



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



MANAGEMENT AUDIT

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Deputy Comptroller for Audit

Audit Report on the New York City
Housing Authority's Tenant Selection
Process

ME16-118A

June 1, 2018

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
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SCOTT M. STRINGER

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To the Residents of the City of New York:

My office has audited the New York City Housing Authority (NYCHA) to determine whether the agency ensures that new applicants awarded NYCHA apartments are selected from certified waiting lists and meet post-certification screening requirements. We perform audits such as this to ensure that City agencies are complying with applicable regulations and guidelines.

The audit concluded that while tenants were selected from certified waiting lists, NYCHA has limited assurance that the applicants who were offered apartments, and their household members, had been properly screened prior to their moving in. Specifically, NYCHA did not maintain adequate documentation to demonstrate that the required criminal and sex offender background checks and post-selection/pre-offer income verification searches were consistently conducted. The audit also found that NYCHA's practice of performing Housing Court searches and landlord contacts prior to placing an applicant on a certified waiting list means that a significant amount of time may elapse between when those checks are completed and when the applicant is offered an apartment. In addition, NYCHA did not ensure that its developments consistently reviewed certain key documentation before new applicants moved into NYCHA apartments.

To address these and other issues, the audit made nine recommendations, including that NYCHA: ensure that the results of its required criminal and sex offender background checks are maintained and readily available at the agency for management review purposes; ensure that required post-selection/pre-offer income verification searches are performed and documented for all members of an applicant's household; consider re-performing Housing Court searches and landlord contacts after applicants are selected for an apartment and just prior to being offered an apartment if a considerable amount of time has elapsed since these searches and contacts were previously performed; and ensure that all required documentation is obtained and reviewed by development officials before new tenant move-ins.

The results of the audit have been discussed with NYCHA officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

Scott M. Stringer

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
Audit Findings and Conclusion	2
Audit Recommendations.....	3
Agency Response	3
AUDIT REPORT	4
Background	4
Objective.....	6
Scope and Methodology Statement.....	6
Discussion of Audit Results with NYCHA	6
FINDINGS AND RECOMMENDATIONS	7
NYCHA Has Limited Assurance That Required Background Checks Are Performed.....	7
Criminal and Sex Offender Background Checks	8
Enterprise Income Verification Search	9
Recommendations	10
Insufficient Evidence That NYCHA Developments Consistently Reviewed Certain Key Documentation before Applicant Move-In.....	12
Recommendations	13
Multi-Lingual Formats Needed for Canvass Letters and Follow-up Notices to Applicants on NYCHA's Certified Waiting Lists	13
Recommendation	14
NYCHA Does Not Consistently Monitor Compliance with TSAP Procedures	14
Recommendation	14
DETAILED SCOPE AND METHODOLOGY	15
ADDENDUM	

THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit Report on the New York City Housing Authority's Tenant Selection Process

ME16-118A

EXECUTIVE SUMMARY

The New York City Housing Authority's (NYCHA's) mission is to increase opportunities for low-to-moderate income New Yorkers by providing safe, affordable housing and by facilitating access to social and community services. More than 400,000 New Yorkers reside in NYCHA's 326 public housing developments across the City's five boroughs.

As of March 6, 2017, according to NYCHA, 257,143 families were on its waiting lists for public housing.¹ Also according to NYCHA, as of March 6, 2017, NYCHA had 176,066 apartments and a 0.7 percent vacancy rate of apartments available for occupancy. During Fiscal Year 2016, 3,938 new applicants moved into NYCHA apartments. Of the 257,143 families on NYCHA's waiting lists, 18,565 had been placed on a certified waiting list and another 1,469 were in the eligibility review phase (20,034 in total). The remaining 237,109 (92 percent) families on the lists had not been called in for an eligibility interview to ascertain whether they qualified for placement on a certified waiting list.

The focus of this audit was on applicants on certified waiting lists and on new applicants awarded apartments. The audit did not examine the circumstances of applicants in the eligibility review phase or the applicants on preliminary waiting lists who had not yet been called in for an eligibility interview.

NYCHA developed its Tenant Selection and Assignment Plan (TSAP), which has been approved by the United States Department of Housing and Urban Development (HUD), to ensure that applications for conventional public housing are processed appropriately and in accordance with the law.² To be considered for public housing, each applicant must submit an application, which can be done at a kiosk located at a development, at a computer terminal located at a NYCHA Customer Contact Center in the Bronx or in Brooklyn, online, or by mail. NYCHA uses the SIEBEL computer system to store and track applications and applicant information, and the TSAP computer system to select applicants from certified waiting lists.³

¹ A single adult applicant is counted as a family by NYCHA for the purposes of these waiting lists.

² Conventional public housing means housing constructed, owned and operated by a public housing agency, in this report, by NYCHA.

³ SIEBEL interfaces with the TSAP computer system via Fusion middleware. This interface facilitates the sharing of applicant data between the two systems. SIEBEL is the system of record for all applicants.

NYCHA's Applications and Tenancy Administration Department (ATAD) is responsible for processing new housing applications. ATAD determines eligibility based on information provided by the applicant, including a completed application form and documentation submitted during an eligibility interview, as well as on various screening checks conducted by ATAD personnel during the eligibility review phase. Screening checks include use by ATAD of HUD's Enterprise Income Verification (EIV) System to determine whether any household members listed on the application are already receiving subsidies from another public housing authority. In addition, ATAD is required to screen family behavior and suitability for tenancy by reviewing Housing Court information and by contacting prior and current landlords to determine whether an applicant has had difficulty meeting rent obligations or has a history of disturbing neighbors, destroying property, or having poor housekeeping practices. If the applicant submits all of the required documentation and passes the EIV, Housing Court and landlord contact screenings, the applicant is then certified to a waiting list.

After being certified to a waiting list, applicants are supposed to be canvassed on an annual basis to ascertain whether they remain interested in renting a NYCHA apartment. The annual canvas is necessary because some applicants remain on a certified waiting list for many years before being selected for a NYCHA apartment. Starting in Calendar Year 2017, NYCHA began to mail the annual canvass letters centrally through ATAD using the SIEBEL computer system, rather than rely on individual developments to make the annual inquiry.

When an applicant is selected for an apartment from a certified waiting list, NYCHA is supposed to conduct additional checks before offering that applicant an apartment. All applicants and household members 16 years of age and older must undergo and pass criminal and sex offender background checks. In addition, NYCHA development staff are required to perform a second EIV search for all household members listed on the application.

If the applicant passes these additional checks, applicants must then provide the development with rental receipts or letters from their current landlords evidencing their timely payment of rent. If an apartment is offered, the applicant is required to pay a security deposit and the first month's rent. Once the deposit and rent are paid, the applicant may move into the apartment.

Audit Findings and Conclusion

While the applicants in our sample were consistently selected from certified waiting lists, as required by TSAP, NYCHA has limited assurance that the applicants who were offered apartments, and their household members, had been properly screened prior to their moving in. NYCHA did not maintain adequate documentation to demonstrate that the required criminal and sex offender background checks and post-selection/pre-offer EIV searches were consistently conducted and accurately reported. This was due in part to NYCHA's practice of uploading copies of the criminal history and sex offender reports only when they reflected adverse results. As a result, there was no way to verify from the files that all the required checks were done and that their results were accurately reported. Similarly, with respect to post-selection/pre-offer EIV searches, in most instances NYCHA records contained no entries or documents showing that the searches had been conducted. In the absence of such evidence, NYCHA cannot be assured that those required screening measures were consistently taken.

Furthermore, we found that NYCHA's current practice of performing Housing Court searches and landlord contacts prior to placing an applicant on a certified waiting list—where an applicant may remain for years—means that a significant amount of time may elapse between when those checks are completed and when the applicant is offered an apartment. Since this information is

not updated just prior to a NYCHA apartment being offered to the applicant, there is an increased risk that intervening events could have occurred, unknown to NYCHA, that, if known, would have changed NYCHA's decision to offer the apartment to the applicant. In addition, NYCHA did not ensure that it consistently obtained the documentation that is required before an applicant who is selected from a certified waiting list moves into a NYCHA apartment, or that it reviews its waiting list practices on an annual basis to ensure that its tenant selection and assignment procedures are being followed.

Audit Recommendations

To address these issues, the audit recommends, among other things, that:

- NYCHA ensure that the reports it receives from external sources as a result of its required criminal and sex offender background checks are maintained and readily available at the agency for management review purposes.
- NYCHA ensure that required post-selection/pre-offer EIV searches are performed and documented for all members of an applicant's household after an applicant is selected for an apartment and prior to move-in.
- NYCHA consider re-performing Housing Court searches and landlord contacts after applicants are selected for an apartment and just prior to being offered one if a considerable amount of time has elapsed since these searches and contacts were previously performed.
- NYCHA developments ensure that all required documentation is obtained and reviewed by development officials before tenant move-ins and that evidence of that review is maintained in tenant folders.
- NYCHA ensure that its audit department reviews the compliance of the agency's waiting list practices with its tenant selection and assignment procedures at least once per year.

Agency Response

In its response, NYCHA agreed to implement five recommendations and to consider implementing three recommendations. The agency disagreed with one recommendation. The full text of NYCHA's response is included as an addendum to this report.

AUDIT REPORT

Background

NYCHA's mission is to increase opportunities for low-to-moderate income New Yorkers by providing safe, affordable housing and by facilitating access to social and community services. More than 400,000 New Yorkers reside in NYCHA's 326 public housing developments across the City's five boroughs.

NYCHA developed TSAP, which has been approved by HUD, to ensure that applications for conventional public housing are processed appropriately and in accordance with the law.⁴ To be considered for public housing, each applicant must submit an application, which can be done at a kiosk located at a development, at a computer terminal located at a NYCHA Customer Contact Center in the Bronx or in Brooklyn, online, or by mail.

NYCHA uses the SIEBEL computer system to store and track applications and applicant information, and the TSAP computer system to select applicants from certified waiting lists. In accordance with federal regulations, NYCHA has implemented "priority codes" for its applicants that identify them as either: a Working Family (W) or a Need Based (N) applicant. The applicants are then further ranked automatically by the SIEBEL system within each category based upon information in the application, with the highest priorities going to working families and to families with certain designated needs.

- Working Family applicants are ranked W0 (the highest Working Family priority code) if they are homeless and referred by the Department of Homeless Services; otherwise, they are ranked from W1 (the next highest priority code) to W3 depending on their level of income (up to 80 percent of area median income).
- Need Based applicants are ranked N0 (the highest Need Based priority code) if they have been referred by a City agency such as the Administration for Children's Services or the Department of Homeless Services; N1 (the next highest priority code) if they are victims of domestic violence or intimidated witnesses; or N4 if they reside in substandard or overcrowded housing, or have a rent burden of more than 50 percent of family income. Applicants that are not considered to be needy enough to receive a higher priority code are given an N8 priority code. No applicant with an N8 priority code moved into a NYCHA apartment during Fiscal Year 2016.

The higher the priority, the sooner an applicant will undergo an eligibility review and be placed on a certified list. If an applicant qualifies for both a Working Family priority and a Need Based priority, NYCHA initially assigns both priorities to the application. The type of priority code (i.e., Working Family or Need Based) that gains the applicant an eligibility review is the type of code that is assigned to the application as it is placed on a certified waiting list. When there is an available apartment, the TSAP system selects Working Family and Need Based applicants on a rotational basis.

NYCHA's ATAD is responsible for processing new housing applications. ATAD determines eligibility based on the information provided by the application, the documentation submitted

⁴ Conventional public housing means housing constructed, owned and operated by a public housing authority, in this report, by NYCHA.

during an eligibility interview, and various screening checks (i.e., the eligibility review phase). For example, using HUD's EIV System for its initial screening check during eligibility, ATAD is required to determine whether any household members listed on the application are already receiving subsidies from another public housing authority, as that may prevent an applicant from obtaining a NYCHA apartment. In addition, NYCHA is required to screen family behavior and suitability for tenancy by reviewing Housing Court information and by contacting prior and current landlords to determine whether an applicant has had difficulty meeting rent obligations or has a history of disturbing neighbors, destroying property, or having poor housekeeping practices. If the applicant submits all of the required documentation and passes the EIV, Housing Court and landlord contact screenings, the applicant is then certified to a waiting list.

After being certified to a waiting list,⁵ applicants are supposed to be canvassed on an annual basis to ascertain whether they remain interested in renting a NYCHA apartment. The annual canvassing is necessary because some applicants remain on a certified waiting list for many years before being selected for a NYCHA apartment. For 10 of the 60 applicants in our sample, the wait times from the dates that they were certified to a waiting list to the dates that they were selected for a NYCHA apartment were more than two years long and, in one case, over eight years long. Starting in Calendar Year 2017, NYCHA began to mail the annual canvass letters through ATAD using the SIEBEL computer system, rather than relying on the developments to mail the letters. Under that new process, automated phone and email reminders are sent to the applicants who do not respond within 30 days of the mailing of the canvass letters. Applicants have up to 60 days to respond to the canvass letters or the follow-up notifications before their applications are automatically closed in SIEBEL.

When an applicant is selected for an apartment from a certified waiting list, NYCHA is supposed to conduct three additional checks before offering that applicant an apartment:

- ATAD staff must perform criminal offender background checks on the applicant and all household members 16 years of age and older.
- ATAD staff must (and NYCHA development staff may also) perform sex offender background checks of the applicant and all household members 16 years of age and older using the United States Department of Justice National Sex Offender Public Website.
- NYCHA development staff are required to perform a second EIV search for all household members listed on the application.

If the applicant passes the two abovementioned background checks and the second EIV search, a rental call-in letter is mailed to the applicant requiring the applicant and all household members 18 years of age and older to appear at a rental interview at the development and to provide photo identification. Applicants must, at that stage in the process, provide rental receipts or letters from their current landlords evidencing their timely payment of rent. If an apartment is offered, the applicant is required to pay a security deposit and the first month's rent. Once the deposit and rent are paid, the applicant may move into the apartment.

Due to the shortage of affordable housing units in the City and the large number of low-to-moderate income New Yorkers on the waiting list, we audited NYCHA's process for selecting eligible applicants from the certified waiting lists to determine whether NYCHA acts consistently and in accordance with applicable rules and regulations. As of March 6, 2017, according to NYCHA, 257,143 families were on its waiting lists for public housing. Also according to NYCHA,

⁵ Applicants assigned W0, N0, and N1 priority codes are placed on the certified waiting list of the borough they select; applicants assigned W1, W2, W3, and N4 priority codes are placed on the certified waiting list of the development they select.

as of March 6, 2017, NYCHA had 176,066 apartments and a 0.7 percent vacancy rate of apartments available for occupancy. During Fiscal Year 2016, 3,938 new applicants moved into NYCHA apartments. Of the 257,143 families on NYCHA's waiting lists, 18,565 had been placed on a certified waiting list and another 1,469 were in the eligibility review phase (20,034 in total). The remaining 237,109 (92 percent) families on the lists had not been called in for an eligibility interview to ascertain whether they qualified for placement on a certified waiting list.

Objective

To determine whether NYCHA ensures that new applicants awarded NYCHA apartments are selected from certified waiting lists and meet post-certification screening requirements.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The primary scope for the audit was Fiscal Year 2016. For certain tests, we reviewed NYCHA data through January 4, 2018. The focus of this audit was on applicants on certified waiting lists and on new applicants awarded apartments. The audit did not examine the circumstances of applicants in the eligibility review phase or applicants on preliminary waiting lists but not yet called in for an eligibility interview.

Discussion of Audit Results with NYCHA

The matters covered in this report were discussed with NYCHA officials during and at the conclusion of this audit. A preliminary draft report was sent to NYCHA on April 18, 2018 and was discussed at an exit conference held on April 30, 2018. On May 8, 2018, we submitted a draft report to NYCHA with a request for written comments. We received a written response to the draft report on May 23, 2018. In its response, NYCHA agreed to implement five recommendations and to consider implementing three recommendations. The agency disagreed with our recommendation that it consider re-performing Housing Court searches and landlord contacts for applicants selected for an apartment if a considerable amount of time has elapsed since these searches and contacts were previously performed.

The full text of NYCHA's response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

While we found that the applicants in our sample were consistently selected from certified waiting lists, as required by TSAP, we also found that NYCHA has limited assurance that the applicants who were offered apartments, and their household members, had been properly screened prior to their moving in. Specifically, NYCHA did not maintain adequate documentation to demonstrate that the required criminal and sex offender background checks and post-selection/pre-offer EIV searches were consistently conducted and accurately reported. This was due in part to NYCHA's practice of uploading copies of the criminal history and sex offender reports only when they reflected adverse results. As a result, there was no way to verify from the files that these required checks were done and that their results were accurately reported. Similarly, with respect to post-selection/pre-offer EIV searches, in most instances NYCHA records contained no entries or documents showing that the searches had been conducted. In the absence of such evidence, NYCHA cannot be assured that those required screening measures were consistently taken.

Further, we found that NYCHA's current practice of performing Housing Court searches and landlord contacts prior to placing an applicant on a certified waiting list—where an applicant may remain for years—means that a significant amount of time may elapse between when those checks are completed and when the applicant is offered an apartment. Since this information is not updated just prior to a NYCHA apartment being offered to the applicant, there is an increased risk that intervening events could have occurred, unknown to NYCHA, that, if known, would have changed NYCHA's decision to offer the apartment to the applicant.

In addition, NYCHA did not ensure that it consistently obtained the documentation that is required before an applicant who is selected from a certified waiting list moves into a NYCHA apartment, or that it reviews its waiting list practices on an annual basis to ensure that its tenant selection and assignment procedures are being followed.

NYCHA Has Limited Assurance That Required Background Checks Are Performed

NYCHA has limited assurance that criminal and sex offender background checks are performed for all household members 16 years of age and older, and that post-selection/pre-offer EIV searches are performed for all household members prior to an applicant's moving into an available apartment. NYCHA's procedures require those background checks and EIV searches to be performed after an applicant is selected from the TSAP computer system for an available apartment. For our sampled applicants, NYCHA was unable to provide adequate evidence to establish that the required criminal and sex offender background checks were consistently performed. Failure to perform such checks increases risks to the safety and well-being of public housing residents. In addition, NYCHA was unable to provide adequate evidence that post-selection/pre-offer EIV searches had been conducted to determine whether any household members named in the applications might already be receiving other public housing subsidies. Failure to conduct such searches might allow such an individual to improperly profit by continuing to receive benefits from another public housing authority while obtaining the benefit of a NYCHA apartment.

Criminal and Sex Offender Background Checks

NYCHA has limited assurance that required criminal and sex offender background checks were performed for all household members 16 years of age and older of applicants selected for a NYCHA apartment.⁶ NYCHA officials told us that once an applicant is selected by TSAP for an apartment and prior to NYCHA's offering an apartment to the applicant, a service request is automatically generated in SIEBEL for ATAD's Screening Division to perform the criminal and sex offender background checks. We reviewed the SIEBEL and TSAP computer systems for evidence of the results of those checks and found that NYCHA generally maintains externally-generated documentation of the results—such as a screenshot or printout showing that a database check was made on a specific date—only when it reports finding a criminal history or sex offense record. NYCHA does not maintain such evidence when it conducts such a check and finds, or reports having found, no record of a criminal or sex offense having been committed or charged.

Of the 60 sampled applications of tenants who had moved into the 10 developments in our sample, NYCHA was required to perform criminal and sex offender background checks on 95 household members. Our review of NYCHA's SIEBEL and TSAP systems revealed that NYCHA maintained printouts from a court database that reflected the results of those criminal background checks for only 10 (11 percent) of these 95 individuals.⁷ For the remaining 85 individuals, the only indications that criminal background checks (CBCs) had been conducted were data entries made by NYCHA employees stating that criminal background checks had been conducted using the New York State Office of Court Administration database (and other court databases) and that no adverse information had been found. These data entries were reflected as: "CBC Approval: Y" in TSAP, and "Status: Done" and "Resolution: Cleared" in SIEBEL. The only indications in the SIEBEL and TSAP systems that sex offender checks had been performed for these 95 individuals were the statements "Done" and "Cleared," selected from a drop-down menu in SIEBEL.

We also reviewed the tenant folders at the developments for the 60 sampled applicants to ascertain whether there was any supplemental evidence—beyond the criminal history information described above—that the checks had been performed. However, the only evidence of criminal background checks in the tenant folders was simply duplicative of the entries we found in the SIEBEL and TSAP systems, in that it consisted of: (1) a printout in 1 folder for 1 of the 10 abovementioned criminal histories that had also been uploaded in SIEBEL; (2) 41 folders containing printouts of "CBC Approval: Y[es]" entries that NYCHA employees had made in TSAP; and (3) brief references on other documents in 7 additional folders reiterating that criminal background checks had been completed, with no externally-generated documentation of the results.⁸

For the sex offender checks, the only evidence found in the tenant folders that the checks had been done were printouts of the results of searches of the United States Department of Justice National Sex Offender Public Website relating to three individuals and brief references on interview records relating to five other individuals indicating that sex offender checks had been completed.

⁶ Although a criminal conviction does not necessarily disqualify an applicant, the Housing Authority may not admit families to public housing if any household member is subject to a lifetime registration requirement under a state sex offender registration program.

⁷ For those 10 individuals, records of criminal history found in a court database were uploaded into SIEBEL.

⁸ The one folder that had the criminal history printout from SIEBEL also had the TSAP computer printout of the "CBC Approval" indication.

Comptroller's Directive #1, *Principles of Internal Control*, Section 4.3 provides that

Internal control activities help ensure that management's directives are carried out. ... Control activities should exist at all levels and functions of an agency. They include a wide range of diverse activities such as approvals, authorizations, verifications ... performance reviews, security evaluations, and the creation and maintenance of related records that provide evidence of the execution of these activities.

Since limited evidence exists in NYCHA's records that the required criminal background and sex offender checks were conducted for the sampled applicants, NYCHA management has limited assurance that individuals with significant criminal or sex offender backgrounds have not been allowed to move into NYCHA apartments and thereby endanger NYCHA residents and employees. Considering the seriousness of these matters, NYCHA, in performing its due diligence, should require that all reports from the Office of Court Administration database (and other court databases) and the United States Department of Justice National Sex Offender Public Website, including those that state that no records were found, be maintained and readily available to facilitate management's monitoring of NYCHA's handling of this key responsibility.

On a related matter, of the 10 individuals for whom ATAD found criminal history records in court databases that it uploaded into SIEBEL, it was not evident that NYCHA had properly evaluated the history of one of those individuals before allowing the person to move into a NYCHA apartment. For this individual, the criminal history record showed two arrests, one for attempted assault in 2009, to which the individual pled guilty and which resulted in a sentence of five years' probation, and one for assault in 2015, which was dismissed. While entries made to the "Summary" and "Notes" fields in SIEBEL referred to the dismissal of the 2015 charge, the entries were silent on the 2009 conviction. The only evidence of a review of the 2009 conviction that was provided to us was a copy of the relevant court disposition that had been uploaded into SIEBEL and to which an undated and unsigned handwritten note had been added indicating that the person was approved to move into a NYCHA apartment due to the passage of time since the 2009 conviction. Considering the significance of NYCHA's evaluations of prospective tenants' criminal histories, the consistent creation and maintenance of formal records of these evaluations (such as in the "Summary" or "Notes" fields in SIEBEL) is warranted.

On another related matter—involving sex offender checks—documents found in the tenant folders at the developments that indicated that searches of the National Sex Offender Public Website had been conducted for three individuals, as mentioned above. Those documents showed that for two prospective tenants, the results were negative; that is, no record of such offenses was found. With respect to the third individual, however, the documents showed that the search had identified 11 persons with the same name for whom records of sex offenses were found, and there was no indication in the tenant folder or in SIEBEL that NYCHA had determined that the individual seeking NYCHA housing was not one of those 11 persons.

Enterprise Income Verification Search

NYCHA has insufficient evidence that required post-selection/pre-offer EIV searches were consistently conducted for our sampled applicants and their household members. According to NYCHA procedures, EIV searches should be completed twice, first by ATAD during the eligibility stage and later by the developments after applicants on a certified waiting list are selected for apartments and before they are offered the apartments. The searches should determine whether any household member is already receiving assistance/subsidies from another public housing

authority. However, our review of NYCHA records to identify evidence of the developments' post-selection/pre-offer EIV search efforts, found that they are not reflected in the TSAP and SIEBEL computer systems, and are generally not documented in applicant/tenant folders that the developments maintain.

For our 60 sampled applicants, post-selection/pre-offer EIV searches were required for 163 individuals, including the applicants and their household members. However, when we reviewed the applicants' tenant folders at the developments for such EIV search reports, we found that only 6 (4 percent) of the 163 search reports had been obtained after selection and prior to move-in, as required. For 150 household members, we found no evidence in the tenant folders of a post-selection/pre-offer EIV search having been done; consequently, we have no assurance that those searches were performed. For the remaining seven individuals in our sample, six EIV searches were performed between 27 and 205 days before the applicant was selected for an apartment, and one search was performed four days after the applicant moved into an apartment. As a result, NYCHA management in most cases has no assurance that the required post-selection/pre-offer EIV searches were performed. Unless timely EIV searches are performed, NYCHA cannot ensure that applicants who are offered NYCHA apartments are fully eligible to receive an apartment in a NYCHA development.

On a related matter, NYCHA's policy and practice of conducting Housing Court searches and contacting applicants' landlords prior to the applicant's certification to a waiting list (i.e., during the eligibility stage of the process) leaves it vulnerable to the risk of being unaware of changes in an applicant's circumstances that may impact the applicant's suitability for tenancy. NYCHA is responsible for screening family behavior and suitability for tenancy by reviewing information such as whether an applicant has a history of disturbing neighbors, destroying property, or poor housekeeping. Conducting that screening possibly years before an applicant is selected for an apartment from a certified waiting list leaves substantial time in which events could occur, unknown to NYCHA that could impact the applicant's suitability, potentially making NYCHA's initial determination of suitability no longer valid.⁹ To mitigate that risk, when a considerable amount of time has elapsed since the required searches and contacts were completed, NYCHA should consider re-performing them before it offers an apartment to the applicant.

Recommendations

1. NYCHA should ensure that the reports it receives from external sources as a result of its required criminal and sex offender background checks are maintained and readily available at the agency for management review purposes.

NYCHA Response: "NYCHA will take under consideration the recommendation for keeping copies of source documents of cleared results for criminal histories and sex offender checks on record in the Siebel system and image repository, Universal Content Management (UCM)."

Auditor Comment: Considering the seriousness of these matters, we urge NYCHA to adopt this recommendation as it would be in the interest of the agency and the tenants for NYCHA to maintain all of the criminal background and sex offender reports it receives on prospective tenants.

⁹ For 10 of the 60 applicants in our sample, the wait times from the dates that they were certified to a waiting list to the dates that they were selected for a NYCHA apartment were more than two years long and, in one case, over eight years long.

2. NYCHA should ensure that criminal histories found during background checks are properly reviewed and evaluated, with the resulting tenancy suitability determination being documented in SIEBEL to include the justification for the decision, the date of the decision, and the name of the NYCHA employee who made the decision.

NYCHA Response: “We will review with staff, via written instructions, the protocol for recording results of the evaluation to ensure consistency of the recorded information.”

3. NYCHA should ensure that name matches found in the National Sex Offender Public Website are properly evaluated, with an explanation in SIEBEL where there is a name match of how it was determined that a prospective tenant was not the person or one of the persons identified by the Website as a possible match.

NYCHA Response: “We will ensure that staff record in the Notes section of the case, instances of multiple matches and a confirmation that a review was done to identify or eliminate the person as the same offender listed on the website.”

4. NYCHA should ensure that required post-selection/pre-offer EIV searches are performed and documented for all members of an applicant’s household after an applicant is selected for an apartment through the TSAP computer system and prior to move-in.

NYCHA Response: “NYCHA has proposed and is already working to implement a process whereby this function will be centralized at ATAD. The EIV search will be auto-generated and appended to the criminal background check at the time of apartment selection. The property management office will no longer be required to perform this function. This is anticipated to increase both efficiency and consistency. The process will be implemented by the end of 2018.”

Auditor Comment: Until NYCHA centralizes post-selection/pre-offer EIV searches, the agency’s development staff should ensure that such searches are properly performed and adequately documented.

5. NYCHA should consider re-performing Housing Court searches and landlord contacts after applicants are selected for an apartment and just prior to being offered one if a considerable amount of time has elapsed since these searches and contacts were previously performed.

NYCHA Response: “NYCHA disagrees with the above recommendation. During Calendar Year 2017, a total of 6,353 Landlord Contacts were conducted, resulting in findings of [i]neligibility for 44 cases (or .7% of the total), for poor rent payment history, during this stage of processing. Conducting an additional screening check for families that have already been screened at the interview and at the subsequent Landlord Contact stages will have a statistically insignificant impact. Additional housing court searches and landlord contacts at the time of selection will increase the length of time for the rental process and result in additional vacancy loss.”

Auditor Comment: NYCHA performs the landlord contacts and Housing Court searches during the eligibility stage of the application process (prior to an applicant being placed on a certified waiting list), which can be a number of years prior to an applicant being selected for an apartment. As stated previously, for 10 of the 60 applicants in our sample, the wait times from the dates that applicants were certified to a waiting list to the dates that they were selected for a NYCHA apartment were more than two years long and, in one case, over eight years long. The amount of time that can pass before a tenant is actually placed in an apartment could leave NYCHA vulnerable to the risk of being unaware of changes in an applicant's circumstances that may impact the applicant's suitability for tenancy. Accordingly, we urge NYCHA to reconsider the recommendation that it repeat the landlord and Housing Court checks before it offers an apartment to applicants if a considerable amount of time has elapsed since the searches and contacts were previously performed.

Insufficient Evidence That NYCHA Developments Consistently Reviewed Certain Key Documentation before Applicant Move-In

NYCHA developments maintained insufficient evidence that they consistently reviewed certain key documentation necessary to an evaluation of the tenants' eligibility for an apartment prior to the applicants' move-in. Those documents include rental receipts or letters from applicants' current landlords evidencing their timely payment of rent and evidence that the applicants and their household members cleared the required criminal and sex offender background checks and post-selection/pre-offer EIV Existing Tenant searches. Specifically the tenant folders contained no evidence that NYCHA developments obtained the prescribed rental receipts or landlord letters for 11 of the 18 applicants for whom they were required under NYCHA's Management Manual.¹⁰ Thus, there is no evidence that these records were ever reviewed by development officials.

In addition, as noted previously, the tenant folders contained no evidence that development staff had obtained or reviewed documentation ensuring that criminal background checks had been done for 12 (20 percent) of the 60 applicants, that sex offender checks had been performed or reviewed for 52 (87 percent) of the 60 applicants, or that timely EIV Existing Tenant searches had been performed or reviewed for 150 (92 percent) of the 163 individuals associated with the 60 sampled applicants.

Although the lack of certain key documentation in the tenant folders does not necessarily mean that it was not obtained or that the necessary database searches were not performed, we would have expected to find some evidence in the tenant folders that those required screening procedures had been completed. Without consistently maintaining such evidence, the developments cannot demonstrate that key information required by NYCHA's rules has been obtained and reviewed prior to applicants' moving into NYCHA apartments.

¹⁰ The remaining 42 applicants in our sample were referred by City agencies or were victims of domestic violence and did not require such documentation.

Recommendations

6. NYCHA developments should ensure that all required documentation is obtained and reviewed by development officials before tenant move-ins and that evidence of that review is maintained in tenant folders.

NYCHA Response: “NYCHA will take into consideration implementing a system check to document that a review has been completed at the property management level.”

Auditor Comment: We continue to believe that NYCHA developments should obtain, review, and maintain all required documentation to ensure that a full evaluation of each prospective tenant’s suitability for an apartment is performed prior to move-in.

7. NYCHA should consider developing a checklist to help the developments ensure that all required checks and searches are conducted and that all required documents are obtained prior to move-in. The checklist should also show the results of a development’s review of these documents in relation to an applicant’s suitability to move into a NYCHA apartment.

NYCHA Response: “NYCHA will take the implementation of a checklist under consideration as stated in our response to Audit Recommendation No. 6.”

Auditor Comment: We continue to believe that use of such a checklist by the developments would provide greater assurance that all key documentation has been obtained and reviewed prior to applicants’ moving into NYCHA apartments.

Multi-Lingual Formats Needed for Canvass Letters and Follow-up Notices to Applicants on NYCHA’s Certified Waiting Lists

As noted previously, after being certified to a waiting list, applicants are supposed to be canvassed on an annual basis to ascertain whether they are still interested in renting a NYCHA apartment. NYCHA mails canvass letters to the applicants and sends automated phone and email reminders to applicants who do not respond to the canvass letters within 30 days of when they are mailed. Applicants have up to 60 days to respond to the canvass letters before their applications are automatically closed in SIEBEL. In our review of 100 applicants who were canvassed in 2017, we found that 34 of the applications had been closed for failure to respond to the canvass letters and the follow-up notices.

ATAD instituted a new automated annual canvass process in 2017. However, in doing so, NYCHA has not ensured that the canvass letters sent to applicants on a certified waiting list are also sent in languages other than English. NYCHA has also not ensured that all follow-up reminders (automated phone calls and emails) for applicants who do not respond to the canvass letter within 30 days of the mailing date are also provided in languages other than English. Pursuant to Presidential Executive Order 13166, federally-funded agencies “must take reasonable steps to ensure meaningful access to their programs and activities by LEP [limited English proficiency] persons.” By not providing applicants the canvass letters and automated follow-up phone calls and emails in multi-lingual formats for applicants with limited English proficiency, NYCHA is at risk

of inappropriately closing the cases of applicants who were unable to respond to the canvass letter or other follow-up action. NYCHA officials informed us on February 13, 2018, that they plan to incorporate multi-lingual formats into the canvass letters and the follow-up reminders.

Recommendation

8. NYCHA should ensure that it incorporates multi-lingual formats into its canvass letters and its related follow-up actions.

NYCHA Response: “Spanish translations for the Annual Canvass letter forms, TSAP Annual Canvass - Working Family (Form 070618), TSAP Annual Canvass -Transfer (Form 070290) and TSAP Annual Canvass - Need Based (Form 070291) were created in August of 2017. Russian and Chinese and revised Spanish versions of the forms have been created and are expected to be available by the end of May 2018. In March 2018, Russian, Chinese and Spanish language translations were added to the e-mail reminders. In addition, we are currently in the process of appending a Spanish translation to the automated English language outbound calls, anticipated to be in production by June 2018.”

NYCHA Does Not Consistently Monitor Compliance with TSAP Procedures

NYCHA has not reviewed the compliance of its waiting list practices with TSAP procedures on an annual basis, as required. TSAP states that “not less than once a year, representatives of the Audit Department shall review . . . the computerized waiting list[s] . . . to make certain that the tenant selection and assignment procedures set forth in this TSAP are being followed and are working efficiently.” TSAP further states that “based upon the review, Audit shall prepare a report, which analyzes the overall efficiency of the TSAP [process] . . . [and notes] any irregularities in following the procedures set forth in the TSAP.” However, although we requested all of the audit reports that had been prepared on the tenant selection process between Fiscal Year 2013 and Fiscal Year 2016, NYCHA provided only one audit report, dated August 16, 2013, for that four-year period.

Recommendation

9. NYCHA should ensure that its audit department reviews the compliance of the agency’s waiting list practices with TSAP procedures at least once per year.

NYCHA Response: “NYCHA’s Department of Internal Audit & Assessment (IAA) agrees to perform reviews of the compliance of the agency’s waiting list practices with TSAP procedures on a periodic basis, and will incorporate such review in its audit plan. However, annual audit is not warranted in view of the increased automation and centralization of the tenant selection process. Accordingly, IAA will work with ATAD to update the TSAP manual to reflect current practice.”

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The primary scope of the audit was Fiscal Year 2016. For tests of the new annual canvass letter process, we reviewed NYCHA data through January 4, 2018. The focus of this audit was on applicants determined to be eligible and placed on certified waiting lists (18,565 as of March 6, 2017), and on the 3,938 new applicants awarded apartments during Fiscal Year 2016. The audit did not examine the circumstances of the 1,469 applicants that were in the eligibility review phase or the 237,109 applicants that NYCHA identified as being on its preliminary waiting lists but not yet called in for an eligibility interview as of March 6, 2017.

To obtain an understanding of NYCHA's Applications and Tenancy Administration Department's role in determining tenant eligibility, we reviewed NYCHA's written policies and procedures, such as the Tenant Selection and Assignment Plan, the TSAP System User Guide, and the NYCHA Management Manual, as well as reports relating to the tenant selection process. We also interviewed ATAD's Director, the Assistant Director of the Field Intake Division, the Manager for Intake and Planning, the SIEBEL System Manager, the Assistant Director of the Brooklyn Eligibility Office, the Assistant Director of the Bronx Screening Office, and Development Property Managers at Betances Houses and Sack Wern Houses.

To obtain an understanding of the process followed by development staff in the selection and move-in of applicants, we interviewed development property managers, assistant property managers, housing assistants, superintendents, and secretaries at 10 randomly selected developments.

To select the 10 developments for our sample, we combined two datasets that we received from NYCHA's SIEBEL computer system. One dataset contained a total of 1,518 new move-ins with priority codes N0 and N1 during Fiscal Year 2016. The second dataset contained a total of 2,420 new move-ins with priority codes N4 and W0-W3 during Fiscal Year 2016. To determine the number of developments to be selected from each borough, we combined the two datasets and ascertained the number of move-ins in each borough. The percentage of the 3,938 Fiscal Year 2016 move-ins Citywide that occurred in a given borough served as the basis for the number of developments we selected from that borough. Based on our analysis, the two boroughs with the highest percentages of the 3,938 new move-ins were Brooklyn (33 percent) and the Bronx (27 percent). These two boroughs were followed by Manhattan with 25 percent, Queens with 12 percent, and Staten Island with 4 percent of the total number of new move-ins Citywide during Fiscal Year 2016. Therefore, based on these percentages, we decided to select three developments in Brooklyn, three in the Bronx, two in Manhattan, one in Queens, and one in Staten Island.

To determine which 10 developments to select, we reviewed the two datasets to identify the five developments with the greatest number of new move-ins during Fiscal Year 2016 with priority codes N0 and N1, and the five developments with the greatest number of new move-ins with priority codes N4 and W0-W3, consistent with selecting the number of developments we decided

to review in each borough (as indicated immediately above). Our 10 sampled developments included: (1) Smith Houses (Manhattan); (2) Douglass Houses (Manhattan); (3) Morris Houses (Bronx); (4) Edenwald Houses (Bronx); (5) Bronx River Houses (Bronx); (6) Van Dyke Houses (Brooklyn); (7) Whitman Houses (Brooklyn); (8) Brownsville Houses (Brooklyn); (9) Ocean Bay Apartments and Beach 41st Street (Queens); and (10) West Brighton Houses (Staten Island).

To select the new tenants to be included in our sample, we first combined the move-ins from each dataset for each of the 10 developments in our sample. We then randomly selected six case numbers from each of the 10 developments. For each new tenant in our sample, we reviewed the tenant folder to ascertain whether there was evidence that the developments had obtained the required rental receipts or letters from landlords attesting to the timely payment of rent, and had conducted the required post-selection/pre-offer EIV searches for all family members.

To assess the reliability of the datasets for audit testing purposes, we ran various sorts and queries on both datasets to identify potential anomalies, including blank fields, duplicate names, duplicate case and referral numbers, and other unusual entries. We also compared the hard-copy documentation reflecting the tenants' names, dates of birth, social security numbers, and move-in dates in the tenant folders to the information reflected in the datasets. Based on the results of our tests, we determined that the data were sufficiently reliable for the purposes of audit testing.

To determine whether new tenants were selected from NYCHA's certified waiting lists, we reviewed the tenant folders for evidence that the tenant was selected through NYCHA's TSAP computer system and that the date the applicant was certified to the waiting list was prior to the date the applicant was selected from the waiting list.

To determine whether the new annual canvass letter process implemented by NYCHA in Calendar Year 2017 was working properly, we requested a list of all applicants who were sent canvass letters between June 4, 2017 and August 4, 2017. We then randomly selected 100 applicants and determined whether there was evidence in SIEBEL that the canvass letters had been mailed to the applicants, that follow-up action had been taken for those who did not respond within 30 days, and whether the applicants' cases had been closed if no response had been received within 60 days of the mailing of the canvass letters. In addition, we requested a listing of all applicants whose certification anniversary date was between October 4, 2017 and December 4, 2017. We randomly selected 50 applicants and determined whether there was evidence in SIEBEL that the canvass letters had been mailed to the applicant.

To determine whether NYCHA performed the required criminal and sex offender background checks for all household members 16 years of age and older, we reviewed the SIEBEL computer system and tenant folders to determine whether the background checks had been performed for these members of the households of the 60 applicants in our sample. We also determined whether evidence existed in SIEBEL and in the tenant folders of required post-selection/pre-offer EIV searches having been performed for all members of the households of the 60 applicants in our sample, regardless of age.

To determine whether NYCHA's audit department has performed the required annual audits of compliance with the agency's tenant selection and assignment procedures, we requested audit reports relating to the tenant selection process that had been completed from Fiscal Year 2013 through Fiscal Year 2016.

Although the results of our sampling tests were not statistically projected to their respective populations, these results, together with the results of our other audit procedures and tests, provide a reasonable basis for us to determine whether new applicants receiving NYCHA

apartments were selected from certified waiting lists and met post-certification screening requirements.



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May 22, 2018

Ms. Marjorie Landa
Deputy Comptroller for Audit
NYC Office of the Comptroller
One Centre Street, Room 1100N
New York, NY 10007

Dear Ms. Landa:

This letter is in response to your May 8th letter which provided the draft Audit Report on the New York City Housing Authority's Tenant Selection Process -- # ME16-118A.

NYCHA is committed to providing safe, clean, and connected communities for everyone who lives in public housing. NYCHA is also committed to providing equal housing opportunities for all qualified residents and applicants.

Independent of the audit, over the last 2 years NYCHA has taken the following steps to strengthen the tenant selection process:

- In April 2016, Apartment Notification letters to applicants were auto-generated from our system after selection and upon passing the criminal background check.
- In August 2016, a tenancy evaluation process was instituted whereby, upon selection of an apartment for a tenant transfer, an automated request for evaluation was sent to the manager of the originating development to review the status of transferee's tenancy.
- In September 2016, the Applications and Tenancy Administration Department (ATAD) initiated automation and centralization of the Enterprise Income Verification (EIV) check required at the time of apartment selection. Implementation of this process is anticipated by the end of the 2018 calendar year.
- In April 2017, the Annual Canvass process of certified applicants and tenant transfers was automated and centralized within ATAD, thereby improving efficiency and consistency of the process. Automated reminder calls and e-mails were also added to the process for tenants who did not respond to the initial outreach.
- In October 2017, ATAD completed a departmental reorganization to increase efficiencies and quality of work. This included a restructure of the screening division. Housing Assistants who conduct background searches now also evaluate findings on the same case.

We have included the NYCHA response on the following pages, which provides our responses to each recommendation.

Audit Recommendation No. 1

NYCHA should ensure that the reports it receives from external sources as a result of its required criminal and sex offender background checks are maintained and readily available at the agency for management review purposes.

NYCHA Response:

The agency utilizes various resources such as the Welfare Management System (WMS), Automated City Register Information System (ACRIS), Enterprise Income Verification System (EIV), Systematic Alien Verification for Entitlements (SAVE), Health and Human Services Worker Connect (HHS), Office of Court Administration (OCA), Accurint, National Sex Offender Registry (NSOR) website, NYS & NYC Inmate records as well as agency specific computer systems (Siebel, Tenant Selection and Assignment Plan system (TSAP), AS400) to ensure adherence to program requirements and to ensure integrity of the background check process. In addition to the non-cleared results, NYCHA will take under consideration the recommendation for keeping copies of source documents of cleared results for criminal histories and sex offender checks on record in the Siebel system and image repository, Universal Content Management (UCM).

Audit Recommendation No. 2

NYCHA should ensure that criminal histories found during background checks are properly reviewed and evaluated, with the resulting tenancy suitability determination being documented in SIEBEL to include the justification for the decision, the date of the decision, and the name of the NYCHA employee who made the decision.

NYCHA Response:

The information related to the review and evaluation of the background check is contained in the Siebel system. It is recorded in different areas on the case, including the document tracking records, the criminal history of the contact record, the case notes, the service request notes and summary, and on the *Ineligible Reason* section of the case. We will review with staff, via written instructions, the protocol for recording results of the evaluation to ensure consistency of the recorded information.

Audit Recommendation No. 3

NYCHA should ensure that name matches found in the National Sex Offender Public Website are properly evaluated, with an explanation in SIEBEL where there is a name match of how it was determined that a prospective tenant was not the person or one of the persons identified by the Website as a possible match.

NYCHA Response:

When multiple names appear from an online search of the National Sex Offender Registry (NSOR), the person's date of birth, address and/or alias are all checked in an effort to differentiate the applicant or household member. NYCHA staff keeps a copy of the NSOR print out if there is a name match and the applicant/family member is determined to be a match. We will ensure that staff record in the Notes section of the case, instances of multiple matches and a confirmation that a review was done to identify or eliminate the person as the same offender listed on the website.

Audit Recommendation No. 4

NYCHA should ensure that required post-selection/pre-offer EIV searches are performed and documented for all members of an applicant's household after an applicant is selected for an apartment through the TSAP computer system and prior to move-in.

NYCHA Response:

NYCHA has proposed and is already working to implement a process whereby this function will be centralized at ATAD. The EIV search will be auto-generated and appended to the criminal background check at the time of apartment selection. The property management office will no longer be required to perform this function. This is anticipated to increase both efficiency and consistency. The process will be implemented by the end of 2018.

Audit Recommendation No. 5

NYCHA should consider re-performing Housing Court searches and landlord contacts after applicants are selected for an apartment and just prior to being offered one if a considerable amount of time has elapsed since these searches and contacts were previously performed.

NYCHA Response:

NYCHA disagrees with the above recommendation. During Calendar Year 2017, a total of 6,353 Landlord Contacts were conducted, resulting in findings of Ineligibility for 44 cases (or .7% of the total), for poor rent payment history, during this stage of processing. Conducting an additional screening check for families that have already been screened at the interview and at the subsequent Landlord Contact stages will have a statistically insignificant impact. Additional housing court searches and landlord contacts at the time of selection will increase the length of time for the rental process and result in additional vacancy loss.

Audit Recommendation No. 6

NYCHA developments should ensure that all required documentation is obtained and reviewed by development officials before tenant move-ins and that evidence of that review is maintained in tenant folders.

NYCHA Response:

NYCHA will take into consideration implementing a system check to document that a review has been completed at the property management level.

Audit Recommendation No. 7

NYCHA should consider developing a checklist to help the developments ensure that all required checks and searches are conducted and that all required documents are obtained prior to move-in. The checklist should also show the results of a development's review of these documents in relation to an applicant's suitability to move into a NYCHA apartment.

NYCHA Response:

NYCHA will take the implementation of a checklist under consideration as stated in our response to Audit Recommendation No. 6.

Audit Recommendation No. 8

NYCHA should ensure that it incorporates multi-lingual formats into its canvass letters and its related follow-up actions.

NYCHA Response:

Spanish translations for the Annual Canvass letter forms, TSAP Annual Canvass – Working Family (Form 070618), TSAP Annual Canvass – Transfer (Form 070290) and TSAP Annual Canvass – Need Based (Form 070291) were created in August of 2017. Russian and Chinese and revised Spanish versions of the forms have been created and are expected to be available by the end of May 2018. In March 2018, Russian, Chinese and Spanish language translations were added to the e-mail reminders. In addition, we are currently in the process of appending a Spanish translation to the automated English language outbound calls, anticipated to be in production by June 2018.

Audit Recommendation No. 9

NYCHA should ensure that its audit department reviews the compliance of the agency's waiting list practices with TSAP procedures at least once per year.

NYCHA Response:

NYCHA's Department of Internal Audit & Assessment (IAA) agrees to perform reviews of the compliance of the agency's waiting list practices with TSAP procedures on a periodic basis, and will incorporate such review in its audit plan. However, annual audit is not warranted in view of the increased automation and centralization of the tenant selection process. Accordingly, IAA will work with ATAD to update the TSAP manual to reflect current practice.

* * * * *

We look forward to our continued collaboration with all our stakeholders to improve customer service and obtain the funding required.

If you have any questions, please contact Klara Shoumackher, Audit Director, at 212-306-3441.

Sincerely,



Vito Mustaciuolo
General Manager

cc: Kelly D. MacNeal, Acting EVP for Legal Affairs & General Counsel
Cathy Pennington, Executive Vice President of Operations
David Pristin, EVP for External Affairs
Edna Wells Handy, Acting EVP & Chief Compliance Officer
Lillian Harris, VP for Tenancy Administration
Carolyn Jasper, VP of Property Management Operations
Jackie Primeau, VP for Strategic Initiatives
Klara Shoumackher, Director, Internal Audit & Assessment