

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: September 7, 2011
To: Johnny Thomas, Chairman, Committee on Finance and Audit
From: Jerome J. Heer, Director of Audits
Subject: HUD Compliance Report and Status Report – Audit of Rent Assistance Program (File No. 10-217/INF 11-314)

At its meeting on June 17, 2010, the Committee on Finance and Audit passed a motion to receive and place our audit report, "Better Management Oversight Needed for County Administered Federal Rent Assistance Program," on file with a six-month status report on the progress toward implementation of the audit recommendations.

The six month status report was presented to the Committee in December 2010. A second status report was presented at the July 21, 2011 Committee meeting, at which time a request was made for an overall report on how well the Housing Division is doing in meeting Federal Department of Housing and Urban Development (HUD) requirements.

The Department of Health & Human Services (DHHS) responded with the attached report on HUD compliance. In the report, DHHS management notes the recent comprehensive HUD audit of the County's HOME Program and the agency's current review of the Community Development Block Grant 2011 annual plan, as well as scores received for the Section 8 Management Assessment Program. The preliminary action plan referenced in the report for achieving full HUD compliance and implementing program efficiencies in the HOME Program is also attached.

The Department of Audit will continue to work with Housing Division administration as issues arise.

To provide additional insight regarding HUD compliance, we requested that DHHS management update the status of implementation of our audit recommendations. The DHHS status report, updated as of August 26, is attached for your review.

These reports are informational and unless directed otherwise, we plan to request that DHHS management provide an updated status report regarding audit recommendations for the March 2011 cycle.


Jerome J. Heer

JJH/PAG/cah

Attachments

cc: Finance and Audit Committee Members
Chris Abele, Milwaukee County Executive
Patrick Farley, Director, Department of Administrative Services
Geri Lyday, Interim Director, Department of Health & Human Services
Leonard Jackson, Administrator, DHHS – Housing Division
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Research Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: August 26, 2011

TO: Paul Grant, Audit Compliance Manger - Milwaukee County

FROM: Geri Lyday, Interim Director, Department of Health and Human Services

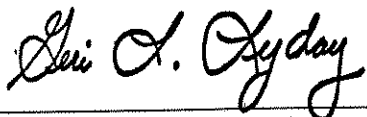
SUBJECT: INFORMATIONAL REPORT FROM THE INTERIM DIRECTOR OF THE DEPARTMENT OF HEALTH & HUMAN SERVICES REGARDING HOUSINGS OVERALL COMPLIANCE TO THE HUD REGULATIONS

Regarding the HOME Program, Housing hired a Program Coordinator for HOME with community development experience with HUD programs. HUD recently conducted a comprehensive audit of the Milwaukee Counting Housing HOME Program. HOME has not yet received the final audit results but has proactively begun procedural improvements in response the audit closing meeting comments. Fiscal, Program and Division leadership have met and developed a preliminary action plan (attached) and time table. HOME expects to be fully compliant with HUD recommendations by the end of this year and to have program efficiencies in place by the first quarter of 2012.

HUD is currently reviewing the Community Development Block Grant (CDBG) 2011 Annual plan. Also, Housing is working with HUD to reach consensus on the CDBG regulations regarding the allocation of funds to municipalities.

In addition, in May 2011, the Section 8 Program received a response from HUD regarding our SEMAP (Section 8 Management Assessment Program) score for the fiscal year ended 12/31/10. The score received at that time was 89%, which was an overall performance rating of "Standard". However, our Program Coordinator, Rick Fieldbinder, appealed that score and on June 15, 2011, we received a new score of 96% with an overall performance rating of "High".

Respectfully submitted:



Geri Lyday, Interim Director
Department of Health & Human Services

Attachment

cc: Jerry Heer, Director of Audit
Tia Torhorst, Director of Legislative Affairs
Leonard Jackson, Housing Administrator
Douglas Jenkins, Deputy Director of Audit
Antionette Thomas-Bailey, Analyst - DAS
Jeanne Dorff, Fiscal Assoc. Administrator DHHS

HOME Program Improvement Action Plan

Completion Date	Action Description	Responsible Lead / Assisted by
12/31/2011	Program Income as First Use funding Change workflow and document Procedures to assure HUD funding use regulation compliance	Jeanne Dorff / Joan Vitense
12/31/2011	Reconciliation - monthly IDIS, Advantage, Loan Ledger and Project Activity Spreadsheet - balanced each month and document reconciling items	Joan Vitense / Jeanne Dorff
1Qtr 2012	Program Loan Bad Debt calculation & Write off <i>Loan Ledger software training by 11/1/11</i> Review write off recommendations, document procedures, develop staff to replace retired HOME loan collections employee	Jeanne Dorff / Jean Wolfgang
2/1/2012	Loan Committee Form a high level review and approval committee to oversee the HOME loans	Jean Wolfgang / Jeanne Dorff
2/1/2012	Policy and Procedures Formalize all HOME and HOME Repair processes, including; valuations, documentation, approvals, etc and confirm against HUD regulations	Jean Wolfgang / Joan Vitense
2nd Qtr 2012	Administrative vs. Project Delivery Cost Allocation Work with John Larsen, HUD to review cost detail and assure proper and maximized allocations to fund the HOME Program	Jeanne Dorff / Joan Vitense
On going	Disabilities Services Home renovation projects Work with DSD to assure timely and efficient use of Housing staff to complete the Home Renovation projects, look at using contract providers to facilitate project administration if necessary	Jeanne Dorff / Jean Wolfgang
Ongoing	HOME use of funds Develop and implement a more aggressive Marketing Plan and begin to develop a wait list to assure maximum use of available funding	Jean Wolfgang
2/1/2012	Loan Fees Develop a fee structure to recognize and support the administrative cost of the HOME Program	Jean Wolfgang / Jeanne Dorff

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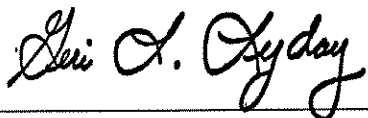
TO: Paul Grant, Audit Compliance Manger - Milwaukee County

FROM: Geri Lyday, Interim Director, Department of Health and Human Services

**SUBJECT: INFORMATIONAL REPORT FROM THE INTERIM DIRECTOR OF
THE DEPARTMENT OF HEALTH & HUMAN SERVICES REGARDING
A HOUSING DIVISION STATUS REPORT ON THE NINE AUDIT
RECOMMENDATIONS FROM THE MAY 2010 INTERNAL AUDIT**

Attached is the updated status report of the Better Management Oversight Needed for County Administered Federal Rent Assistance Program audit. With a new Director and new Program Coordinators, the Housing Division is diligently moving forward on the audit recommendations.

Respectfully submitted:



Geri Lyday, Interim Director
Department of Health & Human Services

Attachment

cc: Jerry Heer, Director of Audit
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Jeanne Dorff, Fiscal Assoc. Administrator DHHS

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: Better Management Oversight Needed for County Administered Federal Rent Assistance Program **File Number:** 10-217

Audit Date: May 2010 **Status Report Date:** 8/26/11 **Department:** DHHS – Housing Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	

1. Review Rent Assistance program protocols for possible revisions to better align verification efforts for earned income with applicable 120-day and 60-day HUD standards.	X			X			Auditee: The Program Coordinator has put in to place processing protocol that will ensure the recertification process cannot begin before the 120-day HUD standard. 8/26/11: This processing protocol is that the Assistant Program Coordinator now runs the EIV's less than 120 days prior to the effective recertification date.
2. Establish specific, continuous training and procedural refresher sessions for program staff, including proper interpretation of CARES and EIV systems, as well as consistent follow-up and documentation of efforts to reconcile differences between system-reported data and participant-reported income.				X			Auditee: The program management has been working individually and as a group with program staff to ensure a consistent understanding and application of the HUD EIV data. As noted in #5 below, CARES is not available in the expanded format the Division sought. However, we are working to ensure that differences between EIV reported information and client provided information are not only identified but that files are consistently noted and that efforts to reconcile the differences, including contact made, documents provided, etc are noted and copied to the file to provide a complete trail to support decisions related to eligibility. 8/26/11: Continuous training takes place weekly.

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

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3. Perform more detailed case reviews on a sample of at least 30 cases per quarter and follow-up individual errors with reinforcement during training and procedural refresher sessions previously recommended. Particular care should be taken to ensure consistent application of all program policies.	X					X	Auditee: Due to staff retirements and furlough days we were unable to perform the first quarter 2011 case reviews. In July of 2011, the process will be implemented using new and temporary staff resources identified to complete this recommendation on a timely basis each quarter. 8/26/11: On a daily basis case files receive a detailed review. Identified deficiencies are immediately addressed with the reviewer and preparer of the case file. Technical issues and process management are discussed at weekly meetings with the Housing Program Assistant staff. The purpose is to provide consistent application of all program policies
4. If mandatory furlough days continue to reduce available staff hours, work with the Department of Administrative Services to identify additional resources (e.g., temporary help, student intern positions, etc.) sufficient to provide relief to Housing Program Associates for needed training.	X					X	Auditee: Due to Division Administrator and Department of Administrative Services turnover, coordination of resources was delayed. Additional temporary staff have been identified that will be used to address this recommendation beginning in July of 2011. 8/26/11: The mandatory furlough days were cancelled in July 2011, however due to retirements, the department lost 2 Housing Program Assistants, the Program Coordinator and the Assistant Program Coordinator. We have replaced one Housing Program Assistant and training is underway. We are still working to fill the second Housing Program Assistant position and the Assistant Program Coordinator position. We have posted the Coordinator position. Currently we are utilizing one temporary help employee to cover both the Assistant Coordinator and Program Coordinator positions.

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5. Petition the State of Wisconsin for enhanced access to the CARES system, thus sanctioning past program practice.	X				X		Auditee: The additional data requested is limited by federal regulations to only workers determining eligibility for the food share and medical assistance programs. This recommendation is considered as complete.
6. Identify resources within the department to make the purchase of a relatively inexpensive scanner/copier (approximately \$1,000) for the Rent Assistance program a priority.		X			X		Auditee: A scanner is in place as part of a Housing Division copy machine.
7. Update the Administrative Plan, including a specific section on Program Integrity that formalizes the program's quality control measures to prevent and detect staff errors and omissions. Specific policies and procedures should be established for fair and consistent treatment of cases involving intentional misreporting, abuse and fraud.		X				X	Auditee: The Administrative Plan revision will be completed by the end of the third quarter of 2011. The HUD EIV system used to determine and recertify program income eligibility of participants went through a major overhaul after this recommendation was made. The program purchased a modal administrative plan to incorporate a broader revision of the administrative plan. This task should be completed during this calendar year. 8/26/11: A summer intern was brought in to assist with the Administrative Plan revision. The intern became ill and could not complete the assignment. We are in the process of getting another intern to complete the work on the Administrative Plan with the intention to complete by the end of the calendar year.
8. Develop a dialogue and working relationship with the District Attorney's Office to guide the program in identifying appropriate cases of suspected fraud for referral to the District Attorney.					X		Auditee: Staff have developed a dialog with the District Attorneys Office and established relationships necessary for the referral of cases of suspected fraud. The first referral of three such cases was made in November of 2010. This will be an ongoing process and cases that are referred to the District Attorney will be tracked and monitored quarterly.

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	9. Work with Department of Administrative Services to utilize the County's Tax Intercept Program to recoup program overpayments when participants refuse to sign or honor repayment agreements.	X					