

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT 

**AAHRA
Scholarship Fund Sponsored
Training
Combatting Fraud Within
Your Housing Authority
September 19 – 20, 2018**

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Agenda

- What to Expect after an OIG Audit is Issued
- Types of Reviews
 - Compliance Reviews
 - Housing Choice Voucher Reviews
 - Public Housing Reviews
 - Other Types of Reviews

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What to expect after the audit is issued

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- Once the Field Office and the OIG agree on final Management Decisions, a letter is sent to the PHA which will include:
 1. Restatement of the Finding
 2. Management Decisions (what the PHA must do to close the finding)
 3. Deliverables (what the PHA must submit to close the finding)
 4. Targeted Action Date (Deadline)
- Targeted Action Dates are tracked very closely. These dates cannot be extended unless special permission is given by the OIG. If the dates exceed one year, Congress is notified.



- The Field Office provides all supporting documentation to the OIG prior to the Final Action Target Date to certify that final actions have been completed and all documentation has been obtained.
- The OIG reviews all of the supporting documentation to ensure that the Management Decision requirements have been met.
- Final action (closeout) only occurs when the OIG approves all the corrective actions and documents.
- If the OIG doesn't agree, a discussion will be held with the Field Office and the non-approval will be reported to Congress.

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Repayment Agreements

1. The Field Office will be responsible for obtaining a Repayment Agreement.
 - a. The Agreement must show where the money is coming from and what account it is being paid to.
 - b. It must be signed by the Chairman, Board of Commissioners, the Executive Director, and HUD.
2. The Field Office will forward the signed Agreement to the OIG.
3. If the Agreement is approved, the OIG will adjust the Targeted Action Date to reflect 30 days after the last payment is due.
4. The PHA will be responsible for providing the Field Office with the appropriate documentation; i.e., copies of checks, deposit slips, bank statements showing deposit was made, etc.

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• **Timeline Reminders**

1. HUD's goal for completion of a Final Action is **one year** from the Management Decision date.
2. For large repayments, the Department's goal is to repay within not to exceed **three years**. Typically we would like a one year repayment.
3. HUD is required to submit a semi-annual report to Congress summarizing the activities of the OIG's Office during the **6 month period ending March 31st and September 30th**.
4. Housing Authorities and HUD should strive not to miss any required dates. We want to avoid being included the OIG's report to Congress with overdue reporting!

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OIG Audit Questions



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Types of Reviews

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Things We Look At When Conducting a Review

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- Risk Assessment Results
 - Financial
 - Management
 - Physical
 - Governance
- Departmental Enforcement Center Reviews
- OIG Audits/Investigations
- Public Housing Agency Recovery and Sustainability Reviews
- Housing Choice Voucher (HCV) Utilization/2 Year Tool

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- Section 8 Management Assessment Program (SEMAP) Quality Control Remote Reviews
- SEMAP Troubled
- Project Based Vouchers (non-RAD)
- Rental Assistance Demonstration Program
- Public Housing Occupancy
- Financial
 - Audit Findings
 - Repeat Audit Findings
- Quality Assurance Subsystem (QASS)

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- Shortfall Prevention
- Quality Assurance Division (QAD)
- Interfund Transfers
- Compliance with HUD laws, regulations, and requirements
- Lead-Based Paint, Mold, and Peeling Paint
- Community Service and Self Sufficiency
- Environmental Reviews
- Fair Housing Issues
- Number of Complaints

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Types of Reviews

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Compliance Reviews

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• **What is a Compliance Review?**

- A limited review focused on compliance with program requirements and regulations. Performance issues may be noted in this report but the primary focus is on compliance. Rather than examining anyone area exhaustively, this review touches on multiple areas of compliance to provide the PHA with meaningful feedback for sustained compliance.

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What Do We Look at

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• **Governance and Management**

- Board Approved By-Laws
- Board Approved Policies
 - ACOP
 - Grievance Policy
 - Procurement Policy
 - Disposition Policy
 - Administrative Plan
 - Financial Policy
- Are Board meetings held in accordance with the by-laws
- Required number of Commissioners, including Resident Commissioner

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- Timely Submissions
 - Unaudited
 - Audited
 - PHA Plans
 - SEMAP Certifications
- Internal Controls
- How often the Executive Director and Board reviews the expenses
- Are the bank statement reconciled timely
- Are expenses charged to the correct program
- Is there adequate insurance in place
- Does the PHA accept cash

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- **Housing Choice Vouchers**
 - Documentation on file to support the SEMAP Certification
 - What is the PIC HCV reporting rate
 - How does HCV leasing compare to the ACC vouchers
 - Is the HCV HAP within the funding limits
 - Are HCV funds used only for HCV
 - Is the PHA reporting accurately in VMS
 - Are the HAP payments being paid accurately
 - How is the PHA tracking Lead Based Paint in HCV units/homes
 - Date of recent Utility Allowance
 - Is the PHA targeting the statutory requirement of families at

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- extremely low income
- Is the PHA following their HCV Admin Plan
- Does the PHA have a process to verify income, assets, deductions, etc.
- Is the rent calculated correctly
- Do HCV units pass HQS inspections; if not, how is this handled
- Was rent reasonableness for PHA owned units conducted by HUD-approved independent entity
- Are re-exams conducted timely
- Is the PHA following its policy for evictions
- Are all evictions treated the same

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- Are voucher payment standards set between 90 and 110 percent of the FMR or no greater than 120% (pursuant to HOTMA)
- Are any families renting from family members
- Has the PHA implemented Family Self-Sufficiency
- Does the PHA use the HCV 2 Year Tool or something similar to track their vouchers, leasing potential, funding usage

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- **Public Housing**
 - What is the PHAs PH PIC data reporting rate
 - Do payroll records confirm maintenance wage rates are paid in accordance with HUD-determined rates
 - Is the PHA operating under the Asset Management model
 - Is the PHA maintaining an adequate reserve level, MENAR
 - Is the PHA collecting rent
 - Is the PHA's Tenants Accounts Receivable high
 - Is the Procurement Policy consistent with HUD regulations
 - What about the inventory control system
 - Does the PHA dispose of equipment or property in accordance with the Disposition Policy

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- When was the last Physical Needs Assessment conducted
- Is the PHA meeting the Capital Fund Obligation and Expenditure deadlines
- Does the PHA have the required documentation regarding Lead Based Paint
- How many Fair Housing complaints has the PHA received
- Does the MASS score indicate vacancy problems
- Is the PHA following its Board approved ACOP
- Does the PHA verify income, assets, deductions, etc.
- Is the rent calculated correctly
- Are re-exams held timely
- Does the PHA have an Evictions Policy

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- Have all PH units that are out of service been approved by HUD
- Do the PHAs units occupied agree with PIC
- Does the PHA have a Pet Policy
- Does the PHA have a No Smoking Policy
- How is the PHA handling residents who are non-compliant with the No Smoking Policy

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Other Types of Reviews

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- **Quality Assurance Division (QAD)**
 - **VMS Remote/On-Site** – the purpose of this review is to determine whether existing VMS data was consistent with housing assistance payment expenses, administrative expenses incurred, and administrative fees eligible from HUD for a specific period of time.
 - **Financial Management Remote/On-Site** – the purpose of this review is determine the Unrestricted Net Position (UNP) balance and Restricted Net Position (RNP) balance for a specific period of time, validate and analyze administrative expenses, confirm the availability of cash and/or investments sufficient to support the calculated RNP and UNP, and to ensure proper use of appropriated funds.

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– **Rent Reasonableness** – The purpose of this review is to assist the agency with Rent Reasonableness analysis and to provide guidance and technical assistance related to improving the Rent Reasonableness process.

- **SEMAP Remote Quality Control** – the purpose of this review is to help ensure the SEMAP rating is an accurate depiction of performance, not to determine how well the PHA did at QC sampling. Indicators 1-7 are included in this review.
- **Quality Assurance Subsystem (QASS)** – The QASS staff of experienced auditors and certified public accountants conduct financial assessment of PHAs and perform a wide variety of ad hoc financial reviews, both

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internal and external to the department. These assessments seek to pinpoint the causes of financial irregularities, identify risks in new and ongoing programs, and provide realistic recommendations for mitigating financial distress and strengthening internal controls.

- **Limited Management Review** – Very similar to the Compliance Review as to what HUD would look at. Staff will generally provide technical assistance while on-site as well.

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Types of Reviews Questions



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