

ESG Monitoring Process

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December 3, 2019

QUESTIONS

- Enter questions into Question panel of GoToWebinar
 - Questions will be addressed at the end of each section
- If have questions after the webinar, email esg@tdhca.state.tx.us

OVERVIEW

- Monitoring Process
- Monitoring Review
- Single Audit/ Audit Certification Form
- Fraud, Waste, and Abuse
- Common Findings

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MONITORING

- TDHCA is required to monitor to ensure compliance with Federal, State and contractual requirements
- TDHCA is monitored by HUD and the Department is required to demonstrate that the ESG program is being monitored for compliance

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TYPES OF MONITORING

Types of Monitoring

- Physical Inspection
- Desk Monitoring review
 - May be performed for any program activities including HP, RRH, Emergency Shelter, Street Outreach & HMIS. Desk review may include any of the following aspects:
 - Client Eligibility (client files)
 - Expenditures & Disbursements (expenses drawn for reimbursement with program funds)
 - Matching Contributions (types & amounts of match reported, & sources of funds/materials for matching contributions)
 - Procurement (processes for selecting vendors for expenses paid with program funds, incl. Small Purchases, Competitive Proposals, Sealed Bids, etc.)
- Onsite Monitoring review
 - Same components as the Desk review

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WHAT TO EXPECT WITH DESK MONITORING

- Email will be sent to Contract Executor with a formal Desk review announcement letter attached. This will include:
 - List of items to be submitted for Desk review, & deadline (usually 30 days)
 - Link to secure File Transfer Server & instructions for submitting the required items

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WHAT TO EXPECT WITH DESK MONITORING (con't)

- Items submitted will be reviewed, & the Dept. may follow up with additional questions or items needed while the report is being compiled.
 - Generally, the monitoring report will be issued around a month following submission of the Desk review items
- Monitoring report will either contain:
 - Findings- with required corrective action to be submitted to TDHCA, or
 - Notice of closure- Closure notice may still contain Observations and/or Concerns (which require corrective action to be performed but NOT submitted for review)

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WHAT TO EXPECT WITH ONSITE MONITORING

- Email will be sent to contract executor with a formal Onsite review announcement letter attached. Announcement will contain a date range (usually most of the week). Typically, Subrecipients will have at least 30 days advance notice to prepare
- TDHCA auditors will perform entrance interview upon arrival
- At conclusion of review, exit interview will be performed noting possible issues & any remaining questions or items still needed to be provided (for further review at HQ)
- Upon return to HQ, monitoring report will be compiled & issued to Subrecipient (generally around a month following the Onsite review)

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MONITORING PROCESS

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MONITORING PROCESS RISK ASSESSMENT PROCESS

- All ESG Subrecipients are subject to a risk assessment
- Type (onsite or desk) and frequency of reviews will be based on the Subrecipient's risk assessment score
- Reviews, at a minimum, will include a review of funds expended, match (source and disbursements), reports submitted, client and property eligibility, procurement, and oversight process

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MONITORING PROCESS SCHEDULING

- Approximately 30 days before the planned visit the monitor will contact the Subrecipient to schedule the visit and request documents
- Review announcement letters are sent electronically indicating the date (due date for requested documents for desk reviews), time, and documents required for the review



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MONITORING PROCESS INFORMATION CHANGES

- Changes regarding the Subrecipient location and staffing should be submitted in writing to the Department.
 - Provide information changes to relevant TDHCA staff
 - Ensures most current updates from TDHCA
- 10 Texas Administrative Code §1.22 and §7.10

Forms

- ESG Public Referral Information Form
 - Information provided will be given to members of the public who have contacted TDHCA for emergency assistance related to homelessness and rental assistance
- Housing Contract System Access Request Form

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MONITORING REVIEW

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MONITORING REVIEW ON-SITE REVIEW

- Entrance Conference
- Based on the results of risk assessment and scope of monitoring:
 - TDHCA ESG Final Contract/Budget-ESG Contract; 2 CFR 200 Subpart D
 - Financial Review of Expenditures including Match and Payroll-ESG Contract; 2 CFR 200 Subpart D
 - Procurement: policies and procurement documentation (micro purchase, small purchase, sealed bids and/or competitive bid)-2 CFR §200.317-326
 - ESG Performance-2 CFR §200.301 Performance measurement

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MONITORING REVIEW
ON-SITE REVIEW (con't)

- ESG Written Standards & client files-24 CFR §576.400 & §576.500
- Tenant Property Eligibility (Verification of Habitability Inspections, FMR and Rent Reasonableness) -24 CFR §576.106 & 24 CFR §576.403

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MONITORING REVIEW
ON-SITE REVIEW (con't 2)

- ESG-funded Equipment Inventory-2 CFR §200.310-316
 - Form: ESG Inventory List- Tools and Equipment
- Program Income: including security deposits-2 CFR §200.307
 - Security and utility deposits under the 2019 ESG contracts must go back to the Program Participant per 10 TAC §7.43(c).

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MONITORING REVIEW CLIENT FILES RECORDS

- Documentation that...
 - the household meets the correct definition of homeless or at risk of homelessness including due diligence
 - the household is income eligible including due diligence
 - the property is eligible
 - if a client was denied services, is it documented
- *24 CFR §576.500 Recordkeeping and reporting requirements*
- *HUD 4350.3 Appendix 3-Acceptable Forms of Verification*

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MONITORING REVIEW CLIENT FILES RECORDS (con't)

When providing Rental Assistance:

- Have you
 - documented that the gross rent of the property does not exceed Fair Market Rent or Rent Reasonableness?
 - documented that rental units meet the habitability AND lead-based paint standards before rental assistance agreement/lease are signed?
- Is there a rental assistance agreement between the Subrecipient and Landlord? And lease between landlord and Client?

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MONITORING REVIEW CLIENT FILES and HMIS

- Case management notes do not have to be in physical file folders
- Electronic case files:
 - Monitors must have access to case management notes for files no matter what the format
 - Ensure disclosure forms that require signatures are scanned or documented in HMIS

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MONITORING REVIEW INTAKE APPLICATION DOCUMENTATION

Intake Applications:

- Do not make eligibility determinations based on verbal responses
- After an application has been completed, the Subrecipient may document if the client is approved or denied
- “Documentation of each program participant's qualification as a family or individual at risk of homelessness or as a homeless family or individual and other program participant records must be retained for 5 years after the expenditure of all funds from the grant under which the program participant was served” 24 CFR §576.500(y)

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MONITORING REVIEW
CONCLUSION OF ON-SITE REVIEW

- Exit conference agenda and summary
- A report of the visit will be issued within 45 days of the date of the visit to the Executive Director and Board Chair
- Subrecipients have 30 days to respond to the report
- An additional 15 days for additional responses may be granted on case by case basis, if requested in writing prior to the expiration of the 30-day period
- It is possible that final report will vary from exit conference

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MONITORING REVIEW
PHYSICAL INSPECTIONS

Compliance with Habitability Standards and ADA

- Physical assessment to determine compliance with Lead-Based Paint, habitability standards, and accessibility requirements of the ADA and Section 504 of the Rehabilitation Act
- Conversion, major rehabilitation, or other renovation, or for shelter operations, TDHCA will inspect your shelter for habitability and compliance with current ADA Standards

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**MONITORING REVIEW
PHYSICAL INSPECTIONS (con't)**

Physical Inspections

- A physical inspection will occur separately from the monitoring review of records and client files
- The inspection will be conducted by a member of the Physical Inspection staff from the Compliance Division

Compliance with Access Requirements

- In addition to your shelter, TDHCA may evaluate if your offices, where the public apply for assistance, are accessible. If not, what is your written accommodation plan?

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SINGLE AUDIT & AUDIT CERTIFICATION FORM

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SINGLE AUDIT & AUDIT CERTIFICATION FORM SINGLE AUDIT

Single Audit

- Required if Subrecipient spends \$750,000 of either state or federal funds
 - State & federal funds are considered separately in relation to the \$750K threshold, but each are inclusive of all related programs (i.e. spending for all federal programs is totaled to compare to the threshold)



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SINGLE AUDIT & AUDIT CERTIFICATION FORM SINGLE AUDIT (con't)

Single Audit (con't)

- If Subrecipient meets threshold of \$750,000 of FEDERAL funds spent:
 - Upload Single Audit Report to Federal Audit Clearinghouse (FAC), the earlier of 30 days after Subrecipient receipt of the audit report or 9 months following the end of the Subrecipient's fiscal year [2 CFR 200]
 - Subrecipients are required to submit a notification to the Department within five business days of submission to the Federal Audit Clearinghouse. Along with the notice, the Subrecipient must indicate if the auditor issued a management letter. If a management letter was issued by the auditor, a copy must be sent to the Department. [TAC 1.403]
- If Subrecipient meets threshold of \$750,000 of STATE funds spent:
 - Email Single Audit Report as PDF attachment to SAandACF@tdhca.state.tx.us, the earlier of 30 days after Subrecipient receipt of the audit report or 9 months following the end of the Subrecipient's fiscal year (for Subrecipients with a current TDHCA contract)

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SINGLE AUDIT & AUDIT CERTIFICATION FORM AUDIT CERTIFICATION FORM

Audit Certification Form

- Solely to inform the Dept. if Subrecipient has met or exceeded Single Audit Threshold
- For any funding source not applicable (state or federal), Subrecipient will put "N/A" in this section(s)
- Subrecipient staff completing the Audit Certification Form MUST have signature authority
- If "No" is selected for whether a Single Audit is required for an active funding source, the Subrecipient must then complete the funding schedule for that source

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Single Audit/ Audit Certification Form (cont'd) OTHER MISC

Previous Participation Review

- Dept. will send notice for items needed as well as path for submitting these

Unless prompted, do not send items other than the Single Audit Report PDF to SAandACF@tdhca.state.tx.us; if necessary the Dept. will send prompts for additional documentation as well as path for submitting

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FRAUD, WASTE, and ABUSE

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REPORT FRAUD, WASTE, AND ABUSE

Everyone, whether a client, contractor, Subrecipient, employee or other person has the option to report anonymously. Confidentiality is kept through a Third party contractor called "The Network"

- **By Phone:** Call toll free: 877-749-3316
- **By Mail**
The Network
ATTN: Texas Department of Housing and Community Affairs
333 Research Court , Norcross, GA 30092
- **By Fax:** 770-409-5008
Faxes need to include the following information on the cover sheet:
TO: The Network
ATTN: The Texas Department of Housing and Community Affairs
- **By E-Mail:** Reportline@tnwinc.com
Please include "Texas Department of Housing and Community Affairs" in the email text.

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FRAUD PREVENTION TIPS

- Have internal controls in place for check writing
- Set and follow local policies
- Spot check expenditures and client files
- Verify that entity receiving payment is authentic
- Apply procurement requirements



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MOST COMMON FINDINGS

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COMMON INCOME ELIGIBILITY FINDING ANNUALIZING

- Finding: Subrecipient fails to annualize income correctly:
- Correction: Three months worth of paychecks are averaged.
- Hourly wages by the number of hours worked per year: Multiply by 2,080 hours
- Averages for pay periods that are:
 - Weekly are multiplied by 52
 - Monthly are multiplied by 12
 - Bi-monthly/semi-monthly are multiplied by 24
 - Bi-weekly are multiplied by 26

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COMMON INCOME ELIGIBILITY FINDING GROSS INCOME

- Finding: Subrecipient calculated net income (i.e., Salary and wages after subtracting deductions, such as child support)
- Correction: Calculate gross income
 - Salary or wages before any deductions are taken

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COMMON FAIR MARKET RENT AND RENT REASONABLENESS FINDING UTILITIES

- **Finding:** Subrecipient did not use the Public Housing Authority schedule of utilities
 - **Correction:** Contact your Public Housing Authority to get the schedule of utilities and use the schedule to determine rent
- **Finding:** Subrecipient did not use appropriate utilities based on type of unit (e.g. apartment, house, duplex).
 - **Correction:** Not all utilities are the same. Make sure to use the correct utilities schedule appropriate to the housing.

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UTILITY ALLOWANCES - QUIZ 1

- All electric 1 bedroom apartment. Tenant pays for electricity and water. Unit does come with range and refrigerator.
- What is the total utility allowance for this unit?
 - a. \$69.00
 - b. \$55.00
 - c. \$0.00
 - d. \$48.00

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OWB Approval No. 2517-0169
(Imp. 06/30/2017)

See Public Reporting Statement and Instructions on back.

Locality: **TRAVIS COUNTY (AUSTIN), TEXAS** Unit Type: **MULTI-FAMILY** Date (mm/dd/yyyy): **9-7-2015**

Utility or Service	Monthly Utility Allowance					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating						
a. Natural Gas	4	5	7	9	10	
b. Bottle Gas	13	19	22	32	38	
c. Oil / Electric	7	9	11	13	16	
d. Coal / Other						
Cooking						
a. Natural Gas	1	2	2	3	4	
b. Bottle Gas	3	5	6	10	13	
c. Oil / Electric	3	3	4	5	6	
d. Coal / Other						
Other Electric	13	15	18	22	24	
Air Conditioning	15	18	22	26	30	
Water Heating						
a. Natural Gas	6	7	9	10	11	
b. Bottle Gas	25	31	38	45	48	
c. Oil / Electric	11	13	16	18	22	
d. Coal / Other						
Water	10	16	26	31	42	
Sewer	18	26	44	53	70	
Trash Collection	22	22	22	22	22	
Range/Microwave	10	10	10	10	10	
Refrigerator	10	10	10	10	10	
Other - specify GAS/ELECT/CUSTOMER CHARGES	15.28/10.00	15.28/10.00	15.28/10.00	15.28/10.00	15.28/10.00	

Actual Family Allowances To be used by the family to compute allowances.

Utility or Service	per month cost
Heating	\$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

Previous editions are obsolete. Form HUD-42627 (08/14) ref. Handbook 7400.8

UTILITY ALLOWANCES - QUIZ 1 ANSWER

- All electric 1 bedroom apartment. Tenant pays for electricity and water. Unit does come with range and refrigerator.
- What would the total utility allowance be?
 - \$69.00
 - $(7+3+13+15+11+10+10=69)$

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Office of Public and Indian Housing

OMB Approval No. 2517-0169
(Imp. 09/30/2017)

See Public Reporting Statement and Instructions on back.

County: **TRAVIS COUNTY (AUSTIN), TEXAS** Unit Type: **MULTI-FAMILY** Date (mm/dd/yyyy): **9-7-2015**

Utility or Service	Monthly Dollar Allowance				
	0 BR	1 BR	2 BR	3 BR	4 BR
Heating					
a. Natural Gas		4	5	7	10
b. Bottle Gas		13	19	22	32
c. Oil / Electric		7	9	11	13
d. Coal / Other					
Cooking					
a. Natural Gas		1	2	2	3
b. Bottle Gas		3	5	6	10
c. Oil / Electric		3	3	4	5
d. Coal / Other					
Other Electric		13	15	18	22
Air Conditioning		15	18	22	30
Water Heating					
a. Natural Gas		6	7	9	11
b. Bottle Gas		25	31	38	45
c. Oil / Electric		11	13	16	18
d. Coal / Other					
Water		10	16	26	31
Sewer		18	26	44	53
Trash Collection		22	22	22	22
Range/Microwave		10	10	10	10
Refrigerator		10	10	10	10
Other - specify GAS/ELECT/CUSTOMER CHARGES		15.28/10.00	15.28/10.00	15.28/10.00	15.28/10.00

Actual Family Allowances To be used by the family to compute allowances.

Complete below for the actual unit rented.

Name of Family: _____

Address of Unit: _____

Number of Bedrooms: _____

Utility or Service	per month cost
Heating	\$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

Form HUD-98007 (09/14)
ref. Handbook 1403.8

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COMMON HABITABILITY FINDINGS

- Finding: Non-functioning smoke detectors
 - Correction: Make sure to test all smoke detectors, have extra batteries, or detectors are hard-wired
- Finding: No lead-based paint documentation for housing/shelters built before 1978
 - Correction: Keep on file notification of signed form <http://www.tdhca.state.tx.us/pmcdocs/Disclosure-LeadBasedPaint-Hazards.pdf>
- Finding: Blocked egress
 - Correction: Clear a path to all exits

COMMON HABITABILITY FINDINGS - SHELTERS

- Finding: No amenity access for persons with disabilities
 - Correction: Make sure the shelter meets accessibility requirements
- Finding: Laundry facilities had no front loading washer
 - Correction: If offering laundry facilities, purchase one washer that is front loading for persons with disabilities

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THANK YOU

Questions?

EMAIL US AT: ESG@TDHCA.STATE.TX.US



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ESG Compliance Monitoring Questions and Answers

#	Question	Answer
1	Can units exceed FMR is rent reasonableness is applied?	Rent, including utilities and any fees required for occupancy, must not exceed the Fair Market Rent and comply with HUD's standards of rent reasonableness.
2	Client records- household income? for 3day emergency housing self report ok, yes?	There is no income determination required for Emergency Shelter.
3	3 day emergency shelter, charge pro rata share (of ESG beds in shelter) of actual utility costs. yes?	In determining an allocation method, you should consider how costs should be allocated in proportion to the benefits received and similar costs should be allocated by the same methodology. Utilities, for example, might take the percent of square footage utilized by the ESG program to allocate utility bills--this could also be utilized for rent and building maintenance costs.
4	ADA---3 day emergency shelter, not all shelters and beds are ADA. Accommodation Plan to take needed to shelter/facility that is, ok , yes?	There are accessible facilities requirements for shelters and agencies where ESG clients seek/receive services. Emergency Shelters should refer to the ADA Checklist for Emergency Shelters to ensure compliance with these requirements. Additionally, there should be a plan for Reasonable Accommodations should one be requested.
5	How frequently does monitoring typically occur?	Monitoring typically occurs annually, however, higher risk or lower risk Subrecipients might get monitored more or less frequently.
6	For Homelessness Prevention are FMR required?	If providing rental assistance under Homelessness Prevention, rent, including utilities and any fees required for occupancy, must not exceed the Fair Market Rent and comply with HUD's standards of rent reasonableness.
7	for victim service providers, is providing redacted versions of files and notes acceptable.	Yes, TDHCA must be able to ensure that notes are associated with files, if you redact the name or address of a client, make sure that there is a client ID number assigned to their file and that it is also reference on their case notes.
8	If some counties you serve don't have PHAs where do you get updated utility allowance worksheets?	TDHCA has never come across this issue. Should you need a utility allowance for an area that does not have a PHA please contact the Department and we will contact HUD for guidance.
9	Does the inspector have to be Lead Based Paint Certified?	The Subrecipient's inspector does not need to be Lead Based Paint Certified, but must be able to inspect the unit for compliance with the ESG housing standards. We recommend HUD's web training on this topic, Lead Based Paint Visual Assessment Training, which allows staff to understand what to look for and does provide a certificate upon completion. The training may be accessed at https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm