



U.S. Department of Housing and Urban Development  
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District Inspector General for Audit

**Audit Related Memorandum**  
**No. 96-PH-214-1003**

November 28, 1995

MEMORANDUM FOR: Edward J. Palombizio, Director, Multifamily  
Division, Pittsburgh Area Office, 3EHM

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

SUBJECT: Supportive Housing Management Services  
Survey of Management Agent Operations  
Clairton, Pennsylvania

We completed the subject survey. The purpose of the survey was to review selected management agent operations and determine whether further audit work was necessary.

Specific areas reviewed during the survey were:

- general physical condition and maintenance of the projects managed by Supportive Housing Management Services (SHMS);
- financial management; and
- leasing and occupancy.

We interviewed Multifamily Asset Management Branch staff, and reviewed HUD files relative to projects managed by SHMS. We reviewed the latest IPA audit reports. We visited the SHMS offices and interviewed staff. We selected four projects for physical inspection and tenant file review, Versailles-Archer Place, Laurel Wood Apartments, Allegheny Independence and Wesley Commons.

Our survey disclosed the following:

Laurel Wood Apartments:

- The Security Deposit Account was underfunded by \$280 due to clerical errors. During the review, the manager reconciled the account with tenant and bank records and deposited \$280 into the account from project operations to reconcile the discrepancy.
- The Reserve for Replacement Account was underfunded \$10,577 due to cash deficits during initial operations. During the review, the manager deposited \$4,943 from funds available in the Tax and Insurance Account and agreed to pay the remaining \$5,634 in monthly installments until paid in full.

Wesley Commons:

- One tenant was selected for housing who had not been on the waiting list. The manager could not explain how this occurred other than to note that the selection occurred when the staff was relocated in temporary quarters due to a fire and everything was in a state of disarray.
- Items cited on the latest physical inspection report dated June 26, 1995 have not been corrected to date. Units affected by these deficiencies failed HQS. A plan of action plan has been prepared and awaits owner authorization.
- For two tenants, court ordered support payments were not included as income. As a result tenant monthly rents were understated and HAPs were overpaid by \$9 and \$13 respectively. The manager did not consider support payments income because some tenants do not receive these funds regularly. The manager agreed to include support payments as income until receiving tenant notification to the contrary.
- A tenant's rent was overstated by \$75 monthly due to clerical oversight. The manager inadvertently used the overtime wage rate as opposed to the regular rate when computing income.
- The manager allowed tenants to hand carry statements from public assistance to expedite the recertification process.

During our review, the manager obtained adequate verifications of income for all tenants where necessary, and agreed to require third party verifications for all future tenant certifications. Further, the manager recertified all tenants cited above and adjusted tenant rents and HAPs accordingly. SHMS agreed to remit the ineligible HAP through offset on the December HAP submissions.

Versailles Archer:

- A tenant overpaid rent by \$42 monthly because the manager overlooked the medical deduction for Medicare B payments. During the review, the manager reverified income and deductions, recertified the tenant, and refunded the overpayment.

\* \* \* \*

Review results were discussed with SHMS who concurred with OIG's presentation. A schedule detailing cited tenant certification deficiencies was provided your staff.

Although no controlled findings resulted from our review, we recommend your staff for:

Wesley Commons

- Confirm the repayment of ineligible HAP on the December 1995 HAP submission.
- Continue in your efforts to ensure the action plan to correct physical deficiencies is undertaken.

Laurel Wood Apartments

- Monitor the timely reimbursement to the Reserve for Replacement account.

Based on the survey work done, we have concluded no additional audit work is necessary.

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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