

Detailed Balance Sheet
PUBLIC HOUSING
For the period April 2017

Account Number	Description	Balance
ASSETS		
CASH (1)		
1111.01	CASH- GENERAL FUND - CHASE	164,146.33
1113	WESBANCO MONEY MARKET	242,559.84
1114	TENANT SECURITY DEPOSIT - CHASE	24,375.37
TOTALS		431,081.54
ACCOUNTS RECEIVABLE (2)		
1122	ACCT/REC - TENANTS	1,788.03
1128	FRAUD RECOVERY RECEIVABLE	4,153.00
TOTALS		5,941.03
DEFERRED CHARGES (6)		
1260	INVENTORIES-MATERIALS	21,430.45
1275	ALLOWANCE FOR OBSOLETE INVENTORIES	-100.00
1500	DEFERRED OUTFLOW OF RESOURCES	70,860.92
TOTALS		92,191.37
LAND, STRUCTURES, AND EQUIPMENT (7)		
1400.5	ACCUMULATED DEPRECIATION -STRUT/EQUI	-6,371,004.52
1400.6	LAND	685,788.00
1400.63	LAND-SITE IMPROVEMENTS	300,145.33
1400.7	BUILDINGS	6,972,079.04
1400.71	OFFICE ADDITION	325,256.84
1400.8	FURNITURE,EQUIP & MACHINERY DWELLING	71,959.90
1400.9	FURNITURE, EQUIPMENT & MACHINERY ADM	149,121.82
TOTALS		2,133,346.41
TOTAL ASSETS		2,662,560.35
LIABILITIES AND FUND BALANCE		
LIABILITIES		
ACCOUNTS PAYABLE (8)		
2111	ACCOUNTS PAYABLE -OTHER	0.00
2114	TENANTS SECURITY DEPOSITS	23,517.02
2117.01	FEDERAL WITHHOLDING TAX	0.00
2117.03	RETIREMENT WITHHOLDING	2,905.88
2117.04	SOCIAL SECURITY TAX - W/H	0.00
2117.05	INSURANCE/DENTAL	319.96
2117.07	MEDICARE WITHHOLDING	0.00
2117.12	PEIA LIFE INS	0.00

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Account Number	Description	Balance
TOTALS		26,742.86
ACCRUED LIABILITIES (10)		
2135	ACC LIAB-SAL/WAGES	10,823.68
2135.1	ACCRUED COMPENSATED ABSENCES	29,705.85
2137	PILOT - PAYMENT IN LIEU OF TAXES	28,319.00
TOTALS		68,848.53
FIXED LIABILITIES (12)		
2250	NET PENSION LIABILITY	89,830.00
2260	DEFERRED INFLOW OF RESOURCES	57,910.39
TOTALS		147,740.39
TOTAL LIABILITIES		243,331.78
FUND BALANCE		
SURPLUS (13)		
2808	EQUITY INVESTED IN CAP ASSETS NROD	2,133,346.41
2812	UNRESTRICTED NET ASSETS	264,015.53
TOTALS		2,397,361.94
CURRENT OTHER SURPLUS (14)		21,866.63
TOTAL FUND BALANCE		2,419,228.57
TOTAL LIABILITIES AND FUND BALANCE		2,662,560.35

BUDGETED INCOME STATEMENT
PUBLIC HOUSING
 For the period April 2017

Account Number	Description	Project	Net Change This Month	Year-To-Date Ending Balance	Year-To-Date Budget	Year-To-Date Variance From Budget	Annual Budget
Income [7]							
3110	DWELLING RENTAL		(34,894.88)	(34,894.88)	(33,922.17)	972.71	(407,066.00)
3130	OTHER TENANT CHARGES		(500.00)	(500.00)	(625.00)	(125.00)	(7,500.00)
3190	NONDWELLING RENTAL		(663.52)	(663.52)	(250.00)	413.52	(3,000.00)
3610	INTEREST-GEN FUND INVEST		(36.11)	(36.11)	(37.50)	(1.39)	(450.00)
3690	OTHER INCOME		(250.00)	(250.00)	0.00	0.00	0.00
3690.02	PROCEEDS DISPOSITION OF EQUIPMENT		0.00	0.00	0.00	0.00	0.00
6120	GAIN/LOSS NONEXP EQU		0.00	0.00	0.00	0.00	0.00
7580	PROCEEDS DISP OF PROP		0.00	0.00	0.00	0.00	0.00
70							
3401	HUD PHA GRANTS - SUBSIDY		(13,301.00)	(13,301.00)	(15,027.42)	(1,726.42)	(180,329.00)
3405	OPERATING TRANSFER - CFP		(14,584.00)	(14,584.00)	(9,958.75)	4,625.25	(119,505.00)
Total for 70			(64,229.51)	(64,229.51)	(59,820.84)	4,158.67	(717,850.00)
Total for Income [7]			(64,229.51)	(64,229.51)	(59,820.84)	4,158.67	(717,850.00)
Expense [9]							
91							
4110	ADMINISTRATIVE SALARIES		12,249.03	12,249.03	14,064.17	1,815.14	168,770.00
4130	LEGAL EXPENSES		0.00	0.00	333.33	333.33	4,000.00
4140	STAFF TRAINING		1,000.00	1,000.00	416.67	(583.33)	5,000.00
4150	TRAVEL		462.00	462.00	1,000.00	538.00	12,000.00
4170	ACCOUNTING FEES		630.00	630.00	750.00	120.00	9,000.00
4171	AUDIT EXPENSE		0.00	0.00	500.00	500.00	6,000.00
4181	COMPENSATED ABSENCES		0.00	0.00	0.00	0.00	0.00
4182	EMPLOYEE BENEFIT CONTRIBUTION-ADMIN		0.00	0.00	0.00	0.00	0.00
4190	SUNDRY		0.00	0.00	0.00	0.00	0.00
4190.01	SUNDRY-PUBLICATIONS		224.00	224.00	166.67	(57.33)	2,000.00
4190.02	SUNDRY-MEMBERSHIP DUES & FEES		95.98	95.98	208.33	112.35	2,500.00
4190.03	SUNDRY-TELEPHONE EXPENSE		0.00	0.00	500.00	500.00	6,000.00
4190.04	SUNDRY-COLLECTION AGENT & COURT COST		0.00	0.00	41.67	41.67	500.00
4190.05	SUNDRY-OFFICE SUPPLIES		0.00	0.00	500.00	500.00	6,000.00

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4190.06	SUNDRY-OTHER		0.00	0.00	83.33	83.33	1,000.00
4190.07	SUNDRY - COMPUTER CONTRACTS		5,363.36	5,363.36	833.33	(4,530.03)	10,000.00
4190.08	SUNDRY -OFFICE EQUIPMENT MAINTENANCE		103.29	103.29	375.00	271.71	4,500.00
4195	CONTRACT SERVICES - ADMIN		0.00	0.00	416.67	416.67	5,000.00
4540	EMPLOYEE BENEFITS		8,082.56	8,082.56	9,945.83	1,863.27	119,350.00
Total for 91			28,210.22	28,210.22	30,135.00	1,924.78	361,620.00
92							
4200	TENANT SERVICES		0.00	0.00	0.00	0.00	0.00
4210	T/S-SALARIES		0.00	0.00	0.00	0.00	0.00
4220	T/S-REC. PUB & OTHER SV		0.00	0.00	333.33	333.33	4,000.00
4230	T/S CON COST-TRNG-OTHER		0.00	0.00	416.67	416.67	5,000.00
4282	EMPLOYEE BENEFITS/TENANT SERVICES		0.00	0.00	0.00	0.00	0.00
Total for 92			0.00	0.00	750.00	750.00	9,000.00
93							
4300	UTILITIES		0.00	0.00	0.00	0.00	0.00
4310	WATER		0.00	0.00	2,655.00	2,655.00	31,860.00
4320	ELECTRICITY		0.00	0.00	1,166.67	1,166.67	14,000.00
4330	GAS		0.00	0.00	1,666.67	1,666.67	20,000.00
4340	SEWER		0.00	0.00	3,750.00	3,750.00	45,000.00
Total for 93			0.00	0.00	9,238.34	9,238.34	110,860.00
94							
4410	LABOR-OM&O		5,639.27	5,639.27	6,505.83	866.56	78,070.00
4420	MATERIALS OM&O		975.59	975.59	3,333.33	2,357.74	40,000.00
4430	CONTRACT COSTS-OM&O		116.25	116.25	416.67	300.42	5,000.00
4430.01	CONTRACT COST - GARBAGE		0.00	0.00	1,500.00	1,500.00	18,000.00
4430.02	CONTRACT - HEATING/COOLING		0.00	0.00	208.33	208.33	2,500.00
4430.03	CONTRACTS - SECURITY SYSTEM		626.20	626.20	125.00	(501.20)	1,500.00
4430.05	CONTRACT COSTS - LANDSCAPE		0.00	0.00	125.00	125.00	1,500.00

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Account Number	Description	Project	Net Change This Month	Year-To-Date Ending Balance	Year-To-Date Budget	Year-To-Date Variance From Budget	Annual Budget
4430.06	CONTRACT COSTS - FIRE ALARM		855.24	855.24	208.33	(646.91)	2,500.00
4430.07	CONTRACT COST-ELECTRICAL		0.00	0.00	166.67	166.67	2,000.00
4430.08	CONTRACT COSTS - PLUMBING		0.00	0.00	291.67	291.67	3,500.00
4430.09	CONTRACT COSTS - EXTERMINATING		424.00	424.00	41.67	(382.33)	500.00
4431	CABLE CHARGE TO TENANTS		(631.88)	(631.88)	0.00	0.00	0.00
4433	EMPLOYEE BENEFIT CONTIB-ORDIN. MAINT		0.00	0.00	0.00	0.00	0.00
Total for 94			8,004.67	8,004.67	12,922.50	4,285.95	155,070.00
95	PROTECTIVE SERVICES		0.00	0.00	0.00	0.00	0.00
4450	LABOR-PROT SVCS		0.00	0.00	0.00	0.00	0.00
4460	EMPLOYEE BENEFITS/PROTECTIVE SERVICE		0.00	0.00	0.00	0.00	0.00
4490			0.00	0.00	0.00	0.00	0.00
Total for 95			0.00	0.00	0.00	0.00	0.00
96	INSURANCE		2,382.00	2,382.00	0.00	0.00	0.00
4510	INSURANCE - LIABILITY		2,310.00	2,310.00	750.00	(1,560.00)	9,000.00
4510.01	INSURANCE - PROPERTY		0.00	0.00	750.00	750.00	9,000.00
4510.02	INSURANCE - WORKER'S COMP		1,455.99	1,455.99	666.67	(789.32)	8,000.00
4510.03	PMTS IN LIEU OF TAXES		0.00	0.00	2,483.33	2,483.33	29,800.00
4520	COLLECTION LOSSES		0.00	0.00	291.67	291.67	3,500.00
4570	BAD DEBT EXPENSE - TAR		0.00	0.00	0.00	0.00	0.00
4572	OTHER GENERAL EXPENSES		0.00	0.00	83.33	83.33	1,000.00
4590			0.00	0.00	0.00	0.00	0.00
Total for 96			6,147.99	6,147.99	5,025.00	1,259.01	60,300.00
97	EXTRAORD MAINTENANCE		0.00	0.00	83.33	83.33	1,000.00
4610	CAS LOSS-NONCAPITOL		0.00	0.00	0.00	0.00	0.00
4620	DEPRECIATION EXPENSE		0.00	0.00	0.00	0.00	0.00
4800	PYA-AFFECTING R R		0.00	0.00	0.00	0.00	0.00
6010	REPLACE NONEXP EQUIP		0.00	0.00	1,666.67	1,666.67	20,000.00
7520			0.00	0.00	0.00	0.00	0.00

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 For the period April 2017

Account Number	Description	Project	Net Change This Month	Year-To-Date Ending Balance	Year-To-Date Budget	Year-To-Date Variance From Budget	Annual Budget
7540	PROPERTY BETTERMENTS & ADDITIONS		0.00	0.00	0.00	0.00	0.00
Total for 97			0.00	0.00	1,750.00	1,750.00	21,000.00
Total for Expense [9]			42,362.88	42,362.88	59,820.84	19,208.08	717,850.00
Report Totals			21,866.63	21,866.63	0.00	23,366.75	0.00

Anytown Public Housing Authority Budget to Actual Operating Statement

Anytown Public Housing Program Budget Statement
April 30, 2017

Line Item	Title	Unaudited: Management Purposes Only			Cumulative Amount	Amount Remaining	
		Budgeted Amount	Monthly Amount				
3110	Rent	485,000.00	40,861.00	283,458.00	201,542.00	58%	
3120	Non Dwelling Rental	7,200.00	1,383.00	8,379.90	(1,179.90)	116%	
3401	HUD Grants Subsidy	605,623.00	50,283.00	348,859.00	256,764.00	58%	
3402	Capital Fund Grants-operations only	125,000.00			125,000.00	0%	
3610	Interest	1,800.00	169.69	1,472.08	327.92	82%	
3660	Proceeds from sale of equipment	-		600.00	(600.00)	0%	
3690	Other Income	22,017.00	1,523.25	18,056.95	3,960.05	82%	
	Total Income	1,246,640.00	94,219.94	660,825.93	585,814.07	53%	
4110	Administrative Salaries	218,980.00	18,760.27	132,299.04	86,680.96	60%	
4120	Compensated Absences		637.50	1,929.44	9,563.56	0%	
4130	Legal Expenses	11,493.00	-	5,825.75	4,174.25	17%	
4140	Staff Training	10,000.00		1,187.36	4,812.64	58%	
4150	Travel	6,000.00	32.10	7,962.04	4,037.96	20%	
4170	Accounting Fees	12,000.00	1,050.00		12,500.00	66%	
4171	Audit	12,500.00			35,701.41	0%	
4190	Other Administrative Expenses	70,000.00	5,658.63	34,298.59	4,554.34	49%	
4220	Tenant Services	6,200.00	70.21	1,645.66	17,795.43	27%	
4310	Water	40,039.00	2,698.77	22,243.57	17,795.43	56%	
4320	Electricity	135,000.00	12,257.67	74,657.58	60,342.42	55%	
4330	Gas	9,000.00	443.62	3,087.93	5,912.07	34%	
4390	Sewer	40,000.00	2,846.63	24,032.55	15,967.45	60%	
4410	Maintenance Salaries	158,660.00	12,659.34	91,358.49	67,301.51	58%	
4420	Materials	70,000.00	10,777.60	52,627.86	17,372.14	75%	
4430	Contract Costs Maintenance	120,000.00	10,518.78	54,961.30	65,038.70	46%	
4480	Protective Services Salaries	21,300.00	1,300.00	9,941.42	11,358.58	47%	
4510	Insurance including Workers Comp	55,000.00	-	34,468.49	20,531.51	63%	
4520	Payments in Lieu of Taxes	27,000.00			27,000.00	0%	
4540	Employee Benefit Contributions	152,068.00	6,639.87	71,573.68	80,494.32	47%	
4572	Collection Losses	15,000.00			15,000.00	0%	
4590	Other General Expenses	10,000.00			10,000.00	0%	
4610	Extraordinary Maintenance	16,400.00	600.00	4,385.00	12,015.00	27%	
7520	Replacement of Nonex Equipment	30,000.00	-	40,642.00	(10,642.00)	135%	
	Total Expenses	1,246,640.00	86,950.99	669,127.75	577,512.25	54%	
	Net Income		7,268.95	(8,301.82)			

Note: Does not include Depreciation
 Does not include capital fund hard costs

Wild Wonderful WV Housing Authority Analysis of NRA

TO BE ADDED TO VMS Report:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
NRA bal 6/30/14	55,798.00												55,798.00
- HAP spent	-420,279.00	-421,344.00	-425,855.00	-436,975.00	-448,736.00	-457,182.00	-468,559.00	-475,896.00	-475,301.00	-476,111.00	-476,084.00		-4,982,322.00
+ HAP rec'd Voucher interest	444,920.00	444,920.00	437,676.00	421,024.00	422,051.00	390,948.00	481,198.00	468,078.00	474,756.00	511,165.00	450,463.00		4,947,199.00
+ 1/2 Fraud Recovery	115.00	115.00	0.00	115.00	125.00	115.00	227.00	0.00	115.00	115.00	750.00		1,792.00
NRA @ End of Month	80,554.00	104,245.00	116,066.00	100,230.00	73,670.00	7,551.00	20,417.00	12,599.00	12,169.00	47,338.00	22,467.00	22,467.00	619,773.00
Admin Fee bal 6/30/14	55,306.59												55,306.59
- Admin Spent	-46,151.00	-55,934.00	-53,366.00	-45,310.00	-37,561.00	-57,432.00	-60,837.00	-45,101.97	-45,237.00	-47,705.02	-38,730.00		-533,364.99
+ Pro Rated Admin Earned	45,649.00	45,800.00	46,179.00	46,935.00	47,617.00	48,223.00	52,814.00	53,379.00	53,339.00	52,975.00	52,651.00		545,561.00
100% interest	4.00	5.00	4.00	4.69	3.77	3.25	2.77	2.41	2.42	2.85	2.86		38.02
Port in and fees	38.00	38.00	38.00	38.00	38.00	2,240.00	38.00	843.14	38.04	38.04	38.04		3,425.26
+ 1/2 Fraud Recovery	115.00	115.00	0.00	115.00	125.00	115.00	227.00	0.00	115.00	115.00	750.00		1,792.00
UNA End of Month	54,961.59	44,985.59	37,840.59	39,623.28	49,846.05	42,995.30	35,240.07	44,362.65	52,620.11	58,045.98	72,757.88	72,757.88	606,036.97
Cash	182,432.00	204,246.00	212,913.00	200,460.00	183,927.00	84,962.00	84,292.49	76,295.00	71,899.00	106,562.00	83,788.00		
# Vouchers issued but not under contract as of last day of month	127	187	170	193	185	189	141	99	52	26	7		

WEST VIRGINIA ASSOCIATION OF HOUSING AGENCIES

COMMISSIONER'S HANDBOOK 101

INTRODUCTION

This handbook is designed to introduce Commissioners to their responsibilities as members of the Housing Authority Board. It is our hope that this will be useful tool and reference during your tenure as a Commissioner.

America's housing commissioners exert a powerful influence in the nation's housing community. They are responsible for overseeing the expenditures of billions of federal, state and local dollars allocated for the purpose of housing low income persons and the elderly. They help direct the management of programs that benefit millions of families.

The public housing commissioner's role is complex. Commissioners are charged with ensuring fairness in the administration of housing authority policies, attracting adequate resources, balancing the demands of conflicting community groups, and winning public support. Moreover, as they conduct the business of overseeing local public housing operations, commissioners must be aware of and follow federal, state and local laws and housing regulations to the letter. The leadership and service of an involved and committed board of commissioners are essential to meeting the housing needs of low income citizens.

The great contributions low-income housing programs have made to cities across West Virginia are attributable, in large respect, to the efforts of professional just like you. Commissioners, who may come from all walks of life, are often leaders in their communities. West Virginia commissioners receive no pay for their services and it is unlikely that you will receive thanks from any source, other than the agency Executive Director and staff. However, the personal satisfaction that one receives through the knowledge that you are a part of an organization providing safe, sanitary and affordable housing for a needy segment of the population of your community is immeasurable.

Section 1. General Information

HOW COMMISSIONERS ARE APPOINTED:

Commissioners are appointed by the Mayor or other governmental agency in accordance with state law. There are five commissioners on the board, (one of which must be a recipient of housing assistance) and each is appointed for a term of five years. The terms are staggered so that vacancy occurs each year.

Commissioners may serve successive terms if allowed by the By-Laws of the Authority.

While Housing Commissioners, serve without pay, you are reimbursed for necessary expenses set forth in the Housing Authority's travel and expense policy. Please discuss this with the Executive Director of the Authority.

HOW COMMISSIONERS GET THINGS DONE:

Commissioners have the duty to pass resolutions and policies for the governance of the Housing Authority. The Department of Housing and Urban Development (HUD) and the Executive Director will keep Commissioners informed about current policies, regulations, and changes in policies which need to be made.

Commissioners hire the Executive Director who serves as is the Chief Executive Officer of the Authority, and he/she is charged with the day to day management of the programs of the Authority, and who is responsible for executing the policies adopted by the Commissioners.

COMMISSIONERS STAY INFORMED:

The Executive Director will inform Commissioners of changes in regulation or policy at a federal or state level which may require changes to agency polices.

Commissioners need to review state laws, policies of the housing authority, HUD rules and regulations, federal regulation and law, know the differences between the roles of Commissioners and the Executive Director; Commissioners also must and have a good working relationship with the Executive Director. Commissioners should attend workshops, training and seminars to keep up to date on current issues concerning Public Housing Authorities and programs operated by Authorities.

COMMISSIONERS MUST BE CONCERNED:

Commissioners must be concerned about the well-being of the residents and the property of the Authority. Commissioners should remain concerned about representing the agency in the community as agency which provides and essential service to families within the community. They should also consider the impact of policies on the families served by the Authority.

LIABILITY OF COMMISSIONERS

Commissioners must take action in good faith and within the scope of their official function, and must not cause damage for willful or wanton misconduct. Housing Authorities should maintain Directors and Officers Liability insurance for Commissioners. When making policies, assure that they are clear and not arbitrary or capricious, and work with the Executive Director and the Housing Authority to see that policies are carried out.

RESPONSIBILITIES OF COMMISSIONERS

Responsibilities are provided in the Annual Contributions Contract (ACC), Federal Regulations, HUD Notices and HUD Handbooks, HUD requires the Commissioners to develop policy and monitor and establish controls for providing safe and sanitary housing to the residents. Commissioners have the ultimate responsibility for Public Housing Authority (PHA) operations including:

- ✓ Approving Bylaws, Resolutions, Policies and Procedures.
- ✓ Hiring and evaluating a qualified Executive Director.
- ✓ Establishing and adopting PHA policies such as but not limited to: Personnel, Grievance, Procurement, Financial and Investments, Disposition, Admissions, Continued Occupancy, Section 8 Administration Plans, Leases, Rent Collections, etc.
- ✓ Reviewing and monitoring budgets, investments, and other financial documents to insure expenditures are in compliance with federal and local law and other requirements.
- ✓ Approving policies and procedures for internal and external monitoring controls.
- ✓ Approving policies and procedures to detect and prevent program fraud, waste, mismanagement and abuse.
- ✓ Insuring that the PHA is acting legally and with integrity in its daily operations. (Noting that the Executive Director is responsible for overseeing the day to day operations of the agency.)
- ✓ To observe the chain of command and act collectively to avoid situations where commissioners appear to be managers instead of policy makers. (Including meeting with PHA staff independent of the executive director's attendance or knowledge).
- ✓ Prevent conflicts of interest as defined in state law and ACC.
- ✓ Avoid the appearance of conflicts of interest.

PURPOSE OF THE PUBLIC HOUSING PROGRAM:

The public housing program was established to provide decent, safe, sanitary and drug free housing of persons of lower income. State law also provides powers and duties of the housing authority. State law and Federal law, along with rules,

regulations, guidelines, handbooks, and directives provide assistance and guidance for the carrying out of the purposes of the public housing program.

WHO OWNS PUBLIC HOUSING?

Public Housing was authorized by the Federal Government through the Housing Act of 1937 and is funded with federal funds. The program is regulated by HUD. State law enabling legislation provides for the establishment and the legal roles of each housing authority. The title to all property is vested in the local public housing agency. The local housing agency is prohibited from leasing, selling or mortgaging property under the ACC without HUD approval.

HOW IS PUBLIC HOUSING FINANCED?

Originally Public Housing was financed by the sale of tax exempt government guaranteed bonds and notes. Today Public Housing is financed by federal subsidy, rental income from tenants, grants, etc.

DO HOUSING AUTHORITIES PAY TAXES?

No. Payments in lieu of taxes (PILOT) are authorized by law and by the Cooperation Agreement made between the housing authority and the governing body. These payments, unless they have been waived by the local form of government, are made to the local government for services provided, which are the same services provided to other property owners.

DUTIES OF THE EXECUTIVE DIRECTOR:

The Executive Director serves not only as Executive Director, but also as the Secretary-Treasurer of the Board of Commissioners. The Executive Director is hired by the Board of Commissioners by written contract, or, if there is no written contract, subject to the Personnel Policy of the Authority. The Executive Director is the Chief Executive Officer of the Authority, and is charged with the day to day management of the housing programs of the Authority. He or she also executes the policies adopted by the Commissioners.

The Executive Director informs and advises the Board on recommended policy changes and required regulatory changes in policy. In a small housing authority, the Executive Director may also be the Housing Manager. In that event, he or she is responsible for rent collections, repairs, maintenance, resident training and services, accounting, bookkeeping, and other duties associated with housing. To the extent possible, a separation of duties should be maintained.

WHO SELECTS THE RESIDENTS?

Residents are selected by the Executive Director or his designee in accordance with the ACOP, but only after the following process is complete (1) applications is made, (2) information is verified in accordance with federal law (3) other screening is done in accordance with the agency policy. Some of the screening may include, a background criminal history check, credit checks, etc. and (4) applicant is deemed qualified for tenancy. The Board of Commissioners adopts the Admission and Continued Occupancy Policy (ACOP) This policy is approved by HUD and is derived from the federal rules and regulations along with local policy. Commissioners are not to be involved in the typical tenant selection process and can cause claims of discrimination and violation of federal laws if they try to "help" with this process.

HOW IS RENT COLLECTED?

The minimum rent for housing is \$0.00 to \$50.00, depending upon the decision of the Board in establishing the minimum rent. A person's income and exclusions from income are used to calculate the person's rent based upon the income of qualified family members. A formula, developed in accordance with the federal rules and regulations is applied to calculate the total rent payment due by the tenant each month. The HA may also establish a "flat rent" for each apartment in accordance with federal laws and agency policy.

DO'S AND DON'TS FOR COMMISSIONERS;

DO:

- ✓ Pass resolutions and policies only after thorough discussion and understanding of the purposes, usage, and implication after consultation with the Executive Director.
- ✓ Monitor policies and procedures to insure that the result is what was intended and to see if any modifications need to be made.
- ✓ Establish controls to detect and prevent conflicts of interest, fraud and abuse.
- ✓ Ensure that an audit is conducted annually and that the report is reviewed by commissioners. Commissioners may ask the executive director to have the auditors to expand their review to include areas of concern and to attend the exit conference at the end of the audit.
- ✓ Conduct meetings at least quarterly with Resident Council leaders to solicit comments and input to agency operations within their facilities. Consider having training sessions for Residents Councils.
- ✓ Ensure that the housing authority operates legally and with integrity. Establish high ethical standards for staff and act as positive role models.
- ✓ Become aware of the policies and regulations which govern the operation of the housing authority, and review the laws concerning your service on the Board of Commissioners. (www.hud.gov and www.hudclips.gov are valuable online resources).

- ✓ Fully support all board approved resolutions even on issues/policies that have split votes during Board Meeting.

DON'T

- ✓ Sign blank checks or checks not supported by bills, invoices or vouchers.
- ✓ Allow any bank accounts to be controlled by one signature.
- ✓ Approve contracts or take any other action which is a violation of the ACC or HUD Regulations.
- ✓ Forget that Commissioner's set policy and the Executive Director is the chief executive officer of the Authority who conducts the day to day activities of the Authority. Commissioners can cause confusion, harm to employee morale, and undermine the executive director authority if they become involved in the day-to-day operations. If commissioners have operational concerns they should contact the executive director directly.

HOW TO CONDUCT BOARD MEETINGS:

There is no "set" way to conduct a meeting, but if Commissioners would like a guideline, Roberts Rules of Order is a good guideline. Typically, several days before the meeting the Commissioners should be provided with copies of the agenda and all resolutions or other materials to be discussed at the meeting. This will allow you a chance to review the information and make sound decisions on important matters that may come before the Board. Commissioners should review all materials received prior to the meeting so they will be familiar with the issues that will be discussed at the meeting.

Suggested Agenda Items:

Roll Call
Approval of Minutes of Previous Meeting
Approval of Financial Statements and Bills
Communications
Reports of Committees
Report of Executive Director
Unfinished (Old) Business
New Business and/or Public Concerns
Adjournment

DO'S

- ✓ Do know the suggested agenda and review the packet of materials before the meeting, if possible.

- ✓ Do know the rules. Know the by-laws, continuing resolutions, and Robert's Rules of Order.
- ✓ Do follow internal PHA and HUD policies and rules. Keep signed and sealed board meeting minutes, approve accurate financial reports, staff reports, etc.
- ✓ Do ask for legal advice from your attorney, and supply him/her with the information in advance of the meeting if possible.

DON'T'S

- ⊗ Don't miss meetings without a reasonable excuse. Do let the executive director know in advance if possible that you will miss the meeting.
- ⊗ Don't come to the meeting unprepared
- ⊗ Don't monopolize the meeting and stay on task to be respectful of everyone's time.
- ⊗ Don't deviate from the meeting agenda.
- ⊗ Don't make a grievance hearing out of a board meeting
- ⊗ Don't confuse good politics with good business.
- ⊗ Don't take a rejection personally and remember the good of the agency is more important than personal agenda items.
- ⊗ Don't restrict media participants, at the board meetings, unless Executive Session is entered in to and remember, all decisions must be made in Regular Session. Executive Session is only for discussion or personnel or sensitive private contract matters. Remember, WV Sunshine Laws must be followed.

KEEP A NOTEBOOK

You may want to keep a notebook with copies of the policies and other important resolutions which you pass for your reference. Include in the notebook should be the following:

- ✓ STATE LAW ABOUT HOUSING AUTHORITIES
- ✓ OATH OF OFFICE
- ✓ DIRECTORY OF HOUSING AUTHORITY STAFF AND SITES
- ✓ DESCRIPTION OF HOUSING AUTHORITY UNITS.
- ✓ PERSONNEL POLICY
- ✓ LEASE AND GRIEVANCE POLICY
- ✓ ADMISSION AND CONTINUED OCCUPANCY POLICY (ACOP)
- ✓ SECTION 8 ADMINISTRATIVE PLAN
- ✓ RENT COLLECTION POLICY
- ✓ ANNUAL CONTRIBUTIONS CONTRACT (ACC)
- ✓ BY LAWS OF HOUSING AUTHORITY
- ✓ COOPERATION AGREEMENT
- ✓ FINANCE AND INVESTMENT POLICY
- ✓ HUD ACRONYMS FOR PUBLIC HOUSING AUTHORITIES

- ✓ Contact information of the Executive Director and applicable staff in the event of an emergency.

Section III. Policies and Documents that Require Board Approval

- Annual Contributions Contract (ACC)
- Admissions and Occupancy Policy (ACOP)
- By-Laws
- Cooperation Agreement
- Dwelling Lease for Public Housing
- Grievance Procedure
- Personnel Policy and related Polices
- Procurement/Disposition Policy
- Operating Budgets (All PHA Programs: PH, Section 8 Vouchers, etc.)
- Depository Agreements

Section IV. How can a Commissioner determine if a PHA is being managed and operated effectively and efficiently?

Training: It is helpful if one or two Commissioners attend training sessions each year. This may help to ensure that Commissioners are current on HUD regulations and will equip each Commissioner with the tools needed to evaluate their PHA's operations. As a general rule, the number of Commissioners attending training should be limited to the number required to attend each session of the training. For example, if there were three topics being covered at the training, three Commissioners should attempt to attend. Of course, training will depend on availability of funds.

Financial: Several administrative devices for measuring and evaluating the local programs are available to you as a commissioner: the budget, financial statements and the audit. The Quality Housing and Work Responsibility Act of 1998 included a new procedure for assessing the financial management of housing authorities. This procedure is incorporated into the Public Housing Assessment System, or PHAS. The PHAS is intended to evaluate the financial condition, management operations, physical conditions, and level of resident services of local authorities. Where finance is concerned, PHAS examines local housing authority operations to determine whether an authority has adequate monetary sources and to determine if those resources are being managed effectively. As a result, housing authorities are required to prepare financial information in accordance with Generally Accepted Accounting Principles (GAAP). HUD's Real Estate Assessment Center (REAC) assesses the financial condition of local authorities. The HUD system for evaluating the performance of a PHA's Section 8 Program the Section 8 Management Assessment Program (SEMAP). Commissioners should know its PHA score in each system.

Condition: Commissioners can tell a great deal about the management and maintenance of a PHA by driving through the developments and taking notice of the condition of the Public Housing Development. Signs of excessive litter, junked and inoperable cars, graffiti on buildings, broken windows and cluttered porches may be signs of poor management and maintenance.

Financial: The PHA's yearly financial audit provides a wealth of information about the operations of the agencies financial condition and audit findings and/or recommendation should be reviewed and decisions made on how to correct or strengthen financial controls.

Staff Turnover: Continuous staff turnover may be an indication of poor management of human resources of the PHA. Salary ranges and employee benefits may need to be analyzed to ensure the PHA is competitive with other employment companies with the area. In 2014 HUD released a national report on PHA director salaries. This study and local salary comparability studies will be helpful to establish agency fair salary schedules.

Residents: A PHA should try to have resident organization(s) and/or be able to document that the staff works with residents on a regular basis to establish resident organizations. Some agencies are not able to attract residents to be involved in such an organization. These situations should be documented to show that the agency did try to encourage residents to be involved in their communities. All PHAs are required to involve residents to review agency plans through a public hearing process, and by having a resident service as a member of the Board of Commissioners.

Section V: Frequently asked Questions by Commissioners

Q1. Can a PHA employee have a monthly expense account?

A1. Yes, however, it must be for allowable expense and the PHA staff person must provide an accurate and timely accounting of the expenses incurred. The expenses must be authorized in advance. If a PHA staff person is provided a monthly allowance and does not provide an appropriate accounting which justifies the expenses, the allowance must be counted as income and a 1099 prepared at the end of the end of the year for the total amount disbursed to the employee. An example of this would be a car allowance or gas allowance.

Q2. Can a PHA employee have a credit card?

A2. Yes. However, the transactions must be accounted for monthly and the credit card may only be used for allowable and authorized PHA expenditures. The PHA may want to have a credit card policy.

Q3. Can a PHA employee have an entertainment account or allowance?

A3. No. Such expenses are prohibited by federal law.

Q4. Can a PHA staff person use PHA owned equipment or supplies to operate a private business?

A4. No. PHA equipment and supplies must only be used for authorized public housing activities.

Q5. While on travel status are non-conference related (sight-seeing) tours, in rooms service, bar bills, movies and personal entertainment items allowable expenses?

A5. No. Only those expenses which are necessary to support the travel (meals, lodging, transportation, tips, and other expenses which are outlined in the personnel policy. All travel advances must be properly accounted for and recorded on a travel voucher/expense form and the expenses must be allowable for PHA travel.

Q6. Can a PHA pay for the Executive Director or Commissioner to belong to a Civic Club or Professional Organizations?

A6. No. This is not an eligible expense. A PHA may pay for dues or fees to belong to an organization only when the entire PHA benefits and not for an individual's benefit.

Q7. Should an Executive Director account for the use of Annual and Sick Leave?

A7. Yes. Any employee that accumulates Annual and Sick Leave must account for the use of such leave as outlined in the Personnel Policy.

Q8. Can Commissioners be paid a salary for service on the Board of Commissioners?

A8. No

Q9. Can a Commissioner apply for the Executive Directors job or any positions at the PHA?

A9. No. HUD regulations require that a commissioner must be off the Board for twelve months to be eligible to apply for a position with the PHA. HUD MAY grant a waiver of the twelve-month requirement ONLY if no other qualified candidate is available.

Q10. Can a Commissioner be removed from the Board of Commissioners by the Mayor or appointing official?

A10. Yes, by impeachment as outlined in the Bylaws.

Q11. If a Commissioner owns a business, can his/her company do business with a PHA?

A11. No. A Commissioner may not receive financial benefit from his/her appointment on the Board. HUD may approve an exception, if the Commissioners provides a service or product that represents a single source. (exceptions Bankers)

Q12. Should Commissioners consult with the employees or residents about a problem?

A12. No. The Commissioner should consult ONLY with the Executive Director concerning the day to day operations of the PHA. Consulting with single employee or single resident may inadvertently cause the Commissioner to cause discrimination to occur, and may undermine the authority of the Executive Director in personnel matters. If a Commissioner is approached by a resident or employee, he/she should immediately be referred to the Executive Director. Any issues can then be handled in accordance with the grievance policy for residents and employees.

Q13. Can the Board of Commissioners not approve a HUD required resolution and/or Certification?

A13. Yes, however HUD could impose sanctions against the PHA and could take over the operations of the PHA if it is in violation of the ACC.

Q14. Can a Commissioner vote by proxy?

A14. Yes, if the ability to vote by proxy is contained in the PHA By-Laws and the vote is not needed to establish a quorum.

Q15. Can the Chairman of the Board of Commissioner have an Office at the PHA?

A15. No. The day to day operations of the PHA is the responsibility of the Executive Director not the Board Chairman and use of office space is reserved for those conducting the day to day operations of the agency.

Q16. Can a Commissioner be held personally liable for the wrongful acts of the PHA?

A16. Yes, if he/she is acting beyond their role and duty as a Commissioner. Single acts of a Commissioner can cause him/her to be held personally responsible, so Commissioners should assure they are acting as a Board, not individuals.

Q17. Should a copy of the appointment to the Board of Commissioners be provided to the PHA with the Oath of Office?

A17. Yes. This information should be sent by the commissioner appointing body.

Q18. Can a Commissioner remain on the Board after his/her term expires?

A18. Yes, A Commissioner's appointment remains in effect until a new appointment or reappointment is made for their term.

Q19. Can a City Councilman sell goods and/or services to the PHA?

A19. No. Under the ACC, no member of the local governing body can sell goods or services to the PHA.

Q20. Should the PHA make an exception to the waiting list or occupancy requirement to house an individual or family based on the request of the Mayor, Council member, or PHA Board Member?

A20. No. All applicants must be housed on eligibility requirements of the PHA adopted selection criteria in the ACOP. Asking the PHA to make exceptions for any purpose causes the person asking to be in violation of federal law and could jeopardize agency funding.

Q21. While on travel status for a PHA, are the expenses incurred by an employee's or commissioner's spouse or companions eligible for reimbursement by the PHA?

A21. No. No expenses for travel companions of any kind may be paid by the PHA other than for a service animal, if such costs are incurred.

Q22. Who should be the media spokesperson be for the PHA?

A22. The Executive Director or their designee as outlined in the personnel policy.

Q23. Should minutes of the Commissioner's meeting be taken?

A23. Yes. Minutes are required by law and should be kept in a fireproof safe, as they are official agency records.

Q24. Should agenda items be mailed to the Commissioners prior to the meetings?

A24. Yes. Commissioners typically should receive a packet of material prior to the board meeting.

Q25. Are Commissioners accountable to the Mayor or appointing officials?

A25. No. While the Mayor or appointing officials may believe the Housing Authority Commissioner "works" for him/her since he/she made the appointment all decisions of the Board of Commissioners must be based solely on what is best for the agency with no political agenda involved in any decision.

Q26. Are Commissioners required to attend training sessions while on travel status for the PHA?

A26. Yes. If Commissioners travel to a conference or training program, they are expected to attend the full training/conference sessions.



Integrity Bulletin

U.S. Department of Housing and Urban Development

Summer 2013

A Primer for PHA Commissioners

This bulletin provides an overview of areas in which to prevent fraud and mismanagement. All public housing agency (PHA) commissioners should know steps to take in maintaining integrity at their PHA. HUD-OIG will issue more in-depth coverage for each of these areas in future bulletins.

The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is the Department's law enforcement and auditing arm and is responsible for investigating complaints of fraud, waste and mismanagement in HUD funded programs.

Reporting Fraud
Serious
allegations of
fraud should be
reported to your
local
HUD Office of
Inspector
General or to
the HUD OIG
Hotline at:

<http://www.hudoig.gov/report-fraud>

WHAT IS THE OFFICE OF INSPECTOR GENERAL?

New commissioners may not be aware of OIG. OIG conducts audits and criminal investigations of programs administered by HUD, including the public housing and Housing Choice Voucher programs among others. Its authority to audit PHAs is derived from the Inspector General Act of 1978 as well as contracts between HUD and PHAs.

Over the last 3 fiscal years (2010 to 2012), OIG conducted 149 PHA audits. Questioned costs in these audits were more than \$152 million dollars. There were also 1,464 criminal convictions or pretrial diversions resulting in nearly \$54 million in recoveries, and jail time for many of the subjects. There were also 1,036 administrative sanctions placed on employees or tenants.

Not having policies and procedures in place to ensure that Federal requirements are followed can be costly to a PHA. If Federal funds are misspent they must be repaid with non-Federal dollars. Following are two examples:

- An audit of the Stamford CT Housing Authority questioned more than \$17.7 million in procurements, inter fund transfers, and unsupported disbursements. In addition to repayment, we recommended that the Authority be referred for a substantial default under section 17 of its annual contributions contract. (Audit Report: 2012-BO-1002)
- An audit of the Sanford Florida Housing Authority found that the executive director and board spent or allowed to be spent HUD funds for costs that were abusive or ineligible, not reasonable, or not properly supported. Recommended was repayment of \$1.2 million and that the Director of HUD's Enforcement Center initiate appropriate administrative or civil action against the Authority's prior executive director, past board chairperson, and an employee, who were responsible for the long-term mismanagement or abuse of the Authority's public housing and Section 8 program funds or operations. (Audit Report: 2012-AT-1002).

OIG gives its appreciation to the Public Housing Authorities Directors Association for its input to this bulletin.

AREAS OF CONCERN

PHAs have a great many responsibilities specified in the annual contributions contract, Federal regulations, HUD handbooks, and State and local laws. In complying with these requirements, it is important for commissioners and executive directors to focus on their fiduciary responsibilities to maintain integrity in the operations of their PHA. They need to be aware of the serious things that can go wrong and have policies and programs in place to protect the PHA from fraud, waste and abuse.

Common areas in which to look for fraud, waste and mismanagement that are frequently disclosed in our audits and investigations are:

- Bookkeeping and accounting
- Personnel and hiring
- Procurement and contracts
- Ethics and standards of conduct
- Independent audits and HUD reviews
- Charge cards

COMMISSIONERS' ROLE IN PREVENTING FRAUD AND ABUSE

Commissioners need to ensure that policies support the establishment of sound management controls to protect against fraud and abuse. Federal regulations may not provide specific guidance in every case, but commissioners should also know and abide by the applicable State and local laws and regulations on these matters. Below are some areas to which commissioners need to ensure that the PHA pays particular attention. We will issue more in-depth discussions of these items in future bulletins.

Bookkeeping and accounting: Policies and procedures for the handling of and accounting for funds is an area that demands your attention. Without good internal controls, separation of duties, and a strong system of checks and balances, PHAs often are subject to thefts and embezzlements by employees in positions of trust. While the majority of PHA employees are honest, it is the responsibility of the PHA to protect funds and assets against the few employees who succumb to the temptation to steal.

Personnel and hiring: Through effective screening the Executive Director can identify qualified personnel. The screening process for PHA staff should be just as inclusive as screening for residents. Commissioners should follow best practices and set policy for PHA employee screening that includes background, credit, and reference checks. This includes Commissioners' procedures for hiring Executive Directors.

Procurement and contracts: Goods and services must be procured in an effective manner in compliance with Federal, State and local laws. Weak procurement policies entice some employees to manipulate contracts to their personal benefit. Further, in these times of reduced budgets, the commissioners should be setting cost conscious examples and overseeing the PHA's spending.

COMMISSIONERS' ROLE IN PREVENTING FRAUD AND ABUSE

Ethics and standards of conduct: Federal ethics rules for procurement and contracts apply to PHA employees, but you should also be aware that there are probably applicable State or local laws. As part of your role in a setting the “tone for integrity” you should work with your executive director in ensuring that applicable rules are established and followed by all PHA staff. Consult your counsel for ethics briefings and materials. Be the standard bearer for these at the PHA through both policies and by example.

Tenant integrity: Policies and procedures for screening and selecting residents, and dealing with the problem of untruthful residents, are key aspects of PHA operations. A poorly developed or managed policy can affect the ability of the PHA to lease vacant units; collect rents; maintain units; and deal with serious substance abuse, crime and vandalism problems. An effective admission and occupancy plan ensures that:

- Residents are selected based on eligibility and other PHA criteria,
- Accurate and complete information is received from the resident,
- Resident data are properly verified, and
- Procedures exist for correcting errors or acting on inaccurate information.

Independent audits and HUD reviews: Commissioners should understand the purpose, intent and significance of audits and HUD reviews. A review and discussion of the audit or review results should be conducted to obtain information or isolate problem areas. The results of an audit or review should be viewed as a management tool. The PHA should establish an audit committee so that the independent auditor or HUD reviewer will have a point of contact. Also, this committee could identify areas of concern before an audit or review.

Credit cards: Next to cash, credit card abuse is the most common form of fraud. Commissioners must ensure that there are strong policies and controls surrounding the use of the PHA's credit cards. Not only are credit cards often used to circumvent procurement rules but many times they are used for the credit card holder's personal expenses which have nothing to do with the PHA's operations. When these cases are disclosed it causes great harm to the PHA's reputation as well as leading to considerable negative press.

COMMISSIONER DO's AND DON'Ts

This list of commissioner do's and don'ts is not all inclusive but it includes best practices for avoiding problems. However, even if a particular item on the list is not a requirement, experience has shown all of these to be a best practice for avoiding problems. Industry groups and your HUD office are also good sources for advice and best practices.

DO

- ✓ Pass resolutions and implement policies to prevent fraud, and address unethical behavior.
- ✓ Properly train staff on HUD requirements and local procedures.
- ✓ Understand clearly your roles and responsibilities to the PHA.
- ✓ Monitor performance periodically to ensure that policies and procedures are effective or whether adjustments are needed.
- ✓ Establish monitoring controls to prevent or expose conflicts of interest, fraud and abuse.
- ✓ Ensure that an audit is conducted annually and that commissioners review the report. Ask the auditors to include areas of concern in their review.
- ✓ Establish high ethical standards for PHA staff and act as positive role models.
- ✓ Learn about common risks and be alert for problems (for example, embezzlement, improper procurement).

DON'T

- ✗ Sign blank checks, or checks not backed up with bills, invoices, or vouchers.
- ✗ Allow deposits or disbursements controlled by signature.
- ✗ Allow reconciliation of bank statements by the person who signs the checks, if possible.
- ✗ Use PHA supplies, equipment, or staff for personal use.
- ✗ Use PHA credit cards for personal use even with reimbursement.
- ✗ Use PHA contractors for personal purposes while they are engaged in PHA work.
- ✗ Accept gifts or gratuities from people who do business with the PHA.
- ✗ Do business with the PHA while you are a commissioner.

WHAT ELSE CAN COMMISSIONERS DO?

In addition to setting strong policies, the commissioners should ensure that the PHA has implemented some form of quality control in all its operations. Typical of a quality control program is having a person (or persons), independent of the function, periodically check the work to ensure that policies and procedures are followed by all employees, including the executive director.



www.hudoig.gov





Integrity Bulletin

U.S. Department of Housing and Urban Development

Winter 2013

Hiring by Public Housing Agencies

The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is the Department's law enforcement and auditing arm and is responsible for investigating complaints of fraud, waste and mismanagement in HUD funded programs.

Reporting Fraud
Serious allegations of fraud should be reported to your local HUD Office of Inspector General or to the HUD OIG Hotline at:

<http://www.hudoig.gov/report-fraud>

This bulletin discusses best practices and techniques that boards and executive directors can use in hiring public housing agency (PHA) staff, especially positions of trust (such as bookkeepers, procurement staff, or anyone else who deals with financial records or spending). While there are many aspects to hiring such as having a certain number of years of experience, possessing people skills, attaining specialized knowledge, etc., this bulletin deals with ensuring that a potential hire has integrity and trustworthiness.

The U.S. Department of Housing and Urban Development (HUD) does not review hiring by the PHAs. While PHA hiring is subject to State and local laws, boards and executive directors have great latitude in making these decisions. While the majority of hires have not had integrity issues, there are continuing occurrences in which high level staff members in positions of trust have been fired for committing fraud or mismanagement, and were later hired by another PHA, where the abuses recurred.

EXAMPLES OF CONCERN

The process of hiring new employees can be expensive and time-consuming, but making a bad hiring decision is even more costly. The Office of Inspector General (OIG) is currently investigating more than two dozen cases in which PHAs have hired individuals who have committed frauds or serious abuses at previous jobs.

- The former financial director of the Gary Housing Authority was forced out of similar positions at PHAs in Chicago, Detroit, and Camden, N.J. after involvement in alleged scandals at each location. The former director was fired after the Authority executive director discovered that over a period of a year, the former director had issued a series of Authority checks to herself that she was not entitled to receive. Some of the checks were in the precise amount of her regular bi-weekly salary check to make it appear that these were salary checks. The former director also removed certain checks from the monthly bank records and instructed Authority employees not to reconcile certain bank statements. It is alleged that more than \$100,000 was embezzled. The former director pled guilty to embezzlement and tax evasion and was sentenced to 18 months in federal prison and ordered to pay the Authority \$111,000 in restitution and the Internal Revenue Service \$39,000 in back taxes.

EXAMPLES OF CONCERN

- The Mayor of Lawrence, New Jersey was also at the same time the executive director for the East Orange Housing Authority (EOHA). He was fired from his job for violating the Hatch Act because he was running for re-election while employed as the Executive Director. After being fired, he was hired approximately one year later as the Deputy Executive Director for Asbury Park Housing Authority (APHA) and later promoted to Executive Director. At the time he was hired, he was in the process of declaring bankruptcy. After receiving a complaint, OIG investigators determined approximately \$232,000 in HUD and Department of Labor, State of New Jersey funding had been misused and/or embezzled. During the course of the investigation, the Executive Director resigned his position.

Prevention

Usually PHA's fill key positions by having applicants submit a resume and salary history in a format of their own choosing. Interviews often are unstructured and undocumented, and only a cursory check of references is conducted.

One way a PHA can protect itself from a bad hire is to ensure that it practices due diligence in the hiring process. Due diligence is conducting a systematic pre-screening of a prospective employee. It also protects the agency from "negligent hiring" lawsuits. "Negligent hiring" may be found when the employee had a reputation or record that showed his or her propensity to misuse the kind of authority given by the employer, and this record would have been easily discoverable by the employer, had the employer exercised "due diligence".

Few people will want to "self-report" previous offenses so it is the agency's job to ensure that any negative information is discovered beforehand. There are four keys to ensure you are hiring an individual with integrity and trustworthiness:

- 1. Establish a strong hiring policy**
- 2. Require application forms**
- 3. Conduct reference checks**
- 4. Perform background checks**



1. Strong Hiring Policy

The place to start is ensuring that you have formal hiring policy. While a hiring policy can be extensive on a variety of issues, key best practices for integrity issues includes ensuring that the hiring policy includes:

- A provision creating and requiring completion of a PHA application form.
- A provision stating that an applicant's failure to provide complete and accurate information is grounds for denial of the position, or termination if discovered later.
- A provision stating that deliberate failure or refusal to sign certifications is grounds for denial of the position.
- Confidentiality of interview information, and penalties for misuse by PHA staff.
- Provisions creating and requiring consent from the applicant to authorize PHA staff to conduct specific background checks. (Consult local counsel for what background checks may be prohibited by State law). Some background checks must be relevant to the position. (Criminal history and credit checks for positions of trust when the individual handles or is responsible for cash, checks, assets, or financial records or authorizations would meet this requirement).
- A provision stating what information will be released if the PHA is asked for a reference on prior employees. Those agencies that have "no comment policy" are at risk based on court decisions such as *Jerner vs. Allstate Insurance* (Florida Circuit Court 1995). With the growth of negligence cases, agencies that do not give information in turn receive no information and are no longer protected by a "no comment policy". Agencies may want to consult counsel on State laws addressing how much or how little information may be disclosed.
- Use employment contract provisions that protect the PHA. The employment contracts should avoid unreasonable bonuses, buy-out clauses, and separation pay, and include liability clauses for acts of fraud, financial non-compliance, personal tort claims (harassment, hostility), etc. The employment contract should also include provisions requiring financial disclosures for positions of trust as permitted by State law.

Just because the applicant gave you a name as a reference doesn't mean that the reference has the ability to provide you with high-quality information.

2. Require Application Forms

The image shows a sample application form titled "APP. APPLICATION FORM". It contains several sections with fields for data entry, including "PERSONAL INFORMATION", "EDUCATION", and "EMPLOYMENT HISTORY". There are also checkboxes and lines for signatures and dates.

To have the information you need to conduct a background investigation you need to specify in an application form what data you want the applicant to provide. Having your own form also enables you to include certifications you will want the applicant to attest to.

- **Data:** At a minimum you will want applicants to provide their Social Security number, other names used, address, their education, and degrees earned. This not only ensures that the application contains key data needed to conduct the background check, but also if a misrepresentation is discovered, it is a formal record that can be used as evidence in support of any action to deny the selection or terminate employment.
- **Certifications:** Another best practice is to include certifications that the applicants sign. Examples of certifications to include are:
 - I certify that in the last 10 years, I have not committed a felony offense.
 - I certify that in the last 10 years I have not filed for bankruptcy and am not currently more than 180 days delinquent on any financial obligation.
 - I certify that neither my immediate family nor I have any conflicts of interest with housing authority business.
 - I certify that all of my answers on this certification are true and complete

You need to specify in an application form what data you want the applicant to provide.

Once the application is completed, agencies must verify the information listed, paying particular attention to unexplained gaps in employment, lost licenses, frequent job changes, terminations, **admissions of criminal behavior, and potential falsifications of any kind.**

3. Conduct Reference Checks

- **Talk to others not listed:** Often reference checks are limited to names provided by the applicant. While it may be more time consuming, it is a good practice to ask those references to provide contact information for other people who would know or have worked with the applicant. Just because the applicant gave you a name as a reference, it doesn't mean that the reference has the ability to provide you with high-quality information that will help you during your hiring process. The more people you speak with, the better insight you will have into the applicants work and personality. Also according to a Harris Interactive Poll, 29 percent of employers reported that they had caught a fake reference on a candidate's application.

Be sure to talk to previous employers. Nothing puts up a red flag with a potential employer more quickly than a reference that is unwilling to talk about a former employee. Employers convey a tremendous amount of negative information by saying, "This is all I can tell you."

- **Dig deep:** Ask more than a few cursory questions. The more questions you ask, the better the information that you accumulate will be. Ask questions about why the applicant left or wants to leave his or her last position ,and inquire about the applicant's work ethic, timeliness, professionalism, and ability to work well with others. Don't be afraid to ask the difficult questions and press for information.

Writing out questions in advance will help you remember all that you want to cover. Taking notes will help you remember who said what, and documents your discussion if you need to relate the conversation to others. . Even a "no comment" response, it should be documented. Good documentation is critical in today's employment environment. Alarms should sound if an applicant places emphasis on past jobs rather than the most recent employment. Investigators should also be wary of an applicant's willingness to accept a drastic pay cut. Without further examination of these red flags, an employer may be opening the door for a negligent hiring claim.

- **Avoid gut feelings:** An error sometimes made is being so "charmed" by the applicant during the interview that you hurry the rest of the hiring process because you are "sold." Human resources experts call this a halo effect. You place confidence in this applicant that has not been earned or verified. It causes you to miss the little red flags or omit verification steps. Some bad hires rely on their "gift of gab" to talk themselves into a new position. Human resource directors often caution against making hiring decisions based on gut feelings or appearance. Verified past behavior is considered the best indicator for future performance.



A Pre-Employment Background Check has become a matter of necessity. Too many applicants make false claims on their job applications and resumes or attempt to cover up prior criminal activity.

4. Perform Background Checks

The final step in protecting yourself against a corrupt hire is to conduct background checks. Statistics from a company that does background checks reports:

- 39 percent of all background checks had at least one serious flag
 - 10 percent of county criminal record checks had serious flags
 - 10 percent of education verifications had serious flags
 - 23 percent of employment verifications had serious flags
- (Source: Matter of Fact - <http://www.amof.info/statistics.htm>)

There are a number of services available to assist you in obtaining this information. The cost is usually minimal, when compared to the cost of potential embezzlement losses. You can find a service to provide the following checks:

1. Criminal history
2. Prior employment
3. Sex offender registry
4. Credit report
5. Education

- **HUD information:** In addition, you may want to add to your employment process checklist information you can request from HUD to help evaluate how well the applicant performed in his or her previous jobs.
- **Departmental Enforcement Center.** Limited denials of participation and suspensions and debarments information can be found at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/enforcement
HUD Limited Denials of Participation searches can be made from this HUD website.

Government-wide suspensions and debarments are maintained by General Services Administration in the System for Award Management. The link to this system is also on the HUD Website or online at:

<https://www.sam.gov/portal/public/SAM/>

(Note: Free registration is required to access the system.)

- **Audits:** You may view OIG audit reports for PHAs where the applicant may have been previously employed. The findings in the report may provide information on the applicant's past performance.
Available on the internet at: <http://www.hudoig.gov/search/node/>
- **OIG investigations:** Closed criminal investigations may be available through Freedom of Information Act (FOIA) requests. You may request publically available information by writing to the attention of:

OIG FOIA Officer
451 7th Street SW – Room 8260
Washington, D.C. 20410



www.hudoig.gov

