

## **Chapter 12**

### **Quality Assurance**

The Alaska Housing Finance Corporation Public Housing Division (AHFC PHD) maintains its credibility with applicant and participant families, owners, HUD, and the public by enforcing program requirements. As a method of ensuring program compliance, AHFC has a quality assurance program. This chapter outlines the goals and procedures for this program.

#### **HUD Regulation – 24 CFR 880.211**

Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project or a contract administrator under § 880.505 receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

#### **HUD Regulation – 24 CFR 902.79**

Verification and records. All project and PHA certifications, year-end financial information, and supporting documentation are subject to HUD verification at any time, including review by an independent auditor. All PHAs must retain supporting documents for any certifications and for asset management reviews for at least 3 years. Failure to maintain and provide supporting documentation for a period of 3 years for any indicator(s), subindicator(s), or other methods used to assess performance shall result in a score of zero for the indicator(s) or subindicator(s), and a lower overall PHAS score for the applicable assessment period.

#### **HUD Regulation – 24 CFR 982.158(a)**

The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must comply with the financial reporting requirements in 24 CFR part 5, subpart H.

#### **AHFC Policy**

AHFC is a Moving to Work Agency and uses the following guidelines for its quality assurance reviews:

1. HCV Guidebook 7420.10G, Chapter 22
2. HUD Handbook 4350.3
3. Public Housing Assessment System (PHAS)
4. Public Housing Occupancy Guidebook
5. Section 8 Management Assessment Program (SEMAP)

## 1. Purpose

AHFC addresses errors, omissions, fraud, or abuse through both prevention and detection. This chapter discusses the methods of prevention and detection and includes the quality assurance goals, critical areas, and procedures.

Areas of substantial impact subject to review in the quality assurance plan are as follows:

1. **Waiting List** – proper placement and selection
2. **Family Data** – accurate, consistent, and thorough
3. **Income, Subsidy, and Rent Determination and Verification** - accurate, timely, and appropriate based on family income and composition; this includes: the payment standard or unit rent, step rent, any tenant-paid utility allowance, rent reasonableness, and reasonable accommodation requests
4. **Initial, Interim, and Regular Examinations** – accurate, timely, and thorough
5. **Subsidy Payments** – accurate
6. **Inspections** – proper and timely, deficiencies documented, and appropriate repairs completed
7. **Moving to Work Special Programs and Exemptions** – proper calculation of hardship exemptions, proper application of screening criteria for special admissions, review of partner agency records, and quality assurance inspections of assisted units

## 2. Statewide Quality Assurance Goals

Quality assurance is used as a tool for:

1. Error prevention
2. Compliance documentation
3. Performance documentation
4. Training programs

The AHFC quality assurance process ensures that staff's daily decisions regarding eligibility, subsidy, rent reasonableness, housing assistance payments, and housing quality conform to program requirements and are based on accurate information. The AHFC quality assurance process is conducted regularly and addresses general program performance, staff capabilities, and experience.

Information obtained during quality assurance reviews identifies individual errors and omissions and aggregates error rates by category and the extent and causes of errors. This level of detail allows AHFC to initiate actions necessary to prevent the recurrence of problems identified.

AHFC also uses this data to develop training for staff. Recommendations for training are submitted to the Policy & Program Manager II. When the overall error rates exceed an acceptable level, management will determine the cause of the errors and identify whether changes in operating policies and procedures need to be made to resolve the problem. Housing Operations may expand the scope of reviews when fraud or patterns of deficiencies are uncovered; scope means both an increased number of files subject to review as well as more in-depth reviews.

To detect and prevent recurring errors, omissions, or fraud and abuse, reviews are divided into the categories below.

## **2.A New Admissions**

The objective of the new admission review is to determine that the file is complete, meaning that all information, particularly screening, eligibility, income, assets, and allowances, have been properly verified; unit size is appropriate; and the subsidy, rent, and utility allowance calculations are correct. In samples of new admissions, 98 percent of files reviewed must demonstrate that families met this objective.

## **2.B Family File Reviews**

The objective of the file review is to determine whether the information in the file is consistent with the family information reported. If any of the file entries are incomplete, unverified, or incorrect, the specific error is noted on a standardized form that may be compiled and tabulated to summarize the results of all family file reviews.

Once the family's information has been assessed for accuracy and completeness, AHFC looks at application of utility allowances, reasonable accommodation requests, the payment standard, and unit rent (in conjunction with rent reasonableness below) to determine if subsidy was calculated correctly. At least 90 percent of files sampled must demonstrate full compliance with policies governing standard documentation (i.e., family composition, birth certificates, family data, etc.), calculation of income, application of appropriate allowances (if applied, medical, child care, and disability expenses), and usage of utility allowances.

## **2.C Rent Reasonableness**

This review is included as part of a file's review. The objective is to determine whether the rent approved by AHFC is reasonable in accordance with HUD regulations and AHFC rent reasonableness procedures. This review ensures owners do not receive more rent than other similar private rental market units. At least 98 percent of files sampled must demonstrate full compliance with policies governing rent reasonableness.

## **2.D Inspection Enforcement**

The objective of this review is to examine the quality of the original inspector's work and the accuracy of the inspector's determination regarding compliance with inspection requirements. This section is listed separately for clarification purposes; this is part of the file review.

### **2.D.1. Housing Choice Voucher Program**

#### **AHFC Policy**

1. Moving to Work Activity 2010-5 begun on May 1, 2012 allows for a biennial HQS inspection schedule (units funded with HOME funds are inspected annually).
2. This activity also allows landlords to self-certify repairs completed for minor HQS fail items. See Chapter 7 Housing Quality Standards Inspections for guidelines on determining minor and major HQS fail items.

The review prevents owners from receiving subsidy for substandard units and insures that units are maintained properly. AHFC will also monitor timeliness of corrective actions taken against owners who failed to comply with HQS guidelines.

### **2.D.2. AHFC-Owned Units**

As part of a file's review, the independent reviewer will:

1. Verify AHFC conducts inspections (UPCS and housekeeping) in accordance with the Inspections policy, and
2. Verify AHFC documents any necessary corrective action in a timely manner, and
3. Verify that when a corrective action is required, AHFC took appropriate and timely action to verify the correction.

## **3. Adequate Scope and Sampling**

The sample of files or records is drawn in an unbiased manner. Quality Assurance (or designee) selects the files for review using a random sampling method. AHFC uses the sampling set forth in 24 CFR Part 985.3(a), (b), (c), and (f) and the HCV Guidebook, Chapter 22, as shown in the table below. The table identifies the minimum sample size required, based on the "universe" of files to be reviewed. Notification is sent to the supervisor for distribution or directly to staff. Supervisors, regional managers, or Housing Operations may request additional reviews.

### AHFC Policy

Universe .....	Number of Files/Records to Sample
25 or less .....	3
26-50 .....	5
51-600 .....	5 plus 1 for each 50 (or part of 50) over 50
601-2,000 .....	16 plus 1 for each 100 (or part of 100) over 600
Over 2,000.....	30 plus 1 for each 200 (or part of 200) over 2,000

1. Six-month samples will be selected by three review types: interim (if applicable), regular, and new admission. The number of actions that occurred during the period selected will constitute the "universe." The universe is then divided by two for the actual sample size which will not be less than 3 files.
2. For the independent annual file reviews, the "universe" is drawn from the total number of vouchers and units in the entire portfolio that is assigned to each area. The sample is subdivided based on the percentage that each individual program contributes to the entire portfolio.
3. If a review is not for an entire portfolio, then the universe may be selected using the total number of units in the individual program(s).

### 3.A Application Process

A sample of all new applications received during the period may be selected or may be included in the sample size for the six-month reviews.

The independent reviewer may select a small number of current applications and ineligible applicants. The waiting list process may be included in the review.

### 3.B Family File Reviews

For the six-month review actions, the universe is the total number of actions that occurred during the period. The sample includes new admissions, regular examinations, and interim examinations (if applicable) with a selection from each type.

For the independent annual file reviews, the "universe" is drawn from the total number of vouchers and units in the entire portfolio that are assigned to each area.

### 3.C Rent Reasonableness

The universe consists of the files selected for review under the new admission and family file review processes. At this time, AHFC will not pull a separate sample for only rent reasonableness.

### **3.D Inspection Enforcement**

Under SEMAP, AHFC is required to perform HQS quality assurance inspections. AHFC Internal Audit inspection reviews may be counted toward the quality assurance reviews due for a period. Quality Assurance will ensure that the required number of inspections meet the sample size. An updated list of completed inspections will be sent to the regional managers and supervisors.

The universe equals the total number of vouchers per jurisdictional area. The sample size is completed over a two year period due to the alternate inspection schedule. Sampling is drawn from completed inspections with a cross-section of neighborhoods and inspectors. The universe includes the following:

1. The new (initial) inspections performed during the period under review.
2. The units under HAP Contract during the period under review.
3. The failed and complaint HQS inspections performed in period under review.

## **4. Quality Assurance Procedure**

The AHFC quality assurance process is divided into time periods and two areas of criticality: critical and noncritical (see Critical and Noncritical Areas in this document).

1. AHFC staff conducts reviews every six (6) months
2. Quality Assurance may conduct independent reviews annually.
3. If the AHFC Internal Audit Department conducts a review, then Quality Assurance will not conduct an independent review. AHFC's intent is to have a full review of each geographic location annually.

### **4.A Staff Review**

Staff is responsible for reviewing a sample of applications during each six-month review period. The purpose of the review is to monitor the accuracy of data entry and ensure each applicant is properly placed on its waiting list. The sample is drawn from the applications submitted during the review period.

A sample of examinations is limited to those representative transactions completed during the past six months (i.e., applicants, move-ins, interim (if applicable) and regular examinations).

#### 4.A.1. File Review Schedule

Quality Assurance sends the list of selected files during the first month following the end of each six-month period. Staff have a minimum of four weeks to complete the reviews. The table below contains a schedule of each review period.

Review Period	Sample Distribution	File Review Due Date
January 1 to June 30	By the 2nd week of July	Last working day of August
July 1 to December 31	By the 2nd week of January	Last working day of February

#### 4.A.2. Selection of Reviewer

In offices where there are multiple persons, an AHFC supervisor or another qualified person other than the person who performed the original work shall conduct the review and determine if the file documents or records conform to program requirements.

Due to the size of the following offices – Bethel, Cordova, Homer, Nome, Seward, Sitka, Valdez, and Wrangell – the staff member who performed the work will conduct the review, unless alternate review procedures have been established. The independent annual review may include a sample of these reviews to check for program compliance.

#### 4.A.3. File Review Process

1. Quality Assurance emails the list of files to be reviewed to the regional manager and designated staff.
2. Staff completes the checklists and corrects any file deficiencies. A deadline is given for the necessary corrections.
3. A copy of the completed file checklists is sent to Quality Assurance.
4. Corrections to any deficiencies must be completed within 30 days after the file review due date. The corrections are noted on the QA form and filed in the Quality Assurance file.
5. Quality Assurance reviews the file checklists to assure compliance and reviews for patterns of errors. Quality Assurance follows-up on all deficiencies that can be corrected.
6. Each office is responsible for maintaining a Quality Assurance file to ensure reviews are completed and corrections are made as required. The Quality Assurance file will consist of two (2) completed six-month quality assurance review packets, not including the current review period in process. After the third (3<sup>rd</sup>) review period is complete, an expired review packet may be purged and shredded.
7. Quality Assurance will keep three (3) fiscal years of completed six-month quality assurance review packets in a Quality Assurance file on-site.

## **4.B Independent Review**

Each office is subject to an independent review of the files annually. The independent party may conduct the review on-site if funding is available. The independent reviewer may review a sample of six-month reviews to ensure that the necessary corrections were made. In the case where the independent party is the AHFC Internal Audit Department, the review process is conducted according to their requirements.

The independent reviewer may review a sample of current and denied applications during the annual review. The independent reviewer may also evaluate a sample of waiting list management and documentation procedures. The purpose of this review is to ensure that applicants are selected from the waiting list in the proper order.

### **4.B.1. File Review Schedule**

Quality Assurance will schedule offices to be reviewed each year. This schedule is coordinated with the Internal Audit Department schedule. The samples are drawn as stated in the Adequate Scope and Sampling section above.

### **4.B.2. File Review Process**

1. Quality Assurance generates and disperses the sample to the independent party.
2. A standard checklist is completed and submitted to Quality Assurance.
3. Quality Assurance conducts a final review of the file checklists.
4. The independent reviewer provides a summary report within 45 days of the review. The regional manager or designee is responsible for providing a complete response, which may include a corrective plan of action for critical fail items not less than 30 days from the date of the report.
5. The independent reviewer will follow-up on required actions.
6. Statewide statistics are compiled and disbursed to the appropriate staff.
7. Recommendations for training are submitted to the Policy & Program Manager II.
8. Quality Assurance will keep three (3) fiscal years of completed annual review packets in a Quality Assurance file on-site.

## **4.C Inspections**

Inspections formerly called “supervisory inspections” or “quality control inspections” are now known as quality assurance inspections. Quality Assurance will select the sample of inspections for review. The number of QA inspections due are calculated in accordance with the Adequate Scope and Sampling section above.

The reviewer may choose to do the quality assurance inspection independent of the inspector. The reviewer may also choose to conduct a quality assurance inspection at the same time that the inspector conducts his/her inspection. If the QA inspection is



conducted at the same time, the reviewer will complete a separate form and compare his/her inspection to the inspector's to resolve any discrepancies.

#### **4.D New Hires**

When a new person is hired at AHFC as an asset supervisor, asset technician, or housing program specialist and is responsible for final eligibility and/or regular/interim certifications, a random selection of files is reviewed by an independent party. The review is due before the new hire completes his or her eighth month of employment or within eight (8) months of file assignment.

File checklists are submitted to Quality Assurance. Follow-up on deficiencies is required. Recommendations for training are provided to the appropriate supervisor(s).

### **5. Critical and Noncritical Areas**

In order to meet quality assurance goals, errors are categorized as critical or noncritical. This information is used to address general program performance, staff capabilities and experience, and training needs. All identified errors in a family's file will be labelled and the corrective action documented.

#### **5.A Critical Items**

Critical items are integral to program eligibility or subsidy. They may also consist of items that HUD requires to be in the file.

#### **5.B Noncritical Items**

These items do not affect the subsidy or eligibility of the family. Noncritical items must be documented and corrected (where possible) in the file. These items are reviewed with staff for correction, completion, or used for individual training.

#### **5.C Errors or Omissions**

The AHFC quality assurance process contains procedures for taking corrective action on errors or omissions.

For six month reviews, staff is provided with deadlines for correcting and responding to errors. Staff will explain any corrections and document the date of correction via an e-mail to Quality Assurance. Staff will print a copy of the e-mail, attach it to the file review checklist, and place it in the office's Quality Assurance file.

For independent and new hire reviews, the regional manager (or designee) is responsible for providing a complete response for all items requiring action.

## 6. Project-Based Vouchers (PBV)

AHFC project-based voucher files are included in an area's "universe" for regular, and new admission reviews. AHFC will also conduct quality assurance reviews of owner-managed functions.

### 6.A Owner-Managed Waiting Lists and Admissions

#### AHFC Policy

AHFC Moving Work Activity, 2010-7, allows owner management of site-based waiting lists. For these owners, AHFC will perform quality assurance testing to ensure that owners are adhering to their individual tenant selection plans.

AHFC will review at the following:

1. Owner acceptance or denial of applications for a waiting list;
2. Owner ranking of applications on a waiting list;
3. Owner selection of applicants from the site's waiting list; and
4. Owner referral of applicants to AHFC for final eligibility determinations.

### 6.B Inspection Enforcement

#### AHFC Policy

Moving to Work Activity 2010-7 grants an exception to 24 CFR 983.102(d) which requires AHFC to conduct a quality assurance review of 20 percent of the PBV units in each building annually.

AHFC obtained additional authority under Moving to Work Activity 2014-3 to customize its inspection criteria to the specific needs of a PBV development.

AHFC may choose, under each individual PBV HAP Contract, one of the following methods:

1. An annual review of 20 percent of the units in the property.
2. A substitution of inspections conducted by AHFC's Internal Audit department for PHD's annual inspection requirement. Quality Assurance will ensure that this sample meets the specifications under the Adequate Scope and Sampling section above.
3. A determination of additional units to be inspected if quality assurance inspections fail. This number can vary widely if the units that fail are based in a particular building or spread throughout the development.
4. Inclusion of PBV units in an area's annual quality assurance inspection plan.

## Numbered Memo

22-20 Chapter 12 Quality Assurance