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# AUDIT REPORT



Syracuse Housing Authority  
Section 8 Housing Choice Voucher Program  
Syracuse, New York

2005-NY-1006

August 10, 2005

OFFICE OF AUDIT  
New York/New Jersey Region

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| Issue Date<br>August 10, 2005 |
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| Audit Report Number<br>2005-NY-1006 |
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TO: Joan K. Spilman, Director, Public Housing Division, 2CPH

FROM: *Edgar Moore*  
Edgar Moore, Regional Inspector General for Audit, 2AGA

SUBJECT: Syracuse Housing Authority, Syracuse, New York, Needs To Make Improvements In Administering Its Section 8 Housing Choice Voucher Program

## **HIGHLIGHTS**

### **What We Audited and Why**

We conducted a review of the Syracuse Housing Authority's (Authority) to determine whether the Authority is effectively administering its Section 8 Housing Choice Voucher program. We selected the Authority because they were one of the top three housing authority's in a Section 8 risk assessment conducted by the Region.

### **What We Found**

The Authority is in general compliance with applicable laws and regulations as they relate to its Section 8 Housing Choice Voucher program. However, the Authority's controls over certain administrative matters and program operations need improvement. Specifically, (a) the waiting list was not maintained in accordance with HUD requirements, (b) recertifications were not conducted in a timely manner, (c) inaccurate occupancy information was reported to HUD, and (d) housing units contained minor deficiencies pertaining to housing quality standards.

## **What We Recommend**

We recommend that the director, Public Housing Division, Buffalo Field Office, require the Authority to

- Implement procedures to purge its waiting list.
- Implement procedures and controls to ensure that the Section 8 recertification process is conducted in a timely manner.
- Develop and implement a quality control plan to ensure that the information that is reported to HUD is current and accurate.
- Ensure that the minor housing quality standard deficiencies identified are corrected within the required timeframes.

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 a draft copy of the draft report to Authority officials, who generally agreed with the findings and recommendations.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix A of this report.

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## **BACKGROUND AND OBJECTIVES**

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The Syracuse Housing Authority (Authority) was established to provide decent, safe, and sanitary housing for eligible low- and moderate-income residents of the City of Syracuse, New York. Our review focused on the Authority's Section 8 Housing Choice Voucher program, which uses rental vouchers to assist qualified low-income applicants to lease an existing privately owned apartment or house. In fiscal year 2004, the Authority administered 2,811 Section 8 vouchers with an annual budget of \$15.5 million and earned administrative fees totaling \$1.5 million. The Authority's books and records for the Section 8 program are maintained at its Housing Assistance Payments office located at 312 Gifford Street, Syracuse, New York.

The overall objectives of our review were to determine whether the Authority is effectively administering its Section 8 Housing Choice Voucher program. Specifically, we determined whether the Authority (1) implemented Section 8 admission policies that are consistent with U.S. Department of Housing and Urban Development (HUD) requirements, (2) verified the accuracy of the information on Section 8 applicants' applications, as well as Section 8 participants' recertification forms, (3) properly calculated participants' housing assistance payments, (4) accurately reported information to HUD, and (5) ensured that units provided to participants met HUD's housing quality standards.

## RESULTS OF AUDIT

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### Finding 1: The Authority Needs to Make Improvements in the Administration of its Section 8 Housing Choice Voucher Program

The Authority is generally administering its Section 8 Housing Choice Voucher program in accordance with the program's requirements. However, we noted weaknesses in the controls relating to certain program operations that need improvement. Specifically, (a) the waiting list was not maintained in accordance with HUD requirements, (b) recertifications were not conducted in a timely manner, (c) inaccurate occupancy information was reported to HUD, and (d) housing units contained minor deficiencies pertaining to housing quality standards. In general, the weaknesses can be attributed to a lack of emphasis by the Authority on certain procedures and controls. These weaknesses reduce the overall effectiveness of the Authority's Section 8 Housing Choice Voucher program.

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#### **Waiting List Not Maintained in Accordance with HUD Requirements**

The waiting list for the Section 8 Housing Choice Voucher program was not maintained in accordance with HUD requirements. The waiting list contains more than 6,000 names of program applicants that have not been purged since 2002. The list has been officially closed since August 2004. According to Authority officials, purging the waiting list is not a priority. The Authority contends that the cost of postage that would be incurred to contact applicants on the waiting list is not beneficial to the Authority's operations at this time.

The Housing Choice Voucher Program Handbook<sup>1</sup> provides that the waiting list should be kept as up-to-date as possible to minimize the number of "no-shows" and ineligible determinations. Depending upon how quickly a public housing authority's waiting list turns over, information provided during the application process, such as a change in address, income, family composition, or change in circumstances affecting the applicant's preference status, may become outdated.

Further, the Handbook provides that public housing authorities with long waiting lists may find that it is not cost effective to purge the entire waiting list and instead can decide to purge only enough applicants to enable the public housing authority to have current information only on those applicant families who are

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<sup>1</sup> HUD Housing Choice Voucher Program Handbook 7420.10g, Chapter 4.5

likely to reach the top of the waiting list in the next 12 months. Although purging can require significant staff time and money, depending upon the extent of the purge, the public housing authority should analyze the effort required to complete a purge. If staff is not available but the urgency to purge exists, the public housing authority may want to consider contracting out this function. Purging the waiting list to maintain a list of active applicants is more cost effective than risking decreased leasing rates because of an outdated list.

The negative effect of not purging the waiting list is a possible delay in leasing activities. When a waiting list is out of date, it can be difficult, if not impossible, to reach applicants selected. Often the applicant's status has changed so that the applicant no longer meets the eligibility or selection criteria. The primary goal in purging a waiting list is to obtain current information on interested applicants and to remove applicants no longer interested in or eligible to participate in the program. The Authority should purge enough applicants to enable it to have current information only on applicants who are likely to reach the top of the waiting list in the next 12 months.

### **Recertifications Were Not Conducted in a Timely Manner**

From our sample of 12 tenant files, we found seven files (58 percent) with deficiencies in the annual income reexamination process. For the seven program participants, our review disclosed that the Authority did not conduct the annual recertification process in a timely manner. This is important because if a tenant's income has changed (increased or decreased) late recertifications can lead to either an over or under subsidy amount being paid. Authority officials acknowledged that this is a systematic problem and agreed that the recertifications should be performed in a timely manner; however, they attribute this deficiency to staffing and budget constraints.

In accordance with 24 *Code of Federal Regulations* (CFR)<sup>2</sup> and HUD Housing Choice Voucher Program Handbook<sup>3</sup>, the Authority is required to conduct a reexamination of family income and composition at least annually. Further, the guidebook requires the Authority to establish a policy that ensures reexamination takes place within a 12-month period. As a result, the Authority needs to implement procedures to ensure that the Section 8 recertification process is conducted in a timely manner.

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<sup>2</sup> 24 Code of Federal Regulations 982.516(a)

<sup>3</sup> HUD Housing Choice Voucher Program Guidebook 7420.10g, chapter 12.1 and 12.2

## **Inaccurate Occupancy Information Reported to HUD**

The Housing Choice Voucher Handbook<sup>4</sup> provides that the Multifamily Tenant Characteristics System is HUD's automated system for recording demographic information about assisted families and data about the units they occupy. HUD uses this data to monitor and assess each public housing authority's performance. The Handbook further states that HUD requires public housing authorities to submit data for the following actions: voucher issuance/expiration, new admissions, reexaminations, portabilities, changes of unit, and end of program participation. The data is used to score five indicators in the Section 8 Management Assessment Program and provide documentation for budget reviews and funding decisions. Accordingly, incorrect data or tenant information can lead to wrong determinations being made by HUD regarding tenant eligibility, subsidy, etc.

HUD's Section 8 Management Assessment Program is used to evaluate the performance of housing authorities. It is a gauging tool designed to

- Determine whether the program is assisting eligible families to afford decent, safe, and sanitary housing (including correct assistance determination),
- Gauge the performance in crucial areas and ascertain program integrity and accountability,
- Identify management capabilities/deficiencies and target assistance where needed, and
- Assess whether the housing authority affirmatively promotes fair housing.

Our review of the January 2005 Section 8 indicators disclosed that the Authority had a late inspection rate of 9 percent. However, review of tenant files noted that inspections were performed in a timely manner. Our review determined that the inspection rate was incorrect as a result of inaccurate occupancy information reported to HUD. The Authority's computer system contained data pertaining to non-program participants; i.e., the names and addresses of former Housing Choice Voucher program participants of the Authority. Since these non-program participants were not removed from the Authority's system, former tenants no longer participating in the program are reflected in HUD's systems. Authority officials agreed that the inspection rate was incorrect due to outdated information pertaining to non-program participants in the Section 8 Management Assessment Program data. Authority officials stated that it was not considered a priority to update the information; however, at the completion of our review, the Authority was in the process of resolving this issue.

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<sup>4</sup> HUD Housing Choice Voucher Program Guidebook 7420.10g, chapter 19



The Authority needs to ensure that the occupancy information reported to HUD is current and accurate at all times. To accomplish this task, the Authority should implement a quality control plan to ensure that the information that is reported to HUD is current and accurate. Further, the Authority needs to match its rent roll and system data to information in HUD's system periodically and reconcile all differences. As such, unless corrective action is taken, HUD will continue to have access to inaccurate and incomplete data, which can negatively impact HUD's ability to properly assess the Authority's performance.

### **Housing Units Contained Minor Housing Quality Standards Deficiencies**

Based on our sample of 12 units, we found four units (33 percent) with minor housing quality standards violations. Three of the four units had deficiencies that were easily correctable. Examples of some of the deficiencies include batteries removed from smoke detectors, peeling paint, missing and/or broken floor tiles, and low water pressure in the kitchen. Only one unit had serious concerns pertaining to gas leaking from the stove that required immediate repair. An inspector employed by the Authority, who accompanied us on the unit inspections, agreed with our observations.

Housing quality standards for the Section 8 program are established in 24 *Code of Federal Regulations*<sup>5</sup>. All program housing must meet the housing quality standards requirements throughout the tenancy period. The federal regulations<sup>6</sup> further requires housing authorities to inspect each leased unit at least annually to determine whether HUD's standards are met. Housing authorities must conduct supervisory quality control inspections.

Our review determined that the Authority has adequate inspection procedures in place and overall the units were in good condition. Our review of tenant files disclosed that the Authority is diligent in making sure violations noted during prior year inspections are corrected. For example, when the batteries were removed from a smoke detector, Authority files contained documented evidence that the units were reinspected to ensure compliance. In continuing with this practice, the Authority needs to ensure that the minor housing quality standards deficiencies we identified are corrected before they become a serious concern for the well being of the Section 8 participants. According to the Authority inspector, the landlords of the four units noted during our review will be informed of the needed corrections. Further, the four units will be reinspected to ensure that the repairs were made. If not, the housing assistance payment to the landlord will be suspended.

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<sup>5</sup> 24 Code of Federal Regulations 982.401

<sup>6</sup> 24 Code of Federal Regulations 982.405

## Conclusion

Weaknesses in the controls relating to program operations, validity and reliability of data, and compliance with regulations reduce the overall effectiveness of the Housing Choice Voucher program. Although the weaknesses are attributable to a lack of emphasis on certain procedures and controls, the Authority needs to strengthen its controls over the (1) maintenance of the waiting list, (2) recertification process, (3) reporting of occupancy data, and (4) correction of minor housing quality standards deficiencies.

## Recommendations

We recommend that the director, Public Housing Division, Buffalo Field Office, require the Authority to:

- 1A. Develop and implement procedures to purge its waiting list to enable the Authority to have current information on applicants who are likely to reach the top of the waiting list in the next 12 months.
- 1B. Implement procedures and controls to ensure that the Section 8 recertification process is conducted in a timely manner.
- 1C. Develop and implement a quality control plan to ensure that the information that is reported to HUD is current and accurate.
- 1D. Ensure that the minor housing quality standards deficiencies identified are corrected within the required timeframes.

## SCOPE AND METHODOLOGY

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Our review focused on the Authority's Section 8 Housing Choice Voucher program. To accomplish our objectives, we

- Reviewed applicable HUD requirements and regulations.
- Interviewed HUD field office staff, as well as employees of the Authority.
- Obtained an understanding of the Authority's management controls as they related to our objectives.
- Reviewed accounting records and files, financial statements, general ledgers, year-end settlement statements, and program records maintained at HUD and the Authority.
- Reviewed 12 of the Authority's Section 8 client files to verify the accuracy and completeness of the records, and to test the Authority's assistance level determinations.
- Examined inspection records maintained by the Authority and conducted housing unit inspections related to the above 12 clients files.

The review covered the period between January 1, 2004, and January 31, 2005; however, it was extended as necessary. We performed our work from March through June 2005. The review was conducted in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

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

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

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## Relevant Internal Controls

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

- Program operations - Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Controls over the validity and reliability of data - Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations - Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding of resources - Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

Based on our review the following items are significant weaknesses:

- Policies and procedures were not implemented to ensure that the waiting list is current and purged regularly (see finding).
- Policies and procedures were not implemented to ensure that tenant recertifications were completed in a timely manner (see finding).
- Quality Control procedures were not developed to ensure that occupancy information submitted to HUD was current and accurate (see finding).

## Appendix A

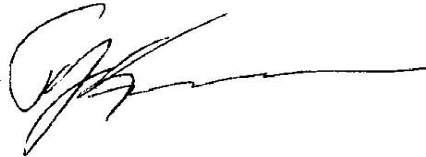
### AUDITEE COMMENTS AND OIG'S EVALUATION

#### Auditee Comments

## Syracuse Housing Authority

### MEMORANDUM

**TO:** John Cameron  
**CC:** Fred Murphy  
**FROM:** Terry J. Kresser  
**DATE:** July 21, 2005  
**RE:** Findings



#### Finding #1

**Waiting List is not maintained in accordance with HUD recommendations.**

Syracuse Housing Authority Section 8 will purge its Wait List for at least the number of applicants expected to reach the top of the list within the next 12 months.

This office expects to begin the process in September as staff time becomes available.

Please note: In the crepuscular hours, this writer has tried to figure out what advantage there would be in investing this kind of time and money.

If we were to purge our entire list of 6,000 names, just the cost of postage would be \$2,220.00 for the letter going out, another approximately \$1,500.00 for the postage for the return envelopes, and another \$1,500.00 for the postage notifying families (eventually) that their names had come to the top of the list. Plus a tremendous number of staff hours.

Our general practice previous to your involvement would be to write to 100 on the list if we wished to bring in 50. That one letter would indicate withdrawal if a family failed to respond.

SYRACUSE HOUSING AUTHORITY • 516 BURT STREET • SYRACUSE, NEW YORK 13202 • (315) 475-6181 • FAX: (315) 470-4203  
HOUSING ASSISTANCE PAYMENTS PROGRAM • SECTION 8 • 312 GIFFORD STREET • NINTH FLOOR  
SYRACUSE, NEW YORK 13204 • (315) 470-4400 • FAX: (315) 470-4436

Comment 1

It seems obvious that the purge method will cause much effort for an already strained clerical staff. Handling the large list as we have in the past causes little strain and results in exactly the same outcome.

It is obvious you do not agree.

We will follow your recommendation.

**Finding #2**

**Recertifications were not conducted in a timely manner.**

Syracuse Housing Authority Section 8 will make all necessary efforts to bring our recertifications current.

Please note: Since January, 2005, this office's staff of eleven Tenant Selectors who conduct recertifications has been affected by the following:

One Tenant Selector had a child and was on maternity leave;

One Tenant Selector was on sick leave for 5 weeks because of surgery;

One Tenant Selector suffered a heart attack;

One Tenant Selector was transferred to another position because he was unable to keep current with his Section 8 responsibilities;

Another Tenant Selector has completed training and is now handling a full work load;

Another Tenant Selector has been hired and is now in the process of training.

As of this date, a large share of the recertifications that were not current has been completed and it is our expectation that within two or three months the problem will not exist.

**Finding #3**

**Inaccurate Occupancy Information Reported to HUD.**

Syracuse Housing Authority Section 8 will make every effort necessary to see that correct information is given to HUD.

**Comment 2**

**Comment 2**

Please note: Since this office has become aware of the reporting error we have been able to eliminate a list of over 40 pages with 20 names on each page from the reexamination report.

It appears that the reexamination report corrections also affect the HQS inspection report. We will continue to attempt to bring these reports current as time allows.

As we discussed, some time last August or September the number of families listed on the "late" reexamination report went from 15 or 18 families in July, 2004, to 168 pages of 20 family names on a page with about 50 pages listed as "late" in October of 2004. I believe our HUD rep attempted to explain to you why/how this happened.

This is not the first time we have been surprised by HUD's less than remarkable MTCS reporting system. It is nearly impossible for us as practitioners to figure out what they are counting. Just as this example shows, they made a change and then we are made responsible for the retroactive results of the change. Being on the end of the food chain, and having few extra resources to invest literally hundreds of hours to correct these aberrations that others see as vitally important along with responsibilities that directly affect families is not an easy undertaking.

**Finding #4**

**Housing Units Contained Minor Housing Quality Standards Deficiencies.**

Syracuse Housing Authority Section 8 will continue to ensure that all H.Q.S. Deficiencies are identified and are corrected within the required time frames.

**Comment 2**



### **OIG Evaluation of Auditee Comments**

**Comment 1** The Authority's proposed action to purge the list for the number of applicants expected to reach the top within the next twelve months is responsive to our audit finding. However, although purging can require significant staff time and money, depending upon the extent of the purge; purging the waiting list to maintain a list of active applicants is more cost effective than risking decreased leasing rates because of an outdated list.

**Comment 2** The Authority's proposed actions are responsive to our report.