



Bucks County Housing Authority, Doylestown, PA

Housing Choice Voucher Program



To: Monica Hawkins, Director, Office of Public Housing, Pennsylvania State Office,
3APH
//signed//

From: David E. Kasperowicz, Regional Inspector General for Audit, Philadelphia
Region, 3AGA

Subject: The Bucks County Housing Authority, Doylestown, PA, Did Not Always Ensure
That Its Program Units Met Housing Quality Standards

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Bucks County Housing Authority's Housing Choice Voucher program.

HUD Handbook 2000.06, REV-4, sets specific timeframes 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 audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 215-430-6730.



Audit Report Number: 2015-PH-1002

Date: May 5, 2015

The Bucks County Housing Authority, Doylestown PA, Did Not Always Ensure That Its Program Units Met Housing Quality Standards

Highlights

What We Audited and Why

We audited the Bucks County Housing Authority's Housing Choice Voucher program because the U.S. Department of Housing and Urban Development (HUD) authorized it more than \$15 million per year in fiscal years 2012 to 2014 and we had not audited its housing quality standards inspection program. Our audit objective was to determine whether the Authority ensured that its Housing Choice Voucher program units met HUD's housing quality standards.

What We Found

The Authority did not always ensure that its program units met housing quality standards. Its housing quality standards inspection process needs improvement. Of 14 program units statistically selected for inspection, 8 did not meet HUD's housing quality standards. However, none of the eight units was in material noncompliance with HUD's standards. Most of the violations identified could be easily corrected.

What We Recommend

We recommend that HUD direct the Authority to (1) certify, along with the owners of the eight units cited in the finding, that the applicable housing quality standards violations have been corrected and (2) provide training to its inspectors on conducting housing quality standards inspections.

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Background and Objective

The Bucks County Housing Authority was established in 1941 to provide safe, decent, and sanitary housing conditions for very low-income families and to manage resources efficiently.

The Authority's mission is to promote personal, economic, and social upward mobility and to provide families the opportunity to make the transition from subsidized to nonsubsidized housing. The Authority is governed by a board of commissioners consisting of five members. The board appoints an executive director to manage the day-to-day operations of the Authority. Its Housing Choice Voucher program office is located at 240 Levittown Parkway, Levittown, PA.

Under the Section 8 Housing Choice Voucher program, the U.S. Department of Housing and Urban Development (HUD) authorized the Authority to provide leased housing assistance payments to 3,399 eligible households in fiscal year 2014. HUD authorized the Authority the following financial assistance for housing choice vouchers for fiscal years 2012 through 2014.

Year	Number of vouchers authorized	Annual budget authority
2012	3,399	\$19,745,263
2013	3,399	\$20,478,565
2014	3,399	\$15,003,963

HUD regulations at 24 CFR (Code of Federal Regulations) 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 the 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.

Our audit objective was to determine whether the Authority ensured that its Housing Choice Voucher program units met HUD's housing quality standards.

Results of Audit

Finding: The Authority Did Not Always Ensure That Its Program Units Met Housing Quality Standards

The Authority did not always conduct adequate inspections to enforce HUD's housing quality standards. Of 14 program units statistically selected for inspection, 8 did not meet HUD's standards. However, none of the eight units was in material noncompliance with the standards. This condition occurred mainly because the Authority's inspectors were not aware that some deficiencies were violations. As a result, the Authority made housing assistance payments to owners for units that did not comply with requirements.

Housing Units Did Not Always Meet HUD's Housing Quality Standards

We statistically selected 14 units from a universe of 534 units that passed an Authority housing quality standards inspection between June 1 and August 31, 2014. The 14 units were selected to determine whether the Authority ensured that the units in its Housing Choice Voucher program met housing quality standards. We inspected the 14 units on October 7 and 8, 2014.

Of the 14 housing units inspected, 8 did not meet HUD's housing quality standards because they had 51 violations, including 19 violations that needed to be corrected within 24 hours. However, none of the units was in material noncompliance with HUD's standards. Most of the violations were electrical violations that could be easily corrected. None of the units was in extremely poor condition due to (1) deficiencies that had existed for an extended period, (2) deficiencies noted in a prior inspection that had not been corrected, or (3) deferred maintenance that consistently failed the unit. The violations occurred mainly because the Authority's inspectors, including the inspector that performed quality control inspections, were not aware that some deficiencies were violations. The inspectors had not received formal training on conducting housing quality standards inspections. Regulations at 24 CFR 982.401 require that all program housing meet housing quality standards performance requirements, both at commencement of the assisted occupancy and throughout the assisted tenancy.

Conclusion

The Authority did not always ensure that its program units met housing quality standards. Its housing quality standards inspection process needs to be improved. With minor modification to its process, the Authority can ensure that it pays housing assistance to owners for program units that meet housing quality standards.

Recommendations

We recommend that the Director of HUD's Pennsylvania State Office of Public Housing direct the Authority to

- 1A. Certify, along with the owners of the eight units cited in the finding, that the applicable housing quality standards violations have been corrected.
- 1B. Provide training to its inspectors on conducting housing quality standards inspections.

Scope and Methodology

We performed our onsite audit work from September 2014 through January 2015 at the Authority's Housing Choice Voucher program office located at 240 Levittown Parkway, Levittown, PA. The audit covered the period September 1, 2013, through August 31, 2014, but was expanded when necessary.

To accomplish our objective, we reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR Part 982, HUD's Housing Choice Voucher Guidebook 7420.10G, and other guidance.
- The Authority's inspection reports; computerized databases, including housing quality standards inspection, housing assistance payment, and tenant data; annual audited financial statements for fiscal years 2012 and 2013; policies and procedures; board meeting minutes; and organizational chart.
- HUD's monitoring reports for the Authority.

We also interviewed the Authority's employees, HUD staff, and program households.

To achieve our audit objective, we relied in part on computer-processed data from the Authority's computer system. Although we did not perform a detailed assessment of the reliability of the data, we did perform a minimal level of testing and found the data to be adequate for our purposes.

We conducted interviews with responsible Authority employees and HUD staff. We statistically selected 14 of the Authority's program units to inspect from a universe of 534 units that passed the Authority's housing quality standards inspections from June 1 to August 31, 2014. We selected the 14 units to determine whether the Authority's program units met housing quality standards. We inspected the units on October 7 and 8, 2014. Of the 14 units inspected, 8 failed, and 6 passed our inspection. Although the 8 failed units had 51 violations, including 19 violations that needed to be corrected within 24 hours, none of the units was in material noncompliance with housing quality standards. Therefore, we did not inspect additional units.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

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

- 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 applicable laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resources use is consistent with laws and regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

We evaluated internal controls related to the audit objective in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Appendix A

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments



JOYCE E. SNYDER, Chairperson
RONALD J. MATLACK, Vice-Chairperson
CAROLE Z. LOGAN
E. RICHARD AICHELE, III
BARBARA A. MILLER

BUCKS COUNTY HOUSING AUTHORITY
350 SOUTH MAIN STREET - SUITE 205
POST OFFICE BOX 1329
DOYLESTOWN, PENNSYLVANIA 18901-0967
TTY/TDD & VOICE: 711
TELEPHONE: 215-348-9469
215-757-0206
FAX: 215-348-7140

DONALD E. GRONDAHL, Executive Director
THOMAS J. PROFY, III, Solicitor

April 13, 2015

David E. Kasperowicz
Regional Inspector General for Audit
U.S. Department of Housing Urban Development
Wanamaker Building
100 Penn Square East, Suite 10205
Philadelphia, PA 19107-3380

Dear Mr. Kasperowicz:

The following responds to the recommendations in the draft audit report of our Housing Choice Voucher Program that you emailed us on March 31, 2015 and that we discussed at the exit conference on April 7, 2015.

- Recommendation** - Certify, along with the owners of the eight units cited in the finding, that the applicable housing quality standards violations have been corrected.

Response - We certify that all of the housing quality standards violations noted in the report have been corrected by the owners of the eight units. Further we are in the process of obtaining individual certifications from the owners of the eight units that the applicable housing quality standards violations have been corrected in their units.
- Recommendation** - Provide training to its inspectors on conducting housing quality standards inspections.

Response - We have scheduled online housing quality standards (HQS) training through Nan McKay and Associates for all four of our inspectors. The course consists of 16 hours of training and includes a certification exam.

Comment 1

Comment 2

Auditee Comments and OIG's Evaluation

Ref to OIG
Evaluation

Auditee Comments

BUCKS COUNTY HOUSING AUTHORITY

Page Two
Letter to David E. Kasperowicz
April 13, 2015

If you have any questions, do not hesitate to call.

Very truly yours,

BUCKS COUNTY HOUSING AUTHORITY


Donald E. Grondahl
Executive Director

DEG:gb

cc: Joyce E. Snyder, Chairperson
Bonnie Bascio, Section 8 Coordinator
Thomas J. Profy, III, Solicitor
File: Admin- Sect.8 OIG Audit

OIG Evaluation of Auditee Comments

- Comment 1 The Authority certified that all of the housing quality standards violations noted in the report have been corrected by the owners of the eight units. We did not verify the correction of the violations. Therefore, as part of the normal audit resolution process, HUD will verify the Authority's corrective actions and determine whether they were adequate to satisfy the intent of the recommendation.
- Comment 2 The Authority stated that it has scheduled online housing quality standards training for all of its inspectors. Since this training did not occur during the audit, we did not evaluate it or verify that it was completed. Therefore, as part of the normal audit resolution process, HUD will verify that the Authority's corrective actions were adequate to satisfy the intent of the recommendation.