



Issue Date	November 2, 2009
Audit Report Number	2010-BO-1001

TO: Donna J. Ayala, Director, Office of Public Housing, Boston Hub, 1APH

FROM: 
John A. Dvorak, Regional Inspector General for Audit, Boston Region, 1AGA

SUBJECT: The State of Connecticut Department of Social Services' Section 8 Housing Units Did Not Always Meet HUD's Housing Quality Standards

HIGHLIGHTS

What We Audited and Why

We audited the State of Connecticut Department of Social Services' (agency) administration of its housing quality standards program for its Section 8 Housing Choice Voucher program (Voucher program) as part of our fiscal year 2009 audit plan. The agency was selected based upon our analysis of risk factors relating to rental housing authorities in Region 1. The audit objectives were to determine whether (1) Section 8 housing units met HUD's housing quality standards, (2) housing inspections were performed in a timely manner, (3) housing assistance payments were properly abated when units did not meet standards, (4) landlords were notified of failing inspection results, and (5) the quality control reviews of inspections were adequately performed in support of the agency's Section Eight Management Assessment Program (SEMAP) scores. This is the third and final audit of the agency.

What We Found

The agency did not adequately ensure that its Section 8 housing units met HUD's housing quality standards. Of the 67 program units statistically selected for inspection, 53 failed inspection, and 34 were materially noncompliant with housing quality standards. In addition, the agency did not always perform its inspections in a timely manner, properly abate the housing assistance payments when repairs were not made as required or notify the owners of inspection results in a timely manner. The agency also did not have an adequate housing quality standards quality control process.

What We Recommend

We recommend that the Director of HUD's Boston Office of Public Housing require the agency to strengthen controls to ensure that it follows HUD's procedures for conducting inspections and performing Section 8 quality control inspections to ensure that units meet HUD's housing quality standards to prevent \$22 million in program funds from being spent annually on units that fail to materially meet HUD's housing quality standards. In addition, the agency should be required to reimburse its program from nonfederal funds \$62,459 for units that remained in noncompliance with housing quality standards and were not properly abated.

For each recommendation in the body of the report 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 or directives issued because of the audit.

Auditee's Response

We provided the agency the draft report on October 15, 2009, and held an exit conference on October 20, 2009. The agency generally agreed with our findings and recommendations.

We received the agency's response on October 28, 2009. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

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BACKGROUND AND OBJECTIVES

The State of Connecticut Department of Social Services (agency) provides a broad range of services to the elderly; persons with disabilities; families; and individuals who need assistance in maintaining or achieving their full potential for self-direction, self-reliance, and independent living. The agency is designated as a public housing agency for the purpose of administering the Section 8 program under the Federal Housing Act. It is headed by the commissioner of social services, and there are deputy commissioners for administration and programs. There is a regional administrator responsible for each of the three service regions. By statute, there is a statewide advisory council to the commissioner, and each region must have a regional advisory council. The agency administers most of its programs through offices located throughout the state.

The agency's Housing Services Unit oversees the Section 8 Housing Choice Voucher program (Voucher program), as well as its Rental Assistance, Transitional Rental Assistance, and Security Deposit Guarantee programs. The agency receives Voucher program funding from the U.S. Department of Housing and Urban Development (HUD). It received more than \$44 million in Voucher program funding from April 1, 2008, through March 31, 2009. It also earned more than \$4 million in administrative fees for the same period.

The agency's Voucher program is a statewide program. The agency contracts the administration of its Voucher program to J. D'Amelia & Associates, LLC. J. D'Amelia & Associates, LLC, subcontracts operation of the Voucher program throughout Connecticut to seven local public housing authorities and one community action agency. J. D'Amelia and Associates, LLC, also subcontracts inspections to two inspection companies (Kelson Associates, Inc., and Daystar Housing Inspections, LLC).

The agency must operate its Voucher program according to rules and regulations prescribed by HUD in accordance with the United States Housing Act of 1937, as amended, its annual contributions contract, and follow its Section 8 administrative plan.

Our objectives were to determine whether (1) Section 8 housing units met HUD's housing quality standards, (2) housing inspections were performed in a timely manner, (3) housing assistance payments were properly abated when units did not meet standards, (4) landlords were notified of failing inspection results, and (5) the quality control reviews of inspections were adequately performed in support of the agency's Section Eight Management Assessment Program (SEMAP) scores.

RESULTS OF AUDIT

Finding 1: The Agency's Section 8 Housing Units Did Not Always Meet Housing Quality Standards

The agency did not adequately ensure that its Section 8 housing units met HUD's housing quality standards. Of the 67 Section 8 housing units statistically selected for inspection, 53 failed inspection, and 34 were materially noncompliant with housing quality standards. In addition, 20 of 67¹ inspections were not performed in a timely manner. The agency also did not ensure that its contractor properly abated housing assistance payments when repairs were not completed in a timely manner or always notify landlords of failed units in a timely manner. Finally, the agency's housing quality standards quality control program was inadequate, and its contractor could not adequately support housing quality standards SEMAP scores for indicators 5 and 6. These conditions occurred because the agency failed to adequately monitor its contractor and subcontractors and implement an effective quality control program. As a result, the agency housed families in units that did not meet HUD's standards for decent, safe, and sanitary housing and paid \$62,459 in housing assistance for units that did not meet housing quality standards and were not abated as necessary.² If the agency does not establish effective management controls, we estimate that over the next year, it will pay more than \$22 million in Section 8 housing assistance for units with material housing quality standards violations.

The Agency's Section 8 Units Did Not Meet HUD's Standards

From the agency's 6,174 units, we statistically selected 67 Section 8 housing units for inspection. The 67 units were inspected to determine whether the agency ensured that its program units met HUD's housing quality standards. The inspections took place between April 14 and June 16, 2009.

Of the 67 units inspected, 53 (79 percent) had 353 housing quality standards violations. Additionally, 34 of the 67 units (51 percent) were considered to be materially noncompliant because they had 190 significant health and safety violations that predated the agency's last inspection and were not identified by the agency's inspectors. HUD regulations at 24 CFR (*Code of Federal Regulations*) 982.401 require that all program housing meet HUD's housing quality standards at the beginning of assisted occupancy and throughout the tenancy.

¹ These 67 files were the original sample prior to replacements needed during the inspections process.

² This was a separate nonrepresentative sample of 82 failed inspections reviewed to determine whether the agency properly abated rents when owners did not repair deficiencies in accordance with the its administrative plan.

The following table categorizes the 353 housing quality standards violations in the 53 units that failed the housing quality standards inspections.

Category of violations	Number of violations	Number of units
Electrical	110	40
Smoke detectors	35	22
Other interior hazards	31	19
Windows	28	15
Handrails	25	20
Security	21	13
Doors	10	7
Interior paint	9	2
Garbage and debris	8	8
Floor conditions	7	6
Plumbing	7	6
Exterior surfaces	6	5
Walls	6	4
Fire exits	6	6
Kitchen appliances	5	5
Ceiling conditions	5	3
Water heaters	5	5
Sinks, cabinets, and countertops	4	2
Toilets	4	4
Exterior paint	4	4
Ventilation	3	3
Stairs	3	3
Site and neighborhood	3	3
Mold/mildew	2	2
Porches	2	2
Infestation	2	2
Tub or shower	1	1
Heating equipment	1	1
Total	353	

We presented the results of the housing quality standards inspections to the agency and to the Public Housing Director of HUD’s Hartford Program Center. The agency’s contractor notified the owners of the deficiencies and started to follow up to ensure that the repairs were made as necessary or it abated the housing assistance payments.

The following pictures illustrate some of the violations noted while conducting housing quality standards inspections at the agency’s leased units.



The electrical panel on the basement wall was missing seven breakers, exposing electrical contacts.



The missing lock hook from the patio doorframe did not allow the door to be properly secured.



The interior hall staircase from the first to second floor had no handrail.



The tub, tile, and walls had excessive mildew buildup.



The wiring was exposed at the junction box and the taped wire was also not encased in the junction box.

Annual Inspections Were Not Performed in a Timely Manner

The agency did not perform inspections in a timely manner or within 12 months of the previous inspection for 20 of 67 units (30 percent). Annual inspections must be scheduled so that all units are inspected every 12 months. Further, the agency's administrative plan required that annual inspections were conducted at least 30 days prior to the anniversary date. Neither the agency nor its contractor monitored or tracked the scheduling of inspections to ensure that they were performed in a timely manner. The inspection process was handled entirely by subcontractors (public housing authorities and inspection companies). In some instances, the lack of timeliness was due to the public housing authorities' not requesting the inspection in a timely manner before the due date. In other instances, the public housing authorities requested the inspection in a timely manner, but it was not scheduled by the inspection company until up to two months later. There were also instances, in which the inspection was requested and scheduled in a timely manner, but the tenant did not show up for the inspection, and the inspection was not rescheduled in a timely manner. The table below shows the number of days the 20 inspections were late.

No. of days late	No. of inspections
Less than 30	9
30 to 60	4
61 to 90	5
91 to 120	0
121 to 150	1
More than 150	1

Based on the number of late inspections, we project that at least 1,280 of the agency's inspections were not performed in a timely manner.

Payments Were Not Abated and Landlords Were Not Notified in a Timely Manner

We selected a nonrepresentative sample of 82 failed inspections to determine whether housing assistance payments were abated as necessary. Of the 82 units that failed inspections, the agency paid \$62,459 in housing assistance for 46 units that should have been abated had the agency followed its inspection process and abated the housing assistance payments on the first day of the month following the correction period.

This problem occurred because the agency did not follow its inspection process policies and procedures. Specifically, it did not ensure that its contractor always

- Abated or properly abated housing assistance payments when repairs were not made in a timely manner. If the inspection found life-threatening 24-hour deficiencies and also 30-day deficiencies, the agency generally did not abate the rents on the first day of the following month. The abatement date used was generally the first of the month following the date that 30-day deficiencies should have been corrected instead of the first of the month following the inspection. In addition, even when 30-day deficiencies were not corrected in a timely manner and the housing assistance payment should have been abated, payments were not always abated or properly abated.
- Notified the owners of life-threatening health and safety issues in a timely manner and ensured that deficiencies were repaired within 24 hours. The agency notified owners of life-threatening deficiencies by letter, which was mailed to the owner. Therefore, it took several days for owners to learn of the life-threatening deficiencies, so they were unable to correct them within the required 24 hours. The agency also did not reinspect for life-threatening deficiencies until it performed a reinspection for all deficiencies (usually at least 30 days after the inspection). Therefore, the

agency had no assurance that life-threatening deficiencies were mitigated in a timely manner.

The Agency Did Not Implement Adequate Quality Control or Adequately Support Its SEMAP Scores

The agency did not implement adequate quality controls related to its housing inspections. Specifically, it did not adequately perform or document its quality control inspections and had no assurance its inspectors performed adequate inspections, identified all deficiencies, and followed its inspection policies and procedures. In addition, the agency's quality control process was inadequate, which resulted in SEMAP indicators 5 and 6 being unsupported.

Indicator 5, Housing Quality Standards Quality Control Inspections

In addition to monitoring SEMAP compliance, quality control inspections provide feedback on inspectors' work, which can be used to determine whether individual performance or general housing quality standards training issues need to be addressed. The quality control inspections were treated as routine inspections of the unit.

- The inspection company performing the quality control inspection did not have the original inspection results and did not compare the two inspections. This activity was also not performed by the agency or the contractor.
- The quality control inspection results did not indicate whether the deficiency was noted at the time of the original inspection or occurred/could have occurred after the original inspection. A quality control inspection is designed to ensure that the inspectors perform quality inspections and do not overlook violations.
- Based on our comparison of the original inspection report to the quality control inspections, we found that the inspectors missed deficiencies during their inspections. Deficiencies identified on the quality control inspections included non-ground fault circuit interrupter (GFCI) outlets by the kitchen sink, reverse ground on GFCI, outlets in bedrooms with no ground wires, crumbling concrete steps, exposed wires, a missing hallway handrail, and windows not staying up.
- There were eight units for which the quality control inspection occurred more than 90 days after the original inspection (passed inspection). Quality control

inspections should be performed within 90 days of the original inspection.

- The SEMAP summary/tracking sheets did not always include the original inspection information (date of original inspection, original inspector, and inspection results). The original inspection was also not included with the SEMAP support.

Indicator 6, Housing Quality Standards Enforcement

SEMAP indicator 6 states that the agency must have a system to promptly identify units for which deficiencies have not been corrected within the required timeframes to indicate abatement of rent and/or termination of assistance to the family. The agency should monitor housing quality standards enforcement on a regular basis (daily, weekly or monthly) to guarantee that reinspections occur within the proper timeframes.

The agency used abatement lists provided by the subcontractors as support for indicator 6. It should have used a list of all failed units during the fiscal year and selected a sample of approximately 55 units to ensure that deficiencies were corrected within the proper timeframes (24 hours or 30 days) and that rents were abated when deficiencies were not corrected in a timely manner. The contractor stated that it used all of the units included in the abatement lists as support and no further review was performed. This process did not provide adequate support for this indicator. The inspection companies tracked failed inspections. Neither the agency nor its contractor monitored and performed oversight of the inspection companies to ensure that they reinspected within the required timeframes and properly followed up when landlords did not correct deficiencies in a timely manner. Additionally, the inspection companies notified the housing authorities when units needed to be abated, but there was no monitoring and oversight by the contractor or agency to ensure that units were abated when necessary.

Conclusion

The agency did not ensure that its contractor effectively inspected and monitored the condition of its Section 8 units. As a result, tenants were subjected to health- and safety-related violations. If the agency strengthens its controls to ensure that its policies and procedures for housing inspections are consistently followed, we estimate that more than \$22 million in future housing assistance payments will be spent for units that are decent, safe and sanitary. Our methodology for this estimate is explained in the Scope and Methodology section of this report. Further, the agency needs to implement procedures and controls regarding its inspection quality control and abatement processes to ensure that they are performed in accordance with HUD requirements.

Recommendations

We recommend that the Director of HUD's Boston Office of Public Housing require the agency to

- 1A. Strengthen controls to ensure that units meet HUD's housing quality standards to prevent \$22,002,284 in program funds from being spent on units that are in material noncompliance with HUD standards.
- 1B. Verify that the owners of the 53 program units cited in this finding have repaired the units containing housing quality standards violations.
- 1C. Strengthen controls to ensure that housing inspections are performed in a timely manner.
- 1D. Strengthen controls to ensure that landlords of failing units are notified in a timely manner.
- 1E. Revise its administrative plan to explain how it will verify that 24-hour emergency deficiencies are mitigated in a timely manner.
- 1F. Strengthen controls over the abatement process for failed units.
- 1G. Repay \$62,459 from nonfederal funds for units that remained in noncompliance with housing quality standards and were not properly abated.
- 1H. Implement adequate controls for its quality control process for performing Section 8 quality control inspections and to ensure support of its SEMAP indicators 5 and 6.

SCOPE AND METHODOLOGY

We conducted our audit between March and September 2009. We completed our fieldwork at the agency located at 25 Sigourney Street, Hartford, Connecticut; its contractor, J. D'Amelia & Associates, LLC's main office located in Waterbury, Connecticut; and the various housing units selected for review. Our audit covered the period April 1, 2008, through March 31, 2009, and was extended when necessary to meet our audit objectives.

To accomplish our audit objectives, we

- Reviewed relevant HUD regulations, including 24 CFR Part 982 and the Housing Choice Voucher Guidebook 7420.10.G.
- Reviewed the agency's administrative plan approved for use during our audit period.
- Inspected a statistical sample of 67 housing units and recorded and summarized the inspection results.
- Reviewed the agency's completed quality control reviews for the fiscal year ending June 30, 2008, to determine whether the reviews were adequate.
- Selected a nonrepresentative sample of failed units to determine whether the agency adequately followed up and whether abatements were performed as necessary.
- Reviewed the last two annual inspections for the 67 statistically selected units to determine whether the inspections were performed in a timely manner.

We relied in part on computer-processed data from the agency contractor's database. We assessed the reliability of the data by (1) reviewing existing information about the data and the system that produced them, (2) interviewing officials knowledgeable about the data, and (3) tracing tenant information, unit address, and housing assistance payments to source documents. We determined that the data we used were sufficiently reliable for the purposes of this report.

Projection of Inspection Results

We statistically selected a sample of 67 of the agency's program units to determine whether the agency ensured that its units met housing quality standards. The sample was based on the agency's Voucher program database as of March 1, 2009. Our universe was 6,174. We obtained the sample based on a confidence level of 90 percent, a precision rate of 10 percent, and an expected error rate of 50 percent. Twenty-three additional sample units were selected to be used as replacements as necessary. We used seven of the 23 replacement units.

Our sampling results indicated that 53 of the 67 program units selected for inspection did not meet HUD's housing quality standards. We ranked all the failed units based on the significance of the violations, from the most serious health and safety violation that predated the agency's

most recent most inspection to the least serious, and determined that 34 units materially failed to meet HUD's housing quality standards. Materially failed units were those with more than one health and safety violation or at least one exigent (24 hour) health and safety violation that predated the agency's previous inspections. We used auditor judgment to determine the material cutoff line.

Projecting the results of the 34 units that were in material noncompliance with housing quality standards to the universe indicates that 3,133 or 50.75 percent of the universe contained the attributes tested. The sampling error is plus or minus 9.96 percent. In other words, we are 90 percent confident that the frequency of occurrence of the attributes tested lies between 40.78 and 60.71 percent of the universe. This equates to an occurrence of between 2,518 and 3,748 units of the 6,174 units in the universe.

- The lower limit is 40.78 percent of 6,174 units = 2,518 units in material noncompliance with minimum housing quality standards.
- The point estimate is 50.75 percent of 6,174 units = 3,133 units in material noncompliance with minimum housing quality standards.
- The upper limit is 60.71 percent of 6,174 units = 3,748 units in material noncompliance with minimum housing quality standards.

Using the lower limit and the average annual housing assistance payments for the universe based on the agency's housing assistance payments register, dated March 2009, we estimate that the agency will spend at least \$22,002,284 (2,518 units x \$8,738 average annual housing assistance payment³) for units that are in material noncompliance with housing quality standards. This estimate is presented solely to demonstrate the annual amount of Section 8 program funds that could be put to better use on decent, safe, and sanitary housing if the Authority implements our recommendations.

Projection of File Review Results (Timeliness of Inspections)

We reviewed the sample of 67 units and determined that 20 units were not inspected in a timely manner. The 67 units reviewed were the original sample prior to replacements. Projecting the results of the 20 units to the universe indicates that 1,843 or 29.85 percent of the universe contained the attributes tested. The sampling error is plus or minus 9.12 percent. In other words, we are 90 percent confident that the frequency of occurrence of the attributes tested lies between 20.73 and 38.97 percent of the universe. This equates to an occurrence of between 1,280 and 2,406 units of the 6,174 units in the universe.

³ From the agency's housing assistance payments register, dated March 2009, \$4,495,806 was the total housing assistance for the month. We annualized this amount to come up with \$53,949,672. The total number of units in our universe and on the housing assistance roll, dated March 2009, was 6,174. Therefore, the average annual housing assistance payment per household was \$8,738 (\$53,949,672/6,174).

- The lower limit is 20.73 percent of 6,174 units = 1,280 units that were not inspected in a timely manner.
- The point estimate is 29.85 percent of 6,174 units = 1,843 units that were not inspected in a timely manner.
- The upper limit is 38.97 percent of 6,174 units = 2,406 units that were not inspected in a timely manner.

We used the lower limit to project the number of units that were not inspected in a timely manner to be conservative.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

INTERNAL CONTROLS

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

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

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

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objectives:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that 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.

We assessed the relevant controls identified above.

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

Significant Weaknesses

Based on our review, we believe that the following items are significant weaknesses (see finding 1):

- The agency lacked effective management controls over its Inspection process to ensure that its units complied with HUD's requirements and met minimum housing quality standards, housing inspections to ensure they were performed in a timely manner, notification to landlords to ensure they were notified of the inspection results in a timely manner, abatement procedures to ensure housing assistance payments were properly abated for units that did not meet housing quality standards, and quality control reviews performed for housing quality standards to ensure SEMAP scores were adequately supported.

APPENDIXES

Appendix A

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

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1A		\$22,002,284
1G	\$62,459	

- 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/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an OIG recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if the agency implements our recommendation, it will cease to further incur program costs for units that are not decent, safe, and sanitary and, instead, will expend those funds for units that meet HUD's standards, thereby putting approximately \$22 million in program funds to better use. Once the agency successfully implements our recommendation, 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



STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES
25 SIGOURNEY STREET • HARTFORD, CONNECTICUT 06106-5033

October 28, 2009

Mr. John Dvorak
Regional Inspector General for Audit
U.S. Department of HUD-Office of
Inspector General for Audit
10 Causeway Street, Room 370
Boston, MA 02222-1092

Dear Mr. Dvorak:

I would like to thank you for the opportunity to respond to the draft audit report issued by your office on October 15, 2009. The department has already addressed the majority of the findings and is in the process of implementing the recommendations. We will work with the local HUD office on a corrective action plan.

Finding # 1: The Agency's Section 8 Housing Units did not always meet Housing Quality Standards

The Department of Social Services, through its contractor, J.D'Amelia & Associates, has been working with participating landlords and approximately 90% of the violations listed have already been corrected. Landlords who have not completed correction of the violations within the required time frame/s have been put into abatement. Although we agree that all Section 8 units must meet HUD's Housing Quality Standards we would like to point out the following:

- Of the 353 violations noted we would like to point out that approximately 119 of the failures were found in the basements and did not affect the livability of the units. In general, with the exception of a few units, most of the unit interiors were in good condition. We have revised the protocol for basement inspections and it will be adhered to by both inspection companies used by the department's contractor.
- There are 12 open grounded outlets cited as failures in the inspection report. HUD has recently published a notice soliciting comments in reference to this issue as a direct result of OIG findings nationally. As there is no clear policy in place we do not believe this should have been cited as a failure.
- Approximately seventeen (17) units contained tenant caused failures.
- Finally, it is important to understand the definition of materially noncompliant. As stated in the draft audit report, more than one health and safety violation or at least one exigent (24 hour) health and safety violation must be present in the unit and predate the inspection company's previous inspection. This means that a unit could have two failures that were identified as pre-existing and the unit would be materially non-compliant. For example, Unit A was classified as materially non-compliant because it was missing a GCFI socket and the glass slider door had a defective lock. These were the only two (2) violations in the unit however it was considered materially non-compliant. A second example is Unit B. The second window in the bedroom has fixed wooden bars permanently screwed to the window frame. This is the only violation in the unit, however the condition was present and predated the last inspection performed by the inspection company. That said, we acknowledge that many units had more than two violations.

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Comment 1

Comment 2

Comment 3

Comment 4

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

Comment 5

Annual Inspections Were Not Performed in a Timely Manner

The timeliness of inspections was discussed with both inspection firms, and new Quality Control Procedures and checks have been put in place to avoid this happening in the future. All inspections will be monitored based on the date of the prior inspection and not the date of the scheduled recertification. This process will be tracked through our new software program, PHA Web. It is important to note that inspections could still have been performed before an annual recertification was due. Example, if an inspection was performed on July 15th for an October 1st recertification in 2008 but performed on August 16th for and October 1st recertification in 2009 this inspection would be considered late and fall into the 30 to 60 day category.

Payments Were Not Abated and Landlords Were Not Notified in a Timely Manner

The department agrees that three units, accounting for \$26,179.00 of the \$62,459.00 were not abated in accordance with HUD policy due to lack of diligence.

Comment 6

The majority of the units cited in the audit as not being abated on time, were due to inspection failures classified as 24 hour deficiencies. Most of the units were abated one month later than they should have been. The contractor is currently monitoring all abatements for 30 day failures. A list of all 30 day failures will be provided to their main office each month by the inspection firms. The inspection firms will also provide a list of all 24 hour failures. This will ensure no abatement is missed. The lists will be checked and verified before the next Housing Assistance payments are made. Procedures have been implemented to notify landlords of 24 hour failures as follow:

- failures will be identified at the inspection, if the landlord is present, or the landlord will be notified by fax, email or phone.
- A letter will be sent to all landlords after the above notification has been completed.

The landlord must fax or call the inspection firm within 24 hours verifying the repair has been completed.

The Agency Did Not Implement Adequate Quality Control or Adequately Support its SEMAP Scores

The two (2) subcontracted inspection firms, Kelson and Daystar, will continue to conduct Quality Control Inspections on one another. An additional report has been added to the inspection software to retrieve a random selection of the total universe based on date (no more than three months old). A printable report will be retained to document the randomly selected units. The most recent inspection, location, type, result, and inspector will be cross referenced and reviewed. An Adobe PDF report will be maintained to record and track the results.

The above mentioned program will allow us to randomly select HQS Inspections based on the total universe of HQS failures as well. The selected failed HQS Inspection reports will be reviewed to provide a Quality Control sample showing the results of deficiencies corrected within 24 hours, deficiencies corrected within 30 days, possible extensions, as well as family obligations. HQS Enforcement findings will be maintained in an Adobe PDF report as well.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

If you have any questions, please feel free to contact me at 860-424-5860 or mary.cattanach@ct.gov .

Sincerely,



Mary F. Cattanch
Program Supervisor, Housing Services Unit

cc: Claudette Beaulieu, Deputy Commissioner
Carissa Riddle, Program Center Coordinator, HUD Hartford
John D'Amelia, J. D'Amelia & Associates

OIG Evaluation of Auditee Comments

- Comment 1** Whether deficiencies were identified in the unit itself or basement, they are still considered health and safety violations because the tenants had access. We agree that the agency needs to strengthen its inspection process in basements.
- Comment 2** In Voucher Guidebook 7420.10G, section 10.3 *Illumination and Electricity*, it states that the PHA must be satisfied that the electrical system is free of hazardous conditions, including exposed, uninsulated or frayed wires; improper connections; improper insulation or grounding of any component of the system; overloading of capacity; or wires lying in or located near standing water or other unsafe places. The draft HUD notice clarifies that ungrounded outlets are an HQS violation.
- Comment 3** Some of these units had several violations and one or more of them may have been tenant caused. The majority of the deficiencies were not considered tenant caused with the exception of one or two units. Regardless of whether the violation is tenant caused or not, the unit is required to meet HQS and these deficiencies should be identified by the inspectors. The difference is that the tenant, not the landlord, needs to be held responsible for mitigating the issues or in accordance with HUD guidance, they can be terminated. The agency needs to make sure that even if it is a tenant caused failure the item still fails HQS and needs to be properly repaired. According to 24 CFR 982.404(a)(4), the owner is not responsible for a breach of the HQS that is not caused by the owner, and for which the family is responsible (as provided in §982.404(b) and §982.551(c)). As stated in 24 CFR 982.404(b)(2), if an HQS breach caused by the family is life threatening, the family must correct the defect within no more than 24 hours. For other family-caused defects, the family must correct the defect within no more than 30 calendar days (or any PHA-approved extension). (3) If the family has caused a breach of the HQS, the PHA must take prompt and vigorous action to enforce the family obligations. The PHA may terminate assistance for the family in accordance with §982.552.
- Comment 4** These two units may have only had one or 2 violations, but they are serious HQS violations that predated the last inspection. Unit A has a door that did not lock since the initial inspection (9 months prior to our inspection), which is a lack of security for the tenant. Unit B was reclassified as not being a materially noncompliant unit. As the agency stated, most of the units had more than 2 deficiencies.
- Comment 5** The agency may be inspecting the units within 30 days of the recertification in accordance with their administrative plan; however, we did not review that. In accordance with the HUD guidebook, annual inspections must be scheduled so that all units are inspected within 12 months of the previous inspection. Our review determined that inspections were not performed timely with regard to the HUD guidebook requirements.

Comment 6 The agency did not abate all 46 housing assistance payments in accordance with HUD policy. Several of them were due to 24 hour failures. However, in accordance with the HUD guidebook the PHA must abate housing assistance payments to the owner for failure to correct an HQS violation under the following circumstances: (1) an emergency (life-threatening) violation is not corrected within 24 hours of inspection and (2) the PHA did not extend the time for compliance. Abatements must begin on the first of the month following the failure to comply. It cannot wait until the first of the following month following the 30 days deficiency deadline to begin the abatement, which is what the agency did. Further, according to 24 CFR 982.404(a)(3) the PHA must not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a deficiency is life threatening, the owner must correct the deficiency within no more than 24 hours.

Appendix C

HUD COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

HUD Comments

Comment 1

Indicator # 5 - HQS Quality Control and Indicator # 6- HQS Enforcement -

The Hartford Program Center conducted a Tier I Consolidated Review (which included a SEMAP Quality Control Review) of the State of Connecticut Department of Social Services (DSS) program in March, 2009. As a result of the review, Office of Public Housing (OPH) staff determined that the scoring of the PHA in Indicator 5-HQS Quality Control and Indicator 6 - HQS Enforcement could not be substantiated for a variety of reasons. As a result of the review, the PHA's SEMAP score for Indicators #5 and #6 were adjusted to zero points and the PHA was asked to complete corrective actions for these indicators. The OPH staff and PHA met on May 14, 2009, at which time the PHA presented materials demonstrating that the PHA had developed improved quality control policies, methods and forms as necessary, trained staff appropriately and implemented quality control activities which provide a clear audit trail that can be used to verify that the PHA's quality control sample was drawn in an unbiased manner, clearly provides a list of Section 8 HCV units only, represents a cross section of neighborhoods and inspectors' work, and demonstrates that the quality control inspections take place no later than three months from the most recent inspection date. The PHA also instituted procedures which should help to ensure that failed inspection items are repaired and re-inspected timely, within regulatory requirements of 24 hours or 30 days, as appropriate, and that the agency takes appropriate action including abatement of payments or termination of assistance/contracts when necessary. It is believed that these items have already been addressed by the PHA and the local OPH staff. In light of this information we believe Deficiency 1H is inappropriate at this time and should be removed from the audit.

Comment 2

IG's Comments on Late Inspections are overprojected in several areas of the report

- Upon review of current HUD Form 50058 data in the REAC PIC system, as of September 30, 2009, the State of CT DSS program records reflect 6,036 participant households. Of the 50058s in the system for this universe, 505 reflect dates which would potentially be considered late inspections (with dates of May, 2008 and earlier). Any 50058s with inspections from June, 2008 and later would not necessarily reflect late inspections, as the annual recertification and submission of the 50058s for this year (through October, 2009) have not potentially occurred as of this date, given their performance up to 120 days in advance of recertification effective date. Therefore, OIG-Audit's estimated projection of even the lower limit (with sampling error calculated) of 1,280 units (20.73%) with late inspections appears dramatically higher than actuals reflected in HUD's electronic systems. ($505 / 6,036 = 8.36\%$ is less than half of OIG-Audit's lowest estimate.)

OIG Evaluation of HUD Comments

- Comment 1** While we agree that the agency had made changes to improve their support and documentation of SEMAP indicators 5 and 6, these changes were the direct result of our audit work. We previously identified concerns with the SEMAP HQS quality control indicators, as well as, the other HQS issues discussed in this report during our first audit of the agency that was performed from February to June 2008. We had informed HUD of our preliminary findings with HQS and the SEMAP indicators at that time and advised that we would be reviewing these issues in detail in a separate audit of the agency. HUD performed their tier 1 consolidated review in March 2009 during our audit of the agency's HQS program and came to the same conclusions, that the SEMAP indicators 5 and 6 were not adequately performed and unsupported. Through both HUD and OIG guidance, the agency has improved their SEMAP review process; however, HUD needs to confirm the changes made (corrective action verification) to ensure that they are adequate to support SEMAP indicators 5 and 6. Therefore, our recommendation remains unchanged.
- Comment 2** OIG's projection was based on results from actual file reviews during the timeframes indicated. The results of those file reviews show that 30 percent of the inspections were not performed in a timely manner, regardless of what is indicated in HUD's electronic system. Based on previous experience with PIC data, it has been found that the system has not always been accurate due to data entry errors and other problems. Therefore, our recommendation remains unchanged.