



U.S. Department of Housing and Urban Development  
Wanamaker Building, Suite 1005  
100 Penn Square East  
Philadelphia, PA 19107-3380

District Inspector General for Audit

Audit Related Memorandum  
No. 96-PH-214-1803

November 2, 1995

MEMORANDUM FOR: Edward J. Palombizio, Director, Multifamily  
Division, Pittsburgh Area Office, 3EHM

FROM: Edward F. Momorella, District Inspector General  
for Audit, Mid-Atlantic, 3AGA

SUBJECT: Westgate Management Company  
Survey of Management Agent Operations  
Trenton, New Jersey

We completed the subject survey. The purpose of the survey was to review selected management agent operations in the Mid-Atlantic, Pittsburgh Field Office jurisdiction and determine whether further audit work was necessary.

Specific areas reviewed during the survey were:

- general physical condition and maintenance of the projects managed by Westgate;
- financial management; and
- leasing and occupancy.

We interviewed Multifamily Asset Management Branch staff, and reviewed HUD files relative to projects managed by Westgate. We reviewed the latest IPA audit reports. We visited the Westgate offices and interviewed staff. We selected four projects for physical inspection and tenant file review, Douglas Plaza Apts, Hawksworth Garden II, Village of Searights and Mountainview Gardens.

Our survey disclosed the following:

Village of Searights:

- Six of seven units inspected failed HQS for lack of a discharge line on the water heaters. The manager acknowledged that a discharge line would need to be installed on all unit water heaters. The manager was not aware this was an HQS requirement.
- Vacancy claims were submitted improperly. Supporting documentation for 1995 vacancy claims disclosed that unit turnaround times were greater than reported resulting in an overpayment of \$876. The manager attributed the discrepancy to miscommunication between maintenance and the person preparing the claims. The manager agreed to document the date a unit is ready for occupancy via work order in the future.
- The project received HAP payments totaling \$950 for a unit which was never occupied. A qualified applicant paid a security deposit and two month's rent but never moved into the unit. A medical disability arose between eligibility processing and occupancy which precluded move-in. The manager was unaware the tenant had not moved in.

Douglas Plaza

- The manager inadvertently processed the last market rent increase incorrectly. Market renters have been undercharged \$2 and \$1 for one bedroom and one bedroom deluxe units respectively since April, 1994. As a result excess rental income payable to HUD has been underpaid by \$710.

No reportable deficiencies were noted regarding financial management and leasing.

Review results were discussed with Westgate and they concurred with OIG's presentation. Recovery of the excess vacancy claims, ineligible HAP, and excess rental income was processed through Westgate's October HAP request and Monthly Report of Excess Income submittal. Corrective action was planned for the HQS violation. Although no controlled findings resulted from our review, we recommend your staff confirm the HQS resolution during your next physical inspection of the Village of Searights. Based on the survey work done, we have concluded no additional audit work is necessary.

If you have any questions please contact Irving I. Guss, Assistant District Inspector General for Audit at (215) 656-3401.

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Date				



REPORT NAME: Westgate Management Company  
 Survey of Management Agent Operations  
 Trenton, New Jersey

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 ISSUE DATE: November 2, 1995

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