



Issue Date February 24, 1999
Audit Case Number 99-AT-206-1004

TO: Judy Wojciechowski, Director, Troubled Agency Recovery Center,
Memphis Area Office, PB2

FROM: Nancy H. Cooper
District Inspector General for Audit-Southeast/Caribbean, 4AGA

SUBJECT: Housing Authority of the City of Sarasota
Sarasota, Florida

We completed a review of the Housing Authority of the City of Sarasota, Florida (SHA). The purpose of our review was to determine whether SHA was meeting its primary mission of providing decent, safe, and sanitary housing for its Low Income Housing (LIH) tenants and Section 8 Program participants.

Our report includes four findings requiring follow up action by your office. We will provide a copy of this report to SHA.

Within 60 days, please furnish a status report for each recommendation: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued related to the review.

Should you or your staff have questions, please contact James D. McKay, Assistant District Inspector General for Audit, at (404) 331-3369 or Sam Daugherty, Senior Auditor, at (904) 232-1226.

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Executive Summary

We conducted an audit of the Housing Authority of the City of Sarasota, Florida. The primary objective of the review was to determine whether SHA was meeting its primary mission of providing decent, safe, and sanitary housing for its LIH tenants and Section 8 Program participants.

SHA did not maintain its conventional LIH in good repair and condition. Every unit we inspected failed. This occurred because the agency failed to: (1) perform routine and preventive maintenance, (2) spend Comprehensive Grant Program (CGP) funds as planned, and (3) adequately monitor or respond to the condition of the units. As a result, SHA was not providing decent, safe, and sanitary living conditions for many of its residents.

We recommend SHA develop a plan to improve its maintenance operations and bring all units in compliance with Housing Quality Standards (HQS). The plan should include complete inspection of all units, buildings, and grounds, and a means to generate work orders to correct HQS deficiencies. Also, the plan should include a written maintenance plan, preventive maintenance procedures, inspection procedures and schedules, and supervisory review procedures. We also recommend your staff review the plan and monitor SHA's actions to ensure the conditions are corrected.

Section 8 Program housing was not in good repair and condition. Seven of 15 units inspected failed quality standards. The deficiencies were due to lack of management oversight. Supervisory staff had not performed a sufficient number of quality control inspections. As a result, the Section 8 Program participants were not ensured decent, safe, and sanitary housing.

We recommend SHA develop a plan to ensure it addresses the issues in the finding. The plan should assign responsibility and time frames for performing the quality control inspections, and a means of using them to identify inspection oversights. We also recommend your staff review the plan and monitor SHA's actions to ensure the conditions are corrected.

SHA violated the Annual Contributions Contract (ACC) with the Department of Housing and Urban Development (HUD). The agency inappropriately: (1) allowed a nonprofit organization to build a structure on SHA premises and (2) signed a long term lease with the nonprofit organization without prior HUD approval. As a result, the agency had lost the use of the premises and had incurred a large future liability without any plans for funding it.

We recommend your staff assist the SHA in developing a disposition plan which meets SHA and community needs and any funding requirements. The plan should address any public comment periods, any legal reviews, and agreement modifications.

The LIH and Section 8 Programs' waiting lists were not supported or purged. SHA: (1) was unable to produce applications supporting the waiting lists and (2) had not purged the waiting lists for tenants who had been placed or were not eligible. As a result, HUD has no assurance that applicants were being properly selected.

We recommend your staff review the waiting lists and applications during the next monitoring visit and ensure that the lists and eligibility determinations are current, accurate, and properly supported.

Exit Conference

We discussed the results of our review with HUD's Troubled Agency Recovery Center (TARC) on January 7, 1999, and solicited their input for recommended corrective actions.

We also discussed the findings with SHA during the course of the review and at an exit conference on January 5, 1999, attended by the Executive Director and the Chairman of the Board of Commissioners. SHA provided us written comments on January 19, 1999, which we considered in preparing the final report. SHA substantially agreed with the issues in the findings. We summarized and evaluated the comments following each finding and included SHA's full comments in Appendix A.

Table of Contents

Management Memorandum	i
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Executive Summary	iii
-------------------	-----

Introduction	1
--------------	---

Findings

1	Public Housing Units Did Not Meet Quality Standards	5
2	Section 8 Program Housing Did Not Meet Quality Standards	13
3	Building Constructed on Project Land without HUD Approval	15
4	Waiting Lists Were Not Supported or Purged	17

Management Controls	19
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Follow Up On Prior Audits	21
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Appendices

A	Auditee Comments	23
B	Distribution	29

Abbreviations

ACC	Annual Contributions Contract
CGP	Comprehensive Grant Program
HQS	Housing Quality Standards
HUD	U.S. Department of Housing and Urban Development
LIH	Low-Income Housing
PHA	Public Housing Authority
PHMAP	Public Housing Management Assessment Program
SHA	Housing Authority of the City of Sarasota
TARC	Troubled Agency Recovery Center

Introduction

Background

SHA is a public body organized under Chapter 421 of the laws of the State of Florida. Its mission is to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by HUD and other Federal agencies. A seven member Board of Commissioners governs SHA. The Board is responsible for implementing a comprehensive public housing program, setting policy, approving an annual operating budget, and hiring an Executive Director. The Executive Director is responsible for daily operations and oversees a staff of about 33 employees. During the audit period, SHA employed five Executive Directors. Rhonda Pierce served from January 1996 through February 1997. Gordon Jolly served from February 1997 through April 1997. Debra Vincent served from April 1997 through August 1997, and Michael Ramond served from September 1997 through December 1997. SHA hired the current Executive Director, Victoria Main, in January 1998. Jane Grossman became the Board of Commissioners' Chairperson in July 1998 but resigned in December 1998; Leon Campbell was later selected as Chairman.

SHA operates 6 developments with 561 units controlled under an ACC with HUD. HUD provides an annual operating subsidy of about \$719,000. From 1995 through 1997, HUD provided SHA approximately \$2.3 million in CGP funds. Also, HUD provided about \$833,000 in Public Housing Drug Elimination Program grants from 1994 through 1997. SHA's Section 8 Program includes about 560 certificates and 50 vouchers for low income families. HUD provides annual housing assistance payments of about \$2.6 million.

SHA also leased the McCown Towers Annex from the Elderly Housing Corporation of Sarasota, Inc. The Annex has 75 units and receives annual housing assistance payments of about \$380,000 under the Section 8 New Construction Program.

HUD and SHA have known about problems at SHA for many years. SHA was designated a troubled housing authority in 1995 when HUD assigned a Public Housing Management Assessment Program (PHMAP) score of 45 percent. An agency that receives a score of less than 60 percent is designated as troubled. The troubled designation has continued each year. SHA received scores of 54 percent, 46 percent and 38 percent for fiscal years ending March 31, 1996, March 31, 1997, and March 31, 1998, respectively.

Various reviews have identified numerous on-going problems. For example, in June 1996 HUD found there were major conflicts between many of the staff and the Executive Director. Also, SHA had not made much progress toward removal from the troubled designation, and financial findings from the past audit continued due to instability of SHA finances and staff resignations.

A HUD task force reviewed SHA operations in December 1996 and identified major problems concerning lack of management direction, lack of management systems, and financial mismanagement. The report recommended HUD intervention if measurable improvements were not achieved within a reasonable time.

Other HUD staff reviewed SHA's LIH and Section 8 Programs in April 1997. The report said no progress had been made toward achieving a viable organization that could be removed from HUD's troubled list. It also said the agency lacked management direction, management systems, and continued to be financially troubled. It pointed out vacancies continued to rise, and staff were resigning monthly leaving an unstable workforce.

A July 1997 consultant report identified the following concerns:

- Staff have no accountability.
- There are no systems of checks and balances in most areas such as vacancies, leasing, occupancy, maintenance, and finance.
- There has been limited staff training, resulting in non-compliance with regulations.
- The lines of communication at the authority are either non-existent or hostile.
- The Board of Commissioners do not seem to understand their role.

The current executive director developed a recovery plan upon her arrival in January 1998. The plan identified a number of strategies to improve SHA's operations. At our audit completion date, SHA was in the process of hiring key staff, and developing new policies and procedures.

In June 1998, HUD advised SHA that regular day-to-day servicing would be transferred to the Memphis Troubled Agency Recovery Center (TARC). TARC is responsible for developing and implementing an intervention strategy to bring the agency to passing scores. If PHA problems are not addressed within 1 year, TARC can recommend judicial or administrative takeover to the Assistant Secretary.

Audit objectives

We focused our review to determine whether SHA had adequately implemented its Drug Elimination Program and whether SHA was meeting its primary mission of providing decent, safe, and sanitary housing for its LIH tenants and Section 8 Program participants. We issued a separate report on the Drug Elimination Program on August 31, 1998.

Audit scope and methodology

Our review methodology included examination of records and files, interviews with HUD, SHA current and former staff, HQS inspections, and reviews of Independent Public Accountant reports and SHA studies and reviews. We judgmentally selected 11 LIH units from 2 developments and 15 Section 8 Program units to inspect for compliance with HQS.

Our review generally covered the period April 1996 through July 1998. However, we reviewed activity in other periods, as necessary. Field work was conducted between September 1997 and October 1998.

The audit was conducted in accordance with generally accepted government auditing standards.

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Public Housing Units Did Not Meet Quality Standards

SHA did not maintain its conventional LIH in good repair and condition. Every unit we inspected failed. This occurred because the agency failed to: (1) perform routine and preventive maintenance, (2) spend CGP funds as planned, and (3) adequately monitor or respond to the condition of the units. As a result, SHA was not providing decent, safe, and sanitary living conditions for many of its residents.

SHA's primary mission is to provide decent, safe, and sanitary housing in a manner promoting serviceability, economy, efficiency, and stability (ACC with HUD, Part A, Section 4).

OIG inspection results

SHA had a total of 561 LIH units in 6 developments. We judgmentally selected 11 units for inspection from 2 developments having 200 units.

The units were in poor condition due to age and lack of routine and preventive maintenance. All 11 units failed conditions as defined by HQS. HQS violations totaled 89 and averaged about 8 per unit. The violations related to roof leaks, mold/mildew, water/sewage leaks, electrical, missing smoke detectors, roach infestation, loose ceiling pieces, broken windows, poor bathroom ventilation, holes in the walls, loose stairway railing, no hot water, and inoperative door locks. Our inspections concentrated on significant HQS violations that prevented a unit from being decent, safe, and sanitary.

The following chart illustrates the units failing HQS by deficiency:

HQS Deficiency	Number of Deficiencies
Mold/mildew on walls and ceilings	35
Missing electrical cover plates and exposed wiring	13
Roof leaks	9
Broken windows	7
Improperly wired and missing smoke detectors	5
Roach infestation	5
Poor bathroom ventilation	4
Water or sewage leaks	3
No hot water	2

Finding 1

Inoperative exterior door locks and knobs	2
Hole in wall	2
Loose stairway railing	1
Loose ceiling	1
Total	89

The following are examples of deficiencies at the units inspected and are representative of conditions at the two developments:



2252 Janie Poe - The tree had caused damage to the sidewalk, porch, and foundation.



2215 Janie Poe - The smoke detector was not properly wired. The smoke detector was wired to an electric switch that could be turned off by the switch. Also, there was no smoke detector on the first floor; only one smoke alarm was on the second floor of the two story unit.



2548 Janie Poe - The wall above the kitchen cabinet was moldy and the paint was peeling.



2
508 Janie Poe - The living room ceiling and walls were damaged from leaks in the upstairs bathroom.



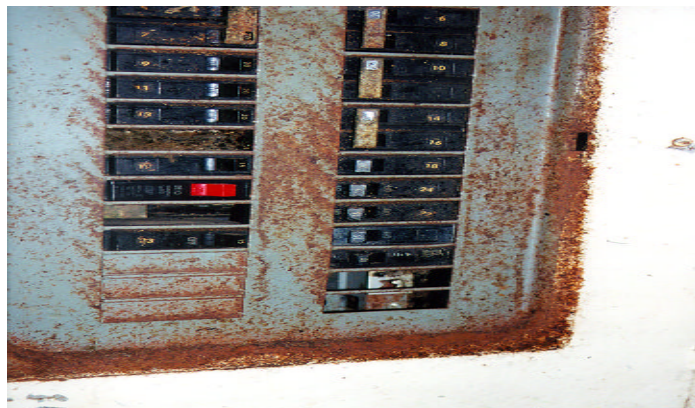
2508 Janie Poe - Mold on bedroom ceiling and walls.



2415 Janie Poe - The living room window was broken, leaving a large hole with sharp edges.



2415 Janie Poe - The living room ceiling was damaged from leaks in the upstairs bathroom or soil pipe running through the living room ceiling.



2415 Janie Poe - The breaker box was missing four electrical cover plates. The residue on the outside of the box indicates roach infestation.

Routine and preventive maintenance not performed

Prolonged failure to maintain units appeared to be a major contributor to the poor condition of inspected units. HUD requires all Public Housing Authorities (PHA's) to annually inspect units and all building systems, such as structure exteriors and mechanical and electrical systems, to determine short-term maintenance needs as well as long-term modernization needs. The inspections allow PHA's to examine the condition of the housing stock and initiate actions essential to maintaining decent, safe, and sanitary housing. All occupied dwelling units are required to be inspected using local housing/occupancy codes or HQS, whichever is more stringent (Chapter 6 of HUD Guidebook 7460.5 G).

SHA's maintenance policy required annual unit inspections. Project managers were responsible for conducting annual inspections. However, SHA had not completed most HQS inspections since 1996 at the two developments tested. Neither had they conducted annual inspections of building systems. Without such inspections, SHA could not identify, plan for, and systematically correct deficiencies. Our inspections clearly documented the lack of a preventive maintenance program. Current staff could not explain why previous managers had not conducted the required inspections.

The new Maintenance Supervisor agreed the two developments suffered from deferred maintenance. He believed the major problems appeared to be: (1) leaking roofs; (2) interior mold and mildew; (3) water and/or sewage leaks into the living rooms from upstairs bathrooms; and (4) tree roots in the sewage lines. Subsequent to our inspection, the SHA started inspecting all units at the two developments and moved seven residents from the Janie Poe development and one resident from the Cohen Way development.

CGP funds not spent as planned

SHA's 5-Year Plan for the CGP designated \$1.2 million for the two developments we inspected. The plan indicated the funds would be used to replace site and interior supply and waste plumbing, bath fixtures, bath accessories, kitchen cabinets, install separate water meters, and pay city impact fees. Instead, however, SHA spent the funds at other developments. SHA did not submit a revised plan to spend the earmarked funds at other developments.

Insufficient management supervision

The prior executive directors and Board of Commissioners did not adequately monitor or respond to the condition of the units. HUD notified SHA and the Board of the need for unit inspections in letters dated August 29, 1996, and April 18, 1997. In 1996, HUD requested an Improvement Plan based, in part, on the failed PHMAP indicator for Inspection and Condition of Units/Systems. In 1997, HUD pointed out that the Board was not focusing on their primary function of oversight and monitoring. Also, HUD pointed out the major HQS violations recurring at the Janie Poe development were due to severe plumbing problems. HUD advised that a resident remained in a unit for over 2 weeks with a broken sewer pipe that should have been corrected in 24 hours, and that there were ongoing plumbing problems with water leaking through ceilings as residents filled their tubs.

Two independent assessments were conducted in 1997. The Small and Medium Troubled PHA Task Force Report dated April 25, 1997, stated that: (1) one hundred percent of the units should receive HQS inspections within 120 days; (2) the maintenance staff did not have sufficient budgetary priority to address and perform the scope of routine and specialized services to maintain the housing assets of the PHA; and (3) there was no demonstrable management strategy governing the direction and priority of the maintenance work effort. In addition, the maintenance staff had not received training relating to HQS inspections. The Nelrod Company issued a Report on Independent Assessment of Housing Authority Performance Under HUD's PHMAP dated July 7, 1997. The report stated that there was no formal planning or scheduling of maintenance activities, and no known Preventive Maintenance Plan.

From 1995 through 1997, SHA's independent annual audits also disclosed findings and noncompliances relating to HQS inspections. Despite the reports and letters, the SHA failed to adequately address the deplorable conditions.

SHA comments

The SHA agreed with the finding. SHA officials said they had corrected some HQS deficiencies and relocated eight families from units that did not meet HQS, developed a Five Year Plan and an Annual Statement, and established internal controls to ensure deviations cannot occur through the actions of one department. Also, the Board of Commissioners has committed to exercise more oversight and ensure that modifications to the Comprehensive Grant Program are approved by the Board. SHA will work with the TARC in developing additional steps to ensure full recovery.

**OIG evaluation of
SHA comments**

SHA's actions were responsive to the finding. If timely and adequately implemented, the actions should correct the deficiencies cited in the finding.

Recommendations

We recommend your staff:

- 1A. Require the SHA to develop a plan to improve its maintenance operations and bring all units in compliance with HQS. The plan should include complete inspection of all units, buildings and grounds, and a means to generate work orders to correct HQS deficiencies. Also, the plan should include a written maintenance plan, preventive maintenance procedures, inspection procedures and schedules and supervisory review procedures.
- 1B. Review the plan to ensure it is adequate to address the issues in the finding.
- 1C. Monitor the SHA's actions against the plan to ensure the plan is implemented.
- 1D. Inspect units during the next monitoring visit to ensure the new procedures are working and address the finding issues.

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Section 8 Program Housing Did Not Meet Quality Standards

Section 8 Program housing was not in good repair and condition. Seven of 15 inspected units failed quality standards. As a result, the Section 8 Program participants were not ensured decent, safe, and sanitary housing.

Title 24 of the Code of Federal Regulations, Part 882.109 mandates HQS which must be maintained in Section 8 units. SHA used the HUD HQS inspection form (Section 8 Administration Plan).

OIG inspection results

We judgmentally selected for inspection 15 of 70 recently inspected and approved units. Seven of the 15 units failed conditions as defined by HQS. HQS violations totaled 25 and averaged about three per unit. Our inspections concentrated on significant HQS violations that prevented a unit from being safe, decent, and sanitary as opposed to technical or less significant HQS fail conditions. The deficiencies were not as numerous and serious as the conditions noted with the LIH units.

Violations included a rusted and corroded hot water heater temperature pressure relief valve and a missing discharge line (two units), leaking P-traps (three units), pest infestation (four units), chipping paint (three units), curled floor covering (one unit), and sloping step creating a tripping hazard (one unit). For all but the leaking P-traps, we concluded the conditions existed at the time of the SHA inspection.

Insufficient supervision

The Section 8 inspector had attended various training courses. Accordingly, we attributed the deficiencies to oversight in performing the inspections. Furthermore, management had not properly monitored the inspectors' work. The agency's policy required supervisory personnel to reinspect 5 percent of the approved units. The quality control reviews were intended to ensure that inspections adhered to HQS and provided consistent determinations. SHA should have performed about 42 quality control inspections each year. However, SHA performed only 11 quality control reviews in 1997 and 14 in 1998.

The 1996 and 1997 annual audits reported the quality control inspections were not conducted as required. However, SHA had not increased the number of quality control inspections.

The housing supervisor said she did not have time to perform the quality control inspections and said she spent most of her time processing certifications and re-certifications. Also, the Executive Director had not required the housing supervisor to conduct the inspections or report why the required quality control inspections were not completed.

SHA comments

SHA officials said responsibility for managing the program had been reassigned to another person, and that a plan and new computer system had been developed to ensure quality control reviews are conducted.

**OIG evaluation of
SHA comments**

SHA's actions are responsive to the finding. If timely and adequately implemented, the actions should correct the cited deficiencies.

Recommendations

We recommend your staff:

- 2A. Review the plan to ensure it addresses the issues in the finding. The plan should assign responsibility and time frames for performing the quality control inspections, and a means of using them to identify inspection errors.
- 2B. Inspect units during the next monitoring visit to ensure the new procedures are working and address the finding issues.

Building Constructed on Project Land without HUD Approval

SHA violated the ACC with HUD by (1) allowing a nonprofit organization to build a structure on SHA premises; and (2) signing a long term lease with the nonprofit organization without prior HUD approval. As a result, the agency had lost the use of the premises and had incurred a large future liability without any plans for funding it.

The ACC specifies that a PHA shall not demolish or dispose of any project, or portion thereof, other than in accordance with the terms of the ACC and applicable HUD requirements. In addition, the agency shall not in any way encumber any such project, or portion thereof, without the prior approval of HUD (ACC with HUD, Part A, Section 7).

Lease terms

Without prior HUD approval, a Board of Commissioners Chairperson and Executive Director signed a lease with the Boys and Girls Club of Sarasota County, Inc. (Club) effective October 20, 1995. The lease allows the Club to pay rent of \$1 per year for 20 years from the date of execution, and allows the Club to renew the lease for three consecutive 10 year terms. The lease gives the Club the privilege of erecting, building, and fixing or placing any improvements, additions, or alterations to the premises, provided that the Club obtains prior written approval. The lease provides that the Club be compensated at the expiration of the lease for any such improvements it has caused to be made on the leased premises. Said compensation shall be based on fair market value of any such improvements, as determined by competent appraisal. If an appraiser cannot be agreed upon by the parties, then each shall select an appraiser and these two shall agree upon a third appraiser to establish the fair market value of the improvement.

In June 1996, building permits were issued for the construction of the facilities. The building was constructed to serve the children in the local community. The nonprofit organization offers many summer and after school activities for children. The estimated value of improvements was \$1.1 million. SHA has a potential liability in 20 years to buy the building from the lessee at fair market value.

No disposition plan

HUD became aware of the building during an assessment review conducted between March 31 and April 4, 1997. HUD requested that SHA submit an application to HUD within 30 days. In response, SHA stated a disposition application would be submitted to allow donation of the land to the nonprofit organization. No disposition application was found.

SHA comments

SHA Officials said they are working with TARC to develop a disposition plan.

**OIG evaluation of
SHA comments**

SHA's actions are responsive to the finding. If timely and adequately implemented, the actions should correct the cited deficiencies.

Recommendation

We recommend your staff:

- 3A. Assist the SHA in developing a disposition plan that meets SHA and community needs and any funding requirements. The plan should address any public comment periods, any legal reviews, and agreement modifications.

Waiting Lists Were Not Supported or Purged

The LIH and Section 8 Program waiting lists were not supported or purged. SHA: (1) was unable to produce applications supporting the waiting lists and (2) had not purged the waiting lists for tenants who had been placed or were not eligible. As a result, HUD has no assurance that applicants were being properly selected.

SHA's LIH admissions and occupancy policy and the Section 8 Administrative plan required SHA to maintain application waiting lists based upon the date and time of the application, the size or type of suitable unit, and factors affecting preferences or priority. Both programs required SHA to retain applications to support eligibility determinations and to annually purge the waiting lists.

Determinations and lists not supported

SHA maintained a LIH and two Section 8 waiting lists. The LIH list contained 460 names and the Section 8 lists contained 2,105 names.

We judgmentally selected nine applicants each from the LIH and Section 8 waiting lists. SHA was unable to locate 10 of the 18 applications and advised they had been lost or misplaced. Accordingly, SHA lacked documentation to support its eligibility determinations.

Furthermore, SHA did not purge the waiting lists for applicants who were housed or determined ineligible. SHA staff did not know when the lists were last purged. Accordingly, SHA does not have a current reliable waiting list of eligible applicants.

Unreliable system and procedures

The current Executive Director attributed the deficiencies to an unreliable computer system and poorly trained staff. She advised that a consultant had been hired to help prepare a procedures manual and train staff. Also, a new computer system will be purchased, and the waiting lists will be updated.

SHA comments

SHA officials stated they have purged the waiting list, replaced staff, and developed new procedures for application screening and management.

**OIG evaluation of
SHA comments**

SHA's actions are responsive to the finding. If timely and adequately implemented, the actions should correct the cited deficiencies.

Recommendation

We recommend your staff:

- 4A. Review the waiting lists and applications during the next monitoring visit and ensure that the lists and eligibility determinations are current, accurate, and properly supported.

Management Controls

In planning and performing our audit, we obtained an understanding of the management controls that were relevant to our audit objectives. We considered SHA's management control systems to determine our auditing procedures and not to provide assurance on management controls. Management is responsible for establishing effective management controls. Management controls include the organization plan, methods, and procedures adopted to ensure that 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.

Relevant management controls

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

- LIH and Section 8 housing inspections
- Building and lease agreement
- LIH and Section 8 waiting lists

A significant weakness exists if management controls do not give reasonable assurance that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

Significant weaknesses

Our review identified weaknesses in SHA's administration of its programs. These weaknesses included units not maintained in good repair and condition, a building constructed on project land without HUD approval, and waiting lists that were not supported or purged. These weaknesses are discussed in the Findings of this report.

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Follow Up On Prior Audits

We reviewed SHA's audited financial statements for the year ending March 31, 1997. A public accounting firm conducted the audit. The report contained a finding that the SHA failed to re-inspect 5 percent of Section 8 units for HQS. Another finding related to failed ratings on certain housing management assessment program indicators. Our review also noted these deficiencies as discussed in the Findings and Recommendations of this report.

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Auditee Comments



Housing Authority
of the City of
S a r a s o t a

Victoria A. Main
Executive Director

JAN 19 1999

Ms. Nancy H. Cooper
District Inspector General for
Audit-Southeast/Caribbean
U.S. Department of Housing and Urban Development
Richard B. Russell Federal Building
75 Spring Street, SW, Room 330
Atlanta, GA 30303-3388

Dear Ms. Cooper,

Thank you for this opportunity to provide comments on the draft Office of Inspector General (OIG) Report, regarding operations of the Housing Authority of the City of Sarasota (SHA). I believe that this additional information will highlight some of the progress made by SHA during its recovery process.

FINDING 1 – PUBLIC HOUSING UNITS DID NOT MEET QUALITY STANDARDS

Routine and Preventive Maintenance Not Performed

As stated in the draft report, SHA had previously been cited for the lack of a Housing Quality Standards (HQS) Inspection Program. One of the key components of the Recovery Plan, under which SHA has been operating, was to train staff to conduct HQS inspections, schedule the inspections, complete inspections, prepare work orders and complete work orders needed to pass the units under HQS. Final completion of all of the work orders generated as a result of conducting HQS Inspections will depend upon HUD's favorable approval of SHA's request for technical assistance funding and repair to units under SHA's Modernization Program. The technical assistance funding will be used to address the critical deficiencies identified during this year's inspections that were associated with the failure of SHA to routinely inspect and repair units in the past.

Subsequent to the OIG inspections, the following deficiencies cited in the report have been addressed as follows:

1300 Sixth Street
Sarasota, Fl. 34236
tel (941) 361 6210
fax (941) 366 4661

2252 Janie Poe – The tree has been removed and the sidewalk, foundation and porch have been repaired.

2215 Janie Poe – Heat detectors are already installed on the first floor of each unit in Janie Poe and Cohen Way. The smoke detectors on the second floor are wired directly to the main box and are not impacted by the electric wall switch. When that switch is turned to the off position, it does not turn the smoke detector off.

2548 Janie Poe – The leaks in 2548 Janie Poe will be repaired through the re-plumbing and re-roofing of the unit under SHA's modernization plan.

2508 Janie Poe – The resident living in 2508 Janie Poe has been moved. The leaks in the units will be repaired through the re-plumbing and re-roofing of the unit under SHA's modernization plan. This will also eliminate the mold.

2415 Janie Poe – The resident living in 2415 has been moved.

As a result of the annual inspections, thus far eight families from Janie Poe and Cohen Way have been relocated to units that meet HQS.

Comprehensive Grant Program Funds Not Spent as Planned

Subsequent to the draft report, SHA closed out all remaining open CGP grants, developed a Five Year Plan and an Annual Statement. The Board of Commissioners has made it very clear that it will not allow deviations from the Plan, without its approval. The major components in the Five Year Plan and Annual Statement are the complete replacement of the plumbing and roofs at Janie Poe and Cohen Way. This work will eliminate most of the mildew problems associated with plumbing and roofing leaks in these two developments.

One of the key components of the SHA Recovery Plan has been the establishment of communications among the SHA staff departments. This has been designed to address past problems of the Comprehensive Grant Program staff operating independently from the Accounting Department staff. Internal controls, through communications, have been put in place to ensure that deviations from the Five Year Plan and Annual Statement cannot occur through the actions of one Department.

Insufficient Management Oversight

Attached is a letter from the Chairman of the Board of Commissioners, outlining the Board's commitment to making significant improvements in its responsibility for oversight of SHA. Strengthening the Board's understanding of its role is a critical part of the Recovery of SHA and the Board is prepared to exert considerable time to ensure that it defines and comprehends its role.

The TARC Team will be working with SHA to develop additional steps needed to ensure full recovery. The Board is prepared to assume its responsibility for monitoring SHA's progress against the TARC plan as well as goals established for the Executive Director.

FINDING 2 – SECTION 8 PROGRAM HOUSING DID NOT MEET QUALITY STANDARDS

The day-to-day responsibility for managing the Section 8 Program has been reassigned to another staff person. She has developed a plan for ensuring that the Quality Control Reviews are conducted routinely. In addition, with the installation of a new computer system, data on inspections and Quality Control Reviews will be readily available to management staff, for appropriate action.

FINDING 3 – BUILDING CONSTRUCTED ON PROJECT LAND WITHOUT HUD APPROVAL

SHA is working with the TARC Team and the Special Applications Center staff to submit a disposition application for the land on which the Boys and Girls Club has been built. It is anticipated that the application will be submitted within 30 days after completion of any required public comment periods.

FINDING 4 – WAITING LISTS WERE NOT SUPPORTED OR PURGED

SHA has purged both its public housing and Section 8 waiting lists. New staff manage the waiting list and detailed procedures have been developed for application screening and management. In addition, a new computer system is being installed that will address the old system deficiencies and permit the Executive Director to oversee the waiting lists and management of the occupancy functions.

I hope this information is helpful in resolving the findings contained in the OIG Report. I would like to note that OIG staff members have been very helpful to SHA in identifying internal control weaknesses and serving as a sounding board for new ideas to improve management of SHA. We appreciate their assistance.

If you have any questions regarding this report, please feel free to contact me on (941)361-6210.

Sincerely,



Victoria A. Main
Executive Director

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JAN 19 1999

Housing Authority
of the City of
S a r a s o t a

Victoria A. Main
Executive Director

Ms. Nancy H. Cooper
District Inspector General for
Audit-Southeast/Caribbean
U.S. Department of Housing and Urban Development
Richard B. Russell Federal Building
75 Spring Street, SW, Room 330
Atlanta, GA 30303-3388

Dear Ms. Cooper,

On behalf of the Board of Commissioners of the Housing Authority of the City of Sarasota (SHA), I welcome this opportunity to provide you with information on the Board's commitment to ensuring appropriate management oversight of SHA.

We are anticipating that the Board will have three new members appointed in January. Prior to their first meeting, we will be holding a brief workshop to discuss their responsibilities and roles as Board members. In early February, the Board will be going on a two day retreat. We will bring in a facilitator who has many years of experience working in and with housing authorities and was a former Deputy Assistant Secretary in Public and Indian Housing. During the first day of the retreat, she will focus on the role of the Board and help us to identify the methods by which we can and should oversee the agency, without interfering in the day-to-day operations. On the second day, she will lead us in some strategic planning efforts, designed to address our responsibilities under the newly passed legislation.


I expect that the retreat will help us focus, as a Board, on providing goals to the Executive Director and to monitor the progress against those goals. In addition, the Troubled Agency Recovery Center is expected to provide us with a Recovery Plan that we will use as a tool for monitoring our progress.

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As a Board, we have made it abundantly clear to the Executive Director that modifications to the Comprehensive Grant program **MUST** be approved by the Board. This action has been taken to address the issues associated with changes that were not approved by past Boards and resulted in non-compliance with the Five Year Plan.

The assistance provided by your staff during the audit of SHA has been invaluable, including providing ideas on how to address this issue. If you would like to discuss this further, please call me on (941) 361-6210.

Sincerely

A handwritten signature in black ink, appearing to read "Leora Campbell", written over a horizontal line.

Leora Campbell
Chairman, Board of Commissioners

Distribution

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Assistant to the Secretary for Labor Relations, SLD (Room 7118)
Executive Director, Housing Authority of the City of Sarasota
Chairperson, Board of Commissioners, Housing Authority of the City of Sarasota

