



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

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JUL 16 1973

Mr. Harry Staller, Acting Area Director
District of Columbia Area Office
Department of Housing and Urban Development
1875 Connecticut Avenue, N. W.
Washington, D. C. 20009

Dear Mr. Staller:

The General Accounting Office is reviewing the Department of Housing and Urban Development's (HUD) program to repair existing houses insured under Section 235, authorized by Section 518(b) of the National Housing Act. At HUD's District of Columbia Area Office we reviewed the validity of homeowner complaints, the timeliness of complaint processing, and the repair contracting and inspection practices. We examined 25 complaint cases and, with the assistance of HUD personnel inspected 15 houses.

We appreciated the opportunity to discuss the results of our review at the District of Columbia Area Office with responsible personnel on May 4, 1973. Mr. Chisholm in a June 1, 1973, memorandum indicated that several of the administrative changes which we had proposed at the meeting had been made, including improved procedures to (1) monitor and control the timely processing of homeowner complaints and (2) price contract repair items individually to facilitate later adjustments. We share his belief that these changes can improve the quality of the administration of the housing repair program.

The purpose of this memorandum is to confirm the May 4th discussion, acknowledge receipt of Mr. Chisholm's June 1st memorandum, and provide you with the following brief summary of other matters discussed which we believe can also improve the administration of the housing repair program.

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As part of the Area Office administration of the housing program there is a need to:

- Improve inspections made to authorize repair work and confirm its proper accomplishment. We noted 16 instances where necessary repair work was not documented at the time of initial inspection and consequently not included in the contract. At the 15 houses we visited we also found that the required repair work for 75 out of 239 contractual repair items were not properly done, or not done at all. Your staff advised us that selective supervisory inspections will be made in the future to better assure the adequacy of inspections.
- Insure that payments for repairs are made only after adequate inspections verify work has been properly done. In several instances we found payments were made to contractors for repair work not actually done. In some cases payment was made for repair work initially authorized but later deleted from the contract and in other cases contractually repaired required repair work was simply not done. In the two cases we identified, your staff indicated that contractors will be asked to refund a total of approximately \$1,000 which had been erroneously paid.
- Document the procurement files to show the number of firms solicited to better assure that adequate competition is obtained. According to office procedures at least six vendors should be solicited; however, our review of 10 repair contract files showed an average of less than two responses to competitively solicited proposals. Your staff told us that at least six vendors are actually solicited, but it is too time consuming to document these actions.

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We wish to extend our thanks for the courtesies and cooperation extended to our representatives during the survey. We would appreciate receiving any further comments on matters discussed in this letter and your advice as to any actions planned or taken.

Sincerely yours,

H. L. Krieger

H. L. Krieger
Regional Manager