

SUB-RECIPIENT MONITORING

Homeless Assistance Programs

Tami Hill Thomas, *Compliance & Audit Lead*



Office of Special Needs Assistance Programs (SNAPS)
HUD Headquarters

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Maintain a Healthy Perspective on Monitoring

- **Don't Fear the Finding!**
 - Findings happen to everyone
 - The goal is to make things "right"
 - Corrective actions span wide spectrum. What can make a difference:
 - Did you already note the issue and try to correct it?
 - Isolated mistake vs. systemic issue
 - Fraud, waste, abuse
 - Did it hurt the clients you're serving?
- **Whew! Better to know sooner rather than later!**
 - Monitoring is an opportunity to course-correct



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CoC Compliance: Continuum's Responsibility to Monitor (24CFR578.7)

- ✓ MONITOR PERFORMANCE OF RECIPIENTS/SUBRECIPIENTS
- ✓ EVALUATE OUTCOMES FUNDED UNDER BOTH CoC/ ESG
 - ✓ COORDINATION WITH ESG
 - ✓ QUALITY OF PROGRAMS
- ✓ NEED –INCREASE OR DECREASE
 - ✓ QUALITY HOUSING STOCK
- ✓ EFFICIENCY OF COORDINATED ENTRY



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CoC Compliance: Continuum's Responsibility to Monitor (24CFR578.7)

WELLNESS CHECKLIST

- ✓ GUIDE CoCs WITH SELF MONITORING
- ✓ HELPFUL FOR NEW COC MONITORS
- ✓ SUGGESTED FOR REGULAR REVIEW
- ✓ USE ALONG WITH REQUIRED REPORTS (APR, CAPER)
- ✓ USE ALONG WITH HMIS REVIEW

**CONTINUUM OF CARE (CoC) PROGRAM
INTERNAL WELLNESS "TOP TEN" LIST**

This "Top Ten" checklist is a supplement to the CoC *Internal Wellness Checklist*. It is intended to highlight ten critical recordkeeping areas in the operation of the CoC Program. Grantees are encouraged to utilize this resource to proactively monitor the current "health" of their CoC grants.

Program Participant-Level Recordkeeping
The critical records to be maintained for each program participant include:

1. <input type="checkbox"/> Participant Eligibility Ensure documentation of a participant's homelessness or at-risk of homelessness status and disability, if applicable, is obtained at intake. 24 CFR 578.500(b) or (c); 24 CFR 578.103(a)(3), (4), or (5); and 24 CFR 578.103(a)(17)	4. <input type="checkbox"/> Housing Quality Standards (HQS) Ensure structures or units assisted with CoC funds meet HQS at lease-up and are re-inspected at least annually thereafter. 24 CFR 578.75(b) and 24 CFR 578.103(a)(8)
2. <input type="checkbox"/> Lending and Rental Assistance Requirements Ensure funds charged for a structure or unit assisted with lending or rental assistance funds meet standards of FMR or rent reasonableness. 24 CFR 578.49 and 24 CFR 578.51	5. <input type="checkbox"/> Use of a Coordinated Entry System Ensure participants are assessed and referred using the CoC's coordinated entry system. 24 CFR 578.23(c)(9) and 24 CFR 578.103(a)(17)
3. <input type="checkbox"/> Examination of Income Ensure participant income documentation is examined at intake and re-examined at least annually. 24 CFR 578.77(b)(4) and 24 CFR 578.103(a)(6)	6. <input type="checkbox"/> Use of Homeless Management Information System (HMIS) Ensure participants are entered in the CoC's HMIS or a compatible database. 24 CFR 578.500(b) or (c); 24 CFR 578.103(a)(3)

General Recordkeeping and Financial Files
The critical records to be maintained by each recipient and/or subrecipient include:

7. <input type="checkbox"/> Standard Operating Procedures Maintain policies and procedures for intake, program operation, recordkeeping, and subrecipient oversight/monitoring to ensure that CoC funds are used appropriately. 24 CFR 578.103(a) and 24 CFR 578.23(c)	9. <input type="checkbox"/> Match Sources and Uses Ensure grant funds, except leasing funds, are matched with non-federal cash or in-kind contributions from other sources. 24 CFR 578.72 and 24 CFR 578.103(a)(10)
8. <input type="checkbox"/> Financial Policies and Procedures Maintain fiscal controls, accounting procedures, and procurement procedures to ensure that CoC funds are used appropriately. 24 CFR Part 200	10. <input type="checkbox"/> Homeless Participation Ensure homeless or formerly homeless persons the opportunity to participate in policymaking on the board of directors or other equivalent policymaking entity. 24 CFR 578.79(a)(1) and 24 CFR 578.103(a)(12)

NOTE: For additional guidance, please refer to the following resource materials:
(1) Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program CoC Regulations at 24 CFR Part 578, and (2) CPE Monitoring Handbook 6/09/2 REV 4 CPE-2 at: http://portal.hud.gov/hudportal/HUD?accid=program_offices/administration/checklists/handbooks/cpe0509.2

***BLOCK 8:** If a recipient chooses to utilize this document for projects funded prior to the FY 2015 CoC competition, please refer to 24 CFR 578.103(a), 24 CFR Part 84 and 24 CFR Part 85 for applicable financial requirements.



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Common Monitoring Findings

Eligibility Documentation

- 3rd Party evidence of eligibility is preferable.
- Eligibility must be documented upon intake and annually.
 - Homelessness
 - Disability (if applicable)
 - Assessment of Need including Income

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Common
Monitoring
Finding



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CRITERIA FOR DEFINING HOMELESS		Homeless Definition
Category 1	Literally Homeless	(1) Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: <ul style="list-style-type: none"> (i) Has a primary nighttime residence that is a public or private place not meant for human habitation; (ii) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregates shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state and local government programs); <u>and</u> (iii) Is exiting an institution where (s)he has resided for 90 days or less <u>and</u> who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution
Category 2	Imminent Risk of Homelessness	(2) Individual or family who will imminently lose their primary nighttime residence, provided that: <ul style="list-style-type: none"> (i) Residence will be lost within 14 days of the date of application for homeless assistance; (ii) No subsequent residence has been identified; <u>and</u> (iii) The individual or family lacks the resources or support networks needed to obtain other permanent housing
Category 3	Homeless under other Federal statutes	(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who: <ul style="list-style-type: none"> (i) Are defined as homeless under the other listed federal statutes; (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application; (iii) Have experienced persistent instability as measured by two moves or more during the preceding 60 days; <u>and</u> (iv) Can be expected to continue in such status for an extended period of time due to special needs or barriers
Category 4	Fleeing/ Attempting to Flee DV	(4) Any individual or family who: <ul style="list-style-type: none"> (i) Is fleeing, or is attempting to flee, domestic violence; (ii) Has no other residence; <u>and</u> (iii) Lacks the resources or support networks to obtain other permanent housing

RECORDKEEPING REQUIREMENTS	Category 1	Literally Homeless	<ul style="list-style-type: none"> Written observation by the outreach worker; <u>and</u> Written referral by another housing or service provider; <u>and</u> Certification by the individual or head of household seeking assistance stating that (s)he was living on the streets or in shelter; For individuals exiting an institution—one of the forms of evidence above <u>and</u>: <ul style="list-style-type: none"> discharge paperwork <u>and</u> written/oral referral; <u>and</u> written record of intake worker's due diligence to obtain above evidence <u>and</u> certification by individual that they exited institution
	Category 2	Imminent Risk of Homelessness	<ul style="list-style-type: none"> A court order resulting from an eviction action notifying the individual or family that they must leave; <u>and</u> For individual and families leaving a hotel or motel—evidence that they lack the financial resources to stay; <u>and</u> A documented and verified oral statement; <u>and</u> Certification that no subsequent residence has been identified; <u>and</u> Self-certification or other written documentation that the individual lack the financial resources and support necessary to obtain permanent housing
	Category 3	Homeless under other Federal statutes	<ul style="list-style-type: none"> Certification by the nonprofit or state or local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute; <u>and</u> Certification of no PH in last 60 days; <u>and</u> Certification by the individual or head of household, and any available supporting documentation, that (s)he has moved two or more times in the past 60 days; <u>and</u> Documentation of special needs; <u>and</u> 2 or more barriers
	Category 4	Fleeing/ Attempting to Flee DV	<ul style="list-style-type: none"> For victim service providers: <ul style="list-style-type: none"> An oral statement by the individual or head of household seeking assistance which states: they are fleeing; they have no subsequent residence; and they lack resources. Statement must be documented by a self-certification or a certification by the intake worker; For non-victim service providers: <ul style="list-style-type: none"> Oral statement by the individual or head of household seeking assistance that they are fleeing. This statement is documented by a self-certification or by the caseworker. Where the safety of the individual or family is not jeopardized, the oral statement must be verified; <u>and</u> Certification by the individual or head of household that no subsequent residence has been identified; <u>and</u> Self-certification, or other written documentation, that the individual or family lacks the financial resources and support networks to obtain other permanent housing.

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Common Monitoring Findings

Coordinated Entry System

- HUD requires each CoC to establish and operate a “centralized or coordinated assessment system” (referred to as “coordinated entry” or “coordinated entry process”) with the goal of increasing the efficiency of local crisis response systems and improving fairness and ease of access to resources, including mainstream resources.
- All referrals to CoC Program funded projects must be received through the Coordinated Entry System – evidence must be shown within case files.



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Common Monitoring Findings

Housing Requirements *(upon intake and annually, as applicable)*

- Lease Agreements
- Housing Quality Standards (HQS) Inspections
- Habitability Inspections
- Lead Based Paint Inspections, *where applicable*
- Rent Reasonableness Standards
- Fair Market Rent
- Environmental Reviews

**#1
Common
Monitoring
Finding**



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Common Monitoring Findings

HMIS Data Quality

- **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*, OR the date of discharge or exit from a period of continuous participation in a service (e.g., daily, weekly or monthly) for *ongoing assistance*

Program Entry/Exit Dates in HMIS MUST reconcile with case files.



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Common Monitoring Findings

Termination Policy Requirements

- Do program participants receive and document receipt of written program rules and the termination process before the participant begins to receive assistance?
- Do program participants receive written notice containing a clear statement of the reasons for termination?
- Are program participants given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision?
- Do program participants receive prompt written notice of the final decision?
- Does the program have a robust grievance policy for participants to utilize?



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Common Monitoring Findings

Grant Management Requirements

- Inability to operate program as designed and described in application.
 - For example, Chronically Homeless Dedicated projects.
- Lack of Overall Grant Management
- Lack of established Standard Operating Procedures (SOPs)
- Not functioning as part of Coordinated Entry System, including referral process.

**#1
Common
Monitoring
Finding**



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Common Monitoring Findings

Programmatic Compliance

- Did the grantee serve the intended population?
- Were programs delivered as proposed?
- Are client files & project files available and in order?
- Do subrecipient agreements comply with standards?

Financial Compliance

- Was funding spent as budgeted/approved?
- Are transactions and management systems consistent with 2 CFR Part 200?
- Are systems up to date – IDIS, SAGE, HMIS?

Administrative Compliance

- Are implemented activities consistent with the submitted (AAP)?
- Are there P&Ps?
- Does the recipient follow them – do subrecipients follow them?
- Are the programmatic & financial actions documented?



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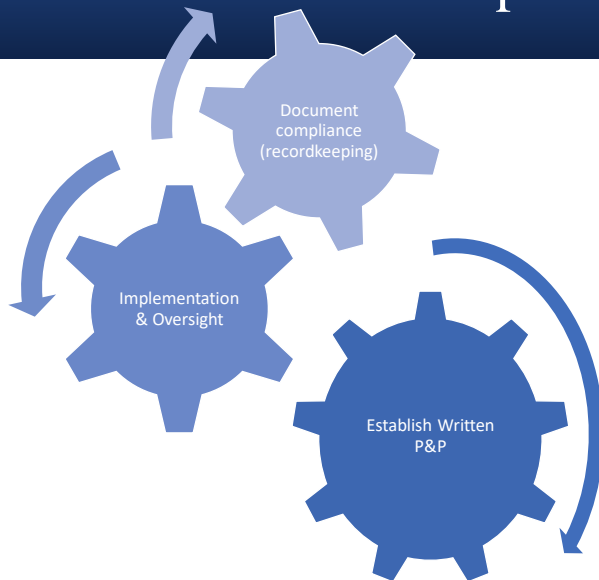
Common Monitoring Findings

Type of Information	Record Retention Period
All program records for each fiscal year of program funds	5 years or longer
Program participant records	5 years after year of expenditure of all funds from grant under which participant was served
Emergency shelter renovation costs are > 75% of pre-renovation value	10 years from initial obligation
Emergency shelter conversion costs >75% of post-conversion value	10 years from initial obligation



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Essential Compliance Considerations



The combination of Program, Financial, and Administration should come together in your SOPs to make compliance work!



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Conduct Internal Reviews to Identify the CAUSE



Cause: What allowed the condition to occur?

Core **causes**:

- Grantee did not have sufficient SOPs to clearly identify internal processes.
- Staff was not trained on SOP.
- Staff Turnover. Program Knowledge Shift.



Corrective Action: How can the grantee make it right or prevent it from happening again?

Two core **corrective actions**:

- Make it right (to the client, project, or taxpayer)
- Prevent it from happening again – P&P, training

ESG

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Common Monitoring Findings

Subrecipient Oversight Requirements

- Subrecipient agreements are not in place, or missing service requirements.
- Recipient has not conducted sufficient monitoring of subrecipient to ensure compliance.
- No established management plan or standard operating procedures to ensure funds are used properly.
- Recipient accepting a high level of risk by not reviewing 100% of eligibility documentation



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Common Monitoring Findings

Internal Controls

- 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.
- Procurement Standards not being met.



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Common Monitoring Findings

Financial Management/Source Documentation

- Missing or insufficient documentation for expenses paid
- No comparison review to determine that costs were Reasonable
- Payment of Ineligible Expenses
 - Expenditures not eligible under program
Example: Paying for entertainment
- Payment of Unallowed Costs
 - Costs paid outside of grant term
 - Paying more than is allowable
Example: Paying more than 6 months arrears



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Common Monitoring Findings

Match Requirements (Cash)

- Some examples of ineligible cash match include:
 - Mainstream benefits paid directly to program participants
 - CoC Program funds
 - Match funds already designated for another project
 - Program participant savings (belong to participant, not program)
- If an activity is not an eligible cost of CoC Program funds, then it is also not an eligible expense of match funds.



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Common Monitoring Findings

Match Requirements (In-Kind)

- Some examples of ineligible in-kind match include:
 - Routine volunteer contributions that would occur whether or not your project existed.
 - Routine operations and activities of program partners (e.g., volunteer contributions for a food pantry that does not provide food for the CoC funded project).
 - "Potential" or "estimated" services and donations. The in-kind donation must have been made.
 - Services that would otherwise not be eligible costs with CoC program funds such as bed linens or furniture that would become the property of the program participant.



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Fraud Flags

What Constitutes Fraud?

- Creating false clients.
- Falsifying eligibility factors.
- Benefiting materially from assistance given to program clients.
- Providing services to family members, business associates or friends.



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Fraud Flags

What Constitutes Fraud?

- No source documentation or financial records.
- Improper Payments
- Serving Ineligible Clients
- No Internal Controls or Separation of Duties
- “Arms Length Transactions” – Operating independently, without significant relationship with clients, subrecipients, funders, etc.
- Conflicts of Interest



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Fraud Flags

Tips for Preventing Fraud

- Establish internal quality control reviews that include:
 - Internal audit controls for check writing.
 - Verifying entity receiving payments (check landlords on County auditor's website).
 - Spot checking client files in HMIS against paper files.



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Fraud Flags

What do I do if I suspect fraud?

- 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/>



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Resources

HUD Exchange – Continuum of Care Program

- [CoC: Continuum of Care Program - HUD Exchange](#)

CoC Virtual Binders

- [CoC and ESG Virtual Binders - HUD Exchange](#)

CPD Monitoring Exhibits

- [CPD Monitoring Handbook \(6509.2\) | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)



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Resources

Code of Federal Regulations – Continuum of Care Program

- [Code of Federal Regulations \(govinfo.gov\)](#)

Ask A Question Portal

- [Program Support - HUD Exchange](#)

HUD Exchange ListServ

- [Subscribe to HUD Exchange Mailing Lists - HUD Exchange](#)



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Resources

Lead Based Paint Requirements and Training

- [Information and Guidance for HUD's Lead Safe Housing Rule | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/lead)

Coordinated Entry Requirements

- <https://www.hud.gov/sites/documents/17-01CPDN.PDF>

Homelessness Documentation Requirements

- [At a Glance Criteria and Recordkeeping Requirements for Definition of Homeless \(hudexchange.info\)](https://hudexchange.info)



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Q & A



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