Multi-Family Housing

FY 2008 Improper Payment Audit

FY 2008 Improper Payment Audit

Objectives

- ***Audit Overview***
  - Audit Methodology
  - Compliance Requirements
- ***Audit Results***
  - Initial Audit
  - Subsequent Audit
  - Comparison of Results
- ***Challenges***
- ***Recommendations***
- ***Questions***

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Audit Methodology

- ***Sample***
  - Statistically random sample chosen from FY 2007 rental assistance payments
    - 99% Confidence level
  - Total sample size = 667
  - No substitution of sample audit cases

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Audit Methodology

- ***Data Collection***
  - Downloaded sample case data from MFIS
  - Sent audit data request letter to Management Companies (Attachment A)
    - Tenant Certification (Form RD 3560-8)
    - Supporting Documentation
  - Management companies faxed requested information to CSC

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Audit Methodology

- ***Audit Process***
  - Senior staff conducted each audit
  - Follow-ups for missing documents (Minimum 2)
  - Compared audit results to MFIS
  - Identified differences & assigned fault codes
  - All differences reviewed by a Senior Manager

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Audit Methodology

- ***Audit Process (con't)***
  - Published initial audit results
  - Conducted subsequent audit under revised requirements
  - Restated subsequent audit results

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Compliance Requirements
Applicable Regulations/Policy

- ***Regulations/Handbooks***
  - 7CFR Part 3560
  - HB-2-3560, Chapter 6: Project Occupancy
  - HB-3-3550, Chapter 4: Payment Subsidies and Income Determinations (subsequent audit)

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Compliance Requirements
Applicable Regulations/Policy

- ***Other Federal Regulations/Instructions***
  - Rent and Income Determination Quality Control Monitoring Guide (August 12, 2003)
  - IRS Regulations
  - MFH Program Improper Payment Information Act Compliance Report (May 2007)
  - Case studies and training provided by the MFH National Office Staff

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Audit Result Documentation

- Multi-Family Audit Worksheet (Attachment B)
- Section 521 – Rental Assistance Program Improper Payment Information Act Compliance – Survey Form (Attachment C)

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Audit Results - Initial Audit

- ***Improper Payment Parameter***
  - Strict adherence to published regulations and documentation requirements

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Audit Results – Initial Audit

- ***Audit Results***
  - 149 Improper payments (Attachment D)
  - Improper payment rate = 8.42%
  - Major Causes for Improper Payments
    - No documentation in file
    - Missing zero income worksheet
    - Certification not dated
    - Incorrect certification rec'd/missing
    - Missing current award letter
    - Income calculation difference
    - Certification not signed

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Audit Results – Subsequent Audit

- ***Improper Payment Parameter Changes***
  - Add'l follow-ups made to obtain missing documents
  - Unsigned documents returned for signature/date
  - Cost of living adjustment used when current award letter not available for SS/SSI
  - Zero income worksheet forwarded for completion
  - Differences less than $100 excluded

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Audit Results – Subsequent Audit

- ***Audit Results (As of 5/28/08)***
  - 39 Improper payments (Attachment E)
  - Improper payment rate = 6.20%
  - Causes for Improper Payments
    - No documentation in file
    - Missing zero income worksheet
    - Certification not dated
    - Incorrect certification rec'd/missing

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Challenges

- ***Management Agencies***
  - Ensuring all certifications are signed & dated (prior to effective date)
  - Ensuring current award letters are on file
  - Receiving records from prior management companies on existing tenants
  - Retaining records on tenants who relocate

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Challenges

- ***CSC/National Office***
  - Conveying the importance of maintaining records
  - Obtaining missing documents timely

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Recommendations

- Conduct audits quarterly vs. annually
- Focus on the importance of providing/maintaining supporting documents
- Consider handbook changes
  - Prior year's SS/SSI documentation plus COLA to determine current benefits
- Implement skip tracing and wage matching in future audits

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Questions

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