



PHILADELPHIA HOUSING AUTHORITY
THE OFFICE OF AUDIT AND COMPLIANCE

2019 & 2020 ACCOMPLISHMENTS REPORT
APRIL 1, 2018 – MARCH 31, 2020



OUR MISSION

The Office of Audit and Compliance (OAC) is the Philadelphia Housing Authority's (PHA) independent oversight department, established to perform investigative, audit, and compliance-related activities relating to PHA's operations, programs, and services. OAC serves PHA by helping to identify and reduce risks and by taking steps to ensure that policies, procedures, laws, and regulations are followed, established standards are met, and resources are used efficiently and effectively.

OAC operates under the general direction of PHA's President & CEO with a direct reporting relationship to the Board of Commissioners. OAC is comprised of an Internal Audit Unit, Compliance Units, and an Investigations Unit.

OAC provides the following services:

- Conducts compliance reviews of operating controls and transactions to determine compliance with local, state, and federal laws, regulations, and procedures.
- Conducts performance/operational audits to determine efficiency, economy, and effectiveness of all program areas and operations.
- Conducts criminal and administrative investigations involving allegations of impropriety, fraud, criminal activities, conflicts of interest, waste, and mismanagement.
- Serves as a liaison and coordinator of PHA's interests with the U.S. Department of Housing and Urban Development (HUD), external auditors, local, state, and federal regulatory and investigative bodies.
- Responds to requests from the Board of Commissioners, the President and CEO, and the Senior Management team for independent analyses of management or internal control systems.



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MESSAGE FROM THE PRESIDENT & CEO



Fair dealing, integrity, and honesty are critical to the success of PHA and the work of the Office of Audit and Compliance (OAC) is critical to ensuring these components. OAC monitors, assesses,

and follows up on operations and processes for PHA management, staff, residents, and contractors, to ensure adherence to defined standards, impartiality, and accountability.

The significant achievements of OAC for the last two fiscal years are detailed in this report and also have been integral to PHA's maintaining an A+ Standard & Poor's credit rating and obtaining an exemplary audit determination from its independent auditors for FY 2020.

PHA's current well-deserved reputation for integrity and responsibility is directly linked to the clear relationship between OAC's ongoing, visible, and respected oversight role and the day-to-day functioning of all of PHA's operations.

Over the period covered in the report, OAC has uncovered and addressed situations of fraud, employee and contractor misconduct, and reviewed

a multitude of reports and processes, to keep PHA well on track. Among other accomplishments, OAC recovered over a million dollars, cash, for PHA, to further its mission of providing quality, affordable, low-income housing to the city's most vulnerable populations. This was done through OAC's partnerships with outside agencies, at the local, Commonwealth and federal levels; the solid performance from its departments of Investigations, Internal Audit, Compliance, and Section 3; and its tenacity and dedication in all its endeavors.

Under the focused guidance and organization of OAC Executive Vice President Janea Jordon, the OAC staff continues to model efficient and exemplary work, for the benefit of PHA's employees, residents, contractors, and the community in general, furthering honesty and accountability.

I am pleased to share this report with the public, so that the work of this department

Sincerely,

A handwritten signature in black ink that reads "Kelvin A. Jeremiah". The signature is fluid and cursive, with a large loop at the end.

Kelvin A. Jeremiah
President & CEO
Philadelphia Housing Authority

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT



The Office of Audit and Compliance (OAC) hit a major milestone during this reporting period – the repayment and collection of **\$1 million dollars** related to

tenant fraud! This is no small feat, and I

am extremely proud of the work that the OAC team has contributed to this effort. These collected funds have been put back into the Philadelphia Housing Authority's (PHA) budget to support the mission, which ultimately is why the OAC exists.

In other news, our Investigations unit uncovered close to \$1.6 million dollars in fraud over the two-year-period. Our Internal Audit unit continued with the implementation of our annual risk assessment process, successfully completing 15 agency-wide internal audits. The Compliance unit worked collaboratively with other departments to ensure that PHA met its Section 3 goals; proactively managed

Elevated Blood Lead Levels, working in partnership with the City of Philadelphia; and continued to ensure that vendors pay employees the lawful wages owed under our federally funded projects. Additionally, the OAC facilitated multiple external reviews, ensuring that PHA responded accurately, timely and transparently.

With oversight by PHA's President & CEO and Board of Commissioners, the OAC continued to add value to the entire organization. I remain honored to serve as the leader of these efforts, and am thankful for the never-ending support from PHA's executive team and their departments; the OAC team; PHA's residents and the Board of Commissioners.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Janea Jordon'. The signature is fluid and stylized, with a large loop at the end.

Janea Jordon
Executive Vice President, OAC
Philadelphia Housing Authority

THE YEARS IN NUMBERS

FINANCIAL ACCOMPLISHMENTS 2019 & 2020

Wage Compliance Citations Issued	\$46,700.92
Internal Audit Potential Recoveries	\$20,705.38
Total Amount of Fraud Uncovered through Investigations.....	\$1,593,559.58
Repayment Agreements (Ordered)	\$454,564.37
Repayment Agreements* (Collected)	\$335,088.49
Restitution (Ordered).....	\$72,264.30
Termination/Resignation Savings	\$2,009,745.05
Pension Contribution Savings	\$1,103,962.76

*OAC proudly notes that over this reporting period, the milestone of over **\$1 million dollars cash collected** through our repayment agreement program.

COMPLAINT INTAKE

Throughout FY 2019, the OAC Investigations division received a total of 495 complaints; of which 240 were opened as active investigations. The Investigations team closed 226 investigations and 179¹ cases were substantiated.

In FY 2020, the OAC Investigations division received a total of 442 complaints. Of those complaints, 189 were opened as active investigations. During FY 2020, the Investigations division completed 212² investigations, of which 161 were substantiated.

REPAYMENT AGREEMENTS

In certain situations, where an OAC investigation does not necessarily result in an intentional act of fraud, but PHA has still been financially harmed, OAC will seek to enter into a Repayment Agreement with the resident/tenant to make PHA whole.

As of March 31, 2020, the OAC has entered into Repayment Agreements to recapture a total

of \$454,564.37 of uncovered financial loss. In addition, of the financial losses uncovered, OAC has collected \$335,088.49 as part of the Repayment initiative for the fiscal years 2019 and 2020.

OAC is dedicated to ensure that PHA is made whole when it suffers a loss due to fraud, waste, or abuse. In that spirit, the OAC continually seeks new avenues to recoup fraud, waste, and abuse at PHA.

TERMINATION SAVINGS

As of March 31, 2020, OAC investigations of reported employee misconduct involving fraud, waste, and/or abuse resulted in the termination, resignation or demotion of 18 PHA employees, saving PHA \$2,009,745.05 based on two-year salary projections. In addition, it is estimated that these terminations or resignations have resulted in a savings of pension contributions by PHA in excess of \$1,103,962.76.³

1.OAC Investigators have up to 180 business days to complete an investigation; therefore this number reflects complaints that were received in FY 2018.

2.OAC Investigators have up to 180 business days to complete an investigation; therefore this number reflects complaints that were received in FY 2019.

3.OAC utilized conservative estimates in the determination of the financial impact of terminations, resignations, and demotions of PHA employees. Some agencies, particularly in the federal sector, project similar saving over the remainder of the dismissed employees' careers.

IDENTIFYING AND PREVENTING CORRUPTION

The Investigations Department is tasked with investigating allegations of fraud, corruption, official misconduct, conflicts of interest, abuse of authority and other criminal offenses with respect to employees, residents and persons or entities doing business with the Philadelphia Housing Authority. Over the last two fiscal years, OAC has focused on investigating complaints received that target individuals who defrauded the Authority for personal gain.

For fiscal year 2019 and 2020, the Investigations Department received 937 complaints which ultimately led to the investigation of 438 cases that uncovered fraud in the amount of \$1,593,559.58.

UNREPORTED INCOME/ UNAUTHORIZED TENANTS

During FY 2019 and 2020, OAC investigated hundreds of instances in which it was alleged that those who receive public housing subsidy have misrepresented their family compositions or their financial circumstances to defraud PHA, and subsequently thwart PHA's efforts to provide housing subsidies to individuals and families who are most in need. What follows are highlights of just a few examples of cases that, combined with the other tenant fraud investigations, resulted in OAC uncovering nearly 1.6 million dollars in fraud.



While conducting an investigation into a Public Housing tenant's alleged fraud, it was determined that the Public Housing tenant and her adult son both signed documents certifying that the adult son was not employed and that he was earning zero income from employment. Contrary to these certified statements, the investigation established that the adult son earned over \$69,000.00 during the time they were certifying zero income. As a result of these tenant's failure to honestly report their income, a recalculation determined that PHA was defrauded in the amount of \$9,976.00. Based on the investigation, the tenants lost their housing benefit and a referral was made to the District Attorney's Office for the filing of criminal charges, which were subsequently approved.

During the course of one investigation, it was determined that a Philadelphia Asset & Property Management Corporation tenant failed to disclose his income to PHA. During several annual re-certifications, the tenant signed documents in which he certified that he had zero income from employment. However, the investigation uncovered that he was in fact employed and earned over \$54,000.00 in employment income during that time. As a result of this tenant's failure to honestly report his employment income, it was calculated that PHA was defrauded out of \$16,332.00. In addition to losing his housing benefit, a referral was also made to the District Attorney's Office for the filing of criminal charges, which were ultimately approved.

In a proactive investigation, OAC discovered that a Tier III sexual offender was reporting an HCV unit as his address of record with the Pennsylvania State Police as required by the Megan's Law statute. Upon discovering this information, an investigation ensued which uncovered that the offender was married to the HCV tenant of record and the offender's parole officer confirmed that the offender was not only residing at the current HCV unit, but

4. This figure represents federal dollars overpaid in housing subsidy due to unreported income

that he had also been living at the previous HCV unit. OAC confirmed that the HCV tenant never reported that she was married or that her husband was residing with her in either of the HCV units. Furthermore, it was uncovered that the sex offender was gainfully employed and that he earned over \$164,000.00 while residing in the HCV units. Based on this information, it was determined that PHA overpaid \$31,959.00 in housing subsidy to which the HCV tenant was not entitled. In addition to losing her Housing Choice Voucher, a referral was made to the Philadelphia District Attorney's Office, charges were approved, and the tenant was subsequently arrested for the theft of federal subsidies.



EMPLOYEE MISCONDUCT

In addition to conducting investigations into tenant fraud, the OAC also conducts investigations when it is alleged that PHA employees have committed instances of fraud, waste, or abuse. Also, the OAC serves as the Internal Affairs Unit conducting investigations that involve complaints against the PHA Police Department ("PHA PD").

RESIDENCY VIOLATIONS

As a condition of employment with PHA, all employees must be residents of the City of Philadelphia within six months of employment, unless the employee receives a waiver of the requirement. Over the past two fiscal years, the OAC has completed twenty-two (22) residency investigations in which it was alleged that PHA employees violated PHA's residency requirement and failed to maintain living quarters within the City of Philadelphia. In cases in which it was established that the PHA employee violated the residency requirement and that no waiver had been obtained, referrals were made to the Human Resources for the employees to be terminated pursuant to PHA's residency policy.

INTERNAL AFFAIRS

The OAC serves as the Internal Affairs Unit for complaints that involve the PHA Police Department ("PHA PD"). In this capacity, OAC conducts impartial investigations into citizen Complaints Against Police ("CAP"), requests for investigations from the Chief of PHA PD where there are potential serious allegations that involve infractions to PHA PD directives, as well as reviews cases that involve the use of force to determine if the officer's actions were in accordance with PHA PD's Use of Force directive.

In cases where the OAC determined that an officer violated a PHA PD directive, the appropriate referral was made to the Chief of PHA PD and to the Vice President of Human Resources so that suitable action could be taken.

In one instance, a PHA was involved in a lawsuit that was the result of a minor vehicle accident. In the complaint, it was alleged that the accident was the result of a vehicle pursuit between a vehicle and a PHA PD vehicle. Since PHA had no prior knowledge of an accident occurring on the date in question, the OAC was asked to conduct an investigation to determine if any PHA PD officers violated any of the PHA PD directives. As a result

of the investigation, it was determined that a PHA PD vehicle was in fact involved in a vehicle pursuit on the day in question, and intentionally failed to file the necessary paperwork pursuant to the PHA PD directives. As a result of this substantiated investigation, the officer was terminated from their employment with PHA. properly secure the firearm, thereby allowing a minor to access it; that a bullet from the officer's personal firearm was discharged and struck another individual causing injury; and, that the officer did not have the proper credentials on their person at the time the incident occurred. As a result of the officer's off-duty actions, it was concluded that the officer violated several PHA PD directives involving the safe handling and storage of a firearm as well as the necessity to have the necessary police credentials on their person at all times. As a result of this substantiated investigation, the officer was terminated from their employment with PHA.

VIOLATIONS OF PHA CODE OF ETHICAL CONDUCT AND ANTI-FRAUD ETHICAL VIOLATIONS

The OAC also received a complaint alleging that an employee violated PHA's Code of Ethical Conduct. An investigation ensued, which found that the employee in question requested that a vendor lie to the employee's supervisor to cover an error that was committed by the employee. In return for the lie, the employee offered to take the vendor out for food and cocktails. The investigation determined that the employee's actions rose to the level of a violation of PHA's Code of Ethical Conduct. As a result, the Senior Executive Vice President of Development, the Senior Executive Vice President of and Operations,



and the Acting Deputy Director of Human Resources were notified and the employee was ultimately terminated.

In another complaint, it was alleged that a longtime maintenance employee, while reporting and being paid for PHA work hours, was instead working during that time at that person's private contracting business. During the course of the investigation, it was determined that the employee was operating a private contracting business. The employee would go to various hardware stores to pick up material, deliver it to that person's non-PHA employees, and assist with the non-PHA work. At the same time, the employee would complete a PHA time sheet to show having worked a full eight hour shift and was paid for that time by PHA. As a result of the investigation, it was determined that the employee's fabrication of time records was a violation of PHA's Anti-Fraud Policy. Subsequently, a referral was made to the Executive Vice President of Operations and to the Vice President of Human Resources and the employee was terminated from PHA.

EXTERNAL PARTNERSHIPS

OAC AND PHILADELPHIA DISTRICT ATTORNEY'S OFFICE PARTNER TO FIGHT FRAUD

OAC continued its work with the Philadelphia District Attorney's Office and partnered together where appropriate to hold those who defraud PHA accountable.

Over the course of FY 2019 and 2020, the OAC made 8 referrals to the District Attorney's Office. In each instance, charges were approved and ultimately arrests were made and the individuals were taken into custody. In these cases, those arrested all failed to accurately report their earnings or those living with them who had income. Combined, the 8 fraudsters defrauded PHA of over \$144,041.00, and denied valuable housing subsidy from those who need it most.

The OAC values the partnership between PHA and the Philadelphia District Attorney's Office. Over the past two fiscal years, the departments have worked together to present a unified approach in holding those responsible for abusing the public trust, thereby freeing up resources to house Philadelphia's most marginalized and disadvantaged citizens.

DEPARTMENT OF PUBLIC HEALTH AND OAC PARTNER TO REDUCE RISK OF LEAD POISONING

OAC and the Philadelphia Department of Public Health (PDPH) has continued to strengthen their relationship over the 2019 and 2020 fiscal years by maintaining Inter-agency communication and documentation. The Office of Audit and Compliance is responsible for communicating to the Philadelphia Department of Public Health that an Elevated Blood Lead Level ("EBLL") notification has been received and coordinates the information sharing related to individual cases. The information is shared pursuant to the Memorandum of Understanding between PHA and Philadelphia Department of Public Health (MOU).

OTHER PARTNERSHIPS

The Office of Audit and Compliance has initiated and maintained partnerships with several federal, state, and local agencies in efforts to protect the integrity of PHA and to further hold individuals who defraud the Agency accountable. These partnerships include:

- Philadelphia District Attorney's Office
- U.S. Department of Housing and Urban Development (HUD) - Office of the Inspector General
- Social Security Administration - Office of Inspector General
- Federal Bureau of Investigation
- United States Postal Inspectors
- Internal Revenue Service
- United States Attorney's Office
- Pennsylvania State Ethics Commission
- U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives
- Philadelphia Police Department
- U.S. Department of Homeland Security
- Pennsylvania Office of the Inspector General
- Philadelphia Office of the Inspector General
- Pennsylvania Department of Public Welfare
- Pennsylvania Department of Labor
- Pennsylvania State Police
- Philadelphia Department of Public Health
- HUD Lead Regulation Office



PROTECTING PHA'S ASSETS

PHA ASSETS

The Internal Audit (IA) Department assists the Philadelphia Housing Authority's management and the Board of Commissioners through the Audit Committee by determining the effectiveness of PHA's internal control systems. IA's annual agency-wide risk assessment process produces an audit plan that prioritizes audits based on identified risks. By conducting risk-based audits and reviews, IA provides reasonable assurance regarding PHA's:

- Compliance with laws, regulations, policies, and procedures;
- Achievement of business objectives;
- Reliability of financial and management reporting; and
- Safeguarding of assets.



FY 2019 & 2020 INTERNAL AUDITS

During fiscal years 2019 and 2020 Internal Audit (IA) completed 15 of 15 (100%) planned audits as outlined in the 2019 and 2020 annual audit plans. IA issued applicable draft audit reports and review memorandums with associated management Corrective Action Plans.

In total, over the 2 year period, IA made 82 recommendations aimed at improving efficiency, economy and operational effectiveness; IA was able to successfully close 51 (62%) of the 82 Corrective Action Plan recommended. Additionally during fiscal year 2019, IA successfully closed 8 of 15 audits during fiscal years 2019 and 2020. The audit closure process entails IA performing extensive follow-up activities and working with various PHA departments, affiliates and Resident Councils to ensure that the agreed upon action plan is implemented.

In addition to identifying quantifiable measurable benefits, in terms of monetary recoveries and savings, OAC's audits identified other opportunities for improvement within PHA's operations. IA

recommended the development and implementation of policies and procedures to several PHA's departments and programs with the goal of achieving consistency and standardization in day-to-day operational processes. In addition, IA collaborated with PHA's staff to improve and implement effective internal control systems throughout the agency. IA completed one Information Systems (IS) initiated in fiscal year 2017 and worked with ISM management to fully close this audit out in fiscal year 2019.

The audits and reviews conducted resulted in more than \$20,700.00 in cost savings through direct implementation of recommendations, realized savings from the adoption of other recommended improvement opportunities and potential recovery of federal funds.

EVALUATING AND IMPROVING

The Compliance Department within OAC works closely with internal departments throughout PHA to ensure efficiency and effectiveness within the Agency's operations, programs, and services. Over the past two fiscal years, these partnerships have led to the development and implementation of initiatives that have cut costs and increased productivity throughout the Authority, resulting in dollars saved, resources spared, and man-hours conserved. Supplementary to the Internal Audit Department, the Compliance Department assists with eliminating waste and achieving compliance with applicable rules, regulations, policies and procedures.

The Compliance Department's projects for the reporting period included:

SEMI-ANNUAL ADMISSIONS REVIEW

The Compliance Department developed and conducted a review to identify potential areas for improvement within PHA's Central Admissions Department for the Public Housing program. The purpose of this routine review is to ensure that the Central Admissions Department is complying with the policies and procedures set forth by the PHA in the Admissions and Continued Occupancy Policy (ACOP), Moving to Work (MTW) Plan, and other applicable internal policies and procedures.

The Compliance Department Division partnered with the Central Admissions Department to successfully create and implement a Corrective Action Plan to resolve the identified issues and improve process performance in the following areas:

- Applicant file folder maintenance
- Eligibility and suitability verification
- Maintenance of applicants deemed "ready" for housing assistance
- Projected rent calculations
- Housing of applicants in a timely manner

COMPLIANCE REVIEW OF MODERNIZATION PROJECTS

PHA expends a significant amount of federal funding on maintaining its dated housing stock. PHA's Construction Department is responsible for the modernization of long term vacant units in order to bring them back to rent ready status. Given the amount of work and the cost to restore these much needed units, the Compliance Department developed and conducted a review to ensure that funds were being expended appropriately on these projects, and that units are being rehabbed in line with projected cost estimates and time lines.

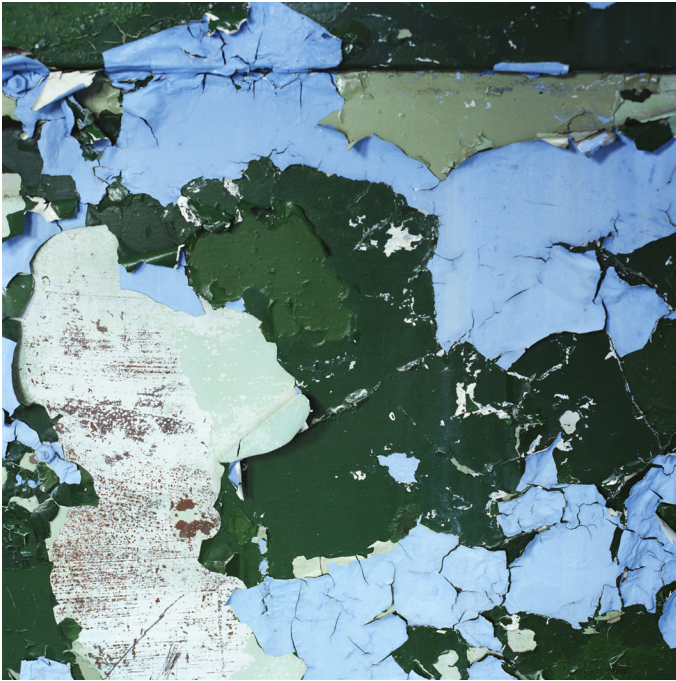
The Compliance Department Division partnered with the Capital Project Department to initiate a compliance review of various stages (initial, mid and close out) for the following projects: Scattered Sites – Provisional Rehab Projects 1 through 6.

EMERGENCY PROCUREMENT VALIDATION

The Compliance Department continued its process of ensuring that items procured via the emergency procurement process are properly delivered and installed. As emergency situations circumvent some steps of the full procurement process, the objective was to ensure all emergency items procured have supporting documentation for delivery and installation.

In partnership with PHA's PH Operations and Supply Chain department, 8 cases were reviewed – all of which were concluded to be compliant





2020, in excess of 873 Quality Control HQS Unit Inspections were conducted, and 124 identified units with violations were reported and corrected.

PUBLIC HOUSING SERVICE ORDER AUDITS

The Compliance Department also conducts monthly service order audits. The service order audits are conducted by performing unit inspections as well as system reviews for completed Housekeeping Inspections (HK), Uniform Physical Condition Standards (UPCS) Inspections and work orders. The service order audits review the quality of the work orders/UPCS/HK Inspections performed by Maintenance staff and Property Managers, which includes an assessment of the recorded time and materials charged to each service order. During the fiscal year of 2019 & 2020 a total of 213 service order audits were conducted and 22 identified findings reported and corrected

MANAGEMENT OF INCOMING LEAD CASES

In FY 2018, HUD reemphasized its commitment to manage levels of lead in children who reside in subsidized housing. In an effort to ensure that PHA remains compliant with HUD's newly released & stricter guidelines, the Compliance Department spearheaded an initiative to manage, track and monitor lead cases reported by the Philadelphia Department of Public Health and PHA tenants for both the HCV and PH programs. In partnership with PHA's Office of General Counsel, PH Operations and HCV management, this initiative resulted in the following:

- Maintaining an internal tracking and monitoring system for all incoming lead cases
- Updated policies, procedures and process for Lead Safe Housing and Lead Disclosure rules

HOUSING CHOICE VOUCHER PROGRAM (HCV) QUALITY CONTROL HOUSING QUALITY STANDARD (HQS) UNIT INSPECTIONS

The Compliance Department conducts monthly inspections to monitor the performance of the HCV Inspectors and make recommendations based on HQS deficiencies. During the fiscal year of 2019 &

RENOVATION REPAIR AND PAINTING (RRP) COMPLIANCE REVIEW

The Compliance Department conducted Renovation Repair and Painting (RRP) compliance reviews of the Public Housing (PH) Program to determine adherence to the RRP policies and procedures. The Compliance Department uses the RRP Compliance Review process to review PHA's Maintenance Staff compliance with regulations set forth by the U.S. Department of Housing and Urban Development (HUD) and U.S Environmental Protection Agency (EPA). During the fiscal year of 2019 & 2020 the Conventional Site Oxford Village was reviewed.

MAINTENANCE SITE BASE QUALITY ASSURANCE REVIEWS (SBQARS)

The Compliance Department created a Maintenance based review to capture and identify areas of concern and potential areas for improvement. The Compliance Department developed the Maintenance Site Based Quality Assurance Reviews (SBQAR) to ensure that the Maintenance Department is complying with the policies and procedures set forth by the Philadelphia Housing Authority in the Desk Manual (DM), Moving to Work (MTW) Plan, and other applicable internal policies and procedures.

This review focuses on the following: 1) provide an understanding of the relevant issues and to identify areas of concern that the Maintenance Department should address through process improvement initiatives, 2) determine whether each site is adhering to the mandated policies and procedures, 3) perform a review of the maintenance documents and 4) ensure documents are properly recorded and filed. During the fiscal year of 2019 & 2020 a total of 9 sites were reviewed.

PROPERTY MANAGEMENT SITE BASE QUALITY ASSURANCE REVIEWS (SBQARS)

The Compliance Department conducted compliance reviews of the Public Housing (PH) Program to determine adherence to applicable policies and procedures. The Compliance Department uses the Site Based Quality Assurance Review (SBQAR) process to routinely review site management offices' compliance with regulations set forth by the U.S.

WAGE COMPLIANCE

The Wage Compliance Unit (WCU) monitors the wages of employees working on PHA construction and maintenance projects to ensure that, when applicable, the correct prevailing wage is paid for the work performed. Fiscal years 2019 and 2020 resulted in the issuance of \$46,700.92 in citations to various vendors as well as other non-monetary citations.

WCU issues citations based on consistent review of certified payrolls and on site interview results; this process is heavily reliant on volumes of paper. During the 2019 fiscal year, the WCU began to implement a new electronic compliance and record keeping system, which will eventually fully modernize prevailing wage compliance practices at PHA.

The electronic system for prevailing wage compliance and record keeping was implemented by WCU in partnership with PHA's Procurement department. The system includes a HUD-approved e-signature component, which allows PHA's contractors to submit certified payroll

Department of Housing and Urban Development (HUD). Additionally the SBQAR gauges adherence to the Philadelphia Housing Authority (PHA) policies and procedures outlined in the PH and Philadelphia Asset & Property Management Corporation (PAPMC) Admissions and Continued Occupancy Policy (ACOP), PH Resource Guide and PHA Move to Work (MTW) Plan.

This review focuses on the following: 1) provide an understanding of the relevant issues and concerns that exist within Housing Operations, 2) determine whether each site is adhering to mandated policies and procedures, 3) perform a rental integrity monitoring review of the tenant files, 4) reduce the number of errors in rent calculations in order to reduce improper subsidy payments, and 5) ensure housekeeping files are properly recorded and filed. During the fiscal year of 2019 & 2020 a total of 20 sites were reviewed.



reports electronically, significantly reducing the Wage Compliance Unit's administrative burden. Implementation of this system improves the efficiency of WCU's compliance efforts and allows for increase in staff time allocation for conducting site-of-work interviews and investigations. Lastly, the transition to an electronic system greatly reduced the use of paper, cost of postage and need for physical storage space for files; resulting in a positive environmental impact as well as cost-savings.

Construction and development contracts executed on or after April 1, 2018 are using the new electronic system, as older projects are completed using the previous process.

SECTION 3 COMPLIANCE

The OAC monitors and enforces compliance with HUD Section 3 Regulations by ensuring PHA, and service contract vendors retained by PHA hire, train, contract or provide other economic opportunities to low and very-low income individuals ("Section 3 residents"), specifically housing authority residents, and businesses. The minimum compliance goals for Section 3 Regulations are as follows:

1. 30% of new hires resulting from the service contracts or PHA operating funds must be Section 3 residents; and,
2. A minimum percentage of contract dollars must be awarded to Section owned and/or operated businesses – 10% for construction, renovation, remodel, and repair contracts and 3% for all other service contracts.

Fiscal year 2019 and 2020 resulted in PHA exceeding Section 3 minimum goals. The annual summary of the 2019 and 2020 HUD Annual Section 3 Report is listed below – the OAC was responsible for ensuring that vendors complied with PHA's Section 3 policies in order to achieve the reported figures:

I. Section 3 Annual Report Summary for Hiring

	HUD Minimum Performance Goal	PHA Performance
FY 2019	30%	34.67%
FY 2020	30%	48.74%

II. Section 3 Annual Report Summary for Section 3 Business Non-Construction Contracts

	HUD Minimum Performance Goal	PHA Performance
FY 2019	3%	19.09%
FY 2020	3%	12.53%

III. Section 3 Annual Report Summary for Section 3 Business Construction Contracts

	HUD Minimum Performance Goal	PHA Performance
FY 2019	10%	18.08%
FY 2020	10%	34.70%

MOVING FORWARD

The Office of Audit and Compliance's Vision and Values will continue to be as follows:

- Conduct quality audits of PHA's operations in a timely and efficient manner and in accordance with professional standards established by the Institute of Internal Auditors and Generally Accepted Government Auditing Standards
- Conduct investigations in a timely, thorough, and impartial manner
- Ensure transparency and accountability in PHA operations, services, and programs
- Work closely with other law enforcement, state, and federal agencies to detect and investigate corruption, fraud, waste, abuse, mismanagement, and conflicts of interest
- Ensure the optimal efficiency and effectiveness in PHA's operations, programs, and services by emphasizing ongoing compliance with all applicable rules and regulations

To confidentially report PHA-related fraud, corruption,
employee misconduct, conflicts of interest, waste, or
mismanagement to the Office of Audit and Compliance:

Call PHA's Fraud Hotline: 215.684.8300

Email: OAC@pha.phila.gov

Send mail to:

Office of Audit and Compliance
2013 Ridge Avenue
Philadelphia, PA 19121

