



# Prepare for your Compliance Site Visit

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THURSDAY – JULY 27, 2017


WEBINAR

DENISE HOSS – COMMUNITY INITIATIVES COMPLIANCE OFFICER



# Agenda

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- I. Community Initiatives Department
  - II. Compliance Site Visit Basics
  - III. Emergency Solutions Grant
  - IV. Financial Documentation
  - V. Client File Documentation
  - VI. Calculating Income and Assets
  - VII. Non-Compliance
  - VIII. Replacement Backup
  - IX. Resources (File order)
  - X. Questions
  - XI. Contact Information
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# Community Initiatives Department

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## Mission


- To connect Missourians to stable housing through collaborative partnerships, meaningful strategies and lasting solutions

## Income Based Programs

- Disaster Relief Funding
- Emergency Solutions Grant
  - Homelessness Prevention
  - Rapid Re-Housing
- Housing First Program
- Missouri Housing Trust Fund

# Compliance Site Visit Basics

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- The Compliance Officer will need to examine client files, financial assistance, and administrative / operating expenses, to verify compliance with program rules and regulations
  - **All required documentation** should be assembled in an orderly fashion, in paper form, and available for review within 15 minutes of request in a private workspace
  - Agency staff directly involved with program operations should be available for questions
  - Agency staff will be expected to present an HMIS or comparable data base client report for the clients served from beginning of grant period to date of visit
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# Emergency Solutions Grant


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Emergency Solutions Grant Program intended to serve extremely low income individuals and families

- Assistance based on each components eligibility for homeless and at-risk of homelessness individuals and families
- ESG Desk Guide FY2017
- Homelessness Prevention participants must have household income **below** 30% AMI
  - Must determine that the applicant's total household income is **below** 30 percent of the AMI at the initial evaluation and any subsequent 3 month re-evaluation for Homelessness Prevention component
- Rapid Re-Housing
  - No income requirement at in-take, must have income **below** 30% AMI at annual re-evaluation

# Emergency Solutions Grant

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- Rent Reasonableness and FMR
    - Utility Allowance documentation
    - Comparable rent documentation
  - Rental Assistance Agreement
    - VAWA
    - Equal Access Rule
  - Housing Stability Standards Inspection
  - Lead-based Paint inspection
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# Financial Documentation

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- Proof of need, i.e. invoice, receipt, payroll
  - If a service or utility bill, must list physical address of service (DV shelters can be exempt)
  - Receipts must list eligible item(s) purchased, services performed, amount(s), and date(s)
  - Assemble receipts, bills in order (preferably by payment date with corresponding CI invoice)
- Proof of cleared payment
  - Copy of cleared payment or bank statement clearly showing check number, date, and amount
  - Payroll debits on bank statements must match payroll report total of net amount or copy of paystub
    - Timesheets
    - Last 4 digits of employees' SSN
  - Employee benefits (insurance, taxes, work comp., etc.)

# Client File Documentation


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- Case management / housing stability goal plan
- Verification of homeless status, (HUD definitions of literal homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, other)
- Proper household identification (SSN, Photo ID (all household members 18 +))
- Program consent forms
- Intake application
- Verification of income &/or assets
- Proof of need
  - Rent, deposits, rental arrears – Lease or letter from landlord which clearly lists the amounts.
  - Utilities including arrears – Copy of bill or print out from source with amount(s) and time frame(s) due clearly documented



# Calculating Income

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- All programs utilize HUD Chapter 5: Determining Income and Calculating Rent
  - Must calculate income for an individual or family for all programs with income eligibility requirements
  - HUD specifies the types and amounts of income and deductions to be included in the calculation
  - Similarities with IRS, but tax rules are different from the HUD program rules
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# Calculating Income

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## **Determine all Sources of Income**

- Inclusions
- Exclusions

## **Methods of Calculating Income**

- Annualize income by calculating the gross annual income based on current circumstances and income that may not last for 12 months should be calculated assuming that circumstances will last 12 months
- Calculate the annual income based on anticipated changes through the year
  - Information that is available on changes throughout the year should be used to calculate anticipated income from all known sources
- Changes will be reflected at recertification period as required for each program

# Calculating Income (continued)

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## Frequency of Pay

- Hourly wages by the number of hours worked per year (2,080 hours for full-time employment with a 40-hour work week and no overtime)
- Weekly wages by 52
- Bi-weekly wages (paid every other week) by 26
- Semi-monthly wages (paid twice each month) by 24
- Monthly wages by 12
- To annualize other than full-time income, multiply the wages by the actual number of hours or weeks the person is expected to work

# Calculating Income: Example

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- John Doe works an average of 32 hours per week and is paid every two weeks. He has presented two check stubs to verify his income which are within 30 days of the assistance date (4/1/16)
  - Check Stub 1: payment date 3/3/16 for \$329.50 (gross wages)
  - Check Stub 2: payment date 3/17/16 for \$445.00 (gross wages)
- Calculate by dividing the total of the gross pay ( $\$329.50 + \$445.00 = \$774.50$ ) by the number of check stubs (2) and multiply by the frequency of pay (26) to annualize the income
- Total:  $\$774.50/2 = \$387.25 \times 26 = \$10,068.50$

# Calculating Assets


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What is an asset?

- Items of value that may be turned into cash
- Some clients have assets that are not earning interest
- Necessary personal property is not an asset

Asset Inclusions and Exclusions

Considerations

- Must determine whether the total “cash value” of family assets exceeds \$5,000
  - Market value less reasonable expenses incurred selling or converting the asset to cash
  - Note: a family is NOT required to convert the asset to cash. Determining the cash value is done as a calculation in the process of determining the value of all assets
  - If assets are owned by more than one person, prorate based on percentage of ownership, if there is no percentage specified or provided by law, prorate evenly
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# Calculating Assets: Example


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- John and Mary Doe have a checking account with a *six month average balance* of \$500.00 which earns no interest. They have a savings account with a *current balance* of \$500.00 which currently earns 1.5 percent interest
  - Savings account interest ( $\$500 \times .015 = \$7.50$ )
- John and Mary Doe own their house valued at \$50,000. They currently have an outstanding mortgage balance of \$34,000. The *reasonable selling costs* of a realtor, taxes, insurance, etc. would be \$3,400
  - The cash value of their home would be \$12,600 ( $\$50,000 - \$34,000 = \$16,000 - \$3,400 = \$12,600$ )

# Non-Compliance

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## Common Errors

- Missing required forms
  - Participants failing to disclose income information / inadequate intake application
  - Missing household eligibility documentation, i.e. income and homelessness
  - Missing documentation of case management and housing stability goals
  - Utilizing net vs. gross income amounts &/or frequency of pay
  - Fair Market Rent and Utility Allowance calculations
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# Replacement back up

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If ineligible expenses are found during a site visit, replacement back up must be submitted

Items required in the back up are:

- Replacement back up form ([http://www.mhdc.com/ci/documents/CI\\_Replacement%20Back-Up%20Form.pdf](http://www.mhdc.com/ci/documents/CI_Replacement%20Back-Up%20Form.pdf))
- Copies of eligible expenses incurred within the grant period which have not previously been submitted for payment
  - Bill, invoice or other proof of expense
  - Proof of cleared payment
  - Household eligibility documentation, i.e. income and homelessness, program consent form, and intake application.
  - Corrected HMIS or comparable database report



# Resources

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- HUD Chapter 5: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_35649.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35649.pdf)
- ESG Desk Guide:  
[http://www.mhdc.com/ci/esg/documents/2017/a/ESG%20Desk%20Guide\\_rev4.13.2017.pdf](http://www.mhdc.com/ci/esg/documents/2017/a/ESG%20Desk%20Guide_rev4.13.2017.pdf)
- Compliance Resources: <http://www.mhdc.com/ci/compliance/index.htm>

## **OPTIONAL CLIENT FILE ORDER**

### **Emergency Solutions Grant**

#### **Three or Four Part Files Used**

#### **Left Side**

##### **Top to Bottom**

- Intake form / Application
- Social Security Identification
- Photo Identification (all HH members age 18 and over)
- ESG Consent form (ESG-209)
- Verification of eligibility (proof of homelessness)
  - Third party verification
  - Documentation of attempts to verify if unable to obtain third party
  - Self-Certification

#### **Middle Section of file**

- Each certification should be separated by a tab or blank sheet of paper

#### **Top to Bottom**

- Income Verification Worksheet
- Income / Asset Verifications
- Zero Income form (as applicable)

#### **Third Section of File**

- Proof of need i.e.
  - Lease
  - Eviction Notice
  - Letter from landlord
  - Self-Certification
  - Utility bill, print-out, &/or notice of shut-off
- Proof of payment &/or copy of cleared payment
- Rental Assistance Agreement
- Housing Stability Standards Inspection
- Lead Paint Certification
- Rent Reasonableness and FMR (including Utility Allowance documentation)

#### **Fourth Section of File**

- Case management documentation (related to housing stability and services)
- Housing Stability Plan

**NOTE:** Prongs or Fasteners should be used to secure papers in all sections

# QUESTIONS

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# Contact Information

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