



**U.S. Department of Housing and Urban  
Development**  
Milwaukee Field Office  
Suite 1380  
310 West Wisconsin Avenue  
Milwaukee, WI 53203-2289  
<http://www.hud.gov/local/mil/>

December 28, 2022

SENT TO EMAIL

Willie Hines, Secretary - Executive Director  
Housing Authority of the City of Milwaukee  
809 Broadway  
Milwaukee, WI 53202

Dear Mr. Hines:

The Milwaukee Public Housing Program Center (MKE FO) conducted a review of Housing Authority of the City of Milwaukee (HACM) Housing Choice Voucher Program (HCV) from September 19 through November 18, 2022. This review included an on-site visit from October 4 to October 6, 2022. The purpose of this visit was to assess your agency's oversight HCV Program. Our team consisted of Shirley Wong, Scott Koegler, Diana "Dee" Schultz, Luke Radomski, Pooja Dhaliwal, Eric Hau, Thomas Clark, and Matthew Hughes.

Over the last eighteen months, the Milwaukee Public Housing Program Center, has provided direct technical assistance and has engaged a contractor, CVR Associates, Inc., to provide additional targeted technical assistance to HACM. HUD's Quality Assurance Division (QAD) also conducted an onsite assessment of HACM's use of HUD's Voucher Management System (VMS). Specifically, our team was on site to assess the following:

- What corrective actions HACM has taken to address the finding from the HUD QAD review and resulting Corrective Action Plan. This review took place in July of 2021.
- What changes HACM has adopted from HUD's technical assistance provider, CVR Associates, Inc.'s report entitled, "Report of Observations and Recommendations: Housing Authority of the City of Milwaukee, December 31, 2021."

During the review the Milwaukee Public Housing Program Center requested the following:

- HACM's overall operating budget; Rent Assistance Division's budget
- Financial Policy and VMS Policy
- Yardi VMS Report for April to August
- Source documents, work papers, offline or system generated reports to support VMS data entry for April to August
- Monthly utilization reports showing all vouchers under lease for April to August; monthly financial records (General Ledger detail, subsidiary ledgers, trial balances, income statements, balance sheets, and check registers for April to August)
- Housing Assistance Payment (HAP) registers for April to August
- HUD funding increment letters for Tenant Protection Vouchers (TPV), Veterans Supportive Assistive Housing (VASH) vouchers, and HCV increments from 2020-2022.
- Agreement to Enter a HAP Agreement (AHAP) and HAP Contracts

- A written explanation of the sustainability of HACM's HCV Administrative Program. The Milwaukee Public Housing Program Center found that HACM is not earning, annually, enough administrative fees to cover its costs.

While on-site, we conducted interviews with twenty-one (21) HACM staff positions in HCV leadership, Finance leadership, RAP leadership, voucher intake and lease-up, project-based vouchers intake and lease-up, VMS reporting, and data input and integrity. We were very impressed with the level of engagement the staff and the board chairs demonstrated during the onsite visit. We found many instances where HACM staff had already implemented changes:

- Creating a new certification team to speed the voucher lease-up process
- Working towards electronic completion of certifications by starting to collect email addresses
- Locating kiosks and computer labs throughout Milwaukee for electronic submittal of verification documentation
- Hiring a business analyst to review data and processes
- Hiring a landlord relations staff person to connect HACM to landlords and landlords to tenants
- Hiring a housing navigator to assist VASH participants
- HACM have also modified policies/practices to reduce barriers for participants:
  - Allowed tenants after one year on the program to go to a month-to-month lease
  - Reduced paperwork in its application packet from 60 to 40 pages
  - Allow higher income families with no rent subsidies a 180-day grace period before terminating assistance
  - Resumed oral briefings
  - Increased payment standards to 120% of Fair Market Rents
  - Implemented a homeless preference
  - Opened its waiting list
  - Streamlined the Project-Based Voucher lease-up process by having both the Affordable Housing and Section 8 division show properties and be on site to assist participants completing applications

Our office found HACM's HCV Program to have substantial non-compliance issues. These will be identified as Findings and will require a response from the appropriate agency **within 45 days of the date of this letter**. Your response on findings should either indicate correction of the issue or a plan to correct within a reasonable amount of time. The HUD Field Office will review your responses to determine a satisfactory response or whether a Corrective Action Plan will need to be developed. Please let us know if you have any questions or concerns regarding the listed findings.

As stated above, the HUD staff found some areas of program administration to be generally good; however, there are many areas of serious concern that need to be addressed by HACM **within 45 days of the date of this letter**. Concerns are those areas that would benefit from change or ongoing improvement and will require additional written response from HACM. Depending on HACM's response concerns may be included in the Corrective Action Plan. The MKE FO also made observations. Observations are those areas that are recognized best practices or may be worthy of change. Observations do not require a written response. There are a total of 31 findings and 13 concerns that require a response from HACM.

**The HACM must submit a detailed written corrective action plan to address all findings and concerns within 45 days of the date of this letter.**

Should you or your staff have any questions or concerns, please contact Diana Schultz of our office at [diana.l.schultz@hud.gov](mailto:diana.l.schultz@hud.gov) or 414-935-6727.

Sincerely,

12/28/2022

**X** Shirley Wong

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Shirley Wong

Director

Signed by: Office of Administration

Shirley Wong, Director  
Wisconsin Public Housing  
Program Center, 5IPH

cc: Mark Wagner, HACM Board Chair  
Mark.Wagner@hacm.org

Sherri Daniels, HACM Vice Board Chair/Resident Commissioner  
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Mayor Cavalier Johnson  
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5IPH/ J:\\_WI PHA Files\WI002 - Milwaukee\13 On Site Reviews - Monitoring \ 2022 On-Site Monitoring letter.

5IPH	5IPH	5IPH	5IPH	5IPH	12/22/2022	5IPH	5IPH
Schultz (Dee)	Radomski	Dhaliwal	Hau	Clark	Koegler		Wong

## Appendix A: HCV Financial/Cash Management (HCVCM)

1. **Finding HCVCM-1: The PHA lacks internal controls in its oversight of the Housing Choice Voucher (HCV) Program.** In interviews with HACM staff on October 4-6, 2022, it was mentioned to the MKE FO that:

- A single person in the Rent Assistance Program (RAP) Division, the Program Manager for Accounting/Special Projects, does the bookkeeping and issues HAP payments that totaled nearly \$36,000,000 in 2021. This will likely be a similar amount in 2022. It was also mentioned that these HAP payments were not tested for quality control. There is no segregation of duties and no oversight of this position's activities. The conflicting responsibilities assigned to this single position along with a lack of oversight increases the risk of serious fraud, waste, and abuse.
- The Finance Division does not comprehensively reconcile the HAP payment and administrative fee amounts received from the RAP division prior to entering them onto the General Ledger; it appears to accept the amount provided by the RAP division with minimal review. It brings into question whether HACM's financial statements can be wholly stated. More importantly, this lack of internal controls leaves HACM at risk for serious fraud, waste, and abuse.

These are the same observations made by the HUD Quality Assurance Division (QAD) in July 2021 and by CVR and Associates in their "Report of Observations and Recommendations" from December 2021. It is concerning to the MKE FO that no discernable actions have been taken by HACM's Finance and Rent Assistance Program Divisions to safeguard HUD HCV funding in the *sixteen months* since the observations were first made.

As part of the QAD Corrective Action Plan, HACM was to develop a procedure for VMS Reporting. HACM developed a document titled "VMS Reporting Procedures," where very few details are included. It provides general steps, initials of persons responsible and target dates by which each of the steps are to be completed. It also appears that HACM incorporated some of the recommended Yardi reports into the protocol as were noted in the CVR and Associates December 2021 report. However, HACM is not able to implement this protocol as described for several reasons 1) there appear to be missing data linkages and 2) The RAP Division is not using Yardi's full functionality but is using a burdensome process outside of Yardi. Staff appear to be compiling approximately 40 separate spreadsheets monthly. Some of this compiled data is being manually added to the Yardi VMS Report by HACM staff.

The MKE FO attempted to reconcile the RAP Division's Yardi VMS Monthly Report with records provided from the Finance Division's Multiview system using a process like the VMS Reporting Procedures. We were unsuccessful on our first attempt because important data linkages (e.g., tenant id, tenant name, or property address) were missing from the Multiview reports which made it impossible to compare the reports. Upon a second data request to HACM, the MKE FO was able to make some of the linkages but found material differences that we were unable to explain. During on-site interviews, HACM staff could also not explain the variances but were aware of them. HACM staff also conveyed that the Finance Division was attempting to reconcile those differences after the on-site review was completed.

- *Regulatory Citation(s):* 2 CFR 200.302(b)(4), 2 CFR 200.303, 24 CFR 982.158(a), Paragraph 14(a) of the Consolidated Annual Contributions Contract, and "Standards for Internal Control in the Federal Government"

- *Corrective Action(s)*: HACM has a responsibility to maintain effective control and accountability for all its funds and must adequately safeguard all assets to ensure they are used solely for their authorized purposes.
  - *Corrective Action HCVCM-1-a*: HACM has developed a generalized document called “VMS Reporting Procedures” which lists the steps undertaken to review VMS and General Ledger details, the initials of the responsible staff, and the date by which the step must be completed. Additional detail must be added to this protocol *outlining the exact steps* taken and the position responsible rather than individual person. HACM must submit to the MKE FO a more robust VMS Reporting Procedures document. It is suggested that HACM incorporate the following into the expended protocol:
    - To ensure proper payments and data integrity HACM should be comparing the monthly rent roll/check runs against the Yardi VMS report and the Multiview HAP Check Register and/or Trial Balances. HACM should develop a Yardi report that contains the pre and post check run report information along with dates that HAP checks were issued, or HAP payments were posted to Yardi. Detailed steps should be documented on how to determine variances between Yardi and Multiview. Any differences should be explainable and researched in detail so erroneous payments are not made.
    - Incorporate usage of the Yardi audit reports, which are part of the PRH month end report. This report has three parts: new additions to the rent roll, any income or composition changes to the rent roll, and deletions from the rent roll. Then HACM should run the edit report for the prior month payments to ensure Yardi is pulling the correct HAP amounts.
    - Once the data control checks are completed in the first two bullet points, HACM should pass along their Yardi data to Finance electronically. Our suggestion is that until HACM implements Yardi for the Finance Division that an export of the Yardi is imported into Multiview. As noted in the preceding section when MKE FO staff attempted to reconcile Yardi data with Multiview data, we found it was not possible without data manipulation as the data linkages were missing (e.g., tenant id, tenant name or property address).
    - The MKE FO suggests HACM keep using manual spreadsheets as a quality control back-up for Yardi and VMS entries. However, the MKE FO suggests that HACM investigate using a single shared spreadsheet with multiple tabs that mirror the three Yardi PRH audit month end reports instead of manually compiling the nearly 40 spreadsheets. HACM should create a new spreadsheet each month and archive it as back up for the VMS reporting. This would increase efficiencies and reduce errors that may occur by copying and pasting data from multiple sources.
  - *Corrective Action HCVCM-1-b*: HACM must develop an internal controls policy for the monthly rent roll/check run and the VMS and General Ledger reconciliation process. These internal controls may be a standalone protocol or incorporated into the VMS Reporting Procedures. For instance, to address the observations above the RAP Division could sample their data as required by SEMAP to ensure that the reports it is submitting to the Finance Division are accurate. It is suggested that the Business Analyst and the RAP program staff be involved the creation of these internal controls. Also, HACM should work to segregate the conflicting duties of the Program Manager for Accounting/Special Projects or develop processes to review the work of that position. Equally important are internal controls in the Finance Division. The work of the Senior Finance Analyst should also be reviewed. The developed internal control policy must be submitted to the MKE FO.

- *Corrective Action HCVCM-1-c*: Finance and RAP leadership, including department heads and mid-level managers, must watch this HUD video series on “Public Housing Authority Financial Management.”

<https://www.hudexchange.info/trainings/courses/public-housing-authority-financial-management-training/>

When completed each member of leadership must submit certifications attesting that they have watched the video series. Please use the “Get Credit” button for each employee for the certification.

2. **Finding HCVCM-2: The PHA did not provide their auditor with all information needed to perform the audit.** During interviews on October 4 though 6, it was mentioned that the Finance Division had not read the letter from HUD’s Quality Assurance Division (QAD). HACM did not provide its auditor with the QAD on-site report from July 16, 2021, nor did it provide its Corrective Action Plan resulting from the QAD review. The MKE FO will notify the REAC Audit Division on the financial reporting findings.
  - *Regulatory Citation(s)*: 2 CFR 200.508(d) and 2 CFR 200.519(c)(1)
  - *Corrective Action(s)*: HACM shall provide a copy of this report and a copy of the QAD Onsite Report issued July 16, 2021, and any follow-up reports from QAD to its auditor.
3. **Finding HCVCM-3a: HACM’s unit month leased (UML) count appears to be overstated by an estimated 10% in August 2022.** The MKE FO reviewed a statistically significant random sample of HCV and EHV participants that HACM reported as active participants on its August 2022 Yardi Voucher Management System (VMS) report which were reported in HUD’s VMS system.<sup>1</sup> The 360 participants were reviewed with the HUD Form 50058 (50058) Inventory Management System/PIH Information Center (PIC) submissions. Thirty-six (36) of 360 participants, or approximately 10%, of participant PIC 50058 submissions appear to be invalid. Since the random sample is statistically significant, it can be applied to the overall universe of 5,727. This would result in an estimated 572 (+/- 28.6) active participants reported in August that appear to be invalid.

Accuracy of this data is required by HUD regulations and guidance. HUD uses the information reported into VMS to calculate HCV administrative fees earned for participant families under a Housing Assistance Payment (HAP) Contract. Annually HUD publishes an administrative fee schedule. For 2022, the column B rate is \$69.06, which HUD has prorated by 88% to \$60.77. For 2022, based on an estimated 10% inaccuracy rate, approximately \$417,000 (+/- \$21,000) in administrative fees could be ineligible.

The MKE FO recognizes several factors that appear to contribute to this finding: 1) a difficult and uneven software conversion from VisualHOMES to Yardi, 2) staff turnovers, use of temporary staff, and what appears to be inconsistent staff training in Yardi and data entry, and 3) that HACM implemented several CARES Act waivers during the pandemic. HUD allowed some flexibilities around the delay of conducting annual and interim examinations and allowing tenant self-certification of assets and income with CARES waivers that could be adopted by housing authorities. Interim examinations were to be completed by December 31, 2021; annual reexaminations for 2020 were to be completed by December 31, 2020; and annual reexaminations for 2021 were to be completed by December 31, 2021 per the alternative requirements for the waivers. Any discrepancies between the participant’s self-certification and verifications including EIV were to be resolved.

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<sup>1</sup> Please refer to Appendix HCVCM-a-1 for more information on the methodology used in this section and to column BD on the Review Findings tab in the RandomSampleof360of5727FINALforReport Excel Workbook.

HACM did not meet the deadlines required by the CARES Act. We note that at the time of this report HACM had very few late re-examinations according to PIC<sup>2</sup>. However, throughout 2022 there were 208 late re-examinations between January and August from 2021 and earlier according to the Yardi late re-examination report submitted to our office by HACM. What is concerning is that the underlying data has numerous errors including what appear to be incorrect end of participation dates, late physical inspection dates, incorrect and/or ineligible HAP payments, and other issues that are described in this section and the Data Integrity section of this report. HUD's EIV data also has numerous discrepancies that are further discussed in the HCV Program Management section of this report.

*Starting in 2022 and continuing through to 2024, HUD will be transitioning all housing authorities from VMS to Enterprise Voucher Management System (eVMS) and from PIC to Housing Information Portal (HIP). Using these systems, HUD will start to make monthly administrative fee and housing assistance payment calculations based directly on the submissions HACM makes from HIP 50058 submissions.<sup>3</sup> With these upcoming system changes it is **imperative** that HACM prioritize its data integrity.*

- *Regulatory Citation(s):* 2 CFR 200.329(a) and (b), 2 CFR 200.303(b)(3), 24 CFR 982.158(a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract, and PIH Notice 2021-14
- *Corrective Action(s):* HACM has a responsibility to accurately report unit months leased into HUD's Voucher Management System. HACM must take the following actions to ensure accurate reporting:
  - *Corrective Action HCVC-3a-a:* A quality control policy must be developed and submitted to the MKE FO. HACM must provide accurate UMLs when it reports participant counts in VMS. HACM must implement a quality control process to ensure accuracy of reported data. The MKE FO suggests the RAP Division Director work with the Business Analyst to develop this quality control process.
  - *Corrective Action HCVC-3a-b:* HACM must undertake a record-by-record review of its Yardi data, make appropriate corrections, and submit accurate data to both PIC and VMS. HACM must submit its data correction plan to the MKE FO. The HACM must also submit its monthly Yardi VMS Report to the MKE FO. The MKE FO also suggests that HACM follow Recommendation 7 from the CVR and Associates December 2021 report. Recommendation 7 suggests a process and Yardi reports that can be used to verify property codes and identify duplicate records.

4. **Finding HCVC-3b: The review of the August 2022 HCV sample also indicated improper payments to HCV and EHV landlords. An estimated 1.22% of the August sample included HAP payments that did not match the reported amount.**<sup>4</sup> Using the same randomly selected sample as in Findings HCVC-3a and 3b above, the MKE FO found 7 of 360 landlords received HAP payments that did not match the amount that should have been paid.

- *Regulatory Citation(s):* 24 CFR 982.451, PIH Notice 2017-16 and PIH Notice 2022-14 and Paragraph 14(a) of the Consolidated Annual Contributions Contract

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<sup>2</sup> HACM's Administrative Plan has a policy to do conduct biennial re-examinations.

<sup>3</sup> [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/eVMS](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/eVMS) and [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/systems/pic/hip](https://www.hud.gov/program_offices/public_indian_housing/systems/pic/hip)

<sup>4</sup> For a further discussion of the random sample, please see Appendix HCVC-a-1. For the random sample itself and the list of participants please refer to column BC on the ReviewFindings tab in the RandomSampleof360of5727FINALforReport Excel Workbook.



- *Corrective Action(s)*: HACM must pay the correct amount of housing assistance payments promptly when due to the owner in accordance with the HAP contract. HACM must implement a quality control process to ensure accuracy of HAP payments.

5. **Finding HCVCM-4: A significant portion of HAP payments sampled included payments for previous years activity.**<sup>5</sup> Based upon the results of Finding HCVCM-3b, the MKE FO further reviewed the largest 50 HAP payments made to landlords during the period from January through August 2022. Thirty-two (32) of 50, or 64%, of the largest landlord payments were paid for prior years rental activity. HACM has made back HAP payments to landlords for rental activity as far back as 2020 with current CY2022 HAP allocation. This concurs with an observation made by CVR and Associates in the December 2021 report where prior year HAP payments were made in the current year. HACM has been paying back rent on housing authority errors or omissions from current year HAP. This is not allowable. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) requires federal agencies to define a period of performance. For the HCV Program the period of performance is a calendar year (January 1 to December 31). Eligible costs for the HCV program are charged to the grant for that year; this applies to HAP and administrative fees. Any costs charged to the HCV program outside of that timeframe are ineligible. The outcome of paying back payments from current year HAP is that it is possible that up to \$142,895<sup>6</sup> of potential ineligible HAP payments have been made by HACM from current year funding.

- *Regulatory Citation(s)*: 2 CFR 200.1, 24 CFR 982.451(b)(5)(i), 24 CFR 982.455, PIH Notice 2022-14, Paragraph (12) of the Consolidated Annual Contributions Contract
- *Corrective Action(s)*: HACM must only pay eligible HAP and administrative fee amounts during the HCV program period of performance. HACM must implement a quality control process to prevent ineligible costs applied to the HCV program outside the eligible period of performance.

6. **Finding HCVCM-5: HACM has been making HAP payments without an executed HAP Contract and a lease that includes HUD’s Tenancy Addendum.** Prior to the MKE FO randomly sampling 360 PIC 50058 records, the MKE FO initially reviewed 100 PIC 50058 records. There were 13 records found which the MKE FO investigated further. Of these 13 files reviewed 10, or 76%, were lacking documentation necessary to make HAP payments.<sup>7</sup> To make HAP payments to a landlord a current executed HAP contract, and a lease that includes HUD’s Tenancy Addendum must be in place.

- *Regulatory Citation(s)*: 24 CFR 982.162, 24 CFR 982.305(a), 24 CFR 982.305(c)(2)
- *Corrective Action(s)*: HACM must ensure that it is only making HAP payments to landlords when there is executed HAP Contract and a lease that includes HUD’s Tenancy Addendum in the participant’s file. HACM must implement a quality control process to ensure proper documentation prior to making HAP payments to landlords.

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<sup>5</sup> For the list of participants, please refer to the BigChecksJanthruAugust tab in the RandomSampleof360of5727FINALforReport Excel Workbook.

<sup>6</sup> Total actual dollar amount of top 50 payments to landlords.

<sup>7</sup> See Exhibit HCVCM-b-1.

7. **Finding HCVCM-6: HACM’s payment records have 1,296 instances over the January to August 2022 period where HACM made HAP payments directly to itself.**<sup>8</sup> The MKE FO confirmed with PIC 50058 submissions that HACM lists itself as the landlord. Instances in PIC are related to HACM-owned properties of Northlawn, Berryland and Southlawn among others. The MKE FO did not verify with physical tenant files but finds likely that HACM has numerous HAP contracts with itself. HUD guidance states that the PHA acting as contract administrator cannot execute a contract with itself as the owner. As PHA-owned units, these units are also subject to Independent Entity (IE) requirements. The 1,296 instances of potential ineligible HAP payments made payable to HACM and originated from HACM total \$592,294 from January to August 2022.
- *Regulatory Citation(s):* 2 CFR 200.318(c)2, 24 CFR 983.351, and PIH Notice 2017-21
  - *Corrective Action(s):*
    - *Corrective Action 5-a:* A PHA acting as contract administrator cannot execute a contract with itself as the owner of the PHA-owned units. HACM must create third party legal entities (Ownership Entities) if those Ownership Entities do not already exist. The Ownership Entities will own the properties and act as the second party in the HAP contract. In these situations, HACM cannot terminate assistance to households already receiving assistance at these properties.
    - *Corrective Action 5-b:* Where an Ownership Entity already exists and for those that Ownership Entities HACM creates, HACM must ensure the HAP payment is paid to the Ownership Entity and not HACM itself.
    - *Corrective Action 5-c:* HACM must immediately turn over rent reasonableness determinations, unit inspections, and other associated responsibilities to an IE. HACM must supply, if necessary, any required materials for HUD to approve an IE for these functions.
    - *Corrective Action 5-d:* HACM must submit to HUD a program cap calculation for these PHA-owned PBVs that meets the requirements of PIH Notice 2017-21.
8. **Finding HCVCM-7: HACM has inconsistent processes for ending HAP in instances where either the tenant or the landlord terminates the lease or when HAP payments have not been made for 180 days or more.** For a more complete discussion of inconsistencies that the MKE FO uncovered in HACM’s data, please refer to findings captured in the HCV Data Integrity section of this report and Findings HCVCM-2 and 3 as described above.
- *Regulatory Citation(s):* 24 CFR 982.311 and 24 CFR 982.455
  - *Corrective Action(s):* HACM must develop consistent processes in the form of Standard Operating Procedure (SOP) for dealing with termination of HAP. This SOP should be provided to frontline staff; staff should be trained in its use. This SOP must be submitted to the MKE FO.
9. **Finding HCVCM-8: The PHA is not keeping all final documentation to support VMS reporting.** VMS reporting is used to determine the level of HUD HCV administrative fee funding and HCV HAP funding. During the review the MKE FO found that HACM is still not maintaining the *final* spreadsheets it is manually preparing to back-up its Yardi VMS report and justify adjustments made to the report. Each month nearly 40 of these spreadsheets are prepared by case managers and supplied to the Program Manager for Accounting/Special Projects for compilation into one report. When provided to the MKE FO, HACM could not identify which spreadsheets were used for final reporting

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<sup>8</sup> For the list of payments, please refer to the HACMChecksPaidToItself tab in the RandomSampleof360of5727FINALforReport Excel Workbook.

into HUD's VMS. Prior to the QAD review in July of 2021, HACM did not maintain back-up records for its VMS entries. As such, HCV funds that were awarded to HACM prior to the QAD review in July 2021 could be considered unallowable under the Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards at 2 CFR 200.403 (g) which specifically requires that for a cost to be allowable, it must be adequately documented.

- *Regulatory Citation(s)*: 2 CFR 200.334, 2 CFR 200.403(g), 2 CFR 200.415(a), 24 CFR 982.158(f)(3) and (6), and Paragraph 14 of the Consolidated Annual Contributions Contract
- *Corrective Action(s)*: HACM must develop a records retention policy incorporated in the financial policy that at a minimum meets the requirements of 24 CFR 982.158 and 2 CFR 200.334. The records retention policy, once developed must be submitted to the MKE FO.

10. **Finding HCVC-9: The PHA does not submit to HUD for approval a proposed budget for the HCV Program.** HUD requires that each PHA fiscal year, the PHA must submit its proposed budget for the program to HUD for approval at such time and in such form as required by HUD. HACM's RAP Division is running a cumulative administrative deficit of nearly *\$1.3 million*. HACM's Finance Division assists the RAP Division in preparing the annual budget for the program. However, HACM's Finance Division or other leadership does not review the programs actual expenses on a frequent enough basis to determine if RAP is operating within the budget. The Finance Division seemed aware of cost overruns within the program but has not taken any measures to address this. HACM also seems to rely on outside funds from HACM-owned property revenues and other undetermined sources to make the RAP Division solvent. The Finance Division could not state how much in outside funds the RAP Division was receiving.

- *Regulatory Citation(s)*: 24 CFR 982.157(a) and PIH Notice 2015-17
- *Corrective Action(s)*: HACM must submit its proposed 2023 RAP budget for the HCV program to HUD for approval. The RAP and Finance leadership should work collaboratively to develop a budget based upon HUD's annual funding letters. The budget developed should make a reasonable estimate of administrative fees earned and seek to operate within those constraints. The budget should include both HAP and administrative income and expenses. The budget should acknowledge the \$1.3 million deficit in HACM's UNP. Should HACM supplement the UNP deficit with outside funds, it should disclose the non-federal sources of administrative funding in the program budget. HACM must submit year to date budgets with year-to-date differences and notes explaining those differences to the MKE FO quarterly until the UNP maintains a positive cash position. This financial report must also be given to the Board of Commissioners on a quarterly basis.

11. **Finding HCVC-10: HACM does not submit the required utility allowance schedule and documentation to HUD as required by regulation.** HUD requires that PHAs submit its utility allowance schedule for the program to HUD at such time and in such form as required by HUD.

- *Regulatory Citation(s)*: 24 CFR 982.517(a)(2) and (b)(4) and 24 CFR § 982.517(c)
- *Corrective Action(s)*: HACM must submit its current utility allowance schedule and prior year utility allowance schedule for the program to HUD. HACM must also submit its current utility consumption analysis. Any change in utility allowance category of 10% or more must be revised.

12. **Finding HCVC-11: HACM has not implemented changes to its General Ledger Accounting Codes from the QAD Review Letter dated July 16, 2021.** The MKE FO found that the General Ledger Accounting Codes were still incorrectly named. HACM continues to use these accounts for port-out vouchers and administrative fees, but they are currently labeled as port-in accounts. This labeling is misleading and inaccurate.
- *Regulatory Citation(s):* 2 CFR 200.329(a) and (b), 2 CFR 200.303(b)(3), 24 CFR 982.158(a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract, and PIH Notice 2021-14
  - *Corrective Action(s):*
    - i. HACM should update 471501 to “Section 8 HAP Port-out.”
    - ii. HACM should update 471502 to “Port-out – Administrative Fees.”
    - iii. HACM should create subsidiary accounts for VASH, EHV, and NED special purpose vouchers.

13. **Concern HCVC-1: HACM must provide HUD and its representatives free and full access to all books, documents, and records relevant to the administration of the HCV program.** Although the spreadsheets discussed in Finding HCVC-8 were known to the MKE FO from the QAD review completed in July of 2021, the CVR Report, and from the on-site review interviews, these spreadsheets were requested several times and several different ways by the MKE FO team before being supplied by the RAP team.

- *Regulatory Citation(s):* 2 CFR 200.337, 24 CFR 982.158
- *Corrective Action(s):* HACM must promptly provide to HUD and its representatives free and full access, to all books, documents, and records relevant to the administration of the HCV program.

14. **Concern HCVC-2: HACM leadership demonstrated a lack of understanding of HAP funds available for the HCV program.** During the on-site interviews, HACM’s leadership were not aware of HACM’s total Housing Assistance Payment (HAP) Funds which includes Annual Budget Authority (ABA), Restricted Net Position (RNP) and HUD-held reserves (HHR). The consistent answer provided by leadership was that HACM’s ABA from HUD is \$35 million. In actuality HACM’s total available HAP funds are \$45 million including HHR and RNP. HHR is that portion of HACM’s HAP reserves that are in HUD’s accounts but are available to HACM, while RNP is the amount of HAP reserves held in the PHA’s account. This misconception is common among many housing authorities; however, unawareness of HHR by leadership led to HACM spending down its UNP, or administrative fee reserves, to pay for HAP expenses in calendar year 2021. This has contributed to the current deficit of HACM’s UNP of approximately \$1.3 million. In December of 2021, CVR Associates alerted HACM and the MKE FO of this situation. Subsequently HACM with CVR’s assistance prepared an HHR frontload request to HUD for \$3 million in HAP.<sup>9</sup> Awareness of the HHR may have allowed HACM to run less of a deficit in its UNP.

Additionally, the MKE FO has for the last eighteen months pointed out and provided suggestions for the quarterly financial report that HACM presents to its Board of Commissioners. This report uses misleading financial metrics for HCV Program performance in part due to the misconception of the total available HAP. By only using the ABA and monthly HAP disbursement instead of the total HAP available this report indicates 90% HAP utilization when the number is on average closer to 70-75% HAP utilization at any given time. HUD’s performance measure of HAP utilization is total HAP

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<sup>9</sup> As the MKE FO has made HACM aware of previously, HACM is not allowed to reimburse its UNP with the funds from the HHR frontload.

expended over Total HAP Available (ABA + RNP + HHR). HACM should adopt HUD's performance metrics when developing its annual goals.

- *Regulatory Citation(s)*: 24 CFR 982.157(a)
- *Corrective Action(s)*: HACM leadership should take training on HCV Financial Management. Our office recommends HUD HCV "Essential Training Series PHA." Specifically, HACM leadership in the RAP and Finance divisions should take "HCV Overview Video Series" and "HCV Utilization Training: Financial Management and Best Practices." The trainings may be found at this web address: [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/program\\_trainings\\_and\\_resources](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/program_trainings_and_resources). Using the knowledge gained from this training, RAP and Finance leadership should work collaboratively to develop a budget and actively review the budget throughout the course of the year (see Finding HCVC-9). A list of staff that have taken the trainings must be submitted to the MKE FO.

15. **Concern HCVC-3: The "Yardi Data Entry Standard Operating Procedures" (Yardi SOP) developed by HUD's technical assistance provider, CVR and Associates, is not being given out to staff in training.** During interviews many staff were unaware of the Yardi SOP. Multiple data entry issues have been discovered throughout the materials provided to the MKE FO team. Many of the data integrity issues found by the MKE FO could have been avoided and can still be prevented by using the Yardi Data Entry SOP.

- *Regulatory Citation(s)*: 24 CFR 982.158
- *Corrective Action(s)*: The Yardi SOP should be shared with all staff that use the Yardi system. HACM must also implement an employee training plan that ensures accurate data entry to HUD's systems including but not limited to PIC and VMS. The employee training plan must be submitted within 45 days of the date of this letter.

16. **Observation HCVC-1: HACM does not use Yardi to its fullest capabilities.** The CVR Associates December 2021 report indicated audit reports the Program Manager for Accounting/Special Projects could be running to reduce the amount of work need to prepare the monthly Yardi VMS report. Instead of implementing these audit reports HACM staff is still preparing nearly 40 spreadsheets to complete this process. Additionally, RAP staff do not appear to be using other Yardi reports or functions such as holds, suspensions, abatements, RFTA tracker and several other functions. These reports and functions could be utilized from existing data in Yardi to replace burdensome manual processes being continued by HACM.

17. **Observation HCVC-2: HACM is maintaining two software systems, VisualHOMES and Yardi.** HACM migrated from VisualHOMES in fall of 2019. Yet HACM is still maintaining certain functions in VisualHOMES such as generating unit numbers and tenant notices. HACM no longer has support for VisualHOMES. Maintaining two systems is duplicative and increases operational risk to HACM due to data being stored in two systems – particularly since one system is now unsupported. It is recommended that processes be developed in or outside of Yardi to generate unit numbers and tenant notices. The CVR Associates "Report of Observations and Recommendations" Recommendation 33 should be considered.

18. **Observation HCVC-3: HACM does not appear to be tracking repayment agreements for landlords or tenants in Yardi.** The MKE FO could not determine how HACM was tracking repayments of overpaid or unearned HAP to tenants or landlords. If it were being recorded in Yardi, negative HAP amounts would appear in reports generated. The MKE FO found no evidence of this in the materials provided from HACM to our office.

## Appendix B: HCV Data Integrity (HCVDI)

1. **Finding HCVDI-1: The PHA does not maintain complete and accurate accounts and records for its Housing Choice Voucher Program.** The MKE FO reviewed the August 2022 Yardi VMS Report. From the sampled data, the MKE FO found that HACM's VMS reporting are incomplete and/or contained inaccurate accounts and records for the following reasons:
  - a) In October 2022, the MKE FO requested an explanation on how HACM was using the property code 'port' in Yardi. HACM explained that the property code was previously used in VisualHOMES and that the 'port' code should indicate past or cancelled status. Unfortunately, when looking at the August HUD VMS Detail (Count) - HCV – Number of Vouchers Under Lease (HAP Contract) On the Last Day of the Month, there are 24 records listed as 'current' or 'notice' that are still in the system. Several of these records date back to 2018 with the most recent being from 2022. Two participants had no effective date of action.
  - b) There were 116 tenant records showing with 'past' status, past due effective dates, or both in the August VOUCHERS UML/HAP Vouchers Under Lease on the *First* Day of the Month. Records with 'past' status and/or past due effective dates should not be included in the UMLs. HACM did not submit an explanation as to why these records were being included and could not explain why those records were reported as active UMLs in VMS. Further data analysis by the MKE FO revealed that most of these were participants were either: 1) not leased, 2) terminated, 3) delayed in recertification, 4) duplicate inactive records (where a given participant was counted twice on the VMS UML count), or 5) were issued a voucher to search for a unit with their voucher already expired and 50058 action type #9 was never submitted. The MKE FO reviewed three records in greater detail and found that these tenants were not active UMLs, but the tenants' vouchers had expired, and no HAP had been paid for them going back several months. Please see Exhibit HCVDI-b-1 for selected examples documenting records with past due status. HACM's inaccurate reporting of the Vouchers Under Lease on the First Day of the Month results in inaccurate calculation of the Administrative Fee HACM is eligible to receive. Administrative Fees paid above what should have been paid are subject to recapture. Please see the corresponding finding regarding overstated UMLs in the Financial/Cash Management Section.
  - c) The August HUD VMS Detail (Count) - HCV – Number of Vouchers Under Lease (HAP Contract) On the *Last* Day of the Month, HACM reported 111 records with 'past' status and/or past due effective dates. Three tenants with 'past' status from the pool of 116 are highlighted in yellow in Exhibit HCVDI-c-1. When the MKE FO queried HACM staff regarding these three tenants, HACM stated that these tenants were either: 1) not active on the program, 2) their vouchers had expired, and 3) no HAP was paid on their behalf from last few months. HACM staff was not aware that these participants were showing on the report and were unable to explain why these participants were reported on the VMS last day of the month. See Exhibit HCVDI-c-1 for examples.
  - d) A data analysis of HACM's August 2022 VMS reports against HACM's HAP registers revealed data mismatches in every month. Further data analysis revealed that there are inactive/duplicate tenants being reported twice on VMS UML reports. Specifically, these tenants appeared twice on the VMS UML reports and once on the HAP payment registers which suggests with high probability that UML counts were overstated. See Exhibit HCVDI-e-1 for examples. Please see also the corresponding finding regarding overstated UMLs in the Financial/Cash Management section of this report.
  - e) During a limited analysis of HACM's VMS UML data, it was found that the EOP reporting was either delayed and/or inaccurate. In some cases, the EOP effective date was reported months after the HAP payments stopped, yet the tenant continued to be counted in the VMS UML. In one example for tenant ID #s0186335 the following 50058s were submitted to PIC:

50058 PIC Submission Date	Action	50058 Effective Date
11/19/2020	2-Annual Re-examination	9/1/2020
9/24/2021	2-Annual Re-examination	9/1/2021
9/24/2021	15-Void	9/1/2021
9/28/2022	6-End Participation	6/30/2022
10/26/2022	6-End Participation	10/6/2022

This example poses several questions that need to be resolved to determine the correct UML count: 1) when did the participant leave the program? 2) how long had the participant been off the HCV program yet still was counted as active participant on HACM's VMS UML reporting? This example illustrates how HACM may have earned unearned administrative fees. For this example, the MKE FO notes that they found no January to August 2022 HAP payment for this record. Additional examples of similar delayed and inaccurate reporting were found after the MKE FO completed further limited data analysis of HACM's VMS UML data. See additional examples in Exhibit HCVDI-g-1.

- *Regulatory Citation(s)*: 2 CFR 200.303(b)(3), 24 CFR Part 908, 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC), PIH Notice 2021-08, PIH Notice 2017-06
- *Corrective Action(s)*: HACM must ensure that VMS data that is submitted to HUD are complete and accurate. HACM must implement a quality control process to ensure complete and accurate VMS entries.

2. **Finding HCVDI-2: The PHA does not maintain complete and accurate accounts and records for its reporting into HUD's IMS-PIC system for the HCV Program.** HUD's Inventory Management System/PIH Information Center (IMS-PIC) is where housing authorities maintain their developments, buildings, units, and households, the MKE FO reviewed the August 2022 Yardi VMS Report against HACM's PIC reporting of household information. From the sampled data, the MKE FO found that HACM's PIC reporting are incomplete and/or contained inaccurate accounts and records for the following reasons:

- a) A limited review of HACM's August 2022 VMS data revealed that HACM is not submitting 50058s to PIC correctly and timely. It was discovered that tenants who are no longer receiving subsidy or whose participation had ended were still showing both as active in PIC and on the VMS reports generated and submitted by HACM. See Exhibit HCVDI-d-1 for examples.
- b) Data analysis showed that End of Participation (EOP) records are not reported to PIC timely. EOPs from prior months and years were included in HACM's August 2022 VMS UML report. Please see Exhibit HCVDI-f-1 for examples.
  - *Regulatory Citation(s)*: 2 CFR 200.303(b)(3), 24 CFR Part 908, 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC), PIH Notice 2021-08, PIH Notice 2017-06
  - *Corrective Action(s)*: HACM must ensure that IMS-PIC data that is submitted to HUD are complete and accurate. HACM must implement a quality control process to ensure complete and accurate IMS-PIC entries.

## Appendix C: HCV Program Management (HCVPM)

HACM is running a \$1.3 million cumulative administrative fee deficit for the HCV program. The PHA should consider implementing program efficiencies, streamlining and other cost savings measures in the administration of the Housing Choice Voucher Program. Paragraph 10 of the Consolidated Annual Contributions Contract states, “The HA [housing authority] must proceed expeditiously with the programs under this consolidated ACC.” The MKE FO finds that HACM is not proceeding expeditiously administering the HCV Program on behalf of HUD. The current process employed by HACM to administer the HCV Program creates procedural barriers to applicants, participants, and landlords participating in the program. These barriers create delays that prevent HACM from expeditiously providing Housing Assistance Payments (HAP) to qualifying families and prevent the agency from achieving full utilization of the HCV Program. Further, HACM does not earn Administrative Fees until the voucher is under a HAP contract. The delays in getting vouchers under contract contribute and increase HACM’s Administrative Fee deficit. Many of the findings and concerns below are components of HACM’s cumbersome and inefficient administration of the HCV program. In addition to correcting the findings below, the MKE FO recommends HACM review all processes and procedures in its administration of the HCV Program to reduce the amount of time and effort needed to issue and maintain a voucher. Streamlining processes and improving administrative efficiency may also allow HACM to reduce the expense of administering the HCV program.

In May of 2021 HACM provided the MKE FO with a waitlist workflow which outlined the process of selecting a participant from the waiting list until the voucher is issued. As outlined this process can take up to 52 days. At the onsite interviews, the RAP Division Director stated the process had not changed. This process appears to have three divisions: criminal background screening, eligibility determination, and voucher issuance. The criminal background screening can take up to 17 days, eligibility determination can take up to 21 days and voucher issuance can take up to 14 days. We believe that HACM can streamline this workflow, which will reduce HACM-imposed barriers for participants and increase efficiencies for HACM staff. A more streamlined process will allow HACM to expeditiously proceed with the HCV Program while reducing administrative costs.

1. **Finding HCVPM-1: HACM forms reference HUD regulations that do not exist.** A HACM form entitled “District Attorney Release Form” states that “The Rent Assistance Program must contact the district attorney’s office to comply with federal regulations to determine my eligibility for a federally funded rental subsidy.” This is misleading and untrue. There are no HCV regulations requiring a PHA to contact the District Attorney’s office to determine eligibility.
  - *Regulatory Citations:* 24 CFR 982.553, 24 CFR 982.307, Notice H 2015-10, HUD Office of General Counsel Guidance on Criminal Records 4/04/2016
  - *Corrective Action:* HACM must remove this language from the screening forms. HACM must also evaluate whether requesting information from the District Attorney’s office is a necessary component of background screening.
  
2. **Finding HCVPM-2: An estimated 3.88% of 5,727 HCV and EHV participants in August 2022 lived in units that had not passed a Housing Quality Standards (HQS) inspection in more than 24 months.**<sup>10</sup> Using the same randomly selected sample in Finding HCVCM-3a, the MKE FO compared the Yardi records with PIC 50058 submissions and found that 14 of 360 current participants had not passed an inspection in more than 24 months. Using the HUD 2022 prorated Column B administrative fee rate of \$60.77, it is possible that HACM may have received \$138,000

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<sup>10</sup> HACM has adopted biennial inspections per its Administrative Plan.



(+/- \$6,900) in potential ineligible administrative fees. Looking at the larger dataset from the August Yardi VMS Report shows that 40% of inspections are overdue. The PIC HQS Inspection report indicates that 313 households, or 10% of records pulled, have not had an HQS inspection done in more than 24 months.

HACM has a responsibility to provide decent, safe, and sanitary housing to its program participants. Housing Quality Standard (HQS) inspections are an important check and balance on the units that participate in the HCV program. The MKE FO recognizes that HACM adopted numerous CARES Act waivers during the pandemic. Several of those waivers involved the ability to delay inspections and instead accept an owner's certification. Beginning January 1, 2022, HQS inspection requirements were fully reinstated for the HCV and PBV programs. No later than June 30, 2022, PHAs were to complete delayed initial pre-HAP contract inspections (for both HCV and PBV), CY 2020 biennial HQS inspections, PBV turnover inspections, and inspections for PBV units added to a HAP contract. No later than December 31, 2022, PHAs were to complete all delayed CY 2021 biennial inspections. Lastly, no later than the 1-year anniversary of the date of the owner's certification PHAs must inspect units that were placed under HAP contract using the initial inspection alternative option. HACM cannot document meeting any of these requirements.

- *Regulatory Citation(s)*: 24 CFR 982.405(a), 24 CFR 982.158(a), Paragraph 14(a) of the Consolidated Annual Contributions Contract, and PIH Notice 2021-14
- *Corrective Action(s)*: HACM must complete unit inspections for Section 8 Tenant Based tenant units. HACM should review Yardi data with PIC HQS data to determine households that are overdue for inspection and then develop an inspection schedule that completes HQS inspections within six months of the date of this letter. This schedule must be submitted to the MKE FO within 45 days of the date of this letter.

3. **Finding HCVPM-3: Failure to use EIV for employment and income verification.** On December 29, 2009, HUD issued the final rule entitled *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification (EIV) System-Amendments (74 FR 68924)*, which requires PHAs to use the EIV system in its entirety to verify tenant employment, income, and subsidy information during mandatory reexaminations of participant families. PHAs are required to use EIV's Upfront Income Verification (UIV) at the participant's re-examination. HACM is currently requiring tenants to supply both written third-party verification by having the tenant submit three consecutive paystubs and a written third-party verification by having the tenant submit a signed employer certification. HUD requires housing authorities to use the EIV system in its entirety to verify tenant employment and income information during the mandatory reexaminations of family composition and income. Housing authorities should begin with the highest level of verification techniques. Requiring the tenant to submit both simultaneously creates another barrier for participants. Additionally, housing authorities are required to send written third-party verification forms by mail, fax, or email.

- *Regulatory Citation(s)*: 24 CFR 5.233, 24 CFR 5.236 PIH Notice 2017-12
- *Corrective Action(s)*: HACM must immediately stop the practice of requiring simultaneous submission of written third party verification documents and written third party verification form. HACM must start with the highest form of verification, which is Upfront Income Validation. It can use written third party verification to supplement EIV reported income sources. HACM may also use third-party verification when EIV has no data, for any non-EIV reported income sources, or when a tenant disputes EIV-reported income information.

4. **Finding HCVPM-4: HACM is using income information older than 60 days (could be using income information from 12 to 24 months or older) for program eligibility determination at initial certification, interim re-examination, and annual re-certification.** HACM has boxes full of documents that have been dropped off by applicants and participants for eligibility determination and re-determination. This was evident in the boxes that were shown to HUD staff. HACM staff also informed HUD staff that documents in these boxes could be dated from last 12-24 months or older. These documents include income verification for certification, recertification, or interim changes. This indicates that HACM is not using the most recent or current income documentation for tenant certification at initial, interim, or annual re-examinations. HACM is not in compliance with PIH Notice 2017-12 which requires validation of family reported income in EIV within 120 days of the PIC submission date and resolution of any income discrepancies within 60 days for each new admission (form HUD-50058 action type 1). In addition, HACM violated its own policy in the Administrative Plan for using third party income verification as Upfront Income Validation (UIV) in which it stated that third-party documents provided by the family must be dated within 60 days of PHAs request date. HACM is requiring clients to provide the documents within 60 days of HACM's request, however the agency is not processing this documentation within the regulatory timeframes.

- *Regulatory Citation(s):* 24 CFR Part 8, 24 CFR 982.201, 24 CFR 982.508, 24 CFR 982.516, 24 CFR 5.233, PIH Notice 2017-12, HACM's Administrative Plan-6-I.c., 6-III.A., 7-I.B., 7-I.D.
- *Corrective Actions(s):* HACM must perform the following corrective actions within 45 days of the date of this letter:
  - Create a transparent and accurate database of documents received from clients that are currently being stored and have not been processed. The database should include a detailed list of the documentation provided and the date delivered to HACM.
  - All documents must be input into the current housing software to reflect the accurate submission of documents by each client and the date received by HACM.
  - All documents should be confirmed/validated through EIV reports and income certifications, annual re-exam and interim reexaminations must be calculated to accurately reflect the tenant portion and indicate the accurate effective date.
  - All 50058s must be generated and reported in PIC as well as corrections as applicable, and income calculation adjustments must be performed, completed, and applied to correctly report and account for all documents being stored in boxes.
  - HACM must provide an accurate accounting for all over-payments and underpayments generated due to not using the most recent income in the client initial certifications, annual and interim re-examinations. HACM must calculate Total Tenant Payment of all current program participants to reflect most current income as submitted by the clients.
  - HACM must provide a list of tenants terminated from the program in the last 24 months due to their failure to complete re-examination. HACM must provide a justification for terminating any clients in the last 24 months for failure to complete reexamination based on the magnitude of unprocessed client documentation in HACM's possession. This justification must include proof that HACM did not have the required documentation to complete the reexamination.
  - A list of tenant names, effective dates and 50058 action type (encrypted) and a copy of completed actions based upon all tasks as required under this corrective action must be submitted to HUD upon completion.

5. **Finding HCVPM-5: HUD staff observations and HACM's documented information collection practices demonstrate violation of the Privacy Act of 1974 as well as PIH Notice 2015-06.** HUD requires housing authorities to ensure the protection of Personally Identifiable Information

(PII). HACM requires Participant and Applicants to provide documentation by depositing it in a box where it is collected and stored until HACM staff can process it. This information can contain PII. These boxes were observed in unsecured common areas of the HACM-RAP Offices such as stairwells and hallways. HACM staff have stated that these boxes are where documents provided by clients are stored until HACM staff are able to process them. Additionally, while on site HUD staff observed documents containing PII such as social security cards displayed openly on unattended desks.

- *Regulatory Citation(s)*: 24 CFR 5.212, PIH Notice 2015-06
- *Corrective Action(s)*:
  - *Corrective Action HCVPM-5-a*: HACM must take immediate action to ensure that all information containing PII is secured in accordance with the Privacy Act of 1974 and PIH Notice 2015-06
  - *Corrective Action HCVPM-5-b*: HACM must develop policies and procedures that ensure compliance with the Privacy Act of 1974 as well as PIH Notice 2015-06 that ensures the protection of Personally Identifiable Information.

6. **Finding HCVPM-6: Failure to monitor and document required EIV reports.** To ensure PHAs are aware of potential subsidy payment errors, PHAs are required to monitor the following EIV reports monthly: Deceased Tenants Report, Identity Verification Report, and Immigration Report. To ensure PHAs are aware of potential subsidy payment errors, PHAs are required to monitor the following EIV reports on a quarterly basis: Income Discrepancy Report, Multiple Subsidy Report, and New Hires Report (if your agency has an interim increase policy). HACM has not been documenting that monthly and quarterly EIV reports are being run and taking the appropriate actions to resolve issues noted in the reports. The large number of discrepancies on some EIV reports indicates that HACM may not be running any EIV reports.

As of November 28, 2022, the follow EIV reports had numerous issues that need to be resolved:

- Multiple Subsidy Report: 21 household members with potential multiple subsidies.
- Identity Verification Report sub-reports:
  - 161 households with EIV Pre-Screening Deficiencies.
  - 109 household with SSA Screening Deficiencies.
- Immigration Report: 151 households Pending Verification Status.
- Deceased Tenant Report: 10 households.
- Income Validation Tool: 694 households with income discrepancies greater than \$2,400. These 649 households are 12.1% of the households on HACM's HCV program. These households have over \$9 million in unreported income.
  - *Regulatory Citation(s)*: 24 CFR 5.233, 24 CFR 5.236, 24 CFR 908.101, and PIH Notice 2017-12 (HA)
  - *Corrective Actions(s)*: HACM must ensure that monthly, quarterly, and annual reports in EIV are run and documented as required by HUD regulations and guidance. In order to ensure required EIV reports are run on schedule HUD is requiring HACM to implement a quality control process. HACM must submit its data correction plan to the MKE FO within 45 days of the date of this letter. HACM must also undertake a record-by-record review of its Yardi data, make appropriate corrections, and submit accurate data to both PIC and VMS. HACM should complete the record review within 45 days of the date of this letter or provide a realistic plan for completion of this review. The MKE FO also suggests that HACM follow Recommendation 7 from the CVR and Associates "Report of

Observations and Recommendations.” Recommendation 7 provides a suggested process and identifies Yardi reports that can be used to verify property codes and identify duplicate records.

7. **Finding HCVPM-7: Inadequate Payment Standard or Utility Allowance explanation provided to households.** Housing authorities must provide a clear and concise explanation of payment standards (PS), utility allowances (u/a), and how the PS and u/a are used to calculate the participants’ total tenant payment (e.g., portion of rent). Subsidy in the HCV program is based on a local “payment standard” that reflects the cost to lease a unit in the local housing market. If the rent is less than the PS, the family generally pays 30 percent of adjusted monthly income for rent. If the rent is more than the PS, the family pays a larger share of the rent.

There is a handout included in the tenant packet entitled, “Rent Assistance Program Utility Allowance Schedule” that states ‘Maximum allowable rent if all following utilities are paid by landlord.’ The MKE FO could not calculate backwards from the PS and u/a provided to figure a participant’s estimated rent. There is no explanation of what utilities are used in this calculation. This could lead to confusion and difficulty in successfully identifying housing as participating landlords may not understand what information this document is trying to communicate.

- *Regulatory Citation(s):* 24 CFR 982.1(a)(3), 24 CFR 982.301(b)(2)
  - *Corrective Action(s):* HACM must develop clear and concise material explaining payment standards, utility allowance, and total tenant payment. The material developed must be submitted to the MKE FO.
  - *Resources:*
    - Los Angeles, CA HA Video: <https://www.youtube.com/watch?v=73iS93Ddg8s>
    - San Clara HA Online Rent Calculator: <https://hacosantacruz.org/section-8-rent-calculator/>
    - HUD HCV Guidebook Chapter on Calculating Rent and Housing Assistance Payments (HAP): [https://www.hud.gov/sites/dfiles/PIH/documents/HCV\\_Guidebook\\_Calculating\\_Rent\\_and\\_HAP\\_Payments.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Calculating_Rent_and_HAP_Payments.pdf)
8. **Finding HCVPM-8: HACM has made overlapping months of payments to different landlords for the same tenant.** During a review of HACM’s Post HAP Report from Yardi it was noticed that HACM paid HAP for the same tenant to two different landlords for the same timeframe of January to May 2022. See Exhibit HCVPM-b-1. It was also noticed on HACM’s Post HAP Report that in some cases HAP overpayment was recovered incorrectly. In the next example the vendor #v02280 was overpaid by \$19. See Exhibit HCVPM-b-2.
- *Regulatory Citation(s):* 2 CFR 200.303(b)(3), 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC)
  - *Corrective Action(s):* The corrective action identified in Finding HCVCM-3a must be implemented to resolve the data integrity issues described in this section.
9. **Finding HCVPM-9: HACM inflated its VMS UML tenants with expired annual reexamination, tenant movers who were searching for housing, tenants who were not under leases on the first day of the month.** In an incomplete review it was noticed that HACM was not reporting the 50058-action type #9 for tenants who completed recert and were issued a voucher to move. The participants with expired recertification records in PIC were not updated timely. However, these tenant records were included in the VMS UML. See Exhibit HCVPM-c-1.

- *Regulatory Citation(s)*: 2 CFR 200.303(b)(3), 24 CFR Part 8, 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC)
- *Corrective Action(s)*: HACM must ensure that its IMS-PIC data that is submitted to HUD are complete and accurate. HACM must implement a quality control process to ensure complete and accurate IMS-PIC entries.

10. **Finding HCVPM-10**: HACM was requested to provide payment records and tenant file information pertaining to 13 tenant records reported on the August 2022 VMS UML. Out of 13, only one (1) file’s data adequately reflected that the tenant was leased on 8/1/2021 as reported on the VMS UML August 2022 report. Two (2) tenants were approved to be added after the fact as HACM issued HAP payments to landlords retroactively after the files were requested by the Field Office. The other 10 files had discrepancies or due to lack of valid documentation they could not be verified as leased on the first of August 2022 as reported by HACM on the VMS UML report. See Exhibit HCVCM-a-1.

- *Regulatory Citation(s)*: 2 CFR 200.303(b)(3), 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC)
- *Corrective Action(s)*: HACM must ensure that its VMS data that is submitted to HUD are complete and accurate. HACM must implement a quality control process to ensure complete and accurate VMS entries.

11. **Concern HCVPM-1**: Late Reexaminations and Late 50058 submissions in IMS-PIC system. At the time of this report HACM had very few late re-examinations according to IMS-PIC<sup>11</sup>; however, there were 208 late re-examinations between January and August that were from 2021 and earlier according to the Yardi late re-examination report submitted to our office by HACM. Starting in 2022 HUD will be transitioning all housing authorities from VMS to eVMS and from IMS-PIC to HIP. These new systems will calculate the monthly administrative fee based on the 50058 submissions. With these upcoming system changes it is **imperative** that HACM prioritize its data integrity.

The MKE FO recognizes several factors that appear to contribute to this finding: 1) a difficult and uneven software conversion from VisualHOMES to Yardi, 2) staff turnovers, use of temporary staff, and what appears to be inconsistent staff training in Yardi and data entry, and 3) that HACM implemented several CARES Act waivers during the pandemic. HUD allowed some flexibilities around the delay of conducting annual and interim examinations and allowing tenant self-certification of assets and income. Interim examinations were to be completed by December 31, 2021; annual reexaminations for 2020 were to be completed by December 31, 2020; and annual reexaminations for 2021 were to be completed by December 31, 2021. Any discrepancies between the participant’s self-certification and verifications including EIV were to be resolved.

- *Regulatory Citation(s)*: 2 CFR 200.303(b)(3), 24 CFR Part 8, 24 CFR 982.158 (a), and Paragraph 14(a) of the Consolidated Annual Contributions Contract (CACC)
- *Corrective Action(s)*: HACM must ensure that its IMS-PIC data that is submitted to HUD are complete and accurate. HACM must implement a quality control process to ensure complete and accurate IMS-PIC entries.

12. **Concern HCVPM-2**: HACM is requiring participants to provide more information than is required to participate in the Housing Choice Voucher Program. HACM is asking tenants to submit three consecutive paystubs.

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<sup>11</sup> HACM’s Administrative Plan has a policy to do conduct biennial re-examinations.

- *Regulatory Citation(s)*: 24 CFR 5.236, PIH Notice 2017-12
  - *Corrective Action(s)*: The PHA is required to obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. It is recommended that HACM reduce the burden placed on tenants and require only two consecutive pay stubs.
13. **Concern HCVPM-3: Criminal Background Screening**: Under the current HACM process a separate mailing for the background check is sent in addition to the eligibility determination packet. This adds up to 17 days to the process for all families pulled from the waiting list. By sending the eligibility and background check concurrently it can save up to 17 days from the processing timeline.
- *Regulatory Citation(s)*: 24 CFR 982.553, 24 CFR 982.307, Notice H 2015-10, HUD Office of General Counsel Guidance on Criminal Records 4/04/2016
  - *Corrective Action(s)*: Review the current process to determine the feasibility of combining the mailing of criminal background screening with the eligibility determination documentation. This review can be included as part of the review required in the next corrective action. Provide the HUD FO with the results of this review.
14. **Concern HCVPM-4: Criminal Background Screening**: HUD regulations at 24 CFR 982.553 only require PHA screening for a limited set of drug and alcohol related criminal activity and for placement on the lifetime registration under a State sex offender registration program. 24 CFR 982.307 states that PHAs have no requirement to conduct additional screening but may do so as outlined in their HCV Administrative Plan. Per staff interviews, usually only about 5% of applicants have criminal background issues. Due to the limited amount of adverse criminal background activity and the significant processing time required for the current background screening HUD recommends that HACM take the following corrective actions:
- *Regulatory Citation(s)*: 24 CFR 982.553, 24 CFR 982.307, Notice H 2015-10, HUD Office of General Counsel Guidance on Criminal Records 4/04/2016
  - *Corrective Action(s)*:
    - Review the current HACM Administrative Plan requirements for background criminal activity screening to ensure that all screening criteria are allowed under 24 CFR 982.553(a)(2)(ii) Permissive Prohibitions. Any tenant screening criteria being conducted by the criminal background check that is not in compliance with the regulations must be removed. Provide the HUD FO with a report of the results of the review of screening criteria within 45 days of the date of this letter.
    - Conduct an evaluation of the current criminal background and screening process to determine any benefits being derived from the current screening process. This evaluation should include a time and cost study that quantifies the administrative burden the current screening process is contributing to HACM's administrative oversight. Provide the HUD FO with the results of the evaluation.
15. **Observation HCVPM-1 In-person Oral Briefing**: HACM should investigate removing the requirement for an in-person oral briefing. An oral briefing is required by HUD regulations, but many housing authorities have moved to online oral briefing videos to supplement their mailed briefing packet. Some housing authorities include in the briefing packet a summary of materials. Within that summary, the participant certifies they have watched and read the materials provided. This is sent back to the housing authority, so the housing authority may issue a voucher. In most cases where the MKE FO sees this implemented, the voucher is issued via mail, email, or some other method of communication. A video briefing also allows the instructions to be available for review and according

to several Wisconsin housing authorities that have implemented this process it has reduced the amount of time staff spend answering questions. Barron County Housing Authority is one Wisconsin example. An internet search of housing authority voucher briefing video produces numerous examples. These videos may be made in-house or purchased commercially. Another benefit of removing the in-person requirement is that it removes an unintentional barrier for those applicants that may not have adequate transportation or other limitations that prevent them from getting an in-person appointment.

16. **Observation HCVPM-2 Briefing Packet:** HACM currently utilizes a briefing packet that is nearly 40 pages. This is a considerable reduction from the almost 100 pages it was previously. However, we believe there could be additional reductions. To increase their usability by participants, the forms should be made into form fillable documents with the option for electronic signatures. The forms should also be made to fit on 8.5 x 11” paper, so if applicants wish to print the forms they may. To increase efficiencies, HACM should review Exhibit HCVPM4-a-1. The only HUD required forms in the briefing packet are listed on this exhibit. Many housing authorities have moved to putting supplemental briefing materials online and mailing the remainder of the required forms to participants.
  - *Resources:* Beloit Housing Authority is an example of a housing authority with materials online: <https://www.beloitwi.gov/bha>. Another is the West Allis Housing Authority: <https://www.westalliswi.gov/1409/Briefing-Materials>.
17. **Observation HCVPM-3 Briefing Packet Clarity:** HUD’s review of the forms and instructions included in the briefing packet indicate that many forms are not clear or use plain language. This can make it difficult for applicants and participants to fully comply with the requirements in the briefing packets. As noted on many forms, failure to comply can result in denied applications or program removal. All forms and instructions should be reviewed to ensure they use plain language and can be understood by families in the program. A review of the briefing packet by a literacy agency or other outside entity may provide suggestions on making the briefing packet easier to understand.
18. **Observation HCVPM-4 Subsidy Standards / Unit Size:** HACM requires families that have found units within HACM’s subsidy standards to receive permission from the Deputy Director to lease an acceptable dwelling unit with more bedrooms than the determined family unit size. HUD regulations at 24 CFR 982.402(d)(2) allow the families to lease an otherwise acceptable unit that has more bedrooms than the family unit size. Requiring Deputy Director approval increases the administrative burden for a regulatory allowed action. HACM should review this process to see if a more streamlined process can be implemented.
19. **Observation HCVPM-5 Voucher Extensions:** HACM currently requires voucher extensions to be processed by the RAP Program Director. HUD regulations and guidance do not require a specific level of approval for extensions of voucher term. Requiring the program director approval for voucher extensions adds to the administrative burden for the agency and adds barriers to voucher holders maintaining their vouchers. MKE FO reviews of other HCV agencies suggests that typically the assigned case manager or housing specialist has the authority to extend vouchers within reasonable timeframes. HUD encourages HACM to evaluate this process to streamline administrative oversight and reduce program barriers.
20. **Observation HCVPM-6: HACM should streamline and reduce processing time by implementing EIV and SWICA as UIV methods to reduce time it takes to wait on documentation delivered by the applicants or participants.** In accordance with 24 CFR § 5.236- Procedures for termination, denial, suspension, or reduction of assistance based on information obtained from a State Wage Information Collection Agency (SWICA) or Federal agency and § 5.233

Mandated use of HUD's Enterprise Income Verification (EIV) System, HUD recommends that HACM streamlines its Upfront Income Verification (UIV) method. SWICA is level 5 on income verification hierarchy which is considered as a higher method of verification than the tenant-supplied verification or third-party verification. Paystubs or tenant-supplied verifications and third-party employment verification could continue to be used for employment that is not reported in SWICA. This would be a time and cost savings measure as it would reduce the verification process by what the MKE FO feels could amount to 10 days. It also reduces another barrier to participating in the HCV Program.

21. **Observation HCVPM-7 HQS Inspections:** HACM's Administrative Plan on page 63 includes the following language: "... *If the unit does not pass the HQS inspection after the 2nd inspection, RAP will notify the participant to submit a new Request for Tenancy Approval for the same unit or for another unit.*" During on-site interviews, MKE FO staff were unable to determine the reasoning for having the participant submit another Request for Tenancy Approval form for the same unit. HACM program staff noted they receive many upset calls from participants about this requirement. The practice places another burden on the participant rather than the landlord as it effectively restarts the inspection process over. This adds additional to time the voucher issuance/lease-up process. The MKE FO request HACM revisit this in its review of its procedures and processes.
  
22. **Observation HCVPM-8 Additional Streamlining Opportunities:** HACM should review PIH Notice 2016-05: Streamlining Administrative Regulations for Programs Administered by PHAs. Some of the programmatic changes in this notice were mandatory and others were discretionary. Review by MKE FO staff of previous versions of HACM polices note that mandatory changes have been made. However, HACM should revisit the following discretionary policy changes within PIH Notice 2016-05:
  - a) Attachment D: Streamlined annual re-examination for fixed sources of income. Eleven percent of HACM's HCV residents are 62+ years and 26 percent of HACM's PBV residents are 62+ years of age. These populations are most likely to be on fixed sources of income. Adopting this measure allows HACM to require third-party verification of income for all family members every three years. In other years, the housing authority would apply a verified cost of living adjustment or current rate of interest to the previously verified or adjusted income amount.
  - b) Attachment K: The use of alternative inspection methods and inspection timeframes. The provisions below only apply to periodic inspection the PHA is required to perform while an HCV or PBV participant is living in a unit, not initial inspections, or interim inspections. The use of alternative inspections allows PHAs to rely on alternative sources of inspections for periodic inspections. LIHTC inspections are an approved alternative inspection source. For example, PHAs could use LIHTC inspection reports to pass periodic inspections for units (i.e., those conducted annually or biennially). Additionally, PIH Notice 2017-20 also allows PHAs to approve assisted tenancy before the PHA conducts the initial HQS inspection if the property has in the last 24 months, passed a qualifying alternative inspection. The PHA would not pay HAP to the owner until the PHA completes its annual HQS inspection. Upon passing the initial inspection, HAP payments may be retroactively made to the date effective date of the HAP contract (or, in the case of PBV, the effective date of the lease). This may be a useful policy for HACM-owned assets that are layered with LIHTC.
  - c) Attachment L: HQS reinspection fee. This provision allows a housing authority to establish a reasonable fee to reinspect under certain circumstances. Currently, HACM has the practice of requiring program participants to refile a Request for Tenancy



Addendum if either they or the landlord miss two (2) inspections. This practice is a barrier for residents and landlords to participate in the HCV Program.

- d) Attachment N: Family income and composition: regular and interim examinations. This provision eliminates the requirement that a PHA conduct an interim reexamination of income whenever a new family member is added.

23. **Observation HCVPM-9: HACM does not appear to have an adequate formal training program for new staff it onboards.** During on-site interviews, the MKE FO requested managers describe their training plans for staff. There were some positives. It appears managers sit with new staff for several days for training: first, having staff watch and then, performing tasks assigned. However, there is not a formalized set of training materials. Individual managers are using various notes and other materials to train new staff. The notes are provided to new staff, but not consistently. One item that should be used consistently was developed by CVR Associates called the Yardi Data Entry Standard Operating Procedure (Yardi SOP). The RAP Division should work with its Human Resources Department to develop a training manual for new employees. It is suggested that the training manual incorporate the Yardi SOP.

24. **Observation HCVPM-10: HACM has significant employee retention concerns.** HACM supplied to the MKE FO in May 2021 and again in September 2022 a RAP Division Organizational Chart. The organizational chart had the names of staff underneath position titles. A cursory review showed that 80-90 percent of positions had turned over. In other words, only 10 percent of positions had the same staff person from 2021 going into 2022. This is a substantial turnover in employees. HACM should explore ways to retain employees. As noted, several times in this report, HACM is facing a cumulative \$1.3 million deficit in administrative fees that directly affects the RAP Division. Many human resources articles note that retaining employees is far less costly than onboarding new ones. It is recognized that HACM has been making many efforts in this area over recent years. One inventive approach HACM has implemented is creating team lead positions. However, HACM should consider additional efforts such as anonymously surveying employees and/or hosting employee roundtables with RAP Division staff to identify trends that could be made actionable to help retain employees. CVR Associates “Report of Observations and Recommendations” also notes some options that could be used to supplement this suggestion, one of which is Observation 15 and its associated recommendations.

25. **Observation HCVPM-12: HACM has hired a Landlord Outreach Coordinator, which has proven effective.** While on-site the MKE FO had the opportunity to talk briefly with staff regarding this position. The feedback was positive and was that the Landlord Outreach Coordinator was increasing participation from landlords in areas of the City of Milwaukee participants had not been successful in before. The MKE FO notes on a recent call that this position is taking notes on why participants are having difficulty leasing up. Our recommendation is that this process be formalized by creation of a shared spreadsheet. This information can be used in the future to identify trends in leasing and analyzing resources that the HACM could wrap around participants and potentially landlords. HUD also has recently developed materials for HCV landlords:

- o *Resources:*
  - o HCV Landlord Videos: <https://www.hudexchange.info/programs/public-housing/hcv-landlord-videos/>
  - o HUD HCV Landlord Taskforce Resources: [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/landlord\\_2](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/landlord_2)

## Appendix D: PBV – RAD PBV (R/PBV)

1. **Finding R/PBV-1: HACM could not locate a Housing Assistance Payment (HAP) Contract for one property, and it appears one contract has expired.** This property was receiving housing assistance payments from January to August 2022. A housing authority may not pay any housing assistance payment to the owner until the HAP Contract has been executed. The following properties do not have an executed HAP Contract:
  - Cherry Court Development PBV at 1524 N 24<sup>th</sup> St, Milwaukee, WI 53205. HACM identifies this property as “CCT.” This contract would cover fifty (50) units.
  - The contract for Scattered Sites PBV, which is identified by HACM by property code “SSPBV,” expired on January 9, 2020. The HAP Contract effective date appears to be January 11, 2010. This contract would cover twelve (12) units.
    - *Regulatory Citation(s)*: 24 CFR 982.305(c)(2)
    - *Corrective Action(s)*: HACM must prepare a HAP Contract for the above referenced properties immediately and submit them to HUD.
    - *Resource*: HUD PHA-Owned Units and PBV HOTMA Provisions video: [https://www.youtube.com/playlist?list=PLDYbj6cykYZ9rv\\_0jFPICK9lfZ\\_4mfLvt](https://www.youtube.com/playlist?list=PLDYbj6cykYZ9rv_0jFPICK9lfZ_4mfLvt)
  
2. **Finding R/PBV-2: The RAD Notice and HAP Contract require RAD contract rents to be adjusted at the anniversary of the HAP contract by the Operating Cost Adjustment Factor (OCAF) as opposed to using 24 CFR 982.301 and 982.302.** For RAD PBV properties, contract rents are the lesser of reasonable rent and the OCAF-adjusted rent. The OCAF is applied to the portion of a contract rent not committed to debt service. As a result, the rent adjustment can be more complex than simple multiplication. When the RAD PBV property is PHA-owned, the HUD-approved independent entity (IE) must verify the rent-setting calculations. HACM submitted to HUD the 2021 OCAF adjustment and 2019-2021 rent reasonableness determinations for Cherry Court Development LLC and Olga Village LLC, both of which are RAD PBV developments. In 2022, HACM engaged a new Independent Entity (IE), Nan McKay and Associates, to review and approve OCAF-adjusted rents and make rent reasonableness determinations. The materials supplied by Nan McKay and Associates meet HUD regulations and guidance.
  - HACM’s 2021 OCAF-adjusted rent applied the OCAF-adjustment as a simple multiplier to the prior year rent but did not consider the portion of contract rent committed to debt service. The prior year’s calculations going back to the start of the HAP Contract also appear to be calculated by applying the OCAF multiplier, but not taking into consideration the portion of contract rent committed to debt service. Additionally, HACM did not supply materials indicating whether Milwaukee County Housing Division reviewed or approved the 2021 OCAF-adjusted rents.
  - HACM’s submitted 2019, 2020, and 2021 rent reasonableness determinations did not review or adjust rent for all required information. HUD regulations require rent reasonableness to include location, quality, size, unit type, age of contract unit and any amenities, housing services, maintenance, and utilities to be provided by the owner in accordance with the lease. HACM did not consider or adjust rent reasonableness based on the age of comparison properties. Additionally, HACM did not supply materials indicating whether HACM’s IE, Milwaukee County Housing Division, reviewed or approved the 2021 OCAF-adjusted rents.
    - *Regulatory Citation(s)*: PIH Notice 2019-23, PIH Notice 2017-21, 24 CFR 982.507, 24 CFR 983.59
    - *Corrective Action(s)*: HACM will provide to HACM’s Independent Entity, Nan McKay and Associates, the 2018-2021 rent reasonableness determinations and OCAF-adjusted rents that consider the portion of the contract rent committed to debt service for all

HACM's RAD PBV PHA-owned properties. It is recommended but not required that the HUD "RAD PBV OCAF Rent Adjustment Tool (Post-Closing)" is used. These retroactively determined OCAF-adjusted rents should be applied on 1/1/2023, or as soon as practicable as determined by HUD, to ensure that the current OCAF-adjusted rent is correct going forward. *The rent reasonableness determinations and OCAF-adjusted rents shall be submitted to HUD for review prior to implementation.*

3. **Finding R/PBV-3: Not all tenants were coded Rental Assistance Demonstration/Public Housing (e.g., "RADPH") on line 2n of HUD Form 50058.**
  - *Regulatory Citation(s):* 24 CFR Part 908, PIH Notice 2019-23
  - *Corrective Action(s):* Ensure that all tenants that participate in RAD Public Housing conversions are coded "RADPH" on line 2n of HUD Form 50058 electronic submissions.
  
4. **Finding R/PBV-4: The Independent Entity for HQS, the City of Milwaukee Department of Neighborhood Services, has not submitted annual inspections for PHA-owned PBV and RAD PBV properties.** Per PIH Notice 2017-21 the IE must submit the inspection reports to HUD.
  - *Regulatory Citation(s):* 24 CFR 983.59, 24 CFR 983.103(f), PIH Notice 2017-21, PIH Notice 2019-23
  - *Corrective Action(s):* The IE will submit to HUD annual inspections for all PHA-owned properties for the time period 2019-2022.
  
5. **Finding R/PBV-5: HACM has not conducted biennial inspections per its policy for Olga Village and Cherry Court within the last 24 months.** HACM must perform biennial inspections totaling 20% of units (excluding any turnover inspection) for PBV units. For PHA-owned units, HACM must have its IE conduct the inspection. HACM notes that Olga Village's last biennial inspections were performed in March 2018 with a total of 7 units inspected. Also, HACM notes that Cherry Court RAD PBV's last biennial inspections were performed September 2019 with a total of 30 units inspected. Lastly, HACM notes both Cherry Court and Olga Village will receive biennial inspections in November of 2022.
  - *Regulatory Citation(s):* 24 CFR 983.59, 24 CFR 983.103(f), PIH Notice 2017-21, PIH Notice 2019-23
  - *Corrective Action(s):* All HACM's PHA-owned PBV properties must receive biennial inspections totaling 20% of units (excluding any turnover inspections) by June 30, 2023. Any inspections that have already been completed by HACM's IE for HACM's PHA-owned must be submitted by January 15, 2022. HACM's IE must submit copies of the physical inspections conducted for Olga Village and Cherry Court by January 15, 2023.
  
6. **Concern R/PBV-1: HACM still has not refined a communication and process flow to increase occupancy at HACM-owned PBV and RAD PBV units.** RAP staff and Travaux staff have increased efficiencies by working together to reduce application paperwork. However, there is still a time lag between processing of the application and leasing the unit. Some of this is explained by the required and separate eligibility and income determinations needed for Low Income Housing Tax Credit Compliance and the HCV Program. However, the teams are still reliant upon a paper process instead of an electronic system for processing these determinations. In addition, the staff processing LIHTC and HCV eligibility and are located in separate offices. The teams plan to move to an electronic system; however, this system (RentCafe) will not be implemented until 2023. This is a

major concern as much of HACM's leasing potential in the HCV program is within PBV and RAD PBV units. The team should consider Recommendation 23 of the CVR Report.

7. **Concern R/PBV-2: HACM's Board of Commissioners has not historically reviewed the Operating Budgets for the RAD PBV developments.** HACM's Board of Commissioners did review the 2022 Operating Budgets for the RAD PBV developments on December 9, 2021, when HACM assumed property management functions. This is a required practice that HACM should continue annually per PIH Notice 2019-23 Section 1.6.D.2.
8. **Concern R/PBV-3: In several instances the wrong contract rent was applied to the HUD Form 50058 for families at Olga Village, LLC and Cherry Court Development, LLC.** The 2019 OCAF-adjusted contract rents were applied to 2020 re-certifications. This was a consistent trend for Olga Village, LLC, but was only found once at Cherry Court Development, LLC. This resulted in less housing assistance payments being made to the PHA-owned RAD PBV properties. See Exhibit R/PBV-b-1.
9. **Concern R/PBV-4: The bank statement for Cherry Court Development, LLC indicates "Friends of Housing" is still a party to the operating and replacement reserve accounts for this property.** A review of bank statements shows Friends of Housing as one of the owners of this account. Friends of Housing should be removed from this account and Cherry Court Development, LLC staff should be added.
10. **Concern R/PBV-5: HACM does not control the bank accounts for Cherry Court Development, LLC.** It was mentioned by HACM staff that the only signor on many of the RAD property bank accounts formerly managed by Friends of Housing was the former director of Friends of Housing. HACM has not been successful in changing signors on the bank accounts for its RAD PBV properties formerly managed by Friends of Housing. This is a serious concern to HUD as HACM does not have access to operating and replacement reserve accounts for these properties. MKE FO during its tour of Cherry Court Development, LLC saw deferred maintenance and could not determine how preventative maintenance and repairs were being made with the limited cash flow HACM staff indicated was available. Equally concerning is that deposits are still being made to the replacement reserves for these properties (see Observation R/PBV-2 below).
11. **Observation R/PBV-1: HUD did not request the insurance coverages for the various RAD PBV developments.** However, HUD advises that maintaining property and liability including flood and fire insurance is a requirement of the RAD Closing Commitment and the HAP Contract for each property per PIH Notice 2019-23 Section 1.6.D.5.
12. **Observation R/PBV-2: The replacement reserves at Olga Village LLC and Cherry Court LLC are being funded according to the RAD Physical Needs Assessment (RPCA) Replacement Reserve Schedule for each converted property.** PIH Notice 2019-23, Section 1.6.D.9, the RAD Closing Commitment for each converted property, and HAP Contract Item 34 requires only that the replacement reserves be funded according to the RAD Closing Commitment. However, as is noted in the RAD PBV Quick Reference Guide, it is a best practice to adjust the annual replacement reserve deposit by the suggested inflation factor in the RPCA. These annual replacement reserve deposits are required by PIH Notice 2019-23, Section 1.6.D.9.

13. **Observation R/PBV-3: The Cherry Court Rent Increase Letter from Nan McKay and Associates dated October 3, 2022, does not list the correct HAP Contract date or anniversary date.** The HAP Contract effective date is December 1, 2017, and the anniversary date is December 1.

## Appendix E: EHV (EHV)

1. **Finding EHV-1: HACM did not maintain accurate and complete PHA financial statements for the HCV program.** On September 19, 2022, HACM provided the August 2022 Income Statement for the EHV program. The income statement provided was grossly inaccurate based on the following:
  - The August income statement reported \$550 had been earned in EHV Admin fees and \$4,050 cumulatively for 2022 year to date. HACM earns \$60.77 in admin fee per participant. The August 2022 VMS submission indicates there were 69 EHV participants and 363 cumulative participants for 2022 year to date. Based on this, HACM should have reported \$4,193 in Admin Fee earned for August and \$22,059 for year to date. HACM's August Income Statement for the EHV program understated its monthly and year-to-date income by \$3,643 and \$18,009 respectively.
  - The August Income Statement for the EHV program reported \$49,543 in monthly EHV HAP and \$278,664 in EHV HAP to date. However, the August VMS submission reports \$49,543 in monthly EHV HAP expenses and \$259,951 in year-to-date EHV HAP expenses. This creates a discrepancy in the reported EHV HAP expenses of \$18,713. HUD requires entities that receive Federal funding to be able to accurately provide current and complete disclosure of the financial results of each Federal award.
    - *Regulatory Citation(s):* 2 CFR 200.304 (b)(2), 2 CFR 200.334, and Paragraph 14(a) of the Consolidated Annual Contributions Contract
    - *Corrective Action(s):* HACM must ensure it has a financial management system which allows for the current, and complete disclosure of the financial results of each Federal award. HACM must implement the corrective actions listed in Finding HCVC-1.
2. **Observation EHV-1:** In July 2021 HACM accepted 121 Emergency Housing Vouchers (EHV). HACM reporting indicates that as of 11/17/2022 HACM has leased 70 of the 121 for a utilization of 57.85%.
3. **Observation EHV-2:** As detailed in PIH Notice 2021-15 HACM received a Preliminary Administrative Fee of \$181,247.00. As of 11/17/2022 HACM has only drawn \$30,237.00. These funds must be drawn by 9/30/2023.
4. **Observation EHV-3:** As detailed in PIH Notice 2021-15 HACM received \$423,500.00 for EHV Service Fee's. PIH Notice 2021-25 and subsequent EHV Notices outline how these funds can be used to increase the leasing success of EHV households. As of 11/17/2022 HACM has not drawn from these funds.

## Appendix F: EBLL Exhibit (EBLL)

1. **Finding EBLL-1: HACM does not have a standard operating procedure (SOP) for data sharing between the PHA and the local health department.** HACM must provide an updated list of their HCV property target housing addresses to the health department quarterly.
  - *Regulatory Citation(s):* PIH Notice 2017-13, Section 13
  - *Corrective Actions(s):* HA must develop a SOP for data sharing of target housing addresses. When communicating this data, the HA should ensure the field office (FO) is aware to ensure oversight of this requirement.
  
2. **Concern EBLL-1: HACM does not have an SOP for addressing EBLL cases and establish a contact point for EBLL cases.** When asked to walk through the procedure the HACM representative stated that once an EBLL case eventually makes it to their inbox they have steps written down they follow but appeared to minimize the importance as HACM does not have many cases of EBLL.
  - *Regulatory Citation(s):* PIH Notice 2017-13, Section 6
  - *Recommendation(s):* HACM should develop or officially record the process of responding to a reported EBLL case. The MKE FO recommends HACM establish an official line of communication for reported EBLL cases that is publicly advertised; such as an email address, [EBLL@hacm.org](mailto:EBLL@hacm.org), on their website that is directed to the appropriate persons.

# **Exhibits to the HACM On-site Report**

## **HCVCM Exhibits**

### **Exhibit HCVCMCM-a-1**

#### *Discussion of the Methodology for MKE FO's Data Analysis and Random Sampling*

The MKE FO began its data analysis of HACM's data submissions in a non-systematic fashion. The impetus for conducting a formal, statistically significant random sample of the universe of VMS participants was that the non-systematic analysis uncovered troubling errors and discrepancies with HACM's VMS data.

In the end, it was decided that the records of 360 out of 5727 participants should be reviewed in PIC to determine whether they were indeed valid participants in the HCV program as of 9/30/2022 (the date by which revisions to HACM's August VMS data was to have been captured in PIC). A random sample of 360 out of a universe of 5,727 provides a confidence interval of 95% and a margin of error of 5%.



**Exhibit HCVCM-a-1**  
*13 Physical Tenant Files Review and File Concerns Described*

Sr. #	Tenant #	Tenant Status	Effective Date VMS UML	MTCS PIC Status	POST HAP Report Yardi	HACM SUBMITTED HAP CHECK DATA	Concerns
1	s146839	Current	08/01/2022	Annual Re-exam eff 12/1/2021-ZERO HAP. 8/1/22 record was updated 9/28/2022-ZERO HAP	HAP NOT PAID FROM JAN 2022 THRU AUG 2022.	No HAP payments effective 12/1/2021	Invalid supporting documentation submitted by HACM 1. Tenant was Zero HAP eff 12/1/2021, reporting should have ended effective 6/1/2022 2. Documents submitted to Field Office showed a rent increase from \$595 to \$714 effective 8/1/2022. No supporting documents for rent reasonableness determination was submitted to Field Office. 3. No signed HAP contract was submitted as the previous contract expired for no payment for six months. HACM needed to enter into a new HAP contract eff 8/1/2022. 4. Tenant would be a Prior month correction after a valid HAP contract is signed.
2	s0171688	Notice	01/01/2020	EOP in Pic 12/31/2020, Another EOP eff 7/15/2022 submitted on 10/26/2022	HAP NOT PAID FROM JAN THRU AUG 2022	No HAP payments effective 1/1/2021	1. No Recertification or HAP Payment records eff 1/1/2021. 2. Reported on August 2022 UML 3. Tenant status unclear, need further review. 4. Per EOP in PIC tenant was not leased on 8/1/2022.
3	s0220518	Current	05/01/2022	Annual Recert in PIC eff 9/1/2022, HAP only paid for April, no HAP FOR MAY THRU AUG 2022, ZERO HAP	HAP PAID FROM JAN 2022 APR 2022	ZERO HAP, High income effective 5/1/2022	No concerns-OK
4	t0830745	Current	06/11/2021	No Record in PIC	HAP PAID FOR JAN 2022 ONLY	No HAP check or payment data submitted for this client by HACM.	Invalid supporting documentation submitted by HACM 1. HACM submitted 50058 action type#1 effective 6/11/2021 to the field office. 2. HAP contract for this new client and tenancy Addendum not submitted. 3. Lease Amendment document submitted effective 6/11/2021 without any signatures. 4. Therefore no executed HAP contract or lease submitted for new admission. 5. Reported on August 2022 UML. 6. No 50058 effective 6/1/2022 for Annual Re-exam or moving submitted. Tenant was not leased on 8/1/2022.

5	s118760	Current	01/01/2022	PBV-RAD-Reexam in PIC EFF 1/1/22	HAP NOT PAID FROM JAN THRU AUG 2022	No HAP Payments effective 7/1/2021	Invalid supporting documentation submitted by HACM 1. Active in PIC but no HAP payments effective the 50058 and prior to the 50058 effective date submitted in PIC. 2. No 50058 or lease data submitted to Field Office 3. Tenant status unclear, needs further review. 4. Since no HAP paid effective 7/1/2021 and no other supporting documents were provided to show this was leased on 8/1/2022. Tenant was not leased on 8/1/2022
6	t0830098	Notice	07/01/2022	New admission in PIC eff 3/1/2022, Interim in PIC eff 7/1/2022, Annual re-exam searching in PIC eff 7/27/2022.	HAP NOT PAID FOR AUGUST 2022	No HAP payment for August 2022	1. Tenant moved per 50058 submitted by HACM effective 8/1/2022. 2. Tenant was not leased on 8/1/2022.
7	s0172172	Current	02/01/2022	Annual re-exam in PIC eff 2/1/2022	HAP not paid from Feb 2022 thru August 2022	On 11/3/2022-HAP payment was issued to the landlord eff 2/1/2022 thru 11/1/2022.	No supporting documentation provided to support the 10 months of retroactive delayed payment to landlord 1. Late payment to landlord. 2. HAP not reported timely in VMS.
8	001023	Current	02/11/2021	EOP IN PIC eff 2/11/2021	HAP PAID FOR JAN 2022 ONLY	No HAP payments effective 2/1/2022	Invalid supporting documentation submitted by HACM. A 50058 action #7 and Lease Amendment (No signed HAP contract or Lease Addendum for the new unit) effective 2/1/2021. Tenant was not leased on 8/1/2022
9	t0800113	Current	12/01/2021	Annual Re-exam in PIC eff 12/1/2021	HAP NOT PAID FROM JAN 2022 THRU AUG 2022.	No payment or lease data submitted by HACM	Tenant was not leased on 8/1/2022
10	s0182948	Current	03/01/2022	Annual re-exam submitted in PIC eff 3/1/2022.	HAP NOT PAID FROM MAR 2022 THRU AUG 2022	On 11/4/2022-HAP payment was issued to the landlord eff 3/1/2022 thru 11/1/2022.	No supporting documentation provided to support the 9 months of retroactive delayed payment to landlord. 1. Late payment to landlord. 2. HAP not reported timely in VMS.
11	S148794	Past		Portability Move out in PIC eff 8/31/2017	HAP NOT PAID FROM JAN 2022 THRU AUG 2022.	Payments to Dekalb County eff 1/1/20 thru 7/1/20. No HAP payments eff 8/1/2020	Tenant was not leased on 8/1/2022

12	t0833167	Current	09/01/2021	Annual Re-exam eff 9/1/2021-RAD eff same 50058	HAP NOT PAID FROM JAN 2022 THRU AUG 2022.	On 11/4/2022- HAP payment was issued to the landlord eff 9/1/2021 thru 8/1/2022.	Invalid supporting documentation submitted by HACM. A 50058 #2 Effective 12/1/20 with Household income (\$23,282-4 sources, G, C, N, W-for 3 different household members) was submitted. Same income was used to generate another 50058 #2 effective 9/1/2021 based upon which retroactive HAP payment of \$340 per month was made effective 9/1/2021 thru 11/1/2022 paid on 11/4/2022. No supporting documentation provided to support the 12 months of retroactive delayed payment to landlord. The rent was increased to the landlord from \$795 to \$819- effective 9/1/2021 no supporting documents submitted. In 50058 effective 12/1/2020 \$0 UA was used and \$91 was used for Utility Allowance for the 50058 effective 9/1/2021 for the same unit. 1. Income not updated since 12/1/2020. 2. Utility Allowance discrepancy 3. No re-exam conducted as was due effective 12/1/2021. 4. Late payment to landlord. 5. HAP not reported timely in VMS.
13	031224	Past		Portability move out 9/1/2017- NO HAP Payments	HAP NOT PAID FROM JAN 2022 THRU AUG 2022.	No payment or lease data submitted by HACM	Invalid supporting documentation submitted by HACM. Yardi screen shot of 52665 for HAP effective 11/1/2019, 4/1/2020 and 4/1/2021 was submitted. Tenant was not leased on 8/1/2022

## **HCVDI Exhibits**

### **Exhibit HCVDI-b-1**

*'Past' Status Records as of the First of the Month*

<b>Tenant Code</b>	<b>Is Port-out</b>	<b>Tenant Status</b>	<b>58 Ctrl#</b>	<b>Effective Date</b>	<b>Action Type</b>
s0189932	No	Past	115345	03/06/2021	7-UnitChange
s153662	No	Past	120061	09/01/2020	2-Annual
s0198556	No	Past	120932	05/01/2021	2-Annual
t0831177	No	Past	40228	07/12/2019	1-New
t0827990	No	Past	40400	07/23/2019	1-New
s0213158	No	Past	116035	02/01/2021	2-Annual
s134036	No	Past	133331	06/01/2021	2-Annual
s146171	No	Past	133166	07/01/2021	1-New
t0828034	No	Past	66121	07/25/2019	1-New

**Exhibit HCVDI-c-1***'Past' status records as of the Last Day of the Month*

<b>Tenant Code</b>	<b>Is Port-out</b>	<b>Tenant Status</b>	<b>58 Ctrl#</b>	<b>Effective Date</b>	<b>Action Type</b>
s0189932	No	Past	115345	03/06/2021	7-UnitChange
s153662	No	Past	120061	09/01/2020	2-Annual
s0198556	No	Past	120932	05/01/2021	2-Annual
035712	No	Past	109900	12/01/2020	2-Annual
s071237	No	Past	121291	11/01/2020	2-Annual
s012608	No	Past	105799	11/01/2020	2-Annual
s055149	No	Past	105004	10/01/2020	2-Annual
s0186335	No	Past	105244	09/01/2020	2-Annual
037178	No	Past	124700	06/01/2021	2-Annual
s0201120	No	Past	123745	04/01/2021	2-Annual

### Exhibit HCVDI-d-1

#### *Example of Records that were not Submitted to PIC in a timely manner*

Example 1: Tenant #198556 (D.L.) moved out of her unit effective 4/30/2022 per 10/6/2022 interviews with HACM staff. This participant was still showing active in PIC and VMS reports as of 10/14/2022 (see screen shot below). The last re-exam action reported in PIC was effective 5/1/2021. The PHA must submit a 50058 #9- if the participant has been issued a voucher to move or a 50058 #6- if the participant was EOPed from the program and must stop reporting it as active tenant on VMS.

Action	
2a. Type of action:	Annual Reexamination
2b. Effective date (mm/dd/yyyy) of action:	05/01/2021
2c. Correction? (Y or N):	N
2d. If correction: (check primary reason)	0
2e. Date correction transmitted(mm/dd/yyyy)	N/A
2f. Repayment agreement:	N/A
2g. Monthly amount of repayment:	N/A
2h. Date(mm/dd/yyyy) of admission to program:	10/22/2011
2i. Projected effective date(mm/dd/yyyy) of next reexamination:	05/01/2022

Example 2: Tenant #189932 (K.T.)-This tenant moved out of her unit effective 3/6/2021 per 50058 submitted in PIC effective 3/6/2021 action #9. Per 10/6/2022 interviews with HACM staff the voucher for this participant expired 2/20/2022. This participant was reported on the VMS reports as an active participant and no 50058 was submitted in PIC after the participant was EOPed by the HACM staff for expiration of voucher on 2/20/2022.

Action	
2a. Type of action:	Other Change of Unit
2b. Effective date (mm/dd/yyyy) of action:	03/06/2021
2c. Correction? (Y or N):	N
2d. If correction: (check primary reason)	0
2e. Date correction transmitted(mm/dd/yyyy)	N/A
2f. Repayment agreement:	N/A
2g. Monthly amount of repayment:	N/A
2h. Date(mm/dd/yyyy) of admission to program:	10/01/2016
2i. Projected effective date(mm/dd/yyyy) of next reexamination:	03/01/2022
2j. Projected date(mm/dd/yyyy) of next flat rent reexamination (Public Housing only):	
2k. FSS participation now or in the	N

Example 3: Tenant #153662 (B.L.)-The last action for this participant in PIC is an Annual Re-exam effective 9/1/2020. Per 10/6/2022 interviews with HACM staff the participant was an EOP. The EOP date was not shared. The participant was showing as active in PIC and was also reported as active on VMS reports.

Action	
2a. Type of action:	Annual Reexamination
2b. Effective date (mm/dd/yyyy) of action:	09/01/2020
2c. Correction? (Y or N):	N
2d. If correction: (check primary reason)	0
2e. Date correction transmitted(mm/dd/yyyy)	N/A
2f. Repayment agreement:	N/A
2g. Monthly amount of repayment:	N/A
2h. Date(mm/dd/yyyy) of admission to program:	08/02/2016

**Exhibit HCVDI-e-1**

*Examples of duplicate or inactive tenant records on the August Yardi VMS Report*

Duplicate Tenants on VMS	Duplicate Tenants on VMS and HAP register	Tenant Initials
t0803901	s160321	K.W.
t0831177	s021994	A.S.
t0828034	S061675	S.H.
t0805582	s032812	K.M.
t0831193	s150433	O.T.
t0830736	S007544	A.W.

**Exhibit HCVDI-f-1**  
*Examples of EOP Untimely Submissions to PIC*

Tenant #	Tenant	Example Type
s117024	K.S.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s0202244	N.G.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s0171688	B.C.	EOP prior to 8/1/2022 on VMS-UML for August 2022
001023	M.N.	EOP prior to 8/1/2022 on VMS-UML for August 2022
t0803355	A.H.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s0186969	C.W.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s145614	A.S.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s0214108	K.S.	EOP prior to 8/1/2022 on VMS-UML for August 2022
026590	A.Y.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s073274	V.M.	EOP prior to 8/1/2022 on VMS-UML for August 2022
s140189	L.V.	EOP prior to 8/1/2022 on VMS-UML for August 2022



**Exhibit HCVDI-g-1**

*Examples of EOPs submitted to PIC months after HAP payments were Stopped*

<b>Tenant #</b>	<b>Effective date</b>	<b>Action Type</b>	<b>Delayed and Inaccurate EOP reporting</b>
s150222	10/01/2020	2-Annual	<ol style="list-style-type: none"> <li>1. Annual Reexam in PIC Effective 10/1/20 submitted on 7/30/2021.</li> <li>2. No 50058 in PIC for Annual Re-exam or #9 due effective 10/1/2021.</li> <li>3. EOP in PIC Effective 10/6/2022-Submitted on 10/26/22.</li> <li>4. No record of HAP payments found on the HAP post report from Jan 2022 thru August 2022.</li> <li>5. Recorded on VMS UML count</li> </ol>
s133468	04/01/2021	2-Annual	<ol style="list-style-type: none"> <li>1. Annual Re-exam in PIC EFF 4/1/2021 submitted on 5/4/2021.</li> <li>2. No 50058 in PIC for Annual Re-exam or #9 due effective 4/1/2022.</li> <li>3. EOP in PIC eff 8/26/2022 submitted on 9/28/2022.</li> <li>4. No record of HAP payments found on the HAP post report from April 2022 thru August 2022. HAP payments on the HAP post report only from Jan 2022 thru March 2022.</li> <li>5. Recorded on VMS UML count</li> </ol>
s131569	05/22/2021	2-Annual	<ol style="list-style-type: none"> <li>1. Annual Reexam in PIC effective 5/22/2021 submitted on 6/14/2021.</li> <li>2. No 50058 in PIC for Annual Re-exam or #9 due effective 5/1/2022.</li> <li>3. EOP in PIC effective 8/31/2022 submitted on 9/28/2022.</li> <li>4. No record of HAP payments found on the HAP post report from May 2022 thru August 2022. HAP payments on the HAP post report only from Jan 2022 thru April 2022.</li> <li>5. Recorded on VMS UML count</li> </ol>
026590	04/01/2021	2-Annual	<ol style="list-style-type: none"> <li>1. Annual Re-exam in PIC effective 4/1/2021 submitted on 5/4/2021.</li> <li>2. No 50058 in PIC for Annual Re-exam or #9 due effective 4/1/2022.</li> <li>3. EOP in PIC effective 6/23/2022 submitted on 10/26/2022.</li> <li>4. No record of HAP payments found on the HAP post report from April 2022 thru August 2022. HAP payments on the HAP post report only from Jan 2022 thru Mar 2022.</li> <li>5. Recorded on VMS UML count</li> </ol>

## **HCVPM Exhibits**

### **HCVPM-a-1**

#### *Briefing Packet Required and Supplemental Materials<sup>12</sup>*

The briefing packet must include the following documents and information:

- The term of the voucher, and the PHA's policies on any extensions or suspensions of the term. If the PHA allows extensions, the packet must explain how the family can request an extension
- A description of the method used to calculate the housing assistance payment for a family, including how the PHA determines the payment standard
- An explanation of how the PHA determines the maximum allowable rent for an assisted unit
- Where the family may lease a unit. For a family that qualifies to lease a unit outside the PHA jurisdiction under portability, the information must include an explanation of how portability works
- HUD-52641-A, Tenancy Addendum, which must be included in the lease
- HUD-52517, Request for Tenancy Approval
- A statement of the PHA policy on providing information about families to prospective owners
- PHA subsidy standards including when the PHA will consider making exceptions
- A Good Place to Live! Brochure, which explains how to select a unit
- Protect Your Family from Lead in Your Home
- Information on federal, state, and local equal opportunity laws and HUD Form HUD-903.1
- List of available accessible units known to the PHA
- Family obligations under the program, including any obligations of other special programs (VASH, Homeownership, Family Unification Program (FUP), Welfare to Work, etc.) if the family is participating in one of those programs
- The advantages of areas that do not have a high concentration of low-income families

The following information is supplemental and not required. For instance, these materials may be placed on a website:

- A summary of the items included in the briefing packet (The amount of material in the information packet and its level of reading difficulty may make some families reluctant to use the packet as a resource. A concise written summary of the contents of each item included in the packet may make the packet more user-friendly and helpful to the family)
- Brochures to explain the HCV program to owners
- Form HUD-52641, Housing Assistance Payments Contract for the HCV Program
- Description of the PHA's security deposit policy, if the PHA has one
- Information on service organizations and utility companies
- Explanation of rent reasonableness
- Requirements for notifying the PHA of any changes in income
- List of units known to be available for rent
- Explanation of any special programs or services offered by the PHA, such as the Family Self-Sufficiency program
- Checklist of items to consider before signing a lease

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<sup>12</sup> The briefing items list is from the HCV Occupancy Guidebook:  
[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/guidebook](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/guidebook)

- Contact information for PHA staff, local social service agencies (welfare and health agencies, legal assistance groups, fair housing organizations, tenant organizations, childcare services, transportation services, utility companies, etc.)
- A list of items that commonly fail HQS

**Exhibit HCVPM-b-1**

*Overlapping HAP Paid to Different Landlords for Same Tenant for the same Timeframe*

<b>Tenant #</b>	<b>Vendor #</b>	<b>Action type</b>	<b>HAP paid from date</b>	<b>HAP paid to date</b>	<b>HAP \$</b>
s0220517	V025469	2- Annual	01/01/2022	01/31/2022	650.00
s0220517	V025469	2- Annual	02/01/2022	02/28/2022	650.00
s0220517	V025469	2- Annual	03/01/2022	03/31/2022	650.00
s0220517	V025469	2- Annual	04/01/2022	04/30/2022	650.00
s0220517	V025469	2- Annual	05/01/2022	05/31/2022	650.00
s0220517	v0130848	2- Annual	01/01/2022	01/31/2022	650.00
s0220517	v0130848	2- Annual	02/01/2022	02/28/2022	650.00
s0220517	v0130848	2- Annual	03/01/2022	03/31/2022	650.00
s0220517	v0130848	2- Annual	04/01/2022	04/30/2022	650.00
s0220517	v0130848	2- Annual	05/01/2022	05/31/2022	650.00

**Exhibit HCVPM-b-2**  
*HAP Payments Recorded Incorrectly*

<b>Tenant #</b>	<b>Vendor #</b>	<b>Action type</b>	<b>HAP paid from date</b>	<b>HAP paid to date</b>	<b>HAP Amount</b>
s0172069	v02280	3- Interim	09/25/2021	09/30/2021	-201.00
s0172069	v02280	2- Annual	09/25/2021	09/30/2021	202.00
s0172069	v02280	3- Interim	10/01/2021	10/31/2021	- 1,006.00
s0172069	v02280	2- Annual	10/01/2021	10/31/2021	1,012.00
s0172069	v02280	3- Interim	11/01/2021	11/30/2021	- 1,006.00
s0172069	v02280	2- Annual	11/01/2021	11/30/2021	1,012.00
s0172069	v02280	3- Interim	12/01/2021	12/31/2021	- 1,006.00
s0172069	v02280	2- Annual	12/01/2021	12/31/2021	1,012.00
s0172069	v025949	3- Interim	09/25/2021	09/30/2021	201.00
s0172069	v025949	7- Oth Chg	09/25/2021	09/30/2021	-89.00
s0172069	v025949	3- Interim	10/01/2021	10/31/2021	1,006.00
s0172069	v025949	7- Oth Chg	10/01/2021	10/31/2021	-446.00
s0172069	v025949	3- Interim	11/01/2021	11/30/2021	1,006.00
s0172069	v025949	7- Oth Chg	11/01/2021	11/30/2021	-446.00
s0172069	v025949	3- Interim	12/01/2021	12/31/2021	1,006.00
s0172069	v025949	7- Oth Chg	12/01/2021	12/31/2021	-446.00

**Exhibit HCVPM-c-1**

*Incomplete PIC Action Type 9s for Participants who Completed Re-examinations  
and were Issued Vouchers to Move*

<b>Tenant #</b>	<b>Is Port-out</b>	<b>Effective Date</b>	<b>Comment</b>
t0805046	No	07/09/2021	No 50058 #9 after last recert expired 6/30/2022
t0829370	No	07/02/2021	No 50058 #9 after last recert expired 6/30/2022
t0831469	No	04/01/2021	No 50058 #9 after last recert expired 3/31/2022
035866	No	08/01/2021	No 50058 #9 after last recert expired 7/31/2022
s0214112	No	04/02/2021	No 50058 #9 after last recert expired 3/31/2022
s0170204	No	08/01/2021	No 50058 #9 after last recert expired 7/31/2022
t0832513	No	06/24/2021	No 50058 #9 after last recert expired 5/31/2022
s147807	No	05/01/2021	No 50058 #9 after last recert expired 4/30/2022
s0181723	No	08/18/2021	No 50058 #9 after last recert expired 2/28/2022
s0213158	No	02/01/2021	No 50058 #9 after last recert expired 1/31/2022
036125	No	03/01/2021	No 50058 #9 after last recert expired 2/28/2022
s0214188	No	03/01/2021	No 50058 #9 after last recert expired 2/28/2022, new Annual reexam eff 8/5/2022
s023219	No	04/01/2021	No 50058 #9 after last recert expired 3/31/2022

## R/PBV Exhibit

### Exhibit R/PBV-b-1

*Incorrect Contract Rents and Lack of Use of RADPH Code*

Cherry Court Development LLC		Contract Anniversary Date: 12/1/2017				
ID	PIC Submission Date	PIC Effective Date	58 Contract Rent	OCAF Contract Rent	58 2(n) Code: RADPH	58 Action
107	12/19/2019	12/1/2019	\$710		Y	Annual Re-exam
107	7/19/2021	11/30/2020			Y	EOP/Still on Rent Roll 4/1/2022
202	9/28/2020	4/1/2020	\$474	\$474	Y	Annual Re-exam
202	5/4/2021	4/1/2021	\$488	\$488	Y	Annual Re-exam
220	9/28/2020	5/1/2020	\$474	\$474	Y	Annual Re-exam
220	6/14/2021	5/1/2021	\$488	\$488	Y	Annual Re-exam
310	6/14/2021	12/1/2020	\$488	\$488	N	Annual Re-exam
310	12/29/2021	12/1/2021	\$510	\$510	N	Annual Re-exam
Olga Village LLC		Contract Anniversary Date: 6/1/2018				
ID	PIC Submission Date	PIC Effective Date	58 Contract Rent	OCAF Contract Rent	58 2(n) Code: RADPH	58 Action
214	7/20/2020	6/1/2020	\$627	\$641	Y	Annual Re-exam
214	7/29/2021	6/1/2021	\$660	\$660	Y	Annual Re-exam
204	10/29/2021	9/1/2021	\$660	\$660	Y	New Admission
311	7/20/2020	6/1/2020	\$627	\$641	Y	Annual Re-exam
311	7/29/2021	6/1/2021	\$660	\$660	Y	Annual Re-exam
316	7/20/2020	7/1/2020	\$765	\$783	Y	Annual Re-exam
316	7/29/2021	7/1/2021	\$805	\$805	Y	Annual Re-exam