

## CHAPTER 5. ON-SITE REVIEW AND FINAL REPORT

5-1 OBJECTIVE. The objective of this Chapter is to provide guidance to Field Offices about on-site review and the preparation of a final report/letter to the PHA.

### 5-2 PLANNING FOR AN ON-SITE REVIEW.

A. Review of risk rankings. The risk assessment process produces a ranking of PHAs. The ranking of PHAs must be reviewed to determine which PHAs are most in need of and, consequently, the best candidates for an on-site review.

B. Selecting the review team. Review team members should be selected based on those areas of the PHA's operation where problems have been identified. PHA performance and/or compliance related to individual program areas (e.g., maintenance, procurement, etc.) and performance as indicated by individual PHMAP indicator scores (e.g., a grade of "D," "E" or "F" on an indicator) should be considered by the Field Office to help focus its review. The Public Housing Director shall:

1. Designate the team members;

2. Meet with the team to ensure that assignments and review schedule are clearly understood; and

3. Discuss in detail major areas of concern, review strategies, and other key issues.

### 5-3 ON-SITE REVIEW SCHEDULE.

A. Scheduling of reviews. A review schedule shall be developed listing the PHAs and functional areas to be reviewed, and the names of team leaders and members. The review schedule keeps staff informed about those on-site reviews in which they will be participating. The schedule shall be updated at least semi-annually, but may be updated more frequently as circumstances dictate.

B. Tracking reviews. The Review Tracking module, which contains the Management Operations Control Chart (MOCC), in SMIRPH may be used by Field Offices to record their on-site review schedules. The actual

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scheduling of reviews for specific times of the year should take into consideration the following:

1. In order to maximize the use of travel funds and limit staff time, it may be beneficial to combine reviews.

2.Scheduling a review to coincide with one of the PHA's regularly scheduled Board meetings may be very helpful. Attending the Board meeting may afford Field Office staff valuable insight into how the Board conducts its policy making responsibilities and the nature of its overall relationship with the PHA.

#### 5-4 CONDUCTING AN ON-SITE REVIEW.

A.Purpose of a review. The ultimate purpose of an on-site review is to improve the PHA's overall performance and compliance with requirements of the law, regulations and other directives. To develop an appropriate improvement strategy, however, the review team must first identify and understand the causes of the PHA's problems. This is accomplished through on-site interviews, data collection, and documentation gathered by the review team, followed by discussions with PHA staff and administrators.

B.In-office preparations for on-site visit. The value and importance of taking sufficient time to prepare thoroughly for an on-site review cannot be overemphasized. The first step in the problem diagnosis phase is to conduct in-office preparations for the on-site visit. These preparations will ensure that the review team becomes familiar with a PHA's particular strengths and weaknesses and prepares adequately for the on-site diagnosis of PHA problems. Team leaders should be responsible for the following in-office preparations:

1.The review of PHA performance information. The intent is to identify performance trends and key areas for further investigation. Relevant sources of performance information include, but are not limited to:

a.PHMAP results;

b.Past review reports (PH, OIG, IA, etc.);

c.Feedback from Field Office colleagues within Public Housing and in other related offices (e.g., Procurement, Labor Relations, OGC, OIG, FHEO);

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d.Resident, citizen, local government and Congressional correspondence; and

e.Special or routine, HUD-required reporting forms submitted by a PHA.

2.Work with review team members to ensure that:

a.Key areas to be targeted during the on-site review are confirmed and that preparation focuses on the appropriate issues; e.g., they are concentrating on areas that have the greatest potential effect on

performance; they are exploring factors that may be contributing to poor performance, rather than symptoms of performance problems, etc.;

b.They are consulting with one another to determine possible linkages between functional areas; e.g., a vacancy problem may have its roots in both the MLM and the FM functional areas;

c.They have developed concrete review plans and tools, such as interview guides and lists of data needs; and

d.They are using multiple and diverse means of information collection and analysis prior to arrival on-site to maximize on-site time. Such actions might include:

(1)Pre-review telephone interviews with PHA staff, Board members, duly elected resident leaders, community representatives, etc.; and

(2)Review of PHA policies, as appropriate.

3.Develop and disseminate to the review team a common format for documenting review activities and findings, which will help ensure that:

a.The review effort is carried out thoroughly and consistently; and

b.At the end of the review, the team leader will be able to combine diverse findings into the final report, if necessary.

4.It is suggested that staff maintain a file on important PHA review data, Field Office actions, and other pertinent information (e.g., correspondence, etc.).

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C.Arrange on-site review. Scheduling the review and interviews, obtaining documents and files, etc., must be arranged in advance, so the review team can maximize their time on site. In setting up the on-site review, the team leader should perform the following tasks:

1.Contact the PHA Executive Director. The PHA should be given as much advance notice (30 days or more) of the pending review as possible.

2.Prepare a list of requested PHA data and documentation needed while on site; e.g., PHA files, copies of pertinent policies and procedures, audit reports, minutes of Board meetings, financial reports, etc.

3.Prepare a list of requested PHA staff to be interviewed, which might include:

- a.PHA Executive Director;
- b.PHA management staff;
- c.PHA Board members;
- d.PHA line staff;
- e.Duly elected resident representatives; and/or
- f.PHA Counsel.

4.Schedule appointments, as needed, with PHA Board members and non-PHA representatives; e.g., elected official(s), planner, law enforcement officials, supportive service providers, or other community representatives. Since these individuals' schedules may be more constrained than those of PHA employees, it is wise to schedule these appointments significantly in advance of the review.

5.Notify the Executive Director of the review and request assistance in making arrangements for interviews, data collection, document review, and visits to individual developments, as appropriate. Examples of what might be included in the notification are:

- a.When the review is to begin and end;

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- b.Who will represent the Field Office while on-site; who has been designated as the team leader, if more than one reviewer is participating;

- c.What specific PHA activities are to be reviewed;

- d.A request that Board member(s), specific PHA staff, and resident leaders be available during the entry/exit meetings, and specify which among these individuals should be available for interviews during the course of the review;

- e.Who (if anyone) outside the PHA will be contacted during the review to discuss the support, performance, etc., of the PHA;

- f.A statement that a cooperative HUD/PHA problem solving approach will be employed;

- g.A list of data and documents to be reviewed and PHA developments to be visited; and

h.A request that the PHA designate a specific PHA staff member as "liaison" responsible for overall logistics prior to and during the review.

6.Transmit a copy of the cover letter and enclosures to the PHA's Board of Commissioners.

7.Follow up with the designated liaison at the PHA to confirm arrangements for the on-site visit.

D.On-site review. The site visit is the critical point in the review process. During the site visit, the review team conducts the research and analysis from which findings and recommendations will flow. Because this research is so critical to determining later strategies for the PHA, the review team must take care to conduct objective, thorough analyses and to document its findings carefully.

1.An entry meeting between the review team and the PHA Executive Director, top management staff, and others as appropriate (e.g., Board of Commissioners, resident and community leadership) is an essential first step in the on-site review. The purpose of the meeting is to:

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a.Introduce the review team members and their areas of expertise;

b.Meet the PHA's staff/other attendees and respond to any questions about the review;

c.Explain the objective and scope of the review (this should be a specific list of topics);

d.Describe the review methodology, including the cooperative HUD/PHA problem solving approach;

e.Confirm the review schedule and the availability of requested interviewees, data, and documentation;

f.Discuss initial areas of concern (HUD's and the PHA's);

g.Advise PHA staff that, if necessary, the scope of the on-site review may be broadened if additional problems are surfaced, the problem(s) and/or its cause(s) are more complex than originally anticipated, etc.; and

h.Invite other meeting participants to express their concerns/raise issues.

2.The ultimate goal of the review process is to improve the PHA's performance and to solve any compliance problems that might exist. To achieve this goal, the review team must

determine why the PHA is not performing and what corrective actions are needed to improve the PHA's performance. Suggested team member duties include the following:

a. Conduct interviews, data analysis, and document review. Team members should be aware that information that is contradictory or unavailable may indicate other operational problems, such as inadequate record-keeping procedures, faulty automated systems, or lack of PHA internal coordination;

b. Analyze, in consultation with PHA staff, review results to determine:

(1) Causes of the PHA's performance problems, including interrelationships between functional areas and PHA organizational divisions;

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(2) Action(s) needed to resolve problem(s);

(3) Type and level of effort needed to address problems (e.g., does the PHA have the in-house capacity to resolve issues, or will outside assistance be required?); and

(4) Capacity/commitment of current PHA leadership to carry out necessary improvements.

c. Maintain work paper files to ensure that documentation is thorough and up-to-date.

3. In addition to reviewing and analyzing his/her own functional area, the team leader coordinates the entire on-site review effort and ensures the overall quality of the analysis. Specific team leader tasks include the following:

a. Coordinate with review team members to ensure that:

(1) Their research is focused on operational areas most likely to contribute to overall improvement in the PHA's performance;

(2) Their research addresses contributing factors rather than symptoms; and

(3) They are considering whether problems in different functional areas are related.

b. The team leader is encouraged to have the team's members meet briefly at the end of each day to summarize the results and findings of the review activities during that day. This approach provides the opportunity to:

(1)Explore possible interrelationships among PHA problem areas;

(2)Identify inconsistencies and areas for further investigation; and

(3)Determine whether additional interviews, data collection, or document review will be needed beyond those already arranged. It may also be determined that the scope of the

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review must be expanded to cover problem(s) not identified when the review was scheduled.

c.Serve as the primary point of contact for HUD and PHA participants in the review process.

4.The result of the team leader's research and analysis activities should be an understanding of:

a.The nature of the problems;

b.The causes of identified problems;

c.Whether problems in different functional areas are linked (e.g., turnaround time problems are caused by problems in both maintenance and leasing);

d.The corrective actions needed to address the findings and bring the PHA to an acceptable level of performance; and

e.The capacity and/or likelihood of current PHA leadership/staff to carry out necessary improvements.

5.The team leader shall ensure that any problems/concerns identified by the team during the review are shared with the Executive Director and key staff. This should be done in order to facilitate a cooperative problem solving approach, and to seek additional information and clarifications that may affect potential findings or observations.

6.The role of PHA and community in on-site review include:

a.Executive Director. For a review to be successful, it must have the participation and support of the Executive Director. It is important that the Executive Director view the review as a constructive process rather than an indictment of his/her leadership. The Executive Director is not expected to agree with all of the reviewer(s) findings. In fact, the most effective role that the Executive Director can adopt is to

perform an internal assessment and to participate in the review with his or her own views as to what is wrong, why it is wrong and what should be done about it. He/she should probe and test the validity of the findings and recommendations on a continuous basis. HUD staff should carefully consider the PHA staff comments.

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b.Commissioners. The support of the Board is essential to realizing the benefits of a review, but the need for their involvement in the review depends on the type of review being conducted.

c.PHA staff. The need for staff involvement will depend upon the nature of the review being conducted. Active involvement of the PHA staff in the review offers two distinct benefits. First, the staff are aware of many problems and are a prime source of information on the results of improvement actions that the PHA might have attempted in the past. The results, and particularly the reasons for failure, can be very instructional in formulating corrective actions. Another consideration is that the PHA's staff will usually be responsible for carrying out the actions needed to correct the deficiencies noted in the review.

d.Residents. Duly elected PHA resident councils and Resident Management Corporations should be notified by the PHA of the subject of the review and the specific dates the review will take place. The PHA should be requested to schedule interviews, as well as unit inspections, with residents if the review relates to matters of resident concern. It is strongly suggested that representatives of the resident organization should be included in the entry meeting to receive orientation on the coverage of the review, methods and process for identifying deficiencies, and the development of strategies to address findings. Residents should be involved in the development of the Operational Improvement Plan (OIP), if one becomes necessary.

e.Local Officials staff and others. Elected officials, locality staff (e.g., City Planning Director, Chief of Police, etc.), supportive service agencies and others may be involved in reviews depending on the subjects to be addressed. Interviews should be scheduled with local officials during which they are provided an orientation on the purpose of the review and coverage, as well as the process for follow-up on review findings. Appropriate local officials should also be involved in the development of the OIP (see Chapter 6) to the extent deemed appropriate by the Field Office



staff.

7.The team leader shall work closely with HUD team members, PHA staff, and other review participants to arrive at appropriate corrective actions to the PHA's problem(s). Corrective action planning should be a comprehensive approach to solving

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problems, that relies on all members of the review team, and is developed with the direct and full participation of the PHA and other review participants.

a.The development of goals should be a joint effort between the PHA and Field Office. Goals must be reasonable and realistic. Unrealistic goals are self-defeating. Not every aspect of a PHA's operation has a clear-cut, objective "standard" of acceptable performance.

b.The team should explicitly identify obstacles standing in the PHA's way in a problem area. If the PHA is to improve performance, it must address the things that cause the poor performance. However, causes may not be the only "obstacles." There may be other aspects of the PHA that, while not directly causing the problem, are standing in the way of fixing the problem. These could be institutional rigidity, inadequate policies, inadequate resources, etc.

c.Some obstacles may be more or less outside of the PHA's control or influence. These obstacles may be found in the local political climate, poor performance by other local agencies and entities (i.e., police, city services, social service agencies, etc.). A PHA's ability to influence change in these obstacles may be limited. However, they must be identified, understood, and addressed if improvement is to take place. In some instances, the Field Office may be able to influence the locality's performance by coordinating with HUD's Community Planning and Development (CPD) staff.

d.Resources should be identified. What does the PHA have available (e.g., people, programs, organizations, funding sources) to help it reach its goals? Are there available resources the PHA is not using to the fullest extent? Are there resources that do not yet exist, but which the PHA can develop? There may be resources outside the PHA that could be used to address the problems. These include services of other agencies and other entities (e.g., local, State, Federal, and private); State and Federal grants, etc.

e.Intervention strategies should be developed. The

review team should work with the PHA to identify specific actions to be taken, by particular people, within specific time frames, to address each

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problem. The review team and the PHA must focus on results. The PHA may be interested in using a "job chart." A job chart lists:

- (1)What tasks need to be done;
- (2)Who is responsible for doing them;
- (3)What time frames should be established; and
- (4)What resources are available to work with.

f.Tasks should be as clear and specific as possible without being overly prescriptive. It is also important that staff be assigned specific responsibilities in realistic time frames. The "job chart" should also identify the specific resources to be used to accomplish the tasks assigned. At this point, the review team's efforts are translated into the actual work that must be done in real time. Accountability is established so that intervention strategies are carried out in a timely manner. Without effective intervention strategies, the PHA may never realize the improvement that is being sought and the review effort will have been wasted.

g.Evaluation procedures should be developed. Without a clear evaluation of progress, the PHA will not know whether a particular strategy or task is effective. It will not know whether strategies need to be changed, new responsibilities assigned, the schedule revised, etc. By tracking milestones, the PHA and HUD can gauge the PHA's progress. Progress in some areas may only be determined by subjective measures. Do the developments look better? Have relations between the PHA and its residents improved? Where possible, however, objective measures should be employed that provide clear evidence of progress toward goals.

8.At the conclusion of the site visit, the review team should have performed all the interviews, data collection, and document review necessary to complete their analysis. Prior to departure, an exit meeting should be conducted with the PHA's Executive Director, top management staff, and others who will be needed to ensure that corrective actions are implemented, as appropriate; e.g., Board of Commissioners, resident and community leadership, in order to:

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a.Acknowledge the PHA's assistance and cooperation during the review, and identify positive aspects of the PHA's operation that were identified prior to, as well as during, the review;

b.Outline the team's preliminary findings, (clearly stated with appropriate documentation), causes of problems, observations and recommendations;

c.Provide the PHA with an opportunity to comment, correct or clarify, and to make suggestions regarding ways to improve PHA performance;

d.Reach mutual agreement, to the extent possible, on the findings, causes, corrective actions needed, and whether the issuance of a review report is necessary (any disagreements should be clearly recorded in the exit meeting notes); and

e.If a final report is determined to be necessary, notify the PHA that the findings are not final until issued in the final report. If an alternative approach is to be used in lieu of a final report, the PHA should be so advised by the Field Office.

9.If practicable, the Field Office's Public Housing Director and/or other Field Office supervisory personnel should be present at the exit meeting for any review involving complicated and/or potentially controversial findings or large PHAs (1250 or more units under management).

10.It may be necessary to delay the exit meeting in cases of complicated, controversial or potentially fraudulent matters surfacing during the review, such as reviews involving large PHAs or those with serious problems, if additional time after the review is necessary to organize the Field Office's presentation for the exit meeting.

#### 5-5 THE FINAL REPORT.

A.Purpose of the final report. The purpose of the final report is to present the review team's final conclusions about the PHA's performance problems, the causes of these problems, and recommendations to bring about improved PHA performance. Although the issuance of a final report is at the discretion of the Field Office, it is suggested that a final report be issued if:

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1.The PHA has a history of poor performance;

2.The PHA refuses to acknowledge that it has problems, although the Field Office can clearly document the existence of the problem(s);

3.The PHA requests that a final report be issued; and/or

4.Any other practical reason.

B.Preparation of final report. A final report, documenting the review effort and containing findings/observations, should be prepared. Although Field Offices have the discretion to decide whether to issue the review report to the PHA, issuance is encouraged. If a final report is not issued, at a minimum, a letter report shall be forwarded to the PHA Board of Commissioners acknowledging the PHA's cooperation and assistance during the review, documenting findings and observations, and any agreements reached during the on-site review. Because the final report documents the existence of significant PHA problems identified during the on-site review and HUD's requirements for improved performance, it is important that the findings, causes, and corrective actions be clear, persuasive, and well-documented. The team leader is responsible for ensuring the timely completion and quality of the final report. In carrying out this responsibility, tasks could include the following:

1.Discussion of findings with appropriate Field Office Public Housing staff, and other Field Office staff. It is important that the analysis of findings and discussions with other HUD staff accurately present the views of the PHA, particularly where there are disagreements. Such views shall be considered in arriving at recommendations for Improvement. It is more likely that corrective actions will be taken if the PHA and HUD recognize any constraints and do not adopt adversarial or unreasonable positions.

2.Integrate individual team member reports into the final report.

a.Acknowledge PHA cooperation and assistance during the review, and identify any areas of strength in the PHA's operations;

b.Identify the areas of the PHA's operation covered during the review;

c.Present and document key findings in each functional area, cross-referencing other functional areas as necessary;

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d.Identify the causes of the problems identified;

e.Identify specific corrective actions to improving PHA performance. Recommendations should take into account

the need for cross-cutting strategies; and

f. Present observations and recommendations for improved Performance/efficiency.

3. Coordinate internal Field Office review of the report.

4. Ensure timely issuance of the report to the PHA.

#### 5-6 FIELD OFFICE ISSUANCE OF FINAL REPORT AND PHA RESPONSE/ COMMITMENT.

A. Field Office issuance of final report. If a report is to be issued, it should be completed and transmitted, by the Field Office Public Housing Director, to the PHA as quickly as possible after the on-site review. As a rule, reports should be transmitted to the PHA not later than 30 calendar days after the exit meeting for the review. In the case, however, of reviews involving significant and/or complex issues/concerns, 45 days may be allowed for report transmittal. The report should be accompanied by a transmittal letter to the PHA Board of Commissioners that provides a context for the report and outlines desired next steps; e.g., a meeting with key PHA/other participants.

B. PHA commitment to corrective actions. A PHA shall be bound to its commitment, in response to a final report issued by HUD, or any other alternative approach, to implement the corrective actions it has agreed to implement to clear a finding(s). Subsequent changes in a PHA's Board or key staff shall not entitle the PHA to alter or disregard its commitment to implement the corrective actions agreed upon. HUD may proceed with targeted interventions (see Chapter 7) if the PHA fails to comply with its commitment.

C. PHA response to final report. The PHA's response to the final report shall be provided to the Field Office within 45 days of the date of the report. The PHA's response shall clearly state its agreement/disagreement with the report's findings and corrective actions, and its ability and willingness to address deficiencies within 90 days of the date of the report. PHAs that cannot Satisfactorily address findings, sufficient for the field office to close a finding within 90 days of the final report's issuance, may be required to

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submit an OIP (see paragraph 6-3). For troubled or mod-troubled PHAs, see paragraph 6-3D. The Field Office must immediately notify the PHA, in writing, if an OIP is necessary. NOTE: In the event the Field Office believes that the PHA will not be able to address deficiencies in 90 days satisfactorily, this phase shall be eliminated and the PHA will immediately begin development of the OIP.

5-7 DISTRIBUTION OF FINAL REPORT. If a final report is issued, it is the

responsibility of the team leader to disseminate the report and to serve as the point person for subsequent reactions and questions.

A.Distribution of final report to community. The Field Office is responsible for determining the appropriate distribution of the report based on the subject area(s) contained therein.

B.Distribution of the report within HUD. The Field Office shall use its judgement in determining the distribution of the report within HUD. However, the Assistant Secretary for Public and Indian Housing should receive review reports for troubled and mod-troubled PHAs only.

C.Release of reports to the public and news media. The Field Office shall assure that the report has been made available to the PHA before releasing the information contained in the report, to the public or news media. The release of the information by the Field Office to the public or news media shall be handled on a case-by-case basis pursuant to a request under the Freedom of Information Act.