



U.S. Department of Housing and Urban Development  
Office of the Inspector General for Audit, Region 4  
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August 23, 2005

MEMORANDUM NO:  
2005-AT-1802

MEMORANDUM FOR: Michael A. Williams, Director, Office of Public Housing, 4FPIH

*James D. McKay*

FROM: James D. McKay  
Regional Inspector General for Audit, 4AGA

SUBJECT: Housing Authority of Winston-Salem  
Winston-Salem, North Carolina

### **INTRODUCTION**

As part of the Department of Housing and Urban Development (HUD), Office of the Inspector General's (OIG) strategic plan, we performed an audit survey of the Housing Authority of Winston-Salem's (Authority) administration of its Section 8 housing choice voucher program. We selected the Authority based on several factors including the number of Section 8 and low rent public housing units and the amount of HUD funding the Authority received. Our survey objective was to determine whether the Authority properly administered the program. This review was limited to tenant eligibility and subsidy calculations, program financial operations, and whether tenants were housed in appropriate sized units.

We did not find any significant deficiencies in these areas during this review. However, information in HUD's Public and Indian Housing Information Center (PIC) and the files did not match for the bedroom sizes. Based on the survey results, we will not perform additional audit work in these areas. We are continuing to perform survey work of the Authority's development activities and have initiated an audit of its Section 8 housing quality standards. The review results for those areas will be communicated separately as the work is completed.

### **METHODOLOGY AND SCOPE**

To accomplish our objective, we reviewed applicable HUD program requirements. We also interviewed appropriate HUD and Authority management and staff, and reviewed various records, including 12 tenant files and tenant data maintained in the Authority's database, Visual Homes.

Our survey generally covered the period October 1, 2003 through April 30, 2005. However, we extended the review period as necessary to accomplish our objective. We conducted our survey during May through July 2005.

## **BACKGROUND**

The Authority was formed in 1941 pursuant to North Carolina Housing Authorities Law. Its primary objective is to provide safe and sanitary housing to low-income residents in Winston-Salem. The Authority currently subsidizes about 4,200 families with housing choice vouchers in the City of Winston-Salem, North Carolina and its vicinity.

Its total calendar year 2005 annual housing assistance payments and administrative fee renewal funding is about \$25 million. A five-member Board of Commissioners governs the Authority. HUD's Greensboro, North Carolina, Office of Public Housing oversees the Authority.

## **RESULTS OF REVIEW**

The Authority maintains tenant data in an automated system, Visual Homes. The Authority uploads the information in Visual Homes to PIC monthly. We compared the voucher size with the actual bedroom size in PIC with the information in Visual Homes for all 4,115 tenants as of June 20, 2005. The purpose of the comparison was to determine if any Section 8 participants were housed in larger units than they were entitled. Our comparison identified 48 Section 8 participants who potentially were over housed according to PIC information. We then compared the data in PIC with the data maintained in the 48 tenant files. We found that with one exception the tenants were in the correct sized units in accordance with Housing Choice Voucher Program Guide Book, Part 5.9. Our review of the one exception showed that the tenant was authorized a two bedroom unit, but was inappropriately housed in a three bedroom unit. As a result, the Authority overpaid \$472 in subsidy for the tenant during our review period. Our review also found that the PIC data pertaining to bedroom sizes was incorrect for all 48 files. We provided the details of the subsidy overpayment and the 48 tenants to the Authority.

Authority staff informed us that its prior Section 8 database did not require the allowable voucher bedroom size to be entered. The Authority recently converted to the Visual Homes system, which includes a data field for bedroom size. Authority staff did not enter bedroom size correctly. Authority staff and management agreed they would be more diligent in verifying the allowable bedroom size.

## **RECOMMENDATIONS**

We recommend the director of Public and Indian Housing require the Authority to

1. Correct tenant information in its database for the 48 tenants identified.
2. Provide assurance it has implemented procedures to ensure tenant bedroom sizes are correctly entered in the future.

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.

Should you or your staff have any questions, please contact me at (404) 331-3369.