U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office Of Public Housing

Illinois State Office
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May 6, 2010

Ms. Irene McBride, Board Chairman
Alexander County Housing Authority
1101 Ohio Street
P.O. Box 191
Cairo, IL 62914

Subject: Consolidated Tier II

Dear Ms. McBride:

In accordance with HUD regulations, staff of the Illinois State Office of Public Housing completed a Consolidated Tier II Review of the Alexander County Housing Authority (ACHA). The review was conducted during the week of March 29, 2010.

The purpose of the Consolidated Tier II Review is to assist the Office of Public and Indian Housing's (PIH) effort in addressing Public Housing Authorities (PHAs) improper payments and other high-risk elements. The review is also conducted to ensure the continuation of PIH comprehensive monitoring and oversight of PHAs.

The Consolidated Tier II Review consists of the following components: Rental Integrity Monitoring (RIM); Upfront Income Verification (UIV) and Public Housing Management. A brief description of each review follows:

RIM Review

The purpose of the Rental Integrity Monitoring (RIM) review was to establish whether and to what extent PHAs are accurately, thoroughly and clearly determining family income and rent in the Low-Rent program. The primary objectives of RIM reviews are:

a. Detect and reduce errors in income and rent calculations;
b. Reduce rent underpayments and/or overpayments by residents;

UIV Implementation

The purpose of the UIV review was to ensure that ACHA has implemented adequate security measures to protect UIV data. Thus, the review was limited to monitoring your HA's compliance with security requirements.

Public Housing Management Review

The Public Housing Management Review focuses on the overall operations of your Low-Rent Public Housing Program at the authority. We thoroughly review the following areas:

Governance
Organization and Staffing
Finance
Housing Management
Property Maintenance
Resident Services and Initiatives
Capital Funds

Cynthia Mitchell, Public Housing Revitalization Specialists; Elillian Lewis, PHRS; Cheryl Evans-Peterson, FA; and Mansel Freeman, FA conducted the review. A closeout conference was held with Key Staff at which time findings and observations were discussed. The review team had (9) findings and (4) observations. A finding is a violation of Federal Regulations, Annual Contributions Contract requirements and/or HUD directives, and therefore, the HA must enact the specific corrective actions noted in this report. An observation is an action that warrants attention and is followed by a recommended corrective action.

We hope that you will discuss this report in detail and use it as a technical assistance management tool for improving the overall management performance of the ACHA. Information in this report may be of personal and confidential nature; therefore this report should be shared only in the course of official business. You must respond to the findings in this report within forty-five (45) days of the date of this letter and indicate what steps you intend to take to resolve the findings.

We wish to express our sincere appreciation to the ACHA staff for the courtesy extended and cooperation provided during the review. Please contact Ms. Cynthia Mitchell at (312) 913-8349, if you have any questions regarding this report.

Sincerely,

Elmora Kirkendall for
J. Steven Meiss, Director
Illinois State Office
Office of Public Housing
Region V

cc: James Wilson, Executive Director

SECTION I

RIM REVIEW

The Illinois State Office of Public Housing, United States Department of Housing and Urban Development, conducted a Rental Integrity Monitoring (RIM) Review of the Alexander County Housing Authority (ACHA) Housing Program. The primary purpose of the RIM Review was to determine the level of accuracy in the verification and calculation of family income and rent. The review was comprised of two major areas: income and rent discrepancies, and policy and procedure issues.

We audited 15 Public Housing files. Of the 16 files, 12 files had errors. This represents a 75% error rate. Therefore, justifiably these errors warrant concern because of the potential for a sizable amount of income and rent discrepancies. To ensure the highest level of accurate income and rent determination, it is pertinent to the success of the program that a standard quality control system be developed and implemented.

This RIM report is broken down in the following format:

Section I – The list of findings discovered during our file review.
Section II – The list of observations/concerns we discovered during our file review and discussions with staff.
Section III – A chart (Appendix B) detailing the specific errors found in each file reviewed and the corrective action required.

You must forward to this Field Office the corrective action(s) taken or planned to resolve the findings and observations listed on the following pages. In addition, please provide a copy of the corrected 50058 and related documents that were used to make the corrections.

SECTION I

Finding #1: Choice of Rent
Systemic Administrative Error

Condition: ACHA did not provide sufficient information on the choice of rent form to show the difference in the amount of rent per income base or flat rent. The form also had income base and ceiling rent on one line. The form was confusing and did not assist the tenant in making an informed choice.

Criteria: 24 CFR parts 960.253 states that the PHA must give each family the opportunity to choose between the two methods for determining the amount of tenant rent payable monthly by the family. The family may choose to pay as tenant rent either a flat rent as determined in accordance with paragraph (b) of this section, or an income-based rent as determined in accordance with paragraph (c).

Cause: The PHA used a choice of rent form that was signed by the tenant; however it was not completed by the PHA showing the figures for each option.

Effect: The form did not show whether the tenant had an opportunity to choose the amount of rent based on each option.

Corrective Action: ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. They also need to exclude ceiling rent as an option. Ceiling rent has nothing to do with the tenant's choice of rent.

Finding #2: Flat Rent Schedule
Systemic Administrative Error

Condition: The PHA is not providing sufficient information for families to make informed choices between income based and flat rent. ACHA does not have a flat rent schedule and is charging a ceiling rent of $325 to tenants regardless of the unit size. Ceiling rents are no longer used and should not be a consideration for rents charged to tenants.

Criteria: 24 CFR Part 960.253 (b) (1) the flat rent is based on the market rent charged for comparable units in the private unassisted rental markets. It is equal to the estimated rent for which the PHA could promptly lease the public housing unit after preparation for occupancy.

24 CFR Part 960.253 (d) Instead of using flat rents, a PHA may retain ceiling rents that were authorized and established before October 1, 1999, for a period of three years from October 1, 1999. After this three year period, the PHA must adjust ceiling rents to the level required for flat rents under this section...

Cause: The lack of knowledge of the ACHA staff on HUD regulations regarding flat rent. The PHA is still using ceiling rents which were phased out on October 1, 2002. At this time PHAs are required to adjust ceiling rents to the level required for flat rents.

Effect: Currently all tenants who chose "ceiling rent" pay $325 no matter the size of the unit. Staff's lack of knowledge of how to apply flat rent has lead to an inequitable application of rents. Also due to the lack of knowledge tenants are not given the proper information to allow them to make an informed decision on the choice of rent.

Corrective Action: Educate the staff on the flat rent method. Establish a flat rent schedule based on 24 CFR 960.253. Review and allow all households who chose the method of ceiling rent to make an informed decision between the two methods of rent which are income based and flat rent. Provide HUD with the number of households (along with unit size) who currently have ceiling rents ($325) along with a copy of a corrected 50058, the revised Choice of Rent form for each of these households and a copy of the ACHA's Board approved Flat Rent schedule.

Finding #3: Verification of birth not maintained in all files

Condition: Some of the files reviewed indicated that the ACHA did not maintain a copy of the certificate of birth for all members of the household.

Criteria: 24 CFR Part 5.508 states in part that for assistance or continued assistance under a program is contingent upon a family's submission to the responsible entity of the documents described in paragraph (b) of this section for each family member, Evidence of citizenship.

Cause: The lack of quality control procedures.

Effect: Lack of birth verification may allow ineligible tenants to participate in HUD programs.

Corrective Action: ACHA shall develop a quality control for file review to ensure all required documents are maintained in the files. ACHA staff shall be required to review all files in their inventory to ensure that verification of birth certificates for all household members is maintained in the file.

Finding #4: Verification of Social Security not in files

Condition: Some of the files reviewed indicated that the ACHA did not maintain a copy of the social security cards or print out from the Social Security Administration.

Criteria: 24 CFR Part 5.216 states in part that each assisted applicant must submit the following information to the processing entity when the assisted applicant's eligibility is being determined.

Cause: The lack of quality control procedures.

Effect: Lack of social security verification may allow ineligible tenants to participate in HUD programs.

Corrective Action: ACHA shall develop a quality control for file review to ensure all required documents are maintained in the files. ACHA staff shall be required to review all files in their inventory to ensure that verification of social security number for all household members is maintained in the file.

Finding #5: The Declaration of Section 214 Status form not found in files

Condition: Some of the files reviewed indicated that ACHA was not maintaining the Declaration of Section 214 Status form for all members of the household.

Criteria: 24 CFR Part 5.508 states in part that (a) Eligibility for assistance or continued occupancy under a Section 214 covered program is contingent upon a family's submission to the responsible entity of the documents described in paragraph (b) of this section each family member. (b) Each family member, regardless of age, must submit the following evidence to the responsible entity. (1) For U.S. citizens or U.S. nationals, the evidence consists of a signed declaration of U.S. citizenship or U.S. nationality. The responsible entity may request verification of the declaration by requiring presentation of a United States passport or other appropriate documentation, as specified in HUD guidance. (2) For non citizens who are 62 years of age or older or who will be 62 years of age or older and receiving assistance under a Section 214 covered program on September 30, 1996 or applying for assistance on or after that date, the evidence consists of:

(i) A signed declaration of eligible immigration status; and

(ii) Proof of age document.
(3) For all other non citizens, the evidence consists of:
(i) A signed declaration of eligible immigration status;
(ii)One of the INS documents referred to in Sec. 5.510; and
(iii)A signed verification consent form.
(c) Declaration. (1) For each family member who contends that he or she is a U.S. citizen or a non citizen with eligible immigration status, the family must submit to the responsible entity a written declaration, signed under penalty of perjury, by which the family member declares whether he or she is a U.S. citizen or a non citizen with eligible immigration status.
(i) For each adult, the declaration must be signed by the adult.
(ii) For each child, the declaration must be signed by an adult residing in the assisted dwelling unit who is responsible for the child.
(2) For housing covered programs: The written declaration may be incorporated as part of the application for housing assistance or may constitute a separate document.
(d) Verification consent form—(1) who signs. Each non citizen who declares eligible immigration status (except certain non citizens who are 62 years of age or older as described in paragraph (b)(2) of this section) must sign a verification consent form as follows.
(i) For each adult, the form must be signed by the adult.
(ii) For each child, the form must be signed by an adult residing in the assisted dwelling unit who is responsible for the child.

Cause: The lack of quality control procedures.

Effect: The possibility arises that ineligible tenants may be living in HUD assisted housing.

Corrective Action: ACHA shall develop a quality control plan for file review to ensure all required documents are maintained in the files. ACHA staff shall be required to review all files in their inventory to ensure that verification of citizenship eligibility for all household members is maintained in the file.

SECTION II

COMMENTS AND CONCERNS:

1. While reviewing the files for permanent documentation (Social Security Cards, Birth Certificates, etc.) we were not able to find the documents in the files. It is our recommendation that the ACHA implement a policy that all permanent documentation should be located in the same spot for every file.

2. It appeared as though a lack of quality control reviews have taken place on the files. ACHA needs to implement a procedure that would bring all one time information forward to the most current file such as: birth certificates, social security cards and the HUD-214 form. It is our recommendation that the ACHA implement this procedure to enhance the current quality control policy and process.

SECTION III

APPENDIX B

LOW RENT FILE ERRORS
ALEXANDER COUNTY
2010

Tenant ID	File Errors	Corrective Actions
4278	No Errors	
4780	No Errors	
3862	ACHA provides insufficient information on choice of rent form to allow family to make an informed choice.	ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. ACHA also need to exclude ceiling rent as an option and provide this office with a copy.
8090	ACHA provides insufficient information on choice of rent form to allow family to make an informed choice.	ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. ACHA also need to exclude ceiling rent as an option and provide this office with a copy.
6055	No HUD-214 form was not in the file for the head of household.	Have tenant complete a HUD-214 and provide our office with a copy.
2364	ACHA provides insufficient information on choice of rent form to allow family to make an informed choice. The file did not contain a birth certificate for the head of household.	ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. ACHA also need to exclude ceiling rent as an option. Have tenant bring in a copy of their birth certificate for your files and provide this office with a copy both.

2936	The file did not contain a birth certificate or social security card for the head of household.	Have tenant bring in a copy of their birth certificate and social security card for your files and provide this office with a copy.
8239	No Error	
6504	No Error	
9231	ACHA provides insufficient information on choice of rent form to allow family to make an informed choice.	ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. ACHA also need to exclude ceiling rent as an option and provide this office with a copy.
2566	ACHA provides insufficient information on choice of rent form to allow family to make an informed choice.	ACHA needs to revise the choice of rent form to show the amount of income base and flat rent as two separate options. ACHA also need to exclude ceiling rent as an option and provide this office with a copy.
4785	No HUD-214 form was not in the file for the head of household.	Have tenant complete a HUD-214 and provide our office with a copy.
7509	The file did not contain a birth certificate for household member number three. The file did not contain a social security number for household members number one and two.	Have tenant bring in a copy of their birth certificate and their social security cards for your file and provide this office with a copy both.
0239	The file did not contain a birth certificate, social security number and HUD-214 for household member number two.	Have tenant bring in a copy of their birth certificate, social security and sign a copy of the HUD-214 for your file also provide this office with a copy.

4389	No verification on file to verify income for head of household.	Provide our office with a copy of income verification and an updated 50058.
0909	The file did not contain a social security number and HUD-214 for household members number two and three.	Have tenant bring in a copy of these social security numbers and sign a copy of the HUD-214 for both members for your file also provide this office with a copy.

ADDENDUM TO APPENDIX B

NOTE #1: The documentation you need to submit to this office to verify that the file is being corrected as follows:

1. Complete HUD form 52667 Tenant-Furnished Utilities and Other Services.

2. Copy of the corrected form HUD 50058, Social Security Card, HUD-214 form and birth certificates.

NOTE #2: You must submit to this Office a copy of any documentation that you were required to obtain because it was not found in the file by the HUD reviewer.

NOTE #3: If you needed to perform an interim to correct any of the errors, a copy of the corrected form HUD 50058 must be submitted.

SECTION II

UIV

Purpose: The purpose of HUD's Upfront Income Verification (UIV) onsite/remote review is to ensure that the PHA has **(1)** implemented the use of HUD-provided UIV system (The Enterprise Income Verification (EIV) system); **(2)** implemented and documented practices, controls and safeguards to adequately protect the confidentiality of participant income data; and **(3)** taken the appropriate corrective action to eliminate subsidy payment errors and tenant errors attributable to tenant under reporting of income. The UIV Monitoring Review is required for any PHA that has access to the EIV system and subject to a Consolidated Review.

UIV Review Date:	**3/30/2010**	**Reviewer Name: Elillian Lewis**
PHA Code: IL 007	**PHA Name: Alexander County Housing Authority**	
Program Type	**Public Housing**	

PHA Contact Person: Linda Baldwin	**Telephone Number: 618-743-1910**

A. PHA'S IMPLEMENTED UIV TOOLS

All of the Housing Specialist have access to EIV and are able to pull income discrepancy reports monthly and during the reexamination process.

Questions		**Yes**	**No**
1.	Does the PHA have access to HUD's EIV system? If yes, answer questions 2-4. If the answer is no, skip question 2-3.	**X**	
2.	According to the EIV PHA Access Usage Report, has the PHA used the EIV system within the last 30 days?	**X**	
3.	According to the EIV PHA Access Usage Report, has the PHA used the EIV system within the last 180 days?	**X**	
4.	Does the PHA use UIV tools that are not provided by HUD? If yes, please list the tools that the PHA has implemented.		**X**

B. PHA SECURITY ASSESSMENT

Requirements: Field Office staff should review the PHA's (1) security policies and procedures; (2) EIV user administration reports; (3) security and system access files; and any other documents that will provide answers to the questions below. Field Office staff may also want to conduct an interview with the Executive Director, Security Officer, and/or other designated staff persons that have knowledge of the PHAs security procedures and policies and are able to respond to the questions below.

Questions		Yes	No
1.	Does the PHA have a designated Security Officer or equivalent?	X	
2.	Does the PHA have Security Policies and Procedures document?	X	
3.	Does the PHA enforce security procedures?	X	
4.	Does the PHA keep records and monitor security issues?	X	
5.	Does the PHA conduct and document annual Security Awareness Training for EIV system users?	X	
6.	Does the PHA ensure that each user has and uses his/her own user ID and password?	X	
7.	Does the PHA maintain copies of signed access authorization and rules of behavior/user agreement forms for each EIV system user?	X	
8.	Does the PHA maintain a key control log to track the inventory of keys available for secure rooms, buildings or file cabinets?	X	
9.	Does the PHA maintain a log of all destroyed UIV documents or have a record retention policy?	X	
10.	Does the PHA have a valid (dated within the last 15 months) HUD Form 9886 or equivalent consent form in the tenant file.	X	
11.	Does the PHA document the occurrence of all improper disclosures of UIV information in writing or have a procedure to document improper disclosures?	X	
12.	Does the PHA report any occurrence of unauthorized access or known security breaches to the designated PHA/HUD staff person(s) or have a procedure to report an occurrence to unauthorized access or known security breaches to the designated PHA/HUD staff person(s)?	X	
13.	Does the PHA report any occurrence of unauthorized access or known security breaches to the designated PHA staff person(s)? (X) Restricted areas ( ) Locked containers (X) Locked rooms ( ) Reinforced perimeters ( ) Locked buildings with guards (X) Locked file cabinets ( ) Other (please specify)____________________	X	
14.	Does the PHA dispose of UIV information once the data has been used, served its purpose and the PHA no longer needs to maintain this information in files? If yes, check all disposal methods the PHA uses. (X) Burn (X) Shred ( ) Erase ( ) Other Specify	X	

Certification of PHA Security Compliance

X The PHA is in compliance with UIV security procedures. (If ***all*** responses are "yes" in Section B)

The PHA is **not** in compliance with UIV Security procedures. (If *any* response is "*no*" in Section B)

As a result of non-compliance, HUD field office staff will take the following actions:

☐ Immediately terminate the following users' (list only the users Ids below) access to the Enterprise Income Verification (EIV) system

Immediately terminate *all* PHA users' access to the Enterprise Income Verification (EIV) system.

☐ Schedule a follow-up UIV Review within 90 days of the review or sooner. Terminate the following users' access to the Enterprise Income Verification (EIV) system:____________________________________

Client's Address	Project Number	Annual Income Discrepancy (Actual)	Annual Income Discrepancy (Annualized Last Quarter)	Valid	Invalid	Reason Invalid
603 Elmwood Place	001	$22,278.54	$15,188.04		X	The effective date of income not reported was after the tenant interview date for the re-exam of income.
420 McBride Place	001	$7,530.51	$1,756.26		X	The effective date of income not reported was after the tenant interview date for the re-exam of income.
303 Shuemaker Building	003	$12,995.13	$15,503.06	X		
131 Meadows	002	$7,737	$4,043		X	The effective date of income not reported was after the tenant interview date for the re-exam of income.
523 McBride Place	002	$12,870.17	$5,010.99	X		
		$63,411.35	**$41,501.35**			

Reviewer Comments:

C.	PHA SECURITY ASSESSMENT

The ACHA provided waiver forms signed by staff. The Alexander County Housing Authority has a log of all destroyed UIV documents.

D. ELMINATION OF SUBSIDY PAYMENT AND TENANT RENT ERRORS THROUGH RESOLUTION OF UIV INCOME DISCREPANCIES

The field office examined the five Public Housing files with the highest dollar income discrepancy at the 100% threshold level on the EIV report. EIV was found in all files as part of the Annual Re-exam.

Certification of PHA Security Compliance

X The PHA is in compliance with UIV security procedures. (If ***all*** responses are "yes" in Section B)

The PHA is **not** in compliance with UIV Security procedures. (If ***any*** response is **"no"** in Section B)

HUD Headquarters Use Only

Date UIV Monitoring Report Received	MM/DD/YYYY
Date EIV System Termination(s) Confirmed	MM/DD/YYYY
Date Follow-up UIV Review Due	MM/DD/YYYY
Date Follow-up UIV Review Due	MM/DD/YYYY

PHA Income Discrepancy Summary

Program	Annual Income Discrepancy (Actual)	Annual Income Discrepancy (Annualized Last Quarter)	Valid	Invalid
Public Housing	**$63,411.35**	**$41,501.35**	2	3
Totals	**$63,411.35**	**$41,501.35**	**2**	**3**

SECTION III

PUBLIC HOUSING PROGRAM

Multifamily Tenant Characteristics System (MTCS)

The Alexander County is reporting HUD-50058, Family Report, to the MTCS sub-module database in HUD's Program Information Center (PIC). The Housing Authority is reporting on time and the reporting rate as of March 31, 2010 was 99.79% for the Public Housing Program. The authority is in compliance with HUD regulations.

OPERATIONAL INFORMATION

Governance

The Alexander County Housing Authority (ACHA) Board of Commissioners is in compliance with its by-laws and applicable State laws. ACHA's by-laws were revised and board approved October 20, 2006.

Board Approved Resolutions

The Board is in compliance with the Open Meetings Act. Regularly scheduled meetings are held the last Friday of the month and notices are posted as required. Board minutes are recorded and filed in binders by month and year along with any resolutions approved during the meeting and locked in a file cabinet. This system made the minutes and all official business easy to verify. Our review of the files revealed board approved resolutions, which had been signed, dated and sealed.

Terms of Commissioners

The Board of Commissioners consists of five (5) members; currently, there is a resident on the board and the board members expiration dates are staggered which will allow for the board to always have experienced commissioners serving at any given time.

The following individuals currently serve on the Board:

Board Member	Tenure	Expires
Irene McBride, Chairperson/ Resident Member	5 yrs	December 31, 2012
Judson Childs, Vice Chairperson	5 yrs	December 31, 2011
Mike Brey	5 yrs	December 31, 2013
John Price	5 yrs	December 31, 2014
James Huffman	5 yrs	December 31, 2010

The ACHA has a signed Cooperation Agreement with local governments on file and the HA's residents are provided the same baseline police services, maintenance of streets and other public services as provided to the residents in the area by the local government.

It would appear that the Board fully understands its role and responsibilities in the operation of the authority. They allow the ED to run the day-to-day operations of the authority. The Board of Commissioners and the ED have ensured that the Housing Authority submits its program reports to HUD in a timely manner and completes its FY PHA Plan submissions in accordance with applicable PHA Plan requirements.

Organization & Staffing

Mr. James Wilson is the Executive Director of the Alexander County Housing Authority. He has served in this position since February 1989. As of March 2010, there are currently twenty-eight employees. During our interview with the administrative staff it was noted that the staff is knowledgeable in their duties.

The H.A.'s organizational chart is current and accounts for all staff. The chart also provides a rational framework to facilitate the flow of work. In conjunction with the organizational chart ACHA provided us with position descriptions for all staff. Accurate description of positions and duties in the organization are necessary for purposes of recruitment and employee evaluation.

All employees of the ACHA are receiving annual performance evaluations. Employee performance evaluations ensure accountability for assessing and addressing employee skills and developmental needs. ACHA's personnel files were maintained in accordance with the Housing Authority's Personnel Policy. Each employee's personnel file contained training received in the past several years. Some of the trainings attended by various staff members were Asset Management, rent calculation and EIV to name a few. The Personnel Policy Manual was current and addressed many personnel issues.

Finding # 6: Waiting List

The Admissions and Continued Occupancy Policy (ACOP) states that one of the criterions on their waiting list is that the date and time of each applicant's submission is provided however the date and time was not provided on the waiting list.

Condition: The Housing Authority uses a system of preferences to select families according to the date and time of application or by a random selection process based on preferences. The waiting list was transparent and the tenant selection from the waiting list was easy to follow however it was not in accordance with its ACOP. The date and time of application was not found on their waiting list.

The waiting list is a vital tool in the daily operations of the Public Housing program. The ACHA Board Members and the Executive Director is responsible for establishing an application and selection process that treats applicants fairly and consistently and provides an effective method for determining eligibility.

Criteria: 24 CFR 960.202 – PHA shall establish and adopt objective and reasonable policies for selection by the PHA among otherwise eligible applicants, including requirement for application and waiting list…., Alexander County Housing Authority's ACOP.

Cause: ACHA neglected to provide the date and time of applicant's submission of application on the waiting list.

Effect: The Housing Authority's failure to select applicants in accordance with their ACOP.

Corrective Action: The ACHA must follow the approved ACOP. The ACHA must add the date and time to their waiting list and select participants from their waiting list in accordance with the approved ACOP. The ACHA will revise its waiting list in accordance with the approved ACOP.

Preferences

Observation # 1:

The ACHA's ACOP provides a description of their preference system and their waiting list contains preferences where applicable. It also states that families are selected from the waiting list by the PHA's system of preferences either by date and time of application or by a random selection process. However the ACOP did not list the numeric value of these preferences.

Recommendation:

List the numeric value of each preference in the Housing Authority's ACOP. It is critical that the process of tenant selection and applied preferences are transparent and detailed in the Alexander County Housing Authority's ACOP.

Finance

During the week of March 29 thru April 2, 2010 Mansel Freeman, Financial Analyst performed a limited financial review of the Alexander County Housing Authority (ACHA) Public Housing Program. Listings of documents reviewed are as follows:

1. IPA Audit Reports
2. Operating Budgets
3. Financial Statements
4. General Ledger
5. Bank Statements and Reconciliation
6. Rent Collection Register
7. Accounts Receivable and Payable
8. Log of all staff training
9. Financial Policies and Procedures
8. Insurance and Investment Register
9. General Depository Agreement (HUD 51999)
10. Proof of Collateralization of all HUD funds
11. Bank Signature Cards
12. Position Descriptions
13. By-Laws

Finding # 7: Alexander County has unallowable cost and conflict of interest between Member of Board of the Commissioners, President of Resident Council and ACHA.

Condition: Review of the Alexander accounts payable ledger disclosed that ACHA is disbursing checks to Irene McBride, Chairman of the Board and President of Resident Council, to pay individuals for mowing lawn totaling $14, 500.00 in 2009 and $8,645.00 as of 3/25/ 2010 out of AMP 1. In addition, ACHA is disbursing checks to Arlene Davis, President of Elmwood Resident Council, to pay individuals for mowing loan totaling $9,780.00 during 2009 and $5,705.00 as of 3/25/2010 out of AMP 2. This demonstrates a conflict of interest between the individuals and the authority. In addition, the authority is not allowed to pay an individual directly to hire outside workers to perform services for the authority. ACHA is not maintaining proper documentation for services such as invoices as required by its account payable policy and procedure.

Criteria: 24 CFR 982.158 Program Accounts and Records and 24 CFR 982.161Conflict of Interests.

Cause: ACHA ignored the criteria.

Effect: The ACHA is not in compliance with 24 CFR 982.158 Program Accounts and Records and 24 CFR 982.161 Conflict of Interests.

Corrective Action: The ACHA must cease any payments to Irene McBride and Arlene Davis for these services. The housing authority must directly contract for these services in accordance with its procurement policy or use its maintenance employees for these services.

Finding # 8: Board approved annual budget and monthly financial statements for AMPs and COCC

Condition: Review of the COCC accounts payable report disclosed that the authority donates cash to multiply parties, for example: basketball teams, high school reunions. The HA distributes a monthly stipend to a board member, pays for staff lunches and Christmas parties, provides flowers for birthdays and memorials, etc. The housing authority budget does not indicate if fees charged to AMPs by COCC are within HUD guidelines and if AMPS are operating at a profit or loss. Due to time constraints the HUD analyst did not have time to review monthly financial statements.

Criteria: 24 CFR 990 and HUD PIH 2007-9 (HA) Updated Changes in Financial Management and Reporting Requirements for Public Housing Agencies Under the New Operating Fund Rule.

Cause: ACHA budget format does not reflect profit or loss.

Effect: HUD reviewers cannot determine the financial stability of the AMPS.

Corrective Action: Please provide copies of 2009 and 2010 annual budget that reflects profit or loss and year end financial statements for 9/30/09 and 09/30/08.

Housing Management

Observation # 2:

The team reviewed a sample of reexamination participant files and found that the housing authority was completing the recertifications on time. Staff members were interviewed who were responsible for processing and scheduling annual and interim reexaminations. The staff was very knowledgeable with regards to processing re-exams and interims; however we did find some errors in the files we reviewed. The types of errors found were missing permanent documents that should have been carried over into the new tenant file. ACHA starts working on the re-exams 90 days before the re-exam date.

Recommendations:

- Establish and implement a quality control system to enhance the probability of revealing errors during the processing of re-exams and interims.
- Enclose permanent documents i.e. 214's, birth certificates, social security cards etc. in a manila envelope and ensure that the envelope is moved when there is a file change.

Utility Allowance

The Alexander County Housing Authority did provide an up-dated utility allowance schedule based on the typical cost of utilities and services paid by energy conservative households of similar type in the same locality. The ACHA tenants are not responsible for utilities but are responsible if they go over the allotted amount that the housing authority sets based on the utility allowance schedule as mention above.

Reasonable Accommodations

Observation # 3:

The Housing Authority states in its ACOP that it encourages families to request reasonable accommodations in writing by using their "reasonable accommodation request" form. However they could not produce a "reasonable accommodation request" form.

Recommendation:

The Housing Authority shall make reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant with disabilities. The ACHA needs to create a "reasonable accommodations request" form for applicants who are seeking reasonable accommodations this form must be provided by the Housing Authority so that they may be in accordance with their ACOP.

Resident Services

Observation # 4:

The Alexander County Housing Authority does have a Resident Advisory Board (RAB) for its PHA Plan development, but does not have a resident council at all developments. ACHA has two active resident councils at McBride and Elmwood. ACHA provides little to no staff resources to assist residents in managing the resident councils. The two councils at the sites do meet, but not on a consistent basis. The councils do not have any help from a resident coordinator or some designated authority staff member to assist with putting out a monthly newsletter to keep residents informed. While there are some efforts put into resident services by the two councils, there was no documentation that could be provided to the team. They were no newsletters, flyers, attendance sheets, articles etc. to document that some resident activities did in fact take place. ACHA could not provide the team with By-laws for the councils, attendance sheets of council meetings or election information to document that there are organized resident councils in place.

Recommendations:

- Assist residents in developing the resident councils to strengthen their capacity to implement economic self-sufficiency programs.
- Establish programs to incorporate services for all the residents housed at ACHA.
- Increase involvement and participation by community service agencies.
- Encourage and document regular council meetings.
- Review and update council By-laws and keep a copy at the ACHA office for future review purposes.
- Ensure that active councils keep records of activities and meetings for future reviews.

Facilities Management

Effective facilities management is essential for protecting all buildings, grounds, and appurtenances that are owned or leased by a public housing agency. The facilities management operations include essentially all activities associated with maintenance, modernization, environmental protection, tenant accessibility, procurement, annual inspection reports, inventory control and development and disposition of property.

A limited Facilities Management Review was performed on the Alexander County Housing Authority. The On-site review consisted of reviewing the Capital Fund/Modernization Program operations, procurements, work orders, annual inspection documentation and the energy audit, inventory control, and the inspection of units.

Capital Funds Program (CFP)

The objectives of the CFP program is to improve the physical condition of existing public housing developments and to upgrade the management operations of the developments to ensure that they continue to effectively serve the public housing residents with regard to providing safe, sanitary, and decent units.

The Alexander County Housing Authority's Capital Fund Program/Modernization activities are consistent with its Needs Assessment Reports for the various AMPS.

The Alexander County Housing Authority obligates and expends funds in a timely manner. The reviewer verified the information reported in eloccs as it relates to the obligation/expenditure reporting. The documentation reviewed supports the information reported in eloccs for both the stimulus and the one open CFP grant. Grants are closed out as soon as all funds are expended from the program and the programs are audited in a timely manner after they have been closed out.

The following chart identifies all active CFP programs where all funds have not been expended:

Capital Funding Status as of March 3, 2010					
Program Number	**Obligated Start Date**	**Authorized Amount**	**Obligated Amount**	**Expended Amount**	**Unexpended Amount**
IL06P007501-09	9/15/2009	974,612.00	831,973.96	417,527.25	557,084.75
IL06S007501-09	3/18/2009	1,268,015.00	1,268,015.00	324,198.41	943,816.59
TOTAL		**2,242,627.00**	**2,099,988.96**	**741,725.66**	**1,500,901.34**

The CFP Summary of Expenditures for IL06-P007-501-08 grant did not include all of the total grant expenditures. The administrative costs were not reflected in the total expenditures. This issue was discussed with both the Modernization Coordinator and the Deputy Director. The Modernization Coordinator is going to amend his CFP Spread Sheet to include all costs including the Administrative Costs to the COCC.

Annual Inspections and Work Orders

Annual Inspections are conducted on an annual basis to determine short-term maintenance needs and long-term modernization needs. The annual inspection review confirms the adequacy of the PHA's inspection program in terms of the quality of a PHA's inspections, and how a PHA tracks both inspections and needed repairs. PHAs use the HUD Uniform Physical Condition Standards (UPCS) for inspections. The annual inspections also allows PHAs to examine the condition of the housing stock and initiate all necessary corrective actions associated with identified deficiencies. All occupied units are required to be inspected in accordance with UPCS, as well as non-dwelling space such as common areas, office space, and management offices.

The Midwest Inspection Company conducts annual inspections on all of the public housing units, non-dwelling space and office space, in addition to management offices. The annual inspections for 2010 were recently performed on all units. All reports are computer generated. The chart below identifies by development the percent of units needing repairs/replacements:

Percent of units needing repairs/replacements from Inspection Data	
Development	**Percent**
Elmwood	96%
McBride	95%
Scattered	70%
Smith	86%
Shuemaker	99%
Sunset Terrace	100%
Mary A. Meadows	100%
Harrington Est.	100%

The reviewer examined the adequacy of the PHA's performance with regards to completing maintenance work items as measured by its work order system. The reviewer evaluated how the PHA controls its active work orders as well as the timeliness of completion. Work Orders are handled in an expedited manner and emergency work orders are completed within twenty-four hours.
Based on our review of the housing authority's work order system and the data examined:

- ACHA uses a control log to ensure that all (100%) of the units are inspected annually.
- The ACHA management **does** have a system for the quality control inspections of units.
- Management is creating work orders from unit inspections.
- ACHA inspection system was reviewed and found to comply with requirements. The system provided documentation to determine that all deficiencies identified by Uniform Physical Condition Standard Inspection were corrected.
- The ACHA produced work orders to show conditions were corrected.

However, the ACHA does not require the tenants to sign off on all completed work orders, as required in their Maintenance Policy.

Finding # 9 : Maintenance Policy

Condition: Resident signature missing on all completed work orders.

Criteria: The Housing Authority's "Maintenance Policy", Section 1.4 Work Order System, Item M. "Resident Signature".

Cause: The Housing Authority is not following their procedures guideline.

Effect: There is no way of knowing whether the work order was corrected for the unit.

Corrective Action: Per discussion with the Executive Director and the Modernization Coordinator, the Maintenance Policy must be amended to exclude the requirement of the resident's signature. A copy of the amended Maintenance Policy must be submitted to our Office for review.

Procurement and Contracting

The authority must procure goods and services in accordance with HUD Requirements at 24 CFR 85.36, Office of Management and Budget (OMB) Circular A-102, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. These Standards are applicable to all public housing programs regardless of funding source. The objective of government-wide procurement standard is to ensure that all procurement transactions are conducted in a manner which provides full and open competition. PHAs are required to implement and maintain a Contract Administration System to ensure that contractors and suppliers perform in accordance with the terms, conditions, and specifications of the contract and/or purchase agreement.

The ACHA contracts for services appear to be procured in accordance with appropriate HUD Regulations, Guidelines and the ACHA's Procurement Policy and Procedures. While on site the reviewer examined the following contracts and procurement records:

- Procurement log
- Contract Register
- Samples of contracts and purchase orders awarded using:

A) Small Purchase Procurement: ACHA does not use Petty Cash Transactions;

B) Purchase Orders: Purchase Order #05145 – Midland Chutes. This purchase was within the $100,000 or less amount as required by regulations and procurement policy. Only two quotes for awarding this contract was required per policy based on the dollar amount of the award;

C) Sealed Bidding Procedures: The ACHA advertised for the Invitation for Bid. Based on the review of the documentation, the authority allowed for an adequate period of time for the solicitation. The bidding documents clearly described the item(s)/work to be done so as to promote competition. Documentation revealed the bids were publicly opened as stated in the Invitation for Bids. The contract was awarded to the lowest responsive and responsible bidder;

D) Competitive Proposals: Based on the information/documentation reviewed, awards were made to responsible Offerers whose proposals were most advantageous to the ACHA considering price and other factors stated in the request for proposals;

E) Noncompetitive Proposals; which were none,

F) Consolidated Supply Program; none, and

G) Execution and Administration of Contracts: The ACHA procurement policy is being followed as it relates to the Contract Administration functions. The ACHA assures that the contractors perform on time and in accordance with the terms, conditions and specifications of the contracts. The reviewer noted payments to the contractors were made only for contract items at the contract prices in accordance with the contract terms and conditions.