

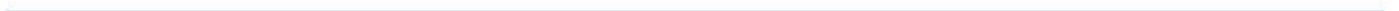


# Inglewood Housing Authority Inglewood, CA

## Housing Choice Voucher Program

**Office of Audit, Region 9  
Los Angeles, CA**

**Audit Report Number: 2017-LA-1002  
May 11, 2017**





**To:** Marcie Chavez, Director, Office of Public Housing, Los Angeles, CA, 9DPH

//SIGNED//

**From:** Tanya E. Schulze, Regional Inspector General for Audit, 9DGA

**Subject:** The Inglewood Housing Authority, Inglewood, CA, Generally Ensured the Eligibility of Its Housing Choice Voucher Program Participants

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 Inglewood Housing Authority's Housing Choice Voucher program's participant eligibility.

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 website. 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 213-534-2471.



**Audit Report Number: 2017-LA-1002**

**Date: May 11, 2017**

**The Inglewood Housing Authority, Inglewood, CA, Generally Ensured the Eligibility of Its Housing Choice Voucher Program Participants**

## Highlights

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### What We Audited and Why

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We audited the Inglewood Housing Authority (Authority) based upon issues with participant eligibility identified during our previous review of the financial operations of the Authority's Housing Choice Voucher program, audit report 2016-LA-1013. Our audit objective was to determine whether the Authority ensured that participants were eligible to receive housing assistance in accordance with U.S. Department of Housing and Urban Development (HUD) rules and requirements.

### What We Found

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The Authority generally obtained and maintained required documentation to support eligibility and correctly calculated housing assistance payments with few deficiencies in compliance with HUD rules and requirements. However, there were minor deficiencies that the Authority should address to minimize potential issues. These deficiencies included not always using HUD's Enterprise Income Verification (EIV) system to verify employment and income and identify possible subsidy payment errors, and calculation errors that affected participants' housing assistance. These conditions occurred because the Authority lacked adequate written policies and procedures to ensure compliance with HUD rules and requirements. After we completed our fieldwork, the Authority started taking corrective action to address the deficiencies.

### What We Recommend

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We recommend that the Director of HUD's Los Angeles Office of Public Housing require the Authority to (1) reimburse its program \$648 from non-Federal funds and use its internal control procedures to ensure that housing assistance payments are correctly calculated during the certification process to ensure that the overpayment of program funds is appropriately used for future payments, (2) reimburse the participants \$84 from non-Federal funds for the underpayment of housing assistance, (3) develop and implement an internal policy and procedure related to interim certifications to ensure that it obtains EIV reports and maintains those reports in participant files, and (4) develop and implement controls to minimize instances of overpayment and underpayment of housing assistance.

# Table of Contents

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<b>Background and Objective.....</b>	<b>3</b>
<b>Results of Audit .....</b>	<b>4</b>
<b>Finding: The Authority Generally Ensured That Participants Were Eligible To     Receive Housing Assistance in Accordance With HUD Rules and Requirements .....</b>	<b>4</b>
<b>Scope and Methodology.....</b>	<b>9</b>
<b>Internal Controls.....</b>	<b>10</b>
<b>Followup on Prior Audits.....</b>	<b>11</b>
<b>Appendixes.....</b>	<b>12</b>
<b>A. Schedule of Questioned Costs and Funds To Be Put to Better Use.....</b>	<b>12</b>
<b>B. Auditee Comments and OIG’s Evaluation .....</b>	<b>13</b>
<b>C. Criteria.....</b>	<b>16</b>
<b>D. Summary of File Review .....</b>	<b>18</b>

# Background and Objective

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The Inglewood Housing Authority is a blended component unit of the City of Inglewood, CA, Community Development Department. The governing body of the Authority consists of members of the Inglewood City Council and the mayor. It approves the Authority's budget and appoints its management officials. The Authority primarily focuses on improving service delivery to clients, expanding housing choice voucher options<sup>1</sup> for clients, providing safe environments in which to live, and improving compliance with changing U.S. Department of Housing and Urban Development (HUD) policies.

The financial activities of the Authority are reported as a special revenue fund. The Authority has a baseline allocation of 1,002 housing choice vouchers and oversees additional vouchers from portable participants. Portable participants are eligible families that have been issued a housing choice voucher in one public housing agency's jurisdiction but have chosen to lease a unit in another public housing agency's jurisdiction. Between its fiscal years ending September 30, 2015, and September 30, 2016, it had revenues and expenditures totaling more than \$27.5 and \$28.1 million, respectively.

The City's Finance, Payroll, and Accounts Payable Departments perform many of the Authority's financial functions. These financial functions include maintaining the portable receivable account, submitting the voucher for payment of annual contributions and operating statement to HUD, and issuing housing assistance payments.

Our objective was to determine whether the Authority ensured that participants were eligible to receive housing assistance in accordance with HUD rules and requirements.

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<sup>1</sup> Authority expanded its housing choice voucher program offering Family Self-Sufficiency and Homeownership services to participants.

# Results of Audit

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## **Finding: The Authority Generally Ensured That Participants Were Eligible To Receive Housing Assistance in Accordance With HUD Rules and Requirements**

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The Authority generally obtained and maintained required documentation to support eligibility and correctly calculated housing assistance payments in compliance with HUD rules and requirements. However, there were minor deficiencies that the Authority should address to ensure compliance with HUD requirements. These deficiencies included not always using HUD's Enterprise Income Verification (EIV)<sup>2</sup> system to verify employment and income and identify possible subsidy payment errors, and calculation errors that affected participants' housing assistance. These conditions occurred because the Authority lacked adequate internal controls and written policies and procedures to ensure compliance with HUD rules and requirements. As a result, it did not verify participants' employment and income information as a third-party source of information. In addition, it understated the annual income for one participant and overstated the annual income for two other participants, resulting in an overpayment of \$648 and underpayments of \$84, respectively. After we completed our fieldwork, the Authority started taking corrective action to address the overpayment and underpayments. In addition, it developed and implemented policies and procedures to minimize future instances of overpayments and underpayments of housing assistance payments.

### **The Authority Lacked Adequate Internal Policies and Procedures**

The Authority did not use HUD's EIV system for 7 of the 14 participants surveyed or monitor all required EIV stand-alone reports to reduce administrative and subsidy payment errors (appendix D). In addition, there were deficiencies in 3 of the 14 participants' housing assistance payment calculations. Of the 14 participants, the Authority did not use HUD's EIV system for one participant, which also had deficiencies in how it calculated housing assistance payments for the individual.

### **The Authority Did Not Always Use HUD's EIV System**

Of the 14 monthly voucher payments reviewed, the Authority did not use HUD's EIV system for 5 of 14 payment interim certifications and did not maintain a copy of the required EIV report for 2 of 14 payment annual recertifications. According to an Authority official, the Authority did not use the EIV system for its interim certifications because the system did not record current

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<sup>2</sup> EIV provides a comprehensive online system for determining and verifying various resident information and income that public housing agencies use in determining rental subsidies. Additionally, EIV collects supplemental employment and benefit information through data sharing agreements with the Social Security Administration and the U.S. Department of Health and Human Services. These agreements provide an analysis of income and benefit information that the EIV team monitors to assist public housing agencies and HUD field offices in identifying and resolving certain regulatory deficiencies and implementing proactive measures to mitigate risk and program waste, fraud, and abuse.

employment or income information to verify participant employment and income at the time a report was generated. The Authority used the system for its annual recertifications, but did not have adequate internal control policies and procedures to ensure that the two annual recertifications included a copy of the report from the HUD system. We attributed these deficiencies to the Authority's lack of internal policies and procedures to ensure that each participant file contained an EIV report as stated in the Housing Choice Voucher Guidebook, section 12-6, and required at 24 CFR (Code of Federal Regulations) 5.233(a)(2)(i) (appendix C). Without the consistent use of HUD's EIV system, the Authority was unable to verify participant employment and income information as a third-party source of information. As a result, it was unable to document a change in employment or income to determine whether the employer provided information or the participant had unreported income that would have resulted in a change in the participant's rent and assistance payment.

Additionally, the Authority did not adequately use the EIV stand-alone reports to monitor its staff's progress in reducing administrative and subsidy payment errors. According to the Authority's acting HUD program manager, the Authority was not aware of HUD's requirement to monitor the following EIV reports monthly:

- deceased participants report,
- identity verification report, and
- immigration report.

In addition, the Authority was unaware of HUD's requirement to monitor the following EIV reports quarterly:

- income discrepancy report,
- multiple subsidy report, and
- new hires report.

Beginning in May 2016, the Authority began monitoring three of the six required EIV reports: the deceased participants report, multiple subsidy report, and new hires report. It used the deceased participant and new hire reports for monitoring because its staff had determined that these reports were significant based on their names. Authority staff also monitored the multiple subsidy report because its name was similar to that of a report in the Public and Indian Housing Information Center system.<sup>3</sup> We attributed the lack of monitoring the EIV reports before May 2016 due to the Authority's lack of knowledge and policies and procedures to ensure that the EIV system was used to monitor the reports as required by Office of Public and Indian Housing (PIH) Notice 2010-19, section 14 (appendix C). As a result, it did not monitor the required EIV stand-alone reports to identify potential issues that would have reduced administrative and subsidy payment errors.

The Authority had taken corrective actions to ensure compliance with the PIH Notice. Specifically, it included a copy of the Notice in its Public and Indian Housing Information Center

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<sup>3</sup> The Office of Public and Indian Housing's Public and Indian Housing Information Center is responsible for maintaining and gathering data about all of HUD's inventories of public housing agencies, developments, buildings, housing units, public housing agency officials, HUD offices and field staff, and system users.

report binder to remind staff to monitor the required reports monthly and quarterly. This binder included a checklist of reports to obtain and maintain in the participants' files.

#### The Authority Miscalculated Housing Assistance Payments

The Authority had minor deficiencies in calculating the housing assistance payments for three participants, which resulted in its overpaying \$648 to landlords and two participants' overpaying a total of \$84 in rent (appendix D). It did not (1) use the correct recipient check stub to annualize the income to ensure that amounts were accurate, (2) use the current source of income, and (3) exclude food stamp benefits<sup>4</sup>.

During the review, we identified the three deficiencies:

#### The Authority Overpaid Landlords \$648 in Housing Assistance

- The Authority understated participant F's annual income by \$3,254 because it did not use the correct recipient check stub as the source of income to calculate the individual's annual income. Housing Choice Voucher Guidebook, Section 5-3, Annualizing Anticipated Annual Income, states that the Authority must use all known sources to annualize income (appendix C). Instead, it used a check stub from a participant who no longer worked at the place of employment as a third-party source to annualize the income. As a result, it overstated the housing assistance payment by \$81, and the participant underpaid \$81 in rent. Therefore, the housing assistance payments were overstated for a total of \$648 (\$81 x 8 months) during the period October 1, 2014, to June 1, 2015.

#### Two Participants Overpaid a Total of \$84 in Rent

- The Authority overstated participant D's annual income by \$91 because it did not use the current source of income. Specifically, it did not use the Social Security Administration letter of benefits, dated November 30, 2014, as the current source of income. Instead, it used the Social Security income amount from the EIV report, dated December 1, 2013, as the third-party source to annualize the income. HUD regulations at 24 CFR 5.609(a)(2) and 24 CFR 5.609(b)(4) states that the Authority to calculate annual income from sources that are anticipated to be received (appendix C). Since it did not use the Social Security Administration's letter of benefits to annualize the participant's income, it understated the housing assistance payment by \$2, and the participant overpaid \$2 in rent. As a result, the housing assistance payments were understated for a total of \$24 (\$2 x 12 months) during the period February 1, 2015, to February 1, 2016.
- The Authority overstated participant E's annual income by \$192 because it included the amount from the participant's food stamp benefits to annualize the individual's income. Housing Choice Voucher Guidebook, section 5-3, exhibit 5-2(16)(a), states that the Authority exclude food stamp benefits from participants' annual income (appendix C).

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<sup>4</sup> The Supplemental Nutrition Assistance program formerly known as the Food Stamp program provides food-purchasing assistance for low- and no-income people living in the United States. The U.S. Department of Agriculture administers the federal aid program through its Food and Nutrition Service, though benefits are distributed by each state's Division of Social Services or Children and Family Services.

Since the Authority did not exclude the amount of food stamps from the participant's annual income, it understated the individual's housing assistance payment by \$5. This understatement caused the participant to overpay \$5 in rent. As a result, the housing assistance payment was understated for a total of \$60 (\$5 x 12 months) during the period May 1, 2015, to May 1, 2016.

These deficiencies were caused by the Authority's lack of internal control procedures, which would have ensured the accuracy of housing assistance payments to owners. Since it did not review each file before submission, housing assistance payments were inaccurate and did not comply with HUD rules and requirements. As a result, the Authority understated the annual income for one participant and overstated the annual income for two participants, resulting in an overpayment of \$648 and underpayments of \$84, respectively.

#### The Authority Took Corrective Action

During our review, the Authority took corrective action to address its lack of internal control procedures for its annual reexaminations of housing assistance payments. Specifically, it developed policies and procedures to improve how it obtains EIV reports as part of participants' annual reexaminations. These procedures would require monthly reviews of 100 percent of all annual reexaminations to determine whether income and rent calculations were accurate and compliant. The new procedures would ensure that the EIV reports were included in the recertification package of the participant's files.

The Authority started taking corrective action to address the reported overpayments and underpayments of housing assistance payments. In addition, it is taking corrective action to address deficiencies related to the use of EIV reports and minimizing future instances of overpayments and underpayments of housing assistance payments.

#### **Conclusion**

The Authority generally obtained and maintained required documentation to support eligibility and correctly calculated housing assistance payments in compliance with HUD rules and requirements. However, there were instances of minor deficiencies that it should address to ensure compliance with the HUD requirements. These conditions occurred because the Authority lacked adequate internal controls and written policies and procedures to ensure compliance with HUD rules and requirements. As a result, it did not verify participants' employment and income information as a third-party source of information. Specifically, it did not monitor the required EIV stand-alone reports to reduce administrative and subsidy payment errors. In addition, it understated the annual income for one participant and overstated the annual income for two other participants, which resulted in an overpayment of \$648 and underpayments of \$84, respectively.

## **Recommendations**

We recommend that the Director of HUD's Los Angeles Office of Public Housing require the Authority to

- 1A. Reimburse its program \$648 from non-Federal funds and use its internal control procedures to ensure that housing assistance payments are correctly calculated during the certification process to ensure that a \$648 overpayment in program funds is appropriately used for future payments.
- 1B. Reimburse the participants \$84 from non-Federal funds for the underpayment of housing assistance.
- 1C. Develop and implement an internal policy and procedure related to interim certifications to ensure that it obtains EIV reports and maintains those reports in participant files.
- 1D. Develop and implement controls to minimize instances of overpayment and underpayment of housing assistance.

# Scope and Methodology

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We performed our audit work at the Authority's office in Inglewood, CA, and our office in Los Angeles, CA, from January 3 to March 6, 2017. Our review covered the period October 1, 2014, to September 30, 2016, and was expanded as necessary.

To accomplish our objective, we

- Reviewed the Authority's HUD-approved annual contributions contract and applicable HUD rules, regulations, and guidance;
- Obtained an understanding of the Authority's internal controls;
- Interviewed Authority officials to obtain an understanding of the Authority's program processes;
- Reviewed HUD monitoring reports;
- Reviewed revenue and expenditures reports;
- Reviewed EIV stand-alone reports; and
- Reviewed participant files with its corresponding housing assistance payment disbursements.

We selected a statistical sample of 14 monthly housing assistance payments (appendix D) totaling \$10,631 from an audit universe of 33,449 monthly housing assistance payments totaling more than \$23.9 million in housing assistance amounts and utility reimbursements during the period October 1, 2014, through September 30, 2016. Overall, the housing assistance payments reviewed represented 0.04 percent ( $\$10,631/\$23,914,745$ ) of the total housing assistance paid to participants. Based on the results of our survey review of 14 payments, we determined that the observed deficiencies did not rise to the level of materiality needed to justify reviewing the remaining 83 monthly housing assistance payments. Therefore, we did not project our audit results to the universe.

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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Internal Controls

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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 objective:

- Effectiveness and efficiency of operations – Implementation of policies and procedures to reasonably ensure that program objectives are met.
- Reliability of financial information – Implementation of policies and procedures to reasonably ensure that relevant and reliable data are obtained, maintained, and fairly disclosed in the required reports.
- Compliance with laws and regulations – Implementation of policies and procedures to reasonably ensure that program expenses are supported and comply with program funding guidelines and restrictions.

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 controls.

# Followup on Prior Audits

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## **Inglewood Housing Authority Housing Choice Voucher Program, 2016-LA-1013**

We recommended that the Director of HUD's Los Angeles Office of Public Housing require the Authority to (1) provide supporting documentation or reimburse its program \$796,186 from non-Federal funds for unsupported allocated overhead and personnel costs charged, (2) develop and implement procedures and controls to ensure that the financial management of the program meets rules and requirements, (3) ensure that staff is available to monitor and enforce repayment agreements, and (4) provide HUD training and technical assistance to ensure compliance with HUD rules and requirements that pertain to the financial operations of its program. In addition, we recommended that the Director of HUD's Los Angeles Office of Public Housing review current and future cost allocation plans to ensure compliance with HUD rules and requirements. HUD is assisting the Authority in addressing all of the unresolved recommendations and has a target completion date of September 30, 2017.

# Appendixes

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## Appendix A

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**Schedule of Questioned Costs and Funds To Be Put to Better Use**

<b>Recommendation number</b>	<b>Ineligible 1/</b>	<b>Funds to be put to better use 2/</b>
1A		\$648
1B	\$84	
<b>Totals</b>	<b>84</b>	<b>648</b>

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. If the Authority implements our recommendation, it will ensure that funds are available to provide assistance to eligible participants and prevent future instances of overpayment in housing assistance to ensure that program funds are disbursed in accordance with HUD requirements.

# Appendix B

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

### Comment 1



**CITY OF INGLEWOOD**  
Housing and Section 8 Programs

City Hall, 7<sup>th</sup> Floor

April 27, 2017

Tanya E. Schulze, Regional Inspector General for Audit  
Office of Inspector General – Office of Audit Region 9  
U.S. Department of Housing and Urban Development  
300 North Los Angeles Street, Suite 4070  
Los Angeles, California 90012

Re: Authority Comments to Draft Audit Report

Dear Ms. Schulze,

On behalf of the City of Inglewood Housing Authority (IHA) (the Authority), I would like to respond to the "Draft Report" completed by the Office of the Inspector (OIG) regarding IHA's Housing Choice Voucher program. I would also like to take the opportunity to acknowledge the efforts of OIG staff as they have been not only thorough but also efficient in the performance of this review.

The Authority accepts the finding result that "the Authority generally obtained and maintained required documentation to support eligibility and correctly calculated housing assistance payments with few deficiencies in compliance with HUD rules and requirements" and sees this as a testament to the high caliber program operated by the IHA.

With that said, the Authority would like to respond to the minor deficiencies outlined in the report.

Recommendation 1: Reimburse its program \$648 from non-Federal funds and use its internal control procedures to ensure that housing assistance payments are correctly calculated during the certification process to ensure that the overpayment of program funds are appropriately used for future payments.

Comment: The Authority acknowledges the recommendation and has reimbursed the program \$648 from non-Federal funds as evidenced with the backup that has been provided with this response letter.

Recommendation 2: Reimburse the participants \$84 from non-Federal funds for the underpayment of housing assistance.

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**Ref to OIG  
Evaluation**

Comment 2

Comment 3

Page 2 of 2

Comment: The Authority acknowledges the recommendation and has reimbursed two participants a total of \$84 from non-Federal funds as evidenced with the backup that has been provided with this response letter.

Recommendation 3: Develop and implement an internal policy and procedure related to interim certificates to ensure that it obtains EIV reports and maintains those reports in participant files.

Comment: The Authority acknowledges the recommendation and has added interim certificates to our existing internal policies and procedures to ensure EIV reports are run on a timely basis. A copy of the policy and procedure document has been provided with this response letter.

Recommendation 4: Develop and implement controls to minimize instances of overpayment and underpayment of housing assistance.

Comment: The Authority acknowledges the recommendation and has added interim certificates and original certificates to our existing quality control procedures and will ensure that 100 percent of all transactions will be reviewed by senior staff to verify that income and rent calculations are accurate and compliant. A copy of the updated quality control procedure has been provided with this response letter.

The Authority would like to once again thank OIG staff for providing these recommendations and helping the IHA further improve our high caliber Housing Choice Voucher program. If you have any questions, please feel free to contact me at (310) 412-5324.

Respectfully,



Harjinder Singh  
Acting HUD Programs Manager  
City of Inglewood Housing Authority

## OIG Evaluation of Auditee Comments

- Comment 1 We appreciate and commend the Authority for taking corrective action to reimburse for overpayments of \$648 and underpayments of \$84. As a result, we revised the report to show the Authority's efforts<sup>5</sup>. During the audit resolution phase, HUD will verify that the Authority's corrective actions resolve these recommendations.
- Comment 2 We appreciate the Authority taking corrective action to develop and implement policies and procedures for its interim certifications. During the audit resolution phase, HUD can verify that the new policies and procedures resolve the recommendations.
- Comment 3 We appreciate the Authority taking corrective action to develop and implement controls to minimize overpayments and underpayments of housing assistance. During the audit resolution phase, HUD will verify that the Authority's corrective action resolve this recommendation.

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<sup>5</sup> We did not include the attachments in the report because it was too voluminous; however, the documents are available upon request.

## Appendix C

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### Criteria

The following sections of the Housing Choice Voucher Guidebook, 24 CFR Part 5, and Notice PIH-2010-19 were relevant to our audit of the Authority's Housing Choice Voucher program.

Housing Choice Voucher Guidebook, Chapter 5, Eligibility and Denial of Assistance, Section 3, Annual Income, Exhibit 5-2(16)(a), Income Inclusions and Exclusions: Income Exclusions

Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. A notice will be published in the *Federal Register* and distributed to PHAs [public housing agencies] identifying the benefits that qualify for this exclusion. Updates will be distributed when necessary. The following is a list of income sources that qualify for that exclusion:

- a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. [United States Code] 2017 (b));

Housing Choice Voucher Guidebook, Chapter 5, Eligibility and Denial of Assistance, Section 3, Annual Income - Annualizing Anticipated Annual Income

Once the PHA knows and verifies all sources of income are known and verified, the PHA must convert reported income to an annual figure. Convert periodic wages to annual income using the following:

- Multiply hourly wages by the number of hours worked per year (2080 hours for full-time employment with a 40 hour work week and no overtime).
- Multiply weekly wages by 52.
- Multiply bi-weekly wages (paid every other week) by 26.
- Multiply semi-monthly wages (paid twice each month) by 24.
- Multiply monthly wages by 12.

Housing Choice Voucher Guidebook, Chapter 12, Reexaminations, Section 6, Interim Reexamination

PHAs must apply interim reporting rules uniformly to all families. Verification rules are the same as those used for annual reexaminations, except only those factors that changed will need to be verified at an interim reexamination.

24 CFR Part 5, General HUD Program Requirements; Waivers, Section 5.233, mandated use of HUD's Enterprise Income Verification System

- (2) Processing entities must use HUD's EIV system in its entirety:

- (i) As a third party source to verify participant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with §5.236, and administrative guidance issued by HUD; and
- (ii) To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

24 CFR Part 5, General HUD Program Requirements; Waivers, Section 5.609, Annual Income

(a) *Annual income* means all amounts, monetary or not, which:

- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(b) Annual income includes, but is not limited to:

- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section)

Notice PIH-2010-19, Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System, Section 14, How to use EIV to reduce administrative and subsidy payment errors

In order to ensure PHAs are aware of potential subsidy payment errors, PHAs are required to monitor the following EIV reports on a monthly basis:

1. Deceased Participants Report
2. Identity Verification Report
3. Immigration Report

In order to ensure PHAs are aware of potential subsidy payment errors, PHAs are required to monitor the following EIV reports on a quarterly basis:

1. Income Discrepancy Report
2. Multiple Subsidy Report
3. New Hires Report (if your agency has an interim increase policy)

## Appendix D

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### Summary of File Review

Participant	EIV report not included in interim certification	EIV report not included in annual reexamination certification	The participants' housing assistance was affected
A			
B			
C	X		
D			X
E			X
F	X		X
G			
H		X	
I			
J		X	
K	X		
L	X		
M			
N	X		