

Issue Date	December 8, 2006
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Audit Report Number	2007-FW-1004
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TO: Jerry D. Hyden
Program Center Coordinator, Office of Public Housing, 6IPH

FROM: 
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SUBJECT: Oklahoma City Housing Authority, Oklahoma City, Oklahoma, Generally
Complied with HUD's Standards

HIGHLIGHTS

What We Audited and Why

We conducted a review of the Oklahoma City Housing Authority (Authority) to determine whether the Authority operated its Section 8 programs in accordance with U. S. Department of Housing and Urban Development (HUD) requirements. We selected the Authority because our analysis indicated that it potentially overpaid housing assistance payment vouchers for 251 properties. Our review was in accordance with our strategic plan and regional goal priorities.

What We Found

The Authority generally followed HUD's requirements. However, we informed the director of the Oklahoma City Housing Authority and HUD's program center coordinator of minor deficiencies through a memorandum, dated December 8, 2006.

What We Recommend

Since the Authority generally complied with HUD's requirements, we do not recommend corrective action.

Auditee's Response

We provided the Authority with a draft report on November 27, 2006. In its December 4, 2006 response, the Authority agreed with the report and will take corrective action and implement new internal procedures to prevent future problems. We have included the Authority's response as Appendix A.

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BACKGROUND AND OBJECTIVES

The Oklahoma City Housing Authority (Authority) is a municipal entity organized in 1965 for the development, operation, and administration of low-rent housing programs. It has a five-member board of commissioners, which is appointed by the mayor of Oklahoma City. One public housing resident is on the Authority's board. The primary purpose of the Authority is to provide safe, decent, and sanitary housing for low-income families in Oklahoma City, Oklahoma.

The Authority has 3,026 public housing units and 4,033 Section 8 vouchers. It also has project-based units; mainstream vouchers; disaster vouchers; single-room occupancy; project-based homeless, public housing, and Section 8 homeownership; and family self-sufficiency. We limited our review to the Authority's Section 8 housing assistance payment vouchers. The Authority disbursed more than \$19.6 million in Section 8 vouchers in fiscal year 2005, and as of November 14, 2006, it had disbursed more than \$18.6 million in Section 8 vouchers for fiscal year 2006.

The Authority had the second highest number of potentially overhoused tenants (251) in the state of Oklahoma. Our objective was to determine whether the Oklahoma City Housing Authority overhoused Section 8 residents, computed housing assistance payments correctly, and complied with housing quality standards during inspection of the properties.

RESULTS OF AUDIT

The Authority generally followed the U.S. Department of Housing and Urban Development's (HUD) requirements in administering its Section 8 programs. It generally performed timely inspections for housing quality standards, performed reexaminations annually, and ensured that the properties met HUD housing quality standards. However, of 20 Section 8 tenant files reviewed, we found some minor errors regarding tenant family composition and housing assistance payment calculation errors needing correction. The minor errors were not material to the Authority's overall operations. We addressed these issues in a separate management letter to the Authority and HUD's program center coordinator.

SCOPE AND METHODOLOGY

We conducted the survey at the Authority's office in Oklahoma City, Oklahoma, during August through October 2006. The survey covered the period from July 1, 2004, through June 30, 2006. To meet the survey objective, we

- Obtained and reviewed background information and criteria related to the Authority's administration of the Section 8 program.
- Analyzed data from the HUD Office of Public and Indian Housing Information Center to identify tenants the Authority may have overhoused based on the most recent tenant data available. During our survey scope, the Authority assisted 4,500 tenants, 251 of whom appeared to be overhoused based on family size as compared to the number of bedrooms authorized on the Section 8 voucher.
- Interviewed Authority staff regarding program operations and controls.
- Reviewed a random sample of 20 files of the 251 potentially overhoused tenants to determine whether the voucher size was correct and whether the documents in the file were consistent with HUD data. If the tenant was overhoused, we recalculated the housing assistance payment to identify amounts the Authority overpaid during the survey period.
- Accompanied inspectors on 21 site inspection visits of Section 8 properties to determine whether housing quality standards as prescribed by HUD were being met.
- Obtained a sufficient knowledge of the internal control environment to identify potential weaknesses in those internal controls related to the survey objectives.

We conducted our review in accordance with generally accepted government auditing standards.

INTERNAL CONTROLS

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.

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.
- Compliance with laws and regulations - Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

We assessed the relevant controls identified above.

Significant Weakness

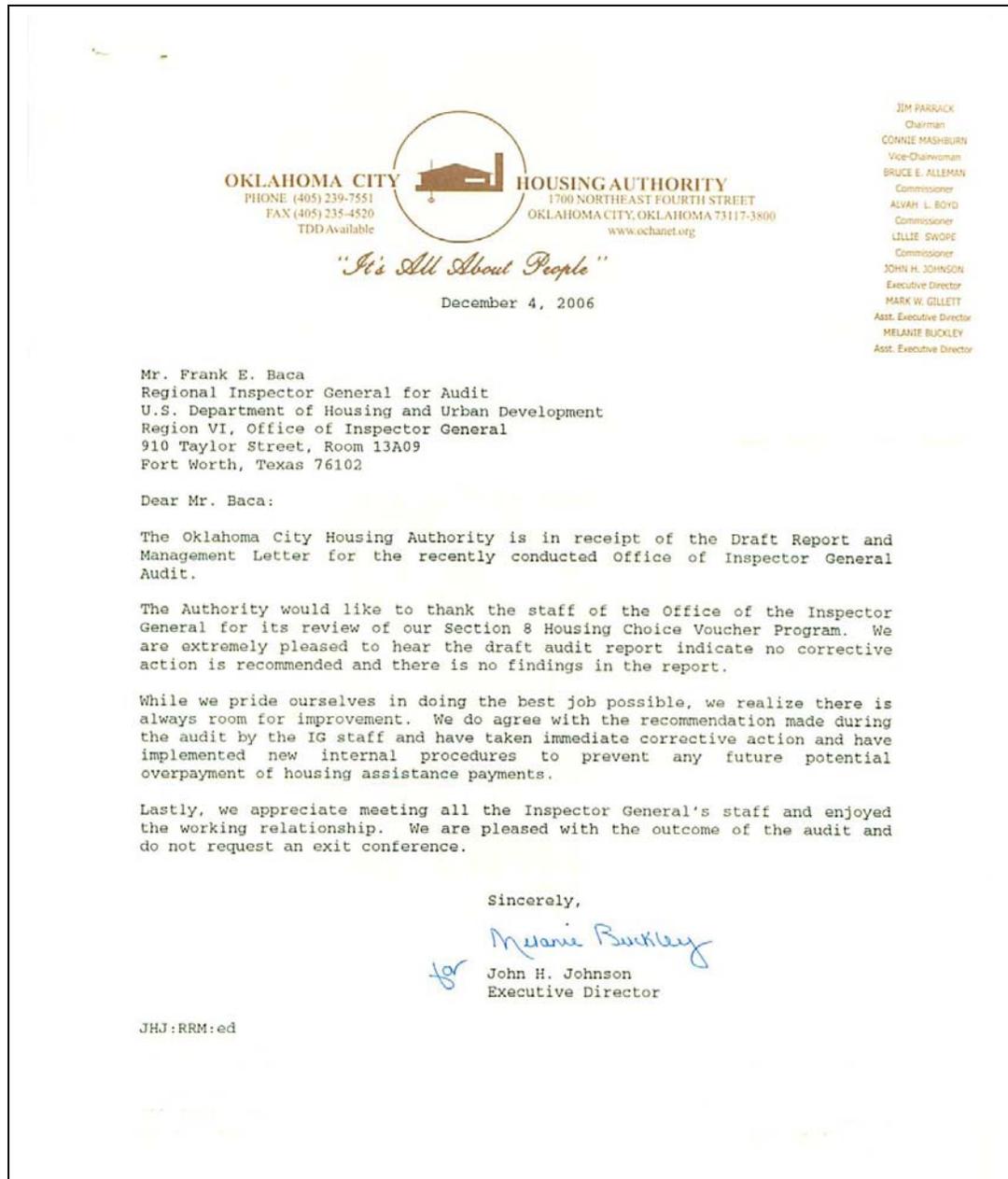
A significant weakness exists if internal controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives. We noted no significant weaknesses in the Authority's current internal controls.

Appendix A

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



Comment 1

OIG Evaluation of Auditee Comments

Comment 1 The Authority agreed with the finding and has taken action to implement new internal procedures to prevent any future potential overpayment of housing assistance payments.