

Chapter 2. ORGANIZATION MANAGEMENT AND PERSONNEL FUNCTIONAL AREA

Section 2. ORGANIZATION MANAGEMENT AND PERSONNEL FUNCTIONAL AREA

2-1 General.

The OMP function within the PHA leads and directs the activities of the agency operation. OMP addresses, through its sub-functions, those fundamental elements, which form the foundation for success or failure within a PHA's operation.

2-2SUB-FUNCTION/COMPONENT DESCRIPTIONS. The OMP function is divided into the following seven sub-functions:

- 1.Board of Commissioners: Selection and Operation
- 2.Organization
- 3.Management
- 4.Administration, Personnel and Training
- 5.Public/Private Partnerships
- 6.Legal Administration
- 7.Management Information Systems

The following is a brief description of each sub-functional area with descriptions of the components for each sub-function. Detailed guidance on assessing these areas is provided throughout this OMP Guidebook.

A. SUB-FUNCTION 1: Board of Commissioners: Selection and Operation.

Final authority, legal and fiduciary responsibility for the PHA lie with the Board of Commissioners, making the selection of Board members and its operations critically important. Core Principle: The Board should establish a clear mission for the PHA, setting broad policy, and should obtain a flow of critical information with which to evaluate management.

1.Components:

a.Board Composition and Selection. Determine if the Board members possess the requisite knowledge, skills, dedication and experience; whether potential conflicts of interest are present; and whether appointing authorities

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have carefully considered appointees. The reviewer should use the opportunity of the review to point out the benefits to the PHA of having diverse representation on the Board, and members with expertise related to the PH's management of public housing such as individuals with property management; financial; legal; personnel management/labor relations; community relations and security. The benefits of having resident representation on the Board should also be addressed.

b.Board Functionality. Determine if the Board is fully functional by examining whether all members are in place, meetings held per bylaws, meeting minutes and resolutions fully documented, acting in all areas where Board authority is required. A determination should also be reached on whether the Board is routinely receiving key information on which to make policy decisions and on which to evaluate upper management; e.g. , unit turnover and vacancy rate, operating income and expenditure data, modernization progress reports, work order backlogs, major changes in HUD's regulations/requirements, security problems, etc. The emphasis should be on the impact of the Board's operation on the operations of the PH. Detailed review of adherence to bylaws, etc. would only be necessary if the legitimacy of the Board's legal authority came into question.

c.Board Effectiveness. Determine if the Board is fully engaged and effective in setting policy, monitoring and evaluating upper management, allowing the Executive Director and staff to exercise proper authority over the PH's daily operations, and acting as an advocate for the PH in the larger community to gain outside support.

B. SUB-FUNCTION 2: Organization.

The PHA organization should be designed, and periodically evaluated and redesigned, to efficiently accomplish its goals and mission.

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The goals and workload should determine the number and level of skills of employees. The PHA should decide what it needs to accomplish and how it intends to get there. This sub-function encompasses the areas of organizational structure, coordination, and communication. Core Principle: The organizational structure, flow of communications and the interaction of the organization's components should support the achievement of the PHA's mission and core functions.

1. Components:

a.Organizational Structure. The primary purpose of the review is to determine if the organizational structure, formal and informal, is functioning so that it provides a rational framework to facilitate the flow of work. There is no best structure suitable to all situations. Centralized or decentralized, hierarchical or flat, whether divided along functional or divisional lines, what is appropriate is what works. Generally, a decentralized operation provides for more accountability of staff and a highly centralized operation requires more expertise and involvement on part of executive director. Issues of lines of authority, delegation of authority,

communication, span of control, centralization/decentralization, specialization, autonomy, and accountability can be considered in assessing the effectiveness of the organizational structure. Where significant organizational problems are evident in large PHAs, rather than to extensively review the problems, it may be more appropriate to go into enough detail to substantiate the broad problem and then recommend the PHA obtain outside expertise on organizational development issues from professionals in that field; e.g., consultants, universities, foundations.

b. Staffing. Analysis of the selection, number, type, supervision, deployment and evaluation of staff, trends in staffing, and comparative analysis of staffing levels are performed to determine the adequacy and efficiency of

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staffing. It is important to tailor the assessment to the needs of the PHA. Factors such as geographic dispersion of units; the age, size, type and condition of units; crime in neighborhood of units; relationship with residents; workload by functional area; personnel policy on leave, holidays, hours of work and overtime; and applicability/effect of unionization, or city or state civil service; and the extent of outside contracting for services must be considered when assessing staffing ratios or expenditure levels. Staffing ratios norms and expenditure norms are to be viewed strictly as a guide; only the beginning point for assessment.

c. Communication. Determine how management communicates the PHA's mission, goals, objectives, performance, policies and procedures, particularly PHMAP results and progress, throughout the organization. Determine how the organizational make-up of the PHA facilitates inter-departmental communications.

C. SUB-FUNCTION 3: Management.

This sub-function includes the key responsibilities of upper management including, establishment of a clear mission, goal setting and monitoring, planning and analysis, resource generation and allocation. The depth and detail of the review will be dictated by the size of the PHA and the nature and extent of any problems. The sophistication of the review function should be adjusted to the size and sophistication of the PHA. Aside from core principles, what follows will be used largely in the review of medium (500-1,249) and large (1,250 or more units) PHAs. Core Principle: Management and the Board should develop a clear mission for the PHA, communicate this to staff, and ensure that the PHA's operations and systems work together to accomplish the mission.

1. Components:

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a.Goals/Performance Management. Setting goals, establishing systems to monitor related performance, and following through to promptly react and adjust in light of actual performance is among the most critical of management functions. This area encompasses how management sees to it that the job is getting done. In addition to attaining broad strategic goals, management must ensure that critical tasks get done timely and properly. For example, preparing the budget; developing and submitting grant applications; and making sure modernization funds are being spent on time. Determine how management is organized to ensure follow through; i.e., managing the day-to-day details of seeing to it that deadlines are met, and commitments to those within and outside the organization are fulfilled. The difference between success and failure often is not in the design of the solution or in developing a plan, although both are important, but in the ability of management to actually execute the plan, to be task oriented and focused. There is a critical interface between goals/ performance management and information management. Senior managers must ensure that program knowledge is interfaced with information systems knowledge, and field level operational knowledge. Identifying critical information needs, establishing necessary frequency of reports or ongoing accessibility to data, the acceptance and use of common definitions and program interpretations, and the monitoring of the quality of the data (starting with source documents and tracing the information through the information system to the manual or automated reports) are indispensable if senior management is to have the tools for effective goals/performance management. Management should periodically evaluate its programs to determine if they are successful.

b.Managing Processes. A PHA's operational activity can be viewed as a series of processes, among them:

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- (1)Unit turnaround
- (2)Rent collection
- (3)Lease enforcement/Eviction
- (4)Rent reexamination
- (5)Applicant intake/resident selection
- (6)Modernization
- (7)Routine and preventive maintenance
- (8)Inventory
- (9)Purchasing
- (10)Grants application

- (11)Community and resident relations
- (12)Finance and budget
- (13)Security
- (14)Hiring, firing, and evaluation of staff

performance

Assessing the PHA's ability to manage processes is a key responsibility of the OMP reviewer. This is less about the reviewer trouble shooting an individual process, than it is about determining if the skills are in place at the senior management level to manage processes. Among the elements to look for in the management of processes are:

(1)The development and maintenance of procedures which clearly organize and spell out the process: who, what, when, where, why and how.

(2)Assuring, through training and hiring practices, that those with responsibility to carry out the process understand what is expected of them.

(3)Managing the interface between departments that must work together to complete the process. This is the area where there is often the greatest opportunity for improvement, the most common example being the coordination of maintenance and resident selection as part of the unit turnaround process.

(4)Defining the informational needs of

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managing the processes and assuring that information systems support the processes and senior management's monitoring of the processes.

(5)Monitoring the processes established to assure that staff are performing, and looking for procedural and organizational impediments so that the process can be changed as needed. Because many of the processes cut across functional and departmental lines, it is important that the review team closely coordinate their examination of those processes. The focus should be on those functions related to areas of deficient performance or deficient compliance. Flow charting these high risk, cross-functional processes should be a joint review team exercise. The OMP reviewer should be looking for organization/management issues that reveal

the PHA's capacity to manage processes, coordinate departments, and indicate whether the organizational structure is effective or impedes the process.

c.Planning and Analysis. The PHA's ability to analyze its needs, performance, demographics, and trends along with the complimentary function of using that information to effectively conduct short term, intermediate and strategic planning should be examined.

d.Resource Generation and Allocation. Although closely line to the Finance and Budget functional area, allocating resources is primarily a managerial decision that flows from setting goals and prioritizing among needs. Determine whether the budget process supports legitimate PHA objectives, is appropriate to meeting the needs of the PHA and is consistent with the requirements of efficiency and effectiveness. Comparative analysis and trend analysis are among the tools used. (See the

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Remote Monitoring Worksheets, Appendix 2, and On-Site Review Worksheets, Appendix 3, for more details on comparative and trend analysis.)

An important budget issue that cross-cuts Finance and Budget and OMP is the adequacy of the PHA cost allocation plan, particularly the allocation of salaries and benefits across program lines and perhaps even non-federal PHA activity.

Generating resources is a management function that involves outreach to other sources of funds, private and public, as well as maximizing primary sources: dwelling rents, operating subsidy, modernization funding, drug elimination grant funding, resident-related funding, energy conservation savings, etc. The competency of the PHA in accessing resources is critical.

e.Coordination. Determine if policies, procedures and practices are coordinated to achieve the mission and objectives of the Authority, whether there are conflicts in the PHA's basic objectives and policy, or if different elements of the organization are working at cross-purposes, or are not synchronized. Determine whether the organization, as a whole, is working together in a coherent and effective fashion, and whether management is fully cognizant of the interrelationship and interdependencies of policies and practices among the different PHA functions. For example, a failure to initiate or be effective in pursuing for-cause evictions may result in disruptive residents staying in developments, causing good tenants to leave in higher

numbers. This in turn increases the move-out rate, creating a unit turnaround burden and eventually a marketing problem because of the undesirability of the development. Coordination problems are frequently manifest in the inability of maintenance and occupancy staff to coordinate units being prepared for occupancy with the waiting list, so that a resident is ready to move in when the unit is ready to be occupied.

D.SUB-FUNCTION 4: Administration, Personnel and Training. This area encompasses human resource development:

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recruitment, training, evaluation, compensation, administration, labor relations, and PHA administration, e.g., overseeing travel, office support functions, and records management. Core Principle: All the PHA's human resource practices should be internally consistent and part of the larger strategy of meeting the PHA's mission and goals.

1.The fundamental purpose of this area of review is to determine the extent to which the administrative function enhances the PHAs ability to accomplish its mission and objectives. Administration is a support function. It does not exist for its own end. Determine if the organization gets what it needs from Administration, i.e. competent employees with the required skills, an effective and timely disciplinary process to deal with problem employees, adequate pay scales to attract and retain competent workers, and constructive labor relations including, where applicable, union agreements that facilitate productivity. The organization and formality of how all of this is done will vary greatly depending on the size of the Authority. In small PHAs these functions may be collateral with the duties of the Executive Director. In large PHAs this is normally a specialized function.

2.Components:

a.Personnel Policy and Procedures. The PHA should have personnel policies and procedures that are reasonable in content and practice, and promote the agency's efficient and economical operation. Procedures outlining hiring, promotion, affirmative action, disciplinary processes, an employee evaluation system, time and attendance requirements, etc. should be evaluated.

b.Recruitment and Hiring. The quality and integrity of the hiring process is of major importance. A PHA cannot meet its mission without skilled and talented employees. The reviewer should determine if the PHA has an open, and adequate qualifications-based selection process that is effective in attracting and retaining qualified staff,

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c.Training. Assessing training needs and addressing those needs are essential management requirements. The sophistication of this process will vary greatly with the size and situation of the PHA, but management must ensure PHA employees have the skills necessary for the PHA to succeed. This component is closely linked to the process of evaluating employee performance and to the quality of job descriptions.

d.Labor Relations. A constructive and mutually respectful relationship between employee and employer is necessary for the productive and effective functioning of the PHA. The purpose of the review is to determine whether or not the PHA's ability to operate efficiently and effectively and to properly serve its residents is facilitated by labor relations. While HUB does not generally question provisions agreed to by management and labor in collective bargaining agreements, the reviewer should determine if any agreement provisions materially interfere with the effectiveness and efficiency of PHA operations. It may be appropriate to recommend that the PHA obtain outside assistance in negotiating future agreements.

e.Compensation Administration. This area covers the PHA's administration of pay and benefits. The performance-related issues encompassed within this component concern whether: sufficient compensation is provided to attract and retain competent staff, compensation is excessive causing inefficiencies and draining needed resources from other areas, and whether the system of compensation has integrity and is merit based. Circular A-87, Appendix 1, should be referred to on compensation and fringe benefits, as the requirements of this Circular are generally more comprehensive than were heretofore applicable under the Annual Contributions Contract (ACC) or HUD Handbook requirements.

In terms of compliance, compensation must be documented to be reasonable in accordance with the provisions of Circular A-87.

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f.Employee Evaluation. Evaluation of employees by their supervisors, usually in the form of some periodic, at least annual, performance report is an important function for ensuring accountability and assessing and addressing employee skills development needs. The PHA should ensure that employee evaluation are based on identifiable targets and that evaluations are fair. Evaluations that are not scrupulously conducted become a disincentive for

employees.

g. Job Descriptions. Accurate descriptions of the duties of positions in the organization are necessary for purposes of recruitment and employee evaluation.

h. Employee Discipline. The reviewer should determine if the PHA has the capacity to discipline and terminate, as necessary, those employees who have not met minimum standards. A determination must also be made on whether the procedures and practices in this area will withstand legal scrutiny. A clear, objective, written policy on employee discipline and termination is critical and should be included in the assessment of this area.

B. SUB-FUNCTION 5: Public/Private Partnerships.

1. This sub-function encompasses the PHA's relationships with local government, nonprofit organizations, social service organizations, state and federal agencies and the private sector. Core Principle: The PHA should leverage the resources and cooperation of private and public entities to ensure that the PHA meets its mission and goals.

2. Components.

a. Local Government Cooperation Agreement. At a minimum, the provision of services required under the Cooperation Agreement between the PHA and the City must be assessed. The role of the Mayor and City Council is vital to the success of a PHA. It is important therefore for the reviewer to determine the overall tenor of the relationship between the PHA and local government and whether needed support is being sought/given to the PHA. Security may be particularly important to assess.

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b. Social Service Providers. Determine if the PHA has made high level organizational linkages to social service providers to assure that critical services are provided to residents. Success in this area is generally a function of high level collaboration between the PHA and social service organization leadership.

c. Other Community Leaders. Determine if the PHA has knowledge of centers of expertise and assistance in its community, including foundations, the chamber of commerce, universities, etc., and whether the PHA has attempted to enlist the resources available from these groups as well as their aggressive civic support.

F. SUB-FUNCTION 6: Legal Administration.

1. This sub-function encompasses management's use of legal

resources to meet the PHA's needs, such as routine evictions, personnel related law suits, the writing and enforcement of contracts, litigation, and the advice and counsel provided to PHA management and the Board. Area Office Legal Counsel should either take the lead in making this assessment or be consulted throughout the assessment. Core Principle: Like all other PHA functions, the legal function is an area to be managed by PHA executives to ensure the PHA is meeting its objectives. It must receive management scrutiny as to efficiency and effectiveness.

2.Components:

a.Organizational Approach and Cost Effectiveness. Determine how the PHA meets its legal needs; i.e., through contractual relationship with outside counsel, the employment of counsel or a combination. Compare the PHA's expenditures for legal activity with those of similar sized PHAs, and if there is a wide disparity attempt to determine why.

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b.Litigation. Determine if HUD authorization has been sought per the Litigation Handbook 1530.1, as amended.

c.Management. Determine if management feels it is well-served by its providers of legal services and how management has assessed whether it is being well-served; whether management has considered the complete array of options for meeting its legal needs and whether it has considered the relative efficiency and effectiveness of the options. Determine if management has sufficiently integrated the legal function with operations and other support divisions. For example, are development managers and legal counsel closely coordinating eviction actions, is the construction department closely coordinating with legal counsel on construction contracts and enforcement actions against contractors; and have those initiating personnel actions been advised of the necessary legal requirements so their actions can be successfully defended?

d.Effectiveness. Determine the effectiveness of the provision of legal services. What is the rate of success in processing evictions and what is the average time to evict? How successful has the PHA been in litigation? Have personnel actions been sustained in court? Has management received sufficient guidance to avoid unnecessary litigation? How is the PHA viewed in the legal community?

G.SUB-FUNCTION 7: Management Information Systems.

1.Introduction: Because of today's highly competitive business

environment and the need to do more with less, computer-based management information systems (MIS) are becoming increasingly important to PHAs that want to remain competitive. Consequently, more and more PHAs are relying on information systems to effectively manage their operations. For this reason, functional reviews of a PHA's operations should include an assessment of any MIS which supports that functional area. The review should be sufficient to determine that effective PHA management controls are in place, including

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procedures to guarantee the integrity, security, and reliability of the MIS. Core Principle: PHA's Management Information System should provide the necessary information to support accomplishment of the PHA's mission and objectives.

2. Detailed Guidance For On-Site Reviews.

Information presented on the MIS sub-function is for use by the functional specialists as a part of their review, rather than for a separate review of the overall MIS operations of a PHA. Appendix 5 contains the On-Site Worksheets and Appendix 6 contains the Problem Analysis Worksheets. Should the circumstances require an in depth review of a PHA's MIS, detailed guidance is given in Appendix 8 of this Guidebook. This guidance is very technical and comprehensive and should be tailored for use with the PHA selected for a MIS review. For many PHAs, the MIS may consist of one or more commercial software packages installed and operated on a personal computer.

a. Overall Control Components.

(1) Internal controls for the MIS established by the PHA should cover five (5) major, critical areas of operation. The controls should be sufficient to ensure management, control and auditability of information systems. They are:

(a) Development and Maintenance Control Component.

The development and maintenance process requires a series of defined and disciplined steps in order to ensure that preliminary studies are complete and accurate, and that they form a sound basis for management decisions. These controls guarantee a sound, well-organized approach to the work preceding the system and or program installation and maintenance and can be categorized into four (4) areas; Preliminary Studies,

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Acquisition/Selection (hardware/software), Development Standards and Maintenance, and Change Procedures.

(b)Administrative Control Component. These are controls over the PHA environment in which MIS's exist and can be categorized into three (3) areas; Executive Administration, Personnel Policies and Long-range Planning.

(c)Operation Control Component. Methods and procedures are established for the operation of the MIS in order to produce an environment intended to ensure effective production by the PHA staff and to provide security for the data maintained in it. These can be categorized into three areas; Security, Problem Management and Contingency Planning.

(d)Application Control Component. Application controls for specific programs are needed to ensure that authorized, valid, complete and accurate information is produced on a timely basis. The controls can be categorized into four (4) areas; Input, Processing, Output and Storage.

(e)Documentation Control Component. Adequate documentation of a system, application, operating and other related procedures is necessary for a complete and accurate understanding of MIS processing activities and the impact of such processing on end users. The MIS areas that require documentation are development, applications and operations.

Appendix 8 of this Guidebook covers each of these controls in detail. The functional specialists should refer to the appendix if they are intending

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to include an assessment of the PHA's MIS in their review. The Guidebook will assist them in determining what to review.

(2)Essentially the scope of MIS controls should be broad, yet deep enough to ensure that the integrity of the system is maintained. An important consideration in the review is the impact the system has on the PHA. Although the size and cost of the system are important, other factors such as its strategic importance to a specific functional area or the overall operation of the PHA must be

considered.

b.Control Objectives. It is up to the PHA to determine its MIS policies, practices, and procedures. The ultimate objectives to be achieved with the MIS are:

(1)Operational Efficiency. Does the system reduce costs and/or improve productivity?

(2)Competitiveness. Does the system allow the PHA to effectively remain abreast of the demands of HUD or to respond to housing demands in the community?

(3)Management Effectiveness. Does the system provide management with the reliable information that it needs to make fundamental business decisions? A key attribute of the MIS should be its ability to consistently deliver accurate and timely information.

(4)Protection of Assets. Are there sufficient safeguards to protect the physical assets (i.e. , computer hardware and communication equipment) as well as the information contained in the system? Information is a valuable asset to the PHA and must be protected from abuses such as inadvertent misuse, disclosure and fraudulent activity.

(5)Continuity of Business. In the event of a system

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failure or significant interruption, does the PHA have a contingency plan for continued operations?

c.Results. The results of the operational review of the MIS as a part of a functional review should provide reasonable assurance that hardware and software are safeguarded and information is timely and accurate. The review should be able to confirm that the underlying information system used by the PHA in each functional area meets its needs.

3.Remote Monitoring

a.The importance of objective evaluations of the MIS sub-function increases as a PHA becomes more reliant on its data processing. It is obvious that a regular remote monitoring schedule is desirable, although the need clearly depends upon individual circumstances.

b.The MIS sub-function primarily focuses on the review of MIS controls; however, MIS controls are difficult to monitor remotely. For that reason, the remote monitoring strategy for MIS sub-function is different than the other

OMP sub-functions in that there are no Remote Monitoring Worksheets. Instead, guidelines are provided on how to use the information available in the Area Offices to detect situations that would require a closer examination of the MIS functions.

c. Typical situations that trigger such concerns are these:

(1) Receiving PHA reports consistently late and/or containing inaccurate information.

(2) A proposal for a major hardware or software upgrade or acquisition.

(3) Cost for MIS services that appear excessive.

(4) An excessive or increasing number of complaints.

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(5) An ability to attract and retain competent MIS personnel.

(6) A proposal to consolidate or distribute MIS resources.

(7) Major systems that appear unresponsive to needs or are difficult to enhance or maintain.

d. Several remote monitoring resources are available in the Area Office. Following is a non-exclusive listing with brief description of those resources listed. Specific data, reports, and other information that should be included in the remote monitoring may be on hand in the Area Office.

(1) Automated Reports

(a) Virtually every day the Area Office receives information from a PHA. Most of this information comes from the PHA itself in the form of reports, policies, and/or documents. If any of them are produced from the PHA's automated management information system, they can be used to measure the system's effectiveness.

(b) An analysis of PHA reports, policies and/or documents enables the reviewer to develop a feel for the agency's operating environment, specific information needs and thus, the parameters of the PHA's existing MIS. Additionally, it will provide the reviewer with an objective frame of reference which can be used during the initial assessment to

examine the PHA's perceptions of its MIS requirements.

(2)MIS Contracts/Specifications. If the PHA purchased the MIS, a review of the approved contract and/or request for proposal will reveal the system characteristics. However, if the PHA developed the MIS, the system specifications may need to be obtained from the PHA. The review should focus on how the system was intended to function.

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(3)MIS Policies/Procedures. Every PHA utilizing an MIS should have developed various policies, procedures, rules or processes to assist in controlling the system. This includes controls dictated by standard ADP practices and those that are discretionary on part of the PHA. Review of these policies is a very useful remote monitoring exercise, therefore if the HUD Area Office does not have recent copies of the PHA's MIS policies and procedures, they should be requested from the PHA.

(4)Organizational Chart/Position Descriptions. The organizational chart and position descriptions should indicate the MIS personnel structure, lines of communication, authority and responsibilities. The reviewer can use this information to get a feeling for the PHA's MIS administrative controls.

(5)Prior Reviews and Audits. Past reviews and audits can offer insight into historical problems and issues at a PHA. Information contained in these reports can be used to get a perspective on how the MIS has performed in the past. However, keep in mind that a PHA's situation may have changed dramatically since the last review, due to turnover in staff, system enhancements, etc.

(6)Miscellaneous Correspondence/Other Information. This category refers to any other correspondence, records, and reports which may give additional information on the MIS's performance.

4.Problem Analysis

The MIS Problem Analysis Worksheets (Appendix 6) are available tools to assist in the process of analyzing the problems uncovered, regardless of the form of monitoring, and developing appropriate strategies. The Guidebook is structured by first identifying the

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problem itself, then listing the possible causes behind these problems, possible strategies for addressing these causes, and other functional areas which impact on the problem.

Problem Identification. Problems identified by the Guidebook include the following:

a. Erroneous record keeping is the recording of transactions that are contrary to established policies. This may involve the timeliness, accuracy and completeness of information/data.

b. Business interruptions may include anything from a temporary suspension to a termination of the MIS.

c. Erroneous management decisions are objectionable in themselves but may also lead to other problems. Such decisions may arise due to misleading information or errors in judgement.

d. Excessive costs include any expense of the PHA which could be readily avoided.

e. Loss or destruction of assets refers to the unintentional loss of physical assets, monies, or information assets.

f. Competitive disadvantage relates to the inability of an organization to effectively remain abreast of the demands of HUD or to respond effectively to housing demands.