



U.S. Department of Housing and Urban Development
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Philadelphia, PA 19107-3380

District Inspector General for Audit

November 12, 1997

Audit Related Memorandum
No. 98-PH-214-1802

MEMORANDUM FOR: Peter Minter, Director, Housing Division, West
Virginia State Office, 3CH

FROM: Edward F. Momorella, District Inspector General
for Audit, Mid-Atlantic, 3AGA

SUBJECT: Survey of Management Agent Operations
Human Resource Development Employment, Inc. (HRDE)
Morgantown, West Virginia

We surveyed the operations of HRDE to determine whether they complied with the Regulatory Agreement and HUD requirements in managing their portfolio of Section 202 Housing for the Elderly Projects.

We interviewed asset management branch staff, reviewed State Office files, the latest Independent Public Accountant audit reports, and management and physical inspection reports. We visited HRDE, interviewed staff, tested financial transactions, and reviewed other relevant data. We visited six of eight projects managed by HRDE, interviewed on-site staff, and selected five tenant files from each project for review, and performed Housing Quality Standards inspections.

We assessed the physical condition and maintenance of the projects, leasing and occupancy practices, financial management and general management practices.

Our review disclosed the following:

Eastview Unity Apartments, Fairmount, WV

- HRDE received \$6,000 classified as a loan repayment when the project was not in a surplus cash position. The transaction was not approved by HUD as required by the Regulatory Agreement.
- The surface layer of concrete on the auxiliary handicap

ramp is spalling.

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Lincoln Unity Apartments, Branchland, WV

- The third floor fire escape door was missing.

Survey results were discussed with the HRDE's Director. The Director stated:

- The \$6,000 withdrawal was a mistake. Reimbursement of the \$6,000 will be processed after discussions with your staff.
- The concrete ramp is scheduled for repair.
- The fire escape door has been replaced.

Recommendations:

We recommend you:

- 1A. Assure HRDE repays Eastview Unity Apartments \$6,000.
- 1B. Confirm the completion of the necessary repairs at Eastview Unity and Lincoln Unity Apartments.

Based on survey results, we have concluded that no additional audit work is necessary.

A copy of this memorandum was provided to HRDE.

If you have any questions, please contact Irving I. Guss, Assistant District Inspector General for Audit, at (215) 656-3401.

Attachment - Distribution

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