



The Section Eight Management Assessment Program Lacked Adequate Controls To Accomplish Its Objective



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TO: Milan Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE
Donald LaVoy, Deputy Assistant Secretary for Field Operations, PQ
//signed//
FROM: James D. McKay, Regional Inspector General for Audit, Atlanta Region, 4AGA
SUBJECT: The Section Eight Management Assessment Program Lacked Adequate Controls To Accomplish Its Objective

Enclosed is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), final results of our review of the effectiveness of HUD's Section Eight Management Assessment Program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 404-331-3369.



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Highlights

Audit Report 2012-AT-0001

What We Audited and Why

As part of the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) annual plan, we audited HUD's controls over the Section Eight Management Assessment Program (SEMAP). Our objective was to determine whether HUD had adequate controls to ensure that SEMAP effectively assessed public housing agencies' Section 8 administration.

What We Found

HUD had not developed adequate controls to ensure that SEMAP would be effective in identifying underperforming agencies. It did not establish and maintain an effective system of management controls to provide reasonable assurance that agencies administered the Section 8 program to help eligible families afford decent rental units at the correct subsidy cost. In addition, the field offices visited during the review performed SEMAP requirements inconsistently. As a result, SEMAP's objective of identifying underperforming agencies was not always achieved. HUD recognized weaknesses in the program and planned to improve SEMAP's controls, including implementation of the Office of Public Housing and Voucher Programs' Next Generation Management System and the Office of Field Operations' Portfolio Management Tool.

What We Recommend

We recommend that HUD develop and implement improved controls over SEMAP as it currently exists. These controls should reduce HUD's reliance on self-certified agency data and annual audit reports. We also recommend that HUD improve its controls over how field offices perform program requirements.

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BACKGROUND AND OBJECTIVE

The U.S. Department of Housing and Urban Development's (HUD) Section 8 program was established as part of the Housing and Community Development Act of 1974. In fiscal year 2011, HUD's total budget was about \$48.5 billion, of which \$18.4 billion, or about 38 percent, was budgeted for the Section 8 program. There were about 2,500 agencies administering the Section 8 program. As of December 31, 2011, about 2.2 million families were being assisted under the program.

The Section Eight Management Assessment Program (SEMAP) was designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also established a system for HUD to measure agency performance in key Section 8 program areas and assign performance ratings. SEMAP provided procedures for HUD to identify agency management capabilities and deficiencies to target monitoring and program assistance more effectively. Agencies could use the SEMAP performance analysis to assess and improve their own program operations.

SEMAP's 1996 proposed rule noted that at a time of diminishing HUD staffing resources, the use of SEMAP would enable HUD to improve its risk assessment and effectively target monitoring and program assistance to housing agencies that needed the most improvement and posed the greatest risk. On September 10, 1998, a final rule was published in the Federal Register. Initially, HUD did not assign overall performance ratings. The rule proposed waiting until independent verification methods for the indicators were properly implemented before full implementation of SEMAP. On July 26, 1999, an interim rule, making technical amendments to SEMAP, was published. The interim rule became effective on August 25, 1999.

HUD established regulations to require Section 8 agencies to submit to the HUD field office a SEMAP certification form within 60 calendar days after the start of its fiscal year. Upon receipt of the agency's SEMAP certification, the field office scored the agency's performance under each SEMAP indicator. The HUD field office then prepared a SEMAP profile for each agency, which showed the scores for each SEMAP indicator and an overall SEMAP score and performance rating (high performer, standard performer, or troubled).

Our objective was to determine whether HUD had adequate controls to ensure that SEMAP effectively assessed public housing agencies' Section 8 administration.

RESULTS OF AUDIT

Finding: SEMAP Lacked Adequate Controls To Accomplish Its Objective

SEMAP failed to achieve its objective of accurately assessing public housing agencies' Section 8 program administration. This condition occurred because HUD did not establish effective management controls and field office staff inconsistently monitored compliance. In addition, HUD staff expressed concern over SEMAP's design, and HUD reviews and Office of Inspector General (OIG) audits identified agencies submitting inaccurate SEMAP certifications. As a result, SEMAP's objective of identifying underperforming agencies was not always achieved.

HUD Implemented SEMAP Without Establishing Effective Controls

Originally, HUD planned to rate agency performance under eight SEMAP indicators based on statements in the latest independent auditor's annual audit report. HUD was required by chapter 1 of HUD Handbook 1840.1 to establish and maintain a cost-effective system of management controls to provide reasonable assurance that programs and activities were effectively and efficiently managed and to protect against fraud, waste, abuse, and mismanagement.

HUD intended that, through Office of Management and Budget Circular A-133, independent auditors would test a minimum sample of files for compliance and include specific statements in the audit report concerning compliance with all eight SEMAP indicators. Although the independent auditors were required to perform a review of the Housing Choice Voucher program as part of the annual audit, the Office of Management and Budget ruled that HUD could not supplement Circular A-133 to require specific testing and reporting on compliance. Therefore, HUD had to change its management control approach and based SEMAP ratings on self-certification by the agencies.

Field Offices Were Inconsistent in Monitoring Compliance

We made site visits to six Region 4 field offices and found inconsistencies in monitoring for SEMAP compliance (see the Scope and Methodology section of the report for a list of offices visited). The field offices performed 31 onsite SEMAP confirmatory reviews at 28 agencies from January 2007 through December 2011. Thus, each office averaged only one onsite confirmatory review each year. Since there were 194 agencies serviced by these six field offices, the

six annual onsite confirmatory reviews performed represented about a 3 percent rate of coverage. The results from our testing pertain only to these field offices and items sampled for review; therefore, we did not project the results to the universe of field offices.

There were inconsistencies in how field office staff selected agencies for onsite confirmatory reviews. Of the six field offices visited, four selected agencies based on the results of in-house risk analyses. One field office that serviced only seven agencies based selection on agency size, and the remaining field office based its selection mainly on SEMAP scores. Staff from the field office that based its selection on SEMAP scores stated that the SEMAP scores were unreliable because of the self-certifying nature of SEMAP.

Field office staffs were also inconsistent regarding their use of the results of agencies' annual audit reports. Field offices were required by 24 CFR (Code of Federal Regulations) 985.3 to review annual audit reports to verify the first eight SEMAP indicators. Regulations at 24 CFR 985.103(d) provided that the first eight SEMAP indicator scores were subject to modification based on the results of an agency's annual audit. In addition, regulations at 24 CFR 985.103(E)(2) provided that if an independent auditor was unable to determine whether an agency's financial statements or Federal expenditures were presented fairly, that agency would automatically be given a troubled performance rating by the field office. Some field office staff members reviewed the annual audit reports in conjunction with the performance of onsite SEMAP confirmatory reviews, whereas others did not review them at all. Since some offices did not review annual audit reports in conjunction with the SEMAP reviews, HUD may have awarded some agencies passing SEMAP scores when they should have been rated as troubled.

Field office staff members did not always score the SEMAP indicators in the same way and did not always update the scores in HUD's Public and Indian Housing Information Center database. Regulations at 24 CFR 985.102 require HUD to prepare a SEMAP profile for each agency, showing a score for each indicator and an overall score. However, individual indicator scores were not always changed in HUD's database based on the onsite confirmatory review results when the overall performance designation (high, standard, or troubled) was not affected. Also, HUD staff did not always comply with Office of Public and Indian Housing Notice PIH 2001-6 instructions to update the SEMAP scores in its database following onsite confirmatory reviews. Some staff members were unaware that the scores could be updated, which led to inaccurate information remaining in the database.

Field office staff did not always require agencies to correct SEMAP deficiencies found during onsite confirmatory reviews. Agencies were required by regulations at 24 CFR 985.106 to correct cited deficiencies within 45 days of notification by HUD or submit a corrective action plan if the deficiencies were not corrected

within the 45 days. HUD was authorized by regulations at 24 CFR 985.109 to find an agency in default of its annual contributions contract if it failed to comply. Of the 31 onsite confirmatory reviews reviewed, either two agencies failed to comply with the 45-day requirement, or HUD staff was unable to document compliance. In one case, the agency was notified of its SEMAP deficiencies on September 29, 2011. At the time of our field office visit the week of February 13-17, 2012, the agency had not responded to HUD's notification of deficiencies, and field office staff had not followed up on the agency's noncompliance. In the other case, HUD notified the agency on October 2, 2008, but field office staff could not document that the agency had corrected the deficiencies within the required 45 days.

HUD Staff Expressed Concern With SEMAP's Design

Office of Public and Indian Housing management and staff at headquarters and in field offices stated that relying on agencies to self-certify SEMAP compliance was not an effective management tool.

They were also concerned with relying on agencies' annual audit reports as the primary verification method for self-certified SEMAP scores. The independent auditor was required by Circular A-133 to determine whether compliance testing of an agency's Section 8 program was required. If compliance testing was required, section 14.871 provided suggested audit procedures for six specific areas of the Section 8 program. All six areas were also used as SEMAP indicators included on the agency's annual SEMAP certification submitted to HUD. There was also a section in the compliance supplement that covered two additional SEMAP indicators found under the performance reporting section of the supplement. HUD staff assumed that if the independent auditor's report was silent on program deficiencies, the independent auditor had performed adequate compliance testing and found no problems related to the eight SEMAP indicators.

However, if compliance testing of an agency's Section 8 program was not part of the agency's annual audit, HUD staff may have relied on audit reports for verifying self-certified SEMAP indicator scores when the independent auditor had performed no compliance testing. Our comparison of annual audit reports to the 31 SEMAP onsite confirmatory reviews performed by the field offices visited showed inconsistencies between what the auditor reported and what HUD found for 14, or 45 percent, of the agencies HUD reviewed.

Program staff agreed that the most effective way to determine agency compliance was for HUD to perform onsite confirmatory reviews; however, HUD's confirmatory reviews had been limited due to staff reductions that occurred after implementation of SEMAP. HUD's May 2003 front-end risk assessment of the Section 8 program cited program office staffing as an inherent program risk. The assessment stated, "SEMAP-related scoring and confirmatory follow-up is now

the primary oversight measure for program compliance. Current staffing is not sufficient to adequately accomplish all required tasks as SEMAP reporting is submitted and the workload continues to increase.” HUD noted that SEMAP would provide an additional measure of program performance but noted that regular onsite agency reviews were no longer being conducted due in part to the understaffing of field offices. HUD planned to address the cited risk by increasing the staff. However, from 2003 through 2011, Office of Public and Indian Housing staff decreased by 11 percent, from 1,676 to 1,508. As a result, there were fewer staff members available for onsite monitoring of Section 8 agencies.

HUD Confirmatory Reviews Identified Incorrect SEMAP Scores

HUD’s onsite confirmatory reviews showed that agencies’ self-certified SEMAP scores were not always accurate. We reviewed 25 onsite reviews conducted from January 2007 through December 2011 by the six field offices visited. To avoid skewing our analysis, we excluded six onsite reviews performed due to late submissions. We did so because all SEMAP indicator scores for late submissions are considered zero and are not changed as a result of a confirmatory review. The results of the review apply only to the sampled items and cannot be projected to the universe of agencies administering HUD’s Section 8 program.

Overall SEMAP scores were reduced in 10 of 25 cases, or 40 percent, with the average reduction being 42 points. The SEMAP indicators reduced the most often were indicator 3, “determination of adjusted income” (seven times), and indicator 1, “selection from waiting list” (six times). HUD also rescored indicator 3 with zero points 10 times. For those cases in which indicator 3 was reduced because the agency incorrectly calculated a participant’s adjusted income, the agency may have overpaid or underpaid housing subsidies.

OIG Audit Reports Showed Inaccurate SEMAP Self-Certifications

As with HUD’s confirmatory reviews, recent HUD OIG audits also reported several cases in which agencies had provided inaccurate SEMAP self-certifications to HUD. OIG reported that various SEMAP indicator scores and the overall SEMAP scores did not represent actual Section 8 program administration at those agencies. The following three audits found inaccurate SEMAP certifications.

The Wilson, NC, Housing Authority – Report Number 2011 AT 1003

Program deficiencies showed a failure to comply with many of HUD’s Section 8 requirements related to SEMAP, including

- Mismanaging the Authority’s Section 8 Family Self-Sufficiency program,
- Mismanaging program and tenant funds,
- Improperly selecting tenants,
- Making improper housing assistance payments, and
- Failing to perform adequate housing quality standards inspections (our inspection of 23 units showed that none met minimum standards and 6 were in material noncompliance).

However, the Authority awarded itself a perfect SEMAP score (130 out of 130 points) for the period ending December 31, 2011, the same period covered by our audit. Our audit did not support the Authority’s self-certified high performer designation.

The Shelby County, TN, Housing Authority – Report Number 2012 AT 1007

The Authority’s self-certified score of 100 out of a possible 125 points, or 88 percent, was not supported by our audit. For example, the Authority claimed that it reinspected completed housing quality standards inspections to ensure accuracy, but we found that it had not performed such reinspections since the program began. The report noted other SEMAP-related deficiencies, including

- Miscalculating tenant income and utility allowances,
- Failing to determine rent reasonableness, and
- Failing to complete housing quality inspection forms.

Weymouth, MA, Housing Authority – Report Number 2011 BO 1009

The audit report stated that the Authority self-certified to items that it had not adequately performed. For example, the audit found that the Authority’s score for indicator 2, “rent reasonableness,” was inaccurate and its scores for indicator 5, “housing quality standards quality control,” and indicator 6, “housing quality standards enforcement,” lacked adequate supporting documentation. The Authority had awarded itself the maximum number of available points for indicators 5 and 6, despite the fact that it had not performed adequate or timely annual or quality control inspections. In addition, it had not abated rents paid to landlords for units failing to pass housing quality standards inspections on a timely basis. The report stated that the Authority had failed to implement an effective quality control program and did not have policies and procedures for the abatement of rents to landlords.

Although there were significant indications that some agencies had certified to false statements, the field offices did not aggressively pursue corrective action. Section 1001 of Title 18 of the United States Code makes it a criminal offense to knowingly submit a false written statement to the Federal Government. The

agencies' annual SEMAP certification forms, HUD-52648, included the Section 1001 language. None of the public housing directors we spoke with indicated that they either had pursued or would pursue criminal action against agency staff members if it was determined that they had falsified a SEMAP certification. Instead, the directors stated that they would consider contracting out the management of the program, taking administrative action against agency staff, rescoring the SEMAP profile and taking action including requiring a 100 percent review of agency expenditures, or requiring an immediate onsite review and imposing "some type of sanction."

HUD Was Developing SEMAP Improvements

HUD's Office of Public and Indian Housing management recognized the existence of program deficiencies. In December 2010, it executed a contract to assess its programs including Section 8 and SEMAP. The assessment found that

- HUD's monitoring tools were outdated;
- HUD did not collect all data required to assess agency performance, compliance, and risk;
- HUD had limited insight into the physical quality of its portfolio;
- HUD had no insight into the housing assistance payment amounts made to individual landlords;
- Information in HUD systems was not always reliable; and
- Rent reasonableness could not be independently validated without an indepth review.

Management then took steps to use new technologies and independently verifiable information to address the deficiencies identified. It planned to improve SEMAP's controls as part of the Office of Public Housing and Voucher Programs' Next Generation Management System and the Office of Field Operations' Portfolio Management Tool.

Through the use of new technologies, the Next Generation Management System's expected capabilities include obtaining independent and verifiable agency information to improve program performance (including Section 8 housing quality standards), strengthening financial management, enhancing accountability, and reducing operational and administrative costs via the use of up-to-date information systems. At the time of our review, the Next Generation Management System was in the planning stage, and none of the modules had been deployed. Management expected that it would begin deploying the various modules during the first calendar quarter of 2013 and have the system fully operational sometime after calendar year 2014. Management agreed that controls over SEMAP would be important to the success of the system, but the controls had not been developed.

The Office of Field Operations developed the Portfolio Management Tool. The tool is a comprehensive data collection system that helps users convert data into information, establish milestones, monitor progress, and improve HUD systems and structures. It is an Excel-based system that pulls housing agency data elements from a variety of sources into one accessible and easy-to-use display. The tool provides an instant snapshot of individual agencies in a field office's jurisdiction, including specifics regarding, among other areas of agency operations, SEMAP scores and open findings from monitoring reviews and audits. At the time of our review, HUD had brought 16 of 44 field offices online and planned to have the rest of them online by the end of fiscal year 2012.

Conclusion

SEMAP lacked an adequate system of management controls for effectively accomplishing its objective. HUD headquarters management and field staff had no confidence in the program, given its heavy reliance on self-certified scores and annual audit reports. In addition, due to a reduction in public housing staff resources, HUD was severely limited in the number of onsite confirmatory reviews it could perform. As a result, SEMAP's objective of identifying underperforming agencies was not always achieved. However, HUD's focus on developing and implementing initiatives that rely on independent and verifiable real-time information could, if fully implemented with the needed controls, improve SEMAP's effectiveness.

Recommendations

We recommend that the Deputy Assistant Secretary for Public Housing and Voucher Programs

- 1A. Develop and implement improved controls over SEMAP as it currently exists. The controls should be designed to obtain relevant and reliable information and include criteria to ensure that they function effectively. They should reduce HUD's reliance on self-certified agency data and annual audit reports.
- 1B. Develop and implement specific procedures to aggressively pursue public housing agency personnel when it is apparent that intentional false statements have been made on HUD's SEMAP certification forms. The procedures should provide guidance on referring offenders for possible prosecution or administrative action.

We recommend that the Deputy Assistant Secretary of Field Operations ensure that field offices

- 1C. Refer independent auditors to the Real Estate Assessment Center's Quality Assurance Subsystem for enforcement action when HUD's onsite SEMAP confirmatory reviews or other evidence indicates noncompliance with the requirements of Circular A-133.
- 1D. Do not select agencies for onsite confirmatory reviews solely based on their self-certified SEMAP scores. In addition, HUD should communicate a common methodology that field offices can use to select agencies for onsite reviews to achieve improved consistency among the field offices.
- 1E. Review agencies' annual audit reports and update SEMAP profiles when required.
- 1F. Update agencies' SEMAP profiles based on the results of onsite monitoring.
- 1G. Enter into corrective action plans with Section 8 agencies when required and use appropriate administrative action to ensure compliance with requirements.

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed the program's proposed rule, final rule, and technical amendments; program regulations at 24 CFR Part 985; HUD Handbook 1840.1, Departmental Management Control Program; various relevant HUD notices; and the Single Audit Act, including amendments.

We also interviewed HUD management and staff at headquarters and at six Region 4 Office of Public and Indian Housing field offices.

We did not rely on computer-processed data during the audit. All computer-processed data used during the audit were tested for reliability while we performed our audit steps.

We selected six Region 4 field offices to visit as part of our audit survey. The field offices were selected based on (1) limiting travel costs, (2) visiting field offices in a majority of States located in Region 4, (3) visiting field offices that serviced relatively large Section 8 agencies, and (4) visiting field offices that differed significantly in the number of agencies they serviced.

We reviewed 100 percent of the 31 onsite SEMAP confirmatory reviews performed by the six field offices from January 1, 2007, through December 31, 2011. The results from this sample pertain only to the items sampled and were not projected to either the universe of all HUD field offices or agencies administering HUD's Section 8 program.

We performed our onsite work from January 15 through April 20, 2012. During that period, we conducted site visits to the Nashville, TN, Memphis, TN, Greensboro, NC, Jacksonville, FL, Atlanta, GA, and Louisville, KY, field offices as well as HUD headquarters in Washington, DC. The review generally covered the period January 1, 2007, through December 31, 2011, and was expanded as necessary.

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

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

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

Relevant Internal Controls

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

- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding of resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- HUD management did not implement adequate management controls to ensure that SEMAP would be effective in identifying underperforming public housing agencies (finding).

APPENDIX

Appendix A

AUDITEE COMMENTS



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-5000

JUL 30 2012

OFFICE OF PUBLIC AND INDIAN HOUSING

MEMORANDUM FOR: James D. McKay, Regional Inspector General for Audit, 4AGA

FROM: Donald LaVoy, Deputy Assistant Secretary Office of Field Operations, PQ

Milan M. Ozdinec, Deputy Assistant Secretary, Office of Public Housing and Voucher Programs, PE

SUBJECT: Draft Audit Report: Effectiveness of HUD's Section Eight Management Assessment Program (SEMAP)

Thank you for the opportunity to provide comments on the subject revised draft report dated July 23, 2012. We appreciate the Inspector General's recommendations for program improvements. In general, we agree with the conclusions and recommendations in this report. We are committed to establishing an internal control framework that provides HUD with the ability to monitor and ensure compliance with Departmental policy, guidance and procedures for the Section 8 Housing Choice Voucher (HCV) Program.

As indicated in the report, the Office of Field Operations and Office of Public Housing and Voucher programs have already undertaken several initiatives to ensure that public housing agencies (PHAs) are complying with HUD policy, guidance and procedures regarding the HCV program.

This report covered SEMAP activity in a single HUD region, and specifically the outcomes of on-site confirmatory reviews of SEMAP certifications submitted by PHAs administering the HCV program. As noted in your report, HUD is improving oversight of the HCV program through its Next Generation Management System (NGMS). This report focused only on the use of on-site confirmatory reviews as a method of internal control for ensuring that a PHA's SEMAP certification was accurate, and correctly acknowledges that Public and Indian Housing (PIH) does not have adequate resources and staff to expand the use of on-site confirmatory reviews as a control over SEMAP.

While on-site assessment is one approach to verify some of the indicators in SEMAP, HUD uses various cost effective methods for verifying indicators and monitoring the integrity of the HCV program. For example, a Field Office may conduct a remote SEMAP Quality Control Monitoring similar to that outlined in PIH Notice 2005-33 in order to ensure the reliability of indicator ratings that are derived from PHA self certification. In addition, HUD has enhanced its oversight and monitoring techniques that provide reasonable assurance that the HCV program is being effectively and efficiently managed, as well as protect against fraud, waste, and abuse. The Department has initiated the use of the HCV Utilization Tool. This tool is in use in each of PIH's field offices and a large number of PHAs have adopted it voluntarily. It allows PHA

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program managers and HUD portfolio managers to anticipate spending and utilization in order to make best use of limited funds. This assures that the program is working effectively to provide housing to as many eligible families as possible. The Department has created the Enterprise Income Verification System to increase the efficiency and accuracy of income and rent determinations, reduce incidents of underreported and unreported household income, and reduce improper payments (also a major component of a key SEMAP indicator). In addition, the HCV Quality Assurance Division conducts numerous Voucher Management System (VMS) reviews to ensure the data submitted to the VMS is timely, accurate and complete; and Rent Reasonableness Reviews (a SEMAP indicator) to better ensure the determination of reasonableness of program rents is in accordance with HUD's guidelines.

Lastly, the Department is in the process of clearing a rule that would propose to modify SEMAP and de-emphasize the importance of indicators based solely upon self-certification. The rule would also increase field office flexibility to immediately modify a SEMAP rating if the PHA failed to comply with any program requirements. This increases the ability of a field office to include relevant and reliable information in the performance tool, utilization tool, or other monitoring reviews in the determination of the rating of a PHA under SEMAP. This rule would be an interim step to assist field offices in using the information that is currently available instead of relying solely upon PHA certifications for the SEMAP scores. The final step will be the development of NGMS which will involve a comprehensive overhaul of the SEMAP rule and utilize the information available in the system as a basis for assessment rather than self-certification.