



Issue Date	July 21, 2006
------------	---------------

Audit Report Number	2006-CH-1013
---------------------	--------------

TO: Robert E. Nelson, Director of Public Housing Hub, 5FPH

FROM: 
Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The Ann Arbor, Michigan Housing Commission's Administration of Its Section 8 Housing Choice Voucher Program Needs to Be Improved

HIGHLIGHTS

What We Audited and Why

We audited the Ann Arbor Housing Commission's (Commission) Section 8 Housing Choice Voucher program (program). The audit was part of the activities in our fiscal year 2006 annual audit plan. We selected the Commission based upon a risk analysis that identified it as having a high-risk program. The objective was to determine whether the Commission managed its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) requirements.

What We Found

The Commission's program administration regarding housing unit conditions, housing assistance payment calculations and reexaminations, and allocation of its indirect costs was inadequate. The Commission did not adequately inspect program units because it did not effectively monitor the inspection process and quality control reviews were not effective in identifying violations. Of the 62 housing units statistically selected for inspection, 45 did not meet HUD's housing quality standards and 40 had 125 violations that existed at the time of the Commission's previous inspections. The 40 units had between one and eight preexisting violations per unit. Based on our statistical sample, we estimate that

over the next year HUD will pay nearly \$2 million in housing assistance payments on units with material housing quality standards violations.

The Commission improperly calculated the housing assistance payments for 16 of 25 tenant files selected for review and did not perform reexaminations timely. This resulted in more than \$8,000 in housing assistance payment errors. Also, the Commission did not establish an adequate cost allocation plan for charging indirect costs to its program.

The Commission had adequate policies and procedures for monitoring payment standards and utility allowances, and it initiated corrective actions by making changes to its quality control inspection process and quality control procedures over tenant file reviews.

What We Recommend

We recommend that the director of HUD's Detroit Office of Public Housing require the Commission to reimburse its program from nonfederal funds for the improper use of more than \$58,000 in program funds, ensure that program housing units inspected during this audit are repaired to meet HUD's housing quality standards, and implement procedures and controls to address the findings cited in this audit report. These procedures and controls should help ensure that nearly \$2 million in program funds are spent on housing units that meet HUD's requirements.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

Auditee's Response

We provided our discussion draft audits report to the Commission's executive director, its board chairman, and HUD's staff during the audit. We held an exit conference with the Commission's executive director on June 20, 2006.

We asked the Commission's executive director to provide comments on our discussion draft audit report by July 19, 2006. The Commission's executive director provided written comments dated July 18, 2006, and agreed to implement corrective actions to address our three findings. The complete text of the written comments can be found in appendix B of this report.

TABLE OF CONTENTS

Background and Objective	4
Results of Audit	
Finding 1: Housing Quality Standards Were Not Adequately Enforced	5
Finding 2: Controls over Housing Assistance Payments Were Inadequate and Tenant Reexaminations Were Not Timely	12
Finding 3: The Commission Lacked a Cost Allocation Plan for Indirect Costs	14
Scope and Methodology	16
Internal Controls	18
Appendixes	
A. Schedule of Questioned Costs and Funds to Be Put to Better Use	20
B. Auditee Comments	21
C. Criteria	27
D. Units with Preexisting Violations	30
E. Tenant File Exceptions	32

BACKGROUND AND OBJECTIVE

The Ann Arbor Housing Commission (Commission) was established by the City of Ann Arbor, Michigan (City) in September 1965 under the laws of the State of Michigan, pursuant to the U.S. Housing Act of 1937, as amended. A five-member board of commissioners governs the Commission. The City's mayor appoints the commissioners to five-year terms, with approval by the city council. The Commission's main administrative office is located at 727 Miller Avenue, Ann Arbor, Michigan.

As of May 2006, the Commission administers various programs under the U.S. Department of Housing and Urban Development (HUD), which include the Section 8 Housing Choice Voucher, low-rent housing, Public Housing Capital Fund, Section 8 Project-Based Voucher, and Shelter Plus Care programs. The Commission's Section 8 Housing Choice Voucher program (program) provides housing assistance to its tenants in the counties of Washtenaw, Monroe, and western Wayne. The Commission provides assistance to low and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of February 2, 2006, the Commission had 1,166 units under contract with annual housing assistance payments totaling more than \$8.6 million in program funds for calendar year 2006.

Our objective was to determine whether the Commission managed its program in accordance with HUD's requirements.

RESULTS OF AUDIT

Finding 1: Housing Quality Standards Were Not Adequately Enforced

The Commission's program units did not meet HUD's housing quality standards due to the poor condition of most units inspected. Of the 62 program units inspected, 45 did not meet minimum housing quality standards, and 40 had violations that existed before the Commission's last inspections. The violations existed because the Commission did not perform effective quality control inspections of its contract inspector to ensure that units met HUD's requirements. As a result, \$51,081 in program funds was not used efficiently and effectively. Also, program tenants lived in units that were not decent, safe, and sanitary. Based on our statistical sample, we estimate that over the next year HUD will pay nearly \$2 million in housing assistance payments on units with material housing quality standards violations.

HUD's Housing Quality Standards Not Met

From the 686 program units that were inspected by the Commission between August 2005 and January 2006, we statistically selected 62 units for inspection by using the Defense Contract Audit Agency's EZ-Quant Statistical Sampling software. The 62 units were inspected to determine whether the Commission ensured that its program units met HUD's housing quality standards. Our appraiser inspected the 62 units between February 21 and March 3, 2006.

Of the 62 units inspected, 45 (72.6 percent) had 207 housing quality standards violations. Of the 207 violations, six were identified by the Commission during its previous inspections and were shown on the Commission's inspection reports. In addition, 40 of the 45 units had 125 violations that existed before the Commission's previous inspections and 33 units were considered to be in material noncompliance since they had health and safety violations that predated the Commission's previous inspections. The following table categorizes the 207 housing quality standard violations in the 45 units.

Category of violations	Number of violations
Electrical	70
Windows	24
Exterior surface	19
Security	18
Interior walls	16
Floor	9
Stove	9
Lead-based paint	9
Ceiling	4
Tub or shower in unit/sink	3
Foundation	3
Roofs/gutters	3
Water heater	3
Sink or fixed wash basin	2
Chimney	2
Ventilation	2
Fire exit	2
Refrigerator	1
Space for storage, preparation, and serving of food	1
Toilet	1
Sewer connection	1
Refuse disposal	1
Stairs, rails, and porches	1
Garbage and debris	1
Access to unit	1
Smoke detector	<u>1</u>
Total	<u>207</u>

We provided our inspection results to the director of HUD's Detroit Office of Public Housing and the Commission's executive director on May 3, 2006.

Electrical Violations

Seventy electrical violations were present in 32 of the Commission's program units inspected. The following items are examples of electrical violations listed in the table: outlets with open grounds, light fixtures hanging from wires, no cover on junction box, ground fault circuit interrupters not tripping, and exposed wires. The following pictures are examples of the electrical-related violations identified in the Commission's program units inspected.

Voucher TV4032-010:
Loose electrical panel
cover in basement.



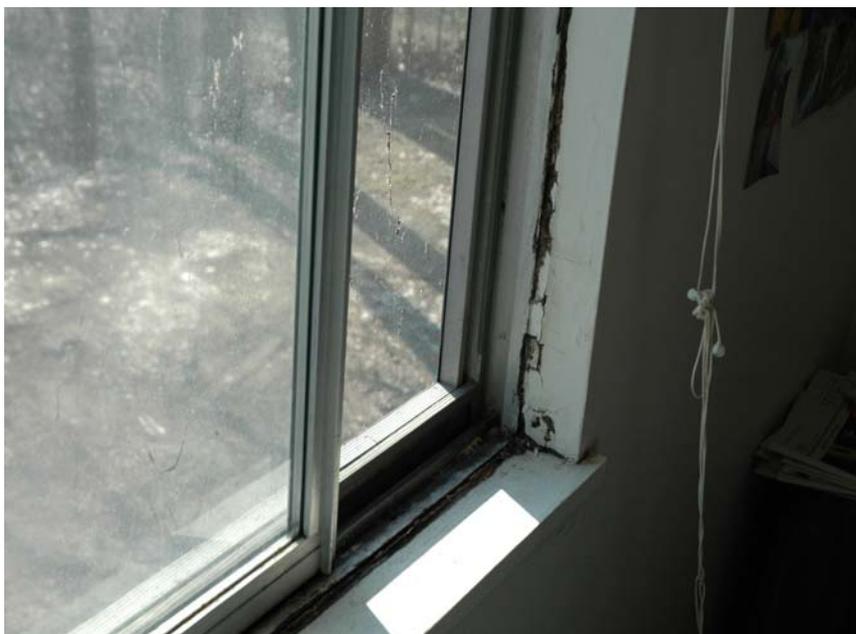
Voucher V4040-030:
Exposed wires in ceiling
junction box in basement's
bathroom.



Window Violations

Twenty-four window violations were present in 17 of the Commission's program units inspected. The following items are examples of window violations listed in the table: window locks not working properly, mold on windowsills and sashes, television cables going through windows not allowing them to lock, drafty windows, and cracked windowpanes. The following pictures are examples of the window-related violations identified in the program units inspected.

Voucher CV0042-029: Mold on bedroom windowsill, frame, and sash; crumbling plaster and peeling paint on window jamb.



Voucher CV4039-014: Power cord passes through utility room window preventing it from closing and locking.



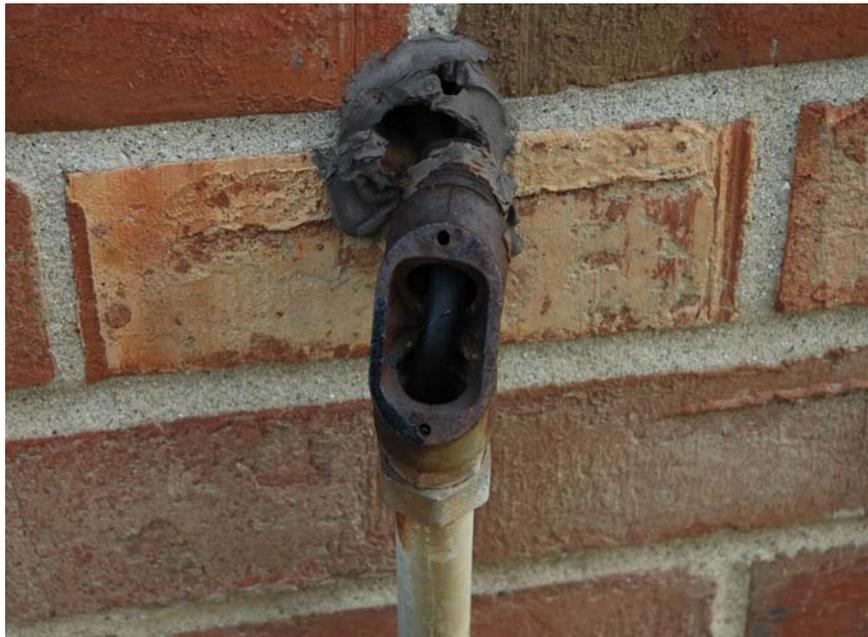
Exterior Surface Violations

Nineteen exterior surface-related violations were present in 15 of the Commission's program units inspected. The following items are examples of exterior surface-related violations listed in the table: missing globes on entry lamps, improper electrical wiring from a house to a garage, rotting door and threshold, and no conduit cover on main power line. The following pictures are examples of exterior surface-related violations identified in the program units inspected.

Voucher CV4039-014:
Improper use of power
cords from a house's utility
room through a window
lying on the sidewalk and
buried underground to
provide power to the
garage.



Voucher V4038-009:
Missing conduit cover
from conduit that covers
the unit's main power
line.



Causes for Violations

The housing quality standards violations existed because the Commission did not perform effective quality control inspections of its contract inspector to ensure that units were inspected in accordance with HUD's requirements. This resulted in its contract inspector failing to conduct all inspections in accordance with his agreement with the Commission.

The contract inspector did not always perform tasks in accordance with his agreement, such as providing the Commission with a schedule of inspections to

be performed each week, timely inspection results, a schedule of followup inspections on units that failed inspection, or notification to tenants and/or landlords of the violations that caused the units to fail to meet HUD's housing quality standards.

The Commission's contract inspector was based in Ohio and was only onsite to perform inspections for the Commission for approximately one week per month. This limited the amount of time the inspector had available to conduct required followup inspections on units that had previously failed inspection. Of the Commission's 108 inspection reports for the period August 2005 through January 2006 that we reviewed, 27 did not show whether a followup inspection was performed. Consequently, the Commission could not support when the units passed inspection and what, if any, abatement action of the housing assistance payment should have occurred. Without timely followup inspections, the Commission's ability to adequately track unit inspections and enforce HUD's housing quality standards was adversely affected.

The Commission did not renew its contract with its quality control inspector that ended in July 2005 and did not resume performing quality control inspections until its staff was trained, late in November 2005, after our audit started. After performing a quality control inspection in December 2005, the Commission met with its contract inspector in an attempt to address violations that the inspector did not identify. After continued followup inspection issues which caused the Commission's units to be noncompliant with HUD's housing quality standards, the Commission terminated its contract inspector in March 2006. The Commission plans to submit proposals for a new contract inspector and will hire a staff inspector to perform annual inspections in the interim.

The Commission has made efforts to improve the tracking of housing quality standards inspection results through the use of an Excel spreadsheet. Coupled with the implementation of quality control procedures and controls as we recommended, this should assist the Commission in monitoring the effectiveness of its inspection program.

HUD Funds Not Effectively Used

The Commission did not effectively use program funds when it failed to fully enforce HUD's housing quality standards. Our appraiser identified 40 units with housing quality standards violations that existed at the time of the Commission's previous inspections. However, the Commission's contract inspector passed 29 of the 40 units. Our appraiser noted these preexisting housing quality standards violations on the inspection reports that we provided to the Commission and HUD.

The Commission should not have made housing assistance payments on the 40 units due to the preexisting violations. The table in appendix D of this report lists

the 40 units, the period after the Commission's previous inspection (beginning 30 days after the Commission's inspection or immediately if it was an initial inspection), and \$47,110 in housing assistance payments that should not have been paid by the Commission. In addition, the Commission should not be entitled to the associated administrative fees of \$3,971.

Conclusion

The Commission's tenants were subjected to health and safety-related violations while living in program units that failed to meet HUD's housing quality standards. Through the Commission's implementation of adequate procedures and controls over its unit inspections to ensure compliance with HUD's housing quality standards, we estimate that \$1,995,816 in future housing assistance payments will be spent for units that are decent, safe, and sanitary. We determined this amount by multiplying 274 units (estimated number of units that would be in material noncompliance with housing quality standards if appropriate actions are not taken by the Commission) times \$607 (average monthly subsidy of each housing unit). This amount was then annualized to give the total estimate of funds to be put to better use.

Recommendations

We recommend that the director of HUD's Detroit Office of Public Housing require the Commission to

- 1A. Conduct followup housing quality standards inspections on housing units that failed inspection to determine whether violations still exist and abate housing assistance payments to landlords accordingly.
- 1B. Reimburse its program \$51,081 from nonfederal funds (\$47,110 for housing assistance payments and \$3,971 in associated administrative fees) for the 40 units that contained preexisting violations not identified in the Commission's previous inspections.
- 1C. Implement adequate procedures and controls to ensure that all program inspections are performed adequately and all units meet HUD's housing quality standards. By implementing adequate procedures and controls, the Commission should help ensure that \$1,995,816 in program funds support units that are decent, safe, and in sanitary condition over the next year.

Finding 2: Controls over Housing Assistance Payments Were Inadequate and Tenant Reexaminations Were Not Timely

The Commission failed to comply with HUD's requirements and its program administrative plan regarding housing assistance payments and tenant reexaminations. It did not always calculate housing assistance payments correctly, maintain complete documentation to support tenant eligibility, and complete annual and interim reexaminations in a timely manner. These conditions occurred because the Commission did not identify areas requiring additional training through quality control reviews and lacked written procedures for conducting reexaminations. As a result, the Commission overpaid \$7,459 and underpaid \$1,318 in housing assistance payments.

Numerous Errors in Tenant Case Files

We identified errors in 20 of 25 program tenant case files that were randomly selected from the Commission's files. The errors included miscalculation of income and utility allowances, missing third-party verifications, use of incorrect payment standards, outdated verification forms, and untimely reexaminations. The errors affected the housing assistance payments for 16 of the 25 tenant files reviewed and totaled \$8,777 in housing assistance payment errors, including overpayments of \$7,459 and underpayments of \$1,318. A schedule summarizing the results of our 25 tenant file reviews is in appendix E of this report.

The Commission was aware of the condition of its tenant case files based on its own quality control reviews and prior HUD reviews. In addition, the Commission reported to its board the results of its own quality control reviews stating that only 44 of 79 (56 percent) of its quality control reviews of tenant files were accurate. However, additional procedures and controls are needed to ensure that the Commission follows HUD's requirements and its program administrative plan regarding housing assistance payments and tenant reexaminations.

Increased Oversight and Procedures Needed

The Commission needs to enhance its oversight of housing assistance payment calculations to determine the training needs of its staff and establish written procedures for performing annual reexaminations. According to the housing programs manager, the Commission's program experienced staff turnover and a reorganization in 2005, which contributed to the tenant file errors. The Commission's program coordinator staff went from four to five positions, with three being staffed by employees new to the position. In the process of hiring an additional program coordinator, the Commission eliminated two administrative support staff positions.

To address tenant file discrepancies, the Commission provided a corrective action plan to HUD in November 2005 in response to its confirmatory review. The corrective action plan stated that management would perform at least three quality control reviews per program coordinator each month. Although the Commission appeared to be doing sufficient reviews toward the end of our audit (81 quality control reviews from November 2005 through February 2006), it needs to analyze the review results to determine areas in which additional training is needed by its staff.

Due to the staffing changes, the Commission redistributed its tenant file caseload to the five program coordinators. This resulted in 4 of the 25 tenants that we reviewed not being reexamined in a timely manner—ranging from one to five months late on annual reexaminations. Two other tenants were required to have interim reexaminations since they claimed no income at their last annual reexaminations. However, these reexaminations were not performed because the Commission's program coordinators did not know which tenants in their case workload were required to have an interim reexamination. To assist the coordinators, the Commission should run quarterly reports to identify program tenants who claimed zero income at their last annual reexamination. Tenants claiming zero income and who have not been reexamined in the last three months should be scheduled for an interim reexamination as required by the Commission's program administrative plan.

The Commission's program administrative plan also did not address how tenants would be reimbursed when an underpayment of housing assistance payment occurs.

Recommendations

We recommend that the director of HUD's Detroit Office of Public Housing require the Commission to

- 2A. Reimburse its program \$7,459 from nonfederal funds for the overpayment of housing assistance payments cited in this finding.
- 2B. Reimburse the appropriate tenants \$1,318 for the underpayment of housing assistance payments from unobligated program funds.
- 2C. Implement adequate procedures and controls over its housing assistance payment calculations and tenant reexaminations to ensure they meet HUD's requirements and/or its program administrative plan.
- 2D. Revise its program administrative plan to address how tenants will be reimbursed when an underpayment of housing assistance occurs.

Finding 3: The Commission Lacked a Cost Allocation Plan for Indirect Costs

The Commission failed to establish an adequate cost allocation plan for costs shared by its various programs. It allocated costs based on estimates by its executive director and fiscal and administrative manager to improve the deficit position of its low-rent housing program. However, this effort was not adequately supported since the Commission allocated all of its utility costs for its administrative offices located at 727 Miller Avenue to its low-rent housing program, and lacked a plan showing the basis for the allocation of other indirect costs. These conditions occurred because the Commission thought its allocation basis was appropriate and reasonable. Without adequate documentation to support the allocation of indirect costs, HUD and the Commission cannot be assured that costs were reasonable and appropriate in relation to the benefits derived from the indirect costs.

No Written Allocation Plan

The Commission lacked a written cost allocation plan for distributing indirect costs to its various programs. These programs include the Section 8 Housing Choice Voucher, low-rent housing, Public Housing Capital Fund, Section 8 Project-Based Voucher, and Shelter Plus Care programs. Based upon the Commission's various programs and its fiscal year 2004 and 2005 expenditures, the program constituted 70 percent of the Commission's total expenses.

The Commission allocated 85 percent of its indirect costs to the program and 15 percent to its low-rent housing program. No indirect costs were allocated to the Commission's other programs (Public Housing Capital Fund, Section 8 Project-Based Voucher, and Shelter Plus Care). The allocation was based on estimates made by its executive director and fiscal and administrative manager. According to the fiscal and administrative manager, the Commission previously allocated 75 percent of its indirect costs to the program and 25 percent to its low-rent housing program. The Commission's staff obtained board approval to change the allocation to an 85/15 split primarily because the low-rent housing program was determined to be operating at a deficit for fiscal year 2005. However, the Commission could not provide documentation to support the reasonableness of the 85/15 split and lacked a written cost allocation plan.

Expenses Not Allocated Properly

The Commission used the 85/15 split between the program and its low-rent housing program to allocate indirect costs that included computer software and support, office rent, insurance premiums, telephone service, postage, and administrative supplies. It lacked a written cost allocation plan to support the reasonableness of the 85/15 split.

Further, the Commission did not allocate any of the utility costs for its administrative offices located at 727 Miller Avenue to the program. Instead, it charged all utility costs to its low-rent housing program. The executive director said that the utility costs for the administrative offices' building were not allocated to the Commission's various programs because there was only one managed utility meter for the entire property which also includes 104 low-rent housing units and its maintenance offices.

Commission's Justification for Using 85/15 Percent Split

The Commission's position was that the 85/15 split between the program and the low-rent housing program was appropriate since it did not spend a significant amount of time administering the Section 8 Project-Based Voucher and Shelter Plus Care programs. The executive director said the Commission acts as fiduciary administrator for the two programs (Section 8 Project-Based Voucher and Shelter Plus Care). The Commission's management and staff involved with the two programs have a portion of their salaries charged to the programs; however, they do not incur administrative costs. For the Shelter Plus Care program, the entire administrative fee is passed through to the Commission's sponsors. For the Section 8 Project-Based Voucher program, direct costs such as housing quality standards inspections are directly charged to the program. The executive director did agree that the basis for the Commission's 85/15 allocation should be explained in a written cost allocation plan.

Recommendation

We recommend that the director of HUD's Detroit Office of Public Housing require the Commission to

- 3A. Implement a cost allocation plan to properly allocate indirect costs to all of its programs in accordance with HUD's requirements and the annual contributions contract.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws; HUD's program requirements at 24 CFR [*Code of Federal Regulations*] Parts 5, 85, 982, and 985; HUD Public and Indian Housing Notices 1998-27, 2005-01, 2005-09, 2006-03, and 2006-05; HUD's Housing Choice Voucher Guidebook 7420.10; and the Commission's program administrative plan and operations manual.
- The Commission's accounting records, annual audited financial statements for 2004 and 2005, general ledgers, bank statements and cancelled checks, tenant files, policies and procedures, board meeting minutes for 2004 and 2005, organizational chart, and program annual contributions contract.
- Downloaded electronic program tenant file information from the Commission's computer system.
- HUD's reports and files for the Commission.

We also interviewed the Commission's employees, HUD staff, and program tenants. We statistically selected 62 of the Commission's program units to inspect using the Defense Contract Audit Agency's EZ-Quant Statistical Sampling software from the 686 units that were inspected by the Commission from August 2005 through January 2006. The 62 units were selected to determine whether the Commission's program units met HUD's housing quality standards. Our sampling criteria used a 90 percent confidence level, 50 percent estimated error rate, and precision of plus or minus 10 percent.

Our sampling results determined that 33 of the 62 units (53.2 percent) materially failed to meet HUD's housing quality standards. This surpassed our 50 percent estimated error rate, so we adjusted our error rate downward to 50 percent. Materially failed units were those units with health and safety violations that preceded the Commission's last inspection.

The Commission's September 2005 through February 2006 housing assistance payment registers (one month after each of our inspection periods noted above) showed that the average monthly housing assistance payment was \$607. Using the lower limit of the estimate of the number of units that materially failed and the average housing assistance payment, we estimated that the Commission will annually spend \$1,995,816 (274 units times \$607 average payment times 12 months) for units that are in material noncompliance with HUD's housing quality standards. This estimate is presented solely to demonstrate the annual amount of program funds that could be put to better use on decent, safe, and sanitary housing if the Commission implements our recommendation. While these benefits would recur indefinitely, we were conservative in our approach and only included the initial year in our estimate. We also considered that (1) the Commission did not identify many of the preexisting violations during its most recent inspections, (2) the units would not be scheduled for another inspection for another year under

normal circumstances, and (3) it would take the Commission at least a year to complete all inspections under an improved inspection process.

Using our lower precision limit of 40 percent, we projected this error rate to the population of 686 units that were inspected by the Commission over a six-month period. We estimated that the Commission spent \$1,995,816 in housing assistance payments for 274 units that materially failed housing quality standards, computed as 274 units times the average annual housing assistance payment of \$7,284.

The administrative fee was calculated by dividing the year-to-date administrative fee received by the Commission from July 2005 through February 2006 (\$492,878) by the number of lease-ups the Commission maintained for the same period (9,495). This resulted in an average administrative fee earned of \$52 per unit for the period within the scope of our statistical sample of unit inspections. We multiplied the administrative fee earned per unit by the inappropriate period to arrive at a total improper administrative fees paid to the housing commission of \$3,971 (see finding 1).

We performed our onsite audit work from November 2005 to April 2006 at the Commission's administrative offices located at 727 Miller Avenue, Ann Arbor, Michigan. The audit covered the period July 1, 2004, through September 30, 2005, and was expanded as necessary to accomplish our objective.

We performed our audit 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,
- Compliance with applicable laws and regulations, and
- Safeguarding resources.

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 objective:

- 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, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

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 Weakness

Based on our review, we believe the following item is a significant weakness:

- The Commission lacked sufficient procedures and controls to ensure compliance with HUD's regulations and/or its program administrative plan regarding unit inspections, and housing assistance payments, and tenant reexaminations (see findings 1 and 2).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1B	\$51,081	
1C		\$1,995,816
2A	<u>7,459</u>	
2B		<u>1,318</u>
Totals	<u>\$58,540</u>	<u>\$1,997,134</u>

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or federal, state, or local policies or regulations.
- 2/ “Funds to be put to better use” are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. In this instance, if the Commission implements our recommendation, it will cease to incur program costs for units that are not “decent, safe, and sanitary,” and instead, will expend those funds for units that meet HUD’s standards. Once the Commission successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of these recurring benefits.

Appendix B

AUDITEE COMMENTS

Auditee Comments

07/18/2006 10:52

Ann Arbor Housing Commission 1248963018 2/7



CITY OF ANN ARBOR, MICHIGAN

727 Miller Avenue, Ann Arbor, Michigan 48103
Phone (734) 994-2828 or 994-2829
Fax (734) 994-0781
www.a2gov.org

ANN ARBOR HOUSING COMMISSION

July 18, 2006

Mr. Thomas M. Towers
ARIGA
US Dept. of HUD - Office of Inspector General
477 Michigan Avenue, Room 1790
Detroit, MI 48226-2592

Dear Mr. Towers:

Attached is the Commission's response to the OIG findings and recommendations from their recent audit of the Housing Commission's Section 8 Housing Choice Voucher program.

Please feel free to contact me, if there are any concerns or questions regarding this document.

Sincerely,

Elizabeth A. Lindsley
Executive Director

recycled paper

Auditee Comments

07/18/2006 10:02

Ann Arbor Housing Commission T24095018 2/2



ANN ARBOR HOUSING COMMISSION

CITY OF ANN ARBOR, MICHIGAN

727 Miller Avenue, Ann Arbor, Michigan 48103
Phone (734) 994-2828 or 994-2829
Fax (734) 994-0781
www.a2gov.org

Ann Arbor Housing Commission
OIG Audit Responses
July 18, 2006

Finding 1: Housing Quality Standards Were Not Adequately Enforced

Ann Arbor Housing Commission Response:

We concur with Finding 1 that HQS inspections were not adequately enforced.

Recommendations:

- 1A. Notify all landlords and tenants of units that failed housing quality standards inspections and provide a copy of the inspection reports and a written notice stating when violations should be corrected.

Ann Arbor Housing Commission Response:

The Ann Arbor Housing Commission notified landlords within one business day of all exigent deficiencies communicated to it by OIG auditors. Because of the type of deficiency, landlords were communicated with orally and required to confirm with the AAHC by return call that the conditions were corrected and/or abated within 24 hours as required. Follow up inspections were conducted by Multi-County Properties March 19, 2006 – April 1, 2006. All but one unit passed; the failed unit was abated.

Remaining deficiencies were communicated to landlords in writing via an "Inspection Deficiency Notice". Notice was provided in June and follow up inspections are scheduled for July 11, 2006, July 16, 2006 and July 17, 2006.

- 1B. Conduct follow up housing quality standards inspections on housing units that failed inspection to determine whether violations still exist and abate housing assistance payments to landlords accordingly.



Auditee Comments

07/18/2006 16:03

Ann Arbor Housing Commission 1249962018 4/7

Ann Arbor Housing Commission Response:

As noted above in 1A, follow up to exigent deficiencies were completed in March 2006 and April 2006 - the remaining follow up inspections are taking place in July 2006.

- 1C. Reimburse its program \$51,081 from nonfederal funds (\$47,110 for housing assistance payments and \$3,971 in associated administrative fees) for the 40 units that contained preexisting violations not identified in the Commission's previous inspections.

Ann Arbor Housing Commission Response:

The Commission does not have sufficient non-federal funds as of the close of FY05, nor has it collected sufficient fraud recovery money in FY06 that can be accounted for as part of Admin Fee Equity, to refund the entire \$51,081. Therefore, we would ask HUD to consider one of two options: (1) reducing the reimbursement to 40% of the calculated amount or \$20,432 which could be paid now and deemed full settlement, or (2) establish a four year pay-back period of \$12,770 per year. The Commission needs to retain a sufficient administrative reserve to cover future known but extraordinary expenditures (like Section 8's share of a housing software upgrade already bid out, temporary help costs needed because of 2 Section 8 staff absences under FMLA and to input of more than 3000 S8 applications received during our recent open application period, and a possible second City-union "me-too" arbitration cost, all of which are expected to take place in FY07). The primary source of non-federal funds is AAHC's admin share of fraud recovery, as interest income on non-HAP investment is negligible. Knowing that we are going to incur non-recurring extraordinary administrative costs in the current (FY07) fiscal year, the Commission is likely to fully deplete its S8 administrative reserve, and be unable to weather any non-budgeted emergency costs, especially as our CY2007 administrative funding has already reduced by nearly \$9500, via the Jul 06 -Oct 06 renewal notice.

- 1D. Implement adequate procedures and controls to ensure that all program inspections are performed adequately and all units meet HUD's housing quality standards.

Ann Arbor Housing Commission Response:

Although we agree in principle with the finding that HQS controls were not adequately enforced, we do take exception to some of the cited violations that are arguably subjective in their interpretation. Items of particular concern were "missing light globes" and "exposed wires". In

Auditee Comments

03/18/2006 18:02

Ann Arbor Housing Commission T240302018 5/1

some cases the actual metal wires were exposed, however in a large number of violations, only the rubber sheathing was visible to the eye, which still resulted in a "fail". When we disagreed with Inspector Palulonis about these items, he agreed that interpretation plays a role in conducting inspections and that his interpretation is that the condition posed a hazard.

Since the HQS regulations contain broadly subjective language, the AAHC's concern centers on the interpretive nature of quality control. All inspectors for the Ann Arbor Housing Commission have been trained and certified in Housing Quality Standards – this includes both contractual and employees. Quality control inspections as recommended in this section have been performed and documented yearly as required under SEMAP. What then is "adequate" controls? We propose to increase the number of QC inspections to approximately six per month for a total of 72 annually – 49 greater than the number required for SEMAP. This number reflects slightly greater than 5% of our portfolio. Quality control inspections will be performed by a person/firm certified by a national entity in Housing Quality Standards inspections and will be reviewed by supervisory staff for performance weaknesses.

Finding 2: Controls over Housing Assistance Payments Were Inadequate and Tenant Reexaminations Were not Timely

Ann Arbor Housing Commission Response:

We concur with Finding 2 that controls over HAP were inadequate and tenant reexams were not performed timely.

Recommendations:

- 2A. Reimburse its program \$7,449 from non-federal funds for the overpayment of housing assistance payments cited in this finding.

Ann Arbor Housing Commission Response:

The Commission will refund to HUD, from non-federal dollars (AAHC Admin portion of FY06 fraud recovery) the full amount of HAP overpayments cited.

- 2B. Reimburse the appropriate tenants \$1,318 for the underpayment of housing assistance payments from unobligated program funds.

Ann Arbor Housing Commission Response:

Auditee Comments

07/18/2006 14:03

Ann Arbor Housing Commission 704950818 8/7

The Commission will reimburse the seven identified tenants the applicable amount of underpaid HAP identified in the audit from unobligated HAP reserve funds no later than August 31, 2006.

- 2C. Implement adequate procedures and controls over its housing assistance payment calculations and tenant reexaminations to ensure they met HUD's requirements and/or its program administrative plan.

Ann Arbor Housing Commission Response:

Quality control improvements already undertaken include:

- Monthly review by accounting staff of all HAP changes to ensure accuracy.
- Monthly review of staff certifications and recertifications by qualified staff.
- Recording of error types for cause analysis
- Staff coaching, remedial training and appropriate disciplinary action.

In addition, the Ann Arbor Housing Commission embraces the suggestion of a designing a procedures manual to compliment its Administrative Plan. Technical assistance funds have been requested to accomplish this through a contractual firm.

Zero income families are required to be recertified on a quarterly basis as noted in Ann Arbor Housing Commission's policies. Case managers are responsible for knowing and applying Commission policies and HUD regulations. The procedures manual will incorporate this concern and will provide for supervisory oversight to ensure staff performance is acceptable.

- 2D. Revise its Administrative Plan to address how tenants will be reimbursed when underpayment of housing assistance occurs.

Ann Arbor Housing Commission Response:

The Commission will revise its Administrative Plan as recommended.

Finding 3: The Commission Lacked a Cost Allocation Plan for Indirect Costs

Ann Arbor Housing Commission Response:

While the Commission still believes that its allocation of indirect costs were reasonable during FY05, we concur that the Commission lacked a written, documented plan for the distribution of indirect costs. As the commission did not split out utility costs for the administrative office which is master metered to a large public housing high-rise, and HUD did not itself calculate the value of utilities that might have been charged to

Auditee Comments

07/18/2008 10:52

Ann Arbor Housing Commission 1349952018 2/2

the Section 8 program (after asking for square footage of entire apartment and administrative space), nor did it suggest what it thought would be a "reasonable" cost allocation between programs and thus make a monetary recommendation as to how much it believes might have been over-assessed to Section 8; it is the Commission's position that this issue is monetarily immaterial, even though we do not dispute the need to document a plan to support the allocation of indirect admin costs as directed by OMB Circular A-87.

Recommendation:

- 3A. Implement a cost allocation plan to properly allocate indirect costs to all its programs in accordance with HUD's requirements and OMB Circular A-87.

Ann Arbor Housing Commission Response:

The Commission will develop a cost allocation plan for its FY07 programs that provides justification for its indirect cost allocation to specific programs managed by the Commission.

Appendix C

CRITERIA

Finding 1

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.152(d) state that HUD may reduce or offset any administrative fee to a public housing authority, in the amount determined by HUD, if the authority fails to perform its administrative responsibilities correctly or adequately under the program, such as not enforcing HUD's housing quality standards.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.305(a) state that the public housing authority may not give approval for the family of the assisted tenancy or execute a housing assistance contract until the authority has determined that the following meet program requirements: (1) the unit is eligible, and (2) the unit has been inspected by the authority and passes HUD's housing quality standards.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.401 require that all program housing meet HUD's housing quality standards performance requirements both at commencement of assisted occupancy and throughout the tenancy.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.404 require owners of program units to maintain the units in accordance with HUD's housing quality standards. If the owner fails to maintain the dwelling unit in accordance with HUD's housing quality standards, the authority must take prompt and vigorous action to enforce the owner's obligations. The authority's remedies for such breach of the housing quality standards include termination, suspension, or reduction of housing assistance payments and termination of the housing assistance payment contract. The authority must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards unless the owner corrects the defect within the period specified by the authority and the authority verifies the correction. If a defect is life threatening, the owner must correct the defect within 24 hours. For other defects, the owner must correct them within 30 calendar days.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 24.982.405(a) require public housing authorities to perform unit inspections before the initial move-in and at least annually. The authority must inspect the unit leased to a family before the term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards.

HUD's Housing Choice Voucher Program Guidebook 7420.10, chapter 10, pages 10 through 33, states that quality control inspections provide feedback on inspectors' work, which can be used to determine whether individual performance or general housing quality standards training issues need to be addressed. The Authority should maintain a quality control tracking system for each program year, which indicates the address of the units; date of original inspection and inspector; date of the quality control inspection; and location of the unit by neighborhood, zip code, and census tract.

Finding 2

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.516(a)(1) require the authority to conduct a reexamination of family income and composition at least annually. The authority must obtain and document in the tenant file third-party verification or why third-party verification was not available for the following factors: (1) reported family annual income, (2) the value of assets, (3) expenses related to deductions from annual income, and (4) other factors that affect the determination of adjusted income. At any time, the authority may conduct an interim reexamination of family income and composition. Interim examinations must be conducted in accordance with policies in the authority's administrative plan. As a condition of admission to or continued assistance under the program, the authority shall require the family head and such other family members as the authority designates to execute a HUD-approved release and consent form (including any release and consent as required under 5.230 of this title) authorizing any depository or private source of income or any federal, state or local agency to furnish or release to the authority or HUD such information as the public housing authority or HUD determines to be necessary. The authority and HUD must limit the use or disclosure of information obtained from a family or from another source pursuant to this release and consent to purposes directly in connection with administration of the program.

HUD's Housing Choice Voucher Program Guidebook 7420.10, chapter 5, pages 13 through 35, states that determinations of program eligibility and total tenant payment for the housing choice voucher program require that the applicant or participant family's annual income be computed at least annually. Regulations specify the amounts to be included in the calculation of annual income. The chapter further explains how to determine annual income and adjusted income.

HUD's Housing Choice Voucher Program Guidebook 7420.10, chapter 6, pages 1 through 11, explains how to calculate the housing assistance payment and the tenant's total payment toward rent and utilities, including circumstances in which gross rent for the unit exceeds the payment standard for the unit size.

HUD's Housing Choice Voucher Program Guidebook 7420.10, chapter 12, pages 1 through 10, states that public housing agencies must establish a policy regarding annual reexamination effective dates that ensures that reexamination for every family takes effect within a 12-month period. Public housing agencies must develop their own interim reporting requirements, which must be stated in the administrative plan and the briefing materials. The policy must include clear guidance on when (how soon after the change occurs) and under what circumstances the family must report a change in family income or composition and rules on effective dates of any changes in the housing assistance payment resulting from an interim reexamination. The interim reporting rules must be applied uniformly to all families. It is important that the agency has tracking and monitoring procedures and systems in place to ensure that the required reexaminations for each assisted family are initiated and completed on time.

The Commission's program administrative plan, chapter 6, discusses calculating rent and housing assistance payments and the specific guidance to be used, such as when families report zero income. Chapter 6, section D, states that families who report zero income are required to complete a written certification every 90 days and provide a written statement as to how they meet their basic needs. Chapter 6, section F, states that if family expenses exceed known income, the family will be questioned about contributions and gifts. Chapter 7, page 8, of the

administrative plan states that families claiming to have no income will be required to execute various verification forms to determine that income is not being received by the household.

Finding 3

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.152(a)(3) states that [housing authority] administrative fees may only be used to cover costs incurred to perform [housing authority] administrative responsibilities for the program in accordance with HUD's regulations and requirements.

Section 11 of the annual contributions contract, between the Commission and HUD, states that program receipts may only be used to pay program expenditures.

HUD's Housing Assistance Payments Program Accounting Handbook 7420.6, chapter 5, page 34, states that if the [public housing agency] is administering other low-income housing programs or is involved in enterprises other than the program and certain costs incurred are applicable to other than the program, it will be necessary to prorate such costs in order to charge the program with its applicable portion of the costs. The [public housing agency] shall maintain for audit purposes appropriate schedules and worksheets showing how the allocation of costs was made.

Appendix D

UNITS WITH PREEXISTING VIOLATIONS

Voucher number	Housing assistance payment	Last unit inspection	From	To	Improper housing assistance payment	Improper administrative fee
WV066-7	\$530	12/2/2005	2/1/2006	2/21/2006	\$397	\$38
TV4041-026 ¹	584	11/22/2005	12/1/2005	2/27/2006	1,731	153
WV4027-132	838	12/14/2005	2/1/2006	2/27/2006	808	50
TV4040-035	813	9/2/2005	11/1/05	2/27/2006	3,222	205
V4038-011 ¹	671	10/13/2005	10/14/2005	3/1/2006	2,792	239
V4040-133	888	1/3/2006	2/3/2006	2/22/2006	--	--
CV4011-014 ¹	715	8/3/2005	8/10/2005	2/28/2006	4,611	348
WV4027-096 ¹	1012	1/6/2006	1/6/2006	2/28/2006	1,860	95
WV4027-152	926	12/14/2005	2/1/2006	2/24/2006	793	44
CV4039-014	817	12/13/2005	2/1/2006	2/28/2006	817	51
WV4027-200	773	12/13/2005	2/1/2006	3/1/2006	797	53
V4044-122 ²	224	12/14/2005	2/1/2006	2/27/2006	--	--
WV4027-038	590	12/14/2005	2/1/2006	2/27/2006	568	50
TV4041-066	341	12/12/2005	2/1/2006	2/21/2006	255	38
TV4032-009	495	12/14/2005	2/1/2006	2/27/2006	477	50
CV4038-067	267	12/15/2005	2/1/2006	3/2/2006	284	55
TV4041-051 ³	499	12/2/2005	2/1/2006	2/24/2006	--	--
V4040-007	859	9/19/2005	11/1/2005	2/23/2006	3,282	198
V4040-026	685	12/14/2005	2/1/2006	3/1/2006	707	53
V4041-094	361	12/13/2005	2/1/2006	3/2/2006	384	55
CV0042-029	635	10/12/2005	12/1/2005	2/22/2006	1,768	144
WV4027-030	1100	12/12/2005	2/1/2006	2/23/2006	903	42
V4045-006	370	12/14/2005	2/1/2006	2/27/2006	356	50
V0043-017	452	12/14/2005	2/1/2006	2/28/2006	452	51
TV4044-076	566	10/19/2005	12/1/2005	2/24/2006	1,617	148
V4038-009	644	12/14/2005	2/1/2006	3/1/2006	664	53
WV4027-006 ¹	464	10/28/2005	11/1/2005	2/22/2006	1,756	196
WV4027-149	846	12/15/2005	2/1/2006	2/28/2006	846	51
TV066-062	471	9/2/2005	11/1/2005	2/22/2006	1,783	196
MCV066-058	889	12/2/2005	2/1/2006	2/23/2006	730	42
V4040-030 ¹	307	10/7/2005	10/7/2005	2/28/2006	1,475	249
WV4027-086	717	12/2/2005	2/1/2006	2/22/2006	563	40
V4041-053	77	12/13/2005	2/1/2006	3/1/2006	79	53

¹ The last unit inspection was an initial inspection; therefore, the housing assistance payment should not have been paid until the unit met HUD's housing quality standards.

² According to the housing assistance payments register as of February 6, 2006, the Commission took appropriate abatement action for the unit.

³ The Commission abated the housing assistance payment for December 2005 and part of January 2006, for a total of \$692. This amount was subtracted from the improper housing assistance payment amount.

UNITS WITH PREEXISTING DEFICIENCIES (continued)

Voucher number	Housing assistance payment	Last unit inspection	From	To	Improper housing assistance payment	Improper administrative fee
V4044-041	\$615	12/13/2005	2/1/2006	3/2/2006	\$654	\$55
CV4040-044	751	12/12/2005	2/1/2006	2/23/2006	616	42
V0043-073 ¹	860	8/8/2005	8/8/2005	3/3/2006	4,583	356
V4044-073	936	12/14/2005	2/1/2006	3/2/2006	996	55
V4040-020 ¹	811	10/1/2005	10/1/2005	3/2/2006	2,859	262
TV4032-010	87	12/14/2005	2/1/2006	3/3/2006	95	56
TV4041-158	498	12/2/2005	2/1/2006	3/2/2006	530	55
Totals					\$47,110	\$3,971

Appendix E

TENANT FILE EXCEPTIONS

Voucher number	Exception	Description of exception	Period	Calculation	Assistance underpaid	Assistance overpaid
CV4038-064	Income calculation error	Trust fund counted as asset in error.	6/1/04 – 5/1/05	12 months times \$14/month	\$168	
CV4038-064	Rent reasonableness review not performed	Rent increased in 2005 from \$650 to \$675 without a rent review.				
WV4027-033	Income document missing	Child support not documented.				
V4041-057	Incorrect payment standard	Correct payment standard should be \$713 but used \$698.	5/1/05 – 4/1/06	12 months times \$15/month	180	
V4041-151	Conflicting information for child care expenses	Two conflicting verifications in file with different terms. More recent and detailed verification used.	6/1/05 – 4/1/06	11 months times \$182/month		\$2,002
V4041-151	Rent reasonableness review not complete	Tenant moved to new unit in 2005, but only one comparable was used for the review.				
V4041-062	Utility allowance error	Utility allowance calculation failed to include allowance for “other electric.”	7/1/05 – 12/1/05	6 months times \$29/month	174	
V4041-062	Reexamination not performed timely	Annual reexamination due 6/1/05, but prepared on 7/1/05.				
CV4038-014	None identified					
WV4027-038	Income calculation error and utility allowance error	Food stamps counted as income, child support income understated, and wrong utility allowance schedule used (2004 instead of 2005).	5/1/05 – 4/1/06	12 months times \$20/month	240	
WV4027-185	None identified					
CV0042-046	None identified					
CV4038-025	Dependent allowance error	No evidence that child resided with tenant at least 51 percent of time to receive dependent allowance.	7/1/05 – 4/1/06	10 months times \$12/month		120
CV4038-025	Rent reasonableness review not performed	Rent increased in 2004 from \$860 to \$897.				
WV4027-093	No interim examinations performed	Zero income tenant. Tenant reported new job in August 2005, but change in income was not processed in a timely manner. Effect could not be determined for period 3/1/05 to 9/1/05 when interim should have been performed. But for 10/1/05 to 11/1/05, housing assistance payment overstated as calculated.	10/1/05 – 11/1/05	2 months times \$50/month		100
CV4040-002	Reexamination not performed timely	Tenant’s annual reexamination was due August 2005 but was not prepared. It was five months late as of review in December 2005.				
V4044-056	Unreported income	Tenant reported job loss in 2005. No followup verification performed to determine any unemployment benefits received.	8/1/05 – 4/1/06	9 months times \$86/month		774

TENANT FILE EXCEPTIONS (continued)

Voucher number	Exception	Description of exception	Period	Calculation	Assistance underpaid	Assistance overpaid
V4041-137	Unreported income	Tenant failed to disclose Family Independence Agency income between 2004 and 2005 examinations. The Commission did not execute repayment agreement.	8/1/04 – 6/1/05	11 months times \$41/month		\$451
WV4027-134	Unreported income; wrong payment standard used	Unemployment benefits of \$243/week reported in June but not included. Form HUD-50058, effective 8/1/05, used payment standard of \$913 instead of \$863. Tenant claimed zero income at last annual examination, effective 8/1/05, but no interim examination has been performed as required.	6/1/05 – 4/1/06	11 months times \$304/month		3,344
WV4027-134	No interim examinations performed	8/1/05, but no interim examination has been performed as required.				
CV4038-049	None identified					
V4041-030	Utility allowance error	Monthly allowance of \$8 for gas service was given for a unit that was all electric.	11/15/05 – 3/1/06	4.5 months times \$8/month		36
V4041-030	Housing assistance payment contract error	Contract shows incorrect amount of \$502 for housing assistance payment when it should be \$479.				
V4041-030	Housing assistance payment error	Higher housing assistance payment paid for first and second months of contract. \$13 for November 2005 and \$23 for December 2005.	11/15/05 – 12/31/05			36
MCV066-026	Incorrect interim examination effective date	Interim examination was effective one month early which did not allow for 30-day notice for rent increase. Difference in tenant portion of rent is \$254/month.	12/1/05	1 month times \$254/month	254	
WV066-37	No interim examinations performed	Tenant claimed near zero income at last annual examination, effective 7/1/05. Known expenses exceeded income.				
V0043-106	Missing payment to landlord	Tenant file shows contract effective 8/27/04, but the payment register shows no disbursements for the period 8/27/04 through 8/31/04.	8/27/04 – 8/31/04	5 days/31 days per month x \$627/month	101	
CV0042-052	Reexamination not performed in a timely manner	Tenant claimed zero income at last annual examination, effective 5/1/05, but no interim examination has been performed as required.				
WV4027-85	Miscalculated childcare expense	For 8/1/03 examination (8/1/03 – 7/31/04), childcare was calculated at \$75/week although verification form indicated expense of \$75 every 2 weeks.	8/1/03 – 7/31/04	12 months x \$45/month		540
WV4027-85	Reexamination not performed in a timely manner	Annual reexamination was due 8/1/05 but was effective 11/1/05 (3 months late).				

TENANT FILE EXCEPTIONS (continued)

Voucher number	Exception	Description of exception	Period	Calculation	Assistance underpaid	Assistance overpaid
WV4027-85	Expired verification documents used	Latest examination effective 11/1/05 used expired verifications from June 2005.				
CV0042-002	None identified					
WV066-16	Income calculation error for 2005 examination	Did not use anticipated Social Security income. Used \$569 instead of \$584.	3/4/05 – 2/1/06	12 months times \$4/month		\$48
WV066-16	Income calculation error for 2006 examination	Did not include state supplemental security income of \$168 annually.	3/1/06 – 4/1/06	2 months times \$4/month		8
		Housing assistance payment contract effective 2/21/05 indicated housing assistance payment of \$239. However, on 4/11/05, housing assistance payment was revised to \$327 made effective retroactively to 2/21/05. No adjustments to disbursements were made as a result of the revision.			\$201	
V4044-030	No amended housing assistance payment contract		2/21/05 – 4/30/05			
Totals					\$1,318	\$7,459