

APPENDIX 2

LIMITED REVIEW CHECKLIST

Limited On-Site Review. This checklist is to be used for PHAs which, based upon the Annual Performance Review, appear to be performing satisfactorily. All of the questions within the limited review of a function should be answered since these areas have been identified as high risk areas under the accountability monitoring concept. The total limited review shall be used for a PHA performing satisfactorily at least every eight years should no other review have been performed of a function during that time. Also, this review is to be used by Field staff for all PHAs in conjunction with on-site reviews for specific problem areas. While specific problem areas will be reviewed in detail as provided for in Appendices 4, 5, 7 and 12, other non-problematic areas within a function being reviewed will be assessed in the limited manner described below. If problems appear in any areas while performing the limited review, the Field Office shall perform a more in-depth review in that area, using the assessment tables as a guide. The abbreviated review consists of verifying that there are not problems in the following areas:

QUESTION YES NO

A. Limited Management Review

1. Are operating reserves exclusive of Tenants Accounts Receivable (TARs) at least 30% of maximum operating reserves? ___ ___

a. State percent: _____

b. Percent based on 3 year average: _____

Possible sources of information: Chapter 11, page 11-7, item 11 or item 12.

2. Are total routine annual operating expenses less than or equal to income? ___ ___

a. State percent: _____

b. Percent based on 3 year average: _____

Possible sources of information: Chapter 11, page 11-8, item 8 or item 9.

3. Has the annual utility consumption of energy, as compared to the three years' rolling base consumption which has been adjusted for variances in heating degree days (HDD), not increased by more than 5%? ___ ___

QUESTION

YES NO

a. State percent: _____

b. Percent based on 3 year average: _____

Possible sources of information: Chapter 11, page 11-9, item 3 or item 5.

4. Is the PHA a High Occupancy PHA (97+%) or is it meeting occupancy goals of an approved Comprehensive Occupancy Plan (COP)? ___ ___

a. State percent: _____

b. Percent based on 3 year average: _____

Possible sources of information: Chapter 11, page 11-10, item 5 or item 6; and Forms HUD-52728-A and HUD-52728-C if the PHA is under a COP.

5. Are annual rent collections at least 90% of annual rents chargeable plus year-end tenants rental accounts receivable? ___ ___

a. State percent: _____

b. Percent based on 3 year average: _____

Possible sources of information: Chapter 11, page 11-12, item 5 or item 7; and PHA decontrol certification.

6. Is the annual average number of vacancy days per turnaround not more than 30 calendar days? ___ ___

a. State average annual number of vacancy days per turnaround: _____

b. Does the PHA have a process for vacant unit turnaround? Describe: _____

_____ ___ ___

Possible sources of information: Chapter 11, page 11-13, item 2; and PHA decontrol certification.

7. Are 100% of the dwelling units inspected annually using Housing Quality Standards (HQS) as the minimum standard? ___ ___

APPENDIX 2

QUESTION	YES	NO
a. Percent of units that meet this standard: _____		
b. Percent of units needing repairs/replacement: _____		
c. Percent of units passed HQs after needed repairs/replacements:		
8. Do tenants accounts receivable (TARs) for tenants in possession, excluding amounts covered by a formal up-to-date repayment agreement, exceed 10% of monthly charges to tenants?	___	___
a. State percent: _____		
b. Is there an established procedure for collection of delinquent accounts?	___	___
c. Are late fees charged?	___	___

LIMITED REVIEW CHECKLIST

9. PROCUREMENT AND CONTRACTING REVIEW. Prior to conducting a * limited management review, the HMS/ENG shall have on hand the latest PHA Procurement Policy. If not, it shall be requested from the PHA.

A. Procurement Policy

1. Does PHA have a written procurement policy? ___ ___

Date of procurement policy _____
Date adopted by Board action _____

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QUESTION	YES	NO
* 2. Does the policy reflect the following major components of 24 CFR 85.36?		
a. Is there clear authority and delegation along with a written code of standards of conduct in place? (85.36(b)). (This may be reflected in another document at the PHA.)	___	___
b. Does the policy require procurement planning? (85.36(b)(4))	___	___
c. Does the policy contain any constraints to full and open competition? (85.36(c))	___	___
d. Does the policy require documentation of actions taken? 85.36 (b)(9))	___	___
e. Is the small purchase threshold set at \$25,000, or a lower threshold to comply with State law? (85.36(d)(1))	___	___

Methodology for Conducting On-site Review

While on-site at the PHA, the reviewer should examine the procurement log, contract register, or other control documents to determine whether any of the following patterns or actions are evident:

- High number of contract awards to the same or affiliated contractors.
- Frequent usage of sole source or emergency purchase contracts.
- High frequency of contracts awarded at or below the PHA's thresholds for small purchase (i.e. large procurements broken down into small purchases to circumvent competitive procedures).
- High frequency of three or less offers received for competitive formal contracts.
- High frequency and value of contract modifications.

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QUESTION

YES NO

* The reviewer shall then choose samples of contracts and purchase orders awarded under each method of procurement and indicate the appropriate contract or purchase order number of the file on this review sheet.

B. Small Purchase Procurement

1. Petty Cash Transactions

- a. Does the petty cash log indicate that if purchases were made in accordance with PHA policy \$_____ threshold? _____
- b. Are receipts and cash kept in a secure space? _____

2. Purchase Orders

Purchase Order # _____
Purchase Order # _____

- a. Is there any evidence that these purchase orders should have been part of formal contracts which were split to avoid formal contracting procedures? _____
- b. Were these purchases within the \$25,000 or lesser amount as required by State or local law, whichever is more stringent? _____
- c. For the established competition threshold, do the records show that, for each purchase order, at least three quotes were received and that the purchase orders were awarded to the lowest quoter? _____

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QUESTION

YES NO

* If not, was a higher price selection rationally justified? _____

C. Sealed Bidding Procedures

Contract # _____

Contract # _____

1. Did the PHA advertise for bids for an adequate period of time? _____

2. Did the bidding documents clearly describe the item(s)/work to be done so as to promote competition? _____

3. Were bids publicly opened as stated in the Invitation for Bids? _____

4. Were firm fixed-price contracts awarded to the lowest responsive and responsible bidder? _____

If not, was the rejection and subsequent selection adequately justified? _____

D. Competitive Proposals

Contract # _____

Contract # _____

1. Were the evaluation factors structured to restrict competition? _____

2. Were awards made to responsible offerors whose proposals were most advantageous to the PHA considering price and other factors stated in the request for proposals? _____

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QUESTION	YES	NO
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* 3. Were cost or price analyses conducted to justify reasonableness of cost/price? _____

E. Noncompetitive Proposals

Contract # _____

Contract # _____

- 1. Was the noncompetitive proposal method used only when the awards of the contracts were infeasible under other methods and under the conditions specified in 85.36(d)(4)? ___ ___
- 2. When required, did the PHA obtain prior HUD approval? ___ ___
- 3. Were cost analyses conducted to justify reasonableness of cost? ___ ___

F. Consolidated Supply Program (CSP)

Purchase Order # _____

Purchase Order # _____

- 1. Does the PHA use the CSP? ___ ___
- 2. Were these CSP purchase orders issued to vendors who had valid CSP numbers for the item(s) in the Region where the PHA is located? ___ ___
- 3. Did the PHA purchase the lowest priced items meeting its needs under the CSP or adequately justify purchases of higher priced items? ___ ___

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7460.7 REV-1 CHG-1

APPENDIX 2

QUESTION	YES	NO
* 4. Do the purchase orders show proper CSP item numbers and description, quantity unit price designation as shown in the catalogs? ___ ___		
5. Did PHA submit copies of CSP purchase orders to HUD? ___ ___		
6. Were the latest CSP purchases from		

current catalogs? _____

G. Execution and Administration of Contracts

Contract # _____

Contract # _____

- 1. Did the PHA use either of the following prohibited contract types?
 - a. Cost plus a percentage of cost. _____
 - b. Percentage of construction cost. _____
- 2. Did contracts stipulate completion dates? _____
- 3. Did the PHA assure that the contractors performed on time and in accordance with the terms, conditions, and specifications of the contracts? _____
- 4. Does the PHA maintain contractor performance records? _____
- 5. Were any modifications (change orders) outside the scope of the contract? _____
If so, was there adequate justification? _____
- 6. Were cost analyses conducted to justify reasonableness of costs when modifications had a cost impact? _____

*

APPENDIX 2

QUESTION	YES	NO
* 7. Were payments to contractors made only for contract items at the contract prices in accordance with the contract terms and conditions?	_____	_____

Reviewer Judgment

Based on the sampled procurement transactions, the reviewer should make one of the following judgments concerning the PHA's compliance with HUD procurement standards:

_____ The PHA complied with the standards.

_____ The PHA will comply with the standards by taking the below specified corrective actions.

_____ Material weaknesses are evident in PHA procurement activities and a detailed procurement review is recommended.

Comments: _____

Corrective Actions: _____

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7460.7 REV-1 CHG-1

APPENDIX 2

QUESTION	YES	NO
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10. Is modernization progressing on schedule as documented on the approved Project Implementation Schedule?	___	___
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Possible sources of information: Modernization Project Implementation Schedule; and modernization quarterly progress report.

11. Have all major audit findings been resolved through actions taken within the time required?	___	___
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Possible sources of information: Internal procedures and interviews with PHA staff.

QUESTION	YES	NO
12. Verified that the PHA has applied the proper wage rates to physical work being done?	—	—
13. Were maintenance wage rates paid in accordance with rates reported on Form HUD-52158?	—	—
14. Are PHA policies and procedures documented, clear and up-to-date?	—	—
a. Personnel Policy dated: _____	—	—
b. Admissions & Continued Occupancy Policy (Tenant Selection and Assignment Plan) dated: _____	—	—
c. Procurement Policy dated: _____	—	—
d. Disposition Policy dated: _____	—	—
e. Investment Policy dated: _____	—	—
f. Capitalization Policy dated: _____	—	—
g. Travel Policy dated: _____	—	—
h. Utility Allowance Schedule dated: _____	—	—
i. Lease dated: _____	—	—
j. Grievances Procedures dated: _____	—	—
k. Income/Rent Ranges dated: _____	—	—
l. Other Policies: _____ _____	—	—
15. Equal Opportunity.		
a. What is the PHA's Tenant Selection and Assignment Plan?		
(1) Plan A?	—	—
(2) Plan B?	—	—
(3) Other HUD approved Plan?	—	—

2/90

APPENDIX 2

QUESTION	YES	NO
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QUESTION

YES NO

- f. Are all persons who have access to funds bonded? Identify all persons who have access to funds: _____

 _____ — —
- g. Does the PHA have a method of projecting cash in-flow and out-flow? — —
- h. Is cash in excess of three day need identified and returned to HUD? — —
- i. Is cash available investment invested or idle? — —
- Possible sources of information: Review bank account balances to see if there are large sums of cash which are not invested.
- j. Are investments on the HUD approved investment instrument list? — —
- k. Is there an executed General Depository Agreement, Form HUD-51999, for each account? — —
- l. Are the budget, mandatory adjustments and financial statements submitted within the allowed time frames? — —
- m. What is the budget formulation process? _____

- (1) Who is involved? _____

- (2) Are bases for estimates reasonable? — —
- n. Are persons who are authorized to sign checks or who handle cash receipts (including checks) prohibited from posting to the books or performing bank reconciliations? — —
- o. Are two signatures necessary for checks? Verify this by reviewing some cancelled checks at random. — —

QUESTION

YES NO

- (1) Are endorsements on the back of the checks the same as the payee on the front?
 - (2) Are the endorsements by any PHA staff, Commissioners or any of their businesses?
 - (3) Is there evidence of presigned checks?
 - p. Are vouchers and supporting documentation canceled when paid to prevent resubmissions?
 - Do amounts agree on checks and vouchers?
 - q. Does the PHA carry adequate insurance?
 - (1) Fire and Extended Coverage, expires: _____
 - (2) General Tort Liability, expires: _____
 - (3) Fidelity Bond, expires: _____
 - (4) Auto Insurance, expires: _____
 - (5) Workmen's Compensation: _____
 - (6) Other insurance policies: _____
 - (7) Are current insurance policies listed on the insurance register?
17. Resident Programs and Services.
- a. Does the PHA encourage resident group formation?
 - b. Does the PHA recognize resident groups and consider resident requests for assistance?
 - c. Number and percent of projects with resident councils: _____
 - d. Is the PHA responsive to resident interest in project management?
 - e. Is there a Resident Management Corporation(s) (RMC)?

APPENDIX 2

QUESTION	YES	NO
e. Does the PHA monitor RMC performance?	—	—
f. Does the PHA solicit resident input for modernization needs?	—	—
g. Does PHA staff have defined roles in procuring and providing social and community services?	—	—
h. Does the PHA periodically assess resident social service needs?	—	—
i. Are resident social services offered? List the services and the percent of residents involved or assisted: _____ _____ _____	—	—
Possible sources of information: Interviews with Executive Director, Director of Resident or Social Services, PHA staff, residents and resident association officers; PHA minutes and records; and CIAP application(s).		
j. Has the quality of PHA/resident relations improved over the past year?	—	—
k. Describe the quality of PHA/resident relations: _____ _____ _____		
l. Does the PHA have resident representation on the PHA's Board of Commissioners?	—	—
m. Does the PHA provide meeting/community space for residents?	—	—
n. Are residents employed in the CIAP?	—	—
o. Does the PHA offer other employment opportunities to residents? If so, list: _____ _____ _____	—	—
18. Does the PHA have drug elimination activities? Brief description: _____ _____	—	—

APPENDIX 2

QUESTION	YES	NO
<ul style="list-style-type: none"> a. Is the PHA receiving CIAP management improvement funds for drug elimination activities? — — b. Does the PHA coordinate its drug elimination activities with local government strategies and programs? — — 		
 19. Economic Development.		
<ul style="list-style-type: none"> a. Resident employment and training. <ul style="list-style-type: none"> (1) Number of residents employed at PHA: _____ (2) Residents as a percent of total PHA staff: _____ (3) Number of residents in technical or professional positions? _____ (4) Does a training or employment preparation program exist? — — (5) Does the PHA coordinate with or refer residents to Federal or State employment services? — — b. Do resident-owned businesses exist? — — <ul style="list-style-type: none"> (1) List resident-owned businesses: _____ _____ (2) Are there efforts to develop? Describe efforts: _____ _____ _____ c. Minority Business Enterprise (MBE). <ul style="list-style-type: none"> (1) Is there a Board adopted policy? — — (2) Is the program developed and implemented? — — (3) Is there outreach to the business community, contractors, minority 		

organizations, etc.? List outreach: ___ ___

2/90

10

APPENDIX 2

QUESTION YES NO

(4) Does the PHA maintain MBE records? ___ ___

(5) Does the PHA utilize the Form HUD-2516 report? Dates of a random sample of Form HUD-2516: _____

Possible sources of information: Interviews with Executive Director, Director of Resident or Social Services, PHA staff, residents, resident association officers and PHA Contracting Officer; PHA minutes and records; and Form HUD-2516 report.

20. PHA entrepreneur activities.

a. Is the PHA engaging in entrepreneur activities which would improve the fiscal condition of the PHA, such as the establishment of a food cooperative, an answering service staffed by residents, etc.?

b. Describe such activities: _____

c. Are residents employed in such activities? ___ ___

(1) State the number of residents who are employed in such activities: ___

(2) State the percent of employees engaged in such activities who are residents: _____

21. What is the number and percent of vacancies?

22. Are reexaminations for all residents performed once a year? ___ ___

a. What is the PHA's procedure? _____

b. Are third-party verifications required? ___ ___

APPENDIX 2

QUESTION	YES	NO
23. Are all housing managers certified? If not, hire dates: _____	___	___
24. Board of Commissioners:		
a. Are Board of Commissioners meetings held in accordance with its By-Laws?	___	___
b. Does the Board have a clear understanding of the goals of the PHA, i.e., to maintain financial solvency of the PHA?	___	___
c. Is the Board involved in the oversight of the PHA? Describe: _____ _____	___	___
d. Is the Board kept abreast of reviews and audits performed and follow-up actions taken to correct deficiencies identified?	___	___
e. Are Board minutes organized and current?	___	___
f. Are the appointment certifications/reappointment certifications current?	___	___
g. Is the composition of Board members representative of all groups (race, gender, tenants)?	___	___
Possible sources of information: Board minutes and Board resolutions.		
25. Is everything current that is posted on the PHA bulletin board?	___	___
a. Equal Housing Poster?	___	___
b. Rent Ranges (if used)?	___	___
c. Lease?	___	___
d. Grievance Procedures?	___	___
e. Utility Allowances?	___	___

f. Maintenance Charges? — —

2/90

12

APPENDIX 2

QUESTION YES NO

g. Admissions and Continued Occupancy Policy? — —

h. Income Limits? — —

26. Does the PHA have special rents? If so, how many and for what purpose(s)? _____

27. Does the PHA have a public relations program? If so, describe: _____

28. Describe PHA/civic group/community relations: _____

29. Describe staff training activities within the last year and frequency: _____

30. Describe staff morale: _____

31. Describe comments from residents:

a. In PHA files: _____

b. From on-site interviews with residents: _____

B. Limited Maintenance Review

1. Is the average preparation time for vacant units reasonable? Average preparation time: _____

2. Is there adequate security for vacant units? — —

APPENDIX 2

QUESTION	YES	NO
3. Are work orders, both routine and emergency, being handled on a timely basis?	___	___
a. In very small PHAs which do not need a work order system, check to see if routine and emergency work items are being handled on a timely basis.	___	___
b. Average time for routine work order completion: _____		
c. Average time for emergency work order completion: _____		
4. Is there an effective preventive maintenance program covering all projects, major systems and equipment?	___	___
a. Mechanical?	___	___
b. Plumbing?	___	___
c. Heating?	___	___
d. Electrical?	___	___
e. Structural and roofing?	___	___
f. Maintenance equipment?	___	___
g. Automotive equipment?	___	___
5. Are all repairs/replacements made within one year of the annual unit inspection for all units? If not, list the reasons: _____ _____ _____	___	___
6. Is there adequate maintenance of previous capital improvements?	___	___
7. Are units properly maintained?	___	___
C. Limited Utilities Review		
1. Does the PHA have a suitable utility consumption and cost control system?	___	___

QUESTION

YES NO

- 2. Verified that energy consumption levels are either remaining steady or decreasing?
- 3. Is the PHA receiving and using the utilities for which it is paying for?
- 4. Are utility bills in accordance with contracts and rate schedules?
- 5. Is the PHA purchasing utilities under the most favorable rate schedules for which it is qualified?
- 6. Have utility allowances and surcharges been revised in accordance with 24 CFR Part 965?
- 7. Has the PHA completed adequate energy audits on all required projects?
- 8. Is the PHA implementing energy conservation measures identified by the audits as being cost-effective? List energy conservation measures:

Additional Questions/Comments: _____

