

**RESOLUTION NO. \_\_\_\_\_**

**APPROVAL OF SECTION 8 COMPLIANCE AUDIT**

**Item No. 5A**

WHEREAS; the Louisville Metro Housing Authority (LMHA) has become aware of various Section 8 operating policies and procedures that are not appropriately aligned with the Department of Housing and Urban Development (HUD) prescribed regulations; and

WHEREAS; LMHA desires to engage the services of its current financial audit firm, Cherry Bekaert, LLC, to conduct a detailed review of the Authority's Section 8 program's current operating policies and procedures to identify areas for correction and improvement; and

WHEREAS; due to the time sensitivity of the Section 8 review, LMHA has entered into an Engagement Agreement with Cherry Bekaert dated March 20, 2024 in an amount not to exceed \$67,500 for the Section 8 review; and

WHEREAS; the proposed Cherry Bekaert hourly rates within the proposed Engagement Agreement have been determined by LMHA Staff to be reasonable and appropriate; and

WHEREAS; all LMHA procurement requirements have been satisfied within the prior procurement process for the Authority's annual Financial Audit with Cherry Bekaert LLC.

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NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS; that the Engagement Agreement with Cherry Bekaert, LLC dated March 20, 2024 in an amount not to exceed \$67,500 for the review of the Authority's Section 8 program's policies and procedures is approved.

**RESOLUTION BACKGROUND STATEMENT**  
**APPROVAL OF SECTION 8 COMPLIANCE AUDIT**

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**I. STATEMENT OF FACTS:**

As a result of extensive internal review and research, LMHA has become aware of several current Section 8 operating policies and procedures not in compliance with the prescribed HUD provisions for the Section 8 program. In this regard, the Authority's Executive Director, Elizabeth Strojan, briefed the Board of Commissioners at the March 19, 2024 regular Board meeting regarding this non-compliance issue and also the Authority's intent to engage the LMHA Financial Auditors, Cherry Bekaert LLC, to conduct an in-depth review of the Section 8 program and identify any areas of non-compliance and/or incorrect operating policies and procedures that require modifications.

The Authority's Finance Staff and Executive Staff discussed the proposed Section 8 review with the Cherry Bekaert team members to arrive at a proposed Scope of Work Engagement Agreement. A copy of the executed Engagement Agreement has been forwarded to all LMHA Board members, the Mayor's office, and also the Director of the Louisville HUD office. As a result of additional communications with the LMHA Board of Commissioners and subsequent approvals, the Section 8 review commenced on April 10, 2024 and is expected to take 8-10 weeks for completion.

**II. ALTERNATIVES:**

- A. Approve the Engagement Agreement with Cherry Bekaert LLC dated March 20, 2024 in an amount not to exceed \$67,500 as previously discussed with the LMHA Board of Commissioners on March 19, 2024.
- B. Terminate the Engagement Agreement with Cherry Bekaert LLC.

**III. RECOMMENDATION:**

Staff recommends Alternative "A."

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**IV. JUSTIFICATION:**

- The Authority is required by its Annual Contributions Contract with HUD to administer the Section 8 program within all prescribed HUD Regulations and requirements. Areas of non-compliance must be identified and corrected.
- Within the approval of the Authority's Moving To Work designation, it is required that LMHA operate all of its federal programs within the prescribed HUD Regulations and requirements.
- The Authority administers approximately 12,000 Section 8 Housing Choice Vouchers to the low-income citizens of the Louisville Metro area which requires that its Section 8 program be fully functional for its daily operations and also to be in compliance with all HUD Regulations and requirements.
- The approval of the proposed Section 8 Engagement Agreement is a result of the Authority's commitment to the LMHA Board of Commissioners, the Louisville Metro Government Mayor's office, the Louisville Metro Council members, and also to the Louisville HUD office for an in-depth review of the Authority's Section 8 Program.

Submitted by:      Wavid Wray  
                            Deputy Executive Director of Finance  
                            April 16, 2024