



Huntsville Housing Authority, Huntsville, AL

Section 8 Housing Choice Voucher Program



To: Robert L. Kenner, Director Office of Public and Indian Housing, 4CPH

From: //signed//
Nikita N. Irons, Regional Inspector General for Audit, 4AGA

Subject: The Huntsville Housing Authority Administered Its Section 8 Housing Choice Voucher Program in Accordance With HUD's and Its Own Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Huntsville Housing Authority's Section 8 Housing Choice Voucher program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 404-331-3369.



Audit Report Number: 2016-AT-1003

Date: February 18, 2016

The Huntsville Housing Authority Administered Its Section 8 Housing Choice Voucher Program in Accordance With HUD's and Its Own Requirements

Highlights

What We Audited and Why

We audited the Huntsville Housing Authority's Section 8 Housing Choice Voucher program. We initiated the audit under the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) annual audit plan. We selected the Authority as part of a strategic plan with the Assistant United States Attorney in Northern Alabama to evaluate housing authorities in her jurisdiction. Our audit objective was to determine whether the Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's and its own requirements. Specifically, we reviewed the Authority's administration of the program, including tenant and unit eligibility and the accuracy of housing assistance payments.

What We Found

The Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's and its own requirements. It ensured that the tenants and units were eligible, and the housing assistance payments were accurate.

What We Recommend

This report contains no recommendations.

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Background and Objective

The Huntsville Housing Authority is located in Madison County in the city of Huntsville, AL. It was organized and incorporated by the State of Alabama in August 1941 to act as an authority under the Housing Authorities Law, as set forth and provided for in title 25, chapter 2, of the code of Alabama of 1940. The mission and purpose of the Authority is to provide safe, decent, and affordable housing for citizens of Huntsville. The Authority is governed by a five-member board of commissioners, appointed by the mayor. Each member serves a 5-year term.

The Authority's major programs include the Conventional Public Housing Program, which includes the Public Housing Capital Fund program, the Neighborhood Stabilization Program, and the Housing Choice Voucher program. The Authority's annual contributions contract provides operating subsidies for Authority-owned public housing facilities and Housing Choice Voucher program housing assistance payments for eligible families.

Under the Housing Choice Voucher program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family participants' rent through housing assistance payments made to the landlords. The U.S. Department of Housing and Urban Development (HUD) provides annual funding to enable the Authority to structure leases that set the participants' rent at 30 percent of household income.

HUD awarded the Authority more than \$24.5 million for fiscal years 2013 through 2015 for its Housing Choice Voucher program, which included administrative fees and housing assistance payment funds. In June 2015, the Authority's Section 8 program administered 1,618 vouchers. HUD's Alabama State Office of Public Housing in Birmingham, AL, is responsible for overseeing the Authority.

Our audit objective was to determine whether the Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's and its own requirements. Specifically, we reviewed the Authority's administration of the program, including tenant and unit eligibility and the accuracy of housing assistance payments.

Results of Audit

Finding: The Authority Administered Its Housing Choice Voucher Program in Accordance With Requirements

The Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's and its own requirements. Specifically, the Authority's tenants and units were eligible for the program, and the housing assistance payments were accurate.

Tenants and Units Were Eligible

We reviewed a statistical sample of 14 single monthly housing assistance payments, combined with utility assistance payments. We reviewed the housing assistance payments to determine the tenants' eligibility initially and for the sampled month. We also verified the eligibility of the tenants' units by ensuring that the tenant files contained the initial inspection reports, as well as timely inspection reports, before the monthly payment reviewed. All 14 tenants and units were eligible for the program.

Housing Assistance Payment Calculations Were Accurate

We reviewed the accuracy of the housing assistance payment calculations for the 14 monthly payments. The documentation in the tenant files adequately supported that the housing assistance payment calculations were accurate.

Conclusion

The Authority administered its Section 8 Housing Choice Voucher program in accordance with HUD's and its own requirements. For the 14 monthly payments reviewed, the Authority adequately supported the eligibility of tenants and units, and the housing assistance payments were accurately calculated.

Scope and Methodology

We performed our audit from September through November 2015 at the Authority in Huntsville, AL. Our review generally covered the period January 1, 2013, through August 31, 2015, and was adjusted as necessary.

To accomplish our objective, we

- Interviewed HUD's Office of Public and Indian Housing officials at the Birmingham, AL, State office and reviewed relevant background information;
- Reviewed applicable laws, regulations, and relevant HUD program requirements to ensure the eligibility of applicants;
- Interviewed Authority staff to obtain an understanding of the controls significant to the audit objective and assist in our review of its files;
- Reviewed organizational charts for the Authority and its administrative plan, articles of incorporation, bylaws, financial statements, and board minutes;
- Reviewed the most recent HUD monitoring reports; and
- Reviewed a statistical sample of 14 tenant files to verify the eligibility of the tenants initially and for the sampled month. We also verified the eligibility of the tenants' units by ensuring that the tenant files contained the initial inspection reports, as well as timely inspection reports, before the monthly payment reviewed.

To review the eligibility of tenants and units and to verify the housing assistance payments, we developed a statistical sample of 90 monthly housing assistance payments combined with applicable utility assistance payments paid for selected tenants. The 90 monthly payments totaled \$40,748. We reviewed a statistical sample of 14 monthly payments totaling \$7,033. The samples were selected from a universe of 44,063 monthly payments totaling more than \$20 million. We reviewed the 14 monthly payments in the sample by reviewing the files and verifying that the files contained adequate documentation to support that the tenants were eligible initially and for the month sampled. We determined that the units were eligible by verifying that the tenant files contained timely inspection reports for the sampled month. We determined that the housing assistance payments were correct by verifying the income, rent, and utility calculations for the sampled month. Since we reviewed only 14 the 90 sampled monthly payments, the results of the audit apply only to items selected for review and cannot be projected to the universe or population.

To achieve our audit objective, we relied in part on computer-processed data. We used the data to select a sample of monthly assistance payments for review. Although we did not perform a detailed assessment of the reliability of the data, we performed a minimal level of testing and found the data to be adequate for our purposes.

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(s). 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:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives, while considering cost effectiveness and efficiency.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that program implementation 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.

We evaluated internal controls related to the audit objective in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Appendix A

Auditee Comments



**HUNTSVILLE HOUSING
AUTHORITY**

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February 5, 2016

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Michael O. Lundy
Executive Director/CEO

Ms. Sonya Lucas
U. S. Department of Housing and Urban Development
Office of Inspector General
75 Spring Street, Room 330
Atlanta, GA 30303

Dear Ms. Lucas:

It was a pleasure talking with you and Rob Burgess on January 27, 2016 concerning the audit report of our Section 8 Housing Choice Voucher Program. Huntsville Housing Authority (HHA) is very pleased that there were no negative findings. HHA will not be responding to the report we received at the exit conference. It was an excellent report; therefore, there is nothing to add.

Sincerely,

Sandra Eddleman
Interim Executive Director/CEO



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