



Issue Date	March 15, 2007
Audit Report Number	2007-CH-1004

TO: Thomas Marshall, Director of Public Housing Hub, 5DPH

FROM: 
Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The Columbus Metropolitan Housing Authority, Columbus, Ohio, Failed to Adequately Operate Its Section 8 Housing Choice Voucher Program

HIGHLIGHTS

What We Audited and Why

We audited the Columbus Metropolitan Housing Authority's (Authority) Section 8 Housing Choice Voucher program (program). The audit was part of the activities in our fiscal year 2006 annual audit plan. We selected the Authority based upon our analysis of risk factors relating to the housing agencies in Region Vs jurisdiction. Our objective was to determine whether the Authority operated its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) requirements. This is the second of two audit reports on the Authority's program.

What We Found

The Authority administered its Section 8 Project-Based Voucher program contrary to HUD's requirements. It did not perform environmental reviews, rent reasonableness determinations, and housing quality standard inspections in accordance with HUD requirements before executing housing assistance payments contracts. It paid housing assistance for units not under housing assistance payments contracts, underpaid housing assistance for program households, issued duplicate housing assistance payments for three units, and did not use the proper HUD form to execute housing assistance payments contracts.

The Authority did not administer its Family Self-Sufficiency program correctly and paid more than \$431,000 in escrow payments to households contrary to federal requirements. It failed to complete required forms, include individual training and service plans in the contract of participation, ensure that participants sought and maintained suitable employment, ensure that participants identified and met interim goals, ensure that participants met interim goals before being issued early escrow payments, offer supportive services, and require participants to meet regularly to ensure that they met interim goals and final goals and properly changed goals.

The Authority did not comply with HUD's requirements and its own program administrative plan. It failed to remove from its program households that did not receive housing assistance payments for 180 days or more and made payments after households should have been terminated. It did not follow its plan regarding households with zero income, which requires the Authority to reverify zero-income households every 180 days. It also did not follow HUD's requirements concerning special admissions, waiting list reinstatements, third-party verifications, and other excluded sources of annual income and stated that it would pay owners a household's portion of unpaid rent.

What We Recommend

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to reimburse its program from nonfederal funds for the improper use of funds, reimburse its Family Self-Sufficiency program from nonfederal funds for its improper use of contract and program funds, provide support or reimburse its program from nonfederal funds for the unsupported housing assistance payments, and implement adequate procedures and controls to address the findings cited in this audit report.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence issued because of the audit.

Auditee's Response

We provided our file review results and supporting schedules to the director of HUD's Cleveland Office of Public Housing and the Authority's executive director during the audit. We also provided our discussion draft audit report to the Authority's executive director, its board chairman, and HUD's staff. We held an exit conference with the Authority's executive director on February 8, 2007.

We asked the Authority's executive director to provide comments on our discussion draft audit report by February 28, 2007. The Authority's executive director provided written comments dated, February 28, 2007. The complete text of the written comments, along with our evaluation of that response, can be found

in appendix B of this report except for 463 pages of documentation that was not necessary for understanding the Authority's comments. A complete copy of the Authority's comments plus the documentation was provided to the director of HUD's Cleveland Office of Public Housing.

TABLE OF CONTENTS

Background and Objective	5
Results of Audit	
Finding 1: The Authority Inappropriately Administered Its Section 8 Project-Based Voucher Program	6
Finding 2: The Authority Failed to Operate Its Family Self-Sufficiency Program in Accordance with Federal Requirements	11
Finding 3: The Authority's Program Administrative Plan Did Not Meet HUD's Requirements	15
Scope and Methodology	19
Internal Controls	21
Appendixes	
A. Schedule of Questioned Costs and Funds to Be Put to Better Use	23
B. Auditee Comments and OIG's Evaluation	25
C. Federal Requirements	31

BACKGROUND AND OBJECTIVE

The Columbus Metropolitan Housing Authority (Authority) is a nonprofit governmental entity created by the State of Ohio Board of Housing on May 8, 1934, to provide decent, safe, and sanitary housing. The Authority's jurisdiction encompasses Franklin County, Ohio, with the exception of seven townships. A five-member board of commissioners governs the Authority. The mayor of the City of Columbus, the Franklin County Common Pleas Court, the Franklin County Probate Court, and the Franklin County Board of County Commissioners appoint one member each to the Authority's board for five-year staggered terms. The Authority's executive director is appointed by the board of commissioners and is responsible for coordinating established policy and carrying out the Authority's day-to-day operations.

The Authority administers a Section 8 Housing Choice Voucher program (program) funded by the U.S. Department of Housing and Urban Development (HUD). The Authority provides assistance to low- and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of January 17, 2007, the Authority had 10,765 units under contract with annual housing assistance payments totaling more than \$57 million in program funds.

On January 1, 2002, the Authority implemented its Section 8 Project-Based Voucher program, which provides rental assistance for eligible families who live in specific developments or units. The Authority may use up to 20 percent of its program funding for the Project-Based Voucher program. It is permitted to provide program funds to newly constructed, existing, or rehabilitated units. Families must live in the unit for a minimum of one year. After the initial year, the family may join the Tenant-Based Voucher program, provided there is a voucher available. The Authority administered between 503 and 710 units for its Project-Based Voucher program from January 1, 2002, through July 1, 2006. As of July 1, 2006, the Authority had approximately 600 units receiving project-based voucher housing assistance payments totaling more than \$1.2 million.

Our objective was to determine whether the Authority operated its program according to HUD's requirements. This is the second of two audit reports on the Authority's program.

RESULTS OF AUDIT

Finding 1: The Authority Inappropriately Administered Its Section 8 Project-Based Voucher Program

The Authority administered its Section 8 Project-Based Voucher program contrary to HUD's requirements. The problems occurred because the Authority failed to exercise proper supervision and oversight of its Project-Based Voucher program and also lacked adequate procedures and controls to ensure that HUD's requirements were appropriately followed. As a result, the Authority inappropriately paid more than \$188,000 in housing assistance and underpaid more than \$103,000 in housing assistance for 116 program households. Further, HUD lacks assurance that households received all the benefits of the Project-Based Voucher program.

The Authority Inappropriately Administered the Program

The Authority inappropriately paid housing assistance in excess of \$5.7 million for 710 Project-Based Voucher program units from January 1, 2002, through July 1, 2006. The payments were inappropriate because the Authority failed to ensure that

- ❖ 586 units had environmental reviews conducted,
- ❖ 97 units had a proper rent reasonableness determination,
- ❖ 86 units had a housing quality standards inspection conducted,
- ❖ 24 units had a valid housing assistance payments contract executed and three units had an executed contract before receiving housing assistance payments for two months,
- ❖ Housing assistance payments for 116 households were calculated properly,
- ❖ Duplicate housing assistance payments were not paid to owners, and
- ❖ The proper HUD form was used to execute housing assistance payments contracts.

Contrary to HUD's requirements at 24 CFR [*Code of Federal Regulations*] 983.11(b), the Authority did not ensure that environmental reviews were conducted on each project before entering into an agreement to provide project-based assistance for the unit. Environmental reviews are required to ensure that HUD's housing assistance payments better the lives of participating households by improving their daily living environment. The reviews assist in ensuring that households are not subjected to environmental quality issues that may endanger their lives.

Initially, the Authority did not perform environmental reviews for 586 units. However, it provided an environmental review for one project, thus decreasing

the number of units without an environmental review from 586 to 558 as of November 2006. The Authority executed the housing assistance payments contract for the project on December 1, 2001, and conducted the environmental review on November 2, 2006, after our audit began. On August 30, 2006, we told the Authority's Section 8 director that the City's Environmental Review Coordinator may have already conducted the necessary environmental reviews of the units and that he may be able to obtain the documents from her office. The Authority did provide documentation with its February 28, 2007, comments to our discussion draft audit report which supported that environmental reviews were conducted on another 464 units. However, it did not provide supporting documentation, such as an environmental review project categorization form, for the remaining 94 units as evidence that environmental reviews were performed before entering into an agreement to provide project-based assistance.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 983.256(a)(1) state that a housing authority may not enter an agreement to enter into a housing assistance payments contract until it determines that the initial rent to the owner under the housing assistance payments contract is a reasonable rent. Contrary to this requirement, the Authority failed to use the correct project unit for conducting a rent comparable analysis or did not conduct a rent comparable analysis for 97 units. The rent reasonableness comparison is conducted to ensure that the rents for HUD-assisted households are comparable to market rents. This assists in ensuring that HUD funds are not wasted if the Authority approves rents that are too high. The Authority provided documentation with its February 28, 2007, comments to our discussion draft audit report supporting that rent reasonableness comparisons were conducted for 66 of the 97 units.

HUD's requirements state that an authority must inspect 100 percent of project-based voucher units before entering into the housing assistance payments contract and may only enter into a contract for units that fully comply with the housing quality standards. As of November 2006, the Authority did not provide documentation, such as HUD Inspection Form 52580-A, to show that 86 units were inspected to ensure that households would reside in decent, safe, and sanitary housing before or after entering into a housing assistance payments contract. The Authority provided documentation with its February 28, 2007, comments to our discussion draft audit report supporting that 9 of the 86 units were inspected to ensure that households would reside in decent, safe, and sanitary housing before or after entering into a housing assistance payments contract.

The Authority did not execute housing assistance payments contracts for 24 units that were paid more than \$149,000 in housing assistance. The housing assistance was paid by the Authority contrary to HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.305(c)(2), which state that a housing authority may not make any housing assistance payment to the owner until the housing assistance payments contract has been executed. The Authority originally entered into housing assistance payments contracts for 1,222 units. The Authority did not have the funding available to provide assistance to all 1,222 units. When the

Authority had the necessary funds to assist 24 households, the contracted units were occupied. The Authority could have amended its contracts to include the 24 units. However, it did not take the necessary actions to comply with HUD's requirements. Additionally, from October 1 to November 30, 2002, the Authority paid more than \$2,700 in housing assistance payments to three units before executing a housing assistance payments contract on December 1, 2002.

We statistically selected 60 household files from the Authority's 503 households under the Project-Based Voucher program as of June 2006 to determine whether the Authority accurately calculated the housing assistance payments from January 1, 2002, through July 1, 2006. As of October 2006, the Authority was unable to provide one file (household #180464). Of the 59 files reviewed, 14 contained miscalculated housing assistance payments in which the Authority overcharged the households for their portion of the monthly rent. The Authority incorrectly calculated these households' housing assistance payments because it failed to use the section of the HUD Form 50058 that was applicable to the Project-Based Voucher program as required by section 10(c) of its program annual contributions contract with HUD. Section 10(c) states the Authority must use the program forms required by HUD.

When we provided this information to the Authority, its Section 8 director stated that based upon our calculations, there were likely additional households that were being overcharged. The Section 8 director provided 102 additional household files from two projects that were under contract with the Authority. We determined that all 102 households were also overcharged for their portion of the monthly rent. Therefore, the Authority underpaid housing assistance for 116 (14 plus 102) program households from January 1, 2002, through July 1, 2006. The underpayments to households ranged from \$4 to \$298 per month, resulting in total underpayments of more than \$103,000. Additionally, the Authority paid more than \$35,000 in duplicate housing assistance payments for three units from August 2003 to March 2006.

The Authority failed to use the HUD-required project-based voucher housing assistance payments contract when it executed contracts with owners for existing structures. It used an outdated, modified form without obtaining HUD approval. The Authority's Section 8 director stated that the correct contract was not available on HUD's Website. While he was correct, the required HUD form was provided via electronic mail by HUD's Cleveland Office of Public Housing to all housing authorities.

The Authority's Procedures and Controls Had Weaknesses

The Authority failed to exercise proper supervision and oversight of its Project-Based Voucher program. Additionally, it lacked adequate procedures and controls to ensure that HUD's requirements were appropriately followed.

Conclusion

As previously mentioned, the Authority paid more than \$149,000 in housing assistance for 24 units not identified in its housing assistance payments contracts, underpaid more than \$103,000 in housing assistance for 116 program households, issued more than \$35,000 in duplicate payments for three program units, and issued more than \$2,700 in housing assistance payments to three units before executing a housing assistance payments contract. Further, HUD lacks assurance that households received all the benefits of the Project-Based Voucher program.

The Authority did not properly use its program funds when it failed to meet HUD's requirements. From January 1, 2002, to July 1, 2006, the Authority received \$496,508 in administrative fees while inappropriately administering the 710 units in its program. In accordance with 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD may reduce or offset any administrative fee to a public housing authority in the amount determined by HUD, if the public housing authority fails to perform its administrative responsibilities correctly or adequately under the program. Given the Authority's substantial noncompliance with HUD's requirements, we recommended that HUD pursue reimbursement of the administrative fees related to the operation of the Project-Based Voucher program.

Recommendations

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 1A. Reimburse its program \$496,508 from nonfederal funds for the administrative fees received related to its inadequate program operation cited in this finding.
- 1B. Provide supporting documentation or reimburse its program \$483,348 from nonfederal funds for the housing assistance payments related to the units lacking evidence of an environmental review and/or the units lacking evidence of a housing quality standards inspection.
- 1C. Reimburse its program \$149,866 from nonfederal funds for the housing assistance payments made to owners for the 24 units that were not under housing assistance payments contracts.
- 1D. Reimburse the appropriate program households \$103,185 for the underpayment of housing assistance payments from program funds.
- 1E. Provide adequate documentation that \$35,864 in program funds was not used for duplicate housing assistance payments. If documentation cannot

be provided, the Authority should reimburse its program the appropriate amount from nonfederal funds.

- 1F. Reimburse its program \$2,766 from nonfederal funds for the housing assistance payments made before the execution of housing assistance payments contracts.
- 1G. Implement adequate procedures and controls to ensure compliance with all federal requirements for the operation of its Project-Based Voucher program.
- 1H. Reexecute the housing assistance payments contracts for existing structures using the proper forms.
- 1I. Implement adequate procedures and controls to prevent the payment of duplicate housing assistance for program households.

Finding 2: The Authority Failed to Operate Its Family Self-Sufficiency Program in Accordance With Federal Requirements

The Authority failed to operate its Family Self-Sufficiency program according to the *United States Code*, HUD's requirements, and its family self-sufficiency action plan. This occurred because the Authority failed to exercise proper supervision and oversight of its Family Self-Sufficiency program and lacked adequate procedures and controls to ensure that federal requirements were appropriately followed. As a result, the Authority misused \$367,551 in program funds and inappropriately paid more than \$281,000 in final escrow payments and an additional \$149,000 in early escrow payments.

The Authority Inappropriately Paid More than \$431,000 in Escrow Payments

The Authority inappropriately administered its Family Self-Sufficiency program by failing to complete the required forms, include individual training and service plans in the contract of participation, ensure that participants sought and maintained suitable employment, ensure that participants identified and met interim goals, ensure that participants met interim goals before being issued early escrow payments, offer supportive services, require participants to meet regularly to ensure that they met interim and final goals, and properly changed goals.

The Authority's action plan requires the following forms: a family assessment, self-sufficiency scales, and a family evaluation by the Authority's Family Self-Sufficiency program staff.

We requested 452 files from a list of the Authority's program participants from January 2002 to April 2006. The Authority was only able to provide 421 of the files. Of the 421 files reviewed,

- ❖ None of the files contained the forms required by the Authority's action plan,
- ❖ 420 files did not contain the individual training and services plans in the contract of participation,
- ❖ 210 files did not contain a final goal of maintaining and seeking employment,
- ❖ 68 files did not contain or had incomplete family self-sufficiency service plan worksheets,
- ❖ 6 files did not contain or had incomplete applications,
- ❖ 3 files did not contain family self-sufficiency account credit worksheets,
- ❖ 3 files did not contain family self-sufficiency annual notification of escrow funds, and
- ❖ 2 households were paid final escrow fund payments but had received welfare assistance in the past 12 months contrary to HUD's requirements.

The objectives of the Family Self-Sufficiency program are to establish working partnerships that will use available resources to assure families maximum use and minimize any possible duplication; address service issues that result as barriers to families becoming economically self-sufficient; provide families with a service plan execution that respects families and is based on family strengths, needs, and realistic outcomes; implement a case management system that will encourage and support families to become self-sufficient; and provide ongoing evaluation to address program effectiveness.

There was no documentation in any of the Family Self-Sufficiency program's files to indicate that a family assessment, self-sufficiency scales, and a family evaluation by the Authority's Family Self-Sufficiency program staff were performed. Additionally, paragraph 2, of the Authority's contract of participation states that the resources and supportive services to be provided to families are stated in the individual training and services plans which are exhibits to the contract. As stated above, 420 of the program's 421 files did not contain the individual training and services plans for participants in the contract of participation, and there were no documents to indicate whether participants received any training.

The *United States Code*, title 42, chapter 8, subchapter I, subsection 1437u(c)(1), provides that each public housing agency carrying out a local program under this section shall enter into a contract with each leaseholder receiving assistance under the voucher program of the public housing agency that elects to participate in the self-sufficiency program under this section. The contract shall establish specific interim and final goals by which compliance with and performance of the contract may be measured, and shall specify the resources and supportive services to be made available to the participating household.

According to 24 CFR [*Code of Federal Regulations*] 984.305(c)(2), to issue disbursements before completion of the program, the Authority must determine that the family self-sufficiency household has fulfilled certain interim goals established in the contract of participation and needs a portion of the family self-sufficiency account for purposes consistent with the contract of participation. As previously stated, the Authority failed to ensure that participants identified and met interim goals. Additionally, the Authority's family self-sufficiency contract, Loss of Family Self-Sufficiency Account, states that the household will not receive the funds in its family self-sufficiency escrow account if the household has not met its household responsibilities within the time specified as stated in the contract. The Authority inappropriately paid \$431,066 (\$149,203 in early escrow payments and \$281,863 in final escrow payments) to program participants. The escrow accounts are funded with a portion of the increases in the household's rent because of increases in earned income and credited to the escrow account in accordance with HUD requirements. Essentially, the escrow accounts are funded with program funds since the household's portion of rent is not adjusted when the household's income increases.

The Authority received \$367,551 from HUD to operate its fiscal year 2002 to 2005 Family Self-Sufficiency program. It failed to implement local strategies to coordinate the use of its program with public and private resources to enable eligible households to achieve economic self-sufficiency.

The Authority's Procedures and Controls Had Weaknesses

The weaknesses occurred because the Authority failed to exercise proper supervision and oversight of its program. It also lacked adequate procedures and controls to ensure that federal requirements were appropriately followed.

Conclusion

The Authority improperly used funds from its Family Self-Sufficiency program when it failed to comply with federal and its own requirements. The Authority's failure to maintain sufficient documentation (1) makes it difficult to determine whether the Family Self-Sufficiency program is meeting its goal of enabling households to become economically self-sufficient and (2) increases the likelihood of inappropriate households receiving payments. It also reduces the ability to monitor and measure the effectiveness of the Family Self-Sufficiency program.

As a result of its noncompliance, the Authority misused \$367,551 in Family Self-Sufficiency program funds and inappropriately paid more than \$281,000 in final escrow payments and an additional \$149,000 in early escrow payments.

Unless the Authority improves its processes for the Family Self-Sufficiency program, we estimate that it could inappropriately use \$93,426 in contract funds for its program in the next year. We determined this amount based on the fiscal year 2006 Family Self-Sufficiency program funds awarded to the Authority.

Recommendations

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 2A. Provide documentation to support its allocation of time spent correctly administering its Family Self-Sufficiency program or reimburse its program undesignated fund balance for administration account from nonfederal funds the appropriate portion of the \$367,551 in Family Self-Sufficiency program funds received for fiscal years 2002 through 2005 that were incorrectly administered.

- 2B. Reimburse its program \$431,066 (\$149,203 in early escrow payments and \$281,863 in final escrow payments paid to participants) from nonfederal funds for escrow payments issued without interim goals or a properly completed family self-sufficiency contract of participation.

- 2C. Implement procedures and controls over its Family Self-Sufficiency program to ensure that it follows federal requirements and its HUD-approved action plan within the next 12 months to prevent \$93,426 in Family Self-Sufficiency program funds from being spent contrary to federal requirements.

Finding 3: The Authority's Program Administrative Plan Did Not Meet HUD's Requirements

The Authority failed to comply with HUD's requirements and its program administrative plan. It failed to remove households from its program that did not receive housing assistance payments for 180 days or more. Also, it did not follow HUD's requirements in its program administrative plan concerning special admissions, waiting list reinstatements, third party verifications, other excluded sources of annual income, and by stating that it would pay owners a household's portion of unpaid rent. This occurred because the Authority lacked adequate procedures and controls to ensure that HUD's requirements and its program administrative plan were appropriately followed. As a result, eligible households may have been excluded from being served by the Authority's program.

The Authority Did Not Remove Overincome Households

The Authority lacked adequate procedures and controls to ensure that overincome households only remained on the program for 180 days. From January 2004 through September 2005, the Authority served 10,915 program households, 115 of which had received sufficient income to pay the full monthly rent for at least 180 days. The Authority failed to cancel the housing assistance payments contracts for 12 households contrary to 24 CFR [*Code of Federal Regulations*] 982.455, which states that the housing assistance payments contract terminates automatically 180 calendar days after the last housing assistance payment to the owner.

The Authority Did Not Reverify Zero Income

The Authority's program administrative plan stated that the income for any household claiming zero income would be reverified every 180 days. Of the 76 households' files reviewed, 19 households claimed zero income. The Authority failed to conduct interim reviews for these households' income every 180 days, as stated in its plan. Before November 2005, the Authority's program administrative plan required that the zero income status of a household be verified initially and every 90 days thereafter. This was changed to the current 180 days in an effort to comply with HUD's observation during a review in 2002.

The Authority's Plan Did Not Meet HUD's Requirements

The Authority did not follow HUD's requirements within its program administrative plan concerning:

- ❖ Special admissions,
- ❖ Waiting list reinstatements,
- ❖ Third party verifications,
- ❖ Other excluded sources of annual income, and
- ❖ The Authority's payment to owners for a household's portion of unpaid rent.

The Authority's program administrative plan incorrectly stated that the Authority will not consider a household targeted by HUD or the Authority as part of the waiting list. To comply with HUD's requirements; the Authority's program administrative plan must specifically state the Authority's preference(s) for admitting a household that is not on the waiting list. According to 24 CFR [*Code of Federal Regulations*] 982.203(a)(2), an authority may admit a household that is not on the waiting list, or without considering the households waiting list position, if the household is admitted with HUD targeted assistance.

The Authority's program administrative plan stated that if a household is removed from the waiting list for failure to respond to a request for information, it will not be entitled to reinstatement unless the Section 8 program director determines that the circumstances were beyond the household's control. The Authority's program administrative plan incorrectly makes no written provision for disabled households. According to 24 CFR [*Code of Federal Regulations*] 982.204(c)(2), an authority may withdraw an applicant household from its waiting list if the household does not respond to a request for information or an update. However, if the household did not respond because of a household member's disability, the housing authority must reinstate the applicant household to its former waiting list position.

Additionally, the Authority's program administrative plan states that if third party documentation is not received within a four week period, the Authority will use documents provided by the household. The Authority does not mention that it will document in the household's file as to why the third party verification was not obtained. According to 24 CFR [*Code of Federal Regulations*] 982.516(a)(2), if a third party verification is not received, the household's file must be documented as to why the verification was not obtained.

The Authority's program administrative plan states that a resident service stipend of less than \$200 per month will not be included in a household's income. The Authority only includes stipend amounts under \$200 and does not exclude the amount of \$200. According to 24 CFR [*Code of Federal Regulations*] 5.609(iv), a resident service stipend not to exceed \$200 a month will not be included in a household's income.

Further, according to 24 CFR [*Code of Federal Regulations*] 982.515(c), an authority may not use housing assistance payments or other program funds to pay any portion of the household's share of rent. Payment of the whole household share is the responsibility of the household. However, the Authority's program administrative plan states that the Authority will pay the unpaid portion of the

household's share of rent for up to two months. The Authority must then inform the household and require it to reimburse for payments made on its behalf. When provided with this information, the Authority agreed that this section of its program administrative plan should be removed.

The Authority's Procedures and Controls Had Weaknesses

The weaknesses occurred because the Authority lacked adequate procedures and controls to ensure that HUD's requirements and its program administrative plan were appropriately followed and fully implemented.

Conclusion

The Authority lacked adequate procedures and controls to ensure that its program administrative plan conforms to HUD requirements. The Authority's management has a lack of concern for ensuring compliance with items that do not have monetary implications. Its housing assistant manager stated that households receiving zero housing assistance payments are not a priority because there is no money involved. The housing assistant manager also stated that conducting interim reviews for households claiming zero income is not worth the Authority's time because there are no monetary changes involved. Without conducting interim reviews, the Authority lacks the necessary documentation to support its claim.

In accordance with 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD may reduce or offset any administrative fee to a public housing authority, in the amount determined by HUD, if the public housing authority fails to perform its program administrative responsibilities correctly or adequately. The Authority received \$5,015 in administrative fees for providing housing assistance payments to households inappropriately maintained on its program.

Recommendations

We recommend that the director of HUD's Cleveland Office of Public Housing require the Authority to

- 3A. Reimburse its program \$5,015 from nonfederal funds for issuing housing assistance payments to households whose housing assistance payments contract automatically terminated due to the ability of the household to pay the full amount of rent for longer than 180 days with no housing assistance payments.
- 3B. Revise its program administrative plan to comply with HUD's requirements.

- 3C. Implement adequate procedures and controls to ensure that it follows HUD's requirements and its program administrative plan regarding its program.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws and regulations; the Authority's program administrative plan effective January 23, 2004, and the revision to the plan effective November 18, 2005; HUD's program requirements at 24 CFR [*Code of Federal Regulations*] Parts 5, 58, 982, 983, and 984; HUD's Public and Indian Housing Notice 2004-1; *United States Code*, title 42, chapter 8, subchapter I, subsections 1437f and 1437u; Section 232 of Public Law 106-377, the fiscal year 2001 Veterans Affairs and HUD Appropriations Bill signed on October 27, 2000; HUD's Family Self-Sufficiency contract of participation; HUD's *Federal Register* notice, dated January 16, 2001; and HUD Form 50058.
- The Authority's accounting records; annual audited financial statements for 2003 and 2004; general ledgers; checks; Section 8 Project-Based household files for January 2002 through July 2006; computerized databases; policies and procedures; board meeting minutes for 2004 and 2005; organizational chart; and program annual contributions contract.
- HUD's files for the Authority.

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

We reviewed all current Section 8 Project-Based housing assistance payments contracts, requests for proposal, and applications. We compared the Authority's unit listings to its housing assistance payments contracts to determine which units were included under the contract. We received, in electronic format, a listing of all Section 8 Project-Based housing assistance payments, to determine whether housing assistance was paid to any units that were not covered under housing assistance payments contracts. We then requested documentation to determine whether each assisted unit had a rent reasonableness determination, housing quality standards inspection, and an environmental review conducted, before the execution of the housing assistance payments contracts. We conducted interviews with the State of Ohio (the entity responsible for the environmental reviews of properties located outside of the Columbus City limits) and the City of Columbus (the entity responsible for environmental reviews of properties located within the City of Columbus). Of the 503 Project-Based Voucher program household files, we statistically selected 60 for review. The Authority could not provide one of the files.

We requested a list of all Family Self-Sufficiency program participants. We reviewed the Authority's program participants' files for January 2002 to April 2006. The Authority provided 421 of the 452 files requested. It could not provide the remaining 31 files. The documents verified were the participants' applications, family assessment, self-sufficiency scales, family evaluation by Family Self-Sufficiency personnel, Family Self-Sufficiency annual notification of escrow funds, contract of participation with training and services plans, participants action plan, family service plan worksheet, Family Self-Sufficiency account credit worksheet, escrow

payment issuance, documentation supporting issuance of escrow payments, and HUD Form 50058.

Unless the Authority improves its processes for the Family Self-Sufficiency program, we estimate that it could inappropriately use \$93,426 in contract funds for its program over the next year. We determined this amount based on the fiscal year 2006 Family Self-Sufficiency grant awarded to the Authority.

We performed our onsite audit work between April and October 2006 at the Authority's central office located at 880 East 11th Avenue, Columbus, Ohio. The audit covered the period from January 1, 2004, through September 30, 2005, but was expanded when necessary to include other periods.

We performed our audit in accordance with generally accepted government auditing standards.

INTERNAL CONTROLS

Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

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

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined the following internal controls were relevant to our objective:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if internal controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

Significant Weakness

Based on our review, we believe the following item is a significant weakness:

- The Authority lacked sufficient procedures and controls to ensure compliance with federal requirements and/or the Authority's program administrative plan regarding the Section 8 Project-Based Voucher program, the Family Self-Sufficiency program, and its program administrative plan contents (see findings 1, 2, and 3).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1A	\$496,508		
1B		\$483,348	
1C	149,866		
1D			\$103,185
1E		\$35,864	
1F	2,766		
2A		<u>367,551</u>	
2B	431,066		
2C			<u>93,426</u>
3A	<u>5,015</u>		
Totals	<u>\$1,085,221</u>	<u>\$886,763</u>	<u>\$196,611</u>

- 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/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.
- 3/ 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. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. For Recommendation 1D, if the Authority implements our recommendation, it will ensure that program funds are used to benefit eligible households as intended by federal requirements. For Recommendation 2C, if the Authority implements our recommendation, it will ensure that program funds are spent according to federal requirements. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of this benefit.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



February 28, 2007

Mr. Ronald Farrell, Assistant RIGA
Office of Inspector General
U.S. Department of Housing and Urban Development
200 N. High Street, Room 334
Columbus, Ohio 43215-2499

Subject: Audit 2007-CH-100X
Phase II Draft

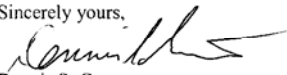
Dear Mr. Farrell:

This letter with the enclosed attachments serves as our response to the subject draft audit. Our comments not only pertain to the findings in the report but to larger issues and concerns that we face as program administrators. We continue to believe that an audit of this type primarily serves as a teaching tool for identifying problems and finding solutions for these problems.

We appreciate the professionalism of the audit staff. Your audit team was reasonable in their requests for information and mindful of the time that it took us to compile the data and documents. The audit team was considerate of our efforts to maintain operations and attend to audit requests and meetings.

Should you have any questions regarding this matter, please contact either myself or John Hahn, Deputy Executive Director at (614) 421-6400.

Sincerely yours,


Dennis S. Guest
Executive Director

Enclosure

880 East 11th Avenue • Columbus, Ohio 43211 • Ph. (614) 421-6000

Ref to OIG Evaluation

Auditee Comments

Columbus Metropolitan Housing Authority
February 28, 2007

On February 8, 2007 HUD audit staff and CMHA met to discuss the draft written findings. Our response today is predicated on a limited review of the findings. To respond fully would require we assign two to three people full time to work on this over a four to six month period, the same amount of resources it took to audit these files. We anticipate being able to fully respond as we work with HUD Cleveland on detailed issues. In the interim period we have formulated the brief responses below, which include documentation auditors did not find or were not provided.

Project Based Voucher Recommendations:

Comment 1

1A We disagree with the methodology used to calculate the administrative fee to be reimbursed to the HCV program. While all detailed paper work or procedures may not have been followed there was considerable work done and benefit received by the community, vendors, and tenants from the project based program. Assessing a \$496,508 finding does not correct the presumed flagrant issues but is punitive in nature.

Comment 2

1B The recommendation to reimburse \$1,654,833 back to the HCV program centers primarily on environmental reviews, some inspections and rent reasonableness determinations. CMHA has provided environmental reviews for Community Housing Network, Creative Housing, Inc., and The Commons at Grant (approximately 500+ units) that confirm they are "categorically excluded projects subject to 58.5". These environmental reviews relate to Historic Preservation, Floodplain Management, Wetland Protection, Coastal Zone Management Act, Sole Source Aquifers, Endangered Species Act, Wild and Scenic Rivers Act, Clean Air Act, Farmland Protection Policy Act, Environmental Justice, Noise Abatement and Control, Explosive and Flammable Operations, Toxic Chemicals and Radioactive Materials and finally Airport Clear Zones and Accident Potential Zones. It should be noted that at least 500 of these units are existing scattered units throughout Franklin County. The majority of the remaining units were "new builds" subject to building code inspections and occupancy permits. CMHA will continue to pull together the remaining materials to make certain that the required environmental forms are completed on all projects.

The finding on improper rent reasonableness centers primarily on using a non contract unit for comparison purposes at Lincoln Park West. It is important to note that all units are the same with similar amenities. Also, it is not that the rents were wrong but that the unit used was not project based. CMHA has re-run the rent reasonableness test using a unit under contract and determined an identical rent. That information is included with this response along with the paper work for other rent reasonableness comparisons we found in files.

Ref to OIG Evaluation

Auditee Comments

Comment 3

Columbus Metropolitan Housing Authority
February 28, 2007

We are providing documentation on 40 of the 86 units that the auditors claimed had no inspection. The enclosed documentation would support that an inspection was completed. Either the inspection reports were missed or CMHA failed to provide the correct material from the file. We are in the process of compiling the remaining inspection reports, some of which are in off-site storage.

Comment 4

1C CMHA contends that three of these units are not project based units (939 Parsons Avenue #4, 7, & 23) because they never went under a project based contract Coding was inadvertently listed as project based and will be changed to show HCV. Also included are records that show that: 704 Waggoner Grove was on the original HAP (as an address correction), 762 Acorn Grove Dr and 3015 E. 5th Ave are free standing vouchers and the HAPs' are included (incorrectly coded as project based), and 1646 Glenn 1 and 142 Broadmeadows Blvd 11 were on the original HAP Exhibit A list (Exhibit A's attached and highlighted).

There are seven units within complex's that were allowed to "float" units. CMHA's reasoning at the time was that if an owner had contracted for 20 two bedroom units within a large development, the actual unit was not as important to monitor as were the total units under contract. To house families in a more timely fashion, CMHA allowed the owner to substitute a vacant similar unit with the same amenities as long as we did not go over the maximum number of units under contract. Now that we understand HUD's approach on this issue, CMHA will become rigid and unbending.

There appears to be eleven units that do not have an original HAP contract but had unit inspections that CMHA is still researching. If there are no HAP contracts found, we will initiate HAP contracts for that period in time with a current execution date.

1D This recommendation relates to using the wrong utility allowance on two projects for a period of time. CMHA is appreciative that the auditors caught this and will reimburse the appropriate households from its current HCV funds.

Comment 5

1E The duplicate payment issue is one that CMHA understood at one point was corrected except for \$1550 and in fact has a spread sheet provided by the audit team showing such. CMHA will review this finding to determine if any incorrect payments were made and will correct them.

1F CMHA is researching this \$2,766 request for repayment.

1G through 1I
CMHA will produce a work out plan with appropriate HUD staff to verify that the necessary paper work and procedures are in place to strengthen the project based program.

Comment 6

Columbus Metropolitan Housing Authority
February 28, 2007

Family Self Sufficiency Recommendations:

2A As in 1A above CMHA disagrees with the methodology used to calculate the audit recommendation to reimburse the FSS program \$367,551. This recommendation apparently stems from two factors: one being the combination of Family Self Sufficiency and Homeownership programs and two being the audit finding that some documents were not found in the file. As it pertains to the first issue, CMHA did not have a separate homeownership program until April 28, 2006. The only way a family could use their voucher to purchase a home was through the FSS program. It was an integral part of the Family Self Sufficiency program. Included with this response are the Board Resolution No. 6586 and the portion of the Administrative Plan that changed. Documenting the amount of time spent on FSS or Homeownership by the two staff directly involved is futile since the yearly grant does not entirely cover the salaries and fringe benefits.

The second issue of an incomplete paper work trail is the same as 1A above. While all detailed paper work or procedures may not have been followed there was considerable work done and benefit received by tenants in the Family Self Sufficiency program. Assessing a \$367,551 finding does not correct the presumed flagrant issues but is punitive in nature.

2B It is impossible for CMHA to respond to this finding recommendation without reviewing each individual case, the pay out and the tenant goals. Making early payments and or final payments can be a subjective process; for example, if the goal is to buy a home and obtain a two year degree, then making car repairs or fixing or replacing major appliances (refrigerator, cooking stove) are in CMHA's opinion integral to achieving the goals.

CMHA is adamant that participants achieved the two major goals of the program, secure employment and get off of welfare. It would be the rare case that did not meet these two program goals. We acknowledge that we did not always state the obvious of securing employment if the person already was employed. Not stating the obvious is not grounds for findings.

We will provide a work out plan with HUD Cleveland to review all early escrow and final payment findings and organize the file and insert missing forms. Until this is done we can not knowledgeably challenge this finding.

2C CMHA will produce a work out plan with appropriate HUD staff to verify that the necessary paper work and procedures are in place to strengthen the Family Self Sufficiency program.

Miscellaneous Administrative Plan Recommendations:

Ref to OIG Evaluation

Auditee Comments

Columbus Metropolitan Housing Authority
February 28, 2007

3A through 3C

CMHA will produce a work out plan with appropriate HUD staff to verify that the necessary paper work and procedures are in place to strengthen the Administrative Plan text.

OIG's Evaluation of Auditee Comments

- Comment 1** Contrary to HUD's requirements, the Authority failed to ensure that 586 units had environmental reviews conducted, 97 units had a proper rent reasonableness determination, 86 units had a housing quality standards inspection conducted, 28 units had a valid housing assistance payments contract executed and three units had an executed contract before receiving housing assistance payments for two months, housing assistance payments for 116 households were calculated correctly, and the proper HUD form was used to execute housing assistance payments contracts. In accordance with 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD may reduce or offset any administrative fee to a public housing authority in the amount determined by HUD, if the public housing authority fails to perform its administrative responsibilities correctly or adequately under the program.
- Comment 2** The recommendation to reimburse its program was reduced to \$483,348 since the Authority provided documentation to support that environmental reviews were conducted on 492 of the 586 units. This documentation was provided nearly six months from the original date of our request. We reviewed the rent reasonableness information and made adjustments to the audit report. There was no question costs associated with the rent reasonableness documentation.
- Comment 3** We determined that the units were not inspected based upon our request in July 2006 for the inspection reports. We waited more than four months while we conducted other audit work, but never received documentation to support the unit inspections. The Authority provided 40 inspection reports that supported inspections were completed for seven of the units. The remaining 33 reports did not provide adequate supporting evidence for the questioned units.
- Comment 4** Recommendation 1C was revised to reflect the documentation provided by the Authority.
- Comment 5** When the Authority was provided with the spreadsheet and the corresponding draft audit finding outline, we advised the Authority that the draft audit finding outline was subject to revision. After further review of the information provided by the Authority, it was determined that other supporting documentation was needed, such as a check register or reversing entries in the general ledger.
- Comment 6** Contrary to HUD's requirements, the Authority inappropriately administered its Family Self-Sufficiency program by failing to complete the required forms, include individual training and service plans in the contract of participation, ensure that participants sought and maintained suitable employment, ensure that participants identified and met interim goals, ensure that participants met interim goals before being issued early escrow payments, offer supportive services, require participants to meet regularly to ensure that they met interim and final goals, and properly changed goals. In accordance with 24 CFR [*Code of Federal*

Regulations] 982.152(d), HUD may reduce or offset any administrative fee to a public housing authority in the amount determined by HUD, if the public housing authority fails to perform its administrative responsibilities correctly or adequately under the program.

Appendix C

FEDERAL REQUIREMENTS

Finding 1

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.305(c)(2) state that the public housing authority may not pay any housing assistance payment to the owner until the housing assistance payments contract has been executed.

United States Code, title 42, chapter 8, subchapter I, subsection 1437f (o)(13)(C) states that a household receiving project-based assistance is required to pay rent in accordance with section 1437a (a)(1) of this title.

United States Code, title 42, chapter 8, subchapter I, subsection 1437a (A)(1)(i) states that the monthly assistance payment for the household shall be equal to the amount by which the rent (including the amount allowed for tenant-paid utilities) exceeds the greatest of the following amounts, rounded to the nearest dollar: (i) 30 percent of the monthly adjusted income of the household.

Section 232 of Public Law 106-377, the fiscal year 2001 Veterans Affairs and HUD Appropriations Bill signed on October 27, 2000, states that the previous statutory requirement that households with project-based vouchers pay 30 percent of their adjusted income for rent (subject to certain exceptions) is unchanged.

HUD issued a notice for fiscal year 2001, Revision to the Public Housing Agency Project-Based Assistance Program, Initial Guidance in the *Federal Register*, dated January 16, 2001, that states as in the Tenant-Based Voucher program, a public housing agency must inspect 100 percent of project-based voucher units before entering into the housing assistance payments contract, and may only enter into a housing assistance payments contract for units that fully comply with the housing quality standards. The notice also states that the new law provides that the housing assistance payments contract shall establish gross rents (rent to owner plus the allowance for tenant paid utilities) that do not exceed 110 percent of the established fair market rent, or any HUD-approved exception payment standard for the area in which the housing is located. However, just as in the regular tenant-based program and the project-based program under prior law, the initial and adjusted rent to the owner must be reasonable in relation to rents charged in the private market for comparable unassisted units (see 42 *United States Code*, title 42, chapter 8, subchapter I, subsection 1437f (o)(10)(A)).

United States Code, title 42, chapter 8, subchapter I, subsection 1437f (o)(10)(A) states that the rent for dwelling units for which a housing assistance payments contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted local market.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 983.256(a)(1) state that the housing authority may not enter an agreement to enter into a housing assistance payments contract until the housing authority determines that the initial rent to the owner under the housing assistance payments contract is a reasonable rent.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 983.11(b) state that activities under this part are subject to HUD's environmental regulations in Part 58. A housing authority may not attach assistance to a unit unless, before the housing authority enters into an agreement to provide project-based assistance for the unit, (1) the unit of general local government within which the project is located that exercises land use responsibility or, as determined by HUD, the county or state has completed the environmental review required by 24 CFR Part 58 and provided to the housing authority for submission to HUD the completed request for release of funds and certification and (2) HUD has approved the request for release of funds.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 982.162(a)(1)(2) and (b) state that the public housing agency must use program contracts and other forms required by HUD headquarters, including (1) the consolidated annual contributions contract between HUD and the public housing agency; and (2) the housing assistance payments contract between the public housing agency and the owner. Required program contracts and other forms must be word-for-word in the form required by HUD headquarters. Any additions to or modifications of required program contracts or other forms must be approved by HUD headquarters.

HUD issued a notice for fiscal year 2001, Revision to the Public Housing Agency Project-Based Assistance Program; Initial Guidance in the *Federal Register*, dated January 16, 2001, stating that the new law integrates the Project-Based Voucher option with the public housing agency plan requirements. A public housing agency may enter into a housing assistance payments contract to provide Project-Based Voucher assistance only if the housing assistance payments contract is consistent with the public housing agency plan (see 42 *United States Code*, title 42, chapter 8, subchapter I, subsection 1437c-1, implemented at 24 CFR [*Code of Federal Regulations*] 903). Consistency with the public housing agency plan means that there are circumstances indicating that project basing of the units, rather than tenant basing of the same amount of assistance, is an appropriate option. In addition, project basing must be consistent with the statutory goals of de-concentrating poverty and expanding housing and economic opportunities.

HUD issued a notice for fiscal year 2001, Revision to the Public Housing Agency Project-Based Assistance program; Initial Guidance in the *Federal Register*, dated January 16, 2001, stating that public housing agencies submitting public housing agency plans that wish to use the Project-Based Voucher program must include—as a required attachment to the public housing agency plans template—a statement of the projected number of project-based units and general locations and how project basing would be consistent with its public housing agency plans. If a public housing agency wishes to use the Project-Based Voucher program before the anticipated approval date of the public housing agency's next public housing agency plans, the public housing agency may do so by adding the information as an amendment to the public housing agency plan and following the regulations and public and Indian housing notices for such public housing agency plan amendments.

Public and Indian Housing Notice 2001-4, issued January 19, 2001, states that HUD published a *Federal Register* Notice on January 16, 2001, Revisions to Public Housing Authorities Project-Based Assistance Program, Initial Guidance, providing guidance to implement the recent revision to the Section 8 Project-Based Voucher program made by Section 232 of the fiscal year 2001 Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act [Public Law 106-377, revision of the 42 *United States Code*, Title 42, chapter 8, subchapter I, subsection 1437f(o)(13)]. Beginning with July 2001, public housing authorities that wish to use the Project-Based Voucher program must include as a required attachment to the public housing agency plan template a statement indicating the projected number of units and general locations and how such action is consistent with their plans, including the reason why project basing of the assistance, rather than tenant-basing of the same amount of assistance, is an appropriate option. Public housing authorities with fiscal years beginning January or April that want to use the Project Based Voucher program may do so by adding the information as an amendment or modification to their plan.

Finding 2

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 984.102 state that under the Family Self-Sufficiency program, low-income households are provided opportunities for education, job training, counseling, and other forms of social service assistance so they may obtain the education, employment, and business and social skills necessary to achieve self-sufficiency.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 984.103 state that the contract of participation includes all individual training and service plans entered into between the public housing authority and all members of the household who will participate in the Family Self-Sufficiency program, and which plans are attached to the contract of participation as exhibits.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 984.303(f) state that modifications to the contract of participation may be modified in writing with respect to the training and service plans, and 24 CFR [*Code of Federal Regulations*] 984.303(c)(1) requires that no member of the Family Self-Sufficiency household be a recipient of welfare assistance.

HUD's regulations at 24 CFR [*Code of Federal Regulations*] 984.305(c)(2) state that to issue disbursements before completion of the program, the Authority must determine that the Family Self-Sufficiency household has fulfilled certain interim goals established in the contract of participation and needs a portion of the Family Self-Sufficiency account for purposes consistent with the contract of participation.

United States Code, Title 42, chapter 8, subchapter I, subsection 1437u(a) states the purpose of the Family Self-Sufficiency program established under this section is to promote the development of local strategies to coordinate use of public housing and assistance under the certificate and voucher programs under section 1437f of this title with public and private resources to enable eligible households to achieve economic and self-sufficiency.

HUD's Family Self-Sufficiency contract of participation (contract), Withdrawal of Funds from the Family Self-Sufficiency Escrow Account, states the housing authority may permit the

household to withdraw funds from the Family Self-Sufficiency escrow account before completion of the contract if the household has completed specific interim goals, designated by the housing authority, and needs some of the Family Self-Sufficiency escrow account funds to complete the contract. The housing authority will pay the head of the household the amount in the household's escrow account when the housing authority determines that the household has completed this contract.

The contract, Loss of Family Self-Sufficiency Account, states the household will not receive the funds in its Family Self-Sufficiency escrow account if (3) the household has not met its household responsibilities within the time specified as stated in the contract.

The contract, Housing Authority Responsibilities, states the Authority will determine whether the household has completed the contract and pay the household the amount in the Family Self-Sufficiency escrow account, if the household has completed the contract and the head of the household has provided written certification that no member of the household is receiving welfare assistance.

The contract, Resources and Supportive Services, states the Authority will try to provide the resources and supportive services listed in the individual training and services plan. If the resources and services are not available, the Authority will try to substitute other resources and services. However, the Authority has no liability to the household if the resources and services are not provided.

The contract, Individual Training and Service plans, states the contract must include an individual training and services plan for the head of the household. The final goal listed on the individual training and service plan of the head of the household must include getting and maintaining suitable employment specific to that individual's skills, education, job training, and the available job opportunities in the area.

The contract, states all household members receiving welfare assistance must become independent of welfare assistance for at least 12 months before the contract expires.

The contract, Changes to the Contract, states any change(s) to an individual training and service plan must be included as a revision to the individual training and service plan (attachment) to which the change applies. The revision must include the item changed, signatures of the participant, and an Authority representative and the date signed.