



Issue Date	September 18, 2006
Audit Report Number	2006-SE-1005

TO: Harlan Stewart, Director, Region X Office of Public Housing, OAPH

*Joan S. Hobbs*

FROM: Joan S. Hobbs, Regional Inspector General for Audit, Region X, OAGA

SUBJECT: King County Housing Authority, Tukwila, Washington, Section 8 Program Meets HUD Requirements

**HIGHLIGHTS**

**What We Audited and Why**

As part of the Office of Inspector General’s annual audit plan, we audited the King County Housing Authority’s (authority) Section 8 program to determine whether it administered the program in accordance with U.S. Department of Housing and Urban Development (HUD) requirements. We wanted to determine whether the authority selected families from the waiting list in accordance with its administrative plan, assisted only eligible families, calculated and paid tenant subsidies accurately, managed its portability program properly, and ensured that assisted units met housing quality standards.

**What We Found**

The authority generally administered its Section 8 program in accordance with HUD requirements.

## **Auditee's Response**

We held an exit conference on September 18, 2006, and provided them with the final report.

## TABLE OF CONTENTS

---

Background and Objectives	4
Results of Audit	
The King County Housing Authority Administers Its Section 8 Program in Accordance with HUD Requirements.	5
Scope and Methodology	6
Internal Controls	7

## **BACKGROUND AND OBJECTIVES**

---

### **King County Housing Authority**

The King County Housing Authority (authority) is a municipal corporation established in 1939 to provide affordable housing and related services. With an annual consolidated budget of about \$130,000,000, the authority owns and manages 3500 federally subsidized housing units for families, the elderly, and people with disabilities and administers 8200 vouchers. It also provides emergency and transitional housing for homeless families and people with special needs. As a Moving to Work housing authority, it has redesigned its federally funded programs to respond to local conditions, streamline its operations, and better support the economic self sufficiency of its residents.

### **Section 8 Housing Choice Voucher Program**

The Housing Choice Voucher program is the federal government's major program for helping very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Participants are free to choose any housing that meets program requirements. Public housing agencies administer the HUD-funded housing choice vouchers, and pay a housing subsidy directly to the landlord on behalf of the participating family. Public housing agencies determine family eligibility based on income and family size and determine the amount of tenant subsidy. Annually, the agencies verify family income and composition and ensure that the unit meets minimum housing quality standards.

Our objective was to determine whether the authority operated its tenant-based Section 8 program in accordance with HUD requirements. We wanted to determine whether the authority

1. Selected families from its waiting list in accordance with its Section 8 administrative plan,
2. Assisted only eligible families,
3. Calculated and paid tenant subsidies accurately,
4. Managed its portability program in accordance with HUD requirements, and
5. Ensured that assisted units met HUD housing quality standards.

## AUDIT RESULTS

---

### The King County Housing Authority Administers Its Section 8 Program in Accordance with HUD Requirements

The King County Housing Authority (authority) generally administered its Section 8 program in accordance with HUD requirements. The authority fairly selected families from the waiting list, ensured only eligible families received assistance, generally calculated and paid the correct housing assistance payments, properly managed its portability program, and ensured that assisted units met housing quality standards.

---

#### **The authority's Section 8 program meets HUD requirements**

Based on our review of authority policies and tenant files, we found the authority fairly selected applicants from the waiting list and properly determined tenant eligibility by ascertaining family, citizenship, criminal background, and income status. We also found the authority ensured that the housing assistance payments were accurate by obtaining verification of tenant income and expenses, verifying that contract rents were reasonable, and calculating the correct housing assistance payment amounts. Further, we found the authority made and received the correct payments for tenants in its portability program.

Based on our review of tenant files and inspections of authority administered Section 8 units, we found the authority adequately performed housing quality standard inspections and required timely correction of inspection discrepancies.

#### **Conclusion**

The authority generally administered its Section 8 program in accordance with HUD requirements. We communicated one immaterial item to the authority by separate correspondence.

## SCOPE AND METHODOLOGY

---

Our review of the authority's Section 8 program covered the period of July 1, 2005 through June 30, 2006. We conducted our field work in June and July 2006 at the authority's offices in Tukwila, Washington.

To accomplish our objectives, we:

- reviewed the authority's Moving to Work Agreement,
- reviewed the authority's Section 8 administrative plan,
- interviewed Authority staff,
- reviewed authority records,
- reviewed 15 tenant files associated with selections from the waiting list,
- reviewed 20 tenant files related to portable vouchers,
- reviewed 63 tenant files related to determining housing assistance payments,
- reviewed 20 tenant files associated with tenant eligibility, and
- inspected 10 Section 8 subsidized units and reviewed 15 tenant files related to housing quality standards.

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

# INTERNAL CONTROLS

---

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

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

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

---

## Relevant Internal Controls

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

- Effectiveness and efficiency of program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resources are used consistent with laws and regulations. This includes the Section 8 administrative fee that is the subject of the complaint assessment portion of the audit.

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

## Significant Weaknesses

We assessed the above controls and identified no significant weaknesses.