

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT****DIVISION OF FINANCIAL ASSISTANCE**

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## HCD HPRP Notice

Subject: <b>Red Flags( 5 pages)</b>	Notice #: 16-11
	Date Issued: 3-30-11
References: <b>Homelessness Prevention and Rapid Re-Housing Program (HPRP)</b>	Supersedes:N/A

To: All HPRP Lead Agencies:

The following Red Flags have been identified by HCD and other monitoring authorities that have conducted program audits of the various HPRP sub-recipients. Please ensure that all your Partner Agencies receive this notice.

Each of the red flags have a direct impact on how Lead Agencies and their Partner Agencies implement the HPRP program meet the requirements set forth in the federal HPRP Regulations and the HCD Standard Agreement.

Please use these “red flags” to implement and create policies and procedures that will prevent actions that may lead to “audit findings” or contract amendments, terminations, and /or funds being disencumbered.

HCD staff are prepared to assist with providing technical assistance in meeting your ARRA and HPRP funding obligations.

Access: <http://www.hudhre.info/>

click on HPRP, then click on Tools and TA Resources for helpful tools and templates.

<b>Red Flag Description</b>	<b>Comments</b>
1. Allocation of time on timesheets do not reflect charges to the proper budget activity.	All staff charging to HPRP activities must be in the approved budget; and the “hours” must be tracked in timesheets according to the budget activities: HP-FA; HP—HR&S;HA (RRH)FA; HA (RRH) HR&S; DC; GA
2. Salaried staff time charging to HPRP are not accounting for hours in eligible budget activity.	Salaried staff must keep timesheets showing hours. Use of percentages is not correct allocation of time.
3. Benefits are not directly proportional to time spent on the allowed budget activity.	If HPRP staff hours equate to 100% of the time spent on HPRP budgeted activities, 100% of the benefits are added

	to the wages claimed. The benefits claimed must be in direct proportion to the time spent in an HPRP budgeted activity.
4. Lack of income determination documents.	Forms used to capture income sources and amounts for the client household must be completed. HPRP regulations require all participants receiving financial assistance to have income at 50% or below Area Medium Income (AMI). This does not prohibit targeting population at or below 30% AMI. Third party verification of income is a standard procedure to employ.
5. In cases of medium-term rental assistance, there lacks documentation of re-certification of eligibility.	Re-certification is required on all client assisted with greater than 3 months assistance. Failure to do so will heighten the risk of ineligible client assistance which will then lead to disallowed costs.
6. Lack of Rent Reasonableness documentation.	All rental assistance requires that a "Rent Reasonableness Checklist" be completed. This applies to existing living quarters, in the case where the client stays in their current home; or whether the client relocates to a new structure. Comparable properties need to be compared to the proposed rental property. Rent Reasonableness is <u>not</u> to be confused with "market rental rate".
7. Habitability Inspection Reports are incomplete.	Forms used for the Habitability Inspection must be completed, and not just signed-off. The visual inspections must note areas of concern and actually check-off the areas as being inspected.  An on-site inspection is required anytime a program participant is receiving HPRP financial assistance and moving into a new unit. (Financial assistance includes rental assistance, security deposit assistance, utility assistance, etc.) A housing unit inspection is <i>not</i> required for a program participant served with HPRP prevention assistance in a unit in which the participant was already residing. Habitability inspections are also not required for persons receiving services only. The age of the structure being inspected should be determined. If built prior to 1978 the property will require the Lead-Based Paint Assessment. Property

	tax records kept by the county tax recorder's office may be used to determine the age of the structure.
8. Lead-Based visual assessment is lacking documentation.	Under the Lead-Based Paint Poisoning Prevention Act of 1973, visual assessments for potential lead-based paint hazards must be conducted for all pre-1978 units in which a child under the age of six (including a pregnant woman) will be residing before financial assistance may be provided. Visual assessments must be conducted regardless of whether the program participant is receiving assistance to remain in an existing unit or moving to a new unit. Individuals can become a HUD-certified Visual Assessor by successfully completing the 20minute online training course on conducting visual assessments on HUD's website (available at: <a href="http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm">http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm</a> ). Note that a HUD-certified Visual Assessor is not equivalent to a Certified Clearance Examiner, whose services may be needed if lead hazards are identified during the visual assessment. Overview.
9. Client rental agreement not in client file.	This is a major non-compliance issue. Fully- executed rental agreements must accompany client files. The rental agreement must support the costs associated with the rental assistance provided by HPRP. Client names and landlord names must match.
10. Costs are incorrectly charged the to the budget activity.	Please refer to the HPRP Grant Eligible Expenses guide provided by HCD; you may also refer to the HUD Notice (federal regulations).
11. Costs are incorrectly claimed to a non-approved budget activity.	Only expense items listed on the "Approved Budget" will be allowed.
12. Confidentiality of the participating HPRP client is not being maintained.	A Confidentiality Statement is required of all HPRP sub-recipients and their partner agencies. Your HMIS system should be assigning a client number to use instead of client names. Use of the client number in the Detailed Expenditure Report is proper and insures client confidentiality.
13. There exists rounding problems with the Detailed Expenditure Reports (DER).	Only use whole numbers in the DERs. No cents please.

14. HMIS system not in full compliance to capture all HPRP data elements.	It is understood that at the end of 2010 HUD issued its set of new data element requirements regarding the Annual Performance Report (APR) and that many HMIS administrators and service providers were pressed to bring their HMIS systems into compliance. However, by now, all HMIS systems should be fully-compliant and Lead Agencies and Partner Agencies should be fully-utilizing the system to capture all data. HCD will be surveying the status of HMIS in early April 2011 to ensure the HMIS systems are being utilized for reporting client level data elements and reporting in the Quarterly Progress Reports made available to HCD. HUD has informed the Department that technical assistance on HMIS issues is available through them.
15. Staff Certification of HPRP staff working 100% on HPRP funding activities are not documented.	The Supervisor of staff working 100% on HPRP must do a semi-annual certification indicating the staff person is in fact doing 100% HPRP activities tied to the HCD grant agreement.
16. Documentation is lacking in client files that would support the “but for the assistance of HPRP the applicant would be homeless”	Documentation may be evident in a series of questions determining the income sources and savings and financial assets; current living situation and conditions; eviction notices and proceedings; and a statement of facts concerning the risk of becoming homeless, followed by a verification process such as a letter, direct phone call placed by a case worker to the landlord/tenant. A policy on how the “but for” threshold is met should be developed and implemented by the Lead Agency and their Partner Agencies in the capacity of working on client eligibility.
17. Lead Agency not reconciling time charged on invoice to partner agency timecards.	Time reporting received from Partner Agencies must be reconciled to determine the proper claim amount and expense category.
18. Staff Affidavits signed by supervisors months after the case manager.	Staff Affidavits should be signed by the case manager and the supervisor at the time the client is determined eligible and HPRP funds are disbursed for financial assistance activities.

19. Client file missing new lease when rent increased from \$825 to \$900.	Client files should have the current lease in the file.
20. Security deposit return was not in DER.	Adjustments to costs should be in the DER.
21. Client intake shows "living in car", however, the file shows a rental agreement for the client.	This creates issues with classifying the client as either homeless or at risk of homelessness. Files should not have inconsistencies.

Sincerely,

*Dan Apodaca*

Dan Apodaca, Manager  
Homeless Operations Programs