



Issue Date January 10, 2012
Audit Report Number 2012-PH-1003

TO: Sonia L. Burgos, Acting Director, Office of Public Housing, Newark Field Office, 2FPHI

FROM: //signed//  
John P. Buck, Regional Inspector General for Audit, Philadelphia Region, 3AGA

SUBJECT: The Housing Authority of the City of Camden, NJ, Generally Calculated Housing Assistance Correctly, Properly Determined the Eligibility of Tenants, and Recertified Tenants in a Timely Manner

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the Housing Authority of the City of Camden's administration of housing assistance payments that it made under the Section 8 Housing Choice Voucher program as part of our fiscal year 2011 audit plan. This is the second of two audit reports that we issued on the Authority's Section 8 Housing Choice Voucher program.<sup>1</sup> The audit objectives addressed in this report were to determine whether the Authority accurately calculated housing assistance subsidies, properly determined the eligibility of tenants, and recertified tenants in a timely manner.

### **What We Found**

The Authority generally calculated housing assistance subsidies correctly and properly determined tenant eligibility. It also recertified tenants in a timely manner. The audit identified some deficiencies in the tenant files, but the deficiencies did not significantly affect the accuracy of the subsidy or the

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<sup>1</sup> The first report was audit report number 2011-PH-1013, "The Housing Authority of the City of Camden, NJ, Did Not Ensure That Its Section 8 Housing Choice Voucher Program Units Met housing Quality Standards," dated July 19, 2011.

eligibility of the tenants. We discussed the deficiencies with Authority officials during the audit, and they took immediate corrective action.

### **What We Recommend**

This report does not contain recommendations.

### **Auditee's Response**

We provided a draft audit report to the Authority on December 19, 2011, and discussed it with the Authority at an exit conference on January 4, 2012. It provided a written response to the draft report on January 4, 2012, agreeing with the conclusions in the report. The complete text of the Authority's response can be found in appendix A of this report.

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## BACKGROUND AND OBJECTIVES

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The Housing Authority of the City of Camden was established in 1938 under Federal and State housing laws for the purpose of engaging in the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives for low- and moderate-income families residing in Camden, NJ. The Authority is governed by a five-member board of commissioners. The board appoints an executive director to manage the day-to-day operations of the Authority. The executive director is Dr. Maria Marquez. The Authority's main administrative office is located at 2021 Watson Street, Camden, NJ.

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 1,255 eligible households. HUD authorized the Authority the following financial assistance for housing choice vouchers for fiscal years 2008 through 2010:

<b>Authority fiscal year</b>	<b>Number of vouchers authorized</b>	<b>Annual budget authority</b>
2008	1,255	\$9,218,366
2009	1,255	8,004,880
2010	1,255	10,342,595
<b>Total</b>		<b>\$27,565,841</b>

The Housing Choice Voucher program is the Federal Government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

Regulations at 24 CFR (Code of Federal Regulations) 982.201 require that public housing authorities admit only eligible families to the program. The applicant must be both income-eligible and a citizen or a noncitizen with qualified immigration status. Regulations at 24 CFR 982.451 require that monthly housing assistance payments made by public housing authorities to owners be determined in accordance with HUD regulations and other requirements. Housing assistance payments should always be accurate and supported.

The audit objectives addressed in this report were to determine whether the Authority accurately calculated housing assistance subsidies, properly determined the eligibility of tenants, and recertified tenants in a timely manner.

## RESULTS OF AUDIT

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We audited 15 housing assistance payments, valued at \$10,020, from the Authority's housing assistance payments register for the period January 2008 to May 2011. Based on our audit of the corresponding 15 household files, we determined that the Authority calculated the payments accurately and maintained appropriate documentation to support the payments, the eligibility of tenants, and the timeliness of the household's recertification. We did not review additional sample payments or household files since the review of the first 15 payments and household files disclosed no significant problems.

The audit identified the following deficiencies in the tenant files, but the deficiencies did not significantly affect the accuracy of the subsidy or the eligibility of the tenants.

- Nine files lacked evidence of a criminal background check. We conducted background checks on the persons related to these files using the Accurint public record search and found that none of the persons had a criminal record.
- One file lacked a copy of a birth certificate and Social Security card for a dependent.
- One file lacked a signed declaration of citizenship form for a dependent. Signed forms were in the file for the other three dependents in the household.
- In five files, the Authority's locally developed file checklist was incomplete. The Authority intends this checklist to be a tool for its housing specialists to ensure that the file documentation is complete. These five files contained one or more of the deficiencies identified above.

We discussed the deficiencies with Authority officials, who took immediate corrective action.

## SCOPE AND METHODOLOGY

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To accomplish our objective, we reviewed

- Applicable laws and regulations, the Authority's administrative plan, and HUD program requirements at 24 CFR Parts 982 and 985 and HUD's Housing Choice Voucher Guidebook 7420.10G.
- The Authority's computerized housing assistance payment data, accounting records, annual audited financial statements for years 2008 and 2009, tenant files, policies and procedures, board meeting minutes, and organizational chart.
- HUD's monitoring reports for the Authority.

We also interviewed relevant Authority employees and had discussions with staff from HUD's Newark Office of Public Housing.

To achieve our audit objectives, we relied in part on computer-processed data in the Authority's database. We used the computer-processed data to select a sample of client files for review. 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 screened 5,431 Social Security numbers for the voucher holders and household members participating in the Authority's program from January 2008 to May 2011 against a database provided to us by the Social Security Administration. Three Social Security numbers had validation issues. We conducted further research of the tenant files, conducted Lexis/Nexis and Accurant public record searches, and determined that the three Social Security numbers were valid.

Using Audit Command Language software, for the period January 1, 2010, through May 31, 2011, we compared

- An automated listing of the Authority's 123 employees to an automated listing of its 3,835 program participants and identified no problems.
- The automated listing of the Authority's 123 employees to an automated listing of its 543 program landlords and identified no problems.
- The automated listing of the Authority's 3,835 program participants to the automated listing of its 543 program landlords and identified no problems.

We reviewed the tenant files for the nine program participants that entered the Authority's program during the period December 2010 to August 2011 to verify compliance with eligibility requirements and identified no problems.

We statistically selected 15 payments from the Authority's housing assistance payments register for the period January 2008 to May 2011, which contained 50,265 payments valued at \$34.4 million. Using a variable statistical sampling method, our statistician created a sample of 75 payments valued at \$51,103 for review. We reviewed 15 of the payments valued at \$10,020 and found that the Authority generally calculated the payments accurately and maintained appropriate documentation to support the payments. We did not review additional sample payments since the review of the first 15 payments disclosed no significant problems.

We performed onsite audit work from June through November 2011 at the Authority's office located at 114 Boyd Street, Camden, NJ. The audit covered the period January 2010 through May 2011 but was expanded when necessary to include other periods.

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

# 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.

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## 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 it calculates housing assistance payments correctly and properly maintains documentation in its tenant files.
- 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 laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource 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 on 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

## Appendix A

### AUDITEE COMMENTS



#### HOUSING AUTHORITY OF THE CITY OF CAMDEN

2021 WATSON STREET, CAMDEN, NEW JERSEY 08105  
TELEPHONE: (856) 968-2700 FAX: (856) 968-2754

**Deborah Person-Polk**  
Board of Commissioners  
Chairperson

**Maria Marquez, Ph.D.**  
Executive Director

January 4, 2012

**Jose' Martinez, Jr.**  
Vice- Chairperson

John P. Buck  
Regional Inspector General for Audit  
U.S. Department of Housing and Urban Development  
Wanamaker Building  
100 Penn Square East, Suite 10205  
Philadelphia, PA 19107-3380

**Andres Camacho**  
Commissioner

**Patricia Gibson**  
Commissioner

Re: Housing Choice Voucher Program – OIG Audit

**Deborah Keys**  
Commissioner

Dear Mr. Buck:

The Housing Authority of the City of Camden (HACC) acknowledges receipt of the DRAFT Audit Report on December 19<sup>th</sup>, and we are in agreement with the report of no findings or recommendations. The Scope and Methodology used to conduct your review has provided confirmation that our program is performing within HUD guidelines. In the case where deficiencies were found, "immediate corrective actions" were developed, as noted on page 5 of the Audit Report.

**Alan Miller**  
Commissioner

**Delores Showell**  
Commissioner

In closing, we would like to express our gratitude toward the OIG Regional Office personnel for their guidance and support of the Housing Choice Voucher Program at the Housing Authority of the City of Camden during the audit period.

Sincerely,

A handwritten signature in cursive script that reads "Maria Marquez".

Maria Marquez, Ph.D.  
Executive Director

c: Victor D. Figueroa, Deputy Executive Director/Asset Manager  
Vincent Muliro, Director of Finance  
Tracie Herrick, Director of Section 8  
Melissa Bennett, HUD, Newark Field Office  
David E. Kasperowicz, HUD, Philadelphia Field Office  
Stephen Cholewiak, HUD, Philadelphia Field Office  
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