

American Recovery and Reinvestment Act



HPRP

Areas of Common Monitoring Findings and Concerns

Sponsored by:

Office of Special Needs Assistance Programs



U.S. Department of Housing & Urban Development

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Presenters

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Webinar Purpose

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- Share common issues that arise during HPRP program monitoring
- Give specific examples of the types of concerns and findings obtained during actual visits
- Provide tools and tips for avoiding or correcting potential concerns and findings
- Provide information about monitoring your subgrantees

Webinar Format

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- Webinar will last approximately 90 minutes
- Participants are “muted” due to the high number of participants
- Will be recorded for future use and made available for viewing/download
- If you are having audio difficulties, use telephone instead of computer

Submitting Questions during the Webinar

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- Audience members who need clarification on a slide can do so via the “questions” function in the “Go to Webinar” toolbar
- Resource advisor will forward some questions to presenters to answer
- Additional questions: please submit to HUD’s Virtual Help Desk at <http://hudhre.info/helpdesk>

Materials and Evaluation

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- Materials referenced during this webinar can be found on HUD's Homelessness Resource Exchange at <http://hudhre.info/HPRP/>
- Evaluation questions for measuring the effectiveness of this webinar will be emailed out to all participants.
- Send your success stories to HUD through the Help Desk (<http://www.hudhre.info/helpdesk>)

Increasing the Impact of HPRP

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- Do more Rapid Re-housing!
- Improve efficiencies
- Use in combination with VASH vouchers
- Be purposeful & ensure efficient ramping down of HPRP

Focus of Monitoring

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- HUD (HPRP HQ Team or local HUD office) monitors remotely or on-site
- HUD holds the Grantee responsible:
 - Must monitor the subgrantees
 - Providing training and technical assistance
 - Handles reporting requirements
 - Maintains clear oversight and management
- Any Findings are those of the Grantee

Key Question: Does the Grantee ensure that all costs are eligible, allowable, and incurred expenses?

HUD Monitoring Determinations

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■ Findings: a violation of regulations

- Requires corrective action within a specified timeframe
 - Example: “The State of _____ failed to ensure payments were made only for eligible participants. The State must repay HUD within 30 days in the amount of \$..... ”
- “Incurable” – occurred in past and must be noted
 - Example: “The City of _____ failed to have subgrantees in place by September 30, 2009. This finding is closed.”

HUD Monitoring Determinations

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■ Concerns: Deficiencies Noted

- Determined by degree of concern
- Judgment of the reviewer
 - Example: "One sub-subgrantee for The County of _____ did not have sufficient supporting documentation in 5 files reviewed, but there was no evidence that participants were not eligible, and proper procedures were in place..... The County should..... "
- HUD does not require a documented response

■ Technical Assistance Area

Documentation Is:

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- Documentation is key evidence of eligibility
 - Case files support participant eligibility
 - Inspections support unit appropriateness
 - 3rd party verification confirms information
- HMIS lists/reports support data quality
- Ultimately all documentation supports compliance

Documentation Components

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- Eligibility Documentation
- Housing-Related Documentation
- Financial Documentation
- Grantee/Sub-grantee Review

Eligibility Documentation

PROGRAM EVIDENCE OF ELIGIBLE PARTICIPANTS AND EXPENSES

Eligibility Documentation

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Initial Consultation

Common Errors:

- File does not demonstrate conversation between participant and staff
- Form consists of check-boxes and yes-no questions instead of detailed information **YES** ✓ **NO** ✓
- Notes do not illustrate participant's situation, barriers, needs, and other factors
- Initial consultation files not dated/signed – unclear chronology

Eligibility Documentation

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Homeless Status

Common Errors:

- Not clearly categorizing participant under Prevention or RRH
- A lack of evidence to support prior housing status
- Homeless status related to fleeing domestic violence not interpreted appropriately

Eligibility Documentation

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“But For” Criteria

Common Errors:

- Case file doesn't document ALL components of the “but-for” clause: that participants were at risk of losing housing AND lacked appropriate subsequent options AND financial resources and support networks to obtain/maintain housing
- Lack of eviction notice or other documentation indicating that they will lose their housing
- No documentation beyond income criteria

Participant File Documentation

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Re-Certification and Evaluation

Common Errors:

- Not performed at least every 3 months for households receiving assistance
- Did not document how participants' housing options, financial resources, and support networks were such that, but for HPRP assistance, they would still be homeless
- Provided assistance to participants who exceed 50% of AMI at re-certification and are no longer eligible.

Eligibility Documentation

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Income

Common Errors:

- No 3rd party documentation to support income level
- Income miscalculated, based on past or future income
- Household income is based on only one adult in a two-adult household
- No evidence of asset review

Eligibility Documentation

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Same Cost Type

Common Errors:

- No policy in place
- No documented review of other Federal, State, or local subsidies received for the same cost and during the same period of time, or discrepancies in the file
- Review done only for rental assistance and no other costs
- Same cost types paid during same period

Eligibility Documentation

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Staff Certification

- Grantee used its own Staff Certification of Eligibility form
- No certification completed
- Certification not signed by staff reviewing eligibility information
- Certification signature referred down the line to case manager or other staff (who didn't conduct assessment)
- Certification only signed by one person
- New staff re-certifying, but no new certification form

Housing-Related Documentation

***EVIDENCE OF ELIGIBLE USE
OF HPRP ASSISTANCE***

Housing-Related Documentation

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Habitability Inspections and Lead-Based Paint Visual Assessments

Common Errors:

- Proper inspections not performed at all, or completed poorly (important problems missed)
- Inspection forms not complete: address, tenant name, other key information missing and/or forms not signed

Housing-Related Documentation

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Habitability Inspections and Lead-Based Paint Visual Assessments

Common Errors:

- Habitability inspections were not conducted for ALL units that people are moving into while receiving financial assistance (prevention or RRH)

Housing-Related Documentation

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Habitability Inspections and Lead-Based Paint Visual Assessments

Common Errors:

- Lead-Based Paint visual assessments were not conducted for ALL units receiving financial assistance (new/old, prevention/RRH) if they were constructed before 1978, and will have a child under 6 or pregnant woman
- Landlord remediation not completed where units failed inspection

Housing-Related Documentation

Residency

Common Errors:

- No written agreement to support that the person receiving assistance lives in the unit and pays the requested amount of rent
- Incomplete or inaccurate agreement in the file: incorrect tenant(s), address, rent, etc., or not signed and dated

Housing-Related Documentation

Rent Reasonableness

Common Errors:

- No documentation indicating rent reasonableness determination PRIOR to financial assistance
- Rent reasonableness not determined for Prevention & RRH
- Using FMR instead of rent reasonableness

Financial Documentation

***EVIDENCE OF ELIGIBLE EXPENSE
PAID WITH HPRP FUNDS***

Financial Assistance Documentation: Participant Expenses

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Common Errors

- Missing or insufficient documentation for expenses paid
- No comparison review to determine that costs were reasonable
 - Includes moving, hotel, and storage expenses
- Ineligible expenditures OR paid more than is allowable
 - Paying for services while in transitional housing
 - More than 6 months of utility and/or rental arrears
 - More than 3 months of storage costs
 - More than 30 days of hotel/motel costs
- No evidence to support lack of shelter beds or a subsequent residence is identified BEFORE hotel/motel expenses were incurred

SAMPLE

Insufficient Support for Arrears

This letter is to
inform you that
because you are 1 1/2
months behind in Rent
that I am giving you
5 days to pay or vacate
the premises at 4847 W.
Apt #

- Name of eligible tenant(s) not identified
- Amount owed is not identified
- The address is not clearly identified
- No contact information for the landlord

SAMPLE

Insufficient Support for Arrears

| Usage Data | | | | | | | | | | |
|---|--------------|-----------------|--------------|------------------------|-----------------------|------|---------|-------|--|---|
| March 12, 2010 | | | | | | | | | | |
| Meter Information | | | | | | | | | | |
| Read Date | Meter Number | Load Type | Reading Type | Meter Reading Previous | Meter Reading Present | Diff | Multipl | Usage | | |
| 02/29 | | General Service | 00 kWh | EST | 02298 EST | 26 | 1 | 0800 | | 0 |
| Current Rates | | | | | | | | | | |
| Residential - Multiple | | | | | | | | | | |
| Customer Charge | | | | | | | | | | |
| Standard Metering Charge | | | | | | | | | | |
| Distribution Facilities Charge | | | | | | | | | | |
| Transmission Services Charge | | | | | | | | | | |
| Electricity Supply Charge | | | | | | | | | | |
| Purchased Electricity Adjustment | | | | | | | | | | |
| Energy Efficiency Programs | | | | | | | | | | |
| Franchise Cost | | | | | | | | | | |
| State Tax | | | | | | | | | | |
| Municipal Tax | | | | | | | | | | |
| Total current charges | | | | | | | | | | |
| Other Charges | | | | | | | | | | |
| Current rate payment charge (4) - standard | | | | | | | | | | |
| Reinstated bad debt - Misc business ? | | | | | | | | | | |
| Deposit | | | | | | | | | | |
| Reinstated bad debt - Service ? | | | | | | | | | | |
| Reinstated bad debt - Service ? | | | | | | | | | | |
| Reinstated bad debt - Service ? | | | | | | | | | | |
| Reinstated bad debt - Misc business ? | | | | | | | | | | |
| Reinstated bad debt - Misc business ? | | | | | | | | | | |
| Current rate payment charge (4) - non-service | | | | | | | | | | |
| Reinstated bad debt - Service ? | | | | | | | | | | |
| Total other charges | | | | | | | | | | |
| Total amount due | | | | | | | | | | |

- Amount not broken out per month
- Expenses are not eligible
- Documentation is not legible

Financial Assistance Documentation: Program Expenses

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- Insufficient personnel cost documentation
 - Not clear that staff was working on eligible activities
 - Timesheets not dated or approved by supervisor

- Timesheets reflect % and not actual charges

Financial Assistance Documentation: Program Expenses

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- Non-program staff activities paid through HPRP
- Staff expenditures not identified in the Substantial Amendment

Financial Assistance Documentation: Program Expenses

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- Program costs not clearly categorized
 - Case Manager mileage & expenses not billed as HRSS
 - Data Entry staff expenses not billed Data Collection
- Contracted services not properly billed/invoiced
- No written agreement for contracted services

SAMPLE

Insufficient Support of Services

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| | | | |
|-------------|------------------------|---------------------|---------------------|
| PO # | Contractor Name | Invoice Date | Billing Date |
| CLS41 | | 4/15/11 | 4/15/11 |

| DESCRIPTION | SERVICE | QUANTITY | TOTAL |
|---------------------------|-----------------------|--------------|------------|
| 1 HR MEETING W/ 5 TENANTS | IN COURT PROCEEDINGS | \$100 PER HR | \$500.00 |
| 1 HR MEETING W/ 5 TENANTS | MEDIATION /COUNSELING | \$100 PER HR | \$500.00 |
| 1 HR MEETING W/ 5 TENANTS | MEDIATION /COUNSELING | \$100 PER HR | \$500.00 |
| 1 HR MEETING W/ 5 TENANTS | MEDIATION /COUNSELING | \$100 PER HR | \$500.00 |
| | | Sub TOTAL | \$2,000.00 |
| | | TOTAL DUE | \$2,000.00 |

- Eligible participants and dates of services not identified
- No supporting document to this invoice
- No contract agreement on file

Grantee/Sub-Grantee Review

***OVERSIGHT AND MANAGEMENT OF
GRANT FUNDS***

Program Oversight

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Monitoring and Grantee Oversight

- No subgrantee agreements are in place with service requirements identified
- Grantee has not conducted sufficient monitoring to ensure compliance
- No management plan or standard operating procedures to ensure HPRP funds are used properly
- Accepts a high level of risk by not reviewing 100% of eligibility documentation

Program Oversight

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Staff Capacity

- Insufficient staff capacity to oversee Grantee responsibilities
 - One person handles draws, reporting, monitoring, etc.
 - Insufficient management staff in place to support program staff

Program Oversight

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Termination Policy

- No written procedures regarding ending financial assistance
- Procedures in place but no due process when a grievance is filed
- Termination policy does not state specific reasons why a participant can be terminated

Program Oversight

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Asset Policy

- Grantee did not ensure there is an asset policy in place
- Subgrantees do not adhere to one asset policy; instead, follow separate policies

HMIS Roles and Responsibilities

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Common Errors:

- Grantee does not participate in CoC's chosen HMIS
- Grantee does not comply with Data Standards
- The Grantee has no method for verifying the accuracy and confidentiality of participant data.
- The Grantee has NO clear mechanism for ensuring de-duplication of information submitted for QPR & APR.
- No privacy policy in place
- Grantee does not understand interaction between HMIS staff and HPRP subgrantees

HMIS Data Quality: Program Entry/Exit Dates

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Program Entry Date

- The first day of program enrollment, which may be either the day a service was provided for *one-time assistance*, OR
- The first date of a period of continuous participation in a service (e.g., daily, weekly or monthly) for *ongoing assistance*.

Program Exit Date

- May be the same date as program entry for *one-time assistance*

****DATES IN HMIS MUST RECONCILE WITH CASE FILE****

Uniform Administrative Requirements

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Common Errors:

- Does not have procedures for determining subgrantee compliance with applicable program regulations regarding:
 - Financial reporting,
 - Accounting records,
 - Internal controls,
 - Budget controls,
 - Allowable costs,
 - Source documentation, and
 - Cash management

Uniform Administrative Requirements

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Common Errors:

- Lacks standards for financial management systems so that the preparation of reports and the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Advances

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Both types of allowable cash advances have been done improperly:

- Cash Advances

- Did not minimize time elapsed between IDIS draw and disbursement
- Were not for immediate cash needs.

- Working Capital Advances

- Did not obtain HUD approval
- Continue to advance rather than switching to reimbursement
- Did not properly reconcile expenditures to clear advances
- Did not track cash on hand

Internal Controls

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Common Errors

- Agency lacks clear fiscal controls, including:
 - No clear, formal system of authorization and supervision
 - No separation of duties
 - No clear control over access to assets, blank forms, and confidential documents
 - No monthly comparisons between financial records and actual assets and liabilities

- Lack of hiring policies or clear job descriptions

Budget Controls

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Common Errors

- Inadequate accounting system, such that it isn't clear when/how HPRP funds are being expended.
- Insufficient budget tracking, such that it isn't clear what has been expended versus what has been obligated, and how these costs deviate (or not) from the budget
- Inadequate systems for "rolling up" subgrantee expenses
- Does not review source documentation (as condition of reimbursement) to ensure expenses are eligible, actual, and incurred. ***obtaining a cancelled check alone is not sufficient proof that the expense is eligible*

Other Federal Requirements

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Conflict of Interest

- Lack of a policy statement
- Did not request a waiver from HUD when a conflict is suspected
- Did not notify HUD of a conflict where funds were spent (*landlords*)
- No enforcement or training of subgrantees on policy

HELPFUL TIPS AND RESOURCES

Fraud Prevention Tips

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- Internal audit controls for check writing
- Check evictions/3-day notices by calling landlord to verify
- Verify entity receiving payments is property owner (City/County website)
- Check client files in HMIS against paper files

If Fraud Occurs...

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- Contact local police (if appropriate)
- Notify your local HUD Field Office
- Notify the HUD Office of Inspector General:
 - Phone: 1-800-347-3735
 - Email: hotline@hudoig.gov
 - Hotline web site:
<http://www.hud.gov/offices/oig/hotline/>

Take-Aways

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- Regularly reference the HRE & FAQs and join the HPRP Listserv (will help to understand the HPRP Notice)
- Documentation is the key (i.e., written subgrantee agreements, written standard program procedures, determining eligibility, 3rd party payments, etc.)
- Encourage subgrantees to establish Quality Assurance Practices to internally review files
- Contact your local HUD field office when needing guidance regarding serious matters

Upcoming Webinars

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- HUD's Year 1 HPRP APR: Lessons Learned and Next Steps
 - Tuesday, May 24th at 11:30 AM Eastern Time
 - Thursday, May 26th at 3:30 PM Eastern Time
- Ramping Down HPRP: Date to be announced

Previously recorded webinars are available for review on the HRE
at:

<http://www.hudhre.info/hprp/index.cfm?do=viewHPRPIssuances>

Additional Resources

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- Submit program questions and technical assistance requests to the HUD HRE Virtual Help Desk:
<http://www.hudhre.info/helpdesk/index.cfm?do=viewHelpdesk>
- Join the HPRP listserv:
<http://www.hudhre.info/index.cfm?do=viewJoin>
- Webinar on monitoring subgrantees:
<http://www.hudhre.info/HPRP/index.cfm?do=viewHPRPIssuances#6>
- Revised CPD Monitoring Handbook on HUDClips:
<http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/6509.2/index.cfm>