



Issue Date May 17, 2011
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Audit Report Number 2011-LA-1010
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TO: William Vasquez, Director, Los Angeles Office of Community Planning and Development, 9DD

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FROM: Tanya E. Schulze, Regional Inspector General for Audit, Region IX, 9DGA

SUBJECT: People Assisting the Homeless, Los Angeles, CA, Did Not Always Ensure That Homelessness Prevention and Rapid Re-Housing Funds Were Used To Assist Eligible and Supported Participants

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the Homelessness Prevention and Rapid Re-Housing Program (HPRP) of People Assisting the Homeless (PATH) and three of its subgrantees based on the results of a separate audit of the City of Los Angeles Housing Department (Department). HPRP is part of the American Recovery and Reinvestment Act of 2009 (Recovery Act), and auditing the Recovery Act program is part of the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) audit priorities. Our overall audit objective was to determine whether PATH administered its HPRP in accordance with the Recovery Act and other requirements.

### **What We Found**

PATH did not always administer its HPRP in accordance with the Recovery Act and other requirements. We reviewed 30 participant files and determined that PATH and its subgrantees approved HPRP assistance for 4 ineligible participants and 13 participants

whose eligibility was not supported. In addition, 18 of the 30 participant files had other miscellaneous deficiencies such as missing staff affidavit forms and missing participant household identification documents. As a result, we questioned the use of \$29,214 in HPRP assistance provided to these participants.

### **What We Recommend**

We recommend that the Director of the Los Angeles Office of Community Planning and Development require PATH to (1) reimburse its HPRP \$8,210 from non-Federal funds for 4 ineligible participants; (2) provide supporting documentation for 13 participants lacking adequate documentation or reimburse its HPRP \$21,004 from non-Federal funds; (3) establish and implement sufficient HPRP eligibility and documentation policies and procedures for income determination, homelessness, financial resources, support networks, participant recertification, and subsequent housing options; (4) develop and implement procedures to ensure that its subgrantees verify and document participant eligibility in accordance with HPRP requirements; (5) ensure that staff affidavit forms are maintained in each participant file for each person determining eligibility and are signed by a supervisor; and (6) ensure that it follows its own internal policies when determining HPRP eligibility.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

### **Auditee's Response**

We provided a draft report to PATH and the Department on April 7, 2011, and held an exit conference with PATH and the Department officials on April 8, 2011. PATH and the Department provided written comments on April 15, 2011. PATH generally disagreed with our report recommendations.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report. The auditee also provided additional documentation related to the eligibility of the participants we questioned. We did not include this in the report because it was too voluminous; however, it is available upon request.

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## **BACKGROUND AND OBJECTIVE**

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### ***The American Recovery and Reinvestment Act***

The Homelessness Prevention and Rapid Re-Housing Program (HPRP) is a new program under the U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development. It was funded under the American Recovery and Reinvestment Act of 2009 (Recovery Act) on February 17, 2009. Congress has designated \$1.5 billion for communities to provide financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly rehoused and stabilized. HPRP funding was distributed based on the formula used for the Emergency Shelter Grant program.

### ***The Homelessness Prevention and Rapid Re-Housing Program***

The purpose of HPRP is to provide homelessness prevention assistance to households that would otherwise become homeless, many due to the economic crisis, and to provide assistance to rapidly rehouse persons who are homeless as defined by Section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. (United States Code) 11302). HPRP provides temporary financial assistance and housing relocation and stabilization services to individuals and families that are homeless or would be homeless but for this assistance.

### ***City of Los Angeles Housing Department***

HUD awarded the City of Los Angeles Housing Department (Department) an HPRP grant in the amount of \$29.4 million. The Department entered into a contract for more than \$28.8 million with the Los Angeles Homeless Service Authority (Authority) to manage its HPRP program as the lead agency. The Department also allocated \$9.5 million to the Housing Authority of the City of Los Angeles (Housing Authority) to inspect the habitability of housing units, ensure rent reasonableness of the units, and process HPRP assistance payments to eligible participants. The HPRP funds we reviewed were part of this allocation.

### ***People Assisting the Homeless***

People Assisting the Homeless (PATH) is a nonprofit community organization, the mission of which is to break the cycle of homelessness by empowering homeless people with the tools for self-sufficiency. PATH works toward this goal by providing services that help homeless people find work, save money, secure housing, and empower their lives. The Authority awarded PATH more than \$2 million to administer its HPRP through its regional coordination and vehicular outreach components. Under HPRP, PATH provides case management and one-time financial assistance for rental, security, and utility deposits for the homeless and those at risk of homelessness in Los Angeles, CA. On October 22, 2009, PATH entered into memorandums of agreement with four nonprofit organizations to carry out the program. The four nonprofit organizations were St. Joseph Center (St. Joseph), Gateways Hospital and Mental

Health Center(Gateways), Weingart Center Association, Inc. (Weingart), and Public Counsel Law Center<sup>1</sup> (Law Center).

***Audit Objective***

Our overall audit objective was to determine whether PATH administered its HPRP in accordance with the Recovery Act and other requirements. The focus of our review was to determine whether PATH followed eligibility and documentation requirements when it approved participants for HPRP assistance. The audit originated based on the results of a separate audit of the Department.<sup>2</sup> Our audit of the Department found that its policies and procedures were not adequate to ensure that its subgrantees fully complied with HPRP requirements with regard to ensuring that adequate documentation was maintained. We concluded that two audits of the Department subgrantees were warranted due to concerns about expenditure eligibility. This is the second of the two audits.

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<sup>1</sup> The Law Center is not responsible for determining participant eligibility; therefore, participant case files were not reviewed for this subgrantee. We only reviewed participant case files for PATH, St. Joseph, Gateways, and Weingart.

<sup>2</sup> Audit Report 2011-LA-1001, Los Angeles Housing Department (October 25, 2010)

## RESULTS OF AUDIT

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### Finding: PATH Assisted Ineligible and Unsupported Participants

PATH approved HPRP services for ineligible participants and participants whose eligibility was not supported. In addition, 18 participant files contained other miscellaneous deficiencies such as missing staff affidavit forms and missing participant household identification documents. These conditions occurred because PATH and its subgrantees did not fully understand HPRP requirements and did not have adequate written policies and procedures in place to ensure compliance with HPRP requirements. Consequently, PATH approved \$29,214 in financial assistance for 4 ineligible participants (\$8,210) and 13 other participants (\$21,004) for whom eligibility was not fully supported. If PATH cannot provide support for the unsupported participants, these funds were not available to other eligible participants, and PATH did not fully maximize the effectiveness of the program.

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#### **Four Participants Were Not Eligible for the Program**

We reviewed 30 case files and found that PATH and its subgrantee, St. Joseph, approved HPRP assistance for 4 ineligible participants. The specific deficiencies identified for the four participants are shown in appendix D. Examples of the deficiencies are discussed below.

#### **Case 1 (Participant #1603563)**

Contrary to the Authority's asset determination guidance, which states that a participant with more than \$10,000 in liquid assets is ineligible for HPRP, PATH and St. Joseph approved HPRP assistance to participant #1603563 without carefully assessing her eligibility. The participant file contained a Social Security benefit notice, dated March 6, 2010, that supported the participant's \$43 in monthly Supplemental Security Income. St. Joseph used this amount when determining whether the participant was income eligible. However, it failed to evaluate the second half of the benefit notice, which stated that the participant was due back Supplemental Security Income payments with a final installment payment of more than \$10,000 that would be sent to her bank or other financial institution no later than March 12, 2010. The participant's bank statement for this period was not maintained in the case file, and it was not requested or assessed by St. Joseph or PATH.

After questioning St. Joseph about the additional Supplemental Security Income, PATH provided us with the third page of the participant's bank statement for the period April 9 through May 10, 2010. St. Joseph stated that the participant did not have assets

exceeding the eligibility limit at the time of program entry; therefore, the participant was eligible for assistance. Although the statement reflected an ending balance of \$310 on April 16, 2010, 1 day after the participant entered the program, that balance increased considerably just 10 days later on April 26, 2010. The statement showed that the participant deposited a significant amount of funds into her bank account, increasing her ending balance to more than \$7,000. However, the participant disclosed a monthly income of just \$768 on her application. Therefore, it is not clear whether more than \$7,000 in deposited funds represented a portion of the Supplemental Security Income or another source of income that the participant failed to disclose.

The participant had a Veterans Affairs Supportive Housing voucher and was assisted with \$2,190 in HPRP funds for her security deposit. Based on a home visit nearly 2 months after intake, the case manager observed that the participant had purchased new furniture (a sofa bed, end tables, a bed, a dresser, and a living room table), installed a security gate to replace the front screen door, and purchased a used car for \$2,300. The case manager's notes stated that the participant had \$2,000 of more than \$15,000 in Supplemental Security Income left after her purchases. It appeared that the participant had the financial resources to pay for the security deposit at program entry and was, therefore, ineligible for HPRP.

### **Case 2 (Participant #1587937)**

This participant's household income of \$35,286 exceeded 50 percent of the county's area median income of \$27,750 for a one-member household in 2009 by \$7,536. St. Joseph miscalculated the income because the participant did not disclose additional income at program entry and it failed to perform an assessment of the participant's checking account balances. St. Joseph determined the participant's income to be \$1,487 per month based on monthly income of \$1,268 from Social Security and \$219 from the U.S. Department of Veterans Affairs (VA), which the participant disclosed and supported with a Social Security benefit notice and bank statements for a period of 3 months. However, St. Joseph determined the Social Security income incorrectly. The benefit notice showed a monthly amount of \$1,414 before deductions. This amount should have been used in arriving at her monthly income instead of the \$1,268. Nearly a year after the participant entered the program, St. Joseph obtained a VA benefit notice, which it interpreted as an increase in the \$219 VA income to \$637. However, the benefit notice did not mention an increase in the participant's benefits. Rather, it stated that the participant had been receiving \$637 in VA monthly disability compensation since December 1, 2008. Therefore, the participant was receiving \$219 in VA income and \$637 in monthly disability compensation. The \$637 in monthly disability compensation should have been included when calculating the participant's income.

A review of 3 months of the participant's bank statements showed sporadic cash and check deposits of as much as \$910 that were unaccounted for. For instance, the September 2009 bank statement had a beginning balance of 30 cents, total deposits of \$3,704, total withdrawals of \$3,702, and an ending balance of \$3. It also showed the two deposits the participant had disclosed to PATH of \$1,268 from Social Security and \$219

from the VA. However, the remaining deposits totaling \$2,217 were from an unidentified source. There was nothing in the case file that detailed the source of the participant's additional deposits. St. Joseph noted that the participant worked at odd jobs selling her arts and crafts to make extra income; however, it did not indicate how much she received or document attempts to question the participant about the additional income. With the exception of highlighting the Social Security and VA income that the participant disclosed, St. Joseph did not appear to have assessed other transactions on the bank statements. Since the sum of the deposits on the November 2009 bank statement was the lowest amount of the three bank statements, we used that month's deposits to estimate that the participant received an additional \$670, the difference between the total amount of deposits of \$1,938 and the \$1,268 in Social Security income. This additional monthly income was not considered, and it should have been included in the income calculation.

The participant's file contained one other instance of noncompliance. St. Joseph did not sufficiently document participant homelessness at the time of intake. It did not include documentation in the file showing that the participant resided with friends immediately before entering the program. St. Joseph did not attempt to obtain a copy of the eviction letter until nearly 3 months after the participant entered the program and nearly 2 months after the participant was housed. The eviction letter on file was dated and obtained 1 day before the participant exited the program. The participant file also did not contain a lease or other written occupancy agreement for the person with whom the participant resided. Instead, a gas bill was obtained; however, it was from a period nearly a year after the participant was housed. Therefore, it did not appear that St. Joseph assessed the participant's homelessness at the time of intake or when HPRP assistance was provided.

### **Case 3 (Participant #1595684)**

The participant file contained inadequate and inconsistent documentation of homelessness. The self-declaration of homeless status form indicated that the participant and her household members were being evicted from housing and would be required to leave within the next 7 days. This document was signed on March 3, 2010. However, the participant entered into a lease that was executed on February 19, 2010, for a 1-year term. The Housing Authority confirmed that it paid the participant's Section 8 voucher beginning February 19, 2010. Therefore, the participant falsely certified that she was homeless or at risk of homelessness when she entered HPRP.

PATH was also unable to demonstrate that participant #1595684 did not have other subsequent housing options and lacked support networks to obtain immediate housing or remain in existing housing. In general, PATH and its subgrantees used the HUD minimum eligibility criteria prescreening tool to document that "no appropriate subsequent housing options for the household have been identified; the household lacks the financial resources and support networks to obtain immediate housing." In this instance, however, the prescreening tool was signed by PATH almost a month before the participant entered the program. PATH told us that it made a few copies of the presigned and predated tool and provided them to the participants for their signature at program

entry. This exact presigned and predated tool was in the case file of participant #1545724, whose eligibility assessment was also questioned. As a result, it did not appear as though the participant's housing status and circumstances were adequately evaluated by PATH at intake; therefore, the document was invalid. There was no other documentation in the file to show that the participant did not have other subsequent housing options and lacked support networks to obtain immediate housing or remain in existing housing.

### **PATH and Its Subgrantees Did Not Adequately Support 13 Participants' Eligibility**

PATH approved payment for HPRP services totaling \$21,004 for 13 participants whose HPRP eligibility was not supported due to one or more mutually exclusive documentation deficiencies. Specifically, 13 participant files did not include proper documentation of the participant's lack of financial resources, 5 participant files did not include proper documentation of the participants' homelessness or risk of homelessness, 4 did not document the participant's lack of support networks, and 1 did not document the participant's lack of other subsequent housing options. Further, PATH failed to recertify the eligibility of one participant that received medium-term rental assistance lasting longer than 3 months. After we informed PATH of this deficiency, it obtained the income documentation and recertified the participant in accordance with HPRP requirements. PATH also did not conduct participant income determinations in accordance with HPRP requirements for 17 of 30 files reviewed. The specific deficiencies identified for each of the 13 participants are shown in appendix D. Some examples of these deficiencies are discussed below.

#### **Case 1 (Participant #1597817)**

PATH subgrantee, St. Joseph, did not properly document the participant's lack of financial resources to obtain other appropriate subsequent housing or remain in existing housing. Although the referral form showed that the participant had a savings account balance, the file did not include bank statements or a review of account balances. As a result, St. Joseph and PATH approved \$1,690 in HPRP assistance to a participant whose eligibility was not supported.

#### **Case 2 (Participant #1601323)**

PATH subgrantee, Weingart, did not properly calculate participant #1601323's annual income. Weingart computed the participant's annual income based on an incorrect \$16 per hour rate per week instead of the \$14.50 per hour rate that was supported by the participant's pay stubs. If Weingart had calculated the participant's income using the incorrect rate of \$16 per hour, the participant's income calculation would have exceeded 50 percent of the county's area median income of \$31,700 for a two-member household

by \$1,580 (\$16 X 40 hours X 52 weeks = \$33,280). Weingart was unable to explain how it had calculated the income based on the \$16 per hour rate. Although Weingart used the incorrect hourly rate and miscalculated the participant's income, it did not impact the participant's income eligibility for HPRP.

Weingart did not properly document the participant's lack of financial resources to obtain other appropriate subsequent housing or remain in existing housing. The file did not include the bank statements or a review of the account balances, although the referral form showed that the participant disclosed that he had a savings account and the progress notes stated, "bank statements provided to reflect income." As a result, Weingart and PATH approved \$1,350 in HPRP assistance to a participant whose eligibility was not supported.

### **Case 3 (Participant #1612984)**

St. Joseph did not properly calculate participant #1612984's annual income. It computed the participant's annual income of \$15,960 on the service summary form based on employment and child support payments. However, based on supporting documentation included in the file, we determined the participant's annual income to be \$18,407. Although St. Joseph miscalculated the participant's income, it did not affect the participant's income eligibility for HPRP.

St. Joseph did not properly document the participant's lack of financial resources to obtain other appropriate subsequent housing or remain in existing housing. The file did not include a review of the participant's bank account even though the client file contained an income summary showing direct deposits into an account were made for all child support payments. Although St. Joseph and PATH did not obtain sufficient documentation to support the participant's eligibility for the program, it approved \$3,458 in HPRP assistance for this participant.

### **Miscellaneous Deficiencies**

In addition to the missing eligibility documentation, we identified miscellaneous deficiencies with respect to 18 files that did not directly affect the participants' HPRP eligibility. The specific deficiencies for each of the 18 participants are shown in appendix D.

- Two participants did not disclose additional income at intake. As a result, PATH and its subgrantees failed to take into account additional income when determining whether the participant was at or below 50 percent of the county's area median income. In one of the instances, the participant's income exceeded the county's area median income, and, therefore, the participant was ineligible to receive HPRP funding (see case 2 (participant #1587937) above). In the second instance, the participant was still income eligible for HPRP.

- The staff certification of eligibility for HPRP assistance must be maintained in each HPRP participant's file and must be completed and signed by the person determining eligibility and his or her supervisor. Of the 30 files reviewed, 12 files were missing the required staff affidavit forms, and 2 files were missing the supervisors' signatures on the staff affidavit forms.
- According to PATH's internal policies, a copy of an identification card, Social Security card, or birth certificate for the household members must be maintained in the files. Of the 30 files reviewed, 3 files were missing one form of documentation for a household member.
- Participant #1613775's employment verification appeared to have been misrepresented. The signature of the participant's employer did not match the signature on the checks that were issued by the same employer. Also, the name of the participant's employer was misspelled on the employment verification form. The documentation was provided by another agency, on which PATH and Gateways relied.
- Two participants executed lease agreements before entry into HPRP. In both instances, the participants were not homeless or at risk of becoming homeless immediately before entering HPRP and were, therefore, ineligible (see case 3 (participant #1595684) above).

## Conclusion

PATH approved \$29,214 in assistance for 4 ineligible participants and 13 participants for whom eligibility was not adequately supported. In addition, 18 participant files had miscellaneous deficiencies such as missing staff affidavit forms and missing participant household identification documents. We attribute the deficiencies to PATH's and its subgrantees' lack of understanding of HPRP requirements and failure to develop and implement sufficient written policies, procedures, and controls. These funds could have been made available to other eligible participants and helped maximize the effectiveness of the program.

## Recommendations

We recommend that the Director of the HUD Los Angeles Office of Community Planning and Development require PATH to

- 1A. Reimburse \$8,210 to HPRP from non-Federal funds for the four ineligible participants whose income exceeded HUD's limitations.

- 1B. Provide supporting documentation for the eligibility of 13 HPRP participants listed as unsupported in appendix D or reimburse HPRP \$21,004 for participants lacking adequate documentation from non-Federal funds and determine and reimburse amounts that have been spent since our review for these participants.
- 1C. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants lack financial resources to obtain immediate housing or remain in their existing housing, including obtaining bank statements or documenting that the participant does not have a bank account.
- 1D. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents the homelessness or risk of homelessness of HPRP applicants.
- 1E. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants do not have other subsequent housing options.
- 1F. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants lack support networks to obtain immediate housing or remain in their existing housing.
- 1G. Establish and implement policies, procedures, and controls to ensure that it determines household income in accordance with HPRP requirements.
- 1H. Implement procedures and controls to ensure that it recertifies participants that receive more than 3 months of medium-term rental assistance.
- 1I. Develop and implement procedures to ensure that its subgrantees verify and document participant eligibility in accordance with HPRP requirements.
- 1J. Ensure that a staff affidavit form is maintained in each participant file by the person determining eligibility for all households determined eligible or recertified and that his or her supervisor has signed the form.
- 1K. Ensure that it follows its own internal policies and procedures by maintaining household identification cards, Social Security cards, and/or birth certificates in the participant file when determining HPRP eligibility.

## SCOPE AND METHODOLOGY

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We performed our onsite audit work from November 2010 to March 2011 at PATH's facility located in Los Angeles, CA. The audit generally covered the period September 15, 2009, to November 30, 2010. We expanded our audit period as necessary.

To accomplish our audit objective, we

- Interviewed HUD, PATH, and subgrantee staff;
- Reviewed the contracts between PATH and the Authority;
- Reviewed the memorandum of understanding between PATH and its subgrantees;
- Reviewed applicable HUD requirements, including the Recovery Act; the revised HPRP notice, with an effective date of March 19, 2009; and the HRPP Eligibility Determination and Documentation Guidance, revised March 17, 2010;
- Reviewed PATH's, St. Joseph's, Weingart's, and Gateways' written HPRP policies and procedures, when applicable, to determine compliance with HPRP regulations;
- Reviewed the programmatic and fiscal monitoring reports of PATH conducted by the Authority;
- Reviewed the programmatic and fiscal monitoring reports of St. Joseph, Weingart, and Gateways conducted by PATH;
- Reviewed the organizational chart for the Department;
- Reviewed PATH's, St. Joseph's, Weingart's, and Gateways' audited financial statements for fiscal years 2009 and/or 2010; and
- Reviewed the confirmation of payment reports and lease agreements obtained from the Housing Authority.

We selected 30 participant files for review based on a random number generator. Our universe was limited to 216 participants who were approved by PATH to receive HPRP financial assistance (rental, security deposit payments, and utility payments) through its rapid rehousing, prevention, or vehicular outreach components of the program. The 216 participants in our universe received \$391,334 in HPRP financial assistance.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

objective. We believe that evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# INTERNAL CONTROLS

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Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Controls to ensure that PATH and its subgrantees follow applicable laws and regulations with respect to the eligibility of HPRP participants and activities.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

## Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- PATH did not have adequate policies and procedures in place to ensure compliance with HPRP requirements (see finding 1).

## APPENDIXES

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### Appendix A

#### SCHEDULE OF QUESTIONED COSTS

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Recommendation number	Ineligible <u>1/</u>	Unsupported <u>2/</u>
1A	\$8,210	
1B		\$21,004

1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations. These costs consist of HPRP funds used to assist four participants who were ineligible because income and asset limits were exceeded and the participants were not homeless or at risk of homelessness when assisted with HPRP funds.

2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures. These costs consist of HPRP funds used to assist participants whose eligibility was not supported by adequate documentation.

## Appendix B

### AUDITEE COMMENTS AND OIG'S EVALUATION

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#### Ref to OIG Evaluation

#### Auditee Comments

April 15, 2011

Ms. Tanya Schulze

Regional Inspector General for Audit

U.S. Department of Housing and Urban Development

Office of Inspector General, Region IX

611 West Sixth Street, Suite 1160

Los Angeles, CA 90017

Dear Ms. Schulze,

We appreciate having the opportunity to review the draft audit report regarding People Assisting the Homeless (PATH) Homeless Prevention and Rapid Re-housing Program (HPRP). We are submitting comments and proposed changes to the draft's findings and recommendations for consideration for the final report.

#### **People Assisting the Homeless' General Response**

We believe that we administered the program policies and guidelines in accordance with the American Reinvestment and Recovery Act, U.S. Department of Housing and Urban Development and the requests of the City of Los Angeles Homeless Prevention and Rapid Re-housing Program (City HPRP). Although there are some areas that may require improvement, overall we feel that we have managed the program effectively and have provided the supporting documentation for 14 of the 15 HPRP participants questioned in the draft report.

The report's finding is very specific to the documentation of program eligibility. We believe that while in some isolated instances files did not include the required documentation standard at the time of the audit, PATH has implemented and followed PATH's, the City's and the Los Angeles Homeless Services Authority (LAHSA)'s HPRP policies and documentation standards that are consistent and in compliance with all HPRP requirements.

We understand and support the fact that HUD expects all grantees and sub-grantees to make a conscientious and reasonable effort to use the highest documentation standard possible. We believe that the policies and procedures put in place and the forms used, and vetted by LAHSA and City HPRP management, clearly parallel the aforementioned HUD eligibility and documentation guidelines.

Of the 30 case files that were provided for this review, the report details 17 miscalculated income determinations and 18 miscellaneous documentation deficiencies. We do not dispute the 17 that were miscalculated and have recomputed the numbers correctly. With the recalculation, we determined 16 of 17 participants remained eligible. Due to HUD's review, we have implemented internal controls to abate future miscalculations.

**Comment 1**

**Comment 2**

**Comment 3**

**Comment 4**

Conversely, we disagree with the finding that 15 files contained financial resources documentation deficiencies. Utilizing the City HPRP approved forms; we believe adequate financial resources documentations were included in the participants' files. The HPRP eligibility and documentation guidelines language, as detailed on page 20 Section 3, *Housing Options/Resources Eligibility Documentation Standards of the Homeless Prevention and Rapid Re-housing Program (HPRP) Eligibility Determination and Documentation Guidelines*, advises grantees to assess and verify with the applicant that they lack financial resources and support networks; and that the assessment be included on an Assessment form or other documentation and include a review of current bank accounts. It does not mandate that this be further documented with the applicant's bank accounts or lack thereof.

Based on these guidelines, sub-grantees are to perform an initial consultation and eligibility screening of HPRP participants. This initial consultation is an assessment of the potential participant to establish that the person meets the "but for this assistance" criteria. We performed assessments for the 14 of the 15 files and determined by review of the information provided by potential participants, that they lacked financial resources. Additionally, we recorded the lack of financial resources by utilizing Assessment forms that state "the household lacks the financial resources to obtain immediate housing or remain in its existing housing". Additionally, the City HPRP certification form requires the HPRP participant to attest to the information provided; and the HPRP representative to acknowledge carrying out the assessment. Both acts meet the documentation guidelines for a statement and assessment for insufficient financial resources.

Specific responses to your individual findings are provided below:

**Finding: PATH Assisted Ineligible and Unsupported Participants, Page 6, Title and Subsequent Paragraph - Four Participants Were Not Eligible for the Program, Page 6**

**Comment 5**

The report found four participants ineligible for the program. We agree that one of the participants was deemed ineligible due to a miscalculation of the participant's annual income and are not refuting the other identified areas pertaining to this case's noncompliance and we will be reimbursing the \$2,190 to HPRP. Our review of the remaining two participants shows the following:

A) (1595694): We kindly ask that any sentences pertaining to this participant are removed from the final report.

- a. **Miscellaneous: Missing Staff Affidavit** – recertification affidavit added, see attachment.
- b. **Miscellaneous: Failed to disclose additional income documentation** –
  - i. Participant's income stated at intake did not include the \$112.90/month Edison Pension retirement indicated on his referral form. Participant only reported his \$507/month Social Security Income at intake.
  - ii. On 8/30/10, Participant provided documentation that his income was \$873/month VA pension, but did not include any other household income. The paperwork indicated that Participant has been receiving this pension since 2/1/2009.

**Comment 6**

- c. **Income Determination** – Participant's income determination was based upon the documentation provided by participant at intake. Participant signed a form, "Things You Should Know," stating that he was reporting "All sources of money you and any member of your family receive". All sources of income are now documented and participant's income

falls within eligibility limits for HPRP. See attachments. The recalculated income has been corrected on HMIS and in Case File. Upon recalculation it was identified that participant was still below the 50 % AMI, as required by HUD.

- d. **Homeless/Risk of Homelessness** – Participant reported being homeless at time of intake. Participant signed “HUD Minimum Eligibility Criteria Prescreening Tool”, which clearly states that the participants must be homeless.

B) (1587937): We kindly ask that any sentences pertaining to this participant are removed from the final report.

- a. Miscellaneous: Failed to disclose additional income documentation
  - i. See Response to Financial Resources
- b. Income Determination
  - i. See Response to Financial Resources
- c. Financial Resources: Working with the VA to obtain the following....
  - i. Accurate proof of income for time of intake and time of recertification.
  - ii. Clarification on additional deposits and withdrawals to account for “additional income”
- d. Homeless/Risk of Homelessness: At time of intake St Joseph Center (SJC) was provided with a Certification of Homelessness that was developed by the City of Los Angeles HPRP Program and signed by the participant’s VASH worker. This was the standard form used for 3<sup>rd</sup> Party Homeless Certification at the time of this participant’s intake. Homelessness was fully assessed and documentation was in line with that of all files from that time period. Subsequent to this participant’s intake SJC staff learned that this form did not meet the HUD standard for homelessness documentation. In order to meet that higher standard staff worked to obtain documentation that meets the “love eviction” standard. This was after the time of intake, but the letter clearly states when the participant was asked to leave the dwelling and the proof of residency for the dwelling matches the date on the letter they provided.

**Comment 7**

C) (1595684): We kindly ask that any sentences pertaining to this participant are removed from the final report.

- a. Financial Resources: Staff evaluated participant’s financial resources and determined that participant lacked financial resources. Attached you will find the participant’s certification indicating that she lacks financial resources, client assessment and staff case note summary.
- b. Subsequent Housing Options: Subsequent housing options were also reviewed by staff and certified by participant. The participant vacated her prior unit due to pest infestation and was allowed to stay at a friend’s house. The participant’s friend did not have a formal lease agreement as the friend was staying at the friend’s mom’s house and allowed our participant to temporarily reside at the same location. In this episode of homelessness the participant was approved for section 8 and was required to finalize lease via the Housing Authority of Los Angeles process. (Attached is an email confirming said process via HACLA Assistant Manager)

**Comment 8**

- c. Support Networks: Participant had exhausted her support networks as she was no longer able to ‘couch surf’ and was issued a ‘love eviction’ from her friend. Participant has certified that no other support networks exist and staff has documented accordingly.
- d. Homeless/At-Risk of homelessness: Copies of Love Eviction and letter from participant’s prior landlord are attached. By way of this review it was discovered that a clerical error occurred and the participant was erroneously added to HMIS as a Rapid Re-housing participant. Participant’s correct classification is Prevention, this change has been made on HMIS and in case file.

**Finding: People Assisting the Homeless’ Files Did Not Adequately Support Participant Eligibility**

**Comment 9**

As mentioned previously, from our understanding, we are to perform an initial consultation and eligibility screening of HPRP participants. This initial consultation is an assessment of the potential participant to establish that the person meets the “but for this assistance” criteria. We performed assessments for the participant(s) in question and determined by review of the potential participants information that they lacked financial resources. Additionally, we recorded the lack of financial resources by utilizing the Assessment form that states the household lacks the financial resources to obtain immediate housing or remain in its existing housing. Additionally, the City HPRP certification form requires the HPRP participant to attest to the information provided; and the HPRP representative to acknowledge carrying out the assessment. We believe that both acts meet the documentation guidelines for a statement and assessment for lack of financial resources.

Below you will find our specific response to your recommendations:

**Recommendations, Page 9**

**Comment 5**

IA. Reimburse \$8,210 to HPRP from non-Federal funds for the four ineligible participants whose income exceeded HUD’s limitations.

As we agree that one of these participants (1603563) was ineligible due to an income miscalculation, we will reimburse the HPRP \$2,190. For three of the participants we are have supplied or will supply appropriate documentation that we believe substantiates the eligibility of these participants

**Comment 10**

IB. Provide supporting documentation for the eligibility of 15 HPRP participants listed as unsupported in appendix D or reimburse HPRP \$24,250 for participants lacking adequate documentation from non-Federal funds and determine and reimburse any amounts that have been spent since our review for these participants.

With the exception of one of the participants listed as unsupported due to missing clear certification of homelessness, we will reimburse the HPRP \$1,820. We believe we have submitted sufficient supporting documentation for the remaining 14 of the 15 participants. As explained in our general response on page 1, we feel that we have satisfied the required HPRP financial resources documentation standard by completing participant assessments, Certification forms and staff affidavits. With the exception of participant 1601912, we have supplied supporting documentation for the remaining 14 participants that did not have supporting documentation based on your staff’s review.

**Comment 11**

1C. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants lack financial resources to obtain immediate housing or remain in their existing housing, including obtaining bank statements or documenting that the household does not have a bank account.

Internally, PATH has established and implemented policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants lack financial resources. As a sub-grantee of the City of Los Angeles HPRP program, we confer with jurisdictional leadership for guidance on policies, procedures and documentation guidelines so that the entire City HPRP program is consistent with HPRP regulations and guidelines. We will continue to work with LAHSA and LAHD to ensure that PATH's HPRP has sufficient internal controls and documentation policies to meet HUD's stringent documentation requirements

1D. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents homelessness or risk of homelessness for HPRP applicants.

Internally, PATH has established and implemented policies, procedures, and controls to ensure that it sufficiently documents homelessness or risk of homelessness for HPRP applicants. We will continue to tighten internal controls and provide additional training to staff to ensure that documentation is adequate and in participants' files.

1E. Establish and Implement procedures and controls to ensure that it sufficiently documents that HPRP applicants do not have other subsequent housing options.

Internally, PATH has established and implemented policies, procedures, and controls to ensure that it sufficiently documents program eligibility. PATH will include a systematic management review of program documentation and eligibility, increased frequency of file audits, and ongoing program eligibility training.

1F. Establish and implement policies, procedures, and controls to ensure that it sufficiently documents that HPRP applicants lack support networks to obtain immediate housing or remain in their existing housing.

Internally, PATH has established and implemented policies, procedures, and controls to ensure that it sufficiently documents program eligibility. PATH will include a systematic management review of program documentation and eligibility, increased frequency of file audits, and ongoing program eligibility training.

1G. Establish and implement sufficient policies, procedures, and controls to ensure that it determines household income in accordance with HPRP requirements.

We have provided all assessment specialists and case managers with tools to minimize any errors in computing income. In addition, staff has been retrained in calculating income and has been provided with written documentation on how to determine household income. All computations are thoroughly checked by program management prior to submittal for financial assistance.

**Comment 11**

1H. Implement procedures and controls to ensure that it recertifies participants that receive more than 3 months of medium-term rental assistance.

We have implemented internal controls to ensure that recertification's are performed on a consistent basis. This includes regular checks of the participant roster and additional checks to ensure proper documentation is received prior to awarding additional financial assistance.

1I. Develop and implement procedures to ensure that its subgrantees verify and document participant eligibility in accordance with HPRP requirements.

We have implemented internal controls to review and monitor accurate documentation of eligibility for all subgrantees and will continue to provide internal audits for accuracy.

1J. Ensure that a staff affidavit form is maintained in each participant file by the person determining eligibility for all households determined to be eligible or recertified and that his or her supervisor has signed the form.

Our internal controls have been re-emphasized to all HPRP staff, and we will continue to monitor all completed staff affidavits for participants deemed eligible. This will be controlled by line staff via a revised checklist and monitored by management.

1K. Ensure that it follows its own internal policies and procedures by maintaining household identification cards, social security cards, and/or birth certificates in the participant file when determining eligibility.

Our internal controls have been re-emphasized to all HPRP staff, and we will continue to monitor all participants deemed eligible to ensure copies are maintained. This will be controlled by line staff via a revised checklist and monitored by management.

Comment 12

In conclusion, your review has proven to be of value to us. We have worked hard to refine our management of the HPRP program and ensure that the eligible households receive financial assistance. Though we are in disagreement about the documentation of financial resources, we feel that we have complied with HPRP general policies and procedures set forth by HUD, the City of Los Angeles, and LAHSA. We have instituted improved internal controls related to program eligibility documentation.

We hope that you will consider our comments and suggested revisions as you prepare your final report. Please feel free to contact me at (323) 644-2203. In addition, please include my staff Carlos Gonzalez, Director of Programs and Rhonda Meister, Chief Program Officer on your responses.

Sincerely,

John Molloy  
Chief Operating Officer  
People Assisting the Homeless (PATH)

Cc: Rose Ibanez, LAHD  
Darryl Booker, LAHD  
Michael Arnold, LAHSA  
Victoria Saenz-Brown, LAHSA  
Joel John Roberts, PATH

## OIG Evaluation of Auditee Comments

- Comment 1** We disagree that PATH administered the program in accordance with the Recovery Act and other requirements. The additional documentation provided with its response did not support eligibility for the 13 of the 15 HPRP participants questioned in the report. Based on the additional documentation that was provided in response to our draft report, we agree that the eligibility of 2 of the 15 HPRP participants questioned in the report were now supported. We adjusted the content of the report accordingly.
- Comment 2** We disagree that PATH's current policies and procedures are sufficient to ensure compliance with HPRP requirements. We have made several recommendations for HUD to require PATH to improve its HPRP policies, procedures, and controls. The audit resolution process will provide PATH with ample opportunity to present corrective actions for each recommendation to HUD.
- Comment 3** We agree that 17 of the files contained income determination deficiencies. We further agree that 1 of the participants (participant #1587937) was ineligible for the program since her income exceeded 50 percent of the area median income. PATH will have an opportunity to provide documentation of internal policies, procedures, and controls to ensure that income determinations are made in accordance with HPRP requirements.
- Comment 4** We disagree that HPRP eligibility and documentation requirements do not require documentation of bank statements or lack thereof. HUD's HPRP Eligibility Determination and Documentation Guidance (page 20) specifically states that "assessment form or other documentation must...include review of current account balances in checking and savings accounts held by applicant household." Without bank account statement(s), the case worker cannot review the account balances of the applicant household. Therefore, bank statements or a statement in the file that the applicant does not have a bank account is required to fully support the eligibility of the applicant. Further, a review of bank statements provides a clearer picture of the income and assets of the applicant household. For example, one of the files (participant #1587937) in our sample showed a \$910 deposit on her bank statement that was not included as part of the participant's income or assets during her initial eligibility certification. When including this additional deposit as household income, the participant became ineligible for the HPRP. Therefore, it is imperative that PATH reviews participant bank statements to ensure that applicants are eligible for HPRP assistance.
- Comment 5** We agree that participant #1603563 is ineligible for HPRP and agree that \$2,190 will be reimbursed to HPRP. We disagree that the other three participants are eligible for HPRP. Please see comments 6, 7, and 8.
- Comment 6** Participant #1595694: The staff affidavit form provided was not included in the file at the time of our review. We agree that Edison Pension income was not

included in the initial income determination and the supporting documentation for this income was not included in the file at the time of our review. It also appears that St. Joseph found out about the additional income after making inquiries from a third party, the Department of Veterans' Affairs, two days before the written response was due to OIG. This illustrates the need for the agency to incorporate third party verification procedures into its eligibility reviews. We further agree that the client's income was below 50 percent of the area median income. However, the client was not eligible for the program since he was not homeless or at risk of homelessness at the time of entry into the HPRP. The participant signed a lease on February 20, 2010, but did not enter the HPRP until March 23, 2010. As a result, the participant was housed for more than one month before entering the HPRP. Since the participant was not homeless or at risk of homelessness at program entry, he is not eligible for HPRP assistance. The fact that the client signed the "HUD Minimum Eligibility Criteria Prescreening Tool" does not preclude PATH from obtaining and reviewing other documentation to determine eligibility. In this case, other documentation in the file clearly showed that the participant was housed before entry into the HPRP. As a result, we cannot remove this case from the audit report.

**Comment 7** Participant #1587937: We disagree with PATH and cannot remove this case from the audit report. The fact that the client signed a certification did not preclude PATH from obtaining and reviewing other documentation to determine eligibility. In this case, the bank statements showed that the participant had additional income and/or assets that were not considered when assessing her eligibility for the HPRP. Furthermore, we disagree that the additional income found on the bank statements was temporary, non-recurring, and sporadic. The three bank statements in the file showed various deposits from unknown sources, and appeared to be regular, recurring, and consistent within a three month period. St. Joseph did not adequately assess whether these funds were temporary, non-recurring, and sporadic in its case notes. As a result, the participant was not income eligible for the program.

We disagree with PATH that homelessness or risk of homelessness was sufficiently documented. Although the "love eviction" letter was obtained a year after approval, we accepted it as a portion of the required documentation. However, HPRP Eligibility Determination and Documentation Guidance requires a "love eviction" letter AND a copy of the lease or other written occupancy agreement from the host family or friend. PATH did not provide a copy of the lease agreement. In place of the lease agreement, PATH provided a copy of the host's utility bill from November 2010. Even if we consider the utility bill as an alternative form of documentation, it is still insufficient documentation since the eviction letter stated that the participant resided with the host in November and December 2009. A utility bill from November 2010 is not sufficient evidence to show that the host occupied the unit in November and December 2009.

**Comment 8** Participant #1595684: We disagree with PATH and cannot remove this case from the audit report. The fact that the client signed a certification did not preclude PATH from obtaining and reviewing other documentation to determine eligibility.

PATH also provided the staff case note summary for participant #1595684 with its response which stated “by way of assessment it has also been determined that client lacks other subsequent housing options.” The case note summary was back dated 5 days after the participant entered the program and did not appear in the original case notes that were in the file. Also, at the beginning of our interview with PATH and its subgrantees, we were assured that all documents were maintained in the case files and any loose documents were requested and provided immediately. The back dated staff case note summaries were included for a majority of the unsupported participant files identified during our review. This gave the appearance that the case notes were not completed at the time the participant was approved for assistance, but were completed as a result of our review. Therefore, we did not accept any of these documents. PATH and its subgrantees can work with HUD during the audit resolution phase to resolve these deficiencies.

We accepted the love eviction letter as a portion of the required documentation. However, HPRP Eligibility Determination and Documentation Guidance requires a “love eviction” letter AND a copy of the lease or other written occupancy agreement from the host family or friend. Since the participant stayed at her friend’s mother’s house, a copy of the friend’s mother’s lease agreement should have been obtained.

PATH provided the “HUD Minimum Eligibility Criteria Prescreening Tool” to support that the client did not have other subsequent housing options and lacked support networks to obtain housing. The case manager signed the form on February 8, 2010 and the applicant signed the form on March 3, 2010. This is the same form that we found during our file review. After issuance of the draft audit report, it appears that PATH crossed out the February 8, 2010 and replaced it with March 3, 2010. However, postdating the form does not change the fact that it is unclear if support networks and subsequent housing options were assessed by the case manager at the time of entry in the HPRP. PATH can work with HUD during the audit resolution process to address this issue.

We agree that the participant’s correct classification is prevention. However, reclassifying the participant does not change the fact that the file did not contain sufficient documentation to show that the participant was at risk of homelessness. Further, PATH did not provide any documentation with its response to show that the participant’s classification was changed to prevention. PATH can work with HUD during the audit resolution process to address this issue.

**Comment 9** The fact that the client signed a certification did not preclude PATH from obtaining and reviewing other documentation to determine HPRP eligibility.

**Comment 10** Based on the additional documentation that was provided in response to our draft report, we agree that the eligibility of 2 of the 15 HPRP participants questioned in the report was supported. We adjusted the content of the report accordingly. We agree that participant #1601912 did not include sufficient documentation to support eligibility for the HPRP. However, we disagree that PATH sufficiently supported HPRP eligibility for the other 12 participants. Of the 15 files cited in the draft report, 13 did not include sufficient supporting documentation to show that the participants lacked financial resources at the time of program entry. Specifically, the files lacked bank statements or a statement that the applicant does not have a bank account. As a result, PATH did not fully support the eligibility of these participants.

**Comment 11** PATH's revised policies, procedures, and controls were not provided to OIG with its response. PATH can provide its revised policies, procedures, and controls to HUD to address these corrective actions during the audit resolution process.

**Comment 12** We appreciate PATH's assistance throughout the audit process. Implementation of our audit recommendations will help to ensure that HPRP participant eligibility is fully supported and that HPRP assistance is provided to eligible households. We have taken PATH's comments into consideration and have addressed them in this section of the report.

## Appendix C

### CRITERIA

A. The Recovery Act became Public Law 11-5 on February 17, 2009. The Recovery Act establishes the Homelessness Prevention Fund. The homelessness prevention portion of the Recovery Act falls under Title XII, Transportation, Housing and Urban Development, and Related Agencies.

B. HUD Federal Register Notice FR-5301-N-01 advised the public of the allocation formula and allocation amounts, the list of grantees, and requirements for the Homelessness Prevention Fund, hereafter referred to as the “Homelessness Prevention and Rapid Re-Housing Program (HPRP),” under Title XII of the Recovery Act.

C. HUD Federal Register Notice FR-5307-N-01, Other Federal Requirements, Section VII, G. Uniform Administrative Requirements, states, “All States, Territories, Urban Counties, and Metropolitan cities receiving funds under HPRP shall be subject to the requirements of 24 CFR [Code of Federal Regulations] part 85.”

D. HUD Federal Register Notice FR-5307-N-01, Requirements for Funding, Section IV, states,

“A. Eligible Activities

1. Financial Assistance

a. Rental Assistance

(1) After 3 months, if program participants receiving short-term rental assistance need additional financial assistance to remain housed, they must be evaluated for eligibility to receive up to 15 additional months of medium-term rental assistance, for a total of 18 months. HUD requires grantees and subgrantees to certify eligibility at least once every 3 months for all program participants receiving medium-term rental assistance.”

E. HUD Federal Register Notice FR-5307-N-01, Post-Award Process Requirements, Section V, states,

“F. Responsibility for Grant Administration

Grantees are responsible for ensuring that HPRP amounts are administered in accordance with the requirements of this Notice and other applicable laws. Each grantee is responsible for ensuring that its subgrantees carry out the HPRP eligible activities in compliance with all applicable requirements.”

F. HUD Federal Register Notice FR-5307-N-01, Post-Award Process Requirements, Section V, states,

“I. Monitoring

Grantees are responsible for monitoring all HPRP activities, including activities that are carried out by a subgrantee, to ensure that the program requirements established by this Notice and any subsequent guidance are met.”

G. HPRP Eligibility Determination and Documentation Guidance, revised March 17, 2010, states,

“Other Subsequent Housing Options:

- Assess with applicant all other appropriate (i.e., safe, affordable, available) subsequent housing options.
- Verify that no other appropriate subsequent housing options are available.
- Assessment Form or Other Documentation Must:
  - Be documented by HPRP case manager or other authorized staff.
  - Include assessment summary or other statement indicating that applicant has no other appropriate housing options.
  - Be signed and dated by HPRP case manager or other authorized HPRP staff.
- Include assessment indicating no other subsequent housing options in participant case file.”

H. HPRP Eligibility Determination and Documentation Guidance, revised March 17, 2010, states,

“Financial Resources and Support Networks:

- Assess with applicant all financial resources AND support networks (i.e., friends, family or other personal sources of financial or material support).
- Verify that applicant lacks financial resources and support networks to obtain other appropriate subsequent housing or remain in their housing.
- Assessment Form or Other Documentation Must:
  - Be documented by HPRP case manager or other authorized staff.
  - Include review of current account balances in checking and savings accounts held by applicant household.
  - Include assessment summary or other statement indicating that applicant lacks financial resources and support networks to obtain other appropriate subsequent housing or remain in their housing.
  - Be signed and dated by HPRP case manager or other authorized HPRP staff.
- Include assessment indicating insufficient financial resources and support networks in participant case file.”

I. HPRP Eligibility Determination and Documentation Guidance, revised March 17, 2010, states,

“Income Definition Income is all money that goes to, or on behalf of, the head of household or spouse (even if temporarily absent) or to any other household member. Annual income includes the current gross income of all adult household members and unearned income attributable to a minor (e.g. child support, TANF [Temporary Assistance for Needy Families] payments, SSI [Supplemental Security Income] payment, and other benefits paid on behalf of a minor).

Income Calculation After determining and documenting specific sources of income that must be included in the income calculation for each household, grantees then calculate the household's annual income.

#### Annualizing Wages and Periodic Payments

When calculating income based on hourly, weekly or monthly payment information, add the gross amount earned in each payment period that is documented and divide by the number of payment periods. This provides an average wage per payment period. Depending on pay periods used by the employer or the schedule of periodic payments, the following calculations convert the average wage into annual income:

- Hourly Wage, multiplied by hours worked per week, multiplied by 52 weeks.
- Weekly Wage multiplied by 52 weeks.
- Bi-Weekly (every other week) Wage multiplied by 26, bi-weekly periods.
- Semi-Monthly Wage (twice a month) multiplied by 24, semi-monthly periods.
- Monthly Wage multiplied by 12 months.

Documentation of a household's annual income relative to Area Median Income and indicating HPRP eligibility (50% of AMI or less) must be maintained in the participant file.”

J. HPRP Eligibility Determination and Documentation Guidance, revised March 17, 2010, states,

#### “Housing Status Documentation

##### 1. Rapid Re-Housing Documentation:

- a. Sleeping in an Emergency Shelter – Written Homeless Certification
  - Obtain signed and dated original Homeless Certification from shelter provider. A Homeless Certification is a standardized form that, at a minimum, contains the following:
    - Name of the shelter program
    - Statement verifying current shelter occupancy of HPRP applicant
    - Signed and dated by authorized shelter provider representative
  - Include Homeless Certification in HPRP participant file.
- b. Sleeping in an Emergency Shelter – Emergency shelter provider letter
  - Obtain letter from emergency shelter provider.
  - Letter must:
    - Be on shelter provider letterhead
    - Identify shelter program
    - Include statement verifying current shelter occupancy of HPRP applicant, including most recent entry and exit dates.
    - Be signed and dated by shelter provider.
  - Include emergency shelter provider letter in participant file.
- c. Place Not Meant for Human Habitation – Written homeless certification

- Obtain signed and dated original Homeless Certification from homeless street outreach provider (may include other third-party referral source, such as a local law enforcement agency). A Homeless Certification is a standardized form that, at a minimum, contains the following:
  - Name of the outreach program
  - Statement verifying current living situation of HPRP applicant
  - Signed and dated by authorized outreach provider representative
- Include Homeless Certification in HPRP participant file.
- d. Place Not Meant for Human Habitation – Self-declaration
  - Obtain signed and dated original self-declaration from applicant.
  - HPRP worker must document attempt to obtain written third party verification and sign self-declaration form.
  - Include self-declaration in participant file.
- e. Transitional Housing – Written homeless certification
  - Obtain signed and dated original Homeless Certification from transitional housing provider. A Homeless Certification is a standardized form that, at a minimum, contains the following:
    - Name of the Transitional housing program
    - Statement verifying current transitional housing occupancy of HPRP applicant.
    - Statement indicating the HPRP applicant is graduating from or timing out of the transitional housing program.
    - Statement verifying the HPRP applicant was residing in emergency shelter or place not meant for human habitation immediately prior to transitional housing admission.
    - Signed and dated by authorized transitional housing provider representative.
  - Include Homeless Certification in HPRP participant file.

## 2. Homelessness Prevention Eligibility Documentation

- a. Other Housing Occupied by Applicant without payment rent (including housing shared with friends or family)
  - Obtain copy of eviction letter (typed or handwritten) and copy of lease or other written occupancy agreement.
    - Eviction Letter must:
      - Identify the HPRP applicant and unit where HPRP applicant is residing.
      - Indicate that applicant must leave owner's/renter's housing.
      - Be signed and dated by the host owner/renter.
  - Include eviction letter and copy of lease in participant file.
- b. Other Housing Occupied by Applicant without paying rent (including housing shared with friends or family)
  - Obtain signed and dated original self-declaration from applicant.
  - HPRP worker must document attempt to obtain third party documentation and sign self-declaration form.
  - Include self-declaration in participant file.”

K. The Authority's asset determination requirements, effective October 26, 2009, state,

- “1) For liquid assets up to \$5,000, document with self-declaration.
- 2) For liquid assets worth \$5,000 to \$10,000, document with self-declaration statement and with third-party documentation. Third-party documentation includes bank statements or similar accounting.
- 3) Applicants with liquid assets worth over \$10,000 are ineligible for HPRP program.”

L. The Authority’s case management file organization requirements state,

“Section 2: LAHSA/HACLA [Authority/Housing Authority] paperwork

2. Certification of Program Eligibility
  - i. California ID [identification] card or Drivers License or Passport (for all household members 18 years of age and older)
  - ii. A Social Security Number
  - iii. Birth Certificate(s) (for all household members 17 years of age and younger).”

M. Exhibit A of the statement of work (2) states, “PATH is responsible for verifying and documenting the household’s eligibility. They must use the program’s eligibility screening and standardized assessment tools to determine client eligibility.”

N. Standard provisions of PATH’s contract with the Authority, paragraph 44 (A), states, “the Contractor, in performance of this agreement, warrants and certifies that it shall comply with all applicable statutes, rules, regulations and orders of the United States, the State of California, the County and City of Los Angeles. Contractor understands that failure to comply with any of the following assurances may result in suspension, termination or reduction of grant funds, and repayment by Contractor to LAHSA of any unlawful expenditure. Contractor further warrants and certifies that it shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this agreement.”

O. The memorandum of agreement between PATH and St. Joseph, Weingart, and Gateways, paragraph 4.1(A), states that PATH will “act as a Lead Agency, and fiscal agent for this grant, with responsibility for grant oversight, required reporting, drawdown funds from LAHSA, and related activities.”

P. The memorandum of agreement between PATH and St. Joseph, Weingart, and Gateways, paragraph 5.1(B), states that the partner agency will “enter and maintain accurate client documentation including data entry into HMIS [Homeless Management Information Systems] on a timely basis.”

Q. The memorandum of agreement between PATH and St. Joseph, Weingart, and Gateways, paragraph 10.0, states that “the parties shall comply with all applicable federal, state and local laws, as well as new, amended, or revised laws, regulations and/or procedures that apply to the performance of this agreement, in particular, the regulations applicable to the American Recovery and Reinvestment Act of 2009.”

## Appendix D

### TABLE OF ELIGIBILITY DETERMINATION AND DOCUMENTATION DEFICIENCIES

Household identification number	Unsupported	Ineligible	Financial resources	Income determination	Subsequent housing options	Support networks	Homeless/ risk of homelessness	Recertification for medium-term rental assistance	Miscellaneous <sup>4</sup>	Total
<b>People Assisting the Homeless</b>										
1545724	\$ 600		X			X				2
1547430	\$ 1,140		X							1
1566340				X						1
1587889	\$ 2,090		X	X					X	3
1588086				X						1
1593412				X					X	2
1594828	\$ 1,065					X			X	2
1594934				X						1
1595684		\$ 3,040			X	X	X		X	4
1598887				X						1
1602351				X					X	2
1603172				X						1
1603739	\$ 2,240			X			X			2
<b>Subtotal</b>	<b>\$ 7,135</b>	<b>\$ 3,040</b>	<b>3</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>23</b>

Household identification number	Unsupported	Ineligible	Financial resources	Income determination	Subsequent housing options	Support networks	Homeless/ risk of homelessness	Recertification for medium-term rental assistance	Miscellaneous <sup>4</sup>	Total
<b>St. Joseph Center</b>										
1559518									X	1
1564940	\$ 1,000		X						X	2
1587937		\$ 1,980	X	X			X		X	4
1595694		\$ 1,000		X			X		X	3
1597817	\$ 1,690		X						X	2
1597823	\$ 905		X	X					X	3
1597920	\$ 2,247		X						X	2
1603563		\$ 2,190	X	X						2
1612984	\$ 3,458		X	X		X				3
1613260										0
<b>Subtotal</b>	<b>\$ 9,299</b>	<b>\$ 5,170</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>22</b>
<b>Weingart Center Association, Inc.</b>										
1590228									X	1
1601323	\$ 1,350		X	X					X	3
1601912	\$ 1,820		X				X		X	3
1603168	\$ 1,400		X						X	2
<b>Subtotal</b>	<b>\$ 4,570</b>	<b>\$ -</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>9</b>

Household identification number	Unsupported	Ineligible	Financial resources	Income determination	Subsequent housing options	Support networks	Homeless/ risk of homelessness	Recertification for medium-term rental assistance	Miscellaneous <sup>4</sup>	Total
<b>Gateways Hospital and Mental Health Center</b>										
1539272				X					X	2
1601823										0
1613775				X				X <sup>3</sup>	X	3
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>5</b>
<b>Total</b>	<b>\$ 21,004</b>	<b>\$ 8,210</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>18</b>	<b>59</b>

<sup>3</sup> After we informed PATH of this deficiency, it obtained the income documentation and recertified the participant in accordance with HPRP requirements.

<sup>4</sup>See Table of Miscellaneous Deficiencies for specific file deficiencies (appendix E).

## Appendix E

### TABLE OF MISCELLANEOUS DEFICIENCIES

Household identification number	Failed to disclose additional income documentation at intake	Missing identification card, Social Security card, and/or birth certificate for household member(s) in client file	Missing staff affidavit form	Staff affidavit form not signed by supervisor	Misrepresented documentation	Lease agreement was executed before client intake	Total
<b>People Assisting the Homeless</b>							
1587889		X	X				2
1593412				X			1
1594828			X				1
1595684						X	1
1602351		X					1
<b>Subtotal</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>6</b>
<b>St. Joseph's Center</b>							
1559518			X				1
1564940			X				1
1587937	X						1
1595694	X		X			X	3
1597817			X				1
1597823		X	X				2
1597920			X				1
<b>Subtotal</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>10</b>

Household identification number	Failed to disclose additional income documentation at intake	Missing identification card, Social Security card, and/or birth certificate for household member(s) in client file	Missing staff affidavit form	Staff affidavit form not signed by supervisor	Misrepresented documentation	Lease agreement was executed before client intake	Total
<b>Weingart Center Association, Inc.</b>							
1590228			X				1
1601323			X				1
1601912			X				1
1603168			X				1
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Gateways Hospital and Mental Health Center</b>							
1539272				X			1
1613775					X		1
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>Total</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>22</b>