



U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
OFFICE OF INSPECTOR GENERAL

October 30, 2013

**MEMORANDUM NO:**  
2014-NY-0801

## *Memorandum*

TO: Sandra Henriquez  
Assistant Secretary for Public and Indian Housing, P

FROM: *Edgar Moore*  
Edgar Moore  
Regional Inspector General for Audit, New York-New Jersey, 2AGA

SUBJECT: HUD's Monitoring and Administration of the Housing Choice Voucher Family Self-Sufficiency Program

### **INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), completed a review of HUD's monitoring and administration of the Housing Choice Voucher Family Self-Sufficiency (HCV FSS) program. The review was included in OIG's annual audit plan and contributes to OIG's objective of improving HUD's execution of and accountability for grant funds. The objectives of the review were to determine whether HUD officials sufficiently monitored public housing agencies (PHA) to encourage the use of the program, evaluate its outcome, and ensure that PHAs properly monitor the participating families' progress while in the program and upon graduation and document the program benefit.

This memorandum contains five recommendations for corrective action. HUD Handbook 2000.06, REV-4 sets specific time frames for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the review.

## METHODOLOGY AND SCOPE

To accomplish our objectives, we emailed questionnaires to officials from a sample of 9 PHAs<sup>1</sup> located nationwide, 10 local field offices<sup>2</sup> (one from each of HUD’s 10 regions with jurisdiction over the previously mentioned PHAs), and HUD headquarters. Using HUD’s HCV FSS Public and Indian Housing Information Center (PIC) system data report for the fiscal year 2012 and the HCV FSS Notice of Funding Availability (NOFA), we selected a nonstatistical sample of 9<sup>3</sup> of 1,074 PHAs. The PHAs were stratified by the number of FSS participating families as detailed in the table below.

<b>Stratification on number of FSS participating families</b>	<b>Number of PHAs</b>	<b>Percentage of PHAs</b>
1 to 143	1,030	95.90%
144 to 286	30	2.79%
287 to 429	8	0.74%
430 to 572	3	0.28%
573 to 715	3	0.28%
<b>Totals</b>	<b>1,074</b>	<b>100.00%</b>

Since the vast majority of PHAs administered HCV FSS programs that contained between 1 and 143 participating families, we randomly selected 5 PHAs from this stratum and 1 from each of the next 3 strata. From the remaining stratum, we selected the PHA with the greatest number of participating families.

To achieve our objectives, we also conducted telephone interviews with PHA, local field office, and headquarters officials. We reviewed prior audit reports on the program, including a recently issued U.S. Government Accountability Office (GAO) audit report; applicable Code of Federal Regulations references and Office of Public and Indian Housing (PIH) notices; the Housing Choice Voucher Program Guidebook; NOFAs for HUD’s fiscal years 2011 and 2012 HCV FSS program; the PIH Grants Management Desk Guide; the Quality Housing and Work Responsibility Act of 1998; the Government Performance and Results Act Modernization Act of 2010; HUD’s strategic plan for fiscal years 2010 to 2015 and fiscal years 2011 and 2012 annual performance plans; eLogic models and management questions obtained from the sampled PHAs

<sup>1</sup> The sample of 9 PHAs included (1) the Housing and Urban Renewal Agency of Polk County in Oregon; (2) the New York State Housing Trust Fund Corporation; (3) the Housing Opportunity Commission of Montgomery County in Maryland; (4) the Tampa Housing Authority in Florida; (5) the PHA in and for the City of Minneapolis in Minnesota; (6) the San Antonio Housing Authority in Texas; (7) the Omaha Housing Authority in Nebraska; (8) the Housing Authority of the County of Salt Lake in Utah; and (9) the City of Long Beach Housing Authority in California.

<sup>2</sup> The sample of 10 HUD local field offices included Region 1 - Boston Hub, Region 2 - New York City Hub, Region 3- Baltimore Hub, Region 4 - Miami Hub, Region 5 - Minneapolis Hub, Region 6 - San Antonio Hub, Region 7 - Omaha Program Center, Region 8 - Denver Hub, Region 9 - Los Angeles Hub, and Region 10 - Portland Program Center.

<sup>3</sup> While we initially selected a sample of 10 PHAs, 1 from each of HUD’s 10 regions, the Paperwork Reduction Act prohibited the solicitation of information from 10 or more public respondents without the approval of the Office of Management and Budget. Therefore, we reduced the sample size to 9 to avoid delaying the review. However, we sent questionnaires to 10 instead of 9 local field office officials because the Paperwork Reduction Act does not apply to them since they are government representatives and are not considered public respondents.

and local field offices; and a Section 8 Management Assessment Program (SEMAP) certification. We also examined FSS program studies and program evaluations and analyzed HUD's HCV FSS PIC system data report for the fiscal year 2012 HCV FSS NOFA, quarterly Voucher Management System data reports for fiscal years 2011 and 2012, key management indicators reports, and HUD's fiscal year 2014 congressional justification.

We performed our survey work from March through August 2013 at the HUD OIG New York, NY, regional office. The review covered the period October 1, 2010, through September 30, 2012, and was expanded as deemed necessary.

## **BACKGROUND**

The HVC FSS program was established in 1990 by Section 554 of the National Affordable Housing Act. The purpose of the program is to promote the development of local strategies to coordinate the use of assistance under the HCV program with public and private resources to help participating families increase earned income and financial literacy, reduce or eliminate dependency on welfare assistance and rental subsidies, and achieve economic independence and self-sufficiency.

Participation in the FSS program is voluntary for families and is open to HCV program participants who are unemployed or underemployed. Families entering the FSS program work with an FSS program coordinator to develop goals that will, over a 5-year period, lead to self-sufficiency. These goals may include education, specialized training, job readiness and job placement activities, and career advancement. Goals for each participating family member are set out in individual training and services plans that are attached to the FSS contract of participation.<sup>4</sup>

Generally, a family becomes eligible to receive funds deposited into an escrow account on its behalf when it meets its goals and completes its FSS contract. The amount credited to the family's escrow account is based on the increased rent the family pays due to increases in the family's earned income during the term of the FSS contract. While employment and asset accumulation are two major indicators of a participating family's success in the FSS program, successful program completion generally requires that the head of the participating family be employed and that no family member receive cash welfare assistance.

In addition, the success of the FSS program overall can be broadly defined and encompasses both the number of participating families who achieve self-sufficiency and the number of family members who are helped to

- Obtain a first job or a higher paying job,
- Gain independence from public assistance,
- Obtain a high school diploma or higher education degree, or
- Accomplish similar goals that will assist the family in obtaining economic independence.

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<sup>4</sup> The initial term of the contract of participation is up to 5 years. In response to a family's written request, the PHA may grant an extension of no more than 2 years for a good cause.

Each PHA is required to implement a HUD-approved action plan outlining the policies and procedures for operating its HCV FSS program, including an estimate of the number of participating families and the supportive services to be provided.

Ongoing HUD funding for the HCV FSS program is awarded annually through a competitive notice of funding availability process. While HUD does not fund direct services, it provides funding for the salaries of FSS program coordinators. The program coordinators ensure that participating families are linked to the supportive services they need to achieve self-sufficiency. In fiscal years 2011 and 2012, HUD awarded PHAs more than \$58 million and \$61.5 million, respectively, for HCV FSS program coordinator salaries.

## **RESULTS OF REVIEW**

Our review determined that due to the priority of the HCV program over the FSS program and a lack of resources, HUD officials did not (1) sufficiently monitor PHAs, (2) encourage the use of the FSS program, (3) evaluate its overall outcome, and (4) determine whether PHAs properly monitored the participating families' progress while in the program. In addition, HUD officials did not require PHAs to track participating families after program graduation and document the program benefit in terms of realized cost savings resulting from reduced or eliminated rental assistance.

### *More Effective Monitoring Procedures Should Be Developed*

HUD Housing Choice Voucher Program Guidebook 7420.10G, sections 19.1 and 19.2, provide that HUD officials' primary mechanisms for monitoring and evaluating PHA performance are the data required on the Family Report, form HUD-50058, submitted to HUD electronically and through SEMAP. The form HUD-50058 includes an FSS addendum, which consists of three FSS reports—program enrollment, progress, and exit—which must be submitted in PIC within 60 days of the effective date of each action. Progress reports must also be completed at least annually during the families' participation in the program. In addition, PHAs must submit an annual SEMAP certification to HUD. The SEMAP certification measures the PHAs' performance in 14 key Section 8 program areas. SEMAP indicator 14 measures the performance of PHAs' FSS programs in terms of required program enrollment and the percentage of participants with progress reports and escrow accounts. However, this indicator applies only to PHAs administering mandatory FSS programs. While local HUD field office officials may conduct onsite confirmatory reviews to verify the SEMAP certifications, these reviews are only required before field office officials can change an annual overall performance rating from troubled to standard or high performer and for PHAs designated as troubled. Further, HUD officials generally conduct onsite monitoring reviews when remote monitoring efforts identify performance or compliance problems.

HUD Notice PIH-2011-65 (HA) states that HUD officials place great importance on the data they receive from PIC and thus rely on PHAs to submit accurate, complete, and timely reports to administer, monitor, and report on the management of HUD's rental assistance programs. Since PIC reporting is the basis for HCV FSS program awards, chapter 3, section D, of the PIH Grants Management Desk Guide instructs HUD officials to review the approved HCV FSS action plan

to determine the number of approved slots, compare that information with the PHA's eLogic model, and ensure that PHAs report all contracts of participation in PIC. While HUD officials post a report on the HCV program Web page showing PIC data on HCV FSS programs, both mandatory and voluntary, which include the total number of families under contract, total with FSS progress reports, total with positive escrow balances, and total successfully completing their FSS contracts, this report and the HCV FSS program coordinator funding application are used to determine a PHA's funding eligibility under the notice of funding availability. The PIC data report also assists local field offices in their PHA monitoring efforts. An eLogic model showing a PHA's proposed outputs and outcomes must also be submitted with the funding application. Further, to satisfy HUD's annual reporting requirements, an updated eLogic model showing a PHA's accomplishments against proposed outputs and outcomes must be submitted within 30 days after the funding increment's end date. However, PHAs that do not receive HCV FSS coordinator funding are not required to submit eLogic models.

A recently completed GAO audit concluded that although HUD officials maintained that they posted PIC data on their Web page to emphasize to PHAs the importance of ensuring the accuracy of the data they submit, as part of the notice of funding availability process, neither HUD nor PHA officials were required to correct the data errors identified. Further, HUD officials stated that no HUD staff member had the specific responsibility for monitoring the completeness of the data. Thus, officials made the PHAs responsible for ensuring that the data submitted in PIC were accurate, complete, and timely. While HUD officials recognized challenges with the PIC system, given that the PIC system allows PHAs to enter incomplete data without generating an error message, HUD officials need to develop more effective monitoring procedures to ensure the accuracy, completeness, and timeliness of the PIC data. This is particularly important since such data are used as the basis for justifying budget requests to Congress and awarding HCV FSS program coordinator funding to PHAs.

In response to our questionnaire, a HUD headquarters official and officials of 6 of 10 local field offices indicated that HUD did not have sufficient staffing resources to adequately monitor PHAs administering HCV FSS programs. Therefore, problems could exist of which they were unaware. HUD officials also asserted that HCV FSS program monitoring was not considered a workload priority,<sup>5</sup> given the program's size and the funding<sup>6</sup> involved in comparison to the HCV program overall. Although officials remotely monitored PHAs' program outcomes, due to a lack of resources, HUD officials seldom conducted onsite monitoring reviews to verify PHAs' self-reported performance data and determine whether PHAs properly oversaw the participating families' progress while in the program. As a result, several HUD OIG audits concluded that PHAs did not always administer their FSS programs in accordance with HUD requirements and their action plans and cited examples, such as improperly maintained FSS escrow accounts and program files.

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<sup>5</sup> Field office officials' workload priority was increasing the voucher utilization rate.

<sup>6</sup> In 2012, \$60 million, or about 3 tenths of 1 percent of the approximately \$18.3 billion Congress appropriated to fund the HCV program, was allocated to the FSS program. During that same period, program coordinator expenses in excess of the funds awarded totaled \$6.3 million, and monthly FSS escrow deposits funded by housing assistance payments averaged more than \$3.7 million.

Unlike Public Housing (PH) FSS or Residential Opportunity and Self-Sufficiency service coordinator funding, HCV FSS program coordinator funding is not disbursed through the Line of Credit Control System (LOCCS). Therefore, HUD officials could not prevent a PHA from receiving funding if it did not submit required reports in a timely manner or they identified financial or program management problems. However, since HUD officials proposed to combine the fiscal year 2014 funding for HCV and PH FSS program coordinators, they should consider disbursing the combined grant through LOCCS to allow for greater monitoring and control over the funds.

*HCV FSS Program Expansion Could Not Be Encouraged in The Current Economic Climate*

Despite studies revealing that the FSS program effectively improves the employment status of participating families, increases their wages, and enables them to accumulate assets, the program as a whole was underutilized, as evidenced by the fact that as of July 31, 2013, only 52,186, or approximately 3.2 percent, of the approximately 1.63 million families participating in the HCV program were enrolled in the FSS program. Further, HUD officials stated that PHAs had fully utilized every dollar appropriated for the program and since no additional funding was available in the current economic climate, they could neither encourage nor expect more PHAs to operate voluntary or larger FSS programs to increase the program's utilization rate.

*Standard Annual Performance Outcome Goals and a System To Identify and Implement Best Practices Should Be Established*

As previously mentioned, PHAs report their performance through FSS data submitted in PIC, the annual SEMAP certification, and the eLogic model. However, GAO officials concluded that HUD officials had performed limited analyses of the data related to self-sufficiency outcomes already reported in PIC for the programs as a whole. In addition, apart from PIC data requirements, HUD officials had not standardized PHAs' annual reporting requirements. As a result, PHAs were not required to submit annual reports on standard performance outcome goals to be achieved and measured related to the FSS program's objective of reducing or eliminating dependency on welfare and rental assistance. This deficiency is evidenced by the fact that only PHAs operating mandatory HCV FSS programs<sup>7</sup> were required to report on indicator 14 of their annual SEMAP certifications and only funded FSS programs were required to submit eLogic models as part of their annual reporting requirements. While PHAs must clearly identify on the eLogic models the HCV FSS program outcome goals to be achieved and measured, HUD officials permitted them to select and report on outcomes from several options contained in drop-down menus, which represented most of the eligible program activities and overall outcomes. However, since HUD officials did not require PHAs to report on standard performance outcome goals, their ability to evaluate such outcomes for the program as a whole was limited.

Chapter 5 of the PIH Grants Management Desk Guide provides that the Division of Departmental Grants Management and Oversight will collect eLogic models that local field office officials upload to SharePoint sites and produce program performance reports. However, HUD headquarters officials stated that they had not produced such reports because the eLogic

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<sup>7</sup> HUD officials maintained that they do not have the discretion to extend the SEMAP reporting requirement to PHAs with voluntary FSS programs without a regulatory change.

model was a cumbersome tool from which to aggregate data and needed to be modified and simplified. While headquarters officials contended that field officials could still effectively use eLogic models to monitor and evaluate local HCV FSS programs, they indicated that a grant team was reviewing how to streamline and revise the eLogic model to make it more user friendly and less cumbersome to use as an effective monitoring and data collection tool.

The Government Performance and Results Modernization Act of 2010 requires that each agency (1) establish performance goals in its annual performance plan to define the level of performance to be achieved; (2) express such goals in an objective, quantifiable, and measurable form; (3) establish performance indicators to be used in measuring or assessing progress toward each performance goal; (4) provide a basis for comparing actual program results with the established performance goals; and (5) describe how the agency will ensure the accuracy and reliability of the data used to measure progress toward its performance goals. While HUD officials maintained that HUD's strategic plan<sup>8</sup> goal number 3, using housing as a platform to improve the quality of life, related to the FSS program, neither that nor its subgoal, using HUD assistance to increase economic security and self-sufficiency, was among HUD's fiscal years 2011 and 2012 annual performance plan priority goals. As a result, these plans did not address the strategic plan's program outcome and implementation measures of increasing the average income and the percentage of HUD-assisted households with earned income as their primary income source.

The absence of specific measurable annual performance outcome goals compromised HUD officials' ability to compare individual FSS programs, identify and implement best practices, and evaluate the success of the program overall. However, HUD officials maintained that since individual FSS programs differed in terms of size, available community resources, and local job markets, the success of the program as a whole would be difficult to measure through a set of standardized metrics. Despite officials' assertion, the Government Performance and Results Modernization Act requires them to establish objective, quantifiable, and measurable performance goals or state why it is infeasible or impractical to do so; yet, officials had done neither. Further, officials stated that they were looking into identifying best practices but this effort would depend on available staffing resources.

*There Was No Requirement To Monitor the Progress of Program Graduates and Document Program Benefit in Terms of Realized Cost Savings*

HUD officials did not require PHAs to track HCV FSS program graduates to assess their continued progress or to document the program benefit in terms of the cost savings realized from reduced or eliminated rental assistance. Officials asserted that requiring PHAs to track FSS graduates over time would be an added administrative burden on the PHAs and would be too costly to implement. Further, once FSS graduates exited the HCV program, PHAs would no longer be able to track them. An official also stated that HUD did not calculate the cost savings realized from the FSS program because to do so would require a large investment of resources and data that were not readily available.

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<sup>8</sup> The strategic plan covers fiscal years 2010 to 2015.

## CONCLUSION

Our review determined that due to the priority of the HCV program over the FSS program and a lack of resources, HUD officials did not (1) sufficiently monitor PHAs, (2) encourage the use of the FSS program, (3) evaluate the program outcomes overall, and (4) determine whether PHAs properly oversaw the participating families' progress while in the program. In addition, annual reporting requirements differed depending on whether the FSS programs were mandatory or voluntary, received HCV FSS funding, or both. Further, HUD officials had not established standard annual performance outcome goals or sufficiently analyzed self-sufficiency-related outcomes already reported in PIC to evaluate the overall success of the FSS program. Also, HUD officials had not established a system to identify and implement best practices. Lastly, HUD officials did not require PHAs to track the progress of program graduates or document the program benefit in terms of realized cost savings because to do so would be impracticable and would require unavailable resources and data.

## RECOMMENDATIONS

We recommend that HUD's Assistant Secretary for Public and Indian Housing

- 1A. Develop policies and procedures to periodically verify the timeliness, completeness, and accuracy of key performance data, such as FSS enrollment, participant progress, escrow accounts, and program exits that PHAs self-report through PIC.
- 1B. If the fiscal year 2014 program coordinator funding for HCV FSS and PH FSS is combined, consider disbursing the new grant through LOCCS, which would require PHAs to request the grant payments and enable HUD officials to manually approve payment requests, if necessary, to prevent the misuse of funds or ensure that required performance reports are submitted.
- 1C. Establish and require all PHAs to report annually on standard performance outcome goals to be achieved and measured or analyze self-sufficiency outcomes already reported in the PIC system to evaluate the overall success of the FSS program in meeting its objective.
- 1D. Modify the eLogic model to make it more user friendly or develop a new reporting tool for the HCV FSS program from which to aggregate data.
- 1E. Establish and implement a system to identify best practices and recommendations that would improve the effectiveness of the HCV FSS program.

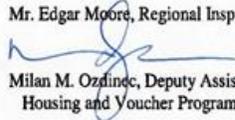
# Appendix A

## AUDITEE COMMENTS AND OIG'S EVALUATION

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### Ref to OIG Evaluation

### Auditee Comments

	<div data-bbox="609 655 760 768"><p>OFFICE OF THE ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING</p></div> <div data-bbox="812 680 1154 718"><p>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WASHINGTON, D.C. 20410-5000</p></div> <div data-bbox="609 814 1265 1016"><p>MEMORANDUM FOR: Mr. Edgar Moore, Regional Inspector General for Audit, 2AGA</p><p>FROM:  Milan M. Ozdinac, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE</p><p>SUBJECT: HUD's Monitoring and Administration of the Housing Choice Voucher Family Self-Sufficiency Program (2013-NY-080X).</p><p>Thank you for the opportunity to comment on the Office of the Inspector General's (OIG's) draft audit memorandum on: HUD's Monitoring and Administration of the Housing Choice Voucher (HCV) Family Self-Sufficiency (FSS) Program. Please note that because the HCV FSS program falls within the purview of OPHVP, I am responding to the draft memorandum on behalf of the Assistant Secretary.</p><p>My office generally agrees with the recommendations set forth in this draft memorandum. The issues identified in your draft memorandum are consistent with a report that was issued earlier this year by the General Accountability Office (GAO) on HUD's Self-Sufficiency program, and my staff has already started to take steps to address the issues identified in the GAO report and your draft memorandum.</p><p>Following are comments that address some technical points within the memorandum that need clarification.</p><p><b><u>Comments on Background Section</u></b></p><p><b>Comment #1:</b> Please change "a case manager" in the second paragraph on Page 3 to "an FSS program coordinator." FSS Coordinators have a different role than a case manager.</p><p><b>Comment #2:</b> Generally successful completion of the FSS Contract of Participation (CoP) would make an FSS participant eligible for disbursement of the amounts on the participant's FSS escrow account; however, there is an exception to this. When 30 percent of an FSS family's monthly adjusted income equals or exceeds the published existing fair market rent for the size of the unit for which the family qualifies, the CoP is considered completed and the family's participation in FSS concluded (and escrow disbursed) even though the contract term has not expired, and the family members who have individual training and services plans have not completed all the activities in their plans.</p><p>Given this, suggest revising the first sentence of the third paragraph on Page 3 to either account for this exception or add that the statement in that sentence is generally true.</p></div>
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Comment 1

Comment 2

Comment 2

**Ref to OIG Evaluation**

**Auditee Comments**

**Comment 2**

**Comment #3:** At the last sentence of the third paragraph on Page 3, please account for the same exception noted above. That is, due to the exception noted above, some families successfully graduate from FSS (and receive escrow) without the head of household being employed.

**Comment 2**

**Comment #4:** Please revise the first sentence of footnote 4 on Page 3 to read "The initial term of the contract of participation is up to 5 years." Five years is the maximum, but PHAs may establish shorter initial terms if it is appropriate for the family.

**Comment 2**

**Comment #5:** For clarity, suggest that the first paragraph on Page 4 states that each PHA is required to implement a HUD-approved action plan.

**Comment 2**

**Comment #6:** Approximately \$58 million and \$61.5 million were awarded in FY 2011 and FY 2012 respectively. Therefore, suggest revising the last sentence of the second paragraph on Page 4 to correct the award amounts.

**Comments on Results of Review Section**

***More Effective Monitoring Procedures Should Be Developed***

**Comment 2**

**Comment #1:** The main goal of posting the PIC report online (and as an Appendix to the notice of funding availability (NOFA) this FY 2013) is to allow PHAs to review the PIC data which is used to determine eligibility under the NOFA. However, HVMOD agrees with the draft memorandum's explanation that such a report does accomplish other goals such as assisting field offices with their efforts in monitoring PHAs.

For clarity, suggest revising the first complete sentence under the first paragraph in Page 5 to describe the main purpose of posting of the PIC report.

**Comment 2**

**Comment #2:** A logic model (LM) showing proposed outputs and outcomes is submitted with the application but not a completed LM. A completed logic model (LM) is submitted to the field office director 30 days after the PHA's funding increment expires.

Suggest revising the third complete sentence under the first paragraph on Page 5 for accuracy and to distinguish between what is submitted with the application and what is submitted under the NOFA's annual reporting requirements.

**Comment 2**

**Comment #3:** The GAO report mentioned that HUD officials stated that posting the PIC data online has emphasized to PHAs the importance of ensuring data is accurate; however, the GAO report did not mention that the PIC data was posted with this as the main purpose. See comment #2 above.

Suggest revising the first sentence under the second full paragraph on Page 5 for accuracy.

**Ref to OIG Evaluation**

**Auditee Comments**

**Comment 3**

**Standard Annual Performance Outcome Goals and a System to Identify and Implement Best Practices Should Be Established**

**Comment #4:** Please note that per regulation, only PHAs with a mandatory FSS program must report in SEMAP. The report gives the perception that HUD has discretion to extend the requirement to PHAs with voluntary FSS programs without the need for a regulatory change, which is not the case.

If you have questions regarding the enclosed responses, please contact Laure Rawson, Director, Housing Voucher Management and Operations Division, at ([Laure.Rawson@hud.gov](mailto:Laure.Rawson@hud.gov)) 202-402-2425.

### **OIG Evaluation of Auditee Comments**

- Comment 1** HUD officials generally agreed with the issues identified in the audit memorandum and stated that they are consistent with those GAO identified in a recently issued report. Accordingly, officials have already begun to take steps to address our recommendations.
- Comment 2** We revised the audit memorandum to provide clarification in accordance with the technical points and suggestions provided by HUD officials.
- Comment 3** HUD officials expressed concern that the report gives the perception that they have the discretion to extend the SEMAP reporting requirement, applicable only to PHAs administering mandatory FSS programs, to those administering voluntary FSS program. Therefore, we inserted footnote 7 to clarify HUD officials' position that they have no discretion to do so without a regulatory change.