E. Hartley. The Authority's main administrative office is located at 1855 Constitution Avenue, Woodlyn, 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 2,753 eligible households. It authorized the Authority the following financial assistance for fiscal years 2005 through 2007:

Authority fiscal year	Annual budget authority	Disbursed
2005	\$21,541,266	\$21,541,266
2006	\$20,026,512	\$20,026,512
2007	\$20,560,195	\$20,560,195
Totals	\$62,127,973	\$62,127,973

HUD regulations at 24 CFR [*Code of Federal Regulations*] 982.305(a) state that the public housing authority may not give approval for the family of the assisted tenancy or execute a housing assistance contract until the authority has determined that the unit has been inspected by the authority 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 initial move-in and at least annually. The authority must inspect the unit leased to the family before the term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards.

The audit objective addressed in this report was to determine whether the Authority ensured its program units met housing quality standards in accordance with U.S. Department of Housing and Urban Development (HUD) requirements. As part of this audit, we also reviewed the Authority's portability program. Minor findings noted in relation to the program were separately communicated to the Authority in a letter dated November 17, 2008.

RESULTS OF AUDIT

Finding 1: Controls over Housing Quality Standards Were Inadequate

The Authority did not adequately enforce HUD's housing quality standards. Of 61 program units selected for inspection, 60 did not meet HUD's housing quality standards, and 32 materially failed to meet housing quality standards. The Authority's inspectors did not observe or report 308 health and safety violations which existed at the units when they conducted their inspections. The deficiencies occurred because the Authority did not ensure that its housing inspectors had sufficient knowledge of housing quality standards and did not implement an effective quality control inspection process. As a result, the Authority spent \$43,324 in program and administrative funds on units that materially failed to meet HUD's housing quality standards and, consequently, were not decent, safe, and sanitary. If the Authority does not implement adequate procedures and controls to ensure that its program units meet HUD's housing quality standards, we estimate that over the next year, it will pay more than \$1.9 million in housing assistance for units that materially fail to meet housing quality standards.

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

We statistically selected 61 units from unit inspections passed by the Authority's inspectors during the period November 1, 2007, to January 31, 2008. The 61 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 February 26 and March 7, 2008.

Of the 61 units inspected 60 (98 percent) had 640 housing quality standards violations. Additionally, 32 of the 60 units (52 percent) were considered to be in material noncompliance since they had health and safety violations that predated the Authority's last inspection and were not identified by the Authority's inspectors and/or repaired. The 32 units had 308 health and safety violations that existed before the Authority's last inspection report and were not identified by the Authority's inspectors. HUD regulations at 24 CFR 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 640 housing quality standards violations in the 60 units that failed the housing quality standards inspections.

Category of violations	Number of violations	Number of units
Electrical	187	43
Security	59	28
Other potentially hazardous features	40	20
Site and neighborhood conditions	39	20
Wall condition	37	18
Stairs, porch, landing, and deck	35	25
Tub/shower	26	21
Floor conditions	25	13
Other interior hazards	24	14
Stove, oven, and refrigerator	21	16
Heating, ventilation, and plumbing	20	13
Interior stairs	19	17
Lead-based paint	18	6
Windows	14	5
Exterior surfaces	14	12
Roof and gutters	13	10
Ceiling conditions	11	7
Smoke detectors	11	8
Toilet	10	9
Space for preparation, storage, and serving of food	8	7
Sink and cabinets	3	3
Evidence of infestation	2	2
Access to units	1	1
Foundation	1	1
Fire exits	1	1
Chimney	1	1
Total	640	

We presented the results of the housing quality standards inspections to the Authority and to the Director of HUD's Pennsylvania State Office of Public Housing.

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 V54274: There are exposed wires in the recessed light fixture. This violation was not identified during the Authority's December 12, 2007, inspection.



Inspection V53442: The switch is not installed in the proper switch box, exposing electrical wiring. This violation was not identified during the Authority's January 7, 2008, inspection.



Inspection V54218: The recessed light fixture at the base of stairs is not secure and wires are exposed. This violation was not identified during the Authority's November 21, 2007, inspection.



Inspection V45074: The furnace flue is disconnected from the wall, allowing harmful gases back into the basement. This violation was not identified during the Authority's November 28, 2007, inspection.



Inspection V73332: Improper and poor ventilation of the heating and air conditioning unit allows harmful gases to seep back into the basement. This violation was not identified during the Authority's January 28, 2008, inspection.



Inspection V07006: The handrail is not running the full length of the basement stairs. This violation was not identified during the Authority's December 12, 2007, inspection.



Inspection V73712: The handrail is not running the full length of the basement stairs. This violation was not identified during the Authority's December 10, 2007, inspection.

The Authority Did Not Have Adequate Procedures and Controls over Its Inspectors

Although HUD regulations at 24 CFR 982.401 and the Authority's administrative plan required the Authority to ensure that its program units met housing quality standards, it failed to do so because it did not ensure that its housing inspectors had sufficient knowledge of housing quality standards and did not implement an effective quality control inspection process.

The Authority's Housing Inspectors Did Not Have Sufficient Knowledge of Housing Quality Standards

The Authority's housing inspectors did not have sufficient knowledge of housing quality standards. The Authority did not ensure its three housing inspectors were equipped with the knowledge they needed to perform inspections in compliance with HUD's housing quality standards requirements. As a result, the inspectors misinterpreted the requirements and missed or overlooked a number of violations.

The Authority's inspectors stated that a number of the missed violations we found were simply overlooked but that some violations were missed due to insufficient training. For example, the inspectors stated that electrical outlets were not checked with a circuit tester to ensure that they were wired correctly. They stated that they were only trained to ensure that electricity was running to the outlet and not that it was wired correctly. The inspectors also stated that they were required to perform from 8 to 14 inspections per day and that the quality of inspections sometimes suffered because of their workload. The Authority needs to ensure

that all of its inspectors are equipped with the knowledge and resources they need to perform inspections in a consistent manner and in compliance with HUD requirements.

The Authority Did Not Implement an Effective Quality Control Inspection Process as a Tool to Ensure That Inspections Were Performed in Compliance with HUD’s Housing Quality Standards

The Authority did not implement an effective quality control process as a tool to ensure that inspections were performed in compliance with HUD’s housing quality standards. HUD regulations at 24 CFR 982.54(d) require the public housing authority’s administrative plan to sufficiently cover policies, procedural guidelines, and performance standards for conducting housing quality inspections. The Authority’s administrative plan sufficiently covered policies, procedural guidelines, and performance standards for conducting housing quality inspections. However, the Authority did not adequately use its quality control inspections to determine whether individual performance or specific housing quality standards training issues needed to be addressed.

The Authority’s administrative plan states that the purpose of quality control inspections is to determine that each inspector conducts accurate and complete inspections and to ensure that there is consistency among inspectors in the application of the housing quality standards. Also, HUD’s Housing Choice Voucher Guidebook 7420.10G states that the results of the quality control inspections should be provided as feedback on inspectors’ work, which can be used to determine whether individual performance or general housing quality standards training issues need to be addressed.

The Authority performed 103 quality control inspections from October 1, 2005, through September 31, 2007. The Authority’s quality control results differed significantly from its original inspection results. Of the 103 initially passed inspections, 53 passed and 50 failed. The results of the quality control inspections demonstrated problems with the Authority’s original housing quality standards inspections. The Authority stated that the results of the quality inspections were verbally communicated to the housing inspectors. However, we did not find sufficient evidence to show that the Authority used the results of the followup quality control inspections to identify training issues that needed to be addressed.

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 its program units complied with HUD’s housing quality standards. 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 \$39,839 in housing assistance payments to landlords and received \$3,485 in program administrative fees for the 32 units that materially failed to meet HUD's housing quality standards. If the Authority implements an effective quality control program and ensures that inspectors are equipped with the knowledge they need to perform inspections in a consistent manner and in compliance with HUD requirements, we estimate that more than \$1.9 million in future housing assistance payments will be spent for units that are decent, safe, and sanitary. Our methodology for this estimate is explained in the Scope and Methodology section of this report.

Recommendations

We recommend that the Director of HUD's Pennsylvania State Office of Public Housing require the Authority to

- 1A. Certify that the owners of the 60 program units cited in this finding have repaired the units containing housing quality standards violations.
- 1B. Reimburse HUD's program \$43,324 from nonfederal funds (\$39,839 for housing assistance payments and \$3,485 in associated administrative fees) for the 32 units that materially failed to meet HUD's housing quality standards.
- 1C. Ensure that its housing inspectors are equipped with the knowledge they need to perform inspections in compliance with HUD's housing quality standards and implement an effective quality control process to prevent \$1,908,312 in program funds from being spent on units that do not comply with the standards.

Finding 2: The Authority Did Not Abate Housing Assistance Payments as Required

The Authority did not appropriately abate housing assistance payments after its inspectors determined that program units did not meet housing quality standards. We reviewed the files for 25 program units that failed the Authority's housing quality standards inspections and determined that payments for 21 units were not abated and payments for four units were not abated correctly. This condition occurred because Authority personnel failed to follow the Authority's own policies regarding abatements. As a result, the Authority paid \$6,522 in ineligible housing assistance for units that were not decent, safe, and sanitary. The Authority also underpaid landlords \$1,520 in housing assistance for four units with improperly abated payments. We estimate that over the next year, HUD will pay more than \$26,000 in housing assistance for units for which the Authority should have abated the payments.

The Authority Did Not Appropriately Abate Payments for Failed Units

The Authority did not abate housing assistance payments as required. HUD regulations at 24 CFR 982.404(a) require public housing authorities to take prompt and vigorous action to enforce the owners' obligations and state that the authorities must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards unless the owner corrects the defect within the period specified by the authority and the authority has verified the correction. The timeframe for correction of life-threatening violations will be no more than 24 hours, and other violations will be corrected within no more than 30 calendar days. The Authority made ineligible housing assistance payments totaling \$6,522 because it paid owners for units that continued to have housing quality standards violations although the period for the owners to make the necessary repairs had expired. Using inspection data for the period November 1, 2007, through January 31, 2008, we determined that there were 54 housing units in which the owners did not repair the housing quality standards violations within the required 30-day timeframe. We selected 25 of the 54 units to determine whether the Authority properly abated the housing assistance payments. The Authority failed to abate payments for 21 units (84 percent) as required. The 21 units were in a failed status between 40 and 65 days.

Of the 25 housing units reviewed, the Authority abated the housing assistance payments for four units (16 percent). However, these payments were not abated correctly. The Authority's administrative plan states that housing assistance payments will resume effective the day the unit passes inspection. However, the Authority did not resume the payments until the beginning of the month after the

units came into compliance with housing quality standards and not the day the unit passed inspection. As a result, the Authority underpaid the landlords \$1,520 in housing assistance.

The Authority Overlooked Established Policies and Procedures

The Authority did not follow HUD requirements and its own policies and procedures when it failed to abate payments for 21 units and incorrectly abated payments for four units. The Authority's administrative plan clearly defines its policies for abating payments for units that fail to meet housing quality standards. Specifically, the plan states that if an owner fails to correct housing quality standards deficiencies by the specified date, the Authority will abate housing assistance payments no later than the first of the month following the specified correction period. Also, the plan states that the housing assistance for units with abated payments will resume effective the day the unit passes inspection. The Authority needs to enforce its policies and procedures to ensure that it appropriately abates housing assistance payments when necessary.

Conclusion

Contrary to HUD regulations and its own administrative plan, the Authority made assistance payments for units that had housing quality standards violations although the period for the owners to make the necessary repairs had expired. As a result, the Authority made ineligible housing assistance payments totaling \$6,522. Also, the Authority did not abate housing assistance in accordance with its own administrative plan. As a result, it underpaid its landlords \$1,520 in housing assistance.

If the Authority implements the recommendations in this report to ensure compliance with HUD regulations and its own administrative plan for enforcing housing quality standards, we estimate that over a one-year period, \$26,088 in housing assistance payments will be properly abated for units that are not in compliance with housing quality standards, and those funds can be spent on housing units that are decent, safe, and sanitary. Our methodology for this estimate is explained in the Scope and Methodology section of this report.

Recommendations

We recommend that the Director of HUD's Pennsylvania State Office of Public Housing require the Authority to

- 2A. Repay its program, \$6,522 from nonfederal funds for the housing assistance payments identified by the audit that were not abated as required.
- 2B. Pay \$1,520 from program funds to landlords whose housing assistance payments were not abated correctly.
- 2C. Enforce its established policies and procedures to ensure that its abatements comply with HUD requirements thereby putting \$26,088 in program funds to better use over a one-year period.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR Parts 982 and 985, and HUD's Housing Choice Voucher Guidebook 7420.10G.
- The Authority's accounting records, annual audited financial statements for 2005 and 2006, tenant files, computerized databases, policies and procedures, board meeting minutes, organizational chart, and program annual contributions contract.
- HUD's monitoring reports for the Authority.

We also interviewed the Authority's 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 61 of the Authority's program units to inspect from 612 unit inspections passed by the Authority's inspectors during the period November 1, 2007, to January 31, 2008. We selected the sample using the U.S. Army Audit Agency Statistical Sampling System software. The 61 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 32 of 61 units (52 percent) materially failed to meet HUD's housing quality standards. Materially failed units were those with at least one health and safety violation or exigent (24-hour) health and safety violation that predated the Authority's previous inspections. All units were ranked, and we used auditors' judgment to determine the material cutoff line.

Projecting our sample review results of the 32 units (52 percent) that materially failed housing quality standards inspections indicates that 322 (or 52.46 percent of the total population) of 612 units would materially fail to meet housing quality standards. The sampling error is plus or minus 9.98 percent. There is a 90 percent confidence that the frequency of occurrence of program units materially failing housing quality standards inspections lays between 42.48 and 62.44 percent of the population. This equates to an occurrence of between 259 and 382 units of the 612 units in the population. We used the most conservative number, which is the lower limit or 259 units.

We analyzed the applicable Authority databases and estimated that the average annual housing assistance payment per recipient in our sample universe was \$7,368. Using the lower limit of the

estimate of the number of units and the estimated average annual housing assistance payment, we estimate that the Authority will spend \$1,908,312 (259 units times \$7,368 estimated average annual housing assistance) annually for units that are in material noncompliance with HUD's housing quality standards.

Using the inspection data provided by the Authority for all inspections performed between November 1, 2007, and January 31, 2008, we determined that the Authority performed housing quality standards inspections on a total of 786 units. Using data mining software, we determined that 343 of the units failed the Authority's housing quality standards inspection at least once. The Authority should have abated housing assistance payments to owners of 54 of the 343 units because the owners did not make repairs within 30 calendar days as required. We selected the top 25 units with the greatest number of days between failed and passed inspection to review. Of the 25 units reviewed, the Authority failed to abate payments on 21 units (84 percent) as required and improperly abated payments on four units (16 percent). The units were in a failed status between 40 and 65 days after the original failed inspection. We calculated \$6,522 in ineligible payments by identifying the monthly housing assistance payments for each tenant that should have been abated by reviewing the Authority's housing assistance payment register. We determined the daily payment amounts by dividing the monthly payment by 30 (days in a month) and calculated the ineligible payment for each tenant by multiplying the number of days the payments should have been abated by the daily payment amounts. Since we reviewed units from a universe of inspections that occurred during a three-month period of activity, we multiplied \$6,522 by four to conservatively estimate that the Authority could put \$26,088 to better use over a period of a year by abating assistance payments as required.

Our estimates are 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 performed our on-site audit work from February through September 2008 at the Authority's Section 8 office located at 1855 Constitution Avenue, Woodlyn, Pennsylvania. The audit covered the period October 2005 through January 2008 but was expanded when necessary to include other periods.

We performed our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is 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.

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

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

- The Authority lacked sufficient procedures and controls to ensure that unit inspections complied with HUD regulations, that program units met minimum housing quality standards, and that assistance payments were abated 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	\$43,324	
1C		\$1,908,312
2A	\$6,522	
2B		\$1,520
2C		\$26,088
Total	\$49,846	\$1,935,920

- 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 use \$1,520 in Section 8 funds to serve its purpose of assisting eligible families, and will cease to incur program costs for units that are not decent, safe, and sanitary and, instead, will expend those funds for units that meet HUD's standards, thereby putting approximately \$1.9 million in program funds to better use. Once the Authority successfully implements our recommendation, 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

DELAWARE COUNTY HOUSING AUTHORITY

1855 CONSTITUTION AVENUE, P.O. BOX 100, WOODLYN, PA 19094-0100
610-876-2521 FAX # 610-490-6246 TDD # 610-876-3341



November 7, 2008

John P. Buck
Regional Inspector General for Audit
Philadelphia Regional Office, 3AGA
U. S. Department of Housing and Urban Development
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3380

RE: OIG Audit Report
Discussion Draft

Dear Mr. Buck:

We received and have reviewed the discussion Draft of the captioned report received via e-mail on October 22, 2008 and we have reviewed the findings with you at an exit conference on October 30, 2008.

Prior to the exit conference a listing of the detailed HQS violations was provided to DCHA by your office. DCHA provided detailed comments dated October 16, 2008 for all violations. We also received Mr. Gagon's email response to our comments dated November 3, 2008. The draft report reflects changes as a result of the DCHA comments to the detailed violations.

MEMBERS

ANTHONY J. GROSSO, CHM.
PAUL G. MATTUS
JAMES J. MARKS
FRANCIS J. BERNHARDT, JR.

EXECUTIVE DIRECTOR AND SECRETARY

LAWRENCE E. HARTLEY, P.H.M.

SOLICITOR

STEPHEN J. POLAHA, ESQ.

DELAWARE COUNTY, AN EQUAL OPPORTUNITY HOUSING AUTHORITY

DCHA offers the following additional comments on the discussion draft report.

Comment 1

1. Highlight section under "What we found". The implication of this section is that DCHA observed health and safety violations but did not report them. We believe that more accurate language would be that DCHA Inspectors either did not observe or did not report health and safety violations. DCHA Inspectors would not fail to report health and safety violations if observed. However, it is possible that DCHA Inspectors did not observe a health and safety violation either because it did not exist at the time of our original inspection or because of human error it was missed.
2. **Finding 1: Controls over HOS were inadequate.**

Comment 2

While DCHA does not refute the observations of the OIG Inspectors we continue to believe that the more time that elapses between an initial inspection and the OIG inspection the more likely it is for tenant damage or abuse to have occurred.

Comment 3

On page 12 under the heading - **The Authority's inspectors did not have sufficient knowledge of Housing Quality Standards**, it states "the Authority did not ensure its three Housing Inspectors were adequately trained . . ." This statement is not supported by the facts. All DCHA Inspectors were trained and credentialed by HUD recognized contractors and documentation of this was provided to OIG. DCHA also provides continuing education to Inspectors through regular periodic meetings with them to review common errors and issues that are observed as a result of Quality Control Inspections and problem areas brought to our attention by the Inspectors themselves. Although no documentation of these meetings was available DCHA is amending its practices to document areas of discussion at these meetings.

DCHA has no comments on Finding 2.

Comment 4

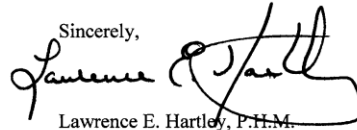
On August 19, 2008 DCHA conducted an HQS Training Session for Housing Choice Voucher Program owners and landlords. Approximately 65 owners registered for this training. The program consisted of a one hour video on Housing Quality Standards for owners professionally produced by Nan McKay and Associates, a review of the common problems discovered by the OIG Inspector and a question and answer session. The session lasted approximately three hours and was very well received by its audience. DCHA anticipates offering this training periodically to continually educate owners on HQS requirements.

Page Three
Mr. Buck
November 7, 2008

Comment 5

DCHA is a SEMAP High Performer and as one of the region's most reviewed PHA's looks upon this and all of its third party reviews as an opportunity to perfect our programs.

Sincerely,



Lawrence E. Hartley, P.H.M.
Executive Director

LEH/jes

Cc: Patricia R. Newell
Laura D. Blackburn
Maureen C. Donegan
Pamela R. Haines
Chad Gagon

OIG Evaluation of Auditee Comments

- Comment 1** We have modified this section of the report to state that the inspectors did not observe and/or report health and safety violations.
- Comment 2** We agree that many of the violations between the date of the Authority's latest inspection and our inspection could be caused by tenant abuse. In fact, of the 640 violations noted during our inspection we only considered 337 of the violations to have pre-dated the Authority's last inspection. We used our professional knowledge and tenant interviews in determining whether a housing quality standards violation existed prior to the last passed inspection conducted by the Authority. 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 preexisting conditions on the inspection report and took pictures of the violations as needed.
- Comment 3** We acknowledge that the Authority provided training to its inspection staff. However, the inspectors were not equipped with the knowledge that they needed to perform inspections in compliance with HUD's housing quality standards requirements. For example, three of the Authority's inspectors were unaware of the need to test electrical outlets for proper wiring and grounding. They made sure the outlet had electrical current running to it, but did not check to ensure it was wired or grounded properly. We have revised the language in the report to more clearly reflect the causes of the deficiencies noted.
- Comment 4** We are encouraged that the Authority has already taken steps to improve its housing quality standards training program by holding housing quality standards training for its owners and landlords.
- Comment 5** The Authority was very cooperative and professional throughout the audit engagement. We commend the Authority for creating a favorable environment for conducting the audit which allowed us to complete our audit work in a timely manner. We are encouraged that the Authority looks to use the results of this audit to better its programs.