
AUDIT REPORT



HUD Low-Rent and Section 8 Housing Choice
Voucher Programs

Housing Authority of the City of Greeley and Weld County
Housing Authority, Greeley, Colorado

Tenant Selection and Continued Occupancy Activities

2004-DE-1003

June 22, 2004

U.S. Department of Housing and Urban Development
Regional Inspector General for Audit
1670 Broadway 24TH Floor
Denver, Colorado 80202-4825



Issue Date	June 22, 2004
Audit Case Number	2004-DE-1003

TO: Linda J. Camblin, Director, Office of Public Housing, 8APH

Robert C. Gwin

FROM: Robert C. Gwin, Regional Inspector General for Audit, 8AGA

SUBJECT: Tenant Selection and Continued Occupancy Activities
HUD Low-Rent Public Housing and Section 8 Housing Choice Voucher Programs
Housing Authority of the City of Greeley and Weld County Housing Authority
Greeley, Colorado

We have completed an audit of the Low-Rent Public Housing and Section 8 Housing Choice Voucher Programs for the Housing Authority of the City of Greeley and the Weld County Housing Authority respectively. Our review focused on tenant selection and continued occupancy activities based on information we received concerning allegations of improprieties in these areas. The Housing Authority of the City of Greeley through a consortium agreement with HUD administers these program activities for both housing authorities. The objective of our review was to determine whether the housing authorities were conducting their tenant selection and continued occupancy activities for the two HUD programs in conformity with HUD requirements and their own adopted policies and procedures.

We reviewed tenant occupancy activities for 20 current and former tenants of the Greeley Housing Authority Low-Rent Public Housing Program. We also reviewed tenant occupancy activities for 10 participants each for both the Greeley and the Weld County Housing Authorities' Section 8 Housing Choice Voucher Programs. Our review resulted in two findings along with issues needing further study and consideration

In accordance with HUD Handbook 2000.06, REV-3, within 60 days please provide us, for each recommendation without a management decision, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why action is considered unnecessary. Additional status reports are required at 90 days and 120 days after report issuance for any recommendation without a management decision. Also, please furnish us copies of any correspondence or directives issued because of the audit.

Management Memorandum

We appreciate the courtesies and assistance extended by the management and staff of both the Greeley and Weld County Housing Authorities, and the HUD Region 8 Office of Public Housing.

Should you or your staff have any questions, please contact Ernest Kite, Assistant Regional Inspector General for Audit, at (303) 672-5452.

Executive Summary

We have completed an audit of the Low-Rent Public Housing and Section 8 Housing Choice Voucher Programs for the Housing Authority of the City of Greeley (GHA) and the Weld County Housing Authority (WCHA). Our review focused on tenant selection and continued occupancy activities based on information we received concerning allegations of improprieties in these areas. The Greeley Housing Authority through a consortium agreement with HUD administers these program activities for both Housing Authorities. The objective of our review was to determine whether the Housing Authorities tenant selection and continued occupancy activities were administered in conformity with HUD requirements and their own adopted policies and procedures.

Our audit disclosed the need to improve the administration of the Housing Authorities' tenant selection and continued occupancy activities. Operating procedures did not ensure that only eligible tenants were being assisted under the HUD programs and that tenants were paying or receiving the proper assistance amounts. Specifically, our review disclosed that management controls over the tenant admissions and continued occupancy requirements were not sufficient to ensure that the applicable Housing Authority properly:

- **Determined applicant eligibility and rent/assistance payments;**
- **Implemented the GHA Income Disregard Program;**
- **Implemented the GHA Low-Rent applicant waiting list procedures;**
- **Administered tenant repayment agreements;**
- **Established/collected security deposits from GHA Low-Rent Program tenants; and**
- **Determined the WCHA monthly Section 8 administrative fees.**

During our review, several areas relating to the accounting for tenant service charges and tenant account receivables were identified that need further review and corrective action.

Deficient controls over Low-Rent tenant admissions and continued occupancy activities

The GHA has an Admissions and Continued Occupancy Policy for its Low-Rent Housing Program that identifies procedures to be followed in determining tenant eligibility, prorating rent, administering the GHA Income Disregard Program, waiting list procedures, administration of repayment agreements, and the collection of security deposits. Tenant eligibility deals with the tenant identification and documentation of program eligibility by having the necessary Social Security Cards and citizen or resident immigration status support. We found information was not properly documented or supported to show that GHA Low-Rent tenants were eligible for assisted housing

or the amount of rental charges were correct. Second, tenants participating in the GHA Income Disregard Program were being undercharged their housing rent. Third, the GHA Low-Rent tenant waiting lists were not being correctly maintained with some tenant applicants being provided housing that did not meet the Housing Authority's tenant selection criteria. Fourth, the administration of tenant repayment agreements was not consistently applied and failed to follow the Housing Authority's established procedures. Last, the Housing Authority's collection of tenant security deposits was not consistently applied and was contrary to its adopted tenant admission procedures. As a result, GHA provided Low-Rent public housing assistance to ineligible applicants. Additionally, tenants were not charged the correct rent amounts and related security deposits. Also, deviation from the Authority's established occupancy procedures could be construed as showing favoritism for certain tenants.

Inadequate administration of Section 8 Housing Choice Voucher Program Occupancy and related activities

The GHA and WCHA have an Administrative Plan for administering their Section 8 Housing Choice Voucher Program that identifies procedures to be followed in determining tenant eligibility, prorating assistance amounts and administering repayment agreements. However, we found that the Housing Authorities were not properly determining and documenting that tenant family members were eligible citizen or immigrants before Section 8 assistance was provided, and in some cases the amount of financial assistance provided was incorrectly calculated. In fact, we identified three families receiving assistance that did not meet eligibility requirements. We also found that GHA was not administering its tenant repayment agreements in a consistent manner and within the provisions of its Administrative Plan. Last, the WCHA was not properly determining and/or documenting the Section 8 administrative fee charged HUD.

Recommendations

Our review showed that Housing Boards of Commissioners policies were not followed or enforced. This occurred because appropriate management oversight and control procedures have not been established to ensure compliance with HUD requirements and the authorities own policies and procedures. The majority of the functions connected with the administration of the Low-Rent Housing and the Section 8 Housing Choice Voucher Programs were vested

in one individual for each Housing Authority. Without any oversight and monitoring system in place, the Housing Authorities have limited assurance that the requirements for the two HUD programs were being properly and uniformly implemented. We recommend HUD require the Housing Authorities to establish the necessary management controls over its operations to ensure it functions in accordance with HUD requirements and within the Housing Authorities' adopted policies. Specific recommendations are provided with each finding.

Auditee Comments

Finding outlines were provided to the Housing Authorities during the course of the audit. On April 30, 2004, the Housing Authorities received a copy of the draft audit report for comment. We received the Housing Authorities' response on June 4, 2004.

We have included pertinent comments of the Housing Authorities' response in the Findings section of this report. The Housing Authorities' narrative response is provided as Appendix B. Supporting documentation contained in the Housing Authorities' response was too voluminous to include in the audit report. These documents were provided to the HUD Region 8 Office of Public Housing under separate cover.

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Abbreviations

HUD	U.S. Department of Housing and Urban Development
CFR	Code of Federal Regulations
GHA	Greeley Housing Authority
WCHA	Weld County Housing Authority

Introduction

The Greeley Housing Authority (GHA) and Weld County Housing Authority (WCHA) have separate contracts with HUD to provide housing assistance services in the City of Greeley, Colorado and Weld County, Colorado. The GHA started administering the WCHA housing assistance programs under a contract that was signed in January 1999. In 2001, the two Housing Authorities formed what HUD terms a consortium with GHA assigned responsibility for administering both housing authorities' programs. This relationship also allows for some consolidation of planning and reporting documents. The same staff administers both Authorities' housing assistance programs. GHA and WCHA are tasked to provide safe, decent, and sanitary affordable housing to families and individuals making between 0 and 80 percent of the median income.

GHA operates a Low-Rent Public Housing Program and a Section 8 Housing Choice Voucher Program under contract with HUD. The GHA operates 86 low rent public housing units. These consist of 80 apartments and six single-family houses. The GHA Section 8 Housing Choice Voucher Program is authorized to provide assistance to 444 families. The GHA also owns a house that is not connected with the Federal government. In addition, the GHA, under contract with High Plains Housing Development, manages the following properties: (1) Stagecoach Garden Apartments; (2) La Casa Rosa Apartments; and (3) Dacono Senior Apartments. These units were financed using Federal Tax Credits.

The WCHA operates a Section 8 Housing Choice Voucher Program under contract with HUD. The WCHA Section 8 Housing Choice Voucher Program is authorized to provide assistance to 426 families. In addition, the WCHA, under contract with the State of Colorado Division of Housing, operates the following programs: (1) Single Family Rehabilitation Program; (2) Rental Rehabilitation Program; and (3) Emergency Rehabilitation Program.

Audit Objectives

The overall objective of our review was to determine whether the Greeley and Weld County Housing Authorities were administering the Low-Rent Public Housing and/or Section 8 Housing Choice Voucher Programs in compliance with HUD requirements and their own adopted policies and procedures.

Audit Scope and Methodology

We tested a non-representative sample of GHA and WCHA tenant documents and other records to obtain an understanding of the Housing Authorities' policies and procedures. We supplemented the non-representative sample testing of available records with Housing Authority staff interviews, and HUD Region 8 Office of Public Housing staff interviews to identify the nature and possible extent of management control weaknesses.

Specifically, we reviewed tenant selection and continued occupancy activities under the HUD Low-Rent Public Housing and Section 8 Housing Choice Voucher Programs based upon allegations presented to us concerning the administration of these program activities. To address these allegations, we focused our review on determining whether the two Housing Authorities were conducting their tenant selection and continued occupancy activities for the two HUD programs in conformity with HUD requirements and their own adopted policies and procedures to determine whether they:

- Followed occupancy policies and procedures;
- Effectively used collection policies and procedures to maintain control over tenant accounts receivable;
- Properly computed rental assistance amounts;
- Properly charged tenants for services rendered; and
- Maintained public housing units in good repair, order, and condition.

In conducting the audit, we:

- Reviewed records and files maintained by the HUD Region 8 Office of Public Housing for both the GHA and WCHA;
- Interviewed Greeley and Weld County Housing Authorities officials and employees;
- Toured low-rent public housing units managed by the GHA;
- Interviewed HUD Region 8 Office of Public Housing officials and employees;
- Reviewed GHA and WCHA management systems, records, and files; and
- Reviewed applicable Federal and Housing Authority policies and procedures to gain an understanding of their requirements.

The audit of the two Housing Authorities' tenant selection and continued occupancy activities covered the period between November 1, 2000 and July 31, 2003. Our on-site review was conducted between August 2003 and March 2004.

We conducted the audit in accordance with generally accepted government auditing standards.

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Controls Over Low-Rent Housing Occupancy Activities Need To Be Improved

The Greeley Housing Authority (GHA) needs to improve its controls over the Low-Rent Housing Program tenant admissions and continued occupancy activities to ensure that HUD and the authority's occupancy requirements are being met and being uniformly and consistently applied. Our review identified five areas where the requirements were not being properly followed.

The first area dealt with the tenant identification and documentation of program eligibility by having the necessary Social Security Cards and citizen or resident immigration status support. Information was not properly documented or supported to show that the Low-Rent tenants were eligible for assisted housing or the amount of rental charges were correct. Second, tenants participating in the Income Disregard Program were being undercharged their housing rent. Third, Low-Rent families were assigned housing units that did not meet the tenant selection and waiting list requirements. Fourth, the administration of the tenant repayment agreements was being inconsistently applied and failed to follow the Housing Authority's established procedures. Last, the Housing Authority's charging and collection of tenant security deposits were being inconsistently applied and contrary to its adopted tenant admission procedures.

The result is tenants were admitted to GHA's Low-Rent housing units that were not eligible or were not being charged the correct housing rent and related security deposit. In reference to the allegation that addressed waiting list problems, one family was assigned to a public housing unit without being on the waiting list and no application on file, while another family received public housing assistance even though their name should have been removed from the waiting list.

Federal regulations and Housing Authority guidance require adequate documentation of tenant eligibility

TENANT ELIGIBILITY AND RENT PRORATION

Title 24 of the Code of Federal Regulations, Part 5, along with provisions of the GHA Admissions and Continued Occupancy Policy, requires each assisted applicant to submit their complete and accurate Social Security Number for all household members who are at least six years of age. For those family members who are under six years of age, the family must submit documentation the individual is a family member. In addition, each family member is to submit a written declaration declaring the individual family member is a United States citizen or a non-citizen with eligible immigration status. The Regulations also provide the Housing Authority with specific instructions to be followed if the family member fails to submit the required

evidence of eligible immigration status. Furthermore, no assistance is to be provided prior to the verification of eligibility of at least the individual or one family member.

HUD Handbook 7465.7 requires the Housing Authority to verify immigration status with the United States Immigration and Naturalization Service automated system called Systematic Alien Verification for Entitlements. However, an individual who is not a United States citizen or who does not have eligible immigration status is to be listed on a statement of non-contending family members signed by the head of household or spouse. If an applicant or tenant family members fails to sign required declarations and consent forms or provide documents, as required, they must be listed as an ineligible member. If the entire family fails to provide and sign as required, the family may be denied or terminated for failure to provide required information.

The purpose of the HUD requirements as supplemented with the GHA Admission and Continued Occupancy Policy is to ensure that only eligible families are selected and participate in the Low-Rent Housing Program and that the proper rental assistance, or prorated amount, is being provided.

We selected and reviewed eligibility documentation for 87 family members of 20 current and former tenants of the GHA Low-Rent Public Housing Program. Our review disclosed:

- For eighteen family members, no documentation for the Social Security Numbers could be located.
- For ten family members, the necessary Social Security Number verification procedure was not followed.
- For seven family members under age six, documentation supporting their eligibility as a member of the particular family was not available.
- For eighteen family members, the required declaration statement identifying their citizenship or eligible immigration status was not available in their tenant file.

Of the 63 family members who did have a declaration form in their tenant files, the citizenship or eligible immigration

status for six family members was not shown. For three children family members, an adult family member who was responsible for them did not sign the declaration form as required. For the remaining six family members, three provided a Listing of Non Contending Family Members and three were placed in the unit prior to the effective date of the Non Citizen Rule and beyond the three year record retention requirement.

Required proration
procedures not followed

The GHA is required to prorate the rent on family members who do not submit evidence or establish their eligible citizenship status. Of the 20 current and former tenants reviewed for eligibility documentation, six tenants had family members who did not submit evidence or establish their eligible citizenship status. Five families had one or more family members without a declaration document. Our review disclosed that the GHA did not properly prorate the rent on these families resulting in a rental loss of \$10,089. In addition, there was no declaration document on any family members for the sixth family. Therefore, this family was not eligible to participate in the GHA Low-Rent Public Housing Program.

The result of these deficiencies is that the Housing Authority has not properly documented its files concerning the Social Security Number of applicable tenant family members and the eligible citizenship or immigration status of tenant members. Without such documentation, the Housing Authority is unable to demonstrate that its tenants and individual family members are eligible to participate in the HUD funded Low-Rent Housing Program. Furthermore, the tenants may not be paying their correct rental payment.

Income Disregard
Program requirements

INCOME DISREGARD PROGRAM

The GHA developed their Income Disregard Program to encourage families to become more self-sufficient by temporarily reducing the amount of rent the tenants are required to pay over a two year period after finding work and leaving unemployment. The GHA incorporated the HUD requirements for the program as contained in Section 960.255, Title 24 of the Code of Federal Regulations into their Admission and Continued Occupancy Policy. Under the program, a Low-Rent Housing Program family is eligible to participate in the program whose annual income

increases as a result of employment of a family member who was unemployed for one or more years previous to their employment.¹ As such, the Housing Authority can exclude the increase in income of a participant, not the total income of the participant, in calculating what the tenant's rent should be.

Required eligibility and income adjustment procedures not followed

We selected and reviewed the files for four tenants who were participating in the GHA Income Disregard Program under the GHA Low-Rent Housing Program. Our review disclosed that all four tenants had a yearly income that exceeded the established minimum wage limit during the preceding year when they were considered unemployed, and none of them were unemployed for one or more years immediately preceding the increase in income prior to their new employment. As a result, none of the four tenants were eligible to participate in the Income Disregard Program. In addition, we noted that three of the four tenants had their entire income, not just the amount of increase, excluded from their rental calculations, thus causing a rental loss of \$7,226 to the GHA.

This situation stems from a misunderstanding on the part of GHA employees administering the program requirements. In addition, the Income Disregard Program letter that is sent to program participants indicates that the entire income will be excluded from the rent calculation. Program requirements only permit the increase in income from employment to be excluded from the calculation.

Waiting Lists need to be properly established and uniformly applied

WAITING LISTS

HUD Regulations in Section 960.206, Title 24 of the Code of Federal Regulations details the requirements and provides guidance to authorities in implementing local preference procedures for the admission of tenants into its assisted programs. The Greeley Housing Authority has implemented its Admissions and Continued Occupancy Program to implement the Federal requirements. Basically, tenant applicants prepare an application and based upon preliminary evaluation are placed on a waiting list based upon bedroom size need. When a tenant's name reaches

¹ Unemployment is defined as a person who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage. Increased earnings by a family member during participation in a job training program or receiving assistance under any state program for temporary assistance for needy families would qualify for the disallowance.

the top of the waiting list, the tenant is processed for the next available unit. The process is to grant each applicant equal opportunity to be selected for available housing.

Improper implementation
of waiting list procedures

We selected and reviewed four families on the GHA Low-Rent Public Housing Program waiting lists to determine if the allegation that addressed waiting list problems was an isolated incident or if it was indicative of a larger problem. Our review showed the following:

- One individual received public housing assistance with no application on file and not being on any public housing waiting list and one applicant is receiving public housing assistance even though their name should have been removed from the waiting list for not providing requested information specified by the GHA.
- One family was placed on the waiting list based upon an incorrect application date and one family was dropped from the waiting list for a six-month period for an unknown reason.

These results indicate the GHA is not following their procedures related to the placement, denial, and selection of applicants from the Low-Rent public housing waiting lists. Applicants were not being placed and selected from the low-rent public housing waiting lists as required. Therefore, the GHA's selection process is failing to meet HUD requirements and its own admission policy. The result is ineligible families are residing in GHA public housing units.

Housing Authority
policies address
repayment agreements

**ADMINISTRATION OF REPAYMENT
AGREEMENTS**

Chapter Fifteen of the GHA Admission and Continued Occupancy Policy addresses delinquent payments that are due the authority. The GHA developed their repayment agreement procedures to help them account for tenants who owe monies for various charges (i.e.: back rent, charges for repairs to the unit beyond normal wear and tear caused by the tenant, etc.). These procedures are to apply equally to all tenants including any authority employees who currently have or previously had a repayment agreement.

There are some circumstances in which the Housing Authority may not enter into a repayment agreement. One of these circumstances is if the family already has a repayment agreement in place. In addition, if a family already has a repayment agreement in place and incurs an additional debt to the PHA, the PHA is not to enter into more than one repayment agreement at a time with the same family.

The Repayment Agreement Form utilized by the GHA states that the resident understands that if timely payments are not made, their contract is null and void, the remaining amount delinquent becomes due in full, and the authority will begin legal proceedings to terminate the lease.

Required repayment agreement procedures not followed

We selected and reviewed four tenants who had a repayment agreement with the GHA. Our review showed the following:

- Two tenants were making the required monthly payments.
- Two tenants were not making the required monthly payments. Under provisions of the repayment agreement, these two tenants should have had their repayment agreement revoked, the required delinquent amount should have been paid in full, and the lease terminated.

These results indicate the GHA is not following their procedures related to the administration of repayment agreements with tenants and in conformity the Housing Authority's policy and procedures. Some tenants are not having the terms of their repayment agreements enforced as required. The impact is some tenants repayment agreements were not enforced allowing them to continue to reside in the public housing unit while other eligible families continue to wait for public housing assistance.

Federal regulations and Housing Authority policies allow for the collection of security deposits

SECURITY DEPOSITS

Section 966.4 of Title 24 of the Code of Federal Regulations provides an authority with the option to establish and collect a security deposit from tenants receiving public housing assistance. It also establishes limits on the amount of the security deposit. Chapter Nine

of the GHA Admission and Continued Occupancy Policy indicates new tenants must pay a security deposit to the Housing Authority at the time of admission. The amount of the security deposit required is specified in the tenant's lease.

The GHA utilizes security deposits to help defray such costs as unpaid rent, damages listed on the Move-Out Inspection Report that exceed normal wear and tear, and other charges under the lease when the tenant leaves the unit. The GHA established procedures in their Admission and Continued Occupancy Policy to address these conditions. These procedures would apply equally to all tenants.

Improper collection and administration of security deposits

We examined the payment of security deposits on six of the 20 tenants in the GHA Low-Rent Public Housing Program that were part of our review. We found that two tenants were assigned to their low-rent public housing unit without paying their required security deposit prior to admission. The lease agreement for one of these two tenants specified a security deposit of \$200 while the lease agreement for the other tenant specified a security deposit of \$300. The lease agreements for the other four tenants stipulate they agreed to pay a \$300 security deposit. However, two of these tenants only paid \$200 towards their security deposits while the other two tenants only paid \$100 towards their security deposits. As of August 20, 2003, these six tenants owe the Housing Authority \$1,100 in security deposits.

These results indicate the GHA is not following their procedures related to the payment of security deposits by their tenants. Some tenants are not being required to pay the established amount of their security deposit at the time of admission. Therefore, funds are not available to defray such costs as unpaid rent and repairs for damages beyond normal wear and tear that are caused by these tenant.

Management Controls lacking

Our office received a number of allegations related to occupancy issues of the GHA. Results of our review in the areas discussed above support a number of those allegations. We found that approved Housing Board of Commissioner policies were not being properly and consistently enforced. This has occurred because the GHA, in carrying out its various tenant policies, has not established sufficient monitoring and oversight procedures

to ensure required policies, HUD guidance, and HUD regulations are implemented. These policies, HUD guidance, and HUD regulations apply equally to all tenants. However, GHA program recipients have not received uniform and consistent benefits.

While some of the deficiencies discussed above occurred due to a possible lack of documentation or from a misunderstanding on the part of GHA officials implementing the HUD and Housing Authority requirements, we found that the Housing Authority lacked sufficient procedures that ensured that the established requirements were being followed. Primarily, most functions relating to the admission and continued occupancy of the Housing Authority tenants, including the collection of security deposits and assessments of rents, was vested with one individual.

Auditee Comments

Overall, the Greeley Housing Authority responded that they diligently endeavor to ensure all participants are qualified to receive assistance prior to being placed on the program, and annually at recertification. They further explain that any deficiencies noted in the OIG audit report are not of a detrimental nature and result from newly implemented policies, ongoing training, continual updating of computer systems, and an attempt to cross train staff. The Greeley Housing Authority response affirms that it is abiding with all of HUD's regulations.

The Housing Authorities provided the following comments for each deficiency noted in the finding:

Tenant Eligibility and Rent Proration: The Greeley Housing Authority asserts that it is not allowing ineligible non-citizens into any Housing Program. The Greeley Housing Authority further responds on the process used to receive applications and process them before a family enters into a Housing Program. However, the Greeley Housing Authority does state all files have been reviewed and any missing information, documentation and/or incomplete eligibility forms are being obtained from the households. Lastly, the Greeley Housing Authority states it will take action to prorate the rents of any undocumented residents.

Income Disregard Program: The Greeley Housing Authority asserts that all tenants participating in their Income Disregard Program did qualify. The Greeley Housing Authority further asserts that the error due to inaccurate application and calculations represents a \$3,682.59 loss in rent, not the quoted \$7,226. The Greeley Housing Authority identifies the process they use to calculate the rent of their program participants along with specifying the maximum time frame per adult household member of program availability. Finally, the Greeley Housing Authority states its staff has been retrained and tools purchased in an effort to ensure compliance.

Waiting Lists: The Greeley Housing Authority states one of the individuals being referred to in the finding is a staff member who was placed on site as an on-site manager and they agree that the waiting list related to this transaction was bypassed. The Greeley Housing Authority asserts that the person who was absent for six months could be the result of a few different scenarios but since the information is no longer available, the Housing Authority cannot respond to this deficiency. The Greeley Housing Authority provides an explanation of their waiting list process. In addition, the Greeley Housing Authority states their staff has been directed to make all documentation to files in writing to be placed in the files permanently. Notations are to be made on the printed waiting lists and in the computer.

Administration of Repayment Agreements: The Greeley Housing Authority asserts that while their Admissions and Continued Occupancy Policy states they will not enter into a repayment agreement if one is in place, it does not say they may not alter the original agreement, cancel it and issue a new one. The Greeley Housing Authority further asserts that all repayment agreements are enforced and collected on. The Greeley Housing Authority provides an explanation of their repayment agreement issuance and approval procedures. The Greeley Housing Authority states they will review all repayment agreements in place and bring them current either through adverse action to the tenant or through modification of the current agreement.

Security Deposits: The Greeley Housing Authority states to facilitate quicker recertification and lease up appointments the current amount of the security deposit was typed into Part II of the lease. Changing of staff, board

members, and the updating of the lease annually had led to an oversight as the security deposit changed from \$100 to \$200 and finally to \$300. The Greeley Housing Authority asserts they face a legal challenge if they should attempt to retroactively change and collect security deposit money based upon new policies from currently leased tenants. Finally, the Greeley Housing Authority states they have changed Part II of the lease to allow their Public Housing Manager to accurately write the actual security deposit paid in the lease for recertification and the current going rate of security deposits for newly leasing tenants.

**OIG Evaluation of
Auditee Comments**

Tenant Eligibility and Rent Proration: The Greeley Housing Authority stated they are not allowing ineligible non-citizens in any of their programs. We disagree as documentation examined during our review showed that some family members did not meet the specific tenant eligibility requirements. However, we agree with the actions taken by the Greeley Housing Authority through their review of all of their Low-Rent Public Housing Tenant Files to identify incomplete and missing declaration documents, requesting copies of missing Social Security Cards, identifying incomplete or missing tenant identification information, updating lease documentation, identifying miscellaneous documentation needed, and prorating the rent on any tenants who do not provide the necessary and requested information. These actions should help correct the deficiencies noted in the finding related to tenant eligibility and rent proration.

Income Disregard Program: We disagree with the Greeley Housing Authority that those tenants participating in their Income Disregard Program met HUD qualification requirements and that only \$3,683 in loss rental revenues is due instead of the \$7,226 identified by us. The Authority provided supporting documentation on four tenants who are currently participating in their Income Disregard Program, two of whom were not participating in the Program during the time of our review and are not addressed in the finding. For the two who were participating in the Program during our audit period, the documentation provided did not show the tenants met the earned income disallowance requirements. Therefore, we still conclude that the four

Program participants discussed in the finding did not meet the Program requirements and were ineligible.

Waiting Lists: We do not disagree with the Greeley Housing Authority's assertion that all waiting lists prior to December 2000 were either destroyed or packaged for disposal. We utilized waiting lists from December 2000 forward to validate the Greeley Housing Authority's implementation of their waiting list procedures. Therefore, any waiting list records prior to December 2000 that were either destroyed or packaged for disposal did not impact our review of the Authority's waiting list procedures. The Greeley Housing Authority indicates that they lost all of their "notes" related to waiting list issues on individual applicants during a 2003 computer update. In order to correct this problem and those issues identified by us, the Greeley Housing Authority has directed their staff to place a copy of the "notes" related to each applicant's position/placement in the printed waiting lists along with being placed in their computer database. These actions taken by the Greeley Housing Authority should help correct the waiting list processing deficiencies noted in the finding.

Administration of Repayment Agreements: The Greeley Housing Authority asserts that all repayment agreements are enforced. This statement differs from the facts presented in the finding that the Authority was not uniformly implementing the terms of the repayment agreement for all tenants who possessed one. Even so, the Greeley Housing Authority indicates they will review all repayment agreements in place and bring them current either through adverse action to the tenant or through modification to the existing repayment agreement. These actions should help the Authority correct the deficiencies noted in the finding.

Security Deposits: While the Authority is addressing changes to its tenant lease security deposit requirements and procedures, no comments are made to address the items discussed in the finding. These include tenants not paying the full amount of the security deposit specified in their lease or tenants not paying their security deposit before being admitted to an Authority dwelling unit.

Recommendations

We recommend the HUD Region 8 Office of Public Housing:

- 1A. Require the GHA to implement sufficient administrative controls and procedures over its Low-Rent tenant admission and continued occupancy program activities to ensure that the HUD and GHA requirements are being correctly and consistently implemented. This will include:
 - Required Social Security Cards and/or related documents are properly obtained for all family members and documented.
 - All necessary citizen eligibility forms are obtained for all family members and properly documented. This would ensure the appropriate tenant rents are being correctly calculated.
 - Rents for tenants participating in the Income Disregard Program are being properly calculated and charged to the tenants.
 - Waiting lists are being properly established and maintained and that tenants are being placed in housing in conformity with the GHA adopted Admissions and Continued Occupancy Policy.
 - Tenant repayment agreements are being properly implemented and consistently enforced in conformity with the GHA adopted procedures.
 - Security deposits are being uniformly and consistently charged to incoming tenants in accordance with the GHA Admissions and Continued Occupancy Policy.
- 1B. Require the GHA to determine that all of its current Low-Rent Housing Program tenants have provided all of the necessary eligible citizen or resident immigration status documentation and that the tenant rent is correctly calculated and charged to the tenant accordingly. Any ineligible tenant families

should be processed in accordance with the GHA's Admission and Continued Occupancy Policy.

- 1C. Require the GHA to reevaluate the rent being charged to its Low-Rent tenant families participating in the Income Disregard Program and make any necessary rent adjustments.
- 1D. Require the GHA to make restitution of \$7,226 in undercharged rent from the Income Disregard Program participants to the GHA operating fund. Restitution to the GHA operating fund may be made from other Non Federal sources.
- 1E. Require the GHA to secure payment of \$1,100 in delinquent security deposits from the six tenants that were part of the 20 tenant sample. For the remaining 66 tenants, require the GHA to collect any differences between the security deposit specified in the lease agreement with that paid by the tenant.

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Controls Over Section 8 Housing Choice Voucher Program Occupancy And Related Activities Need To Be Improved

Both the Greeley Housing Authority (GHA) and the Weld County Housing Authority (WCHA) can improve its administration of their occupancy and related activities of the Section 8 Housing Choice Voucher Program. This is needed to ensure that the Housing Authorities are implementing the Section 8 Housing Choice Voucher Program in conformity with HUD requirements and their Administrative Plans and that rental assistance to program tenants are uniformly and consistently applied.

We found that the Housing Authorities were not properly determining and documenting that tenant family members were eligible citizen or immigrants before they were receiving Section 8 rental assistance and in some cases the amount of financial assistance was incorrectly calculated. Three families were identified as receiving rental assistance but the families did not meet the eligibility requirements. Also, the GHA was not administering its tenant repayment agreements in a consistent manner and with the provisions of its Administrative Plan. Last, the WCHA was not properly documenting its program administrative fee that it was charging HUD.

Federal regulations and Housing Authority guidance require adequate documentation of tenant eligibility

ELIGIBILITY AND RENTAL ASSISTANCE PRORATION

Title 24 of the Code of Federal Regulations, Part 5, along with the provisions contained in the Administrative Plan for both Greeley and Weld County Housing Authorities requires each Section 8 assistance program applicant to submit their complete and accurate Social Security Number along with those of all household members who are at least six years of age. In addition, each family member is to submit a written declaration declaring the individual family member is a United States citizen or a non-citizen with eligible immigration status. The Regulations also provide the Housing Authorities with specific instructions to be followed if the family member fails to submit required evidence of eligible immigration status. Furthermore, no assistance is to be provided prior to the verification of eligibility of at least one family member. HUD Handbook 7465.7 requires an authority to verify immigration status with the United States Immigration and Naturalizations Service automated system called Systematic Alien Verification for Entitlements. Chapter Seven of the

GHA/WCHA Administrative Plan allows an individual who is not a United States citizen or who does not have eligible immigration status may elect not to contend their status. If an applicant or tenant family member fails to sign required declarations and consent forms or provide documents, as required, they must be listed as an ineligible member. If the entire family fails to provide and sign as required, the family may be denied or terminated for failure to provide required information.

The purpose of the HUD requirements as supplemented with the two Housing Authorities' Administrative Plan is to ensure that only eligible families are selected and participate in their Section 8 Housing Choice Voucher Program and that the proper rental assistance, or prorated amount, is being provided.

We selected and reviewed eligibility documentation for the Section 8 Housing Choice Voucher Program relating to 38 family members belonging to 10 GHA tenants and for 22 family members belonging to 10 WCHA tenants. We noted deficiencies in the eligibility of the family members for both Housing Authorities. These are summarized below by Housing Authority:

Greeley Housing Authority

- The Social Security Number for four family members was not documented in the tenant file with a copy of their Social Security Card;
- One family member did not have under age six documentation in the tenant file supporting their eligibility;
- Three family members of one tenant did not submit the required declaration form for their citizenship or eligible immigration status;
- For a three-member family, the head of household did not have the necessary immigration card supporting the member's immigration eligibility while the two other members did not have their required citizen/immigration eligibility declaration form signed by the head of household; and

- One tenant was ineligible for rental assistance since all members of the family did not have the required citizen/immigration eligibility declaration form in their file.

Weld County Housing Authority

- Two family members did not have a copy of their Social Security Card in their tenant file;
- Four family members did not have the required citizen/immigration eligibility declaration form in their tenant file; and
- Two tenants were ineligible for rental assistance since all members of the families did not have the required citizen/immigration eligibility declaration form in their files.

Required proration
procedures not followed

In addition, the Housing Authorities are required to prorate the assistance on family members who do not submit evidence or establish their eligible citizenship status. Four families were reviewed who had one or more family members without the required citizenship declaration form in their files. Our review disclosed that the GHA did not properly prorate the assistance on two tenants resulting in an assistance loss of \$2,449 and the WCHA did not properly prorate the assistance on two tenants resulting in an assistance loss of \$3,748. In addition, the one GHA family and the two WCHA families who did not have the required citizenship declaration forms in their file were not eligible to participate in the Section 8 Housing Choice Voucher Program.

These results stemmed from the fact that both Housing Authorities lacked sufficient procedures to ensure that the HUD regulations and their own Administrative Plan requirements were being followed. The impact is the Housing Authorities are providing rental assistance for family members who are not supported as being citizenship/legal immigrant eligible. In addition, three families are receiving rental assistance that is not supported as being eligible.

Housing Authority policies address repayment agreements

ADMINISTRATION OF REPAYMENT AGREEMENTS

Chapter Eighteen of the Administrative Plan for the GHA addresses delinquent payments that are due the Housing Authority. There are some circumstances in which the Housing Authority will not enter into more than one repayment agreement with a family. The Repayment Agreement Form utilized by the GHA Section 8 Housing Choice Voucher Program states that when the Repayment Agreement is in default, all monies are due in full and no further Repayment Agreements will be made with the same family. The GHA developed their repayment agreement procedures to help them account for tenants who owe delinquent monies for various charges.

Required repayment agreement procedures not followed

We selected all GHA tenants that had a repayment agreement. Two tenants had a repayment agreement under the Section 8 Housing Choice Voucher Program and a third tenant should have had a repayment agreement. Of the two tenants with a repayment agreement, one repayment agreement was being properly administered while the second was not. The tenant made 2 of the 8 required payments on the repayment agreement that should have been completed by October 2001. The tenant owes GHA \$446 in arrears. The GHA Section 8 Housing Choice Voucher Program Administrator has reinstated the second repayment agreement after being notified of the deficiency. The GHA Section 8 Housing Choice Voucher Program has incurred a \$594 assistance loss for the third tenant who should have had a repayment agreement but did not.

These results indicate the GHA Section 8 Housing Choice Voucher Program is not equally implementing their procedures related to the administration of repayment agreements on those tenants who possess one. Some tenants are not having the terms of their repayment agreements enforced as required.

Federal regulations authorize the charging of administrative fees

DETERMINATION OF MONTHLY ADMINISTRATIVE FEES

Under the Section 8 Housing Choice Voucher Program, a housing authority is authorized to charge an administrative fee primarily for each unit that is being utilized under the program. Section 982.152 authorizes the payment of an

administrative fee for each program unit under a Housing Assistance Payment contract the first day of the month.

Improper charging of administrative fees

We reviewed the November 2003 administrative fee charged for eight tenants of the WCHA Section 8 Housing Choice Voucher Program. Our review disclosed that six tenants who were included in the November 2003 administrative fee were not under a lease as of the first of November. In addition, four of these tenants were included in the calculation of prior monthly administrative fees when they should not have been. The WCHA Section 8 Housing Choice Voucher Program charged \$704.10 in ineligible administrative fees for these six tenants over the period August through November 2003.

Tenant	Period	Amount
A	August thru November	\$187.76
B	August thru November	187.76
C	September thru November	140.82
D	October thru November	93.88
E	November	46.94
F	November	46.94
TOTAL		\$704.10

Deficient controls over the calculation and charging of administrative fees

The WCHA makes adjustments to their administrative fees as errors and/or changes become evident. In addition, Housing Authority officials stated that they try to error on the conservative side in charging HUD for administrative fees. However, the Housing Authority does not document its administrative fee adjustments. Accordingly, without documentation, the Housing Authority is limited in being able to determine whether its administrative fees charged HUD is accurate.

The WCHA needs to establish a formalized system for calculating the administrative fees charged to HUD. The system should account for and fully document all adjustments made.

These areas of deficiencies discussed above point out the need for the Housing Authorities to improve its administrative procedures over its Section 8 Housing Choice Voucher Program to ensure that they are fully complying with HUD requirements as well as with their Administrative Plan procedures. We found that the administration of each Housing Authority's program was

being conducted with most major administrative functions being carried out by one staff member with no overview or monitoring of the Section 8 Housing Choice Voucher Program activities. Without any oversight or monitoring, the Housing Authorities have limited assurance that its Section 8 Housing Choice Voucher Program is being conducted as intended and within the prescribed HUD requirements.

Auditee Comments

The Housing Authorities provided the following comments for each deficiency noted in the finding:

Eligibility and Rental Assistance Proration: The Greeley and Weld County Housing Authorities assert that it is not allowing ineligible non-citizens into any Housing Program. The Greeley and Weld County Housing Authorities further respond on the process used to receive applications and process them before a family receives rental assistance. However, the Greeley and Weld County Housing Authorities do state that they are checking all files for applicable documentation as part of the recertification process. Finally, the Greeley and Weld County Housing Authorities state it will take action to prorate the rental assistance of any undocumented residents.

Administration of Repayment Agreements: The Greeley Housing Authority asserts that while their Administrative Plan states they will not enter into a repayment agreement if one is in place, it does not say they may not alter the original agreement, cancel it and issue a new agreement. The Greeley Housing Authority further asserts that all repayment agreements are enforced and collected on. The Greeley Housing Authority provided an explanation of their repayment agreement procedures. The Greeley Housing Authority states they will review all in place repayment agreements and bring them current either through adverse action to the tenant or through modification of the current agreement and ensure the date has been input into the computer software system.

Determination of Monthly Administrative Fees: The Weld County Housing Authority states they operate in good faith regarding the administrative fee collection. They are not able to make automatic adjustments to calculations in their computer system because it is a real time system designed

to prohibit staff from going back and altering records in an attempt to defraud the program. The Weld County Housing Authority asserts there were 16 tenants under contract on the first of the month but they had not been placed into the computer system. As a result, \$751.04 in administrative fees was not collected. The Weld County Housing Authority further asserts that the \$751.04 in uncollected administrative fees offsets the \$704.10 in overcharged administrative fees and they do not intend to collect the difference. Finally, the Weld County Housing Authority stated how they will revise their operating procedures to ensure they properly account for administrative fees.

OIG Evaluation of Auditee Comments

Eligibility and Rental Assistance Proration: The Greeley and Weld County Housing Authorities have stated they are not allowing ineligible non-citizens in any of their programs. We disagree as documentation examined during our review showed that some family members did not meet the specific tenant eligibility requirements. However, we agree with the actions taken by the Greeley and Weld County Housing Authorities through their review of all of their Section 8 Housing Choice Voucher Program Tenant Files during the recertification process to identify incomplete and missing declaration documents, other documentation needed, and prorating the rental assistance on any tenants who do not provide the necessary and requested information. These actions taken by the Greeley and Weld County Housing Authorities should help correct the deficiencies noted in the finding related to eligibility and rental assistance proration.

Administration of Repayment Agreements: The Greeley Housing Authority asserts that all repayment agreements are enforced. This statement differs from the facts presented in the finding that the Authority was not uniformly implementing the terms of the repayment agreement for all tenants who possessed one. Even so, the Greeley Housing Authority indicates they will review all repayment agreements in place and bring them current either through adverse action to the tenant or through modification to the existing repayment agreement. These actions should help the Authority correct the deficiencies noted in the finding.

Determination of Monthly Administrative Fees: The Weld County Housing Authority did not provide any supporting documentation about their claim that we did not take into account 16 tenants who were under contract on the first of the month but had not been placed into the computer system. These 16 tenants should have been part of the administrative fee but they were left out resulting in \$751.04 in uncollected administrative fees. Without supporting documentation, we are not able to validate their claim. However, the Weld County Housing Authority Section 8 Administrator is to begin maintaining a monthly computer generated administrative fee calculation sheet, manually write the name of the tenant who was added or deleted from the program for which an administrative fee is due, and provide a copy to the accountant for manual corrections in the accounting records at the end of the month. These actions should help eliminate problems associated with the charging of administrative fees in the future.

Recommendations

We recommend the HUD Region 8 Office of Public Housing:

- 2A. Require the GHA and the WCHA to implement sufficient administrative controls and procedures over its Section 8 Housing Choice Voucher Programs admission and continued occupancy activities to ensure that the HUD and Housing Authority Administrative Plan requirements are being met. These would ensure that:
- Required Social Security Cards and/or related eligibility documents are properly obtained for all family members and documented; and
 - All necessary citizen eligibility forms are obtained for all family members and properly documented. These would ensure the appropriate tenant rents are correctly calculated and adjusted accordingly and those determined to be ineligible program tenants to be processed in accordance with the Housing Authority Administrative Plans.

For the GHA, it would ensure that its tenant repayment agreements are uniformly and consistent implemented and carried out in accordance with its Administrative Plan.

For the WCHA, it would ensure that the Section 8 Housing Choice Voucher Program administrative fees are properly calculated and documented on a monthly basis. In addition, the Housing Authority should recalculate the 2003 administrative fees for its program and make any appropriate adjustments to HUD. The recalculation does not need to include all tenants in November, or the six tenants already identified for August thru October.

- 2B. Require the GHA to secure payment of \$446 in arrears from the repayment agreement that was not enforced, and \$594 for the tenant who should have had a repayment agreement.
- 2C. Require the WCHA to make \$704.10 in adjustments to HUD for the ineligible administrative fees charged to HUD for the six tenants between August and November 2003.

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Management Controls

In planning and performing our audit, we obtained an understanding of the management controls that were relevant to our audit. Management is responsible for establishing effective management controls. Management controls, include the plan of organization, methods and procedures adopted by management to ensure that its goals are met. Management controls include the processes for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Management Controls Assessed

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

- Tenant Accounts Receivable System;
- Occupancy System;
- Low-Rent Unit Condition/Utilization, and;
- Section 8 Housing Choice Voucher Program Administrative System.

Assessment Procedures

We used the following audit procedures to evaluate the management controls:

- Reviewed records and files maintained by the HUD Region 8 Office of Public Housing for both the GHA and WCHA;
- Interviewed Greeley and Weld County Housing Authorities officials and employees;
- Toured low-rent public housing units managed by the GHA;
- Interviewed HUD Region 8 Office of Public Housing officials and employees;
- Reviewed GHA and WCHA management systems, records, and files; and
- Reviewed applicable Federal and Housing Authority policies and procedures to gain an understanding of their requirements.

It is a significant weakness if management controls do not provide reasonable assurance that the process for planning,

Significant Weaknesses

organizing, directing, and controlling program operations will meet an organization's objectives.

Our review indicates the two Housing Authorities lacked the management controls necessary over the administration of their admissions and continued occupancy programs to ensure that they:

- Properly determine applicant eligibility and rent proration;
- Properly implement the GHA Income Disregard Program;
- Properly implement the Low-Rent Housing Program waiting list procedures;
- Properly administer repayment agreements;
- Properly establish and collect security deposits from GHA Low-Rent Program tenants; and
- Correctly determine WCHA monthly administrative fees.

Follow Up on Prior Audits

This is the first time that the Greeley Housing Authority and Weld County Housing Authority have been reviewed by the HUD Region 8 Office of Inspector General for Audit. However, the HUD Region 8 Office of Public Housing conducted a monitoring review of both Housing Authorities. The HUD Region 8 Office of Public Housing issued their Management Review Report on December 10, 2001 and it contained five findings with related recommended corrective actions. The Management Review Report also contained six observations. The five findings deal with:

1. The Family Self-Sufficiency Program;
2. Tenant Files;
3. Units failed Housing Quality Standards Inspections;
4. Resident on the Housing Board of Commissioners; and
5. Waiting Lists.

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Issues Needing Further Study and Consideration

During our review, several areas relating to the accounting for tenant service charges and tenant account receivables were identified that need further review and corrective action. These two areas are discussed below:

Tenant Service Charges: The Greeley Housing Authority (GHA) is not always charging its Low-Rent housing tenants for services rendered. During our review of work orders for damages caused by the tenant beyond normal wear and tear on four dwelling units, these deficiencies were noted:

- In one instance, no work order was established for the maintenance work; and
- In two instances, work order charges were not recorded against the applicable tenant.

We also noted that the Housing Authority is not recording work order charges to the tenant's account in a timely manner. Charges for unit repairs from 14 work orders were not made to the tenants' account from 30 to 196 days after the work order service was provided. Establishing tenant receivables related to maintenance work orders more than six months after the work was completed means the Housing Authority does not have an accurate accounting of their tenant receivable assets at any single point in time. In addition, Low-Rent public housing tenants could vacate their assigned unit prior to the tenant receivable being established, thus creating a potential for loss.

Tenant Accounts Receivable: The GHA and the Weld County Housing Authority has not been recording its accounts receivable balances from its Section 8 Housing Choice Voucher Program tenants on the appropriate accounting records. Instead, receivables from its Section 8 Housing Choice Voucher Program tenants are being maintained on an unofficial accounting record kept by the particular Housing Authority's program administrator. As such the identity, control and tracking of the Housing Authorities' tenant receivables is greatly diminished.

Further analysis and corrective action is needed in connection with these two areas. Accordingly, these are being presented for HUD's further review and action as considered necessary.

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Schedule of Questioned Costs

<u>Recommendation Number</u>	<u>Type of Questioned Cost</u>	<u>Unsupported Costs 1/</u>
1D	Income Disregard Program	\$7,226
1E	Security Deposits	\$1,100
2B	Repayment Agreement	\$1,040
2C	Administrative Fees	\$ 704

1/ Unsupported costs are costs charged to a HUD-financed or HUD-insured program or activity and eligibility cannot be determined at the time of audit. The costs are not supported by adequate documentation or there is a need for a legal or administrative determination on the eligibility of the costs. Unsupported costs require a future 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.

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Auditee Comments



**GREELEY/WELD
HOUSING AUTHORITIES**

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(970) 346-7660
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June 4, 2004

U.S. Department of Housing
And Urban Development
Regional Inspector General for Audit
1670 Broadway
Denver, CO 80202-4825

Dear Sir or Madam:

Enclosed please find the Housing Authority of the City of Greeley's comments to your preliminary draft Audit Report dated June XX, 2004. Please extend to your audit team our appreciation for their professionalism during the seven months of the audit.

If you have any questions please call me at (970) 346-7660 x6540

Sincerely,

Thomas Teixeira
Executive Director

Housing Authority of the City of Greeley • Weld County Housing Authority



The Office of Inspector General directed that an audit of the Housing Authority of the City of Greeley (GHA/Greeley Housing Authority) be conducted. Due to a consortium where the GHA is lead agency for the Housing Authority of the City of Greeley and the Weld County Housing Authority (WCHA), an audit was conducted on procedures and files of both agencies.

The Office of Inspector General conducted the audit using three auditors during the eight months of August 2003 through March 2004. The auditors were allowed free access to all files and all staff members cooperated with the OIG staff.

The OIG report suggests deficiencies noted are due to duties being vested in one individual. The Greeley Housing Authority oversees 86 public housing units, 63 tax credit units, 444 Section 8 vouchers for the GHA, and 426 vouchers for WCHA, an FSS program, three Rehabilitation programs, and administer the Emergency Shelter Grant for numerous homeless shelters with an office staff of 10 full time employees and two ¾ time employees. The GHA has most duties vested with one individual due to the size of the agency. However, the Executive Director and the Assistant Director make periodic and random checks of files, both new and recertifying files. Staff has been trained and is offered opportunities to obtain new training as available. The recent HUD sponsored RHIP training was attended by four GHA employees.

The Greeley Housing Authority diligently endeavors to ensure all participants are qualified to receive assistance prior to being placed on the program, and annually at recertification. Any deficiencies noted in the OIG audit are not of a detrimental nature. They are a result of newly implemented policies, ongoing training, continual updating of computer systems, and an attempt to cross train staff. The Greeley Housing Authority affirms it is abiding by all of HUD's regulations, and is diligent in the duties for which it has been charged.

Finding 1 – Controls over Low Rent Housing Occupancy needing improvement

1. Finding Caption: The Greeley Housing Authority (GHA) is not consistently implementing their Admissions and Continued Occupancy (ACOP) HUD guidance, and HUD regulations in determining the eligibility of applicants to participate in their low rent public housing program.
 - a. **Reply** - The Housing Authority is not allowing ineligible non-citizens on any Housing Program. Social Security numbers reflecting a 999 number are generated by the Housing Authority staff as a tool to input the family member in to software used by the HA. In order to correctly reflect the family members and make calculations using the software all household members must have a Social Security number in the system. Heads of Household who have no SS# are given a 999 number to ensure proper tracking. The 999 Heads of Households are also generated an alternative ID for proper reporting to PIC. The assignment of 999 numbers is an internal tool for management overview.

- b. **Standard of Operation** – At the time of application all household members must submit copies of SS cards. Applications are input into the computer for waiting list placement. When a call-up is conducted, all families are then asked to provide original SS cards, picture IDs, and fill out 214 forms declaring their citizenship or to fill out a non-contending declaration. Calculations for pro-ration are made based on the interview documentation obtained. Family members declaring citizen status under the 214 has not been verified through the INS/SAVE program. Any person declaring non-citizenship is verified using the INS/SAVE program and documentation printed from the INS/SAVE program is placed in the file. Household members added after admission to the program are required to provide 214 or non-contending declarations, IDs, and SS cards prior to being allowed to move into the unit. Occasionally, children born at the local hospital after the family has been admitted to the subsidized household had not verified through a 214 form.
 - c. **Plan of Action** – All PH files have been reviewed, missing 214 forms or those signed without a checkmark are in the process of being sent to the household and requested. The PHM has been instructed to ensure that all newborns have verification placed in the file to include a 214 form and copy of the hospital crib card. The PHM is checking individual files again as the tenants recertify. All Public Housing files have been reordered in a 3-part file. The file is now organized to place all applications in one part, all one time forms such as Identifications, Social Security cards and citizen declaration 214 forms or non-contending forms in a second part and all 50058 and miscellaneous leases and documentations in the third part. The HA will take action to pro-rate rents of any undocumented residents.
2. **Finding Caption:** The Greeley Housing Authority (GHA) is not properly implementing HUD regulations related to Self Sufficiency Incentives Disallowance of Increase in Annual Income Program.
- a. **Reply** – Staff members have attended training of MEID in the RHIP seminar given in 2004, as well as day training in Denver with HUD staff. The Housing Authority has purchased and fully utilizes a MEID calculation and worksheet program from Nan McKay. The files have been audited by newly trained staff. All tenants participating in the MEID program did qualify. The error due to inaccurate application and calculations represents a \$ 3,682.59 loss in rent, not the quoted \$ 7,226.
 - b. **Standard of Operation** – The Housing Authority staff will fully utilize the Nan McKay worksheets for calculating MEID amounts. All tenants are asked to sign a notification of the MEID program, documenting they have been notified of the program availability and maximum time frame per adult household member is 48 months. However, in a perfect example, the MEID would be 100% for months 1-12, and 50% in months 13-24. 24 months not to exceed 48 concurrent months. Interruptions in the earning time frame are accounted for in the worksheets and supporting

calendar. The program is available one time per household adult in compliance with 24 CFR 906.255.

- c. **Plan of Action** – Staff has been retrained and tools purchased in an effort to ensure compliance.

- 3. Finding Caption: The Greeley Housing Authority (GHA) did not follow its own Admissions and Continued Occupancy (ACOP) in the placement, denial, and selection of applicants on their low rent public housing waiting lists.

- a. **Reply** – One person to whom the OIG is referring to is a member of a GHA staff's family that applied to be on assistance. The documentation was not provided within a 10 day period as requested, and the family did not receive housing. Due to a change in the family composition the staff member stepped in as the head of household. During the time the daughter's application was being processed the GHA was making preparations to place an on-site manager. However, when it became evident that the property in question was experiencing a high number of problems, the GHA contacted their HUD representative and discussed by phone placing a staff member on site as an on-site manager. In this case the Waiting list was bypassed.

Agency policy dictates documents be kept 3 years from the end of participation. All waiting lists and files prior to December 2000 either have been destroyed or have been packaged for disposal and the OIG was not able to locate the proper documents to show the process of the applications.

GHA typically keeps documentation on all files in the computer in the database running the application list. However, during an update in 2003 GHA lost all notes contained in the database. The person who was absent for six months could be a result of a few different scenarios but since the information is no longer available, GHA cannot respond to this deficiency.

- b. **Standard of Operation** – Applicants are not placed into housing without an application and having been processed fully. The GHA places all applicants on the waiting list by order of preference points. When a vacancy is eminent, a call-up is conducted whereby the applicant must attend an interview, complete an extended application, be screened for suitability, and verify the preferences. If they cannot verify preferences, they are placed back on the waiting list with the preference for which they qualify. If they do not provide the required information within 10 days, they are denied. Exceptions to the 10 day rule may be made as accommodation of various reasons, including the hearing process. All documentation is to be made in the file.
- c. **Plan of Action** - Staff has been directed to make all documentations to files in writing to be included in the files permanently. Notations are to be made on the printed waiting list, and in the computer.

4. Finding Caption: The Greeley Housing Authority (GHA) did not follow its own Admissions and Continued Occupancy (ACOP) in the administration of repayment agreements from tenants of their low rent public housing units.
 - a. **Reply** – The GHA offers Repayment Agreements (RA) to assist tenants in being current with their rent and/or other fees. While the Admissions and Continued Occupancy Plan states we will not enter into a repayment agreement if one is in place, it does not say we may not alter the original agreement, cancel it and issue a new agreement. All repayment agreement are enforced and collected on, either through voluntary action and agreement with the tenant, or through adverse action through the court system. At the discretion of the Executive Director and Assistant Director, if in the course of daily business it is not advisable to evict a person who is behind on their RA, the E.D. or A.D. will allow modification of the current RA. All tenants have access to a hearing through the grievance process where individual cases are examined with the facts presented. The Housing Authority Hearing Officers, E.D. and A.D. will provide better written documentation in the files when Repayment Agreements are modified.
 - b. **Standard of Operation** – Repayment Agreements are issued by the computer system and are linked to the General Ledger. The PHM has authority to enter into a Repayment Agreement with a tenant or past tenant. Only the Executive Director or Assistant Director can modify the current RA.
 - c. **Plan of Action** - Review all in place Repayment Agreements and bring them current either through adverse action to the tenant or through modification of the current agreement.

5. Finding Caption: The Greeley Housing Authority (GHA) did not follow its own Admissions and Continued Occupancy Policy (ACOP) in the collection of security deposits from tenants of their low rent public housing units.
 - a. **Reply** – The Greeley Housing Authority updates the lease annually to incorporate new HUD programs or provisions. The color of the lease is changed each year to reflect the version of the lease being used. For several years the lease had no amount of security deposit in Part I of the lease. However, to facilitate quicker recertification and lease up appointments the current amount of the security deposit was typed into Part II of the lease to say, “Tenant agrees to pay \$300.00 as a security deposit.” The changing of staff, board members and the updating of the lease annually had lead to an oversight as the Security Deposit changed from \$100.00 to \$200.00 and finally to \$300.00. The HA will make changes as outlined in the Plan of Action section. During informal discussions with Legal Aid, they indicated legal challenge would ensue should we attempt to retroactively change and collect security deposit money based on new policies from currently leased tenants.

- b. **Standard of Operation** – It is the practice of the Greeley Housing Authority to require of the tenant the Security deposit in effect at the time they were lease up. It is not a standard practice with the Housing Authority or within the private market to ask tenants already in place to increase the security deposit paid at move in to correspond with inflation. Tenants are asked to provide additional deposit money if they obtain a pet. Receipts of Security deposits are currently maintained in the files of tenants and on the computer using Tenmast software.

- c. **Plan of Action** – The Greeley Housing Authority has changed Part II of the lease to say “Tenant agrees to pay \$ _____ as a security deposit” allowing the PHM to accurately write the actual security deposit paid in the lease for recerts and the current going rate of security deposits for newly leasing tenants. The GHA does not feel it appropriate or necessary to make previously leased tenants pay an additional security deposit to be inline with newly approved policies or with cost inflation. Furthermore, it is not a standard procedure for the industry to go to in place tenants and collect additional security deposit money as they are increased in the course of daily business.

Finding 2 Controls over Section 8 Housing Choice Vouchers Program

1. Finding Caption: The Greeley Housing Authority (GHA)/Weld County Housing Authority (WCHA) are not consistently implementing their Administrative Plan, HUD guidance, and HUD regulations in determining the eligibility of applicants to participate in their Section 8 voucher program.

- a. **Reply** - The Housing Authority is not allowing ineligible non-citizens on any Housing Program. Social Security numbers reflecting a 999 number are generated by the Housing Authority staff as a tool to input the family member in to software used by the HA. In order to correctly reflect the family members and make calculations using the software all household members must have a Social Security number in the system. Heads of Household who have no SS# are given a 999 number to ensure proper tracking. The 999 Heads of Households are also generated an alternative ID for proper reporting to PIC. The assignment of 999 numbers is an internal tool for management overview.
- b. **Standard of Operation** – At the time of application all household members must submit copies of SS cards. Applications are input into the computer for waiting list placement. When a call-up is conducted, all families are then asked to provide original SS cards, picture IDs, and fill out 214 forms declaring their citizenship or to fill out a non-contending declaration. Calculations for pro-ration are made based on the interview documentation obtained. Occasionally, children born at the local hospital after the family has been admitted to the subsidized household have not been verified through a 214 form. Family members declaring citizen status under the 214 are not verified through the INS/SAVE program. Any person declaring non-citizenship is verified using the INS/SAVE program and documentation printed from the INS/SAVE program is placed in the file. Household members added after admission to the program are required to provided 214 or non-contending declarations, IDs, and SS cards prior to being allowed to move into the unit.
- c. **Plan of Action** – At recertification, the files are being checked for current 214 forms and non-contending forms. All participants missing forms or with incomplete or improperly completed forms are being asked to complete new 214 forms or non-contending forms. This will ensure all files accurately reflect citizenship regardless of when the family member was born. The HA will take action to pro-rate rents of any undocumented residents.

2. Finding Caption: The Greeley Housing Authority (GHA) did not follow its own Administrative Plan (Admin Plan) in the administration of repayment agreements with tenants of their Section 8 Housing Choice Voucher program.

- a. **Reply** – The GHA and WCHA offers Repayment Agreements (RA) to assist tenants in being current with their rent and/or other fees. While the Admissions and Continued Occupancy Plan states we will not enter into a

repayment agreement if one is in place, it does not say we may not alter the original agreement, cancel it and issue a new agreement. All repayment agreement are enforced and collected on, either through voluntary action and agreement with the tenant, or through adverse action through the court system. At the discretion of the Executive Director and Assistant Director, if in the course of daily business it is not advisable to terminate assistance of a person who is behind on their RA, the E.D. or A.D. will allow modification of the current RA. All tenants have access to a hearing through the grievance process where individual cases are examined with the facts presented. The Housing Authority Hearing Officers, E.D. and A.D, will provide better written documentation in the files when Repayment Agreements are modified.

- b. **Standard of Operation** – During a recent software upgrade the ability to track Section 8 receivables was added to the software. Section 8 staff may now enter money owed to their program into the software program and it will link to the general Ledger for better tracking. The Section 8 Technician has authority to enter into a Repayment Agreement with a tenant or past tenant. Only the Executive Director or Assistant Director can modify the current RA.
- c. **Plan of Action** - Review all in place Repayment Agreements and bring them current either through adverse action to the tenant or through modification of the current agreement and ensure the data has been input into the computer software system.

3. Finding Caption: The Weld County Housing Authority (WCA) did not follow HUD's regulations or its own administrative Plan (Admin Plan) in the determination of the monthly administrative fee.

- a. **Reply** – The Weld County Housing Authority operated in good faith that tenants who were in place on the first on the month were counted toward the administrative fee collection. If information came in after the first of the month that a tenant was not in place, an investigative process was initiated. The Section 8 Coordinator was not able to make automatic adjustments to the calculations in the computer system. The computer system is operated on a real time system, which is designed to prohibit staff from going back and altering records in an attempt to defraud the program.
- b. The OIG office suggests \$704.10 be repaid for tenants not under contract on the first, however they did not take into account the tenants that were under contract for the first that had not yet been added to the computer system. During the same time frame there were 16 tenants who were not on the administrative fee calculation but should have been, totaling \$751.04 that should have been collected. This offsets the \$704.10 the OIG suggests should be repaid. The Housing Authority does not intend to collect the additional fees not previously collected.
- c. **Standard of Operation** – Administrative fess are collected for tenants who have a signed contract taking effect the first day of the month. Any

changes made are done manually as the change occurs. The computer records real time activity. The manual records are kept to ensure all records are accurate and adjustments are made monthly.

- d. **Plan of Action** - GHA Section 8 staff currently track all changes by manual ledger as a way of ensuring accuracy. The Weld County Section 8 Coordinator has been instructed to and has implemented the following changes:
- i. Maintains a monthly computer generated Administration fee calculation sheet,
 - ii. Manually writes the name of the tenant who was added or deleted from the program for which an Administrative fee is due,
 - iii. Provides a copy at the end of the month to the Accountant for manual corrections on the Accounting's records.

In regard to the "five findings" found during the 2001 Denver HUD Management Review, the GHA and WCHA received 1 finding and 3 observations. One observation was dropped, as the policy stating the Housing Authority must have a resident on the board of Commissioners does not apply to the GHA or the WCHA, as both are small agencies. The one finding was later waived as the WCHA obtained a waiver of participation in the FSS program for a period of time. The FSS program is currently operating with a HUD NOFA funded position.

Issues needing further study or consideration as defined by the OIG staff include Tenant Service charges and Tenant Accounts Receivables. The Tenant Service Charges refers to work orders not being posted in a timely fashion. Colorado law states landlords have up to sixty days to give notice on the disposition of a security deposit. After a tenant has vacated a unit, the maintenance staff schedule the cleaning and repair of the unit. Frequently, the process of cleaning, repairing, and data entry utilize the full 60 day time frame. Charges having a large time frame to post are from a period of time when there was a large backlog of data entry to be done as a result of a staff member leaving her position, and a new staff member being hired and trained. The Work orders are currently entered as received. Due to the software, charges are not posted to the account in most instances until the 1st day of the following month of when the work order data entry was completed.

The Tenants Accounts Receivables for Section 8 has been previously addressed. The newly acquired module of software has allowed the Section 8 staff to track and link all payables to the General Ledger.

(Supporting documentation provided by the auditee was too voluminous to include in the audit report. These documents were provided to the HUD Region 8 Office of Public Housing under separate cover.)

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