



Bogalusa Housing Authority Bogalusa, LA

Public Housing Operating Fund Section 8 Housing Choice Voucher Program

**Office of Audit, Region 6
Fort Worth, TX**

**Audit Report Number: 2019-FW-1006
August 16, 2019**



To: Cheryl Williams, Director of Public Housing, 6APH
//signed//
From: Kilah S. White, Regional Inspector General for Audit, 6AGA
Subject: The Bogalusa Housing Authority, Bogalusa, LA, Did Not Always Administer Its Public Housing Programs in Accordance With 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 Bogalusa Housing Authority's programs.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. 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 website. 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 817-978-9309.



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The Bogalusa Housing Authority, Bogalusa, LA, Did Not Always Administer Its Public Housing Programs in Accordance With Requirements

Highlights

What We Audited and Why

We reviewed the Bogalusa Housing Authority's public housing programs based on the activities included in our annual audit plan and because the Authority has not been audited in more than 15 years. The objective of our review was to determine whether the Authority administered its public housing programs in accordance with the U.S. Department of Housing and Urban Development's (HUD) and its own requirements.

What We Found

The Authority did not always administer its programs in accordance with HUD's and its own requirements. Specifically, for its Public Housing Operating Fund, the Authority did not always (1) follow requirements when procuring services; (2) maintain adequate supporting documentation for disbursements, and (3) track predevelopment costs. This condition occurred because the Authority (1) did not understand or disregarded requirements, (2) lacked adequate document retention controls, and (3) lacked adequate policies and procedures and staff. As a result, it could not support more than \$200,000 paid in public housing funds.

For its Housing Choice Voucher Program, the Authority did not always (1) correctly calculate participant income, payment standards, or utility allowances; (2) maintain adequate housing assistance payments contracts; and (3) perform annual utility allowance and payment standard reviews. This condition occurred because the Authority did not understand requirements and lacked processing controls when reviewing participant files. As a result, it paid more than \$29,000 in ineligible, unsupported, overpaid, or underpaid housing assistance and could not provide HUD reasonable assurance that its payment standard amounts, housing assistance payment subsidies, and rents were reasonable.

What We Recommend

We recommend that HUD require the Authority (1) support or repay more than \$200,000 to its Public Housing Operating Fund, (2) reimburse its Housing Choice Voucher Program more than \$25,000 for ineligible and overpayments, (3) support participant eligibility or repay more than \$2,000 in housing assistance, (4) reimburse households more than \$700 in housing assistance underpayments, (5) implement procedures and controls to ensure that its program funds are administered in accordance with HUD's and its own requirements, and (6) obtain staff training.

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Background and Objective

The Bogalusa Housing Authority has served the surrounding community of Bogalusa, LA, since 1949. The Authority is under the jurisdiction of the U.S. Department of Housing and Urban Development's (HUD) New Orleans Office of Public and Indian Housing who oversees and monitors the Authority. The Authority is governed by a board of commissioners made up of five members who are appointed by the mayor. The board selects the Authority's executive director who serves as the contracting officer and is responsible for supervising and overseeing all operations of the Authority.

The Authority administers the public housing program, which provides decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The Public Housing Operating Fund is a major component of HUD's public housing program as it funds public housing agencies' operating and maintenance expenses of low-income housing units. Between 2016 and 2018, the Authority received more than \$3 million in operating funds.

In addition, the Authority has participated in HUD's Rental Assistance Demonstration Program (RAD) since April 2015. RAD provides public housing agencies with a tool to preserve and improve public housing properties to address the Nation's aging and deteriorating public housing stock. With RAD, units shift from the public housing program to Section 8 project-based voucher units with little or no change in rent. Before converting to RAD, the public housing agencies are authorized to use the Public Housing Operating Fund to spend up to \$100,000 in predevelopment costs for each of their commitment awards. In April 2015, under RAD, HUD awarded the Authority three commitments to enter into a housing assistance payments contract covering its 340 public housing units. As of May 2019, the Authority converted 232 units to Section 8 project-based voucher units under two of the RAD commitments, with a budget totaling more than \$28 million for the conversion,¹ and operated 107 project-based vouchers.

The Authority also administers HUD's Section 8 Housing Choice Voucher Program, which helps low-income participants afford decent, safe, and sanitary housing in the private market. HUD provides funds for public housing agencies to make housing assistance payments on behalf of the participants, and the Authority directly pays the landlords on behalf of participants. The participant pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. As of May 2019, the Authority operated 94 housing choice vouchers. It received more than \$1.3 million in Housing Choice Voucher Program funds between 2016 and 2018.

Our objective was to determine whether the Authority administered its public housing programs in accordance with HUD's and its own requirements.

¹ More than \$12.8 million for one commitment and \$15.3 million for the other commitment, according to the Authority's RAD sources and uses report.

Results of Audit

Finding 1: The Authority Did Not Always Follow HUD's and Its Own Requirements for Its Procurement, Disbursement, and Predevelopment Activities

The Authority did not always follow HUD and its own requirements for its procurement, disbursement, and predevelopment activities. Specifically, for its Public Housing Operating Fund, the Authority did not always (1) follow requirements when procuring services; (2) maintain adequate supporting documentation for disbursements; and (3) track predevelopment costs. This condition occurred because the Authority (1) did not understand or disregarded requirements, (2) lacked adequate document retention controls for procurements, and (3) lacked adequate policies and procedures and staff. As a result, it could not support more than \$200,000 paid in public housing funds.

The Authority Did Not Always Follow Requirements When Procuring Services

The Authority did not always follow requirements when procuring services. To support the cost reasonableness of contracts, HUD regulations² and the Authority's procurement policy³ required the Authority to maintain documentation showing that it performed cost analyses when executing sole-source procurements and independent cost estimates and ensure full and open competition or provide justification for not doing so. It also required the Authority to obtain approval for contracts exceeding 5 years. Further, HUD regulations⁴, the Authority's annual contributions contract⁵ and personnel policy⁶ prohibited the Authority from contracting with its staff's immediate family members.

A review of five contractors that provided payroll, maintenance, cleaning, fencing installation, and accounting services, with disbursements totaling \$238,197, determined that the Authority did not perform cost analyses for sole-sourced services, prepare sufficient independent cost estimates, and have justification for the lack of full and open competition and was, therefore, unable to support the cost reasonableness of disbursements made for these services. In addition, the Authority did not (1) have written contracts for three contractors, (2) obtain HUD approval for one contractor that had performed services for more than 7 years and sole-sourced the remaining 4 contractors, preventing competition, and (3) ensure that it avoided hiring a staff member's family member (appendix C).

² 2 CFR (Code of Federal Regulations) 200.319 and 200.323 and HUD Handbook 7460.8, REV 2, paragraphs 3.2(E), 10.3(E) and 12.2(I)

³ Procurement policy, paragraphs 2.1.4, 5.5.2, 5.5.2.8, and 6.1

⁴ HUD Handbook 7460.8, REV 2, paragraph 4.4(B)

⁵ Annual contributions contract, section 19

⁶ Personnel policy, section (1)(d)

For the payroll and maintenance services, the Authority believed that these contractors fell within the noncompetitive category. The executive director stated that although the Authority was aware that the procurement actions violated the requirements,⁷ it did not prepare justifications, independent cost estimates or cost analyses for the sole-sourced contractors because it did not have time to properly procure the services after the Authority laid off some of its staff. The Authority also created a conflict of interest and violated requirements⁸ when it obtained maintenance services from the deputy director's son.

For the cleaning services, in response to not preparing a justification or independent cost estimate for this sole-sourced procurement, the Authority stated that it obtained these services on a temporary basis and, thus, was not required to follow procurement requirements. However, the Authority made 134 payments to this contractor between January 8, 2016, and November 15, 2018, refuting the Authority's claim that this was a temporary service. Therefore, the Authority should have procured these services as required.

For the fencing installation services, while the Authority provided an independent cost estimate, it was both outdated and significantly lower than the contract bid and, therefore, insufficient. Specifically, the Authority provided two independent cost estimates, dated August 29, 2013, and August 30, 2013, while the bid response was dated March 21, 2016, more than 2 years after the Authority performed the independent cost estimate. In addition, although the fencing installation services bid was 52 percent more than the independent cost estimate⁹ and this was the only bid received for the service, the Authority did not perform a cost analysis as required.

For the fee accountant services, the Authority provided three contracts, covering April 2012 through March 2014, November 2014 through October 2016, and November 2016 through October 2019, but did not provide procurement documentation, including an independent cost estimate or cost analysis. In addition, the Authority did not always renew the contracts in a timely manner as there was no contract in place covering April through October 2014. In response, the Authority stated that this lapse was due to an oversight but the fee did not change. Further, although the combined contract terms totaled more than 7 years, the Authority did not obtain HUD's review and approval as required¹⁰ and did not readvertise for the services to elicit competition.

The Authority Did Not Always Maintain Adequate Documentation for Disbursements

The Authority did not always maintain adequate supporting documentation for disbursements. HUD regulations¹¹ required the Authority to provide and maintain records that identified the

⁷ See requirements footnoted above.

⁸ HUD Handbook 7460.8, REV 2, paragraph 4.4(B); annual contributions contract, section 19; and personnel policy, section (1)(d)

⁹ 52 percent over the independent cost estimate (\$168,922 (bid response)/\$110,763 (highest independent cost estimate total) = 1.52)

¹⁰ HUD Handbook 7460.8, REV 2, paragraph 12.2(I)

¹¹ 2 CFR 200.302(b)(3)

source and application of funds and must be supported by source documentation. However, a review of 45 sampled disbursements, which included credit card, contractor, vendor, and travel disbursements, determined that

- Six did not include supporting documentation, such as invoices and receipts. For example, 5 disbursements paid to the Authority's gas credit card, did not include receipts supporting that the Authority paid a total of \$372, as required by its credit card policy.
- Nine either did not have a written contract, did not have an independent cost estimate supporting the cost reasonableness, or did not have current contracts to support disbursements made to the contractors. For example, for its pest control services, the contractor performed and the Authority made a disbursement totaling \$125 for the services 3 months after the contract expired.

Without adequate supporting documentation, the Authority could not support \$75,824 paid for these 15 disbursements¹² (appendix D). In addition, the Authority did not have evidence of a supervisory review of available documentation for any of the disbursements. To correct this issue, for future disbursements, the Authority stated that it would ensure that the executive director initialed all processed invoices. We acknowledge the Authority for taking measures to address this deficiency.

The Authority Exceeded Its Authorized Predevelopment Costs Threshold Under RAD

The Authority exceeded its authorized predevelopment costs threshold when converting its public housing units to Section 8 project-based voucher units under RAD. HUD regulations¹³ allowed the Authority to spend up to \$100,000 of its operating funds for each of its commitments¹⁴ with HUD to convert its public housing units to RAD without HUD approval. However, a review of the Authority's three RAD commitments' cost allocations, check numbers, and check amounts, in comparison to its general ledger's predevelopment cost accounting code data, determined that the Authority exceeded the threshold by \$8,793 for its predevelopment costs. When asked, the executive director did not know that the Authority had exceeded the cap and, thus, did not obtain HUD approval or a waiver authorizing the overage. After our fieldwork ended and after we notified the Authority of the deficiency, the Authority obtained an approved budget revision from HUD dated June 24, 2019. In completing the conversion under RAD, the Authority will need to ensure that it implements adequate internal controls to properly track its RAD expenditures.

The Authority Did Not Understand or Disregarded Requirements, Lacked Adequate Controls Over Document Retention, Lacked Adequate Policies and Procedures, and Lacked Adequate Staff

The Authority (1) in some instances, did not understand Federal and its own procurement requirements and in other instances, as discussed above, disregarded them; (2) did not maintain adequate controls over its document retention for its procurements, (3) lacked adequate policies

¹² Of these costs, \$62,554 was also questioned under the procurement review (appendix D).

¹³ Office of Public and Indian Housing (PIH) Notice PIH 2012-32 (REV-3), paragraph 1.5(A)

¹⁴ Commitment to enter into a housing assistance payments contract

and procedures for its disbursements, and (4) lacked adequate staff to ensure disbursements were adequately supported, authorized and tracked. The Authority displayed its lack of understanding of the procurement requirements when it failed to properly procure its services and simply called and hired vendors, citing a lack of time as an explanation. The Authority also believed that it had not created a conflict of interest when it obtained services from the deputy director's son because the deputy director was not involved in the solicitation process; however, during the review, the executive director indicated that she obtained the maintenance services once she asked the deputy director could her son perform the work. In addition, the Authority had poor record-keeping practices for its procurements, as it either did not maintain contract and bid documents or keep the documents in the same or a centralized location.

The Authority also lacked adequate policies and procedures and lacked staff needed to adequately cover Authority operations. For example, the Authority had not updated its credit card policy in more than 15 years, which included references to Authority credit cards that it no longer maintained. In addition, both the Authority's credit card and disbursement policies included procedures for a position, account technician, which no longer existed at the Authority. In July 2018, the Authority laid off its accountant and mistakenly believed that it no longer needed the accountant because it had a management contractor for its RAD program, who would fulfill the accountant's function. However, the management contractor did not fulfill the accountant's function aside from RAD, and thus (1) the Authority then realized it needed a contractor to process payroll for its employees, which in turn, led to the improper procurement for these services (appendix C) because the Authority cited it did not have time to procure, and (2) the executive director then became responsible for the accounting functions outlined within the Authority's policies, including preparing and then signing checks, creating a lack of segregation of duties and the opportunity for the Authority to miss detecting documentation required within its credit card and disbursement policies. Further, in response to the disbursements review, the Authority indicated that it currently used informal standard operating procedures and were thus compliant with the current procedures; however, these procedures were neither written nor approved.

In addition, although the Authority indicated that (1) its RAD contractor was responsible for tracking RAD predevelopment costs, and (2) the executive director also now performed the cost allocation function as a result of the accountant layoff, neither realized that the RAD predevelopment cost threshold had been exceeded for one of the commitments. Had the Authority had adequate internal controls under its accounting function within the Authority's operations, the deficiencies within this finding could have been prevented.

Conclusion

Because the Authority did not understand or disregarded Federal and its own requirements, lacked adequate controls over document retention of its procurement files, and lacked adequate policies and procedures and staff, it did not always follow HUD requirements for its procurement, disbursement, and predevelopment activities. As a result, the Authority could not support more than \$200,000 paid in public housing funds.

Recommendations

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

- 1A. Support \$238,197 or repay its Operating Fund from non-Federal funds for payments made to contractors without written contracts, sufficient independent cost estimates, or cost analyses.
- 1B. Support \$13,270¹⁵ or repay its Operating Fund from non-Federal funds for the disbursements that did not have adequate supporting documentation.
- 1C. Strengthen its controls over purchases to ensure compliance with HUD, Federal, and Authority procurement requirements. This includes but is not limited to controls to ensure that it (1) maintains records sufficient to detail the significant history of procurements, (2) complies with requirements for each type of procurement, (3) obtains independent cost estimates and cost analyses when required, and (4) prevents and detects conflict-of-interest situations.
- 1D. Revise disbursement and credit card policies and procedures to (1) reflect current staffing and procedures and (2) implement additional controls and procedures to ensure that adequate segregation of duties occurs and adequate supporting documentation and approvals are maintained in the files to support disbursements.
- 1E. Obtain training for staff involved in the procurement, funding, and disbursement processes to ensure compliance with HUD, Federal, and Authority requirements.
- 1F. Implement additional controls and procedures to ensure that RAD disbursements are properly tracked and accounted for.
- 1G. Evaluate the apparent conflict-of-interest situations in this report and pursue administrative sanctions or corrective action if warranted.

¹⁵ This is the remaining amount that was not questioned in the procurement review (\$75,824 - \$62,554).

Finding 2: The Authority Did Not Always Administer Its Housing Choice Voucher Program in Accordance With HUD Requirements

The Authority did not always administer its Section 8 Housing Choice Voucher Program in accordance with HUD regulations. Specifically, it did not always (1) correctly calculate participant income, payment standards, or utility allowances; (2) maintain adequate housing assistance payments contracts; and (3) perform annual utility allowance and payment standard reviews. This condition occurred because the Authority did not understand requirements and lacked processing controls when reviewing participant files. As a result, it paid more than \$29,000 in ineligible, unsupported, overpaid, or underpaid housing assistance and could not provide HUD reasonable assurance that its Housing Choice Voucher Program payment standard amounts, housing assistance payment subsidies, and rents were reasonable.

Income, Payment Standards and Utility Allowances Were Miscalculated and Adequate Contracts Were Not Always Maintained

The Authority did not always correctly calculate participant income, payment standards, or utility allowances and did not always maintain adequate housing assistance payments contracts for its Section 8 Housing Choice Voucher Program participants. HUD regulations required the Authority to (1) calculate income for all adult household members to ensure that the household income did not exceed HUD's established income limits,¹⁶ (2) execute a new housing assistance payments contract if the family moved to a new unit,¹⁷ (3) ensure that the contract was complete and accurate,¹⁸ and (4) execute the contract within 60 days of the lease or not pay housing assistance.¹⁹ However, of 24 participant files reviewed, the Authority made ineligible and unsupported payments, overpayments, and underpayments of housing assistance for 17 participants (appendix E). Specifically,

- For five participants, the Authority made ineligible payments totaling \$24,728 and unsupported payments totaling \$2,535, as it (1) incorrectly determined the anticipated annualized income for the first participant, and once corrected, the participant's income exceeded HUD's income limits; (2) did not include income documentation or justifications for all adult household members for the second participant; (3) did not have the correct address for the third participant for 7 years; (4) had an address and monthly rent amount on its housing assistance payments contract for the fourth participant, which did not match the amount stated in the lease; and (5) executed the lease agreement for the fifth participant 140 days after the lease term began.
- For 12 participants, the Authority incorrectly calculated the participant's housing assistance payment subsidy, resulting in underpayments of \$709 for five participants, overpayments of \$1,223 for three participants, and no effect for the remaining four.²⁰ The

¹⁶ 24 CFR 5.609(a)(1)(2) and (c)(1), 24 CFR 982.201(b)(1)(i)(ii)(iii), and Notice PIH 2010-19 (HA), number 8

¹⁷ Housing Choice Voucher Program Guidebook 7420.10G, paragraph 11.7

¹⁸ Housing Choice Voucher Program Guidebook 7420.10G, paragraph 11.6

¹⁹ 24 CFR 982.305(c)(4) and Section 8 administrative plan, chapter 9, section I

²⁰ Housing Choice Voucher Program Guidebook 7420.10G, chapters 5 and 6, and Section 8 administrative plan, chapters 6 and 7

overpayments and underpayments occurred due to (1) incorrect income calculations, (2) the use of an incorrect payment standard, and (3) the use of inaccurate utility allowance amounts, which affected the total housing assistance payment subsidy. The remaining four participants' payment subsidy was not affected because, once the previously mentioned errors were corrected and included within the calculation, the subsidy amount did not change.

In addition, the participant files reviewed also lacked documentation supporting that the Authority met certain Federal requirements (table 1).

Table 1: Section 8 file documentation issues

Requirements	Number of files lacking support
Criminal history background checks were performed. ²¹	18
Eligibility or verification documents; specifically, the citizenship declarations, birth certificates, and Social Security cards were obtained. ²²	8
The initial housing quality standards inspection was completed and passed before the beginning of the initial lease term and before execution of the lease and housing assistance payments contract. ²³	13
The rent reasonableness assessment was performed before execution of the lease and housing assistance payments contract. ²⁴	9
Bank statements were obtained for determining current net family assets. ²⁵	4

The Authority also did not follow its own policies and procedures for the reasonable rent determinations, which established that the comparable units would be based upon current market rents for units leased within the last 90 days.²⁶ The data used for the reasonable rent assessments ranged from 4 months to 1 year for 11 participants, exceeding the required timeframe. Because of the ineligible and unsupported payments, overpayments, underpayments, and file documentation issues, the Authority did not ensure accurate calculations of the participants' annual and adjusted income and that they did not pay more or less for rent than their obligations under the requirements. In addition, the Authority did not ensure that it had complete and accurate housing assistance payments contracts.

²¹ 24 CFR 5.855(a), 5.856, and 982.553(a)(2) and Section 8 administrative plan, chapter 2

²² 24 CFR 5.508(b)(1) and (c)(1) and 982.201(a); HUD Housing Choice Voucher Program Guidebook 7420.10g, exhibit 5-5; Section 8 administrative plan, chapters 2 and 3; and 24 CFR 5.210(a), 5.216, and 5.218

²³ 24 CFR 982.305(a)(2) and (b)(1)(i) and 24 CFR 982.405(a) and Section 8 administrative plan, chapter 10

²⁴ 24 CFR 982.305(a)(4), 24 CFR 982.507(a)(1), and Section 8 administrative plan, chapter 11

²⁵ 24 CFR 5.609(a)(4)(b)(3) and HUD Housing Choice Voucher Program Guidebook 7420.10g, exhibit 5-5

²⁶ Section 8 administrative plan, chapter 11

The Authority Could Not Support That It Performed Annual Reviews

The Authority could not support that it performed annual payment standard and utility allowance reviews as required. HUD regulations²⁷ and the Authority's Section 8 administrative plan²⁸ required the Authority to document that it considered and analyzed assisted families' rent burdens, financial feasibility, quality of units selected, etc., for its payment standard review, regardless of whether a change was made. HUD regulations also required the Authority to review its utility allowance schedule annually, revise it if the utility rates changed 10 percent or more, and document revisions.²⁹ However, the Authority did not have adequate documentation showing that it performed the reviews. Specifically, for its payment standard review the Authority provided (1) a handwritten notation on a file document and (2) handwritten details on post-it note paper, explaining how the Authority's payment standards would be applied for fiscal years 2017 and 2018, respectively, and did not provide documentation for fiscal years 2015 and 2016. Without conducting a proper annual review of the payment standard amounts, the Authority could not provide assurance that it had adequate payment standard amounts and fair and reasonable housing choices, housing assistance payment subsidies, and rents for its program participants.

For the utility allowance schedule, the Authority could not provide documentation supporting that it performed the utility allowance reviews for fiscal years 2015 and 2018. Without supporting that it annually reviewed its utility allowances, the Authority could not provide assurance that it paid for fair and reasonable utility rates.

The Authority Did Not Always Understand Requirements and Lacked Adequate Controls

The Authority did not always understand requirements and lacked adequate controls. Because the Authority did not understand the documentation requirements, it destroyed documentation showing that it conducted criminal history background checks on program participants and did not acquire the utility allowance documentation for its records before it laid off its accountant.

The Authority also lacked adequate controls for ensuring accuracy with its processed new admissions and recertifications, as the Authority's administrative plan lacked adequate quality control procedures. For instance, the plan did not establish specific supervisory practices for reviewing program participants' files to detect errors. Also, although the executive director randomly reviewed files in an attempt to ensure compliance, the administrative plan did not outline procedures for those reviews.

Conclusion

Because the Authority did not always understand Federal requirements and its own Section 8 administrative plan and did not have adequate controls to ensure accuracy in processing new admissions and recertifications, it made ineligible and unsupported payments, overpayments, and underpayments for program participants and did not perform annual reviews of its payment standards and utility allowances. As a result, the Authority incurred more than \$29,000 in questioned costs and could not provide assurance to HUD that its Section 8 Housing Choice

²⁷ Housing Choice Voucher Program Guidebook 7420.10G, paragraph 7.3

²⁸ Section 8 administrative plan, chapter 11, section E

²⁹ 24 CFR 982.517(b)(4)(c)

Voucher Program payment standard amounts, housing assistance payment subsidies, and rents were fair and reasonable.

Recommendations

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

- 2A. Reimburse its Section 8 Housing Choice Voucher Program \$24,728, from non-Federal funds, for the ineligible housing assistance payments.
- 2B. Reimburse its Section 8 Housing Choice Voucher Program \$1,223, from non-Federal funds, for the overpayment of housing assistance due to inaccurate calculation.
- 2C. Support that the participant is income eligible, considering all adult household members, or repay its Section 8 Housing Choice Voucher Program \$2,535 from non-Federal funds.
- 2D. Reimburse the appropriate households \$709, from non-Federal funds, for the underpayment of housing assistance due to inaccurate calculations.
- 2E. Correct the deficiencies in the participants' files as appropriate.
- 2F. Review and implement procedures and controls to ensure that all Federal requirements and the Authority's Section 8 administrative plan are followed for (1) supporting household eligibility, (2) performing initial housing quality standards inspections, (3) rent reasonableness assessments, (4) execution of housing assistance payments contracts, and (5) income verifications and calculations.
- 2G. Develop and implement procedures for (1) conducting annual reviews of the Authority's payment standard amounts and utility allowances and maintaining adequate supporting documentation, and (2) completing and documenting the criminal history background checks for all adult household members.
- 2H. Obtain training for its staff to ensure compliance with HUD's Housing Choice Voucher requirements.

Scope and Methodology

We conducted our review at the Authority's office in Bogalusa, LA, and our field offices in Baton Rouge and New Orleans, LA, between November 2018 and May 2019. Our audit scope generally covered the period January 1, 2016, to September 30, 2018. We expanded the review period to November 2018 to review disbursement documentation and Section 8 participant data as needed to accomplish our objective.

To accomplish our objective, we reviewed

- Relevant laws, regulations, RAD application and conversion documents, the annual contributions contract, and HUD monitoring reports and guidance.
- The Authority's Section 8 administrative plan, operating policies and procedures, public housing agency plans, board of commissioners' meeting minutes, organizational charts, audited financial statements, general ledgers, check registers, bank statements, and housing assistance payment registers.
- The Authority's (1) master development agreements with its RAD development partners; (2) RAD predevelopment costs and disbursements; (3) Operating Fund disbursement files; (4) available procurement records and files; and (5) Section 8 Housing Choice Voucher Program participant, payment standard, and utility allowance files.

We also interviewed HUD and Authority staff.

The disbursement universe included 2,142 check transactions within the Authority's check register totaling more than \$4.7 million, made between January 2016 and November 2018. We performed a cursory review and identified 789 transactions totaling more than \$2 million for additional review. Using nonstatistical random sampling, we selected a total of 45 sampled check transactions totaling \$395,330 for review. We reviewed the disbursement files to determine whether the Authority ensured that its disbursements were eligible, supported, and reasonable. Through file reviews, we assessed the reliability of the computer-processed check register disbursement data and determined that the data were generally reliable. Although this approach did not allow us to project the results of the sample to the population, it was sufficient to meet the audit objective.

Regarding the procurement review, the Authority did not have a universe of procured goods and services to pull from for sample selection (in the form of a procurement log, contract log, or register). To select samples for procurement review, we analyzed the Authority's check register and identified 13 contractors. The contractor universe included disbursements for 13 contractors totaling more than \$1.4 million between January 2016 and November 2018. We selected a nonstatistical sample of five contractors with payments totaling \$238,197, based upon indicators provided by the Authority that it either did not adequately procure the services or did not have an executed contract. We requested the Authority's procurement files to determine whether the Authority followed procurement requirements. We assessed the reliability of the computer-processed check register disbursement data and determined that the data were generally reliable.

Although this approach did not allow us to project the results of the sample to the population, it was sufficient to meet the audit objective.

Regarding the review of the RAD predevelopment costs, we obtained the Authority's general ledger data and retrieved the data from the general ledger accounting code for predevelopment costs. We (1) analyzed the general ledger data in comparison to RAD conversion commitment execution documents to determine the date on which predevelopment costs were no longer required, (2) requested check documentation to determine the cost allocations and disbursement amounts, and (3) totaled the costs per project to determine whether any of the projects exceeded the predevelopment cost threshold of \$100,000 before the Authority's RAD conversion commitment was executed. We assessed the reliability of the computer-processed general ledger data and check register disbursement data and determined that the data were generally reliable. Although this approach did not allow us to project the results of the sample to the population, it was sufficient to meet the audit objective.

Regarding the Section 8 Housing Choice Voucher Program participant eligibility file review, we selected a nonstatistical sample of 24 participants for review from a total of 114 included in HUD's Public and Indian Housing Information Center (PIC) system data as of November 6, 2018. We sampled the participants to determine whether the participants' (1) files were adequately documented, and (2) met Housing Choice Voucher Program and the Authority's administrative plan's eligibility requirements. These 24 participants were identified in the following PIC system data reports: duplicate participants, invalid participant IDs, participant rent calculation discrepancy, multiple subsidies, income discrepancies, housing quality standards inspections, and failed Social Security number verifications. Through file reviews, we determined that the computer-processed data related to the participant files were generally reliable. Although this approach did not allow us to project the results of the sample to the population, it was sufficient to meet the audit objective.

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:

- Effectiveness and efficiency of operations and reliability of financial reporting – Policies and procedures that the Authority's management implemented to reasonably ensure that the programs met their objectives and valid, reliable data were obtained, maintained, and fairly disclosed in reports.
- Compliance with applicable laws and regulations – Policies and procedures that the Authority's management implemented to reasonably ensure that resource use was 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 Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The Authority did not understand or disregarded Federal requirements, did not have sufficient policies and procedures, and lacked adequate staffing to ensure that it adequately procured contractors, supported disbursements, and tracked predevelopment costs when spending its operating funds (finding 1).
- The Authority did not understand Federal requirements and lacked adequate new admission and recertification controls to ensure that it adequately administered its Section 8 Housing Choice Voucher Program (finding 2).

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		\$238,197	
1B		13,270	
2A	\$24,728		
2B	1,223		
2C		2,535	
2D			\$709
Totals	25,951	254,002	709

- 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 this instance, if the Authority implemented our recommendation along with recommendations to develop and implement additional controls, participants would be appropriately reimbursed for amounts they should not have paid and the Authority can prevent this error from occurring in the future.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

HOUSING AUTHORITY OF THE CITY OF BOGALUSA, LA.

P.O. BOX 1113=1000 UNION AVENUE, BOGALUSA, LOUISIANA 70429-1113
PHONE (985)735-6533 FAX (985)730-7996 Email bha@bogalusaha.com

July 22, 2019

Kilah White
Regional Inspector General for Audit
Office of Audit (Region 6)
819 Taylor Street Suite 13A09
Fort Worth, TX 76102

RE: OIG Audit Report
Housing Authority of the City of Bogalusa

Dear Ms. White,

As you know the Bogalusa Housing Authority has been in the process of the RAD/Tax Credit conversion since we received our CHAP award in 2015. The program has gone through unforeseen changes in staff positions. We have worked diligently in maintaining the day to day operations. All decision made were in the programs best interest.

1. Finding 1: The Authority Did Not Always Follow HUD's and Its Own Requirements for Its Procurement, Disbursement, and Predevelopment Activities
 - The Authority has received bids for cleaning services and the Board has awarded the contract to the lowest bidder.
 - The Authority hired a CPA for its payroll procedures to ensure internal controls when non-essential staff members took leave prior to layoff. The Board has awarded a contract to a procured payroll accountant.
 - The Authority did use the services of the Deputy Directors son on an as needed basis to perform emergency work orders that had to be addressed in a timely manner. Maintenance workers were among the non-essential staff that took leave prior to layoff. They were deemed non-essential once the management company for Tax Credits came aboard. In a small town there are limited individuals that can work on a "as need basis". At no time was the Deputy Director involved in requesting the services, supervising, or in the process of payments.
 - The Authority has submitted the ICE for the fencing installation services that showed a bid difference of 24%, although it was the only bid received out of 3 interested companies, the bid was believed to be reasonable and from a responsible bidder with excellent references.

Comment 1

Comment 2

Comment 3

**Ref to OIG
Evaluation**

Auditee Comments

Comment 1

- The Authority acknowledges the oversight of the renewal of the fee accountant services and has obtained bids and the Board has awarded the contract to the lowest bidder.

A. The Authority Did Not Always Maintain Adequate Documentation for Disbursements:

- The Authority acknowledges the missing receipts for the gas credit card but paid the total amount reflected from the invoice received through the mail and believed this amount to be correct. As stated in report to ensure adequate supporting documentation the Director/Deputy Director will initial all processed invoices. All invoices were reviewed and goods accounted for upon delivery.
- The agency will revise credit card policy to omit two of the three cards that are no longer active.

B. The Authority Exceeded Its Authorized Predevelopment Cost Threshold Under RAD:

The conversion of public housing units under the RAD program has been a lengthy process due to a shortage of available funds for renovations needed. The projects have been through several reorganizations to meet established state QAP guidelines. Both the BHA and the Developer partner were tracking expenses on the existing and previous project; however, one particular set of invoices were not accounted for when the project was reorganized. The funds were paid with PHA operating reserves and not Capital Fund Program (CFP); therefore, they were not accounted for on the initial CFP budget. The CFP budgets have all been updated to account for the PHA operating reserves expended and have been approved by the New Orleans HUD Office effective June 24, 2019.

C. The Authority Did Not Understand or Disregarded Requirements, Lacked Adequate Controls Over Document Retention, Lacked Adequate Policies and Procedures, and Lacked Adequate Staff:

- BHA is not aware of any inadequate document retention and has an established retention policy that meets both the state and federal guidelines. BHA follows established policy and will review it for adequacy and current state and federal requirements.

Comment 4

Comment 5

- D. It is our understanding that many agencies the size of BHA does not have a staff accountant onsite due to budgetary constraints. The Executive Director does understand the financial aspects of all BHA business and is totally aware

**Ref to OIG
Evaluation**

Auditee Comments

Comment 6

of all day to day expenses and monetary responsibilities for internal control purposes.

2. Finding 2: The Authority Did Not Always Administer Its Housing Choice Voucher Program in Accordance With HUD Requirements

A. As it relates to ineligible payments totaling \$24,728.00 and unsupported payments.

1. When referencing the projected amount versus the actual annual income it doesn't exceed over the income threshold for either HUD income limits or discrepancy.
2. Documents to support student status was on file which would in terms waiver there referenced income
3. Incorrect address-initially the address was incorrect due to automatic correction from software. Once discovered the correction was made manually.
4. Contract unit address was incomplete by inadvertently not having street name on address. The address was modified to reflect the street both systematically and manually. Per HCV guidebook Chapter 22 (22.5 Corrective Action: Errors & Omissions) in the event that there is an error you make the necessary modifications. An amendment to the lease and HAP contract must reflect any change to family payment & subsidy.
5. Executed Lease Agreement-lease date does not correspond with the contract date- The terms reflective on the HAP contract are the initial lease terms. The owner certifies this by executing the HAP contract in addition to tenancy addendum attached to the lease agreement. In the event any conflict between the two the tenancy addendum supersedes. This is also referenced in the HAP contract that the terms in the contact are the actual initial lease terms.

Comment 7

- B. Criminal Background History= Per PIH notice 2012-28C. Criminal Background Check Record Retention. PHA's must destroy the results of a criminal background check in accordance with the records management requirements in 24 CFR 5.905 (c) (i). A record of screening, including type of screening and date performed must be retained. In accordance to report 24 files were documented of having no documentation for background checks. When reviewing over the criminal history file and policy there is documentation to support that a background check was performed. The only ones that are not present are the port-ins and a few participants whose records were form old/prior administration and past record retention.

Auditee Comments

Comment 8

C. Rent Reasonableness not performed prior to execution of Rent Reasonableness not performed prior to execution of the lease/HAP contract

Per HCV 10-25 & 9-1 a thorough unit inspection is required for the PHA to determine compliance with the HQS and to determine the reasonableness of rent. Also, RR determinations are required before entering into a HAP contract. Initial lease term is reflective on the HAP contract and contingent upon unit passing. The lease and contract dates can be conflicting because you are permitted to enter into a lease 60 days prior to HAP contract per Admin Plan which should validate referenced data analysis.

Comment 9

D. As it relates to Eligibility or verification documentation some form of supporting documentation is on file be it eligibility or verification documents. Per policy plan Ch.2 An applicant must furnish evidence of Citizenship/ Eligible Immigration Status (Birth Certificates). Ch. 5 HCV Guidebook Eligibility speaks of submission of documentation as follows: Documentation must be submitted by the time of the eligibility determination. Once documents have been submitted and verified for an individual, citizenship documentation for that individual will not need to be collected again. Each family must declare their status once.

Comment 7

Noted: There are six portable families that don't have background checks documentation present on file or citizenship due to portability status. This action is performed upon initial lease-up. Verification on the file 58 form indicates the eligible citizenship status. Several files were mentioned to lack documentation however it is present on the file. Reference HCV Guidebook Chapter 13.4.

Comment 9

Comment 10

E. Initial HQS inspections

The initial HQS inspections was completed and passed before the execution of lease and HAP contract. Per Administrative Plan it speaks to units passing inspection prior to HAP contract effective date which is contingent upon the passing of unit. All properties were inspected before the initial lease term and HAP contract. However, the date that it passed coincides with the Hap contract term. According to HOTMA provision (e) Effective date of contract. The unit needs to be inspected before the initial lease term/HAP contract.

**Ref to OIG
Evaluation**

Auditee Comments

Comment 11

In conclusion, the BHA has worked diligently to meet the needs of its residents and the community and will continue that process through the repositioning of their assets under the RAD program. This report reflects personal opinions and personal understanding of both documentation and regulatory aspects of the public housing and housing choice voucher programs. The actions I have taken were in the best interest of BHA and its resident families. All appropriate policies will be reviewed and updated as necessary.

Vonda Waskom
Executive Director

OIG Evaluation of Auditee Comments

Comment 1 The Authority stated that it had taken several corrective actions, including (1) receiving bids for the cleaning services and fee accountant and awarding the contracts to the lowest bidder; (2) awarding a contract to a procured payroll accountant; (3) implementing a procedure to ensure adequate supporting documentation, which included the director or deputy director initialing all processed invoices and reviewing or accounting for goods upon delivery; (4) revising its credit card policy to omit two of the three cards that were no longer active; and (5) updating the CFP budgets to account for the PHA operating reserves expended, which HUD approved effective June 24, 2019.

We acknowledge the Authority's efforts toward correcting the deficiencies identified in the report. The Authority will need to continue working with HUD to address the report recommendations.

Comment 2 The Authority stated that it used the maintenance services of the deputy director's son on an as-needed basis to perform emergency work orders that had to be addressed in a timely manner and at no time was the deputy director involved in requesting the services, supervising, or the process of making payments.

We disagree. During our review, the executive director stated that she asked the deputy director whether her son could provide maintenance services on an as-needed basis, thus involving the deputy director in the request for services. In addition, the Authority did not provide adequate documentation showing that the executive director directly supervised the deputy director's son, coupled with an analysis of prior organizational charts, prior maintenance staff job evaluations, and discussions with staff showing that the deputy director supervised the maintenance staff. Therefore, we stand by our original conclusions and recommendations.

Comment 3 The Authority stated that the independent cost estimate for the fencing installation services showed a bid difference of 24 percent, and although it was the only bid received out of three interested companies, the bid was believed to be reasonable and from a responsible bidder with excellent references.

The Authority did not provide documentation supporting its assertions regarding the independent cost estimate. Therefore, we stand by our original conclusions and recommendations. The Authority will need to provide the documentation to HUD and work with HUD to resolve the findings and recommendations during the audit resolution process.

Comment 4 The Authority stated that it was not aware of any inadequate document retention and had an established retention policy, which met both State and Federal guidelines. The Authority also stated that it followed established policy and reviewed it for adequacy and current State and Federal requirements.

We disagree. As stated in the report, the Authority did not maintain adequate documentation to detail the history of procurement and for three of the five sampled procurements, did not maintain any procurement documentation. Therefore, we stand by our original conclusions and recommendations.

Comment 5 The Authority stated that it understood that many agencies its size did not have a staff accountant onsite due to budgetary constraints and the executive director understood the financial aspects of all Authority business and was aware of all day-to-day expenses and monetary responsibilities for internal control purposes.

We disagree. As discussed in the report, after laying off the accountant, the Authority lacked a segregation of duties, as the executive director both prepared and signed checks. In addition, the Authority did not have controls to segregate the accounting and executive director functions to assure proper internal controls after it laid off the accountant. Therefore, we stand by our original conclusions and recommendations.

Comment 6 The Authority disagreed with finding 2 and stated that, related to the ineligible payments totaling \$24,728 and unsupported payments, (1) for one file, the projected amount versus the actual annual income did not exceed the HUD income limit threshold; (2) for a second file, documents to support student status were on file, which would waive the income ; (3) for a third file, which had an incorrect address, the address was incorrect due to automatic correction from software, and once discovered, the correction was made manually; (4) for a fourth file, which included an incomplete address, the unit address, which was incomplete due to a missing street name, was modified to reflect the street both systematically and manually according to the Housing Choice Voucher Guidebook, section 22.5; and (5) for a fifth file, regarding the executed lease agreement, the lease date did not agree with the contract date. However, the owner executes the housing assistance payments contract in addition to a tenancy addendum, which is attached to the lease agreement, and in the event of a conflict between the housing assistance payments contract and the tenancy addendum, the tenancy addendum overrides the lease agreement.

We disagree. The Authority did not provide additional documentation with its written response to support its position. A review of the documentation during the audit determined that (1) for the first file, the Authority used an employment verification form to calculate the household income instead of the check stubs that the participant provided, despite Notice PIH 2010-19, stating that check stubs were ranked above the use of written third-party verification forms, and when using the check stubs to calculate household income, the income exceeded HUD income limits; (2) for the second file, there were no current full-time student verification documents in the file for the May 2018 annual reexamination, as the last dated verifications were in 2016, and, thus, we determined these to be insufficient because the student's status was shown only for 2014, 2015, and 2016; (3) for the

third file, the incorrect address was discovered during the audit, when auditors discussed the housing assistance payments contract with the Authority, and it was corrected, but before the correction, the participant had occupied the unit for approximately 7 years under a contract that did not reflect its actual address; (4) for the fourth file, the contract unit address was incomplete on the housing assistance payments contract executed April 2018, and although we acknowledge that it was corrected in the contract executed in April 2019, the 2018 contract also included an inaccurate housing assistance payment amount, as the lease reflected a monthly rent amount of \$650, while the contract included a monthly rent of \$746; and (5) for the fifth file, 24 CFR (Code of Federal Regulations) 982.305(c)(1)(4) states that the housing assistance payments contract must be executed no later than 60 calendar days from the beginning of the lease term, any contract executed after the 60-day period is void, and the public housing agency may not make any housing assistance payment to the owner. This participant's lease agreement began on March 23, 2016, and the housing assistance payments contract was executed August 10, 2016, 140 days after the lease term began.

Therefore, we stand by our original conclusions and recommendations. The Authority will need to provide any additional documentation to HUD and work with HUD to resolve the findings and recommendations during the audit resolution process.

Comment 7 The Authority stated that according to Notice PIH 2012-28C, Criminal Background Check Record Retention, public housing agencies must destroy the results of a criminal background check in accordance with the records management requirements in 24 CFR 5.905(c)(i) and a record of screening, including type of screening and date performed, must be retained. The Authority further stated that there was documentation to support that a background check was performed and the only missing documentation involved the port-ins and a few participants whose records were from old or prior administrations and past record retention. There were six portable families that did not have background check documentation on file due to portability status. This action was to be performed upon initial lease-up.

We disagree regarding the retention of criminal history background check documentation. While Notice PIH 2012-28C states that public housing agencies must destroy the **results** of a criminal background check, it also states that **a record of the screening**, including the type of screening and the date performed, must be retained. The Authority provided only signed background check consent forms for 5 of the 24 participants, which included notations that a records check was performed and the date; however, there were no records of the actual screening to show that the background checks had been performed for any of the 24 files.

We agree regarding the documentation required for portable families. Based upon a review of additional requirements within the Housing Choice Voucher Program

Guidebook 7420.10G, section 13.4, regarding the type of documentation required for criminal history background checks for the Authority's six port-in participants, we revised the report to reduce the number of participant files that lacked documentation supporting that the criminal history background checks were performed from 24 to 18 participants.

Comment 8 The Authority stated that, according to the Housing Choice Voucher Guidebook, sections 10-25 and 9-1, a thorough unit inspection is required for the public housing agency to determine compliance with the housing quality standards and the reasonableness of rent. The Authority stated that rent reasonableness determinations were required before entering into a housing assistance payments contract. The initial lease term is reflected on the contract and contingent upon the unit's passing. The lease and contract dates could conflict because the administrative plan permitted entering into a lease 60 days before the contract.

We disagree. Regulations at 24 CFR 982.507(a)(1) and 982.305(a)(4) state that the Authority may not approve a lease and execute a housing assistance payments contract until it determines that the initial rent to owner is reasonable. Of the 24 participant files reviewed, the Authority did not perform the rent reasonableness assessment until it executed the lease for nine participants, varying between 7 and 147 days. In addition, the Authority did not perform the rent reasonableness assessment until 2 days after it executed the housing assistance payments contract for one participant. Therefore, we stand by our original conclusions and recommendations. The Authority will need to work with HUD to resolve the findings and recommendations during the audit resolution process.

Comment 9 The Authority stated that, related to eligibility or verification documentation, some form of supporting documentation was on file. The Authority stated that chapter 5 of the Housing Choice Voucher Guidebook states that documentation must be submitted by the time of the eligibility determination and once documents have been submitted and verified for an individual, citizenship documentation for that individual will not need to be collected again. Each family must declare its status once. There were six portable families that did not have citizenship documentation on file due to portability status. This action was to be performed upon initial lease-up.

Based on further review of the HUD requirements from its Housing Choice Voucher Program Guidebook 7420.10G, we agree and reduced the number of files that had missing eligibility or verification documents from 14 to 8 to account for consideration of the 6 ported families. The Authority will need to work with HUD to resolve the remaining findings and recommendations during the audit resolution process.

Comment 10 The Authority stated that the initial housing quality standards inspections were completed and passed before the lease and housing assistance payments contract

were executed. All properties were inspected before the initial lease and contract terms. However, the date when it passed coincided with the contract term.

We disagree. For 13 of the 24 participant files reviewed, the Authority did not complete or pass the initial housing quality standards inspections before either the beginning of the initial lease term, the lease's execution, or the housing assistance payments contract's execution. In addition, the Authority did not provide additional documentation with its response to support its claims. Therefore, we stand by our original conclusions and recommendations.

Comment 11 The Authority stated that this report reflects personal opinions and personal understanding of both documentation and regulatory aspects of the public housing program and Housing Choice Voucher Program.

We disagree. In accordance with the generally accepted government auditing standards and as outlined within the report, the audit obtained sufficient, appropriate evidence, which provided a reasonable basis for our findings and conclusions based on our audit objective. The Scope and Methodology section of this report outlines the review approach and the documentation requested. The Authority was consistently unable to provide adequate supporting documentation that complied with written Federal regulations for its procurements, disbursements, predevelopment costs, and Section 8 Housing Choice Voucher Program participants throughout the review and also failed to provide such support with its response. The Authority also agreed that it did not always have adequate supporting documentation within its response. The report and evidence gathered during the audit provide a reasonable basis for our findings and conclusions based on our audit objective. Therefore, we stand by our original conclusions and recommendations. The Authority will need to work with HUD to resolve the findings and recommendations during the audit resolution process.

Appendix C

Procurement Review Results

Contracted service	Independent cost estimate?	Cost analysis?	Written contract?	Full and open competition?	Conflict of interest?	Questioned costs
Payroll	No	No	No	No	No	\$3,531
Maintenance	No	No	No	No	Yes	952
Cleaning service	No	No	No	No	No	11,560
Fencing install	Insufficient	No	Yes	No	No	168,922
Fee accountant	No	No	Yes	No	No	53,232
Total						238,197

Appendix D

Disbursement Review Results

Sample	Disbursement amount	Unsupported amount	Questioned under procurement review	Total questioned files
1	\$943	\$35	\$0	X
2	844	47	0	X
3	640	0	0	
4	957	190	0	X
5	1,002	52	0	X
6	848	48	0	X
7	17	0	0	
8	126	0	0	
9	174	0	0	
10	163,007	0	0	
11	1,715	0	0	
12	1,200	1,200	1,200	X
13	1,494	0	0	
14	125	125	0	X
15	594	594	594	X
16	85	85	85	X
17	85	85	85	X
18	7,700	0	0	
19	381	381	381	X
20	217	0	0	
21	1,888	0	0	
22	5,710	0	0	
23	642	0	0	
24	565	0	0	
25	1,123	0	0	
26	69	0	0	
27	719	0	0	
28	124,634	0	0	
29	2,100	2,100	0	X
30	60,209	60,209	60,209	X
31	735	0	0	
32	10,000	10,000	0	X
33	400	0	0	
34	35	0	0	
35	673	673	0	X
36	180	0	0	
37	120	0	0	
38	180	0	0	
39	235	0	0	
40	180	0	0	
41	180	0	0	
42	180	0	0	
43	58	0	0	
44	180	0	0	
45	2,181	0	0	
Totals	395,330	75,824	62,554	15

Appendix E

Housing Choice Voucher Program Review Results

Sample	Ineligible housing assistance payments	Unsupported housing assistance payments	Housing assistance payment subsidy underpayments	Housing assistance payment subsidy overpayments	Housing assistance payment miscalculated with no effect	Total questioned files
1						
2						
3			\$140			X
4						
5		\$2,535				X
6	\$9,373					X
7						
8			265			X
9						
10				\$888		X
11						
12					\$0	X
13			170			X
14					0	X
15					0	X
16			54			X
17	1,064					X
18				170		X
19						
20			80			X
21				165		X
22	9,467					X
23					0	X
24	4,824					X
Total questioned files	4	1	5	3	4	17
Totals	24,728	2,535	709	1,223	0	