



Issue Date
September 28, 2009

Audit Report Number
2009-CH-1016

TO: Steven E. Meiss, Director of Public Housing Hub, 5APH

FROM:  Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The DuPage Housing Authority, Wheaton, Illinois, Needs to Improve Its Controls over Housing Assistance and Utility Allowance Payments

HIGHLIGHTS

What We Audited and Why

We audited the DuPage Housing Authority's (Authority) Section 8 Project-Based Voucher program (program). The audit was part of the activities in our fiscal year 2009 annual audit plan. We selected the Authority based on our internal audit survey of the U.S. Department of Housing and Urban Development's (HUD) oversight of the program and our analysis of risk factors relating to the housing authorities in Region V's jurisdiction. Our objective was to determine whether the Authority effectively administered its program in accordance with the HUD requirements and its administrative plan. This is the first of two audit reports on the Authority's program.

What We Found

The Authority's program administration regarding documentation of households' eligibility and housing assistance and utility allowance payment calculations was inadequate. The Authority did not ensure that its household files contained the required documentation to support households' admission to and continued assistance on the program. All of the 41 files statistically selected for review were missing support documentation required by HUD and the Authority's

administrative plan to support more than \$400,000 in housing assistance and utility allowance payments and associated administrative fees.

In addition, the Authority did not effectively manage its housing assistance calculation and payment process in accordance with HUD requirements and its administrative plan, resulting in more than \$4,000 in overpayments, and nearly \$2,000 in underpayments for the period July 1, 2007, through March 31, 2009. Further, the Authority improperly received more than \$6,000 in administrative fees for the households with incorrect housing assistance payments. Based on our statistical sample, we estimate that over the next year, the Authority will overpay nearly \$6,000 and underpay nearly \$1,000 in housing assistance and utility allowances due to calculation errors.

What We Recommend

We recommend that the Director of HUD's Chicago Office of Public Housing require the Authority to reimburse its program from nonfederal funds for the improper use of more than \$10,000 in program funds, provide documentation or reimburse its program more than \$400,000, and implement adequate procedures and controls to address the finding cited in this audit report. These procedures and controls should help to ensure that more than \$8,000 in program funds is spent on program administration that meets HUD's requirements over the next year.

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 review results and supporting schedules to the Director of HUD's Chicago Office of Public Housing and the Authority's executive director during the audit. We also provided our discussion draft audit report to the Authority's executive director, its board chairman, and HUD's staff during the audit. We held an exit conference with the Authority's executive director on September 22, 2009.

We asked the Authority's executive director to provide comments on our discussion draft audit report by September 25, 2009. The Authority's executive director provided written comments, dated September 23, 2009. The executive director agreed with our finding and recommendations. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

TABLE OF CONTENTS

| | |
|---|----|
| Background and Objective | 4 |
| Results of Audit | |
| Finding: Controls over Housing Assistance and Utility Allowance Payments Were Inadequate | 5 |
| Scope and Methodology | 9 |
| Internal Controls | 11 |
| Appendixes | |
| A. Schedule of Questioned Costs and Funds to Be Put to Better Use | 13 |
| B. Auditee Comments and OIG's Evaluation | 14 |
| C. Federal Requirements and the Authority's Program Administrative Plan | 17 |

BACKGROUND AND OBJECTIVE

The DuPage Housing Authority (Authority) was established by the State Housing Board of Illinois in September 1942 under the laws of the State of Illinois to provide decent, safe, and sanitary housing. The Authority is governed by a seven-member board of commissioners (board) appointed by the chairman of the DuPage County Board, to five-year staggered terms. The board's responsibilities include overseeing the administration of the Authority and approving policies. The board appoints the Authority's president. The president is responsible for ensuring that policies are followed and providing oversight of the Authority's programs.

The Authority administers a Section 8 Housing Choice Voucher program funded by the U.S. Department of Housing and Urban Development (HUD). It provides assistance to low- and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of March 31, 2009, the Authority had 2,572 units under contract with annual housing assistance payments totaling more than \$23.2 million in program funds.

On January 1, 2005, the Authority executed its first Section 8 Project-Based Voucher program (program) housing assistance payments contract. The Authority may use up to 20 percent of its Section 8 Housing Choice Voucher program funding for newly constructed, existing, or rehabilitated program units. Households must live in the program units for a minimum of one year. After the initial year, the households may join the Housing Choice Voucher program, provided there is a voucher available. The Authority made housing assistance and utility allowance payments, totaling more than \$2 million, for 203 program households between July 1, 2007, and March 31, 2009.

Our objective was to determine whether the Authority effectively administered its program in accordance with HUD's requirements to include determining whether the Authority (1) maintained adequate documentation to support program household eligibility and (2) accurately calculated housing assistance and utility allowance payments.

RESULTS OF AUDIT

Finding: Controls over Housing Assistance and Utility Allowance Payments Were Inadequate

The Authority did not comply with HUD's requirements and its program administrative plan regarding housing assistance and utility allowance payments. It failed to maintain documentation to support households' admission to and continued assistance on the program and accurately calculate housing assistance payments. This condition occurred because the Authority lacked controls to ensure that HUD's requirements and its program administrative plan were appropriately followed. As a result, the Authority was unable to support more than \$400,000 in housing assistance and utility allowance payments and overpaid more than \$4,000 and underpaid nearly \$2,000 in housing assistance and utility allowance payments. Based on our statistical sample, we estimate that over the next year, the Authority will overpay nearly \$6,000 and underpay nearly \$1,000 in housing assistance.

The Authority Lacked Documentation to Support Housing Assistance and Utility Allowance Payments

We statistically selected 41 household files from a universe of 203 households receiving housing assistance between July 1, 2007, and March 31, 2009. The 41 files were reviewed to determine whether the Authority had documentation for and correctly calculated households' housing assistance and utility allowance payments for the period July 2007 through March 2009. Our review was limited to the information maintained by the Authority in its household files.

The Authority lacked documentation to support housing assistance and utility allowance payments totaling \$383,900 for the period July 2007 through March 2009. The documentation was required by HUD's regulations and the Authority's program administrative plan. The 41 files were missing the following support documentation:

- 41 were missing evidence that criminal background checks were completed for 43 household members;
- 35 were missing evidence that rent reasonableness determinations were completed for the units;
- 14 were missing original housing applications;
- Three were missing copies of Social Security numbers;
- Three were missing HUD Form-9886, Authorization for Release of Information and Privacy Act Notice; and

- Two were missing executed leases.

The Authority obtained new or original documentation after we notified it of the missing or incomplete documents during the audit. As a result, recommendation 1A was reduced to \$10,821 (\$9,386 in housing assistance and utility allowance payments plus \$1,435 in associated administrative fees). These questioned costs reflect only the remaining missing documentation.

The Authority Miscalculated Housing Assistance and Utility Allowance Payments

The Authority's miscalculations and failure to comply with program requirements resulted in housing assistance and utility allowance overpayments of \$4,346 and underpayments of \$1,753. Of the 41 files reviewed, the Authority incorrectly calculated housing assistance and/or utility allowance payments for 27 households in one or more of the certifications reviewed. The incorrectly calculated housing assistance was due to the following errors:

- 22 had incorrect medical expenses for one or more certifications,
- 10 had incorrect assets for one or more certifications, and
- Five had incorrect annual income for one or more certifications.

In addition, the Authority did not consistently use section 11, Project Based Certificates and Vouchers, of HUD's Form-50058 to calculate housing assistance and utility allowances. Section 11 is used to identify the households as program participants in HUD's Public and Indian Housing Information Center system and prevents program households from paying more than 30 percent of their adjusted monthly income toward rent. Of the 41 files reviewed, the Authority incorrectly completed the Form-50058 for 14 households, which resulted in underpaid housing assistance for one household.

The Authority Lacked Controls over Its Housing Assistance Calculations Process

The missing documentation and incorrect housing assistance calculations occurred because the Authority had no controls to ensure that it appropriately followed HUD's regulations and its program administrative plan.

The Authority's program administrative plan and other applicable policies and procedures were adequate if followed. However, the Authority did not always follow its policies and procedures regarding the maintenance of eligibility documentation and the calculation of assets, income, and medical expenses. In

addition, the Authority had no quality control procedures in place to identify inconsistencies. The Authority's program administrative plan states that the Authority will review a random sample of tenant records annually to determine whether the records conform to program requirements. However, the Authority's program manager said that the program files were not included in the quality control review process. She said that she kept the program files separate from the tenant-based files because she was unaware of the program requirements. Quality control reviews are an important step in ensuring that the Authority's files contain the required eligibility documentation and that housing assistance and utility allowances are accurate.

Conclusion

The Authority improperly used its program funds when it failed to comply with HUD's requirements and its program administrative plan. It disbursed \$383,900 in housing assistance and utility allowance payments without supporting documentation. In addition, it overpaid \$4,346 and underpaid \$1,753 in housing assistance and utility allowances for a net overpayment of \$2,593.

In accordance with 24 CFR [*Code of Federal Regulations*] 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 under the program. The Authority received \$42,377 in program administrative fees related to the unsupported payments for the 41 households and \$6,223 in program administrative fees for the 27 households with incorrect housing assistance and utility allowance payments.

HUD lacked assurance that the Authority used its program funds efficiently and effectively. If the Authority does not correct its certification process, we estimate that it could overpay \$5,888 and underpay \$785 in housing assistance and utility allowances over the next year. Our methodology for this estimate is explained in the Scope and Methodology section of this audit report. The Authority could put these funds to better use if proper procedures and controls are put into place to ensure the accuracy of housing assistance and utility allowance payments.

Recommendations

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

- 1A. Provide support documentation or reimburse its program \$426,277 (\$383,900 in housing assistance and utility allowance payments plus \$42,377 in associated administrative fees) from nonfederal funds for the unsupported payments and associated administrative fees cited in this finding, of which

\$10,821 (\$9,386 in housing assistance and utility allowance payments plus \$1,435 in associated administrative fees) remains to be supported or should be reimbursed.

- 1B. Reimburse its program \$10,569 (\$4,346 in housing assistance and utility allowance payments plus \$6,223 in associated administrative fees) from nonfederal funds for the overpayment of housing assistance and utility allowances cited in this finding.
- 1C. Reimburse the appropriate households \$1,753 from program funds for the underpayment of housing assistance cited in this finding.
- 1D. Implement adequate procedures and controls to ensure that all required file documentation is complete, accurate, and maintained in its household files to support the eligibility and calculation of housing assistance and utility allowance payments in accordance with its administrative plan.
- 1E. Implement adequate quality controls, to include file reviews, to ensure that it properly calculates housing assistance and utility allowance payments in accordance with its administrative plan. By implementing adequate controls, the Authority should help to ensure that \$6,673 (\$5,888 plus \$785) in program funds is appropriately used for future payments.
- 1F. Ensure that staff members responsible for performing household certifications are knowledgeable of the appropriate procedures to use when completing the Form-50058 to ensure that program participants are correctly reported to HUD and households are not paying more than 30 percent of their adjusted monthly income toward rent.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws; regulations; the Authority's program administrative plan; HUD's program requirements at 24 CFR Parts 5, 982, and 983; and HUD's Housing Choice Voucher Guidebook 7420.10.
- The Authority's accounting records, annual audited financial statements for 2007 and 2008, bank statements, household files, policies and procedures, board meeting minutes for July 2007 through March 2009, organization chart, and program annual contributions contract with HUD.
- HUD's files for the Authority.

We also interviewed the Authority's employees and board chairman, HUD staff, and program households.

Using data mining software, we statistically selected 41 from the 203 households receiving housing assistance payments between July 1, 2007, and March 31, 2009. The 41 files were reviewed to determine whether the Authority had documentation and correctly calculated households' housing assistance and utility allowance payments for the period July 2007 through March 2009. Our sampling criteria used a 90 percent confidence level and precision of plus or minus 10 percent.

Our sampling results determined that the housing assistance and/or utility allowance payments were miscalculated for 27 households in one or more of the certifications reviewed. Of these 27 household files with calculation errors, 18 resulted in overpaid housing assistance and utility allowances, and the remaining nine resulted in underpaid housing assistance and utility allowances.

Based on our sample review results, using difference estimation methodology, we are 95 percent confident that the amount of overpaid housing assistance and utility allowances due to calculation errors over the next year will be at least \$5,888. This amount was determined by limiting the estimated difference lower limit of overpaid housing assistance to one year. We divided the estimated difference lower limit of \$10,304 by 21 months and then multiplied by 12 months. In addition, we are 95 percent confident that the amount of underpaid housing assistance and utility allowances due to calculation errors over the next year will be at least \$785. This amount was determined by limiting the estimated difference upper limit of underpaid housing assistance to one year. We divided the estimated difference lower limit of \$1,373 by 21 months and then multiplied by 12 months.

To prevent double counting, we subtracted the overpaid housing assistance and improper administrative fees associated with the review of the housing assistance calculation and payment process from the unsupported housing assistance and improper administrative fees associated with the households missing the required support documentation.

We performed our on-site audit work between April and August 2009 at the Authority's offices located at 711 East Roosevelt Road, Wheaton, Illinois. The audit covered the period July 1, 2007, through March 31, 2009, but was expanded as determined necessary.

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

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

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

Relevant Internal Controls

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

- 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 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 that the following items are significant weaknesses:

- Adequate controls to ensure compliance with HUD's requirements and the Authority's program administrative plan regarding the maintenance of documentation to support household eligibility and the calculation of housing assistance and utility allowance payments (see finding).
- Quality control review process and procedures for documenting support for program households' eligibility and the calculation of housing assistance payments (see finding).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

| Recommendation number | Ineligible 1/ | Unsupported 2/ | Funds to be put to better use 3/ |
|--------------------------|-----------------|-------------------|-------------------------------------|
| 1A | | <u>\$426,277</u> | |
| 1B | <u>\$10,569</u> | | |
| 1C | | | \$1,753 |
| 1E | | | <u>6,673</u> |
| Totals | <u>\$10,569</u> | <u>\$426,277</u> | <u>\$8,426</u> |

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/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In these instances, if the Authority implements our recommendations, it will cease to incur program costs for the overpayment and/or underpayment of housing assistance and, instead, will expend those funds in accordance with HUD's requirements and/or the Authority's program administrative plan. 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



DuPage Housing Authority
711 E. Roosevelt Rd. Wheaton, IL 60187
630-690-3555 Fax 630-690-0702

September 23, 2009

U.S. Department of Housing and Urban Development
Office of Inspector General for Audit, Region V
ATTENTION: Nikita Irons, Assistant Regional Inspector General for Audit
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard, Suite 2646
Chicago, Illinois 60604

**RE: THE DUPAGE HOUSING AUTHORITY'S RESPONSES TO
RECOMMENDATIONS WITHIN HUD'S OFFICE OF INSPECTOR GENERAL FOR
AUDIT'S EXIT CONFERENCE**

Dear Ms. Irons,

Comment 1

1A. The DHA has provided all supporting documentation regarding the HUD OIG's Senior Auditor's findings of unsupported payments with exception to the social security card of household number 23. We have requested this information from household number 23 and hope to receive it shortly. The DHA was informed via telephone by HUD OIG's Senior Auditor on 9/23/2009 that the supporting documentation provided by the DHA lowered the figure of \$50,585.00 to \$10,821.00. It is the DHA's understanding that after the receipt of household 23's social security card the \$10,821.00 figure would be reduced to zero.

1B. The DHA will reimburse the amount of \$10,569.00 from nonfederal funds for the overpayment of housing assistance and utility allowances cited in this recommendation.

1C. The DHA will reimburse all affected household's their share of a total sum of \$1,753.00 for the underpayment of housing assistance cited in this recommendation.

1D. The DHA agrees with this recommendation. The DHA has begun, and will continue to, implement adequate procedures and controls to ensure the required file documentation needed to establish eligibility is complete, accurate, and maintained in files. The DHA has already made a serious effort to provide missing documentation necessary to prove eligibility to HUD OIG's Senior Auditor by providing criminal background reports and rent reasonableness certifications as well as any other missing information needed to establish eligibility. This effort was done while the HUD OIG's Senior Auditor was on site at the DHA. The DHA has revised its Client Status Form to include a method to document that criminal background checks have been conducted and whether or not the findings within the criminal background checks affect eligibility.

The DHA has begun, and will continue to, implement adequate procedures and controls to ensure the correct calculation of Housing Assistance Payments (HAPs). The DHA has begun, and will continue to, improve the way it calculates medical allowances for eligible households within its



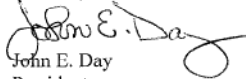
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Section 8 Project-Based Voucher Program. Specifically, the DHA has improved staff awareness and skills by providing staff training regarding how to calculate medical allowances pertaining to tenant out of pocket medical costs. DHA staff is now informed that we are to use only anticipated and reoccurring out of pocket medical costs that will coincide with the term of assisted tenancy in accordance with 24 CFR 5.603. The importance of documenting the file regarding how the medical allowances were determined has also been stressed to DHA staff. In addition to staff training regarding the gathering of information, calculation and documentation of medical allowances, the DHA has implemented a procedure to ensure correct calculation of HAPs by having one staff member calculate the file, and a second staff member double check the calculations and all other factors related to the correct calculation of HAPs before the file is finalized and the 50058 is submitted. Lastly, the importance of correctly determining gross income, asset value, imputed asset income and correctly entering data in our computer software has been stressed to DHA staff.

1E. The DHA agrees with this recommendation. The DHA will ensure it calculates HAPs correctly by having its Quality Control Specialist perform an internal review of files to ensure the determination of gross income, adjusted income, calculation of utility allowances and application of payment standards are done in accordance with HUD regulations and our Administrative Policy. The number of files selected for the internal review will be in accordance with the guidelines set forth in 24 CFR Part 985.

1F. The DHA agrees with this recommendation. The DHA has already made certain that Section 11 on the 50058 will be used for all tenants within its Section 8 Project-Based Voucher Program. Using Section 11 on the 50058 versus Section 12 will ensure that households will not pay more than 30 percent of their adjusted, monthly income towards housing costs. All households under the Section 8 Project-Based Voucher Program are identified as a "Project based Certificate Program Unit" within the Unit Screen of our current software which will ensure Section 11 is used on the 50058.

Sincerely,


John E. Day
President

Cc: A. Donner, DHA Chairman
J. Howlett, DHA Council
S. Meiss, Director of Illinois Office of PIH

OIG Evaluation of Auditee Comments

Comment 1 We adjusted recommendation 1A based upon additional documentation provided by the Authority.

Appendix C

FEDERAL REQUIREMENTS AND THE AUTHORITY'S PROGRAM ADMINISTRATIVE PLAN

HUD's regulations at 24 CFR 5.216(a) state that each assistance applicant must submit the complete and accurate Social Security number assigned to the applicant and to each member of the household who is at least six years of age. The documentation necessary to verify the Social Security number of an individual is a valid Social Security number card issued by the Social Security Administration or such other evidence of the Social Security number as HUD and, when applicable, the public housing authority may prescribe in administrative instructions.

HUD's regulations at 24 CFR 5.508 require evidence of citizenship or eligible immigration status for each household member regardless of age. For U.S. citizens or U.S. nationals, the evidence consists of a signed declaration of U.S. citizenship or U.S. nationality.

HUD's regulations at 24 CFR 5.603(b) state that medical expenses, including medical insurance premiums, are anticipated expenses during the period for which annual income is computed and that are not covered by insurance.

HUD's regulations at 24 CFR 5.609(b)(3) state that when the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

HUD's regulations at 24 CFR 982.54 require the public housing authority to adopt a written administrative plan that establishes local policies for the administration of the program in accordance with HUD requirements. The administrative plan states the authority's policy on matters for which the authority has discretion to establish local policies. (c) The public housing authority must administer the program in accordance with the authority's administrative plan.

HUD's regulations at 24 CFR 982.152(d) state that HUD may reduce or offset any administrative fee to the authority, in the amount determined by HUD, if the authority fails to perform authority administrative responsibilities correctly or adequately under the program.

HUD's regulations at 24 CFR 982.153 state that the public housing authority must comply with the consolidated annual contributions contract, the application, HUD regulations and other requirements, and the authority's program administrative plan.

HUD's regulations at 24 CFR 982.158(e) state that during the term of each assisted lease and for at least three years thereafter, the public housing authority must keep (1) A copy of the executed lease, (2) the housing assistance payments contract, and (3) the application from the family.

HUD's regulations at 24 CFR 982.158(f) state that the public housing authority must keep the following records for at least three years: (1) records that provided income, racial, ethnic,

gender, and disability status data on program applicants and participants; (2) an application from each ineligible family and notice that the applicant is not eligible; (3) HUD-required reports; (4) unit inspection reports; (5) lead-based paint records; (6) accounts and other records supporting public housing authority budget and financial statements for the program; (7) records to document the basis for public housing authority determination that rent to owner is a reasonable rent; and (8) other records specified by HUD.

HUD's regulations at 24 CFR 982.516(a)(1) state that the public housing authority must conduct a reexamination of family income and composition at least annually. (2) The authority must obtain and document in the tenant file third-party verification of the following factors or must document in the tenant file why third-party verification was not available: (i) reported family annual income, (ii) the value of assets, (iii) expenses related to deductions from annual income, and (iv) other factors that affect the determination of adjusted income. (b)(1) At any time, the public housing authority may conduct an interim reexamination of family income and composition.

HUD's regulations at 24 CFR 982.516(f) state that the public housing authority must establish procedures that are appropriate and necessary to ensure that income data provided by applicant or participant families are complete and accurate.

HUD's regulations at 24 CFR 982.158(a) state that the public housing authority must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements in a manner that permits a speedy and effective audit. (e) During the term of each assisted lease and for at least three years thereafter, the authority must keep (1) a copy of the executed lease, (2) the housing assistance payments contract, and (3) the application from the family.

HUD's regulations at 24 CFR 982.553(a)(2)(i) state that the public housing authority must establish standards that prohibit admission to the program if any member of the household is subject to a lifetime registration requirement under a state sex offender registration program. In this screening of applicants, the public housing authority must perform criminal history background checks necessary to determine whether any household member is subject to a lifetime sex offender registration requirement in the state where the housing is located and in other states where the household members are known to have resided.

HUD's regulations at 24 CFR 982.553(a)(2)(ii) state that the public housing authority may prohibit admission of a household to the program if the public housing authority determines that any household member is currently engaged in or has engaged in during a reasonable time before the admission (1) drug-related criminal activity; (2) violent criminal activity; (3) other criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or (4) other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the public housing authority.

HUD's regulations at 24 CFR 983.303(d)(1) state that for each unit, the public housing authority comparability analysis must use at least three comparable units in the private unassisted market, which may include comparable unassisted units in the premises or project. (2) The public housing authority must retain a comparability analysis that shows how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units.

HUD's Housing Choice Voucher Guidebook 7420.10G, section 5.5, states that medical expenses are expenses anticipated to be incurred during the 12 months following certification or reexamination, which are not covered by an outside source such as insurance. The medical allowance is not intended to give a family an allowance equal to last year's expenses but to anticipate regular ongoing and anticipated expenses during the coming year.

Chapter 2, section F, of the Authority's administrative plan states that the public housing authority will check criminal history for all adults in the household to determine whether any member of the family has violated any of the prohibited behaviors as referenced in the section on screening and terminations policy.

Chapter 7, section A, of the Authority's program administrative plan states that for applicants, verifications may not be more than 60 days old at the time of voucher issuance. For participants, they are valid for 120 days from the date of receipt.

Chapter 7, section H, of the Authority's program administrative plan states that all expense claims will be verified by one or more of the following methods: receipts or other record of medical expense incurred during the past 12 months that can be used to anticipate future medical expenses. The public housing authority may use this approach for "general medical expenses" such as nonprescription drugs and regular visits to doctors or dentists but not for one-time, nonrecurring expenses from the previous year.

Chapter 15, section B, of the Authority's administrative plan states that the public housing authority will ensure that any criminal record received is maintained confidentially, not misused or improperly disseminated, and destroyed once the purpose for which it was requested is accomplished. Misuse of the above information by any employee may be grounds for termination of employment. If the family is determined eligible for initial or continued assistance, the criminal report shall be shredded as soon as the information is no longer needed for eligibility or continued assistance determination. If the family's assistance is denied or terminated, the criminal record information shall be shredded immediately upon completion of the review or hearing procedures and after a final decision has been made. The public housing authority will document in the family's file the circumstances of the criminal report and the date the report was destroyed.