



RENT INTEGRITY MONITORING REVIEW

**ED GRIFFIN
HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES**



ISSUES WITH THE RENT INTEGRITY MONITORING (RIM) REVIEW

- Problems with RIM Protocol
- HACLA Examples
 - Monetary Issues
 - Third Party Verifications
 - Miscalculation of Income & Deductions
 - Social Security Numbers
 - Birth Date
 - Other Issues
- Lessons Learned From RIM and File Review



RIM PROTOCOL

... and the problems with them



RIM PROTOCOL

- Lack of criteria and ramifications for risk ratings
(low, medium, high)
- No difference between minor and major errors
- No difference between degree of seriousness
(ex \$1 or \$300 errors)
- No opportunity to review and comment on findings
before forwarded to Washington
- Different messages concerning scope of RIM audit



RIM PROTOCOL

- Appearance of limited auditors experience in housing programs
- HACLA rebutted with extensive documentation May 5th
- HUD response supported their findings and the “baseline” for follow-up



HACLA EXAMPLES

- Per auditors: 201 errors cited in 116 files
- Per staff audit: 29 minor errors with merit



MONETARY ISSUES



MONETARY ISSUES

AUDIT FINDING

- Main purpose of audit concerns undercharging and/or overcharging
- 32 families with rent too high and 37 families rent too low
- Total monthly errors \$764 overcharging and \$1,544 in undercharging
- Total monthly tenant rent is \$12,399,501
- Main cause of tenant rent errors in utility allowance (58 files)



MONETARY ISSUES

HACLA FINDINGS

- Six (6) families undercharged (\$20 per month)
- Five (5) families overcharged (\$47 per month)
- When projected across all families the error rate is a fraction of 1% in the tenant rent
- If all audit findings were correct, the overall percentage of correct calculations would still exceed 90%

THIRD PARTY VERIFICATIONS





THIRD PARTY VERIFICATIONS

AUDITOR FINDING

- Sixteen (16) files with no reported 3rd party verifications or other problems



THIRD PARTY VERIFICATIONS

HACLA FINDINGS

- Of the 16 files - 3rd party verifications were in 9 of the files
- One (1) citation indicated no verification of family's assets while in file were 5 bank verifications for 10 accounts
- In all but 1 of 16 files, other types of verifications were present
- One (1) file the daughter filled out her own verifications, which we accepted
- ***Inflexibility of auditors in accepting any other type of verifications***

MISCALCULATION OF TENANT INCOME AND DEDUCTIONS





MISCALCULATION OF INCOME & DEDUCTIONS

AUDITOR FINDING

- Nineteen (19) citations

HACLA FINDINGS

- Eleven (11) actually correct

Example - Auditors utilized income of a deceased spouse and in another did not recognize the full-time student status during summer session

- Error ranged from \$1 - \$13 per month



SOCIAL SECURITY NUMBERS



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- In 24 files auditors found Social Security card verification missing



SOCIAL SECURITY

HACLA FINDINGS

- SS Card verifications were in 7 of the 24 files
- Staff witnessed cards in 1 file
- Two (2) families signed verifications of not having a SSN
- In all but 4 files the SSN was verified by other documents
- Two had state benefit cards or other income tax & records



SOCIAL SECURITY

- ◆ ***Federal regulations permit the verification by other methods***

- **Example of a file cited**

A housing resident with income tax forms (W-2s) and employment verification showing same SSN for the 35 years that she has been in the program



BIRTH DATE



BIRTH DATE

AUDIT FINDING

- Sixteen (16) citations of birth certificate missing from file

HACLA FINDING

- In 4 files certifications were present
- In 8 files date of birth was verified via driver's license, social security report, W-2 forms, or other sources
- One family is a portability family and records are with receiving PHA
- ***Regulations do not require PHAs to witness birth certificates***



OTHER FINDINGS



OTHER FINDINGS

- Non-citizenship rule
- Lack of “quality control” - *as defined by auditors*
- Voucher bedroom size
- 50058 form
- Utility allowance for a given bedroom size



LESSONS LEARNED



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- Uniformity needed in how documents are filed in tenant files (new checklist)
- Need to re-emphasize 3rd party verification
- Use the audit experience to further improve reexamination and review processes
- Need to review files to determine that all necessary paperwork is present
- Emphasis on training & internal quality control



LESSONS LEARNED

- Need to utilize 1st audit experience to simplify future audits
- Easily identify the Section 8 contract in each file
- Show auditors how to identify tenant-paid utilities
- Print the entire 50058 for every review
- Review the protocol items at the beginning