



Error Tracking Log (ETL) Initiative

And

OMB Reporting of MOR Results

ETL & TRACS Industry Meeting

March 12, 2008

Agenda

- **What is the History?**
- **Who is involved?**
- **Why ETL?**
- **What has been Accomplished?**
- **OMB Reporting of MOR Results**

History – President's Management Agenda

- **Reduce Overpaid Rent Subsidies**

- **Improper Payments Information Act of 2002**

History - Improper Payments Information Act

- An erroneous or improper payment is any payment that should not have been made or was made in an incorrect amount (overpayment or underpayment).
- For all programs in which the risk of erroneous payment is significant, agencies shall estimate the annual amount of erroneous payment and report the estimates in their annual Performance and Accountability Reports (PARs) to OMB.
- Agencies shall identify the reasons their programs are at risk of erroneous payments and implement corrective action plans to reduce erroneous payments.
- Agencies shall set reduction targets (goals) for future improper payment levels and a timeline within which targets will be reached.

History - RHIIP?

- Rental Housing Integrity Improvement Project is HUD's response to the President's Management Agenda initiatives.
- HUD's comprehensive strategy to address causes of errors and improper payments in HUD Subsidy Programs
- The HUD Office of Policy Development and Research (PD&R) issued the Quality Control for Rental Assistance Subsidies Determinations Study in FY 2001.
- The Study found that substantial errors were being made in the income and rent determinations that set the subsidies HUD pays on behalf of families who receive Public Housing and Section 8 Program Assistance.
- Results of the study allowed the Department to identify the most serious errors, their costs, and their apparent causes and was the impetus for much of RHIIP.

Goals

FY 2004 – FY 2009

FY 2004 IP% Goal	FY 2005 IP% Goal	FY 2006 IP% Goal	FY 2007 IP% Goal	FY 2008 IP% Goal	FY 2009 IP% Goal
6.9%	5.6%	5.0%	5.0%	3.0%	2.5%

- Removal from General Accountability Office “High Risk” List

Actual

FY 2004 – FY 2009

FY 2004 IP% Actual	FY 2005 IP% Actual	FY 2006 IP% Actual	FY 2007 IP% Actual	FY 2008 IP% Actual	FY 2009 IP% Actual
5.6%	5.4%	5.5%	TBD	TBD	TBD

➤ HUD Removed from GAO "High Risk" Agency Designation, January 2007

FY 2005 Actual

(Dollars Shown in billions)

Activity	FY 2005 Payments	FY 2005 IP \$	FY 2005 IP% Goal/Actual
Rental Assistance Payments	\$27.242	1.464	5.6/5.4

History - Multifamily Housing's (MFH) Corrective Actions to Date

- **Updates and Issuing Program Guidance**
- **Training**
- **Application System Changes**

Updates and Issuing Program Guidance

- **4350.3 Rev-1, Occupancy Requirements of Subsidized Multifamily Housing Programs, 2003**
- **4350.3 Change 1, 2004**
- **4350.3 Change 2, 2007**
- **Rent and Income Determination Quality Control Guide, 2003**
- **Special Claims Guide, 2006**
- **RHIIP LISTSERV, 2006**
- **Revised HUD-9834, Management Review of Multifamily Housing Projects, 2006**
- **Fact Sheets "How Your Rent Is Determined", 2007**
- **Quarterly Newsletters**

Training

- **Rent and Income Determination Training Course for HUD staff, 2003**
- **Satellite Training on the 4350.3 Rev1, 2003**
- **Satellite Training on Rent and Income Determination Quality Control Guide Monitoring Guide, 2003**
- **RHIIP Multifamily Help Desk Field Office Coordinators Established, 2004**
- **Calendar on RHIIP Website listing training schedules for National Trainers, Industry Partner, Contract Administrators and HUD staff**
- **Enterprise Income Verification WEBCAST, 2007**

Application System Changes

- Tenant Rental Assistance Certification System (TRACS)
Tenant Optimum Compliance, 2003
- TRACS Release 202B, 2005
- Enterprise Income Verification (EIV) System

MFH Future Corrective Actions

- **Error Tracking Log (ETL)**
- **Improved Monitoring**

Who is involved in ETL

- HUD Project Sponsor: Lanier Hylton
- HUD Project Manager: John Curry
- HUD Housing Assistance Policy Division
- HUD Office Of Housing Assistance Contract Administration Oversight

- ETL Working Group Co-Chair: Mary Ross
- ETL Working Group Co-Chair: Fred Hutchins
- ETL Working Group

- DDL Program Manager: Susan Kidd
- DDL Project Manager: Donna Seliquini
- DDL Technical Team

Why the ETL

- The purpose of the ETL is to establish whether and to what extent owners are accurately, thoroughly, and clearly determining family income and rent in the Office of Multifamily Housing Rental Assistance Programs
- The primary objectives are:
 - Detect and reduce errors in income and rent calculations
 - Reduce underpayment and/or overpayments by residents
 - Maximize HUD's limited housing resources thereby assuring maximum participation in HUD housing programs by as many low-income families as feasible

ETL Accomplishments

- **Needs Statement**
- **Working Group Sessions**
- **DDL On-Site Visits and MOR Walkthroughs**
- **As-Is Business Process**
- **Requirements**
- **“To Be” Model**
- **Updated Rent and Income Determination Quality Control Monitoring Guide for Multifamily Housing Programs**

Accomplishments – Needs Statement

- Identify and track errors, duration, frequency, causes, financial impact, error resolution and point of discovery
- Standardize procedures, processes and data relative to error tracking
- Standardize what error data is captured and how it is captured
- Standardize categories of errors and determination of errors
- Standardize instruction regarding error resolution
- Implement resolutions of errors (whether it is training, interpretations of regulations, timeliness of tenant cooperation)
- Reduce/eliminate errors therefore reducing the cost to provide Subsidy

Accomplishments – Work Group Sessions

- **Agendas**
- **Meeting Minutes**
- **Discussion Forum for Communication**
- **Brainstorming Sessions**
- **Joint Requirements Planning**
- **Discovery Points**
- **Error Categories**

Accomplishments – Site Visits

- **Jefferson County Assisted Housing Corporation**
- **Massachusetts Housing Finance Agency**
- **Columbus Metropolitan Housing Authority**
- **Southwest Compliance Corporation**
- **Washoe Affordable Housing Corporation**
- **CA/OA Service Bureau**
- **Vendor Software Conference**

Accomplishments - As-Is Process

Process Areas Examined:

- Management and Occupancy Review
- Voucher Processing
- Rent Adjustments/Contract Renewals
- Training
- Error Tracking

Management and Occupancy Reviews

Common to All Sites Visited:

- MOR processing performed at a minimum per HUD guidelines and regulations
- OAs are instructed to make corrections to any incorrect CERT, with guidance as to how to make the correction
- Files with move-ins, move-outs, CERT and zero income targeted for selection
- Family Composition to unit size verified
- Review and verification of history of units including waiting lists, vacancies abandonment, rejected/denied applicants and Tenant Selection Plan

Voucher Processing

Common to All Sites Visited:

- Procedures to process vouchers – receipt, verification, approval (vendor applications used)
- Reporting of errors and follow up of corrections with OAs
- Software Applications provide voucher reporting – by month, tenant, unit
- Review and correct TRACS CERT fatal errors
- Over-payment of subsidy are recovered from subsequent voucher submittals

Rent Adjustment/Contract Renewal

Common to all sites visited:

- Procedures to process rent adjustments and contract renewals are in accordance with HUD regulations
- Historical data review in REMS
- Validation of complete packages
- Notification to OAs
- Inability to enforce implementation of rent increases

Training

Collective Types of Training Offered:

- CA Software Training
- OA Training of HUD Regulations and Procedures
- MOR Training
- Certified Occupancy Specialist Training
- Policy and Procedures Manual used as training tools
- PBCA overview and acronym explanation
- REMS/TRACS
- Contract Renewal Process
- Rent Adjustment processes, including Annual Adjustment Factor, Operating Cost Adjustment, and Budget Based Adj.
- Special Claims Processing
- Voucher Processing
- Staff Meetings (HUD regulations updates)

Error Tracking

Error Tracking In Place:

- **TRACS Reports**
- **TRACS Trees**
- **TRACS Level 1 and 2 Error Tracking Spreadsheet**
- **RHIIP Quality Control Tracking Log**

Improved Monitoring

- **RHIIP Conference Calls**
- **Management Occupancy Reviews (MORs)**
- **OMB Reporting of MOR Results**

OMB Reporting of MOR Results

➤ Purpose

- OMB is requesting basic data tracking of payment errors resulting in either an over or under payment as an interim data collection until the Error Tracking Log is finalized.

➤ Proposed Plan

- The intent is to provide a basic framework to collect data on a quarterly basis from CAs utilizing a list of error category definitions which will eventually translate over to the final Error Tracking Log.
- The four Categories are Eligibility, Calculation, Timing and Reporting based on a subset of TRACS Errors.
- For each CA-ID, quarterly, CAs would send an attached spreadsheet or comma delimited file to a HUD Headquarters email address. The file would contain columns with sum totals for "In Progress" and "Resolved" Errors for each Category.

OMB Reporting of MOR Results Cont.

Questions From Error Tracking Log Mailbox

- *Question:* The draft list of error categories contains several errors that would not necessarily result in an under/over payment of subsidy.

“Lower income limit reported as zero at annual or interim-recertification”

“Lower Income exception code reported for non-Section 8 tenant”

“Household appears over-housed”

“Household appears under-housed”

- *Answer:* These errors have been deleted.

OMB Reporting of MOR Results Cont.

Questions From Error Tracking Log Mailbox

- *Question:* During an MOR, a particular tenant file may have several errors under different categories that result in over/under payment of subsidy. Would a situation like this be reported once with the most egregious error listed, or several times with more than one error code?
- *Answer:* Report these situations once with the most egregious error.

OMB Reporting of MOR Results Cont.

Questions From Error Tracking Log Mailbox

- *Question:* In completing this log each quarter, is it expected that only 1 line/row will be provided for a single PBCA; in other words the report would not include activity on a contract basis, but rather a summary of all activity for each category at the PBCA CA-ID level.
- *Answer:* Your statements are correct.

OMB Reporting of MOR Results Cont.

Questions From Error Tracking Log Mailbox

- *Question:* When is the effective date of the LOG?
- *Answer:* We are currently determining the effective date.
- *Question:* Will instructions be issued on how to complete the log?
- *Answer:* Yes
- Do you want separate information for each contract or just a lump sum total for all contracts reviewed during the period?
- *Answer:* Lump sum total for all contracts reviewed during the period.

Conclusion

- **Right Benefits go to the Right Persons in the Right Amount**
- **Embrace High Standards of Ethics, Management and Accountability**

**For additional questions or comments
send eMAILS to:**

MF_Error_Tracking_Log@hud.gov