U.S. Department of Housing and Urban Development
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A Guide to Management Reviews of Public Housing Agencies

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ABSTRACT

This report may be used as a guide by those wishing to conduct a comprehensive management review of a public housing agency (PHA). While it is intended primarily to provide procedures for assessing a PHA's Low-income Public Housing Program, it also provides review procedures for the Homeownership Opportunities-Turnkey III Program. The Guide is intended for use primarily by third parties hired to conduct a review but may be used by PHAs wishing to conduct an internal assessment or improve their program monitoring. It may also be used to conduct limited reviews of specific programs or areas.

Included in the Guide are the factors that must be considered when planning a review, the advantages and disadvantages of different types of reviews and the procedures for selecting a third party review team. Procedures for conducting the initial assessment, the comprehensive review and the development of the improvement plan are also included. Samples of actual review reports and improvement plans are also included. The Assessment Techniques Section outlines the subject areas that the reviewer must assess and the information he will need to make the assessment. Lastly, the Guide contains training and technical assistance techniques that have proven successful.

Technical Foreword

The following Guide to Management Reviews of Public Housing Agencies has been prepared with the objective of providing PHAs with the information necessary to conduct a comprehensive management review. The Guide is not intended to address all of the statutory and regulatory requirements affecting the operation of a PHA. In particular, the Guide does not address the obligations of a PHA to administer its programs in a nondiscriminatory fashion. Title VI of the Civil Rights Act of 1964 imposes on HUD and PHAs obligations to administer their programs in compliance with Title VI. Secretary Pierce has stressed the importance of meeting this statutory requirement by issuing a number of statements and notices establishing a Department cross-cutting objective, and Handbook modifications to provide guidance on how to proceed, to clarify and reemphasize the high priority placed on the elimination of violations of Title VI which result in racially identifiable housing projects which were established by official action of the PHA. Tenant selection and assignment procedures in particular have been the focus of increased attention as well as differences in maintenance and conditions of buildings related to race.

To receive the Department's latest guidance in connection with these matters please send a request to Lawrence D. Pearl, Director, Office of HUD Program Compliance, U. S. Department of HUD, Washington, DC 20410.

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Review Methodology

ACKNOWLEDGMENTS

The review and assistance methodology presented in this Guide has been developed for the Department of Housing and Urban Development (HUD) by the McHenry Company of Washington, D.C. It was developed as part of a comprehensive research project sponsored by HUD's Office of Policy Development and Research. This project provided for a field test of the methodology during a review of a large, operationally troubled public housing agency.

Principal authors of this Guide are Clyde T. J. McHenry, Robert J. Rourke, and Rebecca Northrop. Mr. McHenry previously served as General Deputy Assistant Secretary for Housing with HUD, and was the Executive Director of the Housing Authority of New Orleans. Mr. Rourke is Group Manager of Management Consulting Services at International Business Services, Inc., and has directed reviews for a number of PHAs including the Boston Housing Authority, the Atlanta Housing Authority, and the District of Columbia Department of Housing and Community Development. Ms. Northrop, a Senior Analyst with the McHenry Company, has extensive experience in assisting PHAs to develop and implement improved operating procedures.

Contributing to the development of the Guide were George Kaplan, Delia McCormick, James Mullen and Julia Turner of the McHenry Company. Each is an experienced public housing professional, who had prime responsibility for developing the review and assistance techniques in one or more of the major PHA management functions. The McHenry Company also received invaluable assistance in developing this Guide from three other noted public housing professionals - George Puchall, Bradford Perkins and Abraham Jacobs. Mr. Puchall is a former Assistant Regional Administrator for Housing Management in the New York HUD Office and has over 30 years of public housing experience. Mr. Perkins has extensive experience in modernization and energy conservation and is a principal author of HUD's Physical Needs Assessment and Energy Audit Guides. Abraham Jacobs, was formerly Controller of the New York City Housing Authority and has over 30 years experience in public housing finance and audit.

The authors would also like to thank the members of the National Association of Housing and Redevelopment Officials (NAHRO) Advisory Panel for their assistance and guidance in the development of the Guide. The Advisory Panel members are Elaine T. Ostrowski, Executive Director of the Greensboro Housing Authority; John Simon, General Manager of the New York City Housing Authority; Juanita Clark Harris, Director of Housing Management of the Housing Authority of Baltimore City; John Wardlaw, Executive Director of the Hartford Housing Authority; and Richard Y. Nelson, Jr., Deputy Executive Director for NAHRO.

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PREFACE

Public housing agencies (PHAs) today operate under extremely difficult and often adverse conditions. Soaring energy costs, the rising inflationary spiral, the general deterioration of the housing stock and impoverished resident populations are just a few of the problems confronting many PHAs. The effects of these and other environmental problems are particularly evident in the larger PHAs located in our nation's older urban centers. A number of these PHAs are characterized by their high vacancy rates, substantial collection losses, deficit financing and millions of dollars in deferred maintenance.

Improved management, alone, cannot and will not alleviate the monumental problems confronting public housing today. However, improved management and operational performance can make a difference in the quality of housing and level of service PHAs provide their residents. Most public housing officials are aware of the benefits to be derived from more efficient, effective management and have dedicated themselves to effecting needed improvements in the operation of their agencies. This Guide has been developed for their use in identifying the need for specific management improvements, developing a plan for implementing the desired improvements and determining the level and mix of resources required to successfully carry out their improvement plans.

Though applicable to the operations of most public housing agencies, the Guide is primarily intended for use by large PHAs seeking to address a number of interrelated management problems. While it may be used by those PHAs interested in performing internal assessments of their operations, it is primarily directed toward PHAs desiring a review of their operations by an independent third party.

INTRODUCTION

Public housing agencies are under considerable pressure today to increase operational efficiency as the resources available to them are tight. In order to improve operations, a PHA must first understand how and how well it is performing. Any operational deficiencies found during the assessment process should be addressed through the development and implementation of an improvement plan. To date, however, few guides have been available for use by PHAs or third parties in conducting a management review.

This Guide, therefore, was developed to assist PHAs, HUD, and others in conducting a comprehensive management review of a PHA's operation. The focus of the Guide is on the Low-Income Public Housing Program; however, it also contains review techniques for the Homeownership Opportunity Program[1]. It also includes techniques for developing and implementing an improvement program to address the findings resulting from the review and identifying training and technical assistance requirements.

The Guide describes the process that should be followed in conducting a management review, and presents an extensive list of performance measures that if applied would establish a reliable assessment of the effectiveness and efficiency of PHA operating performance. It also describes a methodology for developing a plan for carrying out the improvements cited in the management review. The planning process includes identification of the training and technical assistance (T/TA) needs based upon the skills and resources available to the PHA.

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[1]Those PHAs wishing to conduct a self-assessment of their Low-income Public Housing Program may also utilize The Insider's Guide to Managing Public Housing (Volumes 1 and 2), published by HUD.

This Guide may also be utilized by PHAs wishing to conduct a limited review of specific operations. For example, if a PHA wishes to review its occupancy function, it may utilize the review procedures which follow and apply the resident management review techniques. The Guide may also be used by PHAs wishing to implement or improve a performance monitoring system utilizing the monitoring procedures provided herein.

PLANNING FOR A MANAGEMENT REVIEW

In the past, a PHA was most likely to have initiated a management review if it knew that it was experiencing severe operational difficulties. In other instances the management review was imposed upon the PHA. Today, however, well managed and aware PHAs are periodically initiating management reviews to assess their performance or fine tune their operations. Many PHAs are trying to break the "crisis management" cycle, often typical of the PHA operating environment, through the implementation of a management review and improvement plan.

A PHA has several factors to consider when deciding whether to undertake a comprehensive management review. As the Profile of a Comprehensive Management Review, Exhibit 1, on the following page illustrates, reviews are costly and time consuming. The PHA must weigh the advantages and disadvantages of a review, assess the monetary and staff resources needed and decide whether it has the level of commitment necessary to sustain the review and improvement process. Once a PHA decides that it will initiate a review, it must select the type of review team (i.e., internal, peer or consulting firm) it wants to perform the review. A discussion of these factors can be found on the following pages.

Advantages of a Management Review

The largest single advantage of a review, is that it provides an alternative to the reactive or "crisis management" mode that is characteristic of many PHAs. Many PHAs react to major problems daily. Dealing with problems in this way is a time-consuming process that

EXHIBIT 1

PROFILE OF A COMPREHENSIVE MANAGEMENT REVIEW OF A LARGE PHA PERFORMED BY AN OUTSIDE REVIEW TEAM

Cost Range: $150,000 - $250,000 (for the review and improvement plan) Variables affecting the cost: travel and per diem costs; use of large or public accounting firms; training and technical assistance can add as much as an additional $100,000 to cost, etc.

Time Frame: 4 months to 6 months for the review; an additional 6 months to 1 1/2 years for the implementation of the improvement plan including training and technical assistance (T/TA)

Advantages of a Review:

- Improved operations, increased efficiency
- Knowledge of strengths and weaknesses
- Improved relationship with external parties
- Improved inter-agency relationships

Disadvantages of a Review:

- Disruption of PHA operations
- Cost
- Possible erosion of staff attitudes and morale

Typical Review Activities that involve PHA staff:

- Gathering and evaluating past audits, reports, and other documentation concerning the PHA's performance
- Interviewing PHA staff
- Performing PHA file searches
- Performing surveys

Typical Deliverables:

- Initial Assessment Report
- Comprehensive Review Report
- Improvement Plan
- Training and Technical Assistance Plan

leaves little or no time for developing plans or initiating actions that greatly reduce the occurrence of these problems in the long run.

Management reviews can also serve to increase the productivity and commitment of staff to turning in a good performance. It is unreasonable to expect that the staff will maintain high levels of dedication, or work at high levels of productivity when procedures are ineffective and there is little or no accountability for performance. Management reviews can be very useful in establishing effective procedures and performance targets. The improvement plan also provides systems for monitoring and identifying effective staff performance.

Another advantage of a properly conducted management review is that it increases the degree of coordination between the operating departments and between the Board of Commissioners and the executive director. While the review phase of the management study generally produces some increase in the coordination of PHA activities, the approach advocated in this Guide in which the senior and middle managers of the PHA participate in the development of the improvement plan results in a significant increase in coordination of PHA functions.

Still another advantage of a management review is that it can produce improved relationships with tenants and tenant associations, and with other organizations such as the local government and the HUD Office. These other organizations are generally supportive of a voluntary action taken by the PHA to assess and improve its operations.

Disadvantages of a Management Review

Management reviews tend to be disruptive of PHA operations. Interviews and requests for information take up precious staff time. This can be minimized through pre-planning and attention to scheduling by the review team but it cannot be eliminated. The review must be based upon information provided by the PHA, and it is necessary to take staff time to acquire this information. The consolation that can be offered to offset this disadvantage, is that an effective review should result in improved PHA operations and freedom from the crisis management environment typical of many PHAs.

Another potentially disruptive aspect of management reviews is their effect on staff attitudes and morale. Typically, management reviews are viewed by the staff as investigations, or as audits not only of their compliance with regulations and procedures, but with generally accepted management practices as well. This perception tends to create a defensive attitude among the staff and often an antagonistic, or overly skeptical attitude toward the management review team. This can be minimized by following appropriate review procedures.

A final consideration in examining the potential disadvantages of a management review is the cost of the review, both in terms of the funds needed and the utilization of PHA staff time. In general, a comprehensive review, including the development of a management improvement plan, of a large PHA by an outside organization ranges between $150,000 and $250,000. The cost of the review is based on the review team's individual rates (which may range from $30 - $120/hour), overhead, fee, and if the team is not locally based, travel and per diem costs. To the review cost should be added the labor cost of the PHA personnel that participate in the review and development of the improvement plan. A thorough review will require the equivalent of a year-and-a-half to two person-years of effort by a review team. A PHA should expect that it will also be required to devote the equivalent of one to two person-years to the development of the final improvement plan.

These staff and cost estimates do not include the training and technical assistance (T/TA) effort that might be required for implementation of the improvement plan. While the actual cost will depend upon the extent of T/TA needs and the level of PHA resources, training and technical assistance activities might add $100,000 or more to the cost.

Frequency of Comprehensive Management Reviews

Although HUD periodically performs various reviews of PHA operations, it is suggested that PHAs initiate a comprehensive management review every three to four years. This review will provide the PHA with a complete assessment of their performance and will allow for the development and implementation of an improvement plan, where necessary.

PHAs may wish to initiate reviews more frequently although it is suggested that reviews not be performed more frequently than bi-yearly. Reviews performed more frequently do not allow adequate time to implement improvements and many PHAs will not have the funds or the staff time to commit to more frequent reviews. However, this Guide may also be used by PHAs that wish to conduct limited management reviews in specific areas or to improve their performance monitoring. These applications can occur more frequently.

Considerations in the Selection of a Review Team

Once a PHA decides to proceed with a management review, it must select a review team. Potential reviewers from outside the PHA include peer groups from other PHAs and management consultants. On the other hand, a PHA may choose to perform an internal review with its own staff if it does not have the funds necessary to hire an outside review team or believes that it can best perform the assessment.

Each of the review sources has advantages and disadvantages which are shown in Exhibit 2 on the next page. Outside review teams have the advantage of being objective; they have no hidden agendas in performing a review. An internal review team is often perceived as being biased by other PHA staff which may lead to a lack of cooperation in the review process.

The major disadvantage of utilizing an outside review team is the cost. Reviews performed by either peer groups or consulting firms

EXHIBIT 2

COMPARISON OF REVIEW SOURCES

TYPE OF REVIEW TEAM	ADVANTAGE	DISADVANTAGE
Consulting Firm	1) Objectivity; perceived as having no hidden agendas 2) Diverse experience of team leads to increased acceptance by PHA staff	1) Cost 2) Requires time to become familiar with internal procedures
Peer Review (composed of housing industry officials)	1) Has extensive expertise in PHA operations 2) Share comparable experiences	1) Often cannot devote enough time to perform review adequately and follow-through on the improvement plan 2) PHA might not be candid 3) Review team biased toward particular policies and procedures
Internal	1) Familiarity with existing procedures 2) Minimal outlay of funds	1) Review team may be biased or perceived to be non-objective 2) Lack of time to perform review and maintain job duties; review often becomes low priority

require a much greater outlay of funds than an internal review. The objectivity of the outside review team however, may outweigh the disadvantages of the expenditure.

While not frequently utilized, a review performed by a peer group has one great advantage, it is performed by other housing officials who possess intimate knowledge of PHA operations. A peer review team may be assembled by HUD, the National Association of Housing and Redevelopment Officials (NAHRO), the National Center for Housing Management, or other housing associations. However, the drawbacks to the peer review are several. First, a peer review is costly, as is any review performed by an outside review team. Second, peer review teams may not be able to devote sufficient time to the review and subsequent improvement program. Lastly, peer review teams may be biased in their approach to the review or their recommended improvements. As housing officials, the review team may be strongly committed to certain policies and procedures which may not be appropriate in all cases. In the authors' experience, peer reviews are most successful when focused on limited rather than comprehensive reviews.

A major advantage of an internal review is that the team possesses a familiarity with the PHA's operations, thereby minimizing the length of time needed to perform the review. However, the PHA must make a tremendous commitment of staff time if a thorough review is to be performed. A common pitfall of internal reviews is that review team members are assigned review responsibilities in addition to their regular job duties. Very often the review becomes a lower priority than the job duties and is never completed, or if it is completed, there is not enough time to devote to the implementation of an improvement program.

This Guide is intended primarily for use by an outside review team although it can be used by a PHA to conduct an internal review of its operations. The following section discusses the considerations in selecting an outside review team.

Selecting Outside Review Assistance

If a PHA decides to seek outside assistance to conduct a review, it must request proposals from interested parties. The proposals should contain firm qualifications which summarize firm experience, the individual resumes of the proposed team members, the technical approach that will be used to conduct the review and the cost. This documentation will allow the PHA to evaluate the interested contractors. Below is a suggested composition of a review team and the principal qualifications the team members should possess. The Guide also defines the primary activities that comprise the review and, therefore, should be of considerable help in defining the scope of the review as well as monitoring the performance of the outside reviewer. PHAs that wish to hire outside assistance should refer to the HUD Procurement Handbook for Public Housing Agencies, 7460.8 for contracting procedures.

Composition of the Team

The composition of the review team and the experience of the individual team members are critical in selecting outside reviewers. The review team should be comprised of members with expertise in the following areas, at a minimum:

- Organization Management - the administrative structure, processes and procedures established by an agency for applying its human, financial and other resources to the performance of its chartered duties and responsibilities

- Resident Management - performance of those management services required to house and retain in occupancy eligible low-income individuals and families, including the provision of those human support services needed by residents

- Facilities Management - performance of all management and technical services needed to maintain all projects, their individual units and associated properties at or above the minimum conditions for habitation established by federal regulations and prevailing local codes

- Financial Management - the practices, procedures and controls established and employed in budgeting, accounting, investing and expending available funds for their intended purposes

- Information Management - the processes, procedures and controls instituted by an agency for transmitting and using pertinent information in the management and support of its operational activities.

These are the broad functions that account for the major portion of the PHA workload. In addition, it is desirable to ensure that the review team also has expertise in these specific areas:

- HUD regulations
- Security
- Energy conservation
- Tenant relations
- Social and community services.

Providing for expertise in these areas, of course, will depend upon the extent to which the PHA is prepared to make improvements in these areas and the level of resources available to provide this expertise. PHAs that wish to perform a limited review of their operations must be certain that the firm chosen has relevant expertise in the area that will be examined.

Experience of the Team

The problems facing large, urban PHAs are not amenable to simple solutions. If they were, or if all that was required was a fresh approach, it is likely that most large PHAs would be in far better financial and physical condition than they are at present. For that reason, it is very important that the majority of the members of the team have previous experience with public housing programs. The environments within which PHAs must operate are unique even within the public sector. Analysis of the effectiveness and efficiency of a PHA requires more than just a familiarity with the HUD regulations governing the public housing program. For example, there are a number of conditions that can affect PHA operations, and yet that are beyond the control of a PHA. The political environment and the attitude of elected officials toward public housing will affect the level of services provided to the PHA, and the extent to which local funds are made available to improve conditions at or in the areas surrounding public housing properties. Both political and community relations can influence the ability of a PHA to provide additional housing units through development and rehabilitation activities. The availability of funding for carrying out improvement activities is often outside of PHA control. At best, a PHA can exert a positive influence on relationships and the decision-making process associated with these conditions, but it has little or no control over the outcome. Review teams with previous exposure to the public housing environment recognize these constraints. As a result, they tend to concentrate on solutions that can be accomplished within the resources available to a PHA.

The experience of the team is also important in that the credibility of the team will be tested almost continuously throughout the review process by the PHA staff. The team can only establish and maintain its credibility if it can overcome the resistance to change that is an inevitable element of every review. Resistance can most effectively be overcome by providing real examples of how proposed solutions worked at other PHAs.

Ideally, the experience represented by the team should include previous exposure to HUD programs and previous experience in working with PHAs. In organizing a team or evaluating the qualifications of the proposed review teams, the PHA should prepare a checklist which describes the experiences of each proposed team member in terms of the following:

- Area of expertise
- Previous PHA staff or consulting experience
- Experience with HUD programs
- Management experience - years and responsibilities.
- Experience with housing or other programs involving inner city or minority residents.

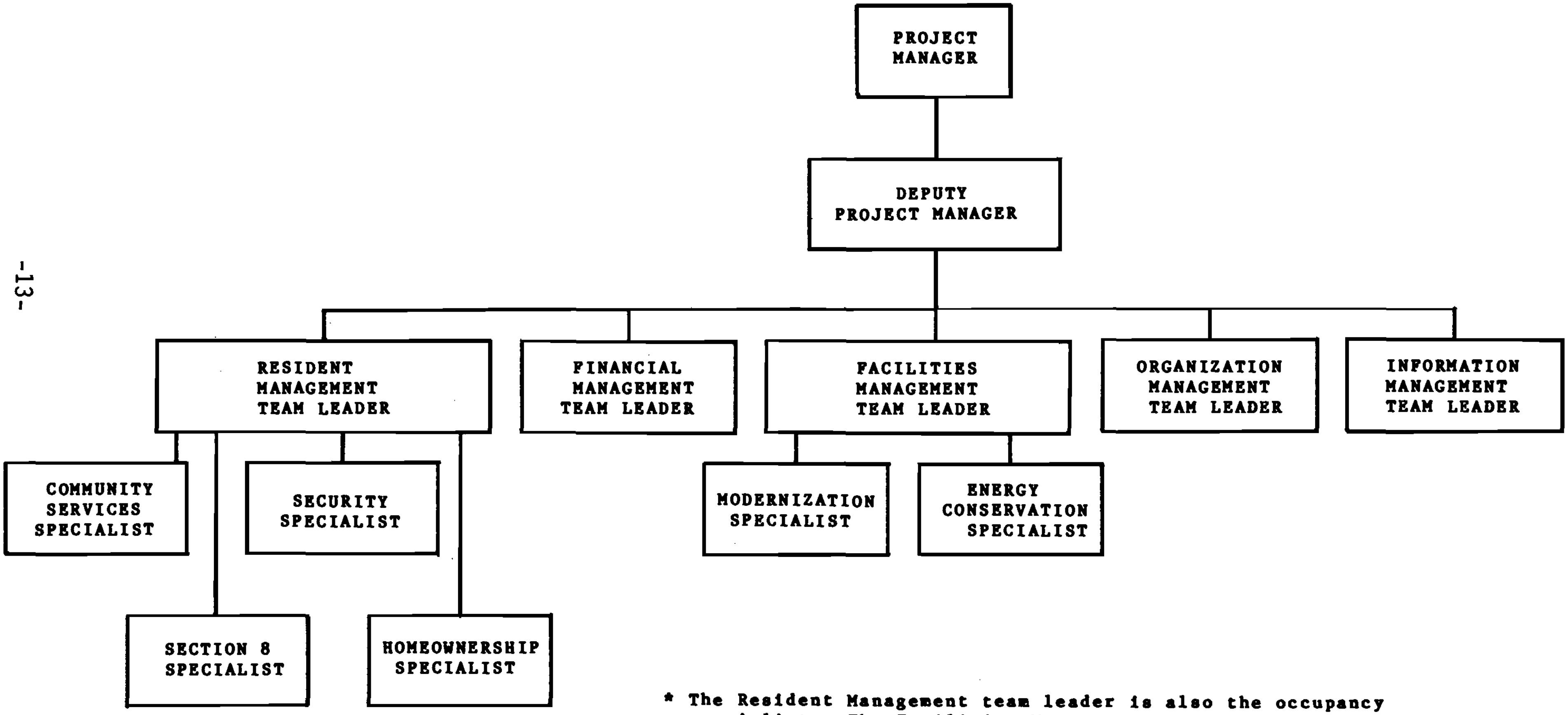
A comparison of the checklists for the different teams will illustrate their comparative strengths and weakness.

Organization of the Team

While review teams may be organized in several ways, Exhibit 3 on the following page illustrates a recommended structure. The project manager is responsible for coordinating all review activities. He develops the review schedule, provides direction and supervision to the review team, prepares all administrative paper work for the project such as progress reports, and develops the initial assessment report and the comprehensive review report, makes the orientation presentation, leads the feedback session and briefs the client of the review's progress. If the budget allows, the project manager may be assisted by a deputy project manager who will share the responsibility for many of the tasks listed above. Each functional area is headed by a team leader who reports to the project manager. When a functional area contains several sub-functions, specialists may be needed to share the responsibility. For example, the resident management team leader may be responsible for evaluating the occupancy sub-function of the PHA's public housing program and for coordinating all activities of the resident management review. However, he may delegate the evaluation of the Homeownership Program, Section 8

EXHIBIT 3

POSSIBLE ORGANIZATION
OF
THE REVIEW TEAM



* The Resident Management team leader is also the occupancy specialist. The Facilities Management team leader is also the maintenance specialist.

Programs, social services and security sub-functions to specialists. Each of these areas are sufficiently complex that they can not be adequately covered by one person in a four to six month timeframe. Each review team member in charge of evaluating a functional area or a sub-function is responsible for documenting his findings after the initial assessment and the comprehensive review.

REVIEW FEATURES

This section of the Guide describes the methodology that is recommended for use in conducting management reviews of PHAs. The methodology addresses the participation of the PHA staff, the interaction that is required among the team members, the procedures to follow and the products that should be available at the end of each phase of the review. It also describes the prerequisites of a review and the basic sequence of activities that should be followed by the review team in conducting each phase of the management review.

A Functional Approach

The review methodology employs an approach whereby the major activities of a PHA have been divided into five functional areas:

- Organization Management - the administrative structure, processes and procedures established by an agency for applying its human, financial and other resources to the performance of its chartered duties and responsibilities

- Resident Management - performance of those management services required to house and retain in occupancy eligible low-income individuals and families, including the provision of those human support services needed by residents

- Facilities Management - performance of all management and technical services needed to maintain all projects, their individual units and associated properties at or above the minimum conditions for habitation established by federal regulations and prevailing local codes

- Financial Management - the practices, procedures and controls established and employed in budgeting, accounting, investing and expending available funds for their intended purposes

- Information Management - the processes, procedures and controls instituted by an agency for transmitting and using pertinent information in the management and support of its operational activities.

A functional approach is advocated for two reasons. First, this approach is applicable to all PHAs regardless of size, organizational structure, location (urban, rural, etc.), particular management practices (i.e., centralized versus decentralized) or financial condition. Second, aggregating related PHA operations into these five functional areas will promote inter-functional analyses. A thorough and valid review will address a PHA's multi-dimensional character and emphasize those areas where basic functions interrelate, overlap or compliment one another.

Organization Management, as reflected in this model, acts as the "hub" of the PHA's operation through which the management directs the activities performed within each functional area as well as controls the interactions between and across the four other functions. Resident Management and Facilities Management are designated as "productive" functions in that each produces tangible goods and services for the tenant population. Finally, Financial Management and Information Management are considered "supportive" functions used by the PHA in delivering and controlling the delivery of the tangible goods and services produced by the three productive functions.

Performance Measures and Standards

Measuring the relative efficiency and effectiveness of a PHA's operations has been and continues to be a controversial subject. While all PHAs perform the same basic functions, their approaches to the performance of these functions do vary. Variances in approach are caused by such factors as: differences in management style; unique operating conditions; prevailing economic factors and local politics. The methodology proscribed herein utilizes the application of performance measures to aid in the evaluation of a PHA's operations. The fact remains, however, that a reasonable assessment of a PHA's performance can only be rendered against some set of mutually accepted standards.

The National Association of Housing and Redevelopment Officials (NAHRO) is currently in the process of developing standards which could be applied to all PHAs. However, until standards are adopted by the public housing industry, it will be necessary for PHAs and the review teams to develop standards appropriate for use in evaluating individual PHA performance. Therefore, this Guide provides the reviewer with a set of performance measures only. The standards that are developed should define the levels at which the PHA must perform each function and sub-function to be successful.

A performance measure states the function being evaluated and how the level of performance is being measured. Some examples of performance measures are:

- Percent of eligible applicants to annual turnover
- Average elapsed time from grace period to actual eviction
- Is there a clear, up-to-date organization chart?

The standard is an acceptable level of performance. In many cases, the standard is numerical (such as 100%), or it may signify the existence or non-existence of a document or activity. To illustrate, examples of the performance measures are provided below with corresponding possible standards:

Performance Measure	Possible Standard
• Percent of eligible applicants to annual turnover	120%
• Average elapsed time from grace period to actual eviction	45 days
• Is there a clear, up-to-date organization chart?	Yes

The review team is responsible for developing a draft list of standards to be discussed with the PHA. An experienced review team will probably approach the review with a pre-established set of standards, an internal model of what is reasonable. However, a less experienced team will have to develop a set of standards which may be done in several ways. The team can contact other PHAs with similar attributes to the one being reviewed and ascertain a standard level of performance needed to operate efficiently. In some cases, the review team will have to perform other research to establish standards. For example, when trying to determine an acceptable vacancy rate, the review team may want to look at vacancy statistics for the entire municipality, the employment rate and other demographic data. In other cases, the review team will want to utilize standards prescribed by HUD. For example, the review team standard for the number of recertifications performed annually should be 100%. Lastly, some standards will be derived from PHA policy because many PHAs have internal standards that they apply. For example, many PHAs require that 100% of their occupied units be inspected annually.

If a PHA is to reap the magnitude of possible benefits from a management review, it is important to foster an atmosphere of cooperation. To that end, it is the authors' experience that reviews are more effective when the executive director and senior PHA staff understand and endorse the methods of evaluation. For this reason, the standards to be used in assessing the PHA's performance should be discussed with the PHA and agreed upon before the initial assessment begins. Every effort should be made to establish standards which are reasonable. It should be understood that these standards are only being used as reference points in determining the PHA's performance and are not intended as measures of individual staff productivity or efficiency.

Once standards have been adopted, the team can initiate their review activities. Section II of the Guide contains lists of performance measures for each function or sub-function.

Client Liaison

One person from the PHA staff should be assigned as the liaison between the PHA and the review team. This person is responsible for scheduling interviews, obtaining transportation for the review team, scheduling presentations, disseminating reports to PHA staff and documentation to the review team, etc. It is the authors' experience that without a liaison, PHA staff time is expended inefficiently on review activities.

Executive Director's Role

For a management review to be successful, it must have the participation and support of the executive director. While the executive director may illustrate his commitment through a public statement endorsing the mangement review, a more intensive commitment is also required. Generally, this commitment can take the form of a willingness to make time available to the review team on a regular basis throughout the review, to review the reports submitted by the review team and to assist in the development of an improvement plan.

It is important that the executive director view the management review as a constructive process rather than an indictment of his leadership. The executive director is not expected to agree with all of the review team's findings. In fact, the most effective role that the executive director can adopt is one where he probes and tests the validity of the team's findings and recommendations on a continuous basis.

Commissioners' Role

The support of the Board of Commissioners is essential to realizing the benefits of a management review. Implementation of the management improvement plan is likely to include some actions that will require the Board's approval. These approvals are much more likely to be obtained if the Board has been involved in the review and planning processes and thus, understands why they are being requested. Involvement of the Board will also help to establish realistic expectations among Board Members regarding the rate at which improvements can be achieved and the level of resources required to attain the desired improvements.

It might be necessary for the review team to actively encourage the Board to get involved in the review, since most PHA Boards are comprised of volunteers who meet just once a month. At a minimum, the team should involve the Board at three points in the review process. At the outset of the review, the team should make a presentation on the purpose, scope and intended outcomes of the review. They should describe the process the team will follow in reviewing the PHA's operations and discuss what the Board should expect from the review in terms of products and subsequent effects on the PHA's performance.

A second presentation should be made to the Board at the conclusion of the comprehensive review. This briefing should follow the presentation to the executive director on the findings and recommendations of the review team. The emphasis in the presentation to the Board should be on the major issues that it will have to resolve prior to initiating the development of the Management Improvement Plan.

Finally, the Board should participate to some degree in the development of the Management Improvement Plan. Their involvement in the planning process should contribute significantly to the quality of the plan and should minimize the delays that might otherwise be encountered in waiting for Board approval of key initiatives. The Board's participation in this stage of the review could be encouraged by the PHA conducting key planning sessions on evenings or weekends. It would be advisable to provide them with an agenda for these meetings so that they could do some preliminary thinking about the issues in advance of the sessions. At a minimum, the executive director should regularly report the progress being made on the improvement plan throughout its development and should call a special meeting to present the final plan developed to the Board. Ideally, the Board should adopt the final plan as the PHA's plan of action through a formal resolution.

PHA Staff's Role

Active involvement of the PHA staff in the management review offers two distinct benefits. First, the staff is aware of many problems and are a prime source of information on the results of improvement actions that the PHA might have attempted in the past. The results, and particularly the reasons for failure, can be very instructional in developing an improvement plan that might include dealing with some of the same problems that were attacked in past efforts. The other consideration with regard to the PHA staff is that they are responsible for carrying out the actions described in the improvement plan. The enthusiasm and the effectiveness with which they carry out many of the improvement plan tasks can be influenced by their involvement in both the review and the improvement planning processes.

While it is possible to conduct a management review of a PHA with only limited participation of the PHA staff, many of the potential benefits of the review are lost if it does not take advantage of the experience and useful input that can be provided by the staff. Moreover, the participation of the PHA staff makes it easier for the staff to "buy in" to the review, and to take an active interest in seeing the objectives of the improvement plan realized. The participation of the staff can be encouraged and realized most effectively through frequent communications with the staff.

The involvement of the PHA staff can be accomplished in three ways. First, the review team should hold an orientation session with PHA staff selected by the executive director. Often, the director will invite department heads to this session. The orientation should cover the objectives of the review, proposed review activities and schedule, and the review team's qualifications. The orientation session will help to involve PHA staff in two ways. First, the staff will gain an understanding of the review process and realize that the review is for their benefit. Secondly, by discussing the review team's qualifications, the staff will realize that there is much they can learn from these professionals and will therefore want to be involved in the process.

Another positive action that the review team can take to increase the involvement of the PHA staff is to hold a "feedback session" for the purpose of discussing the preliminary findings from the initial assessment and the direction the comprehensive review should take. The tone of the session should be supportive with the review team making it clear that the objective is to improve PHA performance, not to publicly scold individuals for shortcomings in their departments. The benefits of the feedback session are two. First, it increases staff commitment to the review and tends to alay fears and suspicions that may be fostering. Second, the review team will be able to discern from comments made in the feedback session if they have been on target thus far and whether the direction they plan to take for the remainder of the review is a good one.

Finally, the third way in which staff involvement can be accomplished is by consulting PHA staff on possible improvements. Team leaders should meet informally with PHA staff after the comprehensive review to obtain their ideas on potential solutions to the problems discovered. Team leaders should carefully consider any staff recommendations made because PHA staff are most knowledgeable about what may realistically be achieved considering the constraints within which they must work.

Interaction of the Review Team

It is very unlikely that individual members of the review team will be knowledgeable about every aspect of PHA operations. Yet it is very important in both the review process and the planning process that the team remain aware of the interrelationships between PHA functions, and be very aware of how existing practices or, more importantly, changes in the practices of one PHA functional area can affect the operations of another functional area. The best way to maintain this awareness is to assure that the members of the team communicate with each other on a regularly scheduled basis. In general, this can be accomplished by scheduling a wrap-up meeting at the end of each day during the on-site review of the PHA. The meetings should be limited to one hour maximum. The major objective of the meeting is to give each team member an opportunity to describe the results and findings of his or her review activities during that day. The advantage of this approach is that it provides an opportunity to verify the consistency of one team member's findings with those of a team member that is reviewing a separate but related function. The importance of this process should not be underestimated. It is not possible to obtain an accurate description of how a specific PHA functions in one round of interviews. It requires an interactive probing process and frequent verification that the descriptions of activities or practices provided by PHA staff are accurate. If a dysfunction exists in an activity that cuts across two or more PHA organizational units, it is usually necessary to trace the process thoroughly in order to isolate the cause of an existing problem.

Daily meetings of the team members can reduce the effort and hasten the identification of ineffective or inefficient practices by giving each team member an opportunity to describe what they have learned about the process from the PHA staff they have interviewed. The discussion that ensues generally produces a set of very specific questions or lines of inquiry that will quickly determine the true nature of the problem. In conducting these meetings it is important to maintain an atmosphere in which the contribution of any one team member is as good as that of any other team member. There is often a valuable carryover of ideas from one functional area to another that is of considerable benefit to the review, and produces a more rigorous review than one conducted by individual specialists that have been grouped only for convenience in the management of the review.

OVERVIEW OF A COMPREHENSIVE MANAGEMENT REVIEW

The Comprehensive Management Review Schedule, Exhibit 4, on the following page lists the basic review activities, the timeframes for completing them and the deliverables that must be produced. Generally, a management review and the development of an improvement plan can be accomplished in 4 to 6 months. If the team experiences long delays in receiving documentation or in receiving PHA input into the management improvement plan for example, the review may take longer than 6 months to complete. A review cannot be performed in thorough manner, however, in less than four months.

There are four phases of review activities:

- Phase I - Orientation/Project Initiation
- Phase II - Initial Assessment
- Phase III - Comprehensive Review
- Phase IV - Management Improvement Plan.

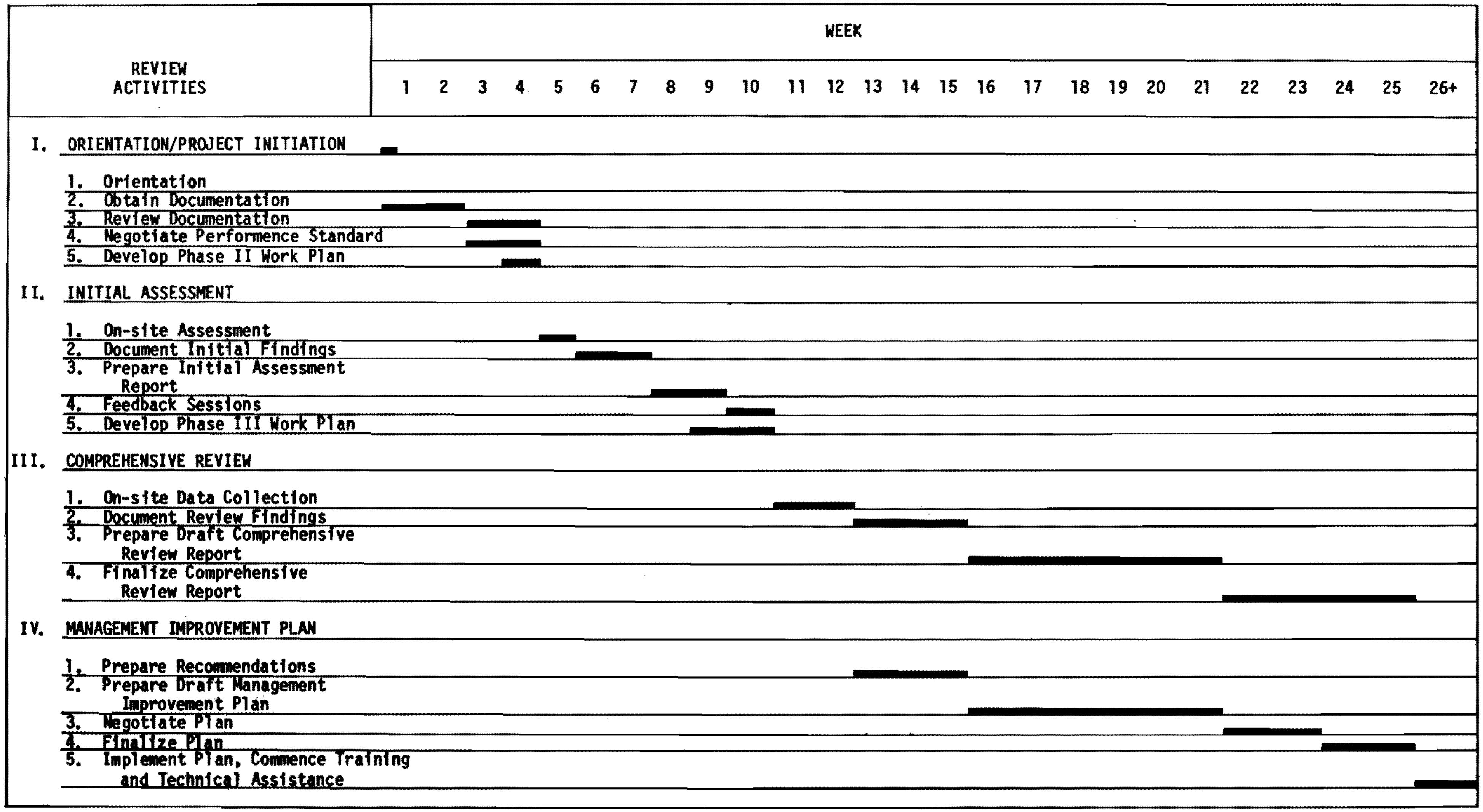
The following sections of this Guide provide the procedures for completing these phases.

PHASE I - ORIENTATION/PROJECT INITIATION

The purpose of the Orientation/Project Initiation phase of a review is to define the objectives of the review, provide an orientation for PHA staff and Board members, and initiate review activities. This phase encompasses five major activities:

EXHIBIT 4

COMPREHENSIVE MANAGEMENT REVIEW SCHDULE



1. Orientation of the PHA and Board of Commissioners
2. Obtain Documentation
3. Review Documentation
4. Negotiate Performance Standards
5. Develop the Work Plan for Phase II, the Initial Assessment.

PHA and Board Orientation

The review should begin with the project manager and the executive director reaching an agreement on the review objectives, activities and schedule. Once an agreement is reached, orientation sessions should be held for the executive director, Board of Commissioners and those PHA staff selected by the executive director. Orientation sessions are valuable because they encourage trust among the participants, define the participants' responsibilities and generate enthusiasm for the project.

During the orientation session, each member of the team should be introduced with a brief description of his background. The basic objectives of the review should be identified in conjunction with a description of the review process. Emphasis should be given to the open nature of the review and the intent of the review team to keep the staff informed of the team's findings as the review progresses. To reinforce the participatory nature of the review, the team should describe the roles which the management and staff will play in completing the review and improvement planning processes. The schedule for the review should also be presented in the orientation sessions, along with the dates and descriptions of each of the major products to be developed.

Obtain Documentation

After the orientation session is held, the project manager should request the documentation his team will need for the review. The documentation may include audits, reviews, reports, statistics or anything that indicates the PHA's level of performance. The review team should expect that it will take at least two weeks for the PHA to gather the documents, therefore, it is important to request the documentation as early as possible in the review process. These documents are often an invaluable source of information and acquaint the review team with a history of the PHA's performance.

Section II of this Guide provides an Information Requirements and Possible Sources Table for each functional area or sub-function. These tables list information that the reviewer will need to evaluate PHA performance and the potential sources of the information. The reviewer should refer to these tables to ensure that his list of documentation is complete.

Review Documentation

Once the PHA has gathered the documents, the project manager is responsible for providing the team members with those documents relevant to their area of responsibility. Team members should be given two weeks to thoroughly review the materials. It is essential that the documents be reviewed prior to the on-site initial assessment which is of short duration and involves validating the information contained in the documents. The review team must obtain all key documents such as HUD reviews, IPA Audits, relevant budgets, PHA reports, etc., so that they have a background and context for conducting the assessment and so that potential problem areas may be spotted.

Because of the short timeframe, the PHA may not be able to provide all the documents requested by the start of the on-site initial assessment. The team leaders should continue to request the needed documents and should try to obtain them prior to the on-site comprehensive review, at the outside. At the same time as he requests documentation, the project manager should begin making arrangements with the PHA for the on-site visit. The PHA will need to schedule interviews for the review team with PHA staff, and depending on the number of interviews to be set up, this can be a very time consuming task. A great deal of coordination is needed. For this reason, arrangements for the initial assessment should begin no later than the start of the second week.

Negotiate Performance Standards

As previously mentioned in the discussion on performance measures and standards, the review team must develop standards to be applied during the initial assessment and comprehensive review. Suggested performance measures are listed in Section II of the Guide. The review team should develop a draft list of standards to be discussed with the executive director no later than the third week of the review. The standards represent the desired level of performance the director expects. However, if the project manager believes the standards are low he should persuade the director to raise his expectations.

Develop the Work Plan for the Initial Assessment

By the end of the fourth week, the Project Manager should have developed the work plan for Phase II, the Initial Assessment and a format that the team members must follow when writing up their initial findings. The work plan should contain the tasks to be performed during the initial assessment and timeframes for completion. The initial assessment report outline must provide the team members with the format they are to utilize when documenting their findings. A report format that has been used successfully by the authors is provided in Exhibit 5 on page 32.

At this juncture, all arrangements should be made for the on-site initial assessment which commences at the beginning of the fifth week. The project manager should double check with the client liaison to ensure that interviews have been scheduled and transportation to the interviews is arranged.

PHASE II - INITIAL ASSESSMENT

The purpose of the on-site initial assessment is to make a preliminary evaluation of the PHA's performance and to determine how to focus review efforts during the comprehensive review. The principal sources of information for the assessment will be PHA documentation, and interviews with the senior PHA managers, a sample of middle managers, project level staff, residents, board members and others.

This phase encompasses five major activities:

1. On-site initial assessment
2. Team Leaders document of initial findings
3. Prepare the Initial Assessment Report
4. Feedback session
5. Develop the Comprehensive Review Work Plan.

The only deliverable product to be completed during this phase is the Initial Assessment Report.

On-site Initial Assessment

Just prior to the commencement of the on-site reviews, the project manager should hold a meeting with the review team to discuss the schedule, hand out the Initial Assessment Report format and discuss any problems or concerns.

During this meeting, the review team should discuss the characteristics of the PHA that are apparent from the documented information supplied by the PHA. Based upon this discussion, the team should identify the specific areas of the PHA operations that will be covered in the assessment. The team members should refer to the lists of Activities and Functions to be Reviewed in Section II of the Guide for areas that should be covered during the assessment. Also, the client liaison should be introduced to the team at this time so that team members are aware of who should be contacted for schedule changes. Once these preliminary issues have been settled, review activities may begin.

The preliminary assessment of PHA performance is accomplished primarily through interviewing PHA staff and applying the performance measures. The review team should also validate or invalidate the information contained in the documentation it has reviewed. Due to the time contraint of this phase, the validation will be achieved through interviews. Usually, there is insufficient time for file searches or data compilation during the initial assessment. The authors have found, however, that a reasonably clear picture of a PHA's performance may be obtained by one full week of interviews. Through interviewing PHA staff, board members, residents, HUD staff, etc., the team members should determine <u>how</u> and <u>how well</u> the PHA is performing each of its activities and functions.

When examining the PHA's activities and functions, the reviewer must make the following general determinations to assess PHA performance:

- Are there defined policies and procedures for the activity/function?
- Is there any discrepancy between practice and stated procedures or policy?
- Are the policies and procedures consistent with federal, state and local laws and regulations?
- How well is the activity/function being performed (i.e., is the process efficient, clear, etc.)?
- Why is the PHA performing as it is; what are the reasons for any high or low performance discovered?

Section II - Assessment Techniques contains a list of Initial Assessment Performance Measures for each functional area or sub-function. The performance measures are basic indicators of performance and are a tool to highlight any potential problem areas. The corresponding standards to be applied to the measures are negotiated with the PHA prior to the initial on-site assessment.

Performance information required by the measures is often readily available at many PHAs. The information may be derived from interviews or documentation such as audits, internal PHA reports, etc., whichever is appropriate. The use of these performance measures will highlight possible problems and help the review team decide how to expend its resources by indicating which areas warrant closer examination during the comprehensive review.

It should be possible to complete the initial assessment in approximately one week. The team should meet at the end of each day to review the results of each member's interviews. The discussion of preliminary findings should generate a number of questions and issues that can be addressed in the interviews scheduled for the following day. There is considerable value in having at least one member of the PHA staff participate in the daily debriefing sessions. Ideally, this individual should be someone who is knowledgeable about the PHA operations overall, and who can speak to specific issues on the executive director's behalf.

Before completing the initial assessment, it may be necessary to conduct several follow-up interviews with selected personnel to clarify conflicting items of information. For example, it is common for one PHA unit to attribute some of its problems to the actions, or inactions, of another organizational unit. In those instances, it may require several interviews and some independent analysis to isolate the real cause of the problem. These follow-up interviews can also be useful in verifying significant findings.

Team Leaders Document the Initial Findings

After the conclusion of the on-site initial assessment, the team leaders and specialists will document their findings utilizing the format given them by the project manager. It is important that the outline for the individual Initial Assessment Reports be distributed to the team at the outset of the on-site review for two reasons. First, this allows team members to begin organizing their findings in the manner stipulated by the outline. Second, the early distribution of the outline ensures that all team members cover functional areas in a consistent manner.

Because the individual reports will ultimately be compiled into the Initial Assessment Report, it is essential that all individual reports follow the same format to ease the aggregation. For this reason, it is essential that the project manager emphasize the importance of following the outline provided. Much time can be saved if team members submit their reports utilizing the required format. Exhibit 5, on the following page contains a recommended report format. The basic topics covered by the report should include:

- Preliminary assessment of PHA performance
- Appropriateness of organizational structure
- PHA's apparent strengths and weaknesses
- Anticipated areas of concentration during the comprehensive review
- Schedule for next phase of review.

A list of the staff interviewed and the documents reviewed should be attached as an appendix to the report.

When documenting findings, a reviewer must remember that it is important to thoroughly document the PHA's strengths. All too often, reviews become problem finding missions and reviewers become overzealous in their criticism. The objective of a review is to improve a PHA's operations, not to place blame on a person or a department. An accurate description of a PHA's strengths, as well as weaknesses, will convince PHA staff that the review team is being fair, even if they are not pleased with the overall assessment.

EXHIBIT 5

INITIAL ASSESSMENT REPORT FORMAT OF PHA

(Specify Functional Area or Sub-function)

1. Describe functional area or sub-function
   A. Describe how the PHA is organized to perform the function
   B. State whether current written policies and procedures exist
   C. Document controls used by PHA
   D. Document levels of authority
   E. Document reporting procedures
   F. State whether there is planned change

2. Document validity of findings in past reviews, audits and surveys
   A. State finding
   B. State whether finding was valid
   C. State action taken by PHA
   D. State whether action corrected the problem
   E. Give current status

3. Preliminiary observations of functional areas
   A. Document perceived strengths
   B. Document perceived weaknesses
   C. State your overall assessment of functional area

4. Targets of concentration
   A. PHA's most pressing problem in the functional area
   B. Your perception of areas with the most potential for decreasing operating expenses
   C. Your perception of areas with the most potential for increasing income
   D. Areas requiring immediate attention by PHA

5. Planned approach to the indepth review
   A. Sub-functions within the functional areas which require additional analysis
   B. Your approach to performing the additional analysis
      1. Number and types of projects to be visited
      2. Additional documents or reports needed for your review
      3. Additional persons (by title) to be interviewed
      4. Number and type of PHA files to be reviewed
      5. Time needed to complete the in depth review
      6. Staff assistance needed to complete the in depth review

NOTE: As an appendix to this report please list all persons interviewed and their titles and all documents reviewed.

Team members should be given two weeks to document their findings. All reports should be submitted to the project manager by the end of the seventh week if the composite report is to be submitted as scheduled.

Prepare the Initial Assessment Report

Once all the team member's reports are submitted, the project manager may begin to develop the Initial Assessment Report. Ideally, all that should be required would be the compilation of the individual reports. However, the project manager must check the reports for inconsistencies. For example, it is highly likely that different information regarding the same subject may be obtained from different PHA staff. When this occurs, more research is needed to discover the correct information.

The format of the Initial Assessment Report should follow the format of the individual reports but it should begin with a summary. The summary should briefly state the major strengths and weaknesses for each functional area and sub-function and state any problems that are of great concern and impact.

Feedback Sessions

The Initial Assessment Report should be submitted to the executive director at the end of the ninth week. At this time, a separate feedback session should be scheduled for PHA staff and Board. At the feedback sessions, the review team will summarize the findings of the initial assessment, propose the strategy for completing the comprehensive review and obtain comments from the PHA staff and Board. These sessions help to increase PHA involvement in the review and provide the review team with feedback concerning the direction they are pursuing.

Develop the Comprehensive Review Work Plan

Near the end of the initial assessment, the work plan for the comprehensive review should be developed. This work plan is an internal working document for the project manager and team that state the functional areas and sub-funtions to be reviewed, the tasks to be performed, who is to perform the tasks and the schedule for completion. This information should be obtained from the individual Initial Assessment Reports. Functional areas or sub-functions that appeared to be virtually problem-free during the initial assessment may require little examination during the comprehensive review. The review team may choose to focus its energies on more problematic areas.

In order to prepare for the comprehensive review, interview schedules with PHA staff, residents, etc. should be arranged by the client liaison no later than the twelfth week. Any documentation that still has not been received but is considered crucial should be requested again at this time.

PHASE III - COMPREHENSIVE REVIEW

The purpose of the comprehensive review is to assess the PHA's performance in detail. While the review activities are similar to those in the initial assessment, the comprehensive review is far less dependent on secondary information. During the comprehensive review, team members take an indepth look at the PHA's operations. The comprehensive review is composed of four major elements:

1. On-site data collection
2. Document comprehensive review findings
3. Prepare the draft Comprehensive Review Report
4. Finalize the Comprehensive Review Report

The draft and final Comprehensive Review Reports are the two deliverables produced during this phase.

On-Site Data Collection

The review team should meet prior to commencing the on-site comprehensive review. At this meeting, the schedule and tasks to be performed should be discussed. The project manager should provide team members with a Comprehensive Review Report format that they will use when documenting their findings at the end of the review. During this meeting, interview schedules will be handed out. In addition to PHA personnel, interviewees should include representatives of HUD, city government, social agencies, residents and the police department. Where appropriate, the team should consider having two or more members of the team participate in a single interview. In addition to reducing the demand on the interviewee, this approach often produces more useful information for each team member than separately conducted interviews. It is generally more effective to rely on one team member to keep the discussion going while the other member takes notes. The team members may even exchange roles as the subjects of the discussion shift from one topic to another.

The comprehensive review differs from the preliminary assessment in the depth of information gathering and analysis performed. The review team should plan on spending two weeks on-site to collect and verify data and interview staff, residents, etc. The emphasis of the comprehensive review is on validating the findings from the initial assessment and performing a more thorough analysis of PHA operations. The Functional Area or Sub-function Description provided in Section II includes critical areas that should be examined and discusses problems commonly found.

Much of the information needed for the comprehensive review will have been collected in the initial assessment. Any uncollected data should be made available to the review team no later than the second week of the comprehensive review. While much of the information required by the review team consists of basic operating statistics and documents, some PHAs might find it necessary to devote considerable time to gathering and compiling current data. This is likely to be the case if the information

information system used by the PHA does not provide general management reports. While it will require some effort on the part of the PHA staff to compile this information, it is a very worthwhile effort. The data can provide a baseline for comparison with the results of implementing the improvements developed during the review. For example, at a review recently performed at a large, urban PHA, the PHA did not have elevator maintenance cost statistics on hand. Once the PHA staff collected the information, they were able to determine the cost effectiveness of contractor versus in-house maintenance; they now have a baseline to monitor costs.

It is possible that a PHA cannot provide some of the major items of information required by the review team. This might be the case with certain operating statistics. The unavailability of the information might be indicative of more serious information management problems.

In some instances, it will be necessary for the review team to compile data or perform file searches. For example, during one review many of the staff stated that a number of applicants were admitted to public housing based on their political influence, not their priority on the waiting list. The PHA did not have a report or printout stating the application and move-in date of its residents. Therefore, a file search was performed to gather data on the application date of residents admitted during the last six months. While it was a tedious and time-consuming exercise, the file search bore out the verbal testimony of those interviewed and proved that the PHA had not adhered to its application policy.

The reviewer team may also find it necessary to validate certain information they received from the PHA. Because of the poor quality of some PHA records and reports, it is not unusal to encounter conflicting information on the status of certain activities. This condition can arise from differences in reporting periods, delays in updating information, or it can be symptomatic of more serious problems. Determining the reason for inconsistencies in data generally will require some cross checking and examination of procedures and information flow. During one review, discrepancies were found in tenant accounts receivable data. The PHA's internal delinquency report figures did not match those on the Report of Tenant Accounts Receivable, HUD 52295. The reasons for this included inadequate recordkeeping precedures, lack of staff knowledge of how to complete reports, and untimely and inaccurate automated reports. The PHA has since provided report preparation training, begun reconciliation of the tenant accounts and is working with the automated system vendor to produce accurate and timely reports.

To aid in his assessment of PHA performance, the reviewer should apply the Comprehensive Review Performance Measures contained in Section II. The reviewer should gather the data to compare the PHA's performance against the standards agreed upon during phase I. The information needed to apply to these measures should be obtained from interviews, internal PHA reports, file searches, etc.

It is not enough however, to simply assess PHA performance against a set of standards, the reviewer must diagnose the reasons for operational difficulties discovered and develop possible solutions. For example, it was discovered during a recent review that there was a huge backlog of maintenance requests. During interviews, staff asserted that this was due in part to an inadequate number of maintenance staff. First, the maintenance specialist did some research to ascertain whether there had been a decrease in staff. By comparing staffing patterns in past budgets with the current budget he found that maintenance staff had decreased by as much 35% on some properties over the past four years. Then he compared the number of maintenance staff currently budgeted versus the number actually on board and found that there were 10% fewer staff than the budget allowed. Through more interviews he discovered that the PHA had an informal and inadequate hiring system that resulted in staff vacancies remaining unfilled for long periods of time. He then checked with the organization management team leader and found that there was no information system to alert the Personnel Department to a staff vacancy. Further, once the PHA finally posted the position, the hiring system was an arduous and lengthy one. The result was that the review team recommended that the PHA develop procedures to notify the Personnel Department of vacancies, change the hiring practices and fill the positions currently vacant. They further recommended that the PHA change its staffing mix to allow for more maintenance staff.

The Analysis Tables in Section II - Assessment Techniques list common problems or symptoms experienced by PHAs and the corresponding possible reasons for the problems. The list of problems and reasons is not exhaustive but has been included to aid the reviewer in his diagnosis.

The reviewer must remember to consider any linkages among functional areas when diagnosing operating deficiencies. The reviewer will often find that the cause of operational problems cuts across functions. To aid the reviewer in examining possible linkages, the interrelated nature of PHA activities is shown in the Analysis Tables. For example, high tenant accounts receivables may be the result of problems or inadequacies in the maintenance (facilities management) and occupancy (resident management) functions. These tables serve to remind the reviewer to examine any linkages and to bear in mind that changes made in one functional area to improve performance may affect the performance in other functional areas.

At the end of each day of the on-site review, the team members should meet as a group and review the information obtained. Again, this can be done with the participation of one or more PHA staff members. The major objective of these sessions is to identify inconsistencies in the descriptions of how PHA operations are carried out. A collective review of each team member's findings and tentative conclusions will be useful in sharpening both the focus of the review and the reliability of the team's findings. The participation of knowledgeable PHA staff is beneficial since they often can provide additional information or clarify a disputed or confused issue. These meetings should be limited to one hour to encourage conciseness on the part of the team members and to limit the discussions to the issues at hand.

At the end of each week the team should meet to summarize its findings and to outline a comprehensive description of the state of the PHA as it is understood at that time. This assessment should be documented. This progress assessment should be revised and added to as needed. Much of the information compiled in this manner will provide a useful supplement to the material submitted by the individual specialists for the final report. If the executive director is not able to participate in these weekly sessions, he should receive a separate briefing of review progess. It is important that the executive director be kept apprised of the reivew's progress and advised of any findings that might require his immediate attention.

The team should devote 2-3 days at the end of the on-site review to organizing the findings and conclusions, and to develop a coordinated set of recommendations for improving the operating effectiveness of the PHA. To the extent possible, the recommendations being considered for submission to the PHA should be based upon an analysis of the relative costs and benefits of the proposed actions. Once the recommendations have been agreed upon, the members should prepare their individual reports.

Document Comprehensive Review Findings

As in the initial assessment, team members document their conclusions utilizing the format given to them by the project manager. Team members should be given two to three weeks to complete their individual reports. Again, it is important that the project manager stress the importance of following the report format in order to save time in the preparation of the Comprehensive Review Report.

The Comprehensive Review Report focuses on problems the PHA is experiencing and how they may be solved. For this reason, this report should include a brief description of the functional area or sub-function, a summary of the area's strengths and the team members' findings and recommendations. Each finding, which is a statement of an operational problem, should be followed by a recommendation for improvement. The reasons for the problem should be fully documented. The recommendation should be stated as specifically as possible. Exhibit 6 contains samples of findings and recommendations from a Comprehensive Review Report prepared by the authors.

Prepare of the Draft Comprehensive Review Report

Exhibit 7 on page 40 provides a sample Table of Contents for a Comprehensive Review Report. The report is composed of the findings and recommendations made in each functional area. Also included as part of the report is an improvement plan (see Phase IV - Management Improvement for more information).

It is important that this document be well written. A high quality report will make its points far more effectively than one of low quality, persuade its readers of its findings, provide essential background to outside readers and establish a base for essential action. Additionally, since recommendations may take several years to implement, there may be new Commissioners, staff or political leadership in the community who will need to understand the rationale behind actions being taken by the PHA. A thorough, well-written document would be extremely useful in helping new "actors" understand, accept and continue the process of implementing recommended changes. To ensure the quality of the report, the review team may wish to secure the services of an editor.

The draft report should be submitted to the client by the end of the twenty-first week.

Finalize the Comprehensive Review Report

After the draft report is submitted, the executive director and his key staff should have two weeks to review it.

EXHIBIT 6

SAMPLE FINDING AND RECOMMENDATION

FACILITIES MANAGEMENT

- Funded Modernization Activities Were Not Completed Promptly

As a general rule, HUD requires a PHA to expend modernization funds within two or three years of approval. The PHA has performed poorly in operating within this timeframe. As of September 30, 1983, the status of the modernization programs approved in 1980 and 1981 indicates $9,070,000 in unobligated funds remaining out of $14,771,000 approved. Only 39% of the 1980 and 1981 funds had been obligated as of September 30, 1983.

The failure to spend modernization funds expeditiously damages a PHA in three ways: (1) needed improvements are not made and further deterioration occurs; (2) cost increases may cause less work to be performed than was originally planned, and (3) the PHA fails to secure needed funding for other critical work because of its poor past performance.

An example of the latter is the proposed three-stage funding of Maple Gardens. The project is in critical need of upgrading and the work should be expedited. However, due to HUD's view of the PHAs inability to manage a modernization program, the funding is being made available over three fiscal years.

Because the PHA has recently hired two additional engineers and has made progress in obligating MOD funds, the review team is confident that the PHA now has the capacity to expend modernization funds on schedule. The PHA is engaged in an effort to obligate the $19 million remaining from funds approved between 1978 and 1983. Also, it has completed an analysis of all remaining modernization phases and developed a detailed modernization work plan for the expenditure of the remaining funds.

However, in order to ensure its recent progress, we recommend that the PHA institute a modernization monitoring system. We believe that the institution of bi-weekly status reports will help the PHA to monitor its MOD program. Additionally, in light of the PHA's improved capacity in this area, we urge the PHA to request additional funds from HUD to restore vacant and vandalized units in family projects.

EXHIBIT 6 (Continued)

SAMPLE FINDING AND RECOMMENDATION

FINANCIAL MANAGEMENT

- The PHA's Financial Reporting System Requires Improvement

To make current financial data quickly available after the close of a fiscal period we recommend that the PHA establish a unified structured closing schedule. The Fiscal Department is already working to make financial reports available by the 20th day after the end of the fiscal period. By April 1984 monthly data should be available by the 10th working day of the following month. However, year-end closings will take somewhat longer.

In additon, we noted in our Initial Assessment Report the need for more detailed monthly financial statements with the same sub-accounts as those in the budget. The Fiscal Department is now in the process of implementing an expanded chart of accounts to provide better financial reporting. The new chart of accounts will be utilized beginning with the January 1984 statement.

We also suggested that monthly financial reports be prepared containing comparative actual versus budgeted expenditures for the month and for the cumulative period of the fiscal year only. In 1983, the PHA paid numerous bills that were prior year expenditures. The 1983 financial reports were therefore distorted, and the PHA appeared to exceed its 1983 budget by large amounts. This is a deficiency in the financial reporting system. Financial reports, to the maximum extent possible, should include only those costs attributable to the fiscal year involved. Charges or credits from prior years should be maintained and shown separately from the current year's line items. We think this is particularly important for project financial reports, since project managers are relying on budgeted amounts for the current year to fund essential operations.

EXHIBIT 7

SAMPLE COMPREHENSIVE REVIEW REPORT
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Key review team members should then meet with the executive director to discuss the findings and recommendations and to give the executive director an opportunity to comment or to suggest changes he deems appropriate. The changes, if any, should be incorporated into the final report and made available to the PHA at the end of the twenty-fifth week.

The submission of the final Comprehensive Review Report should be followed by a presentation to the Board of Commissioners. The executive director should conduct the briefing and take an active part in presenting the findings and implications of the review results.

The PHA staff should be briefed on the report by the executive director and review team at a general meeting of management and staff level personnel. The staff should be encouraged to comment on the report and to cite any areas with which they are in disagreement. The review team should be prepared to support its findings and recommendations, but should avoid adopting a defensive or antagonistic attitude.

While one objective of the general briefing is to provide the PHA staff with an opportunity to critique the report, another objective is to introduce the staff to the process that will follow in developing a plan for carrying out the management and related operational improvements recommended in the report. It should be made clear that the intent is to utilize the collective skills and experience of the staff in developing a plan which is realistic, makes the best use of the PHA's available resources and produces the maximum benefits for the agency.

PHASE IV - MANAGEMENT IMPROVEMENT PLAN

Operational deficiences discovered by the review team should be addressed in a management improvement plan. Without important improvements in the PHA's operations, work done in the management review is of little value. If a plan is to result in the successful accomplishment of the PHA's stated improvement goals, it must meet three basic conditions. First, the plan must be founded on valid and realistic recommendations. Second, it must be developed with the direct and full participation of the executive director and senior managers of the PHA. Finally, it must logically and adequately describe the interrelationships between tasks, schedule and the resources required for accomplishment. The review team's primary role at this point in the review process is to see that these conditions are met. In this role, the team should avoid imposing its design for the improvement plan on the PHA. Rather, it should serve the role of a facilitator to assure that planning activities are coordinated and that adequate attention is given to resource and timing considerations.

This phase encompasses five major activities:

1. Team Leaders prepare recommendations
2. Prepare the draft Management Improvement Plan
3. Negotiate the plan
4. Finalize the Plan
5. Implement the plan and begin training and technical assistance

The draft and final Management Improvement Plans are two deliverables produced during this phase.

Team Leaders Prepare Recommendations

The team leaders and specialists are responsible for formulating recommended management improvements which should be included as part of their Comprehensive Review Reports. As previously mentioned, the team leaders and specialists should develop their recommendations with the aid of the senior PHA staff. Reviewers should meet individually with staff members to discuss the management improvements that they will be proposing. In addition, the Team Leaders should also discuss the staff and monetary resources needed to achieve the improvements. This allows PHA staff to provide input into the draft Management Improvement Plan and the team to benefit from past PHA experience.

Once the team members have concluded their discussions with PHA staff, they should document their recommendations. The recommendations should state the goals, objectives, and tasks necessary to achieve the improvements. Management improvement recommendations should be prioritized and timeframes should be given for the implementation of recommendations. Monetary and staff resources needed should also be stated.

Prepare the Draft Management Improvement Plan

The reason for producing a draft Management Improvement Plan is to give the PHA staff a frame of reference from which they can prepare the final plan. Once the team members have submitted their Comprehensive Review Reports, the project manager should review the recommendations and develop the draft Management Improvement Plan. The project manager must carefully examine all recommendations submitted and ensure that there are no conflicts among the recommendations. Then the project manager should document the objective(s), tasks, time frames and resource requirements for each management improvement goal. Each management improvement objective should be documented on a separate page to facilitate overall prioritization later on. The format the authors' utilize is illustrated in the portion of a draft Management Improvement Plan contained in Exhibit 8.

Once the composite plan is developed, the project manager should develop a summary of the recommended improvements by functional area and sub-functions. Exhibit 9 contains a portion of a management improvement plan summary developed by the authors.

Lastly, the management improvements must be prioritized. The individual management improvement objectives should be arranged and numbered in order from most important to least important. In the examples shown in Exhibit 8, the objectives were the review team's first - fourth priorities.

EXHIBIT 8

MANAGEMENT IMPROVEMENT PLAN

FACILITIES MANAGEMENT

MAINTENANCE

Priority 1

A. GOAL: TO INCREASE THE NUMBER OF OCCUPIED UNITS

1. Objective: To rehabilitate and lease 500 vacant units using operating funds by 12/30/84

TASKS	TARGET DATE	RESOURCE REQUIREMENTS/COMMENTS
1 - Survey vacant units	12/15/83	The estimated average cost of preparation of a vacant unit for occupancy is $3,800. The The PHA developed this estimate after conducting a 45 - unit survey.
2 - Designate units to be restored	12/31/83	
3 - Determine staff, materials and contract requirements for unit restoration	12/31/83	The PHA will provide $1.9 million in operating funds to the effort to reduce vacancies. Five hundred units will be restored from these funds. Four hundred of the units to be restored will be familiy units of two bedrooms or more; there is a great demand for these units as evidenced by the waiting list.
4 - Prepare unit restoration schedule	12/31/83	
5 - Initiate restoration activities	1/15/84	
6 - Complete restoration & leasing of 500 units	12/31/84	
		The Director of Project Management has overall responsibility for this objective. It is anticipated that skilled workers from the building trades will be hired on a temporary basis to perform the restoration, however, the Project Management Department will solicit estimates from contractors for comparative purposes. Experience to date has shown that 75% of the restoration cost is attributable to labor.

EXHIBIT 8 (Continued)

MANAGEMENT IMPROVEMENT PLAN

ORGANIZATION MANAGEMENT

ADMINISTRATION

Priority 2

B. GOAL: TO IMPROVE MANAGERIAL/SUPERVISORY EFFECTIVENESS

1. Objective: To provide supervisory training to project managers and assistant managers by 12/31/83

TASKS	TARGET DATES	RESOURCE REQUIREMENTS/COMMENTS
1 - Analyze specific training needs	11/11/83	The Planning Division has the overall responsibility for Tasks 1-4; they will work closely with the Project Management Department. The training program will cost $9,000. The training will be given by a consultant.
2 - Design training program	11/25/83	
3 - Implement training program	12/8/83	
4 - Evaluate program	12/31/83	

EXHIBIT 8 (Continued)

MANAGEMENT IMPROVEMENT PLAN

ORGANIZATION MANAGEMENT

ADMINISTRATION

Priority 3

B. GOAL: TO IMPROVE MANAGERIAL/SUPERVISORY EFFECTIVENESS

2. Objective: To provide supervisory training to maintenance superintendents by 3/31/84

TASKS	TARGET DATES	RESOURCE REQUIREMENTS/COMMENTS
1 - Analyze specific training needs	1/15/84	The Planning Division and the Project Management Department, have primary responsibility for Tasks 1 - 4. The actual training program will be contracted at an estimated cost of $9,000.
2 - Design training program	1/30/84	
3 - Implement training program	2/1/84	
4 - Evaluate program	3/31/84	

EXHIBIT 8 (Continued)

MANAGEMENT IMPROVEMENT PLAN

RESIDENT MANAGEMENT

OCCUPANCY

Priority 4

A. GOAL: TO REDUCE THE NUMBER OF UNDESIRABLE RESIDENTS

1. Objective: To institute more effective applicant screening procedures by 3/1/84

TASKS		TARGET DATES	RESOURCE REQUIREMENTS/COMMENTS
1 -	Develop draft procedures	1/15/84	The Applications Office is responsible for this objective. Three additional staff will be hired at an annual cost of $72,000 to perform home visits.
2 -	Submit draft of revised system for home visits and non-economic screening to Board	1/30/84	
3 -	Finalize revised system	2/15/84	
4 -	Implement revised system		

EXHIBIT 9
MANAGEMENT IMPROVEMENT PLAN SUMMARY

ORGANIZATION MANAGEMENT

I. Administration

A. Goal: Improve coordination

Objective 1. Establish goals management system

B. Goal: Improve managerial effectiveness through training

Objective 1. Train project managers in supervision

Objective 2. Train maintenance superintendents in supervision

Objective 3. Develop management training program

C. Goal: Improve personnel systems

Objective 1: Develop appraisal system

Objective 2: Develop personnel manual

D. Goal: Improve controls

Objective 1: Institute internal audit program

II. External Relations

A. Goal: Improve PHA/City relations

Objective 1: Develop low-income housing policy

Objective 2: Implement planning process

Objective 3: Secure additional CDBG funding

FACILITIES MANAGEMENT

I. Maintenance

A. Goal: Increase number of occupied units

Objective 1: Rehabilitate 500 units using operating funds

Objective 2: Rehabilitate 117 units using MOD/CDBG funds

Objective 3: Develop procedures for turnover units

EXHIBIT 9 (Continued)

MANAGEMENT IMPROVEMENT PLAN SUMMARY

FACILITIES MANAGEMENT

B. Goal: Reduce backlog of deferred maintenance

Objective 1: Develop planned maintenance program

Objective 2: Eliminate hazards in project public areas

Objective 3: Implement cycle painting program

Objective 4: Establish preventive maintenance program

C. Goal: Increase maintenance productivity

Objective 1: Improve central oversight of project maintenance

Objective 2: Develop productivity standards

Objective 3: Provide sufficient staffing

Objective 4: Develop maintenance training program

Objective 5: Improve maintenance contract administration

II. Procurement and Inventory

A. Goal: Improve procurement and inventory system

Objective 1: Implement new system

III. Modernization and Energy Conservation

A. Goal: Develop modernization master plan

Objective 1: Determine modernization needs

Objective 2: Develop energy conservation program

B. Goal: Improve heating plants and air conditioning systems

Objective 1: Institute repair program

Objective 2: Establish preventive maintenance program

EXHIBIT 9 (Continued)
MANAGEMENT IMPROVEMENT PLAN SUMMARY

FACILITIES MANAGEMENT

C. Goal: Accelerate modernization activities

Objective 1: Close out 1980 and prior programs

Objective 2: Write modernization procedures manual

FINANCIAL MANAGEMENT

A. Goal: Improve financial management

Objective 1: Implement budget management system

Objective 2: Review insurance program

Objective 3: Improve tenant accounting

Objective 4: Improve general ledger reports

INFORMATION MANAGEMENT

A. Goal: Establish responsive information management system

Objective 1: Determine long-term needs

Objective 2: Implement interim system

In presenting this draft plan, the review team should make it clear that the plan at this point is a list of recommendations ordered approximately from most to least important in terms of their impact on improved operating effectiveness of the PHA. It will remain for the next phase of the planning process to finalize the priorities and establish the detail that is necessary to describe a management improvement plan that can be used effectively by the PHA.

Ideally, this draft plan should be submitted to the executive director and the PHA senior managers at a briefing no later than the end of the twenty-first week. During the briefing both the plan and the process to be followed in refining and developing the necessary detail should be discussed.

Negotiate the Management Improvement Plan

The purpose of this phase of the planning process is to develop a final management improvement plan by examining and revising the draft improvement plan. The goals, objectives, tasks and priorities developed will be reviewed and revised to the PHA's specifications during this phase. Because the PHA is responsible for implementing the management improvement plan, the PHA should be actively involved in this finalization process. While the review team provides assistance, this process must be carried out principally by the PHA's management and staff. In particular, they need to establish priorities and develop reliable estimates of the resources required to complete each task. The PHA must identify those resources already at their disposal as well as the additional resources that must be obtained from outside the PHA. PHA staff must further define the tasks and establish accountability for the completion of each task. Additionally, the coordination requirements for performing improvement activities that impact more than one functional area must be clearly defined and accepted by all involved.

One of the purposes of the participatory planning process is to foster the organizational interaction needed to ensure the plan's successful implementation. A far better product will result if the PHA staff interact with each other and acknowledge the relationships between and across the major functional areas. It is not enough for one department to implement improvements within a narrowly defined functional area and expect the overall goals of the management improvement plan to be met. While some of the goals may be met, it is more likely that this approach will perpetuate existing problems.

It is the responsibility of the management review team to facilitate and promote the staff's participation in the planning effort. The team should assume a dominant role at the outset of the planning process to assure that the objectives of the process and the characteristics of the desired plan are understood by the PHA staff. As the process goes on and the plan begins to evolve, the review team should gradually decrease their involvement. It is extremely important that the authors of the final plan be the PHA management and staff.

Development of the final Management Improvement Plan will not be accomplished easily or quickly. Considerable time and effort will be expended in the process. The planning process, for example, should be expected to take several lengthy sessions. The PHA should be prepared to devote several days over a period of two weeks until the plan is completed. It is not recommended that the PHA attempt to develop the plan in one long extended period. Some time is needed to absorb the implications of the proposed plan on the PHA's operations, and also to reduce the friction that sometimes arises between participants as the planning process proceeds. The review team can also be helpful in dissipating the friction by interceding and offering alternatives to apparently conflicting approaches.

<u>Finalize the Management Improvement Plan</u>

Once the PHA has made its decisions concerning the improvement plan, the review team is responsible for documenting the final plan. The format and organization of the final plan should be such that it is easy to determine the nature of and schedule for the activity, and the unit of the PHA that is responsible for carrying out the activity. The format may be the same as the draft improvement plan format with the purpose of each activity described in a goal-oriented statement that includes a target level or completion date. In listing the tasks that must be carried out to accomplish an objective, it is not necessary to list every step that must be taken. The office that has responsibility for the activity should develop its own plan at a very detailed level, but that is not required for the overall Management Improvement Plan. As a general rule, if a task can be completed in less than a week, it probably can be subsumed under a more comprehensive description that might include several steps or sub-tasks. A schedule for performance of each task should be developed and submitted with the final plan. The use of a Gantt Chart is helpful in illustrating target dates. Where appropriate, milestones (completion of subtasks) should be shown for tasks that will be performed over periods of several months. The Comprehensive Management Review Schedule, Exhibit 4, illustrates the Gantt Chart format.

Implement the Management Improvement Plan

Carrying out an improvement plan successfully requires adequate attention to the monitoring of progress and follow-up to ensure that all task activities are completed. The primary responsibility for monitoring and evaluating the performance of the PHA's improvement efforts rests with the executive director. The executive director may wish to assign a staff person or a team to monitor the plan's implementation depending on the enormity or complexity of the plan. While staff may be used to collect, compile and analyze status information, the executive director must take a very active and visible part in reviewing progress and taking the actions necessary to assure that all the improvement goals and objectives are achieved. The plan will fall into disuse quickly if this level of attention is not provided.

One of the most effective ways to monitor improvement plan activities is to conduct monthly progress meetings. These meetings should be chaired by the executive director with the senior managers in attendance. Each manager should describe the status of their improvement activities and identify any potential problems they have encountered in carrying out specific tasks. An action list should be maintained to record decisions made in the progress meetings, and to provide a basis for following up on assignments to be completed by the next meeting.

While the progress meetings serve an important role in maintaining accountability for improvement actions, they should also be used to discuss and resolve important management issues affecting overall PHA performance. The progress meetings should also be used to review the improvement plan and to make adjustments in activities and schedules that are warranted. Planning is not an exact science, and as the PHA gains experience in implementing its plan it should expect that some adjustments will be required. If the plan is to be effective it must be perceived by the staff as realistic and consistent with the current conditions being encountered by the PHA. Changes to the plan should not be taken lightly however, and the PHA should devote a level of effort in developing revisions that is consistent with the time and attention that was provided for developing the original plan.

In addition to the progress meetings, weekly or monthly status reports are also useful in monitoring progress. The status reports should contain only that information needed to discern the progress in attaining management improvement goals. Because PHA staff are usually loaded down with paperwork already, they may be unwilling to complete more reports. For this reason, it is a good idea to revise existing reports to provide the needed information rather than requiring additional reports.

The format of the status reports will vary depending on the improvement goal being monitored. For example, suppose that a PHA has a backlog of unspent modernization funds and has revised its contracting procedures and hired additional engineering staff to help alleviate this problem. To monitor its progress towards expending a backlog of modernization funds, the PHA might develop a monthly status report such as the one contained in Exhibits 10 and 11. This report will alert management of any undue delays in awarding a contract or beginning construction. It also states the amount of funds committed that month and the year to date. Comparison of the June 1984 report (Exhibit 11) to the May 1984 report (Exhibit 10) would illustrate any progress made in the PHA's modernization program.

Status reports should be submitted to the executive director or his designee on a regular basis. It is important that these reports be reviewed and problems responded to. Reports that are not regularly reviewed by management quickly fall into disuse thereby eliminating an importance source of progress information.

TRAINING AND TECHNICAL ASSISTANCE PLANNING AND DELIVERY

In order to achieve their management improvement goals and improve operating effectiveness, a PHA may wish to obtain training and technical assistance (T/TA). Training is the imparting of skills and knowledge to staff through instruction; it may be provided by PHA staff or a third party. Technical assistance also involves the transfer of knowledge to PHA staff but is done through the performance of a task or function by a third party in conjunction with PHA staff. The purpose of training and technical assistance is to improve the functioning of the organization through the transference of skills or knowledge to individuals.

Training and technical assistance needs should be noted as corrective actions that need to be taken in the management improvement plan. The review team should list all the PHA's T/TA needs, required resources and estimated timeframes for completion in the draft Management Improvement Plan. Like all corrective actions suggested, T/TA requirements should be prioritized to aid the PHA in selecting those areas most critical to operating improvement.

EXHIBIT 10

MONTHLY MODERNIZATION STATUS REPORT FOR May 1984

Project	Work Item	In Design	Advertised	Contractor(s)	Percent Completed	Completion Date	Budget Amount	Contract Amount	Change Order Amount	Amount Expended to Date
Funding Source - 909										
Maple View	Replace Bathrooms			CTJM Inc.	75	6/30/84	$305,000	$247,000	$15,000	$186,100
Comments: Will reprogram the remaining $42,500 to rehab 12 fire-damaged vacant units.										
Rocky Heights	Repair High-rise Roofs	X					$ 94,000			0
Comments: In-house design will be complete by June 15, 1984. Will advertise by July 5, 1984										
Lincoln Wood	Landscape, build playground		X				$45,000			0
Comments: Bid opening scheduled for 6/7/84										
Funding Source - City Funds										
Smithledge	Interior Painting			Kaplan Contractors	35	8/08/84	$83,500	$79,000		$24,775
Comments: Propose to use remaining $4,500 to air-condition senior center										
Rolling Hills	Comprehensive Modernization			Jeanette Assoc. Turner Corp	18	3/15/85	$9,495,950	$8,799,800		$1,583,964
Comments: Plastering, kitchens, bathrooms compelte on 40 units. Completion of 1st 40 units scheduled for 10/20/84. Anticipate $6,000 - $10,000 change order to replace subflooring.										
Valley View	Comprehensive Modernization of Townhouses	X		Carrie Group	0	11/30/84	5,031,000	$125,000		0
Comments: Design contract awarded 5/15/84; will complete design by 11/30/84. Anticipate awarding construction contract by 2/15/85.										
					TOTAL		$16,498,000	$9,250,800	$15,500	$1,794,839
					TOTAL TO DATE		$16,498,000	$11,467,700	$18,500	$4,011,039

EXHIBIT 11
MONTHLY MODERNIZATION STATUS REPORT FOR June 1984

Project	Work Item	In Design	Advertised	Contractor(s)	Percent Completed	Completion Date	Budget Amount	Contract Amount	Change Order Amount	Amount Expended to Date
Funding Source - 909										
Maple View	Replace Bathrooms Rehab Vacant Units			CTJM Inc.	100	6/30/84	$262,500 $42,500	$247,000	$15,000	$262,500
Comments: Received HUD permission to utilize funds to rehabilitate 12 vacant units. We will advertise by 8/1/84.										
Rocky Heights	Repair High-Rise Roofs	X					$94,000			
Comments: In-house design will be completed July 5, 1984										
Lincolnwood	Landscape, build playground			RNP Co.	0	8/15/84	$45,000	$44,700	0	0
Comments: Construction Contract awarded 6/27/84										
Funding Source - City Funds										
Smithledge	Interior Painting			Kaplan Contractors	54	8/1/84	$83,500	$79,000		$42,660
	Air-condition Senior Center						$4,500			
Comments: Will advertise air conditioning by 7/15/84										
Rolling Hills	Comprehensive MOD			Jeanette Assoc Turner Corp.	29	3/15/85	$9,495,950	$8,799,800		$2,551,942
Comments: Plastering, kitchens, bathrooms, heating systems complete on 40 units. Completion of 1st 40 units scheduled for 10/20/84. Anticipate $6,000 - $10,000 change order to replace subflooring.										
Valley View	Comprehensive MOD of Townhouse	X		Carrie Group	17	11/30/84	$5,031,000	$125,000		$21,250
					TOTAL		$16,498,000	$9,295,500	$15,500	$2,878,352
					TOTAL TO DATE		$16,498,000	$11,511,700	$18,500	$5,094,552

Determining the Need for Training and Technical Assistance

The review team is responsible for highlighting the PHA's training and technical assistance needs found during the comprehensive review. Training needs become apparent during the review as the reviewer discerns the reasons for the operational difficulties encountered. For example, if it is discovered that the PHA is not in compliance with the gross rent change regulation and that staff are incorrectly calculating rent at 25% of a tenant's income, the reviewer would recommend that training be held that would instruct staff how to implement the regulation. Therefore, if an operational deficiency is determined to be partly or totally due to a lack of staff skills or knowledge, the reviewer should decide if training will help to improve the situation.

A PHA's need for technical assistance will become apparent during the comprehensive review when operating deficiencies are encountered that require the assistance of a third party to eliminate the problem. Discerning a PHA's TA needs is less straightforward than determining its training needs. It requires the reviewer to be aware of existing PHA staff expertise and responsibilities. TA should be recommended when PHA staff do not possess the expertise needed to improve PHA operations. TA may also be recommended if the reviewer feels that a task needs to be performed, but performance by the staff would not be an efficient use of their time. For example, TA may be recommended if it is discovered that the PHA cannot fully account for inventory. In such a case, the reviewer may recommend that a specialist be brought in to develop a new inventory system and to assist PHA staff in implementing the system. This recommendation may be made on the reviewer's belief that developing a complex system requires the utilization of a specialist and that the staff hours required to develop the system would prohibit PHA staff from performing their daily functions.

Linkages Among the Functional Areas

As with the rest of the management review and improvement program, the interrelated effect among the operations of the functional areas must be considered when planning for T and TA. T/TA that improves operations in only one functional area when several are involved may not solve the PHA's problem. For example, suppose a PHA has a problem with an excessive vacancy rate and has provided the maintenance staff with unit preparation training. However, the PHA has failed to adequately define its leasing policies and procedures and is now unable to fill the units that are being readied at a faster pace. The units will remain vacant and become targets for vandalism. In this case, the vacancy rate would not diminish although unit preparation time decreased.

Resource Requirements and Sources of T/TA

When recommending T/TA, the reviewer should also estimate the monetary and/or staff resources needed to provide each episode of training or technical assistance. Training or technical assistance provided by consultants, a local university/educational institution, or a team of peers will require an outlay of funds. PHA staff may be helpful in estimating T/TA costs because they are often aware of the cost of local programs, consultants, etc. Due to the high cost associated with training, the PHA should not overlook its own training capabilities when possible. HUD staff may also provide some T/TA at no cost to the PHA.

There are four basic types of training required by PHAs:

(1) Orientation - Typically used for orienting new employees to the operations of the PHA by providing information on the PHA and its policies and procedures;

(2) Technical - Used to increase or develop employee skills and knowledge which will aid them in the performance of their job;

(3) Procedural - Used to acquaint PHA staff with new or revised policies, procedures and regulations; and

(4) Management - Used to improve the management and supervisory skills of the PHA staff.

The table below illustrates some typical sources for the four types of training.

TYPE OF TRAINING	POTENTIAL SOURCE
Orientation	PHA/HUD Field Office
Technical	PHA HUD Field Office Consultants Local University Vocational School Trade Association Local Police Suppliers of Equipment and Materials
Procedural	PHA HUD Field Office (for new and revised regulations) Consultants Local Universities Trade Associations
Management	PHA HUD Field Office Consultants Local Universities

Use of the Management Review Team Versus Other Sources

Usually consultants who perform management reviews also deliver T/TA. The PHA must decide when to use the management review team to deliver T/TA and when to use other sources of T/TA.

Generally, the PHA should utilize the management review team to deliver technical assistance when the review team has the technical expertise needed and time is a critical factor or an extensive knowledge of PHA operations is needed. In this case, the review team would be able to assist the PHA immediately because they would be familiar with PHA policies, procedures and staff. Other consultants hired to provide TA would have to invest time in familiarizing themselves with the PHA thereby losing precious time. For example, if a PHA has an inadequate maintenance reporting system, the management review team may be the most qualified to develop a maintenance status report as they are familiar with the PHA's work order system and its information needs.

When the PHA needs training, the PHA should utilize the management review team if the reviewers have already developed the needed training program. If not, it would be wise for the PHA to utilize a firm that already has a training program developed. For example, it would not make sense to develop a managerial training program from scratch when many local universities and consultants specialize in providing that type of program.

In cases where there are no packaged programs available, the review team should provide the training if it is an integral part of their technical assistance. For example, if the review team developed a pilot project based budgeting program, they should also provide staff training to implement the program.

Advisory Capacity of the Review Team

The review team may provide technical assistance to the PHA in the form of advice. Review team members may work closely, one-on-one with PHA staff to advise and assist them. The objective of this kind of TA is to improve PHA operations through increasing staff capabilities and improving departmental operations.

This kind of TA is most effective when the PHA staff are relatively inexperienced. In this case, a review team composed of housing professionals can be very helpful in assisting the staff. After a recently performed review, for example, the review team was told by top PHA management that the most effective part of the review was the side-by-side working relationship between some PHA staff and review team members. The PHA felt that its staff had grown considerably by being exposed to these housing experts. The PHA stated that its staffs' managerial, analytical and technical capabilities had increased due to the TA.

However, this kind of TA is not suggested for use with PHA staff who are housing veterans. Many PHA staff who have been with the PHA for a great length of time may be offended by this approach.

Use of a Third Party to Perform Routine Tasks

Many times a PHA will hire a third party to perform a job that would normally be performed by PHA staff. PHAs that must meet rigorous deadlines often want assistance in producing certain reports, developing funding applications and responding to audit findings, for example. It is advised that a third party not perform these kinds of tasks except when it is an emergency situation and the task is of a non-repetitive nature. The performance of routine activities by a third party may lead to an unhealthy dependence on the third party. For example, a third party hired to assist a PHA to improve its management capabilities ended up performing much of the PHA's reporting requirements and completing its funding applications. Top PHA management decided that it was more expedient for the third party to perform these tasks than to take the time necessary to instruct PHA staff to perform the tasks. As a result, no knowledge or skill transfer took place. When the consultant left, the PHA was still unable to perform many of its routine duties. The PHA still frequently calls the third party for instructions on how to perform certain tasks. Though it was not hired to do so, the third party actually ran the PHA and helped it to meet its routine obligations. The objective of improving the PHA's management capabilities was clearly not met.

Training Methods

Several types of training methods are utilized by trainers today. This section discusses 10 different types of training techniques commonly used and the circumstances in which they are most helpful. Many training programs utilize several training methods within a program in order to stimulate participant attention. The methods discussed are:

- Lecture
- Audio-visual aids
- Simulators and training aids
- Conference methods
- Laboratory or sensitivity training
- Case method
- Role playing
- Programmed instruction
- Computer assisted instruction
- On-the-job training.

The lecture method, while commonly used, has received a lot of criticism because it does not allow for active particpation by the trainees. However, the lecture method is effective in the following circumstances: when presenting new material to a group, when working with a large group, when classroom time is limited and when summarizing material. For example, the lecture method would be effective when instructing PHA staff on new HUD regulations.

Simulators and training aid devices are used to give trainees an opportunity to work on physical equipment that resembles the equipment used on the job. Similarly, the actual equipment to be used on the job may be used during training. This method of training is useful when a mechanical skill is being taught. For example, the most effective way of teaching maintenance staff to repair a stove is by having them practice their repair skills on a stove.

Audio-visual aids such as films, slides, and video tapes may be used to train staff. There has been no substantial evidence that this method is more effective than other techniques. It can be used successfully to facilitate demonstrations (as by animation) that otherwise might be infeasible. For example, maintenance staff may be instructed how to repair a motor vehicle engine through the use of animated diagrams. The main disadvantage of most audio-visual methods is that they do not allow for participation by the trainees. However, training that incorporates audio-visual aids with other methods may be more effective as it helps to attract and hold the trainees' attention.

The conference method allows for trainees to pool ideas, discuss solutions and facts and to draw inferences and conclusions. This method should be used when it is necessary to develop the problem-solving and decision-making faculties of the staff or to modify attitudes. This method could be used effectively during management training for senior PHA staff as they try to find solutions for the complex problems that plague the public housing industry.

Laboratory or sensitivity training is often used to bring about greater self-awareness and increased sensitivity to and understanding of others thereby improving interpersonal relationship skills. Interpersonal relationship skills are very important when dealing with disadvantaged groups. All too often, those dealings with the tenant population become frustrated by the problems and become callous in their dealings with tenants. This type of training can increase sensitivity to tenant problems. For example, the PHA's security force may benefit from this type of training as tenants frequently complain about the manner in which security staff interact with them.

The case method is one in which an actual or hypothetical problem is presented to the trainees for solution. The trainees may be asked to solve the problem individually or in groups. The cases usually involve management problems and help to demonstrate that many problems have multiple causes and effects. Typically, this method would be utilized in management training for senior PHA staff.

Role playing is a technique in which each participant plays the "part" (role) of someone in a simulated situation. Generally, the situation is structured by setting forth the facts of the situation, such as the events that led up to the situation, the other actors involved, etc. Once a situaiton has been stated and the individuals are assigned their roles, they "play" those roles as though the situation were real. Thus, a supervisor might play the role of a subordinate and visa versa. Having to put one's self in someone else's place generally increases one's empathy for the other person and one's understanding of his behavior. Role playing can be used in any training situation involving the interaction between two or more people such as in counseling, interviewing, or performance reviews. For example, PHA staff could be involved in a role playing situation of a home visit to a public housing applicant which would be very instructive.

In programmed instruction, the material to be learned is presented in a series of steps or units that generally progress from simple to more complex. At each step the trainee makes a response and receives feedback as to whether the response was correct or not. If the response was incorrect, the trainee backs up and performs another exercise intended to teach and reinforce the correct answer. The trainee progresses only when he has made the correct response. Programmed instruction is presented visually by use of films, computers, programmed books or workbooks and other printed materials. Programmed instruction can be utilized for virtually any subject matter. For example, it could be successfully used in a workbook that instructs the trainee how to determine a tenant's income.

Computer assisted instruction (CAI) is a more sophisticated form of PI. Although the cost factor has limited the use of CAI, it will probably be used more in the future.

On-the-job training (OJT) is frequently utilized by PHAs, although it is often not a formal training program. OJT provides for the trainee to be instructed throughout his actual work day by attempting to perform the necessary job duties. Often, a less experienced staff person is assigned to an experienced staff person who is responsible for instructing the trainee. This is often successful in maintenance operations and for property manager trainees. Unfortunately, many OJT situations are too unstructured; instruction often disintegrates as crises arise. The result is that trainees are often not given a thorough education.

T/TA Planning and Evaluation

Once the PHA has finalized its management improvement plan and has decided on the T/TA needed, the PHA should crystallize the objectives it hopes to achieve from the T/TA sessions. These objectives should be clearly communicated to the deliverer of the training or technical assistance so that there is no misunderstanding as to the purpose of the T/TA. This is crucial if the PHA's needs are to be met and if the PHA is to accurately evaluate the T/TA provided.

The PHA should evaluate all T/TA performed to ensure that its objectives were met. Training sessions may be evaluated by either surveying the trainees on the value of the session and/or testing the trainees, if appropriate, to ascertain that a knowledge transfer took place. All technical assistance provided should also be evaluated. If the purpose of the TA was to produce a product such as a Request for

Proposal (RFP) or Procedures Manual, the PHA should be satisfied with the final product. If the TA involved establishing or improving a system, improved operating effectiveness should be evident.

Successful T/TA Techniques

The following sections discuss successful T/TA techniques, by functional area, utilized by the authors at several housing authorities. An attempt is being made to generalize T/TA commonly needed and most often successful in PHAs, however, these suggestions would not hold true in all cases. Reviewers should realize that while there are similarities to all PHAs, there are also differences. Each situation must be analyzed to determine the appropriateness of the suggestions made herein.

Resident Management Training and Technical Assistance Techniques

Occupancy

T/TA can be very useful in alleviating problems commonly found in many PHAs. In the Occupancy area, the most common T/TA need is for assistance with developing PHA policies and procedures. Many PHAs have outdated, inadequate or non-existent policies and procedures. TA may be needed to help define or document the PHA's policies and procedures. Once policies and procedures have been established, formal training should be held. Even PHAs that have up-to-date policies and procedures should consider periodic training to ensure staff knowledge. Areas in which many PHAs need to change or update their public housing policies and procedures include:

- Application process and determination of eligibility
- Applicant screening
- Maintenance of waiting lists
- Tenant assignment/leasing
- Rent computation
- Reexaminaton procedures

- Grievance procedures
- Rent collection
- Evictions
- Transfers
- Tenant/PHA relations.

A process used by the authors that may be followed to revise or establish policies and procedures is comprised of the following 5 basic steps. First, an assessment of existing policies and procedures (P/P) should be performed. The adequacy and appropriateness of existing P/P should be determined by reviewing documented P/P. In addition, it may be necessary to interview PHA staff to discern current P/P in cases where there is no documentation or the documentation no longer reflects actual practice. The following factors should be applied when determining the adequacy of existing P/P:

- Relevancy of policy/procedure to current orgnizational structure
- Relevancy of policy/procedure to current method of operation
- Consistency of policy/procedure with the goals and objectives of the PHA
- Compliance with local and federal requirements
- Conflict among policies/procedures.

Second, once the assessment is completed, recommendations should be developed for those P/P needing revision or establishment. PHA staff should be interviewed to ascertain their views on the proposed recommendations. The recommendations should be finalized, documented and submitted to the executive director.

Third, the executive director and any staff he selects should review the recommended changes to the P/P. The executive director should approve or revise the recommendations. It may be necessary to hold a discussion session with key staff to thoroughly discuss the implications of the recommendations. The PHA should provide a written notice to proceed and a summary of their comments regarding the recommendations to the person responsible for revising the P/P.

Fourth, once the PHA's comments have been received, the final P/P can be drafted. The final P/P should be submitted to the executive director.

Fifth, formal training should be held for all PHA staff affected by the revision or establishment of the P/P. The training should occur just prior to the formal implementation of the P/P. In one case, a consulting firm that developed a P/P manaual for a PHA was required to provide training immediately upon completion of the manual. Because local laws required that the manual be formally advertised for public comment, implementation of the new P/P would not take place for another 6 months. The result was poor attendance at the training sessions and a general belief by PHA saff that the manual would never be implemented.

Many PHAs require policy and procedure revision in the area of applicant screening. Several PHAs currently suffer from a large number of problem tenants due to indequate or non-existent applicant screening procedures. Improving the screening process can improve a PHA's rent collection and increase the quality of life for existing tenants. TA can be useful in developing screening criteria and procedures that are both effective and realistic. The non-economic selection criteria presented in Exhibit 12 were developed by HUD to help PHAs avoid a concentration of families with serious social problems in PHA projects. Careful implementation of these standards, together with training to ensure that staff members understand how to implement the standards, can help PHAs to reduce occupancy problems.

Rent collection is another example of an area in which many PHAs experience difficulty and which may be improved by revising policies and procedures. TA can be utilized to establish new procedures or discover alernative methods of collection. For example, one large PHA is exploring

EXHIBIT 12

NON-ECONOMIC SCREENING CRITERIA

(From HUD Regulations Part 960.205 - Standards for PHA Tenant Selection Criteria)

Relevant information respecting habits or practices to be considered may include, but is not limited to:

1. An applicant's past performance in meeting financial obligations, especially rent;

2. A record of disturbance of neighbors, destruction of property, or living or housekeeping habits at prior residences which may adversely affect the health, safety or welfare of other tenants; and

3. A history of criminal activity involving crimes of physical violence to persons or property and other criminal acts which would adversely affect the health, safety or welfare of other tenants.

the possibility of instituting a voluntary Vendor Payment Program in which rent for those PHA tenants who are welfare recipients would automatically be deducted from their welfare checks and paid to the PHA.

Revising policies and procedures, while often useful, may not always eliminate a problem that the PHA is experiencing. For example, many PHAs today have excessively high vacancy rates. While defining unit preparation time and leasing procedures may be necessary, this alone may not improve the situation if the cause of the vacancy rate is an inappropriate unit mix or due to lack of a viable market.

Technical assistance may be useful in determining the reason for the high vacancy rate and for establishing a strategy to decrease vacancies. For example, a management review was performed during 1983 at a large, urban housing authority with a high vacancy rate. During the review it was discovered that 30% of all vacancies were efficiency units. It was unclear if this was due to a) a lack of demand for the units, b) a poor outreach program or c) the poor reputation of public housing. The PHA has recently hired a firm to determine if there is a market for the units. When the study is concluded, the firm will assist the PHA to analyze the results and develop a strategy for its efficiency units. The strategy may include adding amenities to the elderly buildings, various promotional schemes or the dispositon of some buildings if a market for efficiencies does not exist.

The market study is one form of TA. Here the consultant will perform the market analysis and provide a report with little PHA involvement. However, in the second part of the TA, the consultant will provide hands on assistance as an advisor to the PHA.

When a need for project-specific improvement exists, the establishment of performance-based management systems, such as goals management and project based budgeting systems can be beneficial. The goals management system involves setting, in this case, project specific operating goals and then monitoring project performance against those goals. Project based budgeting (PBB) involves developing a separate budget for each individual project so that costs may be monitored on a project-by-project basis. A PBB system should be part of an effective goals management system. Technical assistance may be needed to implement these systems. A goals management system has recently been instituted at a large, urban PHA, with the aid of a third party, and has been a success.

The authors have observed a great deal of mismanagement of the Homeownership Opportunity - Turnkey III Program administered by PHAs. This program provides low-income families with an opportunity to purchase a home, yet at may PHAs very few homes are actually sold. There are several reasons for this situtation: 1) more pressing problems with the public housing program take resources away from administering the Turnkey III program; 2) a lack of staff understanding of the program; and 3) a lack of staff and homebuyer training. May PHAs can benefit greatly from T/TA which improves the administration of the program.

Technical assistance is often the first step in improving a homeownership program. It is often necessary to have an expert define the problem areas for the PHA and to develop an improvement strategy. For example, during a recent review of a PHA, the review team determined that several families were eligible and ready to purchase their homes. During the 10 years prior to the review, only 14 homes were actually sold. The review team was able to assist the PHA to identify families who were eligible and recommend ways to help the families to secure loans. As a result, the PHA sold 12 homes and will sell an additional 13 homes before the end of the year.

On-going training should be made available to the homeownership staff because they must have a knowledge of the basic occupancy functions: tenant selection; maintenance of waiting lists; marketing; leasing; etc.; and program specific knowledge concerning Turnkey III accounting, training appraisals, sources of mortgage funds, counseling and setting up and working with Homebuyer Associations.

The Homebuyer should also receive training. An orientation course should be provided when the Homebuyer moves in which explains the various accounts he will be contributing to, his responsibilities in maintaining his unit, the PHA's responsibilities.

Social Services

It is difficult to generalize about the type of T/TA needed in the social service area because PHAs are unique in the level of funding, organization and programs they administer. One consistent need found by the authors, however, is the need to train project staff (managers, assistant managers, etc.) in their role as referral agents. The project staff are the tenants' most frequent contact and is most likely to be aware of a tenant's need for social services. The project staff should be aware of the various types of local agencies, the services they provide and their locations. Training can provide this information as well as make the staff more sensitive to the needs of the population they are serving.

Security

As in the social services area, it is difficult to generalize about the type of T/TA needed in the security area because PHA practices vary greatly. However, those PHAs which have their own security forces often experience an on-going need for security staff training. Training for the security staff should include procedures training, skills training and communications training that will improve their ability to respond to problems at the projects. In some cases, the local police department may provide formal training for security personnel. Also, many states have peace officer associations that offer on-going training programs for their members. If available, the PHA should consider joining the association so that security officers may receive inservice training.

Local police departments may also provide crime preventon and neighborhood watch workshops for PHA tenants. PHAs should contact their

The training of new tenant leaders (tenant council presidents or members) is also often needed. The training should cover PHA rules and regulations, how to conduct meetings, effective interpersonal relationship techniques, etc. The training should provide an orientation to the PHA and increase the participants skills in organization, management and grantsmanship.

Facilities Management Training and Technical Assistance Techniques Maintenance

Training and technical assistance are extremely useful in the facilities management function. The majority of PHAs examined by the authors have problems in providing adequate maintenance which could be partially alleviated by staff training. As the costs associated with repairing units and building new units become prohibitive, it is ever more important that the housing stock be preserved for as long as possible. Maintenance training which provides staff with new skills or maintains existing skills, is especially helpful to many PHAs.

In the maintenance area, the most common types of training needed and most often successful are:

- Supervisory Training - Training that includes supervision, planning, contracting, monitoring, decision-making and budgeting skills used by maintenance superintendents and project managers.

- Preventive Maintenance - Training on preventive maintenance (PM) procedures for superintendents and other maintenance staff (note: this presumes an existing preventive maintenance program. If the PHA does not have an existing PM program, staff should develop one if they are capable of doing so. If the PHA lacks the in-house expertise, they should obtain technical assistance to develop a program.)

local police department to request assistance in setting up tenant security programs.

In addition, the PHA may consider target hardening in which physical alternations are made to the project which renders the project and its residents less vulnerable to crime. Window bars and grills, fencing, and outdoor lighting are some examples of target hardening. The PHA may wish to hire a security professional to assess the vulnerability of its projects and develop target hardening strategies.

PHA/Resident Relations

Those PHAs which have had long and troubled relationships with their residents may wish to obtain T/TA to improve the relations. The source of the problem between the PHA and its residents must be identified before T/TA needs can be determined. Often problems occur because of a lack of tenant input in housing authority activities and decisions. In this instance, increased interaction among the PHA and the tenants is needed. The PHA may obtain TA to help facilitate discussions if necessary.

In many cases, however, PHA/Resident relations will improve when PHA operations improve. For example, many tenants today feel that PHAs do not adequately maintain the projects and that they are unresponsive to their maintenance needs. Therefore, visible physical improvements and improved maintenance operations often lead to a better relationship between the PHA and its tenants.

Many tenants are also dissatisfied with level of security at their projects. Any measures the PHA can take to increase the level of security at the projects is favorably received by the tenants and may lead to increased cooperation with tenants.

Very few PHAs provide tenant orientation training for those tenants moving into public housing. Training of this type can be very beneficial to the PHA as the tenant will have a better understanding of his responsibilities and how to maintain his units.

identified at this point. For example, many PHAs contract for elevator maintenance. Fourth, a comprehensive schedule of all servicing requirements should be developed and documented. A system should be devised that generates work orders for the needed servicing at the appropriate times. Fifth, an inspection system should be developed and implemented that includes inspections of all contract services and a sample of in-house services. Sixth, a monitoring system should be established to monitor and evaluate the PM program.

Procurement and Inventory

Many PHAs also need training and technical assistance in procurement and inventory. PHAs that have serious inventory problems should obtain TA to assist in improving or changing the inventory system. The establishment of a pilot program is often a successful way of testing any proposed changes to an inventory system. A pilot inventory program is very useful in demonstrating the strengths and the weaknesses of the proposed system. Once tested, the program is then fine-tuned and implemented authority-wide. Technical assistance is often needed to develop, evaluate and adjust a new inventory program. In addition, many PHAs are automating their inventory systems which also may require the use of TA.

Once the inventory system is designed and installed, staff require training. The types of training most often needed by PHA staff are:

- Procurement Procedures - Training which instructs the staff how to establish reorder levels and prevent overstocking, and also explains the methods of procurement.

- Project Level Inventory Control - Training which addresses the maintenance of stockroom supplies and records, identification and control of high cost materials and equipment, and the security of stock.

- Productivity Improvement - Training in basic procedures for all maintenance staff and any orientation training needed for the implementation of a maintenance standards program.

- Skills Training - Training in any or all of the following areas to improve staff proficiency:

  - Plumbing - Replace P traps, water closet assemblies and lavatory fixtures; unstop drains, etc.

  - Electrical - Replace switches, fuses, breakers, relays, thermostats and troubleshoot AC circuits, etc.

  - Carpentry - Refurbish cabinets, replace window sash and balances, repair and replace doors and stair rails, etc.

  - Maintenance Related Skills - Keying master cylinders, rehabilitation of window screens, replace window panes and floor tiles, etc.

  - Gas Appliances - Replace gas hot water heaters and space heaters; repairing gas ranges and refrigerators.

- Preparation of Vacant Units - Training on unit securing and preparation.

As previously noted, technical assistance may be needed to develop and implement a PM program. However, PHA staff should develop the program if they are capable of doing so. There are 6 basic steps that should be followed when developing a PM program. First, all equipment and systems which require periodic servicing should be identified by type and location. Second, the kind and frequency of servicing should be determined for each piece of equipment and each system. Third, the skill level needed to perform each service should be determined. Those services that cannot be performed by staff and must be contracted should also be

PHA staff often require assistance in Comprehensive Improvement Assistance Program application development, however, PHAs should request training from HUD rather than obtain TA to develop the application. PHA staff often also need instruction in budget and work program revision which may also be obtained from HUD personnel.

Problems with a PHA's contracting system often surface during a review of a PHA's modernization activities. Large sums of unspent modernization funds and construction work far behind schedule are often symptoms of a troubled contracting system. TA may be recommended to revise system procedures to improve the efficiency of the contracting process.

Finally, on-going training should be held for the tenants to instruct them on the maintenance of their unit. Tenants that reside in newly modernized units should also receive training that instructs them how to use the appliances and systems in the unit. In addition, the PHA can help to reduce utility costs by providing tenants with energy conservation training.

Information Management Training and Technical Assistance Techinques

Information Management is problematic for many PHAs. The information produced by the PHA is often unreliable, inconsistent and duplicative. The current trend has been towards automating the PHA's manual systems in an effort to increase the reliability and consistency of data and reduce staff time in preparing the data. Many PHAs, however, do not possess the in-house staff capabilities to successfully implement automated systems. Therefore, consultants are often used to assist the PHA to determine its hardware and software needs, develop an RFP to solicit vendor proposals, evaluate the proposals and select a vendor. Consultants are also used to act as the PHA's agent to oversee the vendor's installation of the system. As the financial system is often the first system a PHA chooses to automate, we have included an example under the Financial Management

Modernization and Energy Conservation

Many PHAs need T/TA in order to administer successful modernization and energy conservation programs. Technical assistance may be required to perform several tasks because the PHA lacks the in-house expertise needed. For example, architects, engineers and other professionals may be needed to design, develop specifications, etc. Technical assistance may be utlized to develop cost estimates and/or to develop a cost estimating system to be utlized by PHA staff. Once the construction work has been advertised and awarded, the PHA may decide to obtain consultants to supervise construction. The recent trend toward utilizing construction management firms to manage large modernization projects has met with some success. A construction management firm is responsible for all aspects of on-site management such as coordinating construction crews, inspecting work, completing weekly progress reports, etc. For smaller jobs which require less extensive on-site management, a PHA may wish to contract for inspection services.

Technical assistance may also be utilized with success in implementing modernization monitoring systems. TA can be helpful in implementing a Critical Path Method (CPM) program, for example. CPM is beneficial for those PHAs experiencing difficulty in scheduling and monitoring modernization work.

Technical assistance is also useful when implementing an automated control system for equipment such as boilers. Many PHAs do not possess the in-house capability to successfully set up an automated system.

The performance of energy audits is key to a successful energy conservation program. Often PHAs hire consultants to perform energy audits which is acceptable if the PHA is under a time constraint or lacks knowledgeable staff. However, energy audit training is useful so that the audits may be performed in-house, minimizing the outlay of funds. Energy audit training has been held at several PHAs; these PHAs now perform the audits in-house.

- <u>Needs Assessment/Requirements Analyses</u>

  Most PHAs can not afford to retain systems analysts on a full-time basis (nor do they need to). Therefore, while the PHA's management may sense the need for or desire automated financial systems, they will frequently obtain this expertise on a temporary or consulting basis. The objectives of this type of analysis are:

  - To determine the appropriateness and feasibility of automating some elements or all of the PHA's financial management operations.

  - To assist the PHA in assessing the relative cost/benefit of automation over improved manual operations.

  - To develop a cost effective strategy for accomplishing the desired automation, if automation is deemed to be appropriate and feasible.

  - To formulate a reasonable, realistic plan for the conversion to an automated environment.

  - To determine the probable impacts on existing staff and identify appropriate staffing plans as well as the need for staff development programs.

  - To establish a realistic plan for financing the conversion effort.

- <u>Systems Design Assistance</u>

  Once it has been determined whether the entire system or a particular subsystem (e.g., tenant accounting) should be automated, system design is the next step. Again, most PHAs

Section below. A complete list of typical system applications for the other functional areas may be found in Exhibit 13 of the Section II - Assessement Techniques.

PHAs that lack the financial resources or do not desire to operate their own automated system should consider sharing electronic data processing (EDP) systems with other PHAs. While many of the consortiums created for this purpose have been successful, others have dissolved overtime as the members' needs increased and the PHAs decided to operate their own systems.

Financial Management Training and Technical Assistance Techniques

Financial Management, and its associated subfunctions - i.e., budgeting, accounting, internal audit, investments and insurance are fairly technical activities. Though you may find these activities being performed in smaller PHAs by personnel with little or no formal training, these functions are usually performed by "trained" accountants in the large PHAs. Thus, the need for technical staff training in the functional area is minimal. The exception is a need for some orientation to the unique elements of government accounting such as multi-fund accounting (where operating funds are maintained and accounted for separately from development funds for example) and the fact that there is no depreciation of capital items.

The primary thrust of technical assistance in this area is toward improving system(s) efficiency and effectiveness. Many of the large PHAs use inefficient, antiquated systems in carrying out these most important management activities. The major emphasis, today, is on converting the manual budgeting, budget control, accounting and investment systems used by many PHA's to automated systems. The principal forms of technical assistance needed by PHAs in effecting the transition from manual to automated systems are summarized below.

- Persons with the expertise to oversee and ensure the proper installation of the hardware, system software and application software.

- Software Implementation

  TA in the implementation phase will run the gamut from organization planning and staff training to user documentation.

Organization Management Training and Technical Assistance Techniques

Each PHA is unique in the way in which it is structured and how it administers its programs. T/TA needs may be discerned by examining the PHA's organization management functions. Problems commonly found in PHA management include inadequate planning, program monitoring, staff development and performance appraisals. T/TA can be useful in alleviating these problems.

The PHA may wish to obtain technical assistance to help the PHA initiate an on-going planning process. A PHA developing its first annual or five year plan may benefit from hiring an expert to assist with the initial product.

Technical assistance can also be very effective in the development of performance-based management systems like goals management or other variations of management by objectives. Systems such as these allow the PHA to set organizational goals and provide a method for measuring performance. Goals management systems are used at several PHAs with success because these systems help management to monitor the organization's progress. A PHA recently hired consultants to assist in the development of authority-wide goals, translate them into project specific goals which contribute to the overall authority goals, and to develop project specific action plans to achieve the goals. The PHA hired an organizational development (OD) consultant to design the system and a do not have the expertise in-house to perform this technical effort, so they must acquire it from a third party. There are three distinct levels of system design: conceptual design; functional system design; and detailed system design.

It is critical that the TA provider possess the ability to secure the PHA staff's full cooperation and participation in each design phase for the system to succeed.

- <u>System Development</u>

  Most PHAs can not afford the time or expense involved in developing "ground-up" computer systems. There is no need for a full development effort in the financial management area. There is an abundance of financial software available which can be tailored to a PHA's particular needs and requirements. Thus, the key needs for technical assistance on the system development phase are:

  - Persons with expertise in comparing the PHA's system design requirements with the specifications of available packages and selecting the most appropriate package(s).

  - Persons with the expertise in specifying the software modifications needed to tailor the package(s) to the PHA's environment.

  - Persons with the expertise in identifying the appropriate computer hardware and system software needed to effectively run the financial software applications.

  - Persons with the expertise to program the proposed software modifications, install and test the applications and train staff in their proper operation.

housing management specialist to help implement the system. Once the system design was developed, a committee of department heads, project managers, and maintenance supervisors were appointed to develop the project-specific goals. The committee was also responsible for developing a monitoring system. During this time, the OD consultant worked closely with the committee specifying the process the group was to follow in developing the goals. The housing management specialist helped committee members formulate realistic yet challenging goals. He provided recommended goals, helped to define tasks to accomplish the goals and aided in the development of the monitoring system. This process took approximately three months. Progress against the goals is currently monitored on a quarterly basis and is done manually, however, the PHA staff is currently in the process of automating the monitoring system.

Many PHA's have inadequate performance appraisal systems. PHAs whose personnel policies are not dictated by the local government may wish to hire an expert to design an appraisal system that will meet their needs. It is often desireable to hire an expert because performance appraisal design is complex and the system will greatly affect the functioning of the organization.

Staff development is often a weak area in many PHAs. Few PHAs have formal staff development programs and some do not provide any training for their staff. PHAs should provide or make available training that enhances both its employees skills and their managerial capabilities. The authors have seen an increasing need for supervisory training at PHAs and this need is often neglected. Managerial staff at most PHAs often rise through the ranks because of their technical competence. However, many of these supervisors have had little or no supervisory training on experience.

Section II

Assessment Techniques

Functional Area or Sub-Function Description

This section provides the reviewer with a description of the activities performed in each functional area or sub-function. Each sub-function or functional area description includes a discussion on the critical areas of operation, how to analyze the data, and possible problems and solutions. These discussions are included to aid the reviewer and are based on the authors' previous experiences. The problems and solutions are not exhaustive nor are they applicable in all cases; the reviewer must use his judgement in analyzing problems and developing solutions. The reviewer should also refer to the training and technical assistance information contained in Section I for a further discussion on possible solutions to operating problems.

Activities and Functions to be Reviewed

This section lists the activities and functions to be reviewed and the assessments that the reviewer must make. The reviewer should read the section prior to the initial assessment to ensure that he will be covering all critical areas.

These lists are also helpful to the reviewer when conducting interviews. The reviewer may refer back to the list for interview topics. For example, after referring to this section, the maintenance specialist will know that he must discuss the deployment pattern, the work order system, method of recording repairs made due to vandalism, etc. with a sample of maintenance superintendents. The interviewees' perception of the adequacy of each activity and function should also be solicited during the interview. Several staff who perform the same or similar functions should be interviewed in order to accurately assess the adequacy of a particular activity or function.

Prior to the completion of the comprehensive review on-site data collection, the reviewer should again refer to this section to ensure that the has collected data on each of the activities and functions listed.

INTRODUCTION TO THE ASSESSMENT TECHNIQUES

This section contains techniques that the reviewer may use when assessing PHA performance. This section is divided into the following functional areas and sub-functions:

- Resident Management
  - Occupancy
  - Social and Community Services
  - Security
  - PHA/Resident Relations

- Facilities Management
  - Maintenance
  - Procurement and Inventory
  - Modernization and Energy Conservation

- Financial Management
  - Budget Administration
  - Accounting Procedures
  - Internal Procedures
  - Internal Audit
  - Insurance

- Organization Management
  - Administration
  - External Relations

- Information Management

Each sub-function or (function in the case of Information Management) contains five assessment technique sections. A description of each section and how they are to be used follows.

Also, he should be able to assess performance of each activity and function at this point. For example, by the end of the comprehensive review, the maintenance specialist should have made an assessment concerning the effectiveness of the exisiting work order system.

Information Requirements and Possible Sources Table

These tables list the information the reviewer will need to assess PHA performance. They include documents which contain the required information and persons to be interviewed. The interviewer should refer to these tables prior to the initial assessment to formulate a list of documents he will need. The reviewer should request that the PHA provide these documents prior to the initial assessment so that he may review them.

The reviewer should also refer to this list prior to the compehensive review on-site data collection to ensure that he has interviewed or has scheduled interviews with all relevant PHA staff, residents, HUD staff, etc.

Performance Measures

This section contains performance measures that the reviewer will apply during the initial assessment and the comprehensive review. The measures are listed from most to least important. The reviewer should collect the necessary information during his site visits to the PHA in order to apply the measures. Then, the reviewer applies the standards negotiated with the PHA to assess whether the PHA is performing each function adequately. For example, during the initial assessment, the occupancy specialist should obtain the vacancy rate per quarter for the past two years (the first occupancy performance measure listed) from internal PHA occupancy reports. Then he should interview PHA staff to ascertain that the vacancy statistics he received are valid. Suppose that the reviewer has discovered that the PHA has had an 8-11% vacancy rate per quarter, however, the standard that was negotiated was a 3% vacancy rate.

In this situation, the reviewer would conclude that the PHA has vacancy problems that must be remedied.

Analysis Table

These tables list problems or symptoms commonly found during management reviews of PHAs and potential reasons for the condition. The reviewer should refer to these tables during the comprehensive review when diagnosing the reasons for any problems discovered. In addition, these tables suggest that the reason for a particular problem may cut across other functional areas and therefore remind the reviewer to examine all factors contributing to the problem.

1. Resident Management Assessment Techniques

A. Functional Area Description

The Resident Management function involves the performance of those management activities and services required to house and retain in occupancy eligible low-income individuals and families, including the provision of human support services needed by tenants in residence. In performing this function, a PHA provides mechanisms whereby interested families may apply for subsidized housing, receive an eligibility determination; and be assigned to a vacant unit if selected after a waiting period. Also, as part of this function, a PHA provides for the annual determination of rent based on income for each resident, rent collection, lease enforcement, eviction of residents for cause, and resident grievances. In addition, a PHA must ensure that the best use is made of the housing it has to offer, and that it serves the greatest number of families possible with the available resources. This entails keeping its housing units occupied and making programmatic changes to tailor its resources to meet the housing needs of the low-income population. Resident Management also requires efforts by the PHA to protect residents from crime and physical harm, and assist those residents needing social and community services.

As there are several facets to resident management, the function has been divided into four sub-functions for review purposes:

- 1.1 Occupancy
- 1.2 Social and Community Services
- 1.3 Security
- 1.4 PHA/Resident Relations

1.1 OCCUPANCY ASSESSMENT TECHNIQUES

1.1A Sub-function Description

In the Low-Income Public Housing Program, a PHA obtains applications, and places eligible applicants in subsidized units managed by the PHA. In the Homeownership Opportunity Program - Turnkey III provides an opportunity for low income families to purchase a home. The participant makes minimum monthly payments, based on a percentage of income and receives the benefit of amortizing the indebtedness on the house.

The occupancy sub-function, then, has three parts: obtaining applications from potential tenants; reviewing the initial eligibility of those applying for housing; and performing an annual recertification to insure that program participants remain eligible. In the Public Housing and Homeownership programs, this function also involves the establishment and enforcement of the Dwelling Lease and PHA policies and procedures.

Low-income Public Housing Program

When reviewing the occupancy sub-function of a PHA's public housing program, the reviewer should review all aspects of the program but should concentrate on the three most important aspects. They are:

- The tenant selection, assignment leasing and recertification process
- The rent collection process
- The occupany rates.

The reviewer will assess the adequacy of the tenant selection, assignment, leasing and recertification process by interviewing PHA staff (applications, management and project staff), examining PHA files, and examining PHA policies and procedures. The reviewer may obtain a clue as to whether the PHA has difficulties in this area by reviewing recent HUD Occupancy Audits performed by HUD.

Prior to the initial assessment site visit, the reviewer should obtain and review the recent HUD Occupancy Audits and the PHA's response to the audits. During the initial assessment, the reviewer should interview PHA staff to ascertain whether any of the findings stated in the Occupancy Audit remain uncorrected. During the comprehensive review, the reviewer should validate his initial perceptions by further interviewing staff and examining the waiting list, a sample of applications and a sample of recertifications. By asking PHA staff what has been done to correct any problems and examining the policies and procedures, the reviewer may deduce whether the PHA continues to have problems in this area.

Some problems commonly found in the tenant selection assignment, leasing and recertification process include:

- Lack of an outreach program resulting in few applicants
- Lack of a HUD approved tenant selection and assignment plan
- Inadequate screening process
- Disregard of waiting list priorities
- Incorrect determination of tenant income and therefore, tenant rent
- Inadequate or unclear leasing procedures
- Recertifications performed incorrectly
- Inadequate number of annual recertifications completed.

The lack of an outreach program can be remedied by developing and implementing a program. However, a lack of applicants for a particular unit size such as efficiencies may indicate that there is no market for the unit size. Solutions to this problem are complex and may include adding amenities to the units to make them more marketable, conversion to larger or smaller units which are in demand or even the disposition of same buildings.

PHAs without a tenant and selection plan should develop one. Without a plan, there is no basis for the selection and assignment process.

Many PHAs have inadequate screening procedures. This may be due to an inadequate number of staff to perform the screening, a lack of procedures or political pressures to circumvent the screening process. Sometimes there may be a lack of any screening efforts because the courts or hearing officer overturns the PHA's decision with the result that the PHA believes screening to be a futile process. Possible solutions to these problems include hiring additional staff or reassigning existing manpower to the screening effort, developing and documenting screening policies, procedures and criteria; meeting with local politicians, court officials and hearing officers to discuss the purpose of the screening process.

Many PHAs have inefficient leasing procedures. This may be due to the PHAs lack of a selection and assignment plan. Revising the policies and procedures can help to alleviate this kind of problem.

Many PHAs experience income determination and rent computation problems. This is usually due to a lack of staff knowledge and can be remedied by training. Training of this type can be obtained from the local HUD field office at no cost.

Another problem commonly experienced by PHAs is an inability to perform the annual recertifications required by HUD. Many PHAs fall behind schedule due to an inadequate number of staff to perform recertifications, lack of staff knowledge of how to perform the recertification, or lengthy and inefficient recertification procedures. This problem may be remedied by revising recertification procedures, hiring or reassigning additional staff, and recertification training.

While not a common problem, the authors have also seen instances of PHAs utilizing their own recertification forms rather than utilizing the recertification form required by HUD. If the reviewer should discover a problem of this type, he should recommend that the PHA request training from the local HUD field office in the preparation of the Certification/Recertification of Tenant Eligibility (HUD 50058) form and begin utilizing the correct form.

Another vitally important area is the rent collection process. If the PHA is having trouble collecting rent, as evidenced by high tenant accounts receivables (TARs) and collection losses, it will not be able to maintain its units adequately.

Prior to the initial site visit the reviewer should obtain and review recent HUD Management Reviews, Occupancy Audits, IPA Audits and PHA delinquent account and collection loss reports. These documents will contain evidence of problems with the rent collection process. During the initial assessment, the reviewer should interview PHA rent collection staff to find out what corrective actions have been taken if problems exist, current rent collection policies and procedures and the current level of TARs. During the comprehensive review, the reviewer should interview property staff to ascertain their role in the rent collection process and thoroughly examine internal delinquency and collection loss reports.

While rent collection problems are usually quite evident, the reasons for the problems are often complex. For example, high TARs may be due to an informal rent strike due to inadequate maintenance or tenant knowledge that actual eviction for non-payment is rare. Other reasons for high TARs include an inadequate billing and collection system, unclear procedures, an unresponsive reporting system in which payments are not recorded in a timely fashion and inadequate management emphasis on the importance of prompt payment.

Depending on the reasons for the problem, the PHA might improve its rent collections by making one or more of the following improvements:

- Revising rent collection policies and procedures
- Instituting charges for late payments and bad checks

- Improving routine maintenance
- Making an agreement with local officials to enforce evictions
- Implementing and enforcing agreements to eliminate a tenant debt
- Increasing project manager responsibilities in the collection of rent
- Improving the rent collection reporting system so that reports are current and accurate.

Some possible solutions to high collection losses include:

- Hiring a collection agency to collect debts from vacated tenants
- Obtaining a forwarding address for vacating tenants
- Obtaining the assistance of PHA counsel to pursue collection for the maximum time allowed by the jurisdiction.

Several PHAs, in an effort to keep the reported collection losses down, avoid writing off the debts for long periods of time. This is inadvisable because it increases the PHA's TARs when there is no chance of collecting the debt, inflates the reserves and eventually, when the PHA does write off the debts, the loss will be extremely high. Collection losses should be written off on a regular basis and not be allowed to accumulate.

Finally, the occupancy rate of the PHA is extremely important as it affects the amount of rent and operating subsidy received. Projects with low occupancy and high vacancy rates will become targets for vandalism and crime and earn a poor reputation for their low quality of life thereby making it even more difficult to re-lease units within the project. A high vacancy rate is among one of the most pressing problems often experienced by PHAs today.

The reviewer can usually obtain the occupancy or vacancy rate (either statistic is useful as they are simply other sides of the coin) prior to his on-site visit. The reviewer should obtain, if possible, not only the

PHA's overall vacancy rate but a breakdown of vacancies by unit size and project. Such information may be obtained in recent HUD Occupancy Audits or Management Reviews, Reports of Tenant Accounts Receivable (HUD 52295) or internal PHA occupancy/vacancy Reports. If the PHA is experiencing a vacancy problem, the reviewer must determine the reasons for the vacancies. The reason may vary from property to property. If the reviewer notices a pattern in the vacancy data which would indicate that 40% of all vacancies are efficiency units for example, he may deduce after interviewing PHA staff that the vacancies are due to a poor unit mix and a lack of a market for efficiencies. However, another common reason for a high vacancy rate is that the PHA lacks the monetary or staff resources to rehabilitate its units. Large numbers of units requiring major rehabilitation (e.g., $4000+/unit) are a financial burden most PHAs cannot shoulder. On the other hand, large numbers of units requiring minor rehabilitation strain the PHA's staff as maintenance tries to perform routine, preventive and emergency services <u>and</u> ready the vacant units for reoccupancy. Other possible reasons for a high vacancy rate include:

- Poor leasing procedures
- Inadequate vacant unit securing procedures which result in a unit needing minor rehab being vandalized and then requiring major rehab
- Inadequate unit turnover policies and procedures
- Inadequate maintenance training on unit preparation
- Particular projects considered undesirable by applicants due to crime rate, reputation, lack of nearby stores, etc.
- Lack of an outreach program.

Solutions to a vacancy problem are not simple nor can the PHA usually expect dramatic short term results. Generally, a PHA must obtain additional funding to rehab some of its vacant units. Funds will be needed to contract out those units requiring major rehab and for supplies and equipment so that PHA staff may make repairs to units requiring minor rehab. As already mentioned, if vacancies exist due to a lack of a viable market, the PHA may consider making the units more marketable by adding amenities or changing the unit mix to increase the number of those sized units which are in demand. Depending on the reasons for the problem, the PHA might also benefit from revising its leasing procedures and establishing reoccupancy guidelines, revising its unit securing procedures to make units less vulnerable to vandalism, revising unit turnover procedures, training staff in unit preparation procedures, developing and implementing an outreach program and trying to improve the quality of life at the "problem" projects by evicting problem families, and obtaining local police assistance to patrol the project.

Homeownership Opportunity-Turnkey III Program

The Homeownership Opportunity Program (Turnkey III) provides low-income families with an opportunity to purchase a home. A Homeownership Agreement is entered into between the PHA and an eligible buyer. The homebuyer earns ownership by making monthly payments based on a percentage of his income and providing all routine repair and maintenance to the house.

Participants in the program are low-income families with incomes high enough to meet a minimum monthly payment but are also within the PHA's income limits. A homebuyer has an obligation to build up a credit in his Earned Home Payment Account (EHPA) sufficient for a down payment on his home.

Many PHA's administering Homeownership programs have placed little emphasis on homeownership and view it as a low priority. Because the objective of this program is to help low-income families to purchase homes, attainment of homeownership is the most important aspect to be reviewed. Prior to the initial assessment, the reviewer should request all the documents listed in the Occupancy Information Requirements and Possible Sources Table to obtain an overview of the program. In addition, the reviewer should ascertain how many homes have been sold to date. During the initial assessment, the reviewer should interview PHA staff and gather the information necessary to apply the initial assessment performance measures. During the comprehensive review, the reviewer should further interview staff and examine the Earned Home Payment and Non-Routine Maintenance accounts and the amount of delinquent tenant accounts.

The problem most commonly observed is that the PHA is not selling an adequate number of houses. The reason for this situation is crucial to developing an improvement strategy. The PHA may not have sold many homes for one or more the followings reasons:

- Lack of staff understanding of program
- Tenant ineligibility
- Inability of tenant to secure loan
- Incorrect maintenance of Homebuyer accounts.

In many cases, it is the lack of staff understanding and program monitoring that results in few homes being sold. In some PHAs many tenants' EHPAs are at the level adequate for a down payment but the PHA has not informed the tenant of his status. Also, the Homebuyer accounts are often incorrecty maintained. Often reconciliation is needed so that the accounts reflect actual credits and debits. A tenant will not be able to achieve homebuyer status if his EHPA is improperly credited. Another problem is that many PHAs do not provide assistance in helping the tenants to secure loans once they are ready to purchase their homes.

Low EHPAs may be indicative of another reason for a low selling rate which is tenant ineligibility. If the tenant regularly misses his monthly payment, he is not a good candidate for homeownership. PHAs with high delinquencies may have a large number of ineligible tenants in this program. PHA staff should anually assess a tenant's eligibility, and if a tenant is found to be ineligible for continued occupancy, arrangements should be made to remove him from the homeownership program. However, many PHAs take no action when tenants are found to be ineligible.

Lastly, once the homebuyer is ready to purchase his home, he must secure financing. Many PHA's are deficient in their assistance to the

Homebuyer at this point. However, poor market conditions can also affect the Homebuyer's ability to obtain a loan.

Possible solutions to the problems listed above included:

- Tranferring ineligible tenants to the public housing program
- Adjusting incorrectly credited Homebuyer accounts
- Development of a program to assist Homebuyers to obtain state aided below market loans
- Monitoring of Homebuyer status
- Staff training to ensure a thorough understanding of the program.

1.1B Activities and Functions to be Reviewed - Occupancy

The occupancy sub-function involves a multitude of activities and functions, many of which are regulated by HUD. The reviewer should examine the occupancy functions noted below of the Low-income Public Housing and Homeownership Opportunity Programs and determine:

1) The efficiency of the application taking process;

2) The adequacy and method for determining applicant eligibility and the process and adequacy of the PHA's information verification procedures;

3) The method for maintaining the waiting list;

4) The adequacy and comprehensiveness of the selection criteria utilized;

5) The effectiveness of outreach efforts to attract applicants;

6) The methods and the correctness of rents calculated at move-in and during the reexamination process and the implementation of HUD regulations concerning rent determination;

7) The adequacy of the PHA's annual reexamination efforts;

8) The adequacy of the grievance procedure and;

9) The adequacy of staff (e.g., number and knowledge) and the existence of clearly defined roles.

1.1B Activities and Functions to be Reviewed - Occupancy

The reviewer should make the following determinations concerning the Low-income Public Housing and Homeownership Opportunity Programs:

1) The adequacy of the assignment process;

2) The effectiveness of the vacant unit turnover process;

3) The adequacy of the lease and its conformity with federal, state and local laws;

4) The effectiveness of the eviction process for nonpayment of rent, chronic rent delinquency, failure to cooperate with reexamination procedures, poor housekeeping and undesirable behavior, as well as for other terminations of tenancy;

5) The adequacy of the rent collection procedures;

6) The level of collection loss and the adequacy of collection efforts;

7) The method and adequacy of procedures for assessing charges for damages;

8) The method and adequacy of procedures for assessing tenants charges for excess utilities, appliances, etc.;

9) The adequacy of the tenant transfer process; and

10) The level of over- and under-housed tenants and the effectiveness of the PHA's procedures for dealing with such tenants.

1.1B Activities and Functions to be Reviewed - Occupancy

The reviewer should make the following determination concerning the Low-income Public Housing Program:

1) The adequacy of the existing security deposit amount(s) and whether they require revision.

1.1C Occupancy Information Requirements and Possible Sources Table

Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Maintenance and composition of waiting list	- PHA policies and procedures - Interviews with chief, Applications Office - Internal reports - HUD Occupancy Audits
2. Number of eligible applicants in selection pool by unit size for elderly/family and emergency/other	- Application reports - Interviews with chief, Applications Office
3. Number of home visits made during past 12 months and number of applicants determined ineligible based on screening procedures by reason (e.g., criminal activity, housekeeping, etc.)	- Home visit reports or other internal reports - Interviews with chief, Applications Office, and/or Applications staff
4. Annual turnover by unit size for the past two years	- Move out or other internal reports - Interviews with director, Housing Management
5. Average authority-wide and project vacancy by unit size and elderly/family for the for the past eight quarters	- Vacancy/Occupancy Reports - Report of Tenant Accounts Receivable (HUD 52295) - Interviews with director, Housing Management - HUD Occupancy Audit and/or Management Review
6. Tenant Selection and Assignment procedures	- PHA policies and procedures - Interviews with Applications staff and project managers - HUD Occupancy Audit
7. Noneconomic selection policies and procedures	- HUD Occupancy Audit - PHA policies and procedures - Interviews with Applications staff and project managers

1.1C Occupancy Information Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
8. Outreach efforts to low-income families	- Copies of notices, brochures or advertisements - Interviews with Applications staff
9. Tenant profiles by project	- Tenant information reports - Interviews with director, Housing Management
10. Eviction policies and procedures	- PHA policies and procedures - Interviews with Housing Management staff and legal counsel - HUD Occupancy Audit
11. Number of evictions by reason for eviction over last two years, average number of days for eviction process and number of writs served for eviction over last two years	- Internal reports - Interviews with legal counsel and director, Housing Management
12. Rent collection policies, procedures and practices	- PHA policies and procedures - PHA rent collection plan - Interviews with Housing Management staff, executive director, legal counsel - HUD Management Review, IPA Audit
13. Percent of tenants delinquent, by quarter, for past eight quarters; Tenant Accounts Receivables to total monthly charges and rent roll per quarter for the last eight quarters	- PHA delinquency and other internal reports - Report of Tenant Accounts Receivable (HUD 52295) - Interviews with Housing Management staff and project managers - HUD Management Review
14. Collection and write-off procedures and practices	- PHA policies and procedures - Interviews with Housing Management staff, Accounting staff, legal counsel and collection agency - HUD Management Review and IPA Audits

1.1C Occupancy Information Requirements and Possible Sources Table

Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
15. Annual collection loss and rent roll for the past three years	- HUD Management Review and IPA Audits - Report of Tenant Accounts Receivable (HUD 52295) - Internal reports - Interviews with Housing Management and Accounting staff - Operating Budget (HUD 52564) - Statement of Operating Receipts and Expenditures (HUD 52599)
16. Lease obligations	- Dwelling Lease - PHA policies and procedures - Interviews with legal counsel and project managers
17. Grievance procedure	- PHA policies and procedures - Interviews with Housing Management staff, project managers and legal counsel - HUD Occupancy Audit
18. Tenant orientation	- Tenant handbook - Orientation handouts and/or curriculum - Interviews with Housing Management and Project staff
19. Average unit turnover time to re-rental over the past two years	- Move-in/move-out and other internal reports - Interviews with Applications staff and project managers - HUD Management Review
20. Total number of annual reexaminations done for the past three years	- PHA reexamination forms - Certification/Recertification of Tenant Eligibility (HUD 50058) - Internal reports - Interviews with Reexamination, Applications and/or project staff - HUD Occupancy Audit

1.1C Occupancy Information Requirements and Possible Sources Table

Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
21. Determination of tenant income and rent	- PHA policies and procedures - Sample inspection of Certification/Recertification of Tenant Eligibility Forms (HUD 50058s) - Interviews with Reexamination, Applications and Project staff - HUD Occupancy Audit

1.1C Occupancy Information Requirements and Possible Sources Table

Low-income Public Housing

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Security deposit	- Dwelling Lease - PHA policies and procedures - Interviews with project managers
2. Procedures and practices for charging tenants for damages	- PHA policies and procedures - Interviews with Project, Maintenance and Accounting staff - PHA charges schedule - HUD Management Review and IPA Audit
3. Procedures and practices for assessing other charges (special appliances, excess utilities, etc.)	- PHA policies and procedures - Interviews with Project, Accounting and Housing Management staff - HUD Management Review and Utility Reviews
4. Number of over and under housed families	- Internal report - HUD Occupancy Audit - Interviews with Housing Management staff and project managers
5. Broad range of income policy and practices	- PHA policies and procedures - Broad range plan - Interviews with Applications staff and director, Housing Management - Tenant income profile - HUD Occupancy Audit

1.1C Occupancy Information Requirements and Possible Sources Table

Homeownership Opportunity Program

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Tenant orientation	- Homebuyer handbook - Orientation handouts and/or curriculum - Interviews with Housing Management and/or Homeownership Project staff - Homebuyer Association training package
2. Procedures and practices for charging homebuyers for damages	- PHA policies and procedures - Interviews with Project, Maintenance and Accounting staff - PHA charges schedule - HUD Management Review and IPA Audit - Earned Home Payments Accounts - Nonroutine maintenance reserves - Homebuyer's authorization to charge his account
3. Purchase prices	- Initial purchase price schedule - Amended purchase price schedule - Appraisals - Work papers showing computations - Homeownership Opportunity Agreement
4. Application of monthly payment	- Earned Home Payment Account per homebuyer - Non-routine Maintenance Reserve per homebuyer - Homebuyer ledger - Cash receipts
5. Total number of homebuyers achieving required earned home payment account balance	- Certificate of homebuyer status - Earned Home Payment Account

1.1D Performance Measures - Occupancy

Initial Assessment Performance Measures - Low-income Public Housing Program

1. Average vacancy rate per quarter for the past two years.
   a. By unit size
   b. By individual property
   c. By property type (elderly vs. family)

2. Percent of delinquent tenants in possession per quarter for the past eight quarters.
   a. At end of the grace period
   b. One month or less
   c. Over one month

3. Percent of tenant accounts receivables for tenants in possession to total monthly charges per quarter for the past eight quarters.

4. Percent collection loss to dwelling rent per year for the past three years.

5. Does the PHA have a tenant selection and assignment plan?

6. Percent of applicants subjected to non-economic screening criteria in the past twelve months.

7. Percent of "emergency" applicants to regular applicants per quarter for the last four quarters.

8. Percent of reexaminations completed to the total required per year for the past three years.

1.1D Performance Measures - Occupancy

9. Average time elapsed from move-out to move-in over the past two years.

10. Percent of Writs for eviction issued by the court to total eviction requests submitted to the court for the previous eight quarters.

Comprehensive Review Performance Measures-Low-income Public Housing Program

1. Percent of eligible applicants to annual (previous year's) turnover.
   a. By unit size.

2. Percent of home visits conducted for those applicants deemed by the PHA policy to require a home visit in the past twelve months.

3. Is the Dwelling Lease in conformance with federal, state and local laws (i.e., are its provisions upheld in court)?

4. Average elapsed time from grace period to filing in court for non-payment of rent.

5. Average elapsed time from grace period to actual eviction.

6. Percent of tenants actually evicted for the previous eight quarters to total Writs served.

7. Frequency of purging and updating of the waiting list.

1.1D Performance Measures - Occupancy

8. Does a written grievance procedure exist?

9. Has the PHA implemented a broad range of incomes policy?

10. Does the ethnic mix at the PHA's projects reflect the ethnic mix of the total PHA program population?

11. Percent of residents overhoused per year for the last two years.

12. Percent of residents underhoused per year for the last two years.

13. Percent of Tenants who vacated without notice per quarter for the last 4 quarters.

14. Are new residents either given an orientation or a tenant handbook?

15. Are PHA policies and procedures posted at each property?

Initial Assessment Performance Measures-Homeownership Opportunity Program

1. Total number of homes sold in program.

2. Number of homes sold per year for the past two years.

3. Average length of time homebuyer remains in program before purchase.

4. Percent of homebuyer agreements terminated by PHA in the past 12 months.

1.1.D Performance Measures Occupancy

5. How frequently are the reserve amounts revised to reflect current operating costs?

6. Does PHA assess homebuyers for routine maintenance performed by PHA staff?

7. Average vacancy rate per quarter for the past two years.
   a. By unit size
   b. By individual property

8. Percent of delinquent tenants in possession per quarter for the past eight quarters.
   a. At the end of the grace period
   b. One month or less
   c. Over one month

9. Percent of reexaminations completed to the total required per year for the past three years.

10. Percent of tenant accounts receivables for tenants in possession to total monthly charges per quarter for the past eight quarters.

11. Percent of eligible applicants to annual (previous year's) turnover.
    a. By unit size

Comprehensive Review Performance Measures-Homeownership Opportunity Program

1. Percent of homebuyers whose monthly payment exceeds break even amount by 10%.

1.1.D Performance Measures Occupancy

2. Percent of ineligible homebuyers in occupancy in excess of 6 months.

3. Percent of homebuyers terminating agreement voluntarily each year.

4. Frequency of purging and updating of the waiting list.

5. Percent of home visits conducted for those applicants deemed by the PHA policy to require a home visit in the past twelve months.

6. Average time elapsed from move-out to move-in over the past two years.

7. Total number of defaults on loans.

8. Percent of Writs for eviction issued by the court to total eviction requests submitted to the court for the previous eight quarters.

9. Percent of tenants actually evicted for the previous eight quarters to total Writs served.

10. Average elapsed time from grace period to filing in court for non-payment of rent.

11. Average elasped time from grace period to actual eviction.

12. Percent collection loss to dwelling rent per year for the past three years.

1.1.D Performance Measures Occupancy

13. Does a written grievance procedure exist?

14. Are new residents either given an orientation or a tenant handbook?

15. Percent of Tenants who vacated without notice per quarter for the last 4 quarters.

16. Are PHA policies and procedures posted at each property?

1.1E Occupancy Analysis Table - Low-income Public Housing

Problem or Symptom	Potential Reasons for Condition
1. Vacancy Rate Excessive	- Inadequate funding for supplies and equipment to perform repairs - Poor deployment of maintenance staff to perform repairs - Lack of maintenance staff skills to perform repairs - Ineffective tenant assignment procedure - Poor unit mix for existing market - Undesirability of specific properties - Lack of unit preparation procedures - Obsolete, run down projects - Security and/or drug problem in or around projects - Lack of transportation and/or commercial and public facilities near projects
2. Inadequate number of applicants determined eligible	- Inadequate number of staff to process applications - Lack of marketing program - Inability to attract new applicants due to the poor reputation of PHA
3. Inadequate percent of reexaminations processed annually	- Inadequate number of staff to perform reexaminations - Unclear responsibility for performing reexams
4. Inadequate tenant procedures screening process	- Lack of documented screening criteria - Inadequate staff to perform home visits, examine police records, etc. - Inability of PHA to ultimately deny housing to potential tenant because of Court, Committee, or Hearing Officer Decisions
5. PHA has excessive number of over- and/or under-housed tenants	- Inadequate transfer procedure - Low management priority
6. Excessively high Tenants Accounts Receivable	- Poor rent collection procedures and practices - Inadequate maintenance - Tenant knowledge of court sympathy and/or PHA's inability to evict

1.1E Occupancy Analysis Table - Low-income Public Housing

Problem or Symptom	Potential Reasons for Condition
7. High collection loss	- Inadequate rent collection practices - Inadequate efforts to pursue ex-tenants for collection
8. Excessive delays in the eviction process	- Inadequate rent collection, and/or eviction procedures - Heavy court caseload - Inadequate number of legal staff - Poor documentation of case - Unsympathetic courts - Political pressure - Locality has excessive number of homeless already
9. Lack of evictions	- Dwelling lease inadequate or not in conformance with federal, state or local laws - Cases not properly documented - Inaction of property management - Courts unwilling to evict
10. Excessive unit turnover	- Poor physical condition of property - Increased availability of low cost private market units - Poor image of project of PHA - Security problem at project - Disruptive neighbors
11. Outdated waiting list	- Inadequate purging policies and procedures - Inadequate number of staff - Cumbersome recordkeeping system

1.1E Occupancy Analysis Table - Homeownership

Problem or Symptom	Potential Reasons for Condition
1. Tenant Accounts Receivables are high	- Inadequate rent collection procedures - Lack of staff - Ineligible homebuyers - Eviction procedures not enforced or inadequate - Homebuyer dissatisfaction with program - Write-off procedures inadequate
2. Homebuyers not being recertified on timely basis	- Inadequate tenant notification procedures - Lack of staff to perform recertifications - Absence of recertification schedule - Lax enforcement
3. Vacancy rate is excessive	- Inadequate maintenance - Insufficient pool of eligible applicants - Undesirable location of units - Lack of demand/market - Inadequate funding for repairs
4. Turnover rate is excessive	- Difficult for homebuyer to maintain - Excessive maintenance required - Lack of commitment by PHA - Program operated as a rental program - Inadequate selection criteria
5. Purchase rate low	- Excessive number of ineligible families in program - Inadequate monitoring - Unavailable mortgage financing - Low priority for PHA - Delapidated units - Lack of staff knowledge of program procedures
6. High collection loss	- Inadequate number of staff to pursue ex-tenants for collection - Inadequate collection procedures - Earned Home Payment Account not being applied to delinquent accounts
7. Insufficient number of eligible applicants	- Lack of or inadequate marketing program - Program success a low PHA priority - Undesirable location of units

1.1E Occupancy Analysis Table - Homeownership

Problem or Symptom	Potential Reasons for Condition
8. Lack of monitoring by PHA after purchase	- Lack of staff knowledge - Promissory note not executed - Inadequate procedures or lack of procedures
9. Subsequent homebuyers paying initial purchase price	- Lack of appraisals - Lack of staff knowledge - Absence of procedures - Inadequate monitoring of program

1.2 SOCIAL AND COMMUNITY SERVICES

1.2A Sub-function Area Description

PHAs have a responsibility to assist residents needing support services. They usually meet this responsibility by ensuring that the services existing in the community are made fully available to the public housing community. Often, PHAs enter into contracts or agreements to provide inexpensive on-site office space for social service agencies to better serve their residents. In addition, some PHAs that have been able to obtain local funds administer social service programs and are involved in the direct provision of services to residents. The social service functions and activities vary widely from PHA to PHA, depending on the funding available for such activities and the commitment of the local community and the PHA.

Because the social service function is administered differently at each PHA, it is difficult to generalize about activities to be reviewed, problems commonly found and possible soultions. The reviewer should concentrate on reviewing those areas that he has discovered which impact the PHAs ability to adequately provide services to the tenants. However, one problem frequently found during social service reviews is the lack of a planning process. Often PHAs do not develop social service goals and objectives or perform needs assessments, but rather try to implement programs as funding is obtained. The lack of a planning process can be deduced from staff interviews and the lack of any documented plans.

In a similar vein, PHAs also often fail to regularly evaluate those services it provides or the services of agencies housed in the PHA projects. Again, this may be deduced from staff interviews or the lack of any formal evaluations.

The obvious solutions to these problems are the development and institution of planning and evaluation processes. It will be difficult for the PHA to assess its own performance in this area without a planning and evaluation process.

Another problem commonly found during reviews is the lack of project staff knowledge of the community and PHA services available to tenants. As discussed in the training and technical assistance section, staff training is often needed if staff are to be fully aware of the types and locations of services available.

1.2B Activities and Functions to be Reviewed - Social Services

As social service practices vary widely among PHAs, the reviewer should determine:

1) The role of the PHA staff in procuring and providing social and community services;
2) The planning process utilized (i.e., procedure for assessing resident needs, etc.);
3) The effectiveness of any PHA provided programs;
4) The effectiveness of any social service agencies housed by the PHA;
5) The extent and type of services available to the PHA community;
6) The effectiveness of the PHA's referral program;
7) The extent and value of tenant involvement in providing and/or coordinating services;
8) Whether the city is providing at least the level of services it provides to the general population; i.e., health, recreation, welfare, day care, job training and placement, educational and family life programs; and
9) The adequacy of the PHA's monitoring of services (e.g., space rental contracts, number and type agencies housed in projects, etc.).

1.2C Social and Community Services Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Amount of funding available for the direct provision of services and programs for the past three years	- PHA Budgets - Interviews with director, social services
2. Social services mission statement and planning process	- PHA policies and procedures - Annual Plan - Interviews with executive director and director, social services
3. Social and community services policies and procedures	- PHA policies and procedures - Interviews with director, social services
4. Number of current lease agreements or contracts and the adequacy of the provisions with outside agencies utilizing PHA provided office space	- Interviews with social service staff - Lease agreements or contracts in PHA files - Interviews with outside agencies
5. Resident needs data (i.e., type of services needed by area or project)	- PHA policies and procedures - PHA survey - Interviews with social service and project staff and Tenant Council members
6. Service agency utilization data (i.e., number of tenant clients served per quarter by type of service)	- Service agency reports - PHA utilization or other internal reports - Interviews with social service and project staff
7. Number, type and quality of services provided by agencies utilizing PHA space	- PHA Survey - PHA internal reports and evaluations - Interviews with social service staff and Tenant Council members
8. Number, type and effectiveness of PHA administered programs, if applicable	- PHA internal reports and evaluations - Interviews with social service staff and Tenant Council members

1.2D Performance Measures - Social and Community Services

Initial Assessment Performance Measures:

1. Does the PHA periodically assess tenant social service needs?

2. Does the PHA have an annual plan?

Comprehensive Review Performance Measures:

1. Percent of properties with functioning Tenant Councils.

2. Does the PHA evaluate the programs it administers?

3. Does the PHA evaluate the services provided by agencies that it houses?

1.2E Social and Community Services Analysis Table

Problem or Symptom	Reasons for Condition
1. Inadequate or nonexistent planning process, needs assessment or service/ program evaluation	- Inadequate number of staff to develop, plan, assess needs or evaluate programs - Absence of Management commitment to program - Lack of funding - Lack of tenant input - Lack of data to perform analyses
2. Lack of coordination between social services and project management	- Inadequate communication - Low priority placed on meeting tenant social service needs by project management
3. Under utilization of existing services	- Inadequate marketing of services - Quality of services poor - No need for the services provided - Location of agencies providing service inconvenient
4. Poor quality of services	- Lack of monitoring by PHA - PHA did not check service's reputation prior to making the service available to residents - Services are inappropriate for resident needs

1.3 SECURITY

1.3A Sub-function Description

The PHA and the city have a responsibility to provide residents protection from crime. Under its Cooperation Agreement with the PHA, the city has the responsibility for providing the same level of police protection to public housing residents as it does to the community as a whole. As funding for additional security services is often difficult to obtain, most PHAs depend solely on the local police to provide protection, however, those PHAs that have secured funding may augment police protection with their own or contracted security forces.

Security practices vary widely among PHA's depending on whether the PHA has been able to secure funds for security programs or staff. The most important indication of whether the PHA and local police are providing adequate security for tenants is the crime rate at the various projects. If project specific statistics are not available, then the reviewer should try to obtain crime statistics for the neighborhoods that contain PHA projects. In addition, the reviewer may want to perform a survey of a sample of residents to obtain their perceptions on the adequacy of security and the extent of crime at their projects. The reviewer must determine whether the PHA is making an effort to keep its tenants safe from crime.

While a crime problem is usually readily apparent, the reasons for problems and solutions are complex. There are few easy answers, however, in the situation where local police are providing less service to PHA projects than to the community as a whole, the PHA should attempt to enforce its Cooperation Agreement with the city. Additionally, if crime is high at a few specific projects, the PHA should work with local police to take measures to reduce the crime rate by setting up surveillance programs, obtaining additional on-site police, etc.

The reviewer should also determine if the PHA has considered target hardening to render its projects less vulnerable to crime. An examination of the CIAP Modernization requests or physical surveys of the projects will illustrate whether the PHA has requested such hardware as a surveillance systems, security locks, etc. Additionally, the reviewer should interview PHA staff to ascertain whether vulnerabliity assessments have been performed.

1.3B Activities and Functions to be Reviewed - Security

As PHA security practices vary widely among PHAs, the reviewer should determine:

1) The extent of a crime problem, if any;
2) The role of the PHA and staff and the methods employed in providing residents protection from crime;
3) The PHA's planning process for providing security;
4) The level of coordination between the services provided by the local police and the PHA (in-house and/or contractor);
5) The effectiveness of services from involved sources such as police, PHA, or contractor;
6) The effectiveness or inadequacy of existing hardware (i.e., fences, window bars, etc.);
7) The availability of special security for vulnerable portions of the community (i.e., the elderly and handicapped);
8) The role and extent of involvement of the residents in the security process; and
9) The level of local police service to PHA projects compared with such services to the general population (as required in the Cooperation Agreement between the city and the PHA).

1.3C Security Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Security mission statement and plan	- PHA policies and procedures - Annual plan and mission statement - Interviews with executive director and director, security
2. Amount of funding available for past three years for security	- PHA budgets - Interviews with director, security
3. Local community and project crime rates for past two years by type of crime	- Internal PHA Audits - Precinct reports - Local newspaper articles - Interviews with director, security
4. Local police response data for the past two years (i.e., number of project calls responded to, average response time)	- Police reports - PHA internal reports - Survey tenant victims - Contract security force reports
5. PHA and/or contract security force data for the past two years (i.e., average response time, number of calls responded to by type of crime), if applicable	- PHA internal reports - Contracted security force reports - Interviews with security staff
6. Security training program data (i.e., number of personnel successfully completing program, frequency of training, effectiveness of training)	- Training program curriculum - PHA internal reports - Interviews with director, security
7. The planning and installation of hardware and physical factors that deter crime such as fences, lighting, etc.	- Survey of projects - Modernization programs and and CIAP budgets - Interviews with maintenance and modernization staff - HUD Engineering Surveys

1.3D Performance Measures - Security

Initial Assessment Performance Measures:

1. Is the crime rate the same or decreasing in public housing over the last three years?

2. Is the crime rate in public housing the same or less than in the surrounding neighborhood?

3. Does the PHA work with and solicit support from local law enforcement agencies?

4. Does the PHA periodically evaluate its security program?

Comprehensive Review Peformance Measures:

1. The average response time of either PHA security personnel or contractor personnel for the last two years.

2. Is there evidence that the PHA has assessed its physical or design factor needs (i.e., the addition of hardware such as bars, grates, fences, etc. and rendering project space defensible) over the past three years as indicated by their modernization plans, surveys, etc.?

3. Do PHA security personnel perform tasks unrelated to the security function which requires 50% or more of their working day?

4. Do PHA security personnel receive both pre-service and in-service training?

1.3E Security Analysis Table

Problem or Symptom	Reasons for Condition
1. Increasing and/or high crime rate	- Inadequate police coverage and/or inadequate PHA provided security - Lack of hardware; inadequate physical factors such as fences, window bars, etc. - Inability to evict problem tenants - Lack of tenant community involvement - Lack of coordination among police, PHA and any contractor provided services
2. Local police coverage inadequate	- Shortage of police community-wide - Lack of commitment of local officials
3. PHA provided security coverage inadequate	- Poor deployment plan - Majority of time spent providing non-security related services - Lack of staff training - Insufficient authority - Insufficient funding
4. Contractor provided security coverage inadequate	- Inadequate monitoring - Provide services other than security - Insufficient authority

1.4 PHA/RESIDENT RELATIONS

1.4A Sub-function Description

The relationship between a PHA and its residents is a vital element in the overall process of supplying adequate public housing to low-income people. While physical and financial considerations are key ingredients to the success of a housing development, resident involvement and satisfaction are equally as important in achieving success. If the PHA meets the following conditions it will be able to administer a successful tenant relations program:

- The encouragement of resident responsibility and participation in a development's activities;
- Management consistency and firmness in enforcing the project rules and requirements; and
- Management responsiveness to maintenance requests and other resident needs.

Through interviewing PHA staff, residents and commissioners, the reviewer will be able to discern if problems exist in the relationship between the PHA and its residents. In addition, newspapers often contain articles that discuss resident concerns.

In order to correct any problem discovered, reviewer must gain a thorough undersanding of the reasons for problem. The reasons for the problem may be long standing and take some time to resolve. One reason commonly found for a poor relationship is the lack of communication between the PHA and residents. Many times PHA staff become so involved in handling crises that they fail to notify residents of impending actions and the reasons for these actions. The result is that residents are often the last to learn about actions that affect their homes and become angry at what they perceive is the high handed manner with which the PHA treats them. Regular and frequent communication between PHA staff and the residents tends to lessen this problem. In addition, regular and frequent communication between project and central staff allows the project staff to disseminate timely and accurate information to its residents.

1.4B Activities and Functions to be Reviewed - PHA/Resident Relations

The reviewer should examine the relations between the PHA and its residents and determine:

1) How PHA management views its current relationship with its residents and any plans to improve the relationship;

2) How residents view their current relationship with the PHA and any plans to improve the relationship;

3) The extent of PHA involvement in project activities and visa versa;

4) The method and extent of PHA communication with residents;

5) The method and extent of resident communication with PHA;

6) If applicable, the reasons for a poor or deteriorating relationship between the PHA and its residents;

7) The number and sources of special resident-oriented programs administered by the PHA; and

8) The planning process and success of the PHA in securing funds for resident programs.

1.4C PHA/Resident Relations Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. The quality of PHA/resident relations over past two years	- Newspaper articles - Tenant Council newsletters - PHA newsletters - PHA/Tenant Association Agreements - Interviews with executive director, chief of management, chief of occupancy, social services director, project staff, Resident Council representatives and other residents
2. The number of special programs instituted to enhance resident satisfaction such as recreation, employment opportunities, etc. for past two years	- Budgets - Program plans, utilization reports and evaluations - Interviews with executive director, social service director, project managers, Resident Council representatives and other residents
3. Percent of residents employed by the PHA	- PHA internal reports - Interviews with the personnel director
4. The extent and type of resident grievances against the PHA	- Number and type of grievances made by residents against the PHA for the past three years - Hearing transcripts - Interviews with the executive director and Resident Council representatives

1.4D Performance Measures - PHA/Resident Relations

<u>Initial Assessment Performance Measures</u>:

1. Percent of projects with active resident councils.

2. The percent of residents employed by the PHA.

3. Does the PHA have resident representation on the Board of Commissioners (if applicable)?

<u>Comprehensive Review Performance Measures</u>:

1. Number of resident council meetings attended by the executive director annually for the past two years?

2. Number of resident council meetings attended by property managers within the past twelve months.

3. Number of grievances by type of grievance filed annually by residents against the PHA for the past two years?

4. Does the PHA provide project meeting/community facilities?

1.4E Analysis Table - PHA/Resident Relations

Problem or Symptom	Potential Reasons for Condition
1. Formal or informal rent strike	- Inadequate provision of essential services to residents - Protest of PHA actions - PHA's insensitivity to resident concerns - Inadequate maintenance repairs and untimely response to repair requests - Resident knowledge of court sympathy; lack of evictions for nonpayment - Inadequate rent collection plan
2. Lack of resident participation in programs	- Input not solicited - Program not conducive to resident needs - Location of programs - Resident not informed by PHA of program availability

2. Facilities Management Assessment Techniques

A. Functional Area Description

A PHA performs numerous management and technical services to maintain each unit and all grounds and common areas it manages at or above the minimum standards for decent, safe and sanitary housing established by the federal regulations and prevailing local codes. These services comprise the Facilities Management function.

The facilities management function has been divided into three sub-functions:

- 2.1 Maintenance
- 2.2 Procurement and Inventory
- 2.3 Modernization and Energy Conservation.

2.1 MAINTENANCE

2.1A Sub-function Description

Low-income Public Housing Program

The Maintenance sub-function involves making regular inspections of units and common areas to identify any work necessary to bring them into acceptable condition. It also involves coordinating an effective preventive maintenance program under which physical needs are identified and addressed before they become major problems, repairing and preparing vacant units for reoccupancy, responding to emergency and routine service requests by tenants, performing the work specified on work orders, performing janitorial work, servicing mechanical systems such as the heating plants, maintaining the grounds, conducting a regular painting program, and monitoring the performance of maintenance contractors.

The main focus of the review should involve assessing whether or not the PHA maintains its units in good repair suitable for decent and safe habitation. The reviewer should examine the extent of the backlog of work orders, inspect a sample of projects and units to observe their condition, review recent HUD Engineering Surveys to obtain an understanding of the PHA's greatest physical problems and interview PHA staff to gain insight into the adequacy of the existing system.

Inadequate maintenance is a problem commonly observed at many PHAs. During the interviews of the maintenance and management staff, the reviewer should determine the reason for any deficiencies found. The reasons for inadequate maintenance might include one or more of the factors listed below:

- Inadequate number of maintenance staff
- Poor skill mix of existing staff
- Unavailability of needed materials
- Large backlog of repair requests

- Inadequate maintenance policies and procedures
- Lack of preventive maintenance program
- Tenant abuse
- Ineffective deployment pattern
- Inadequate supervision of maintenance staff
- Inadequate contractor monitoring procedures
- Lack of regular unit inspections
- Lack of funding for needed rehabilitation.

Improvement in the maintenance operations may take some time to affect. Many PHAs have had maintenance problems for several years which has resulted in the deterioration of the housing stock. Improvement, in this case, cannot be made overnight. Improvement might be achieved, however, by instituting one or more of the following solutions:

- Hire additional staff
- Change the deployment pattern (from central level to project level, for example, or visa versa)
- Contract for additional maintenance services
- Provide skill retraining for staff
- Institute a preventive maintenance program
- Institute a productivity monitoring program
- Charge tenants for repairs made due to abuse
- Seek local funds for supplies or rehabilitation
- Perform unit inspections on a regular basis
- Train tenants in the maintenance of their units.

Homeownership Opportunity - Turnkey III Program

In the Homeownership Opportunity Program, the PHA is responsible for maintaining the common areas but tenants are responsible for maintaining their units. Other PHA responsibilities under this program include the repair and preparation of vacant units, monitoring the performance of maintenance contractors, and periodically inspecting those units not yet sold.

While the PHA is not responsible for the routine maintenance of homebuyer units, it is responsible for correcting any structural defects due to faulty construction. The reviewer should look at the Homeownership properties and assess their condition. If the reviewer determines that the units are being inadequately maintained or need rehabilitation due to poor construction, he may suggest one of the following items to improve the situation:

- Unit maintenance training for tenants
- Obtaining funds for rehabilitation
- Determining whether the original contractor is liable for repairing the condition, and if so, pursuing enforcement of the terms of the contract
- Temporarily setting up a maintenance task force to make repairs.

2.1B Activities and Functions to be Reviewed - Maintenance

The reviewer should examine maintenance activities and functions for the Low-income Public Housing and Homeownership Opportunity Programs and determine:

1) The deployment pattern (central maintenance vs. property maintenance) and the effectiveness of the existing system;

2) The maintenance staff's role in recording repairs made due to vandalism and resident abuse and assessing the associated costs;

3) The effectiveness of the work order system and staff responsibilities in processing work orders;

4) The effectiveness of the work order monitoring system and extent of backlog, if any;

5) The existence and effectiveness of a preventive maintenance program;

6) The presence of PHA funded programs to train maintenance staff;

7) The extent of maintenance involvement in developing modernization funding applications;

8) The effectiveness of the vacant unit preparation program;

9) The maintenance staff's ability to respond promptly to emergency service needs;

10) The cleanliness and general appearance of property grounds and common space areas;

2.1B Activities and Functions to be Reviewed - Maintenance

11) The role of maintenance in monitoring contractor performance;

12) The benefits and weaknesses of the existing unit inspection program and the effectiveness of the unit inspection monitoring system;

13) The maintenance staff's role in developing modernization applications; and

14) The adequacy of maintenance supervision and maintenance staff productivity.

The reviewer should make the following determination concerning the Homeownership Opportunity Program:

1) The adequacy of tenant maintenance and the amount of maintenance provided by the PHA.

2.1C Maintenance Information Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Maintenance procedures and priorities	- PHA policies and procedures - Maintenance staff
2. Extent of backlog of maintenance	- HUD Engineering Surveys - Uncompleted work orders - Unit inspection reports - On site inspection of apartments, grounds and public spaces - Interviews with maintenance staff - PHA maintenance reports
3. Effectiveness of work order system as management tool (i.e., data on staff productivity, supervision, quality of work)	- Analysis of work orders - Interviews with maintenance staff - Site visits
4. Average time needed to complete emergency work orders	- Emergency work orders - Maintenance staff - Tenant interviews - PHA maintenance reports
5. Average time needed to complete routine work orders	- Routine work orders - Maintenance staff - Tenant interviews - PHA maintenance reports
6. Preventive maintenance program (i.e., identification of equipment requiring servicing; type and frequency of servicing required and skill level necessary to perform service; generation of work order to perform the service; existence of controls to monitor and evaluate system).	- HUD Engineering Surveys - Unit inspection reports - PHA policies and procedures - Maintenance reports - On-site inspections - Work orders - Interviews with maintenance staff
7. Completion of unit inspections for past two years (i.e., number completed); method of performing inspection; follow up on deficiencies noted	- HUD Management Reviews and Occupancy Audits - Inspection Reports - Follow up work orders or other documents - Interviews with maintenance staff

2.1C Maintenance Information Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
8. Extent of deferred maintenance of units, public spaces and grounds	- HUD Engineering Surveys - Work order backlog - Internal PHA reports - Site inspections - Interviews with Maintenance staff
9. Apartment painting program (i.e., number and dates that units were painted in past five years)	- Unit painting records - Internal PHA reports - PHA policies and procedures
10. Preparation of vacant units (i.e., average time to prepare units; and quality of preparation work)	- Internal PHA reports - PHA policies and procedures - Work orders - On site inspections - Interviews with maintenance staff and project managers - Occupancy reports - HUD Occupancy Audit and Management Review
11. Supervision over maintenance operation (i.e., effectiveness of on-site supervision; availability of standards; oversight and monitoring)	- PHA policies and procedures - Organization charts - Interviews with Maintenance and Project staff - On-site inspections
12. Assignment of maintenance staff for routine maintenance: ratio of total maintenance staff to units in family, elderly or mixed projects; ratio of skilled maintenance staff to units in family, elderly or mixed projects; special conditions affecting work load (i.e., concentration of large size apartments, extensive planted areas, abnormal maintenance problems units scattered over wide geographical area, Central Maintenance and private contracting practices)	- Operating budgets - PHA maintenance reports - HUD Engineering Surveys - Maintenance contracts - On-site inspections - Interviews with Maintenance staff

2.1C Maintenance Information Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Programs

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
13. Maintenance staff productivity (i.e., average number of work orders per day per skilled maintenance employee) and standards and schedules for janitorial and grounds staff	- Work orders - PHA maintenance reports - PHA policies and procedures - On-site inspections - Interviews with Maintenance staff
14. Training needs and program	- Personnel records - Work orders - Training program curriculum and materials - Interviews with Maintenance and Personnel staff - PHA training plan Site inspections
15. Maintenance Contracts - compliance with bidding and contracting policies; adequacy of specifications; inspection procedures; performance of work	- Contract documents - Inspection reports - PHA policies and procedures - Interviews with Maintenance and Contracting staff - Site inspections - HUD Management Review and IPA Audit

2.1D Performance Measures - Maintenance

Initial Assessment Performance Measures - Low-income Public Housing and Homeownership Opportunity Programs:

1. Percent of work orders completed to work orders on hand during the month, per month for the past twelve months.

2. Does the PHA have a preventive maintenance program, and does it provide for the following:

    a. A service request (work order) or other document to schedule the service.
    b. Appropriate reporting and monitoring controls to evaluate the program.
    c. The skill level required to perform stated service.
    d. Identification of equipment requiring servicing by name and location.
    e. Identification of the servicing required for each type of equipment.
    f. Identification of the frequency of servicing required.

3. Average time to complete emergency service (i.e., a situation that poses an immediate threat to the health or safety of a resident or that can result in serious damage to the property) requests during the past twelve months.

2.1D Performance Measures - Maintenance

Comprehensive Review Performance Measures - Low-income Public Housing and Homeownership Opportunity Programs:

1. Average vacant unit preparation time for the past twelve months.

2. Percent of unit inspections completed per year for the past two years.

3. Percent of family units painted in the last five years.

4. Percent of elderly units painted in the past seven years.

2.1E Maintenance Analysis Table

Low-income Public Housing and Homeownership Opportunity Program

Problem or Symptom	Potential Reasons for Condition
1. Low production of maintenance staff	- Inadequate supervision - Inadequate staff skills to perform services - Lack of ongoing training programs for staff to maintain skills - Ineffective deployment of staff
2. Vacant unit preparation time excessive	- Unclear procedures - Lack of standards - Lack of materials and supplies to make needed repairs - Lack of funds to obtain contractor services for major rehabilitation - Inadequate staff skills - Lack of management commitment
3. Excessive backlog of work items	- Inadequate number of staff - Lack of or inadequate preventive maintenance program - Inadequate work order monitoring system - Inadequate staff skills to perform repairs - Low priority of routine service requests led to development of backlog
4. Inadequate maintenance work order system	- Procedures unclear and/or inefficient - Undefined staff responsibility for processing - Lack of procedures for monitoring completed work
5. Lack of or inadequate preventive maintenance (PM) program	- Inadequate number of staff - Undefined and/or unclear program procedures - Inadequate or lack of reporting and monitoring system - Lack of management commitment making PM effectively a low priority - Lack of tenant training - Low staff productivity
6. Number of scheduled unit inspections done is inadequate or questionnable	- Inadequate staffing - Inadequate proof of inspections as inspection forms unavailable - Lack of management commitment; low priority

2.1E Maintenance Analysis Table

Low-income Public Housing and Homeownership Opportunity Program

Problem or Symptom	Potential Reasons for Condition
	- Inappropriate use of inspection forms - Poor inspection form design - Low staff productivity
7. Staff skills are inadequate	- Lack of or inadequate training programs - Malfunctioning performance appraisal system - Poorly defined or inadequate hiring criteria
8. Inadequate supervision of contractors	- Responsibilities of staff unclear and/or undefined - Inadequate staffing to monitor contractors - Lack of coordination between Contracts Division and Maintenance Division
9. Lack of maintenance training programs	- Lack of funds to set up program or send staff to programs - Other duties take precedence over developing training programs - Existing staff lack training skills - PHA does not perceive a need for training

2.1E Maintenance Analysis Table

Homeownership Opportunity Program

Problem or Symptom	Potential Reasons for Condition
1. Maintenance being performed by PHA that should be performed by tenant	- Homebuyers not performing in accordance with agreement - Lack of or inadequate training of homebuyer - Homebuyer lacks skills to perform tasks - Hombuyer lacks understanding of responsibilities - Homebuyer not being charged for maintenance performed by PHA - Inspections not being monitored - Inadequate repairs - Insufficient program knowledge of PHA staff regarding responsibilities of Homebuyer
2. Excessive backlog of major repair work items	- Inadequate staffing - Lack of or inadequate preventive maintenance program - Inadequate work order monitoring system - Inadequate staff skills to perform repairs - Non-routine maintenance reserves untapped - Inadequate homebuyer skills
3. Homebuyer skills inadequate to perform routine maintenance	- Lack of training program or inadequate training program - Not a criterion for admission into program

2.2 PROCUREMENT AND INVENTORY

2.2A Sub-function Description

The Procurement and Inventory sub-function involves the purchasing, storing and control of supplies and materials needed to repair, clean or otherwise maintain the authority's structures. The reviewer must first determine that the PHA is performing annual inventories as not all PHAs perform the annual inventory as they should. The reviewer should review any IPA or HUD audit findings concerning the inventory and purchasing functions. Staff should be interviewed to determine the adequacy of purchasing and inventory prodedures.

Many PHAs have inadequate inventory systems. Usually this problem is eliminated by hiring an expert to design and implement a system which meets the PHA's needs. It is often useful to develop a pilot program to test a new inventory system. Further detail on pilot inventory systems is provided in the training and technical assistance section.

Unfortunately theft of stock items is a problem experienced at many PHAs. This may be due to inadequately secured storage areas, inadequate supervision, inadequate inventory procedures, or a lack of staff accoutability. Again, revising the inventory system may help alleviate this problem by establishing controls, staff accountability and better recordkeeping procedures. Increasing supervison and securing storage areas will also help.

Many PHAs have problems with over or understocking of supplies. The reviewer will discover if this is the case by comparing the supplies on hand to usage data. In order to make this determination, it may be necessary for the reviewer to develop usage data from examining requistions. Often over or understocking is due to a lack of usage data. Many PHAs have no data on which to base decisions about when to order and how much to order. Also, poor inventory records result in the PHA not knowing what it has on hand. Improving the recordkeeping system and developing usage data will often help to alleviate this problem.

Lastly, many PHAs experience delays in procuring materials. The reviewer may discern if this is the problem by interviewing staff and inspecting a sample of purchase orders to determine the order date and comparing it to the corresponding receiving report date.

When delays are experienced, this may be due to

- Inadequacies in the procurement system
- Inadequate vendor monitoring
- Understocking frequently needed materials

Revising procurement procedures so they are more efficient, instituting a monitoring process and maintaining an adequate supply of frequently used materials will help to solve this problem.

2.2B Activities and Functions to be Reviewed - Procurement and Inventory

The reviewer should make the following determinations:

1) The effectiveness of the current inventory system(s);
2) The responsibilities of central property staff in taking inventory and maintaining inventory records;
3) The adequacy of the controls to ensure that there are sufficient financial resources to cover expenditures;
4) The storage locations for supplies, materials and equipment and the security measures taken to keep items safe from theft and pilferage;
5) Any trend towards increasing or decreasing property disposal due to theft and vandalism;
6) The effectiveness of the procurement system (purchase orders, requisitions and contracts) and individual staff responsibilities;
7) The extent that public bidding process is used;
8) The timeliness of vendor deliveries;
9) Any problems the PHA experiences of overstocking and/or understocking;
10) The extent to which the PHA takes advantage of discounts by ordering in bulk;
11) The timeliness of payments so that the PHA may take advantage of discounts and tax exemptions;
12) The adequacy of emergency purchase procedures and practices; and
13) The extent to which the PHA utilizes the Consolidated Supply Program and the adequacy of the PHA's efforts to obtain the lowest possible price for products purchased.

2.2C Procurement and Inventory Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Inventory system for materials and supplies; number of stock record cards maintained in stock rooms; frequency of posting of purchases and withdrawals; accuracy of inventory records; security of supplies; cost of staff resources assigned to maintain inventory	- PHA policies and procedures - IPA and HUD audits - Purchase orders - Examination of stock record cards and testing validity of entries against stock and purchase orders - Disposal reports - Inventory reports - Inventory staff - Requisitions
2. Procurement system for materials and supplies; availability of materials when needed; average length of time for delivery of routine supplies; extent (if any) of overstocking or outages; compliance with building procedures	- PHA policies and procedures - Contract documents and purchase orders - PHA internal reports - HUD and IPA audits - Bulk orders - Maintenance and Inventory staff - Requisitions - Inventory inspections - Site visits

2.2D Performance Measures - Procurement and Inventory

Initial Assessment Performance Measures:

1. Is an annual inventory taken for expendable and non-expendable goods?

2. Percent of inventory on hand to the approved inventory level.

3. Have the number of items disposed of due to theft and vandalism over the past three years decreased or remained constant?

Comprehensive Review Performance Measures:

1. Average number of days from requisition of supplies until the order is filled.

2. The number of stockouts per month for the past twelve months.

2.2E Procurement and Inventory - Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Annual inventory not taken	- Lack of inventory system or inadequate system - Staff responsibilities unclear - Poor recordkeeping prohibits taking inventory - Inadequate number of staff to take inventory
2. Problem with high or increasing theft and pilferage of items	- Storage areas not adequately secured - Inadequate supervision - Inadequate recordkeeping system - Lack of staff accountability for equipment and supplies
3. Excessive delays in receiving needed supplies, materials and poor availability of items	- Inadequacies of the procurement system - Inadequate vendor monitoring - Hoarding of items by certain staff and/or properties - Understocking of frequently requested items - Equipment is obsolete and parts are not available
4. Problems of over and/or understocking	- Usage data unknown so ordering of items done on a haphazard basis - Inadequate inventory records resulting in lack of information of number and type of items on hand - Lack of staff training - Inadequate supervision and monitoring

2.3 MODERNIZATION AND ENERGY CONSERVATION

2.3A Sub-function Description

The modernization and energy conservation sub-function involves a comprehensive effort on the part of a PHA to assess the major physical improvement needs of its public housing and homeownership stock, to obtain funding for the improvements, to make the improvements using the PHA work force or outside contractors and to assess and control its energy usage. Each year HUD makes funds available to PHAs for such physical improvements through the Comprehensive Improvement Assistance Program (CIAP). The CIAP program funds four types of modernization: (1) Emergency Modernization; (2) Special Purpose Modernization; (3) Comprehensive Modernization; and (4) Homeownership Modernization. A description of each type of modernization may be found in the HUD Comprehensive Improvement Assistance Program (CIAP) Handbook, 7545.1. For additional information on modernization and energy conservation, refer to the HUD Public Housing Modernization Handbook, 7485.2 and the HUD Public Housing Energy Conservation Handbook, 7485.3. Community Development Block Grant (CDBG) funds are also a source of funding for modernization and energy conservation improvements.

The most common problem observed in modernization (MOD) programs is an inability to commit and expend funds in a timely fashion. The reviewer can discern if this is problem by comparing the work programs and schedules in the MOD budgets with the current status of each project. For example, if funds were made available for the installation of new bathrooms at a project in 1982 but as of July, 1984 no contract had been awarded, the reviewer can obviously deduce that the PHA is having difficulty expending the funds. Reasons for this problem may include an inadequate number of technical or contracting staff, inadequate and cumbersome contracting procedures, a lack of PHA commitment to the program or a lack of staff knowledge of program requirements. Possible solutions include:

- Hiring additional technical or contracting staff
- Instituting a MOD monitoring system
- Revising contracting procedures
- Staff training in MOD program requirements.

In the area of energy conversation, the most frequently observed problem is a lack of consumption monitoring. Without consumption data to use as a baseline, it is impossible to determine the effectiveness of any energy conservation measure taken. This problem can be alleviated by obtaining consumption data in a usable format and then analyzing and aggregating it so that it may be used for monitoring purposes.

2.3B Activities and Functions to be Reviewed - Modernization and Energy Conservation

The reviewer should examine the PHA's modernization and energy conservation activities and make the following determinations:

1) Staff roles and responsibilities in the modernization process, i.e., Maintenance and Modernization staff input in developing funding applications);
2) The effectiveness of the modernization planning process;
3) The effectiveness of the modernization program;
4) The method for computing utility consumption cost data and the effectiveness of the energy consumption monitoring system;
5) The system for assessing energy consumption needs; and
6) The system for updating utility charges passed on to residents.

2.3C Modernization and Energy Conservation Information
Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Program

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Modernization needs data	- CIAP Five Year Plans (preliminary applications - PHA Needs Survey - HUD Engineering Surveys - Extraordinary Maintenance Reports
2. Amount of Modernization/CIAP/ Local funds approved to date	- Approved CIAP applications - MOD budgets - CDBG budgets or other locally funded program budgets
3. Past Modernization performance data	- Active MOD Budgets - Schedule/Report of MOD Expenditures (HUD 52826) and Modernization Quarterly Progress Reports (HUD 52995) for the past three years - Independent Public Accountant (IPA) and HUD Audits - HUD Management Reviews - Interviews with Modernization and Engineering staff, Project Managers and Project Maintenance foreman, chief of Central Maintenance, HUD maintenance engineers, tenants - Architects and construction contractors who have or are presently performing MOD work
4. Modernization planning procedures and practices	- CIAP Five Year Plans (preliminary applications) - CIAP joint review files - CIAP final applications - CIAP applications required correspondence with local government officials and tenant practices - Physical Needs Assessment Surveys - Applications for local government Community Development Block Grant Funds - PHA MOD procedures manual or guide

2.3C Modernization and Energy Conservation Information Requirements and Possible Sources Table

Low-income Public Housing and Homeownership Opportunity Program

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
	- Interviews with the executive director, chief of management, chief of central maintenance, modernization and engineering staffs, Tenant Council representatives, HUD maintenance engineers, mayor and local government Community Development director
5. The quality of modernization work performed data	- Design drawings and specifications - Bidders list - Architect and engineering construction and inspection contracts - Inspection reports - Contractor payment requests - Schedule/Report of MOD Expenditures (HUD 52826) - Modernization Quarterly Progress Report (HUD 52995) - Physical sampling of completed work or work in progress - Interviews with project managers and project maintenance foremen, chief of central maintenance, modernization inspectors and architects, HUD maintenance engineers, contractors and suppliers, and tenants
6. Utility consumption data for the past three years	- Gas, electricity and fuel oil bills - PHA utility consumption analysis reports - Utility company printouts showing consumption by project - HUD Utility Surveys

2.3C Modernization and Energy Conservation Information Requirements and Possible Sources Table
Low-income Public Housing and Homeownership Opportunity Program

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
	- Interviews with project managers and project maintenance foremen, central maintenance heating foremen and maintenance engineers, fiscal officer, energy conservation officer, HUD maintenance engineers, contractor heating plant maintenance personnel, utility company personnel, fuel oil vendors, and tenants
7. Energy Conservation program data for the past three years	- Energy audits - HUD Utility Reviews - CIAP applications - HUD Coordinated Management Reviews - PHA energy conservation plan or procedures - PHA energy use reports - PHA energy conservation needs assessments - Interviews with project managers and project maintenance foremen, central maintenance heating foremen, modernization and engineering staff, executive director, chief of management, energy conservation officer, HUD maintenance engineers, contractor heating plant maintenance personnel, energy auditors, utility company personnel and tenants.

2.3D Performance Measures - Modernization

Initial Assessment Performance Measures - Low-income Public Housing and Homeownership Programs:

1. Percent of modernization funds obligated within two years of ACC date.

2. Has the PHA developed and maintained a five year plan to address its identified modernization needs?

3. Has the PHA performed a survey of modernization needs?

Comprehensive Review Performance Measures-Low-Income Public Housing and Homeownership Opportunity Programs:

1. Variance between planned and actual modernization program completion schedule for each modernization program.

2. Variance between budgeted and actual expenditure for each modernization program.

3. Is there any evidence of cost savings that can be attributed to the PHA's Modernization Program?

2.3D Performance Measures - Energy Conservation

Initial Assessement Performance Measures-Low-Income Public Housing and Homeownership Opportunity Programs:

1. Percent of energy audits performed to total number of projects.

2. Percent of tenants charged for excess utilities for metered utilities.

3. Is there any evidence of cost savings that can be attributed to the PHA's energy conservation program?

Comprehensive Review Performance Measures-Low-Income Public Housing and Homeownership Opportunity Programs:

1. Have the average number of gallons of fuel oil consumed per degree day over the past two years remained the same or decreased?

2. Have the average number of therms of heating gas consumed by degree day over the past two years remained the same or decreased?

3. Have the average kilowatt hours consumed per quarter over the past two quarters remained the same or decreased?

4. Have the average kilowatt hours consumed per quarter for non-dwelling use over the past two years remained the same or decreased?

2.3E Modernization and Energy Conservation Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Unobligated and unspent funds	- Inadequate staffing - Lack of management commitment to program - Cumbersome contracting procedures - Inadequate skills of staff
2. Modernization needs in excess of available funds	- Inadequate or nonexistent preventive maintenance program and routine maintenance - Age of housing stock - Inadequate MOD planning process; failure to recognize projects with imminent MOD needs - Poorly prepared funding applications
3. Inadequate or nonexistent utility consumption monitoring and control system	- Inadequate number of staff - Management belief that consumption is a factor over which PHA has little control - Lack of consumption data to use as baseline

3. Financial Management Assessment Techniques

A. Functional Area Description

The financial management function encompasses the procedures and controls used to budget, invest and expend funds. For review purposes, there are four sub-functions associated with the financial management function:

- 3.1 Budget Administration
- 3.2 Accounting Procedures and Practices
- 3.3 Internal Audit
- 3.4 Insurance.

These sub-functions are found in all PHA programs. The budget administration and the audit sub-functions should be prime responsibilities of the executive director. They are key planning and control tools for PHA operations. Supervision of the accounting and insurance sub-functions is usually delegated to a Finance or Accounting Department.

Budget Administration

A PHA should prepare an annual operating budget for each program, housing project and organizational unit. The project and unit budgets are used to prepare a consolidated public housing program budget. The budgets at all levels should be linked to an operating budget or work plan. Monthly financial statements should be prepared and comparisons made of actual versus budgeted expenditures.

Prior to the on-site initial assessment, the reviewers should analyze the PHA's separate and consolidated budgets and quarterly financial statements for a three year period. The reviewer should also analyze the work plans for the same period. Finally, he should review the PHA's written budget and budget administration procedures. Trends in various major line item accounts should be noted for further analysis during the on-site review. For example, if there are significant increases in the administrative salaries line item, and decreases in the routine maintenance labor or materials line items, the reviewer will want to determine the reason for these changes. The reviewer should also compare the allocation of budget resources to the work plan for consistency. He should examine whether the budget is used by the PHA as a planning and managment control tool, and whether appropriate management personnel at all levels are involved in the budget process.

Budgets at many PHAs are prepared in isolation. It is not unusual to discover, for example, that an operating budget was developed by only one PHA employee with little or no input from department heads and project staff. The result of preparing budgets in isolation may be the development of unrealistic budgets. Input from other PHA staff is needed if the budget is to be useful to the PHA as both a planning and management control tool.

It is also not unusual to discover that budgets are not distributed to staff. Even PHA management are not always provided with copies of the budgets although they have authority to commit PHA funds and the responsibility of monitoring expenditures. At one PHA we found that the director of housing managment had not received a copy of department or project budgets three months into the fiscal year. The reviewer should recommend that all PHA management and appropriate project and field staff receive budgets.

Accounting Procedures and Practices

In the general category of accounting we include the following activities: payroll; accounts payable; tenant accounting; general ledger; cash management; investment of funds; and financial reporting. These activities are usually carried out by a PHA's Finance or Accounting Department. The sub-function involves recording and summarizing financial data and analyzing and reporting the results.

The reviewer should analyze the PHA's accounting procedures to determine their compliance with applicable federal regulations. He should also examine the adequacy of internal controls, the timeliness and accuracy of internal reports for use as management tools and the timeliness and accuracy of external reports. The reviewer should also examine the PHA investment register to ensure that idle funds are invested and that the PHA receives an adequate return on its investment.

Some of the more common problems we have encountered are: internal financial reports that contain inaccurate information; the untimely preparation of internal reports which preclude the PHA from the using reports in management planning and decision making; the untimely or tardy preparation of external reports; excessive delays in paying for goods and services, inadequate controls of the fixed assests inventory; inadequate controls to assure an accurate reconcilation of tenant accounts; and the lack of well documented accounting procedures.

Internal Audits

The internal audit sub-function involves efforts to ensure that waste, fraud and mismanagement are minimized. Through this process, the PHA checks its internal controls to determine the need for additional controls, identifies any unacceptable practices and makes recommendations to correct them, and ensures compliance with local, state and federal laws and regulations and its policies and procedures. In many PHAs, the focus of the activity is the protection of PHA funds, therefore, it is a part of the financial management function. However, checks of program operations should also be part of this activity. Because the internal audit activity should monitor all PHA operaitons, the responsibility for the activity should rest with the executive director.

A PHA with an internal audit program should utilize an audit guide which states the areas to be audited, describes how financial and program audits are conducted, how the audit reports are prepared and distributed, how the audit response is prepared and the process for follow-up to ensure the findings are corrected. In addition, the PHA should have an annual audit plan. It defines the number and types of audits to be performed during the fiscal year. The plan should reflect the executive director's views of the activities most likely to experience fraud, abuse or noncompliance.

The reviewer should examine the audit guide, audit plan, audit reports and follow-up actions to ascertain the effectiveness of the program. We have found that in many large PHAs an internal audit activity is not carried out. If this is the case it should be listed as a finding. The reviewer should also recommend that the PHA obtain assistance to develop and implement an audit program.

Insurance Administration

A PHA must provide insurance coverage for workmen's compensation, employee benefits, fire, theft and damage to its units, and its vehicles. HUD requires a PHA to carry certain insurance, specifies the manner in which the coverage is obtained, and has the authority to disapprove of a PHA's insurance arrangement.

The reviewer should ensure that the PHA carries the required insurance and that its insurance procurement policies are consistent with federal, state and local laws. We have found that some PHAs carry an excessive fringe benefit burden. For this reason, special attention should be given to analyzing employee benefits. The reviewer should also determine if the PHA is utilizing its coverage to the fullest possible extent. In one PHA that carried vandalism insurance, the staff was unaware of the coverage, therefore, vandalized units were allowed to remain vacant or restored with the operating funds. The reviewer should also determine whether insurance proceeds are utilized for the intended purpose. For example, we discovered that one PHA was utilizing its insurance proceeds to build up its operating reserves rather than repair fire-damaged units. In this case, the PHA boarded up the damaged units in an attempt to raise its reserves.

Most PHAs do not have an insurance specialist on their staff. Therefore, this sub-function is often deficient. We have found that many PHAs can benefit from expert insurance and fringe benefit advisors who are retained on a consulting basis.

3.1 BUDGET ADMINISTRATION

3.1A Sub-function Description

Budgeting is a major function of a PHA and involves the development of a plan which anticipates expenditures and resources for a certain period of time. A PHA generally prepares an annual operating budget for each program, public housing project, and organizational unit, as well as a consolidated budget. The processes of budget development and administration are shared by the financial management and organization management components of a PHA. While ultimate authority over budget development and administration resides with the organization management component, the financial management component is responsible for day-to-day budget administration and is largely responsible for creating the input on which the budget is based. For these reasons, budget development and administration has been placed within the financial management functional area, however, the reviewer must not overlook the role that organization management plays in this process.

3.1B Activities and Functions to be Reviewed - Budget Administration

The reviewer should examine the PHA's budget administration activities and determine:

1. The procedures and adequacy of the budget development process; the role of staff and departments in formulating the budget and providing input;

2. The adequacy and validity of any documentation used to develop the budget;

3. The timeliness of budget submission;

4. The adequacy of the budget control system; and

5. The PHA's ability to anticipate expenditures and to coordinate expenditures with available resources.

3.1C Budget Administration Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. The effectiveness of the budgets as operating controls for the past three years	- Operating budgets - Statement of Income and Expenses - PHA policies and procedures regarding purchases made prior to budget approval - Interviews with Fiscal staff
2. The extent of budget over- and under-runs	- Operating budgets and - Amendments - Interviews with Fiscal staff
3. Procedures for budget input and formulation	- Input forms completed by PHA Project and Central Office staff - PHA policies and procedures - Interviews with Fiscal staff
4. Budget reviews and timeliness of submission for the past three years	- Dates of budget submission - HUD's budget approval and comments compared to budget applications - Interviews with Fiscal staff
5. Budget distribution	- PHA policies and procedures - List of staff receiving budget - Survey of staff to confirm receipt of budget
6. Adequacy of budget forecasts for the past three years (i.e., percentage of actual expenditures to budgeted amounts for expense classifications)	- Operating statements - Budgets - Interviews with Fiscal staff

3.1D Performance Measures - Budget Administration

Initial Assessment Performance Measures: Low-income Public Housing and Homeownership Programs:

1. Number of times the operating reserve level dropped below 20% in the past five years.

2. Number of times operating budgets were submitted on time as required by HUD in the past three years.

Comprehensive Review Performance Measures - Low-income Public Housing and Homeownership Programs:

1. Variance between budgeted and actual salaries expenditure per quarter for the past twelve quarters.

2. Variance between actual and budgeted routine maintenance expenditure per quarter for the past twelve quarters.

3. Variance between budgeted and actual contract cost expenditure per quarter for the past twelve quarters.

4. Percent of replacement of equipment budget actually expended per year for the past three years.

5. Percent of betterments and additions budget actually expended per year for the past three years.

6. Percent of extraordinary maintenance budget actually expended per year for the past three years.

3.1E Budget Administration Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Inadequate budget development process	- Procedures not documented or established - Information used to develop budget inaccurate or invalid - Inadequate input from staff
2. Over-expenditures	- Poor budget development process resulting in the underestimation of expenditures - Lack of internal controls - Inadequate expenditure authorization procedures - Staff ignorance of amounts budgeted
3. Under-expenditures	- Poor budget development process resulting in the over estimation of expenditures - Staff ignorance of funds available - Cumbersome procurement process

3.2 ACCOUNTING PROCEDURES AND PRACTICES

3.2A Sub-function Description

The accounting function at a PHA involves the systematic recording and summarizing of financial data and analyzing, verifying and reporting the results. Payroll, accounts payable and receivable, cash management, cashiering and rent collection are accounting functions. Accounting is one of the major activities comprising the Financial Management function and entails the development of internal reports for PHA use and external reports that are required by HUD and other funding agencies.

3.2B Activities and Functions to be Reviewed - Accounting Procedures and Practices

The reviewer should examine the PHA's accounting procedures and practices and determine:

1) The status of a PHA's operations by reviewing the operating statements and its reserve position;

2) Whether PHA procedures, records and reports are in compliance with HUD, state and local (if applicable) laws/regulations;

3) The timeliness, completeness and accuracy of all financial reports and records;

4) The adequacy of the payroll system;

5) The adequacy of internal controls;

6) Whether the PHA is receiving an adequate rate of return on its investments and whether its portfolio maximizes the PHA's cash flow needs;

7) Whether fixed assets ledgers are completely and accurately maintained;

8) The adequacy of the rent collection system and whether there are sufficient internal controls for the system; and

9) The advantages and disadvantages of the PHA's rent collection system (i.e., centralized or decentralized).

3.2C Accounting Procedures and Practices Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. The correctness and timeliness of the fiscal reports for the past three years	- Chart of accounts - Statement of Income and Expenses - Balance Sheet - Independent Public Accountant (IPA) Audit Report - HUD Coordinated Management Review - Internal Audit Report - Interviews with Fiscal staff
2. The procedures and practices for maintaining the fixed asset inventory for the past three years	- Inventory ledgers - Sample of inventory identification tags - Physical inventory - IPA Audit - Internal Audit Report - HUD Coordinated Management Review - Interviews with Fiscal staff
3. Payroll system procedures and practices for the past three years	- PHA policies and procedures - Personnel Department directives on payroll action sheet - Time cards and attendance records - Payroll worksheets (input and output control balances) - Payroll distribution records - Interviews with Payroll staff - IPA Audit - HUD Coordinated Management Review
4. Cash management practices for the past two years	- PHA policies and procedures - Reconciliation of cash available records - Daily projection of expenditure needs - Investment ledgers - Investment tracking worksheets - Investment reports - Internal audit reports

3.2C Accounting Procedures and Practices Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
5. Tenant billing and collection practices for the past three years	- HUD Coordinated Management Reviews - HUD Occupancy Audits - IPA Audit - Internal Audit Reports - Monthly billing and payment reports - Tenant Control Ledger - Forms used in the rent collection process - Move-in and move-out control sheets - Maintenance and charges reports - Delinquency reports - Dispossession reports - Collections reports - Excess utility charges reports - Error reports - Interviews with Fiscal, Occupancy and Project Staff
6. Accounts payable disbursements procedures and practices	- HUD Coordinated Management Reviews - IPA Audit - Internal audit reports - Accounts payable vouchers - Purchase orders - Backlog of unpaid invoices - PHA policies and procedures - Interviews with Fiscal staff

3.2D Performance Measures - Accounting Procedures and Practices

Initial Assessment Performance Measures:

1. Number of times total annual operating expenditures exceeded total receipts (including the current year's operating subsidy) in the past five years.

2. Number of times an opinion could not be issued by an IPA in the last two fiscal audits.

3. Number of audit findings concerning violations of federal, state, or local laws or regulations or the ACC in the last fiscal audit.

4. Number of findings not cleared from previous fiscal audits.

Comprehensive Review Performance Measures:

1. Number of audit findings concerning internal controls in fiscal audits.

2. Number of times six month and year-end financial statements have not been issued within 45 days of end of period in the past three years.

3. Percent interest earned on investments over the past two years as compared to the three month Treasury Bill rate.

4. Percent of operating and modernization funds available for investment that were invested in the past two years.

3.2E Accounting Procedures and Practices Analysis Table

Low-income Public Housing, Homeownership Opportunities

Problem or Symptom	Potential Reasons for Condition
1. Reserves too low	- Excessive Tenant Accounts Receivables - PHA unaggressive in procuring funds - Insufficient attention to or knowledge of investment opportunities for existing funds - High unanticipated expenditures - Insufficient Modernization funds - Overstaffing - Excessively high utility expenses - High maintenance costs
2. Reports produced are inaccurate or untimely	- Problems with automated systems programs - Excessive data input errors - Inadequate number of staff - Manual recording and reporting items that should be automated
3. Poor utilization of funds; low rate of return on investments	- Lack of knowledge about investment opportunities - Delegation of investment authority to external parties - Lack of management attention - Inadequate rate of return reporting to management
4. Excessive backlog of unpaid invoices	- Noncompliance with receiving and inspection reports - Lack of follow-up for emergency purchases - Inadequate number of staff to process invoices
5. Lapse of time excessive for initial paychecks for new employees and final paychecks for ex-employees	- Payment system cumbersome - Poor communication between Personnel and Payroll

3.2E Accounting Procedures and Practices Analysis Table
Homeownership Opportunity Program

Problem or Symptom	Potential Reason(s) for Condition
1. Earned Home Payment Account, Nonroutine Maintenance Reserves, or break-even amounts are low; payments accounted for incorrectly	- PHA not periodically reviewing and adjusting amounts - Amounts not being adjusted to reflect fiscal year budgets - Nonroutine maintenance schedule not prepared realistically

3.3 Internal Audit

3.3A Sub-function Description

Many PHAs review their own performance through the institution of an internal audit program. Internal audit involves a PHA's effort to ensure that staff is following established procedures, and to minimize waste, fraud and mismanagement of financial resources. In addition, the internal audit function may also entail the review of other PHA functions and activities to determine how well the PHA is performing in each area. Activities on occupancy, maintenance, modernization, administration, etc. are often examined under a PHA's internal audit program.

3.3B Activities and Functions to be Reviewed - Internal Audit

The reviewer should examine the PHA's internal audit functions and determine:

1) The scope of the internal audit program and frequency of audits;

2) The comprehensiveness and adequacy of the program; and

3) Whether there is adequate followup to internal audit reports and recommendations.

3.3C Internal Audit Information Requirements and Possible Sources Table

	Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1.	Audit responsibilities and procedures	- PHA policies and procedures - PHA audit manual - Interviews with Fiscal or Audit staff
2.	Audit functions and schedules	- Internal audit reports - PHA policies and procedures - Annual audit schedules - Periodic intervals between audits performed on the same function - Audit programs and scopes - Interviews with Fiscal or Audit staff
3.	Audit evaluations for the past three years	- Internal audit reports - Managements response to internal audit reports (i.e., memoranda, correspondence, directives, etc.) - Followup reports to confirm compliance with Audit recommendations - PHA policies and procedures.

3.3D Performance Measures - Internal Audit

<u>Initial Assessment Performance Measure</u>:

1. Number of internal audits performed bi-annually, annually or periodically for the past three years.

<u>Comprehensive Review Performance Measures</u>:

1. Number of audit recommendations that have been implemented in the last three years compared to the number of recommendations made.

3.3E Internal Audit Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Audits performed infrequently	- Lack of staff to perform audit - Low priority of audit by management - Reliance on external audits for information
2. Audit report focused on poor performance; lack of corrective actions given	- Poorly designed audit programs and scopes - Inadequate training or lack of experience in audit techniques - Management's use of audits for punitive measure rather than to improve operations
3. Lack of follow-up to audit reports	- Poor or non-existent monitoring system - Lack of decision on corrective action to be taken

3.4 INSURANCE

3.4A Sub-function Description

Every PHA carries insurance against loss or injury of its staff and property. A PHA's insurance function involves workmen's compensation, employees benefit insurance, contractor insurance, coverage of all properties owned and operated by the PHA against fire, theft and damage, and vehicle insurance. The extent of coverage and administration of insurance varies widely among PHAs. In some PHAs insurance is administered by the financial management component while in other PHAs, insurance is administered by the organization management component.

3.4B Activities and Functions to be reviewed - Insurance

The reviewer should examine how the PHA meets its insurance needs and determine:

1) The method of assessing insurance needs;
2) The method for procuring insurance;
3) The type and adequacy of insurance coverage;
4) The number of claims by insurance type; and
5) Whether the cost of the insurance is reasonable for the coverage.

3.4C Insurance Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Insurance exposure	- PHA policies and procedures - Needs analysis - Interviews with Legal, Fiscal or Insurance department staff
2. Extent and adequacy of coverage	- HUD requirements - Annual Contributions Contracts - Insurance Contracts
3. Method of second party carrier selection	- Bidding documents and specifications - Certificates of award for non-competitive contracts - Interviews with Contracting staff
4. Number and value of claims reported to Carrier over past two years	- Carriers claim loss reports - Project and Central Office - Reports of Accidents and Losses
5. Annual cost of insurance	- Insurance contracts - Interviews with Contracting staff

3.4D Performance Measures - Insurance

Initial Assessment Performance Measure:

1. Does PHA have the minimum coverage as required by the Annual Contributions Contract and local and state regulations?

Comprehensive Review Performance Measure:

1. Frequency of review performed to determine if insurance coverage is adequate and cost is reasonable.

3.4E Insurance Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Inadequate coverage	- Lack of system for assessing needs - Inadequate funds to procure insurance - Inability to obtain insurance because of excessive rates
2. Inadequate insurance procurement and administration	- Lack of supervision over program - Staff do not make claims as they should - Cumbersome procurement process - Low priority by management
3. Excessive cost for coverage	- Lack of staff knowledge - Inadequate number of bidding insurance companies - Lack of program administration - Inadequate evaluation of coverage - PHA considered a high risk

4. Organization Management Assessment Techniques

A. Functional Area Description

Organization management is the function of planning, organizing and coordinating the work that the PHA performs. Through the administrative structure established by this function, internal controls are imposed so that all procedures will be performed effectively and in conformance with local, state and federal laws and regulations. Through organization management, relations with the local and state governments, the county, the community at large and HUD are maintained.

The responsibilities of the organization management function are closely linked to those of the four other functional areas. Financial management is the most closely linked to organization management and the two share many functions.

The organization management function has been divided into the following sub-functions for review purposes:

- 4.1 Administration
- 4.2 External Relations

Reviewing this functional area requires observing the activities of all functional areas and determining how effectively the PHA is performing overall. This is not an easy task as this determination tends to be somewhat subjective. The reviewer must offen depend more on oral testimony and his experience than on operating statistics or hard facts. It is a matter of aggregating his assessments of each functional area and determining if the "parts" work together to make a functioning "whole."

The problem most commonly observed and one which has far reaching consequences is the lack of defined organizational goals and objectives. The reviewer may deduce that a PHA has a problem of this type by observing one or more of the following items: a lack of coordination among the various organizational units; a lack of consensus among management concerning the PHA's top priorities or the absence of an annual or bi-annual operating plan. A problem of this type often occurs because PHA management responds to crisis after crisis and does not take the time to set goals, priorities or plan for the future. The first step in alleviating this problem is to define the organization's goals and objectives. The executive director should set the direction for the PHA but senior staff should help to define the PHA's goals. Next, the PHA should develop a plan of action for the upcoming 6 months or year.

The institution of a goals management plan will be useful to many PHAs. This is a performance based system that involves setting organizational goals and objectives and monitoring PHA performance against the goals. Further details on this process are contained in the organization management training and technical assistance section in Section I-Review Methodology.

Although not necessarily a common problem, if a PHA has difficulty with its external relationships, this will have far reaching impact on the PHA's ability to successfully provide suitable housing for low-income families. A poor relationship with HUD or the locality may adversely impact the PHA's ability to obtain needed funding. Also, a poor rapport with the local police department may result in PHA projects receiving little police protection. When problems of this nature occur the PHA must reach out to develop a better relationship with the parties involved.

4.1 ADMINISTRATION

4.1A Sub-function Description

The administration sub-function involves general administration activities and personnel administration activities. General administration responsibilities include the establishment of a formal organization structure and reporting hierarchies, short-term and long-term planning which defines where the PHA expects to be in terms of program participation levels (e.g., Low-income Public Housing, Section 8 - Existing, etc.) and operating performance (e.g., vacancy rate, tenant receivables, etc.); policy making; resource generation, allocation and monitoring; the implementation of legislative statutes and judicial decisions; contract administration; and performance monitoring. Personnel administration activities include manpower planning and the recruitment of qualified staff, the maintenance and development of staff skills, the periodic evaluation of staff performance, the maintenance of healthy labor relations and the negotiation of union contracts, and the maintenance of healthy employee morale.

The information management function affects administration activities because timely, accurate and complete reports and data are needed to monitor PHA performance. Financial management functions also overlap with administration functions because budgets and financial reports are essential to planning, organizing, controlling and monitoring performance. However, for review purposes budget administration, financial reporting (accounting procedures and practices) and internal audit are covered within the financial management functional area.

4.1B Activities and Functions to be Reviewed - Administration

The reviewer should examine the PHA's administrative activities and functions and determine:

1) The PHA's legal relationship to the local governments (i.e., whether it is a separate legal entity or an administrative department);

2) The role and level of participation and involvement of the Board of Commissioners and the method by which Board members are appointed (if applicable);

3) Whether the current level and patterns of staffing are appropriate and sufficient, and the method and frequency of assessing staffing needs;

4) The formal structure and chain of command of the PHA and whether there exists an informal structure that differs from the formal;

5) Whether the PHA has functional statements that clearly define the responsibilities of each department and organizational unit;

6) Whether policies and procedures are documented, clear and up-to-date, and whether PHA practices differ from formal policy;

7) The various planning processes utilized by the PHA, whether the PHA acts in accordance with its formal plans and the method it utilizes to monitor performance against the plans;

8) Whether legal needs are handled by PHA staff or contracted for and how that determination is made;

4.1B Activities and Functions to be Reviewed - Administration

9) The level of coordination and cooperation among PHA departments;

10) The staff responsible for grantsmanship and the PHAs success in securing funds;

11) Methods and staff responsibilities for budget development and administration;

12) Methods utilized to monitor program and department performance;

13) How technical assistance needs are assessed, prioritized and met;

14) Whether the PHA has current position descriptions for all staff that accurately describe the functions performed;

15) The methods of staff recruitment and the level of turnover;

16) How training needs are determined, prioritized and met;

17) The adequacy, frequency and equity of the performance appraisal system;

18) How union contracts are negotiated and staff responsibilities in the development of union contracts;

19) Whether staff salaries are equitable among PHA employees and whether they are comparable with the salaries of other local government workers;

4.1B Activities and Functions to be Reviewed - Administration

20) The overall level of staff morale and productivity;

21) The effect of any recent legislation on PHA activities and the manner in which the PHA implemented the requirements;

22) The effect of any recent court orders on PHA activities and the manner in which the PHA implemented the orders; and

23) The staff responsible for contract administration and the adequacy of the procedures.

4.1C Administration Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. PHA organization and reporting relationships	- Organization chart - Interviews with executive director, and Management and Personnel staff
2. Organizational responsibilities	- Functional statements - Interviews with department heads
3. Staff responsibilities	- Position descriptions - Interviews with Personnel and PHA Management staff
4. Salary comparability among staff and to other local government employees, if appropriate	- Salary structures - Salary comparability studies - Interviews with Personnel staff - HUD reviews - IPA Audits
5. Personnel policies, procedures and practices	- Labor agreements/union contracts - Personnel policy manual - Affirmative action plan - Interviews with Personnel and Management staff
6. Performance appraisal system and salary distribution by position	- Personnel policy manual - Performance appraisal forms - Performance appraisal results - Payroll records - Interviews with Personnel and Management staff
7. Evidence of an existing planning process	- PHA policies and procedures - Annual, bi-annual, 5 year, etc. plans - Goals management system - Interviews with executive director, Management and Planning staff, and commissioners

4.1C Administration Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
8. PHA policies, procedures and practices	- HUD management reviews - HUD occupancy audits - PHA policies and procedures - Directives or memoranda from the executive director - Interviews with executive director and Management staff
9. Relationship with Board of Commissioners (if applicable)	- Board meeting minutes - Newspaper articles - Interviews with board members and executive director
10. PHA success in securing funds	- PHA budgets - PHA proposals and funding applications - Interviews with staff responsible for grantsmanship and executive director
11. Evidence that the executive director conducts periodic reviews of departmental performance	- Copies of monthly status reports - Copies of memoranda or directives to staff - Interviews with the executive director and Management staff
12. Contract administration procedures	- PHA policies and procedures - Interviews with Contracting staff

4.1D Performance Measures - Administration

Initial Assessment Performance Measures:

1. Is there a clear, up-to-date organization chart available?

2. Do all staff heading cost centers participate in budget formulation and in programming decisions?

3. Ratio of administrative to operating personnel.

4. Ratio of housing units to Maintenance personnel.

5. Is there evidence of a current action or management plan (either for the entire agency or by department)?

6. Does the budgeting unit provide management as well as financial information?

7. Percent of employees who have received performance appraisals within the past twelve months.

Comprehensive Review Performance Measures:

1. Are the existing staff levels and skills consistent with PHA needs?

2. Does the executive director receive monthly status reports from department heads?

3. Does the executive director conduct monthly progress reviews?

4. Are schedules of progress toward agency objectives maintained on an up-to-date basis?

4.1D Performance Measures - Administration

5. Percent of action items assigned and followed up on?

6. Percent of departments or organizational units with current functional statements.

7. Percent of employee turnover per year for the past three years by department?

8. Percent of employees with current position descriptions.

9. Has the PHA performed a salary comparability study within the past two years?

4.1E Administration Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. PHA objectives not apparent or well-defined	- Lack of comprehensive plan - Insufficient Board support - Insufficient input from department heads
2. Low staff productivity	- Insufficient or excessive staff for workload - Inadequate training - Ineffective appraisal system - Supervisory skills are deficient - Inadequate workload analysis and monitoring system - Inadequate support systems such as inventory management, delinquency reporting, etc. - Poor labor/management relations
3. Insufficient progress towards PHA goals and plans	- Inappropriate organization of functions - Coordinating and support responsibilities not defined clearly or enforced - Excessive involvement of Board in operations - Inadequate planning and/or monitoring system
4. Significant percent of PHA budget devoted to non-housing services	- Insufficient support from city government - Inadequate coordination with social service agencies - Excessive number of administrative staff

4.2 External Relations

4.2A Sub-function Description

The External Relations sub-function involves the relations that the PHA maintains with the local and state governments, the courts, the community at large, and HUD. The level of cooperation and support between the PHA and the local government is important to PHAs because they are often partly dependent on local funding to carry out their programs. In addition, the relationship between the PHA and HUD offices also affects the level of PHA funding. Determining the quality and value of relationships is a very subjective and difficult process and will therefore require more reviewer discretion.

4.2B Activities and Functions to be Reviewed - External Relations

The reviewer should make the following determination about the PHA's external relationships:

1) The quality of the relationship between the city executive, city councils, other government representatives and the process for exchanging information;

2) The extent to which the local government is committed to public housing by providing funding and/or services;

3) The extent to which the city/local governments comply with the terms of the cooperation agreement;

4) The overall community sentiment towards the projects and public housing in general; and

5) The quality of the relationship with the HUD offices and the level of cooperation.

4.2C External Relations Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. Level of local funding and/or assistance received by PHA over the last three years	- PHA budgets - CDBG funds provided to PHA - Interviews with the mayor, community development director, county commissioners, police chief, executive director and HUD Housing Management personnel
2. The amount of coordination between the local government and the PHA and general level of communication	- Newspaper articles - Correspondence between local governments and PHA - Minutes from meetings - Interviews with the mayor, other local officials and commissioners, and executive director
3. The quality of the relationship between HUD offices and PHA	- Correspondence - Interviews with HUD personnel, executive director, and management staff
4. The quality of the relationship with the community	- Newspaper articles - Minutes of commissioners' meetings - Interviews with social service agencies, tenant groups, business groups, and local officials

4.2D Performance Measures - External Relations

Initial Assessment Performance Measures:

1. Type and extent of funding and services provided by the City/local government over the past three years.

2. Does the local government provide services in the PHA communities that are equal to services provided in other parts of the jurisdiction.

Comprehensive Review Performance Measures:

1. Extent of HUD oversight of day-to-day PHA operation.

2. Type and extent of services provided by the business community.

4.2E External Relations Analysis Table

Problem or Symptom	Potential Reasons for Condition
1. Community sentiment against public housing	- Appearance of project - Little contact with public housing residents - Fear of excessive crime rates - Media references to crime in projects
2. Poor relationship with HUD offices	- Non-compliance with HUD regulations - Lack of program progress resulting in the recapture of PHA funds - Poor financial management - Limited HUD exposure to PHA operations and problems
3. Poor relationship with local governments	- Lack of communication and coordination between city and PHA - Lack of understanding and empathy for public housing community - Political interference
4. PHA receiving decreasing City funding	- Less available funds - PHA management unaware of funding opportunities - Poorly written proposals or applications - Poor relationship with local government - PHA hasn't expended funds received in the past - Competing resources for available funds
5. Over involvement of the Board of Commissioners in the day-to-day operations of the PHA	- Poorly managed PHA - History of Board involvement - Executive director lacks leadership ability - Politically powerful board
6. City not in compliance with the Cooperation Agreement	- Public housing is low priority - Demand for local services far exceeds area's ability to provide services

5. Information Management Assessment Techniques

A. Functional Area Description

Public housing agencies (PHAs) receive and in turn, generate a tremendous amount of information. This operating information represents a valuable resource which a PHA must effectively manage in carrying out its other major functions. The specific processes and procedures a PHA establishes for controlling the flow and use of this information, in effect, define the parameters of each agency's information management function. In turn, a PHA"s performance in this functional area provides a good measure of the agency's overall management capability. Poorly managed PHAs usually have ineffective management information systems (MIS); well run authorities almost always operate efficient, effective MISs.

Since all PHAs perform the four (4) major functions addressed earlier in this Guide, their information needs and management systems tend to be very similar from a functional perspective. Exhibit 13, on the next page, lists the information systems a typical PHA needs to conduct business. However, the precise structure, processes and operating modes an agency's MIS assumes are usually defined by that PHA's operating environment.

For example, a small PHA with 300 to 500 conventional public housing units normally needs: a single, program-based information system, a simplified general accounting system and the basic administrative information systems. Its MIS is manually operated and maintained by a few staff resident in a single office location.

Though the information requirements are similar, the structure and operating requirements of a large PHA's management information system differ significantly from those of the small PHA. A large PHA's base of operations usually encompasses multiple offices dispersed across the

EXHIBIT 13

PUBLIC HOUSING AGENCY
MANAGEMENT INFORMATION SYSTEM

ORGANIZATION MANAGEMENT	FACILITIES MANAGEMENT
• Personnel Information/Labor Hour Reporting • Budget Tracking • Contract Administration	• Unit Status Information • Routine and Non-routine Maintenance Information • Procurement • Inventory Management • Modernization and Capital Improvements • Energy Consumption • Development Program Information
RESIDENT MANAGEMENT	**FINANCIAL MANAGEMENT**
• Application Processing • Occupancy and Resident Eligibility Information • Billing and Rent Collection • Section 8 Housing Assistance Payments • Homebuyer Payments Processing • Evictions Processing	• Payroll • Vendor Payments/Accounts Payable • Accounts Receivable • General Ledger Processing • Fiscal Reporting • Insurance Program Information (Employee/Public Liability/ Property)

service area. As a result, the large PHA's management is highly decentralized. Overlaying this decentralized structure are a variety of housing programs, each with its own information management needs and requirements. The decentralized structure coupled with the greater diversity of housing programs dictate the need for large PHAs to employ more structured, more efficient, and yet more flexible management information systems.

In effect, the operating environment shapes a PHA's approach to its information management function. The reviewer, therefore, must first gain an understanding of and appreciation for the PHA's particular environment before attempting an assessment of the agency's performance in this functional area. Equally important, the reviewer must carefully consider the PHA's environment in formulating any recommendations for improvements in information management. Changes in this functional area will frequently precipitate changes in the PHA's approach to one or more of its other major functions.

A review of a public housing agency's information management function must encompass examinations of:

1) The legislative, regulatory, programmatic and internal management documents which prescribe the PHA's specific information needs and requirements;

2) The user protocols established by the PHA for directing the flow of information to <u>appropriate</u> users;

3) The actual uses of pertinent information and data in the PHA's planning and decision-making processes;

4) The methods and mechanisms employed by the agency to provide users with needed information in a usable form and timely manner; and

5) the processes, procedures, methods and controls the PHA uses in collecting, validating, compiling and storing required information and data.

An analysis of PHA documents, reports and procedures should be completed to the extent possible, before going on-site. This preparatory analysis will enable the reviewer to develop a feel for the agency's operating environment, specific information needs and thus, the parameters of the PHA's existing management information system. Additionally, it will provide the reviewer with an objective frame of reference which he can use during the initial assessment to examine the PHA's own perceptions of its MIS requirements, structure and operating constraints. Two objectives should be accomplished during the initial assessment phase of the review. First, the reviewer must finalize his definition of the PHA's existing MIS, i.e., specific system requirements, structure, operation and operating constraints. This objective can be satisfied through a comparison of the reviewer's preliminary system definition (obtained from the document review) and the authority's own perceived system definition as articulated by the PHA's management and staff. Care should be taken in selecting the initial interviewees to ensure a representative picture of the existing system is drawn from the interviews (vertical and horizontal cross-section of the PHA organization are needed).

The second objective is to gain some sense of the system's current performance. This can most readily be accomplished through an evaluation of the system's outputs. Specifically, the reviewer should focus on the system's ability to satisfy the PHA's internal and external reporting needs. Using the Management Reporting and External Reporting Performance Measures (presented later in this section) as a guide, the reviewer can quickly determine the extent to which the exisiting system is meeting end user needs/requirements. More important, the reviewer can begin to identify possible system deficiencies or dysfunctions which require further analysis during the comprehensive review.

Analysis during the comprehensive review should proceed along two separate, but closely related paths. First, the reviewer must be careful to validate his findings in those areas where the initial assessment indicate satisfactory system performance. This can be done by tracking the end products back through the system/subsystem(s) processes to the point(s) of data orgin. Particular attention should be given to the identification of possbile ways of improving system/subsystem(s) efficiency through further streamlining.

Concurrently, the reviewer must follow the same retrospective process in evaluating those system/subsystem(s) where the preliminary product analysis detected some inefficiency, ineffectiveness or dysfunction. The primary emphasis here is identification of the causal factors leading to the problem. For example, if in the initial assessment the reviewer learns that the existing MIS does not provide management with meaningful revenue and expenditure projections, he must determine why. Only by delineating all the factors which have led to the existing condition can the reviewer begin to postulate a realistic and resonable solution to the problem.

PHAs, like most organizations today, are looking more and more to the computer as a means of solving their information management problems. Generally speaking, the direction toward increased computerizaton is a good one for PHA's, given the repetitive and voluminous nature of their information processing activities. On the other hand, PHAs are falling victim to the same problem that many other organizations are encountering, which is that the computer is being perceived as the total solution to an information management problem or set of problems. As professionals in the field know, the computer can only be a component of an overall management solution. Reliance on the computer alone will inevitably result in failure.

In the past several years a number of PHA's have scraped their existing computer systems, even though these systems represented major financial investments. The reason given in each instance was that the system didn't satisfy the PHA's needs/requirements. Subsequent analysis of several such situations revealed that one or more of the following conditions resulted in the perceived system failure:

- A thorough needs assessment/requirements analysis had not been performed prior to the systems acquisition;
- Frequently packaged software was acquired without due consideration of the need for or extent of required modifications;
- The PHA lacked the technical expertise to operate the system without substantial assistance and support from the vendor;
- Some vendors with public housing oriented systems were small business concerns that could not provide the level of support required by the client PHAs;
- Companion analysis of the management operations which the computer applications were to support had not been performed to determine what operating practices should be changed to take full advantage of the computer; and
- Insufficient attention had been given to the organization and staff development efforts needed to successfully implement the new system.

Therefore, it is important that the reviewer be aware of and sensitive to the history surrounding the development of all computerized elements, within a PHA's existing MIS. Equally important, the reviewer should take great care in recommending computerizaton as a solution to an existing problem. Sufficient emphasis must be given to the ramifications of computerization in terms of the effort required to implement a system and the impact the system's presence will create. Additionally, attention must be given to the need for on-going systems management.

5.B Activities to be Reviewed - Information Management

A review of a public housing agency's information management function must encompass examinations of:

1) The legislative, regulatory, programmatic and internal management documents which prescribe the PHA's specific information needs and requirements;

2) The processes, procedures and controls the PHA uses in collecting, validating, compiling and storing required information and data;

3) The methods and mechanisms employed by the agency to provide users with needed information in a usable form and timely manner;

4) The user protocols established by the PHA for directing the flow of information to appropriate users; and

5) The actual uses of pertinent information and data in the PHA's planning and decision-making processes.

5.C Information Management Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
1. PHA organization and reporting relationships	- Organization Chart - PHA's Operations Manual(s) - PHA short and long-range planning documents - Interview with executive director and department heads
2. Functional/organizational responsibilities	- Operations Manual(s) - Short and long-range plans - Interview with executive director and department heads
3. Housing and related programs	- Operations Manual - Short and long-range plans - Annual contributions contracts - MOD/Capital Improvement Assistance Program Documents - Interview with executive director and department heads
4. PHA operating conditions, constraints and requirements	- Prior management reviews - Prior fiscal audits - Operations Manual(s) - Short and long-range plans - Interviews with cross section of PHA Management, Administrative and Maintenance personnel
5. Functioning of existing organization management/administrative information systems	- Prior management reviews - Operations Manual - Ancillary procedures documentation pertinent to the processing of specific administrative information - e.g., budgets, insurance, personnel - Sample of reports generated by each administrative system - Samples of originating and intermediate processing documents for each system

5.C Information Management Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
	- Review of manual and/or computerized information files for each system - Interviews with system(s) processors and users - Information obtained by Review Team members examining PHAs Organization Management function
6. Functioning of existing resident management information systems	- Prior Management reviews and occupancy reports - Operations Manual(s) - Ancillary procedures documentation pertaining to the processing of: e.g., applications, tenant re-examinations or recertifications, tenant billings, etc. - Samples of reports generated by each Resident Management system - Samples of originating and intermediate processing documents for each system - Review of manual and/or computerized information files for each system - Interviews with system(s) processors and users - Information obtained by Review Team members examining Resident Management function
7. Functioning of existing facilities management information systems	- Prior management reviews - Operations Manual(s) - Ancillary procedures documentation pertaining to the processing of e.g., maintenance workorders, changes in unit status, MOD reports - Samples of maintenance activity reports - Samples of Schedule/Report of MOD Expenditures (HUD 52826) - CIAP applications

5.C Information Management Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
	- Reviews of appropriate manual and/ or computerized information files - Interviews with appropriate information processors and users - Information obtained by Review Team members examining Facilities Management Functions
8. Functioning of existing financial management information systems	- Prior fiscal audits - Prior management reviews - Operations Manual(s) - Ancillary procedures documentation pertaining to the processing of e.g., payroll, vendor payments, general ledger, fiscal reporting - Payroll records and reports - Samples of tenant accounting reports - Samples of check registers, open payable and vendor payment history reports - Samples of landlord payment registers and history reports (Section 8 programs) - Samples of time cards, invoices and related vouchers and other disbursement documents - Samples of standard PHA financial statements - Samples of PHA-specific financial reports - Interviews with the controller or financial director, executive director, budget officer and department heads - Interviews with information processors in payroll, purchasing and procurement, accounts payable and general ledger/fiscal reporting operations - Information obtained by Review Team members examining PHA's Financial Management function

5.C Information Management Information Requirements and Possible Sources Table

Information Needed to Perform Assessment	Possible Sources (i.e., reports audits, staff, etc.)
9. Functioning of existing authority-wide information management support systems	- Operations manual for Central Records Division - Operating plan for Data Processing Division - PHA short and long-range planning documents - CIAP Management Improvement Applications/Program reporting - Interviews with Central Records management and administrative personnel - Interviews with Data Processing Division management and systems personnel - Interviews with executive director, department heads, and a cross section of PHA supervisory, administrative and maintenance personnel

5.D Performance Measures - Information Management

Traditionally, the principal measure of all PHA's performance in the area of information management has been the agency's ability to generate externally required reports - i.e., HUD reports. The underlying assumption was that these reports provided the PHA's management with the information it needed to effectively direct the agency's operations. However, this perception of a PHA's information management function has been changing over the past 5 to 10 years.

Today, more emphasis is being placed on the internal systems a PHA has devised for keeping its management informed of changes in the status of its operations. This shift in emphasis has occurred primarily because management's needs for continuous information updates have increased as the social, economic and political pressures associated with managing public housing have mounted. In fact, many public housing agencies today, view HUD and other external reports more as by-products of their information systems than as internal management aids.

The performance measures listed below, reflect this changing perception of how a PHA's performance in the area of information management should be measured. The process measures, for example, are to be used in assessing the efficiency and effectiveness of the different systems a PHA uses in collecting, compiling and storing operating information. The management reporting measures focus on the utility and timeliness of the PHA's internal reporting mechanisms, while the external reporting measures address the PHA's ability to satisfy those reporting requirements imposed on the PHA by HUD, other funding agencies and interested government organizations.

5.D Performance Measures - Information Management

Initial Assessment Performance Measures:

- Management Reporting Measures

  1. Does management have ready access to current information pertaining to:

     - Personnel Information

       .. Salary information for each active employee

       .. Actual staffing levels by labor category

       .. Actual staff distributions by labor category by organizational unit

       .. Budgeted versus filled staff positions by labor category by organization unit.

     - Budget Information

       .. Year-to-date comparisons of budgeted versus actual revenues received by funding source

       .. Year-to-date comparisons of budgeted versus actual expenditures by cost category for each active budget

       .. Year-to-date comparisons of budgeted versus actual expenditures by cost category for each PHA designated cost center

       .. Substantiated revenue and expenditure projections for the balance of the fiscal year by active budget

       .. Updated comparisons of committed versus available funding by active budget.

     - Contracts Administration

       .. Status of activities for all open contracts

       .. Financial status reports for all open contracts

5.D Performance Measures - Information Management

.. Requests for change orders or modifications received on each open contract

.. Identification of approved change orders or modifications or each open contract

.. Identification of all contracts scheduled for close out in the ensuing 60 day period

.. Status of information on all proposed contract activity

.. Status on all contracts in litigation.

- Application Processing

.. Present composition of the Waiting List for each housing program

.. Status of the applications on hand

.. Number of applicants housed by housing program for the current period and year-to-date

.. Number of applicants determined ineligible by program year-to-date.

- Occupancy and Resident Eligibility Information

.. Number of active residents by project and by housing program

.. Movement and flow of residents through the various housing programs (i.e., move-ins, transfers, move-outs)

.. Status of the annual resident re-examination and recertification operations

.. Pertinent demographic/eligibility information on each active resident.

- Billing and Rent Collection Information (Low-income Public Housing and Homeownership Opportunity Programs

.. Rent rolls for every project

.. Rents for each active resident

5.D Performance Measures - Information Management

.. Status of all active resident accounts
.. Status of all vacated accounts
.. Accounts receivable register for each project
.. Information supporting the assessment of non-routine charges to individual resident accounts.

- Homebuyer Opportunity Program Payments Processing

.. Current Earned Home Payment Accounts, Non-routine Maintenance Reserves and breakeven amounts for each project
.. Current costs incurred in routine administration of each project
.. Cost of maintenance services provided by PHA for which homebuyers are responsible (billed versus reductions in NRMR) by project and individual homebuyer account.

- Evictions Processing

.. Information on actions taken to collect delinquent resident accounts
.. Identification of resident accounts being submitted to the courts for eviction for nonpayment of rent
.. Identification of residents being submitted to the courts for eviction for reasons other than nonpayment of rent
.. Status of all resident accounts in the eviction process
.. Identification of residents scheduled for eviction.

- Unit Status Information (Low-income Public Housing and Homebuyer Programs)

.. Total number of units constructed by project, ACC and program
.. Total units presently available for occupancy by project, ACC and program

5.D Performance Measures - Information Management

.. Total number of de-programmed units by project, ACC and program

.. Total number of units currently occupied by project, ACC and program

.. Total number of units being used for commercial or non-dwelling purposes by project, ACC and program

.. Total number of vacant units in habitable or near habitable condition by project, ACC and program

.. Total number of vacant units in uninhabitable condition by project, ACC and program

.. Status of vacant units being readied for occupancy by project

.. Identification of units scheduled to become vacant in the coming month by project

.. Identification of units that have become vacant within the past month.

- <u>Routine Maintenance Information</u>

.. Resident demand for routine maintenance service by repair category for each project by month

.. Backlog of deferred maintenance by repair category for each project

.. Resident demand for maintenance service on an emergency basis by repair category for each project

.. Type and extent of emergency maintenance service deferred by the PHA by project

.. Average response time required to service emergency maintenance requests by project

.. Average response time required to service routine maintenance requests

.. Type and extent of routine maintenance service supplied by contractors to each project

.. Monthly expenditures for contract service by project, ACC and program

5.D Performance Measures - Information Management

.. Percent of routine maintenance costs charged back to residents per month by project, ACC and program.

- Non-Routine Maintenance Information

.. Schedule for performance of non-routine maintenance for the year by project, ACC and program

.. Monthly comparisons of planned versus actual performance in terms of work completed and costs incurred by project, ACC and program.

- Purchasing and Inventory Information

.. Current materials inventories for each storage location

.. Number of new purchase orders issued per month by material category

.. Number of outstanding purchase orders by vendor

.. Total dollars encumbered in open purchase orders by vendor

.. Total dollars due vendors for delivered items versus purchase order commitment

.. Actual vendor payment histories (year-to-date) versus purchase order commitments.

- Modernization and Capital Improvement Projects

.. Work schedules for each MOD and capital improvement projects for the year by project, ACC and program

.. Monthly comparisons of planned versus actual performance in terms of work completed and costs incurred by project, ACC and program

.. A perpetual inventory of unmet physical improvement needs by project.

5.D Performance Measures - Information Management

- Energy Consumption Information

  .. Periodic comparisons of budgeted versus actual energy consumption by utility type per project by season

  .. Periodic comparisons of budgeted versus actual energy costs by energy type per project by season.

- Development Program Information

  .. Status of all projects under development

  .. Periodic comparisons of budgeted versus actual performance in terms of schedule and cost deviations.

- Financial Development Information

  .. Periodic comparisons of budgeted versus actual personnel costs by labor category and organization unit

  .. Monthly payroll distributions by organizational unit, ACC and program

  .. Current status and amount of vendor payments due

  .. Status and amount of outstanding tenant and non-tenant receivables

  .. Monthly income and expense statements for designated cost centers, projects and housing programs

  .. Semi-annual and annual statements of financial position

  .. Periodic analyses of the agency's reserve position

  .. Monthly cash flow analyses requirements and projections by project and program.

2. Does management have ready access to the appropriate historical information it needs to assess the PHA performance over time?

3. Is management furnished with the information needed to make appropriate realistic resource requirement projections, i.e., manpower, material, dollars?

- External Reporting Measures

1. Has the PHA issued all required HUD management and financial reports within the prescribed time frames over the past three years?

2. Has HUD rejected any required reports submitted by the PHA for inadequacies or inaccuracies during the past three years?

3. Has the PHA issued its required management and financial reports on time to all other interested governmental agencies within the past three years?

Comprehensive Review Performance Measures:

- Process Measures

1. Are the information/data requirements for each information subsystem listed in Exhibit 13 adequately documented?

2. Are the processing procedures and controls for each subsystem sufficiently documented?

3. Does each subsystem collect and maintain its prescribed information/data?

4. Are there variances between documented procedures and the actual practices employed by the agency in processing prescribed information/data (within each subsystem)?

5.D Performance Measures - Information Management

5. How many times a year are requisite reports (internal and/or external reports) not produced within the prescribed time frames?

6. Does each subsystem provide users easy access to stored information/data?

7. Are procedures established (and followed) for purging information history files in a periodic basis (within each subsystem)?

- External Reporting Measures

1. What has been the PHA's track record in responding to ad hoc requests for information from outside agencies during the past three years?

5.E Information Management Analysis Table

Problem or Solution	Potential Reasons for Condition
1. Information/data not available	- Information/data requirements have not been recognized by PHA - Collection mechanisms not designed to secure devised information/data - Collection procedures not properly enforced
2. Information/data not readily acccessible	- Inappropriate definition of user needs/requirements of information/data - Inappropriate information/data storage practices - Inappropriate and/or insufficient information transmission processes - Inappropriate and/or inadequate information/data summarizations - Inappropriate report layouts or reporting techniques
3. Information/data not used in policy and management decision making	- Information data not supplied on a timely basis - Managers not versed on use of information/data reporting devises - Policy-makers/managers unaware of information/data's availability - Policy-makers/managers have chosen not to use information/data in decision-making processes

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