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TO: Donald J. Lavoy, Deputy Assistant Secretary for Field Operations, PQ

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

SUBJECT: HUD Can Improve Its Oversight of Public Housing Agencies' Section 8 Project-Based Voucher Programs

HIGHLIGHTS

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) oversight of public housing agencies' Section 8 Project-Based Voucher programs (program). The audit was part of the activities in our fiscal year 2010 annual audit plan and our strategic plan to help HUD resolve its major management challenges. Our objective was to determine whether HUD had adequate oversight of public housing agencies' programs to ensure that program funds were used in accordance with HUD's requirements.

What We Found

HUD's Office of Public and Indian Housing lacked complete and accurate information to adequately monitor its program.

HUD's Office of Public and Indian Housing also did not adequately monitor the addition of new projects to its program. It did not implement adequate procedures and controls to ensure that its program was operated according to its and the public housing agencies' requirements.

We informed HUD's Deputy Assistant Secretary for Field Operations of a minor deficiency through a memorandum, dated November 16, 2010.

What We Recommend

We recommend that HUD's Deputy Assistant Secretary for Field Operations provide additional guidance to public housing agencies to ensure accurate reporting by agencies of their information in HUD's Public and Indian Housing Information Center, the Voucher Management System, and the agencies' plans. The reporting requirements should include requiring agencies to certify to the accuracy of their information reported to HUD. In addition, the Deputy Assistant Secretary should (1) issue specific guidance to its field offices so they can ensure that the program's reporting requirements are adequately monitored and (2) implement adequate monitoring procedures and controls for the oversight of its program to ensure that public housing agencies select and adequately document only eligible projects and use program funds in accordance with program requirements.

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, supporting schedules, and discussion draft audit report to HUD's Deputy Assistant Secretary for Field Operations during the audit. We held an exit conference with the Deputy Assistant Secretary on November 2, 2010.

We asked the Deputy Assistant Secretary for Field Operations to provide comments on our discussion draft audit report by November 15, 2010. As of 5:00 p.m. Eastern time on November 16, 2010, the Deputy Assistant Secretary for Field Operations had not provided any written comments to our discussion draft audit report.

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BACKGROUND AND OBJECTIVE

The Section 8 Project-Based Voucher program (program) was initially enacted in 1998 as part of the statutory merger of the certificate and voucher tenant-based assistance programs.

Project-based assistance is rental assistance for eligible families who live in specific housing developments or units. A public housing agency has the option to use a portion (up to 20 percent) of its available tenant-based voucher funds for project-based rental assistance. There are no appropriations for this program, and the U.S. Department of Housing and Urban Development (HUD) does not allocate funding for project-based voucher assistance. Instead, funding for project-based vouchers comes from funds already obligated by HUD to a public housing agency under its annual contributions contract. The public housing agency pays the owner the difference between 30 percent of family income and the gross rent for the unit. Under the tenant-based Housing Choice Voucher program, the public housing agency issues an eligible family a voucher, and the family selects a unit of its choice. If the family moves out of the unit, the contract with the owner ends, and the family can move with continued assistance to another unit.

Under the Project-Based Voucher program, a public housing agency enters into an assistance contract with the owner for specific units and for a specified term. The public housing agency refers families from its waiting list to the project owner to fill vacancies. Because the assistance is tied to the unit, a family that moves from the project-based unit does not have a right to continued housing assistance. However, after 12 months of continued assistance, the family is eligible for a tenant-based voucher when one becomes available. The public housing agency and the owner execute a housing assistance payments contract or an agreement to enter into a housing assistance payments contract.

The public housing agency and the owner execute a housing assistance payments contract for a 15-year term that is dependent on available funding under the public housing agency's annual contributions contract with HUD. The housing assistance payments contract establishes the initial rents for the units and the contract term and describes the responsibilities of the public housing agency and the owner. Housing assistance payments contracts can be renewed subject to available funding. The public housing agency must adopt a written policy for selection of units to which assistance will be attached and must publicly advertise that it will accept owner proposals for the program.

In 2000, Congress substantially revised the program. Specifically, Section 232 of the 2001 Appropriations Act (Act) revised the provisions of the United States Housing Act of 1937 that govern the authority of a public housing agency to designate a portion of its available tenant-based voucher funds for project-based assistance. Consistent with legislative intent, it was also HUD's objective to make the program more flexible and workable and to help public housing agencies, project owners, and eligible families in need of housing take immediate advantage of the new statutory features.

HUD issued a Federal Register notice on January 16, 2001, which provided guidance on the changes and requirements of the Act for eligible families, public housing agencies, project

owners, and other interested members of the public. It included guidance stating that public housing agencies could also use project-based assistance in existing units. Previously, project-based assistance was only to be used in rehabilitated or newly constructed units.

HUD issued its final rule for the program, effective November 14, 2005, which replaced the project-based certificate regulations with the comprehensive new Project-Based Voucher program. The rule was based on the statutory authorities enacted in 1998 and 2000. The final rule implemented the program.

On November 24, 2008, HUD issued a notice that provided information about the applicability to HUD's public housing and Section 8 tenant-based voucher and Project-Based Voucher programs of certain provisions of the Housing and Economic Recovery Act of 2008. This notice (1) provided an overview of key provisions that affected HUD's public housing programs, (2) identified those provisions that were self-implementing and required no action on the part of HUD for participants to commence taking action to be in compliance and those provisions that required implementing regulations on the part of HUD, and (3) advised of efforts underway within HUD to further facilitate compliance with the new law, including rules and guidance that may be necessary or appropriate.

Our objective was to determine whether HUD had adequate oversight of public housing agencies' programs to ensure that program funds were used in accordance with HUD's requirements.

RESULTS OF AUDIT

Finding 1: HUD Did Not Have Complete Program Information Needed To Adequately Monitor Its Program

HUD's Office of Public and Indian Housing did not have complete and accurate information about its program because public housing agencies did not comply with HUD's requirements and their respective program administrative plans when reporting information regarding program participation. Incomplete and inaccurate information was transmitted because HUD did not provide specific guidance to field offices regarding how to monitor the program and to public housing agencies regarding how to report their participation in the program. As a result, HUD missed an opportunity to obtain the information necessary to fully monitor up to 20 percent of its Housing Choice Voucher program funding which could be as much as \$3.27 billion, but currently stands at more than \$385 million, or nearly 2.4 percent, based on current participation as reported by agencies' responses to our survey.

Public Housing Agencies Did Not Report Complete and Accurate Program Information

HUD's Office of Public and Indian Housing lacked adequate monitoring requirements to ensure that public housing agencies reported complete and accurate information in HUD's Public and Indian Housing Information Center (PIC) and Voucher Management System and their agency plans. HUD relies on agencies to submit accurate, complete, and timely data in its systems to administer, monitor, and report on the management of its Housing Choice Voucher program.

We obtained a key management indicators report from PIC to determine the total number of program vouchers reported by public housing agencies. The agencies reported 32,404 program vouchers and 3,465 Section 8 project-based certificates for a nationwide total of 35,869 program vouchers and certificates.

We reviewed the Voucher Management System submissions as of May 31, 2010, to determine whether agencies reported their use of program vouchers and/or certificates in the section called "the number of vouchers covered by Project-Based Agreements to enter into Housing Assistance Payments Contracts and Housing Assistance Payments Contracts." According to the Voucher Management System, 242 public housing agencies reported 33,330 program vouchers and/or certificates.

We reviewed the public housing agency plans (plan) for the 2,480 public housing agencies that participated in the Section 8 Housing Choice Voucher program to

determine whether they also participated in the program. We determined that 309 of the agencies reported in their plan that they used or intended to use program vouchers.

We compared the public housing agencies' survey responses to the information reported in PIC and the Voucher Management System (see Scope and Methodology section of this audit report) and determined that

- 341 agencies used 52,446 program vouchers and/or certificates, 16,500 (146 percent) more than reported in PIC and 19,000 (157 percent) more than reported in the Voucher Management System;
- 257 of the 341 agencies (75 percent) did not correctly report their use of program vouchers and/or certificates in the Voucher Management System; and
- 227 of the 341 agencies (67 percent) did not correctly report their use of program vouchers and/or certificates in PIC.

HUD's Monitoring Procedures and Controls Had Weaknesses

The Voucher Management System supports the information management needs of the program and management functions performed by HUD's Financial Management Division, Financial Management Center, and Real Estate Assessment Center. The Voucher Management System's primary purpose is to monitor and manage public housing agencies' use of vouchers. It collects public housing agency data that enable HUD to accurately fund, obligate, and disburse funding in a timely manner based on actual public housing agency use. The Voucher Management System is a critical data system that is used for a variety of major functions, including budget formulation, utilization analysis, and funding allocations. Therefore, accuracy of the data is extremely important.

HUD's Deputy Assistant Secretary for Field Operations said that there was no HUD database that specifically listed the public housing agencies that participated in the program. He said that HUD also planned to obtain information from the public housing agencies to determine how many participated in the program and how many units were on the program. Going forward, HUD plans to require public housing agencies to notify its field offices of their intent to use program vouchers.

The Deputy Assistant Secretary also said that HUD must do a better job of relaying program requirements to the public housing agencies. As of July 2010, HUD's Office of Public and Indian Housing was working to issue a Federal Register notice with new guidance that would implement changes to the program

in conjunction with the Housing and Economic Recovery Act. HUD believed that this guidance would be more informative and useful for agencies than its existing guidance. It was also considering issuing a public and Indian housing (PIH) notice and possibly a new chapter in its Housing Choice Voucher Guidebook for the program.

HUD's Deputy Assistant Secretary said that HUD's main program monitoring focus would be the agencies' record keeping and financial reporting. He said that HUD's intention was to have more distinct guidance on the program.

The incorrect reporting by the public housing agencies in their agency plans occurred because HUD did not appropriately review the plans.

If HUD's Deputy Assistant Secretary successfully implements distinct program guidance to its field offices and public housing agencies, the opportunity exists for more accurate and updated information in PIC and the Voucher Management System and improved oversight of the program.

Conclusion

As a result of the needed improvements to HUD's oversight of public housing agencies' program information reporting, HUD lacked complete and accurate information regarding the use of potentially up to 20 percent (\$3.27 billion) of its Housing Choice Voucher program funding.

Recommendations

We recommend that HUD's Deputy Assistant Secretary for Field Operations

- 1A. Provide additional guidance to public housing agencies to ensure accurate reporting by agencies of their information in PIC, the Voucher Management System, and the agencies' plans. The reporting requirements should include requiring agencies to certify to the accuracy of their information reported to HUD.
- 1B. Issue specific guidance to its field offices so they can ensure that the program's reporting requirements are adequately monitored.

Finding 2: HUD Did Not Ensure That Program Units Were Properly Managed

HUD's Office of Public and Indian Housing did not implement adequate procedures and controls to ensure that public housing agencies operated their programs according to HUD's and their respective requirements. Additionally, HUD did not provide specific guidance to its field offices so they could monitor the program. This weakness occurred because HUD did not put an emphasis on the program since it was such a small part of the overall Section 8 program. As a result, HUD lacked assurance that more than \$16 million in program funds was used in accordance with its program requirements.

Public Housing Agencies Did Not Properly Manage Their Programs

We issued nine audit reports on seven public housing agencies within Region V between March 2007 and June 2010. We determined the seven agencies lacked documentation to support the eligibility of the projects' units. Examples of missing documentation included (1) environmental reviews, (2) proper rent reasonableness, (3) housing quality standards inspections, (4) deconcentration of poverty reviews, and (5) subsidy-layering reviews. Overall, for their respective programs, all seven agencies paid more than \$14.3 million in housing assistance and utility allowances, and the associated administrative fees for units where the supporting documentation to determine the eligibility to receive assistance was not available and/or appropriate. Specific details for only program violations for five of the agencies are provided below.

- The Columbus Metropolitan Housing Authority (Columbus) administered its program contrary to HUD's requirements. Columbus did not perform environmental reviews for 586 units, failed to conduct housing quality standards inspections for 86 units before entering into the housing assistance payments contracts, inappropriately paid more than \$149,000 in housing assistance for 24 units not identified in its housing assistance payments contracts, and underpaid more than \$103,000 in housing assistance for 116 program households. The underpayments occurred when Columbus failed to use the correct section of the HUD Form 50058 and charged the households more than the program's maximum limit of 30 percent of their monthly adjusted income (see Office of Inspector General (OIG) audit report # 2007-CH-1004, issued March 17, 2007).
- The Indianapolis Housing Agency (Indianapolis) could not provide documentation showing that it complied with HUD's requirements for the selection and approval of its 11 projects receiving program assistance as of April 2008, including a project in which it had an identity of interest. As a

result, Indianapolis could not support that payment of \$2.4 million for any of the 11 projects was eligible for program assistance (see OIG audit report #2009-CH-1002, issued January 23, 2009).

- The Public Housing Agency of the City of Saint Paul (Saint Paul) was unable to provide documentation showing that it conducted initial inspections before executing housing assistance payments contracts to support more than \$1.3 million in housing assistance and utility allowance payments. Additionally, it did not obtain subsidy-layering reviews for 10 projects. However, the subsidy-layering reviews were not conducted because HUD's headquarters Office of Public Housing and Voucher Programs incorrectly advised HUD's Minneapolis Office of Public Housing and Saint Paul that subsidy-layering reviews were not required for new construction and rehabilitation projects unless tax credits were involved (see OIG audit report #2009-CH-1015, issued September 25, 2009).
- The DuPage Housing Authority (DuPage) was unable to support the use of more than \$3.4 million in housing assistance payments and inappropriately paid more than \$33,000 in housing assistance. It also did not comply with HUD's requirements in determining appropriate contract rents for program units and overpaid more than \$260,000 in housing assistance.

Further, DuPage did not comply with HUD's requirements and its program administrative plan regarding the selection of program households. Instead of administering a waiting list for its program, it allowed the program projects to select the households and did not perform quality control reviews of the selection process. As a result, it inappropriately paid more than \$188,000 in housing assistance and was unable to support the use of more than \$57,000 in housing assistance payments (see OIG audit report # 2010-CH-1008, issued June 15, 2010).

- The Michigan State Housing Development Authority (Michigan State) lacked documentation to support its selection and approval of its program projects. As a result, it was unable to support more than \$1 million in housing assistance and utility allowance payments and that \$84,509 in administrative fees that it received were appropriately earned (see OIG audit report #2009-CH-1019, issued September 30, 2009).

Five of the agencies audited did not properly calculate housing assistance and utility payments. In addition, we identified problems with supporting household eligibility. Problems in these areas would indicate problems across the entire Section 8 Housing Choice Voucher program. For these five agencies, we identified more than \$2.2 million in questioned costs.

HUD Did Not Dedicate Adequate Resources to the Program

Michigan State contacted HUD's Detroit Office of Public Housing before our audits and requested assistance in the administration of its program. The Detroit office planned to provide training to Michigan State and its staff, but it cancelled the training due to budget constraints.

HUD's General Deputy Assistant Secretary for Public and Indian Housing said that HUD had not established requirements or issued guidance to its field offices regarding the monitoring of the program.

The former Associate Deputy Assistant Secretary for Public Housing and Voucher Programs said that HUD did not monitor or require the field offices to monitor the program because it was such a small aspect of the Section 8 Housing Choice Voucher program. However, as mentioned in finding 1, HUD lacked complete and accurate information needed to determine the program's actual size while being aware that up to 20 percent of the housing choice voucher funding could be used for the program.

Conclusion

The deficiencies in HUD's program were significant and demonstrated a lack of effective program oversight. As a result, HUD lacked assurance that more than \$16 million in program funds was used in accordance with its program requirements based upon the results of our nine previously mentioned audits (see Scope and Methodology section of this audit report for the calculation).

Recommendation

We recommend that HUD's Deputy Assistant Secretary for Field Operations

- 2A. Implement adequate monitoring procedures and controls for the oversight of its program to ensure that public housing agencies select and adequately document only eligible projects and use program funds in accordance with program requirements.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed applicable laws; HUD's regulations at 24 CFR (Code of Federal Regulations) Parts 903, 908, 982, and 983; PIH Notices 2005-29 and 2007-29; HUD Handbook 7460.7; Housing Choice Voucher Guidebook 7420.10; the Voucher Management System User Manual; Section 232 of Public Law 106-377, dated January 16, 2001; the Project-Based Voucher Program Final Rule, dated October 13, 2005; the Project-Based Voucher Program Federal Register notice, dated November 24, 2008; form HUD-50058; HUD's public housing agency plan review process; and the Rental Integrity Monitoring Review Guide and requirements.

We also interviewed HUD's staff.

Finding 1

PIH Notice 2010-5 states that the Housing Choice Voucher program budget for calendar year 2010 is \$18,184,200,000. Of the more than \$18 billion, \$16,339,200,000 is allocated to housing assistance payments renewals. The program allows agencies to use up to 20 percent of their housing assistance payments funding or \$3,267,840,000 (\$16,339,200,000 times 20 percent).

We surveyed the 2,480 (100 percent) Section 8 public housing agencies to determine whether they participated in the program, reported their program households separately in PIC, reported their program vouchers appropriately in the Voucher Management System, and reported the use or intent to use program vouchers in their agency plans. We received 1,434 responses (58 percent) out of the 2,480 public housing agencies surveyed. Of the 1,434 responses, 341 public housing agencies responded that they participated in the program using 52,446 program vouchers.

We determined the current dollar amount of funding for the program by using the average housing assistance payment according to PIC (\$612) times the reported units in the program (52,446) times 12 months (\$385,163,424). This is 2.4 percent of the voucher program funding and nearly 12 percent of the maximum allowable Project-Based Voucher program funding.

We reviewed 100 percent of the public housing agencies that participated in HUD's Housing Choice Voucher program to determine whether they also participated in the program. To do this, we obtained a key management indicators report in PIC to determine the total number of program vouchers reported by public housing agencies. The agencies reported 32,404 Section 8 housing choice vouchers and 3,465 Section 8 project-based certificates in PIC nationwide for a total of 35,869 program vouchers and certificates.

We reviewed HUD's Voucher Management System submissions as of May 31, 2010, to determine whether agencies reported the use of program vouchers and/or certificates in the section called "the number of vouchers covered by Project-Based Agreements to enter into Housing Assistance Payments contracts and Housing Assistance Payments Contracts." We determined that 242 agencies reported 33,330 program vouchers and/or certificates in the system.

We reviewed the public housing agencies' agency plans for the 2,480 agencies that participated in the Section 8 Housing Choice Voucher program to determine whether the agencies also participated in the program. We determined that 309 of the agencies reported that they used or intended to use program vouchers in their plan.

We compared the information reported in PIC, the Voucher Management System, and approved agency plans.

We relied on computer-processed data contained in PIC, the Voucher Management System, and the public agencies' plans.

Finding 2

We conducted external audits of the programs of the following public housing agencies: Columbus Metropolitan Housing Authority, Indianapolis Housing Agency, Portage Metropolitan Housing Authority, Public Housing Agency of the City of Saint Paul, Grand Rapids Housing Commission, Michigan State Housing Development Authority, and the DuPage Housing Authority.

The external audits contained the following questioned costs regarding the program:

Audit report #	Questioned costs
2007-CH-1004 (Columbus, OH)	\$1,271,537
2009-CH-1002 (Indianapolis , IN)	2,420,200
2009-CH-1003 (Portage, OH)	915,775
2009-CH-1015 (Saint Paul, MN)	1,401,547
2009-CH-1016 (DuPage, IL) Phase 1	445,272
2009-CH-1019 (State of Michigan) Phase 1	1,132,200
2010-CH-1003 (Grand Rapids, MI)	3,293,123
2010-CH-1008 (DuPage, IL) Phase 2	4,724,105
2010-CH-1007 (State of Michigan) Phase 2	963,740
Total	<u>\$16,567,499</u>

We performed our audit work from April through July 2010 at HUD headquarters and HUD's Columbus field office. The audit covered the period January 1, 2008, through March 31, 2010, but was expanded when necessary to include other periods.

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

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

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

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

Relevant Internal Controls

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

- Effectiveness and efficiency of operations – Policies and procedures that the audited entity has implemented to provide reasonable assurance that a program meets its objectives, while considering cost effectiveness and efficiency.
- Reliability of financial reporting – Policies and procedures that management has implemented to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
- 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

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

- HUD lacked adequate procedures and controls to ensure that public housing agencies accurately reported the use of program funds and assurance that the agencies used program funds in accordance with HUD's and their program requirements (see findings 1 and 2).

Separate Communication of a Minor Deficiency

We informed HUD's Deputy Assistant Secretary for Field Operations of a minor deficiency through a memorandum, dated November 16, 2010.

Appendix A

HUD's REQUIREMENTS

Finding 1

HUD's regulations at 24 CFR 908.101 state that the purpose of this part is to require public housing agencies that operate public housing; Indian housing; or Section 8 rental certificate, rental voucher, and moderate rehabilitation programs to electronically submit certain data to HUD for those programs. These electronically submitted data are required for forms HUD-50058, Family Report, and HUD-50058-FSS, Family Self-Sufficiency Addendum. Applicable program entities must retain the form HUD-50058 during the term of each assisted lease and for at least 3 years thereafter to support billings to HUD and to permit an effective audit.

PIH Notice 2005-29 states that public housing agencies must enter data for project-based vouchers into section 11 of the Family Report, form HUD-50058. The public housing agency must also continue entering information on families receiving project-based certificate assistance in section 11 of the Family Report, form HUD-50058. Public housing agencies must submit these data in PIC for the affected families.

PIH Notice 2007-29 states that HUD continues to place great importance on the data it receives from agencies in its housing information center. HUD relies on agencies to submit accurate, complete, and timely data to administer, monitor, and report on the management of the Housing Choice Voucher program. Agencies that administer Housing Choice Voucher programs must submit 100 percent of family records to PIC via form HUD-50058, Family Report. HUD relies on the information entered into its housing information center as it is the official system for tracking and accounting for family characteristics, income, rent portions, and other occupancy factors. Pursuant to 24 CFR 982.152(d), HUD may reduce or offset any administrative fee to an agency in an amount determined by HUD if the agency fails to perform its administrative responsibilities. Agencies subject to sanctions because their reporting rates fell below 95 percent may have their monthly administrative fee reduced or offset in an amount determined appropriate by HUD. In determining whether and to what extent HUD will reduce or offset the administrative fees, HUD will consider such factors as the magnitude of the deficient reporting rate and the number of months that the reporting deficiency persists. All sanctioned funds will be permanently recaptured and will not be returned to the agency once its reporting rate is in compliance. HUD will assess all agencies administering Housing Choice Voucher programs quarterly, effective with the submission of the March 31, 2008, management system data. HUD verifies five of the Section Eight Management Assessment Program indicators with data agencies provide to the center on the form HUD-50058.

HUD's management system user manual requires the public housing agencies to use form HUD-52681-B for reporting voucher uses and expenses. The "Other Activities" section of the form HUD-52681-B contains a section in which to report the number of vouchers that are covered by program housing assistance payments contracts and agreements to enter into housing assistance payments contracts. This number is defined as the total number of vouchers that the public

housing agency has withheld from leasing to be available for program housing assistance payments contracts when executed and the total number of vouchers in use under a program housing assistance payments contract.

HUD's regulations at 24 CFR 903.12(b) state that for streamlined annual plans for fiscal years in which the 5-year plan is also due, the streamlined annual plan of the small agency shall consist of the information including whether the agency wishes to use the Project-Based Voucher program. The streamlined annual plan of the small agency must also include a statement of the projected number of project-based units and general locations and how project basing would be consistent with its agency plan.

HUD's regulations at 24 CFR 903.12(c)(2) state that streamlined annual plans for all other fiscal years must include a determination of whether the agency wishes to use the Project-Based Voucher program and a statement of the projected number of project-based units and general locations and how project basing would be consistent with its agency plan.

HUD's regulations at 24 CFR 903.25 state that an agency must comply with the rules, standards, and policies established in the plans. To ensure that an agency is in compliance with all policies, rules, and standards adopted in the plan approved by HUD, HUD shall, as it deems appropriate, respond to any complaint concerning agency noncompliance with its plan. If HUD should determine that an agency is not in compliance with its plan, HUD will take whatever action it deems necessary and appropriate.

HUD's public housing agency plan review process states that HUD field offices review the agency plans to determine completeness, consistency, and compliance. The field offices use an agency plan checklist as the official review record for the agency's plan. If the reviewer determines that any section of the plan is not in compliance with the three standards, he or she must identify and explain which of the three criteria for disapproval apply in the spaces provided in the checklist. One of the components of the agency plan checklist is the use of Section 8 project-based vouchers. If the reviewer determines that the agency plan conforms to the three statutory standards of completeness, consistency, and compliance, the public housing director or HUD director will approve the agency plan. A plan will be automatically approved if HUD does not disapprove it within the 75-day timeframe. If after reviewing an agency plan, the public housing director determines that the agency plan does not comply with any of the three statutory standards, the director will disapprove the agency plan. The public housing director may disapprove an agency plan for technical or substantive deficiencies.