

## CHAPTER 4. FOLLOW-UP AFTER REPORT IS ISSUED

### Section 1. Control and Sanctions

4-1. FOLLOW-UP CORRESPONDENCE. The chief/director shall ensure that adequate controls are maintained of the deadline dates for PHA responses to corrective actions and errors identified in the occupancy audit. If a response is not received by the deadline, the occupancy auditor shall prepare a letter to the Chairman of the Board of Commissioners, with a copy to the Executive Director, reminding them of the need to respond and requesting that a response be transmitted within 10 working days. If the PHA fails to respond to this letter, the auditor shall prepare a second follow-up letter indicating that administrative sanctions may be taken if the PHA does not comply.

4-2. SANCTIONS. If a PHA refuses or is unable to comply with the requests for corrective actions by the time indicated in the occupancy audit report, the chief/director shall recommend to the Director, Housing Management Division, that administrative sanctions should be taken against the agency. The HUD Office Counsel should be consulted when the Director, HM Division, has decided to take sanctions against the PHA. When a determination has been made that problem situations constitute a statutory, contractual, or regulatory noncompliance, they must be identified to the PHA in writing as soon as possible. The notification is sent to the PHA with copies to each member of the Board of Commissioners.

4-3. DIRECTIONS FOR THE PHA. With as much specificity as possible, directions must be given regarding PHA actions needed to correct the deficiency. Types of sanctions are dependent on the nature of the findings, the circumstances at the PHA, and the discretionary funding available to the HUD Office. Sanctions could include such actions as: withholding Modernization/CIAP funding, disapproval of new public housing development applications, or legal action based on the terms of the Annual Contributions Contract. Paragraphs 11-15, HB 7485.1 REV-3 provides additional sanctions.

\*4-4. FAILURE TO SUBMIT INTERNAL AUDIT. Where a PHA has agreed to perform an internal audit in place of an on-site audit but does not submit the internal audit report during the fiscal year, the PHA shall be considered a priority one PHA for the purpose of scheduling audits during the following fiscal year. Failure to submit the internal audit as agreed precludes the PHA from performing future internal audits. \*

4-5. FH&EO CONCERNS. Problems associated with failure of a PHA to take corrective action on equal opportunity related issues should be

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referred to the Director, FH&EO Division, HUD Office, for referral to the FH&EO Regional Director.

4-6. CLOSE-OUT OF FINDINGS. If an occupancy audit finding remains open six months after the date of the transmittal of the report to

the PHA, the HUD Office shall prepare a memorandum to the Regional Public Housing Director explaining what actions have been taken to close the finding. The Director shall ensure that HUD Office is taking all appropriate actions with respect to closing occupancy audit findings.

4-7. REVIEW OF PHA RESPONSE TO AUDIT REPORT. The PHA's response to an occupancy audit report should be assigned to the occupancy auditor for review. The auditor shall consult with other specialists as appropriate. The chief/director is responsible for resolving differences and deciding when findings can be closed. The occupancy auditor shall prepare a letter to the PHA indicating which findings can be closed and what additional actions are needed on the remaining findings. The HUD Office letter to the PHA shall be transmitted within 30 days of receipt of the PHA's response. Follow-up correspondence shall be initiated if necessary.