

# 2019 Intent to Renew – Initial Desk Audit Guidance

Chicago Continuum of Care



## **Attachment A: HUD Monitoring Documentation (if applicable)**

Attach the following:

📄 *HUD Monitoring Letter (indicating findings or lack thereof) – **Submit if monitored in calendar year 2017 or 2018***

📄 *HUD close out letter (indicating resolution of findings) – **Submit if there was a finding that has been resolved***

📄 *Correspondence submitted to HUD to attempt to resolve the finding(s) as well as any additional response(s) from HUD – **Submit if there was a finding that hasn't yet been resolved***

### Criteria

- The program has documentation of HUD monitoring and has evidence of steps taken to work towards or complete the resolution of any findings in a timely manner.

## **Attachment B: Annual Financial Statement Audit**

Attach the following:

📄 *Most recently completed audited financial statement (complete package)*

### Criteria

- An audit is completed within 9 months of the end of the agency's fiscal year.
- The audit opinion indicates that the organization's financial statements are fairly presented in accordance with generally accepted accounting procedures (GAAP).
- The audit opinion does not include any substantial doubt about the organization's ability to continue as a going concern.

## **Attachment C: Single Audit Report or Management Letter**

Attach the following:

📄 *Single audit report (complete package)*

In general, agencies with \$750,000 in federal expenditures in a fiscal year are required to undergo a single (Uniform Guidance) audit.

OR

📄 *If not required to undergo a single (uniform guidance audit), determine which of these three letters were issued by your auditors and attach all such letters. At a minimum, attach the AU 260 letter. If you have any questions regarding these letters, contact your auditors for clarification.*

- Auditor's management letter (if issued by your auditor)
- Auditor's Communication With Those Charged With Governance, referred to as an AU 260 letter (this communication is required to be issued in connection with an audit)

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- A “Communicating Internal Control Related Matters Identified in an Audit” letter, referred to as an AU 265 letter (if issued by your auditor)

## Criteria

The single audit or management letters will be reviewed along with the financial statements to develop a financial risk score for each agency. The items that factor in the risk assessment score are as follows:

- In the case of the single audit, the following items will factor into the financial risk score.
  - Whether the reports were issued within 9 months of fiscal year-end
  - Any modification of the financial statement opinion
  - Any qualification of opinion with respect to a federal program.
  - Any audit findings with that are required to be disclosed under 2 CFR 200,516(a)
  - Any material weaknesses with regards to financial statements or federal awards
  - Any significant deficiencies with regards to financial statements or federal awards
  - Whether the organization is determined to be a low-risk auditee
- If no single audit is required:
  - Any issues with management with respect to the audit.
  - Any material weaknesses or significant deficiencies.

## **Attachment D: Intake Procedure and Packet**

### Attach the following:

- 📄 A written process that explains how the program fills vacancies.
- 📄 Describe the process used during program intake. What steps are taken prior to determining if participants are eligible or ineligible? At what point are eligible participants enrolled into the program? Clearly specify any documentation that is requested from participants, and whether it is required to move forward with program enrollment.
- 📄 A **list** of all forms and handouts used during intake, including but not limited to the initial assessment of the participant, participant agreement, consent for data sharing, written eligibility criteria, discharge policy, grievance process, consumer handbook/orientation, and other policies, procedures, and regulations.

## Criteria

- For programs that are required to utilize Coordinated Entry, the written process indicates that the program is using Coordinated Entry to fill all vacancies.
- The written process or narrative indicates that intake staff discuss homeless history with participants to determine if participants meet the homeless definition or, if applicable, chronic homeless definition. PSH programs have outlined protocols for instances when a match is received for someone not experiencing chronic homelessness.
- The written process or narrative indicates that lack of chronic homeless documentation is not a barrier to program enrollment – i.e., participants are not required to provide documentation of chronic homelessness prior to program enrollment. Staff members work with participants to acquire documentation as quickly as possible after program enrollment occurs.

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- The written process or narrative indicates that enrollment and movement into permanent housing occurs quickly to be in alignment with a housing first approach.
- The written process and list of forms demonstrates that during enrollment participants receive information about the program including but not limited to the written eligibility criteria, discharge policy, grievance process, consent for data sharing, consumer handbook/orientation, notice of occupancy rights under the Violence Against Women Act (VAWA) (for example, HUD form 5380), and other policies, procedures, and regulations.

## Attachment E: Eligibility Criteria

Attach the following:

 Written eligibility criteria that includes non-discrimination and explains any criteria used to qualify or disqualify a participant from program enrollment.

### Criteria

- The written criteria demonstrate that eligibility criteria is in alignment with the HUD definitions of homelessness and chronic homelessness, as applicable to the program type.
- The written eligibility criteria is non-restrictive and demonstrates alignment with a housing first approach by removing all of the following as barriers to accessing housing and services: having too little or no income, active or history of substance use, having a criminal record (with exceptions for state-mandated restrictions), history of domestic violence (e.g. lack of protection order, period of separation from abuser, or law enforcement involvement).
- The written eligibility criteria demonstrate alignment with a housing first approach because it does not require participants to participate in services or treatment or meet certain service goals or time limits in order to be placed into or retain housing.
- The written eligibility criteria is minimal and either does not suggest/state any of the above restrictions OR explicitly states that these restrictions are not in place for the program.
- Housing that is limited to specific subpopulations is in accordance with regulations set forth in 578.93 of the [CoC Program Interim Rule](#).
- The agency ensures that HUD-funded services are made available to all eligible persons, according to the agency's eligibility policies, and does not discriminate on the basis of marital or familial status, political or religious belief, ethnic group identification, medical condition, sexual orientation, gender identity, military status, or physical/mental disability.
- The agency is in compliance with all applicable non-discrimination and equal opportunity laws including those set forth in 578.93 of the [CoC Program Interim Rule](#), [24 CFR 5.105\(a\)](#), [Final Rule on Gender Equity](#), and the [Final Rule on the Violence Against Women Act \(VAWA\)](#).

## Attachment F: Discharge/Termination Policy

Attach the following:

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📄 The policy that explains possible reasons for program discharge or termination and how/when this information is shared with participants.

📄 The policy that explains the grievance procedure (due process) and how/when this information is shared with participants.

📄 The forms used to implement the above-mentioned policies, as applicable. Possible attachments may include a grievance form or discharge/termination letter template.

📄 If the project is governed by laws and/or funder policies which conflict with any of the expectations listed below, submit the law/policy and an explanatory narrative.

## Criteria

- In alignment with a housing first approach, the discharge policy does not include any of the following as reasons for program termination: failure to participate in supportive services, failure to make progress on a service plan, loss of income or failure to improve income, being a victim of domestic violence, and any other activity not covered in a lease agreement typically found in the project's geographic area.
- The discharge policy includes all of the following: an internal, due process hearing or investigation prior to discharging the consumer, assistance with locating other housing (for housing projects) or service (for SSO projects) options if needed, a statement that the agency will make and document all reasonable attempts to avoid discharging consumers onto the street or without needed services, and a policy allowing consumers to remain in the project even if they require an absence of 90 days or less due to substance use treatment intervention, mental health treatment intervention, hospitalization, and incarceration (except for programs utilizing CHA vouchers in which case the subsidy is removed after 30 days of absence from the unit).
- Participants are provided with the policy that explains reasons for program termination at the time of enrollment into the program. For involuntary program terminations, exit paperwork indicates the specific reason for termination.
- Minimally, participants are provided with the grievance procedure (due process) at the time of enrollment and when the participant exits, whether voluntarily or involuntarily. The grievance procedure is easily accessible and understood and final decisions are provided promptly and in written format.

## **Attachment G: Service Plan**

Attach the following:

📄 A written procedure that includes expectations of how and when to complete a service plan.

📄 A Service Plan Template.

## Criteria

- The written procedure provides guidance on the elements of a strong service plan, identifies the staff member(s) responsible, and identifies the frequency with which they are to occur.
- The Service Plan Template is designed to be client driven in the creation of individualized goals, dates/timelines, frequency of review, and space for staff and participant signatures and dates.

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## Attachment H: Participant Handbook and Rights

### Attach the following:

- 📄 The participant handbook, orientation materials, postings, or any other documentation that provides, at minimum, information about the program description, services, rules, notice of participant rights, discharge policy, and grievance procedure.
- 📄 Describe how/when the information in the first attachment is shared with / explained to participants.

### Criteria

- The notice of participant rights addresses, at minimum, confidentiality, non-discriminatory practices, right to refuse services and have consequences, if any, explained, code of ethics or prohibition of conflict of interest (as relates to participant/staff relationships), redress and grievance process.
- The program rules follow a housing first approach by not removing participants from the program for: failure to participate in supportive services, failure to make progress on a service plan, substance use, loss of income, criminal record, being a victim of domestic violence, or any other activity not typically found in a lease agreement.

## Attachment I: Lease & Occupancy Agreements

### Attach the following:

- 📄 Indicate which of the following applies to the project. Check all that apply:

|                          |  |
|--------------------------|--|
| <input type="checkbox"/> | 1. Leasing Budget Line Item (project-based)  |
| <input type="checkbox"/> | 2. Leasing Budget Line Item (scattered site)   |
| <input type="checkbox"/> | 3. Rental assistance Budget Line Item (tenant-based)   |
| <input type="checkbox"/> | 4. Rental assistance Budget Line Item (project-based)  |
| <input type="checkbox"/> | 5. Rental assistance Budget Line Item (sponsor-based)  |
| <input type="checkbox"/> | 6. Housing component not supported by leasing or rental assistance Budget Line Items (TH)          |
| <input type="checkbox"/> | 7. PSH project funded for services but no Budget Line Items for leasing or rental assistance (PSH) |
| <input type="checkbox"/> | 8. Supportive Services Only (SSO)  |

- 📄 Describe the leasing/rental assistance set-up for the project and how the project utilizes leases, subleases, occupancy agreements, etc.
- 📄 For projects utilizing leasing funds, submit a sample of the sublease/occupancy agreement between the recipient or subrecipient and the program participant.
- 📄 For projects utilizing rental assistance that is tenant-based, submit a policy or checklist that demonstrates how project staff reviews/evaluates leases to ensure the leases are in compliance with HUD guidance.

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📄 For projects utilizing rental assistance that is project-based or sponsor-based, submit the sublease or occupancy agreement between the sponsor agency and the program participant.

If applicable (#1 or #2 selected for project-based leasing BLI or scattered-site leasing BLI), verify that leasing funds are not used to lease units or structures owned by the recipient, subrecipient, their parent, subsidiary, or affiliated organization, unless granted an exception by HUD.

- Yes, the project verifies the above statement.
- No, the project does not verify the above statement and an exception has not been granted by HUD.
- No, the project does not verify the above statement due to an exception granted by HUD.

Please explain:

- N/A – no leasing BLI

## Criteria

- Program participants receiving permanent housing assistance, including permanent supportive housing and rapid rehousing, must have a legally binding, written lease (or sublease/occupancy agreement for PSH projects that utilize leasing funds) with a term of at least one year, terminable only for cause, and that is automatically renewable upon expiration for a minimum term of one month, except on prior notice by either party.
- Program participants receiving transitional housing must sign a lease, sublease, or occupancy agreement for a period of at least one month and it must be automatically renewable upon expiration, with a maximum term of 24 months.
- Leases, subleases, and occupancy agreements are generally required to include a number of components, including but not limited to dates, description of premises, rent, security deposit, other legal notices, conditions, and disclosures.
- Leases and occupancy agreements do not mandate participation in services.

Leases contain addendums with the following elements related to VAWA: 1) right for the lease to be broken without penalty, if the tenant qualifies for an emergency transfer, except for tenant based rental assistance, 2) language that protects individuals from being denied access to housing and/or evicted from their housing on the basis of or as a direct result of being a survivor, and 3) confidentiality requirements. Please note that HUD has not provided CoCs with an updated lease addendum template. All Chicago anticipates this criterion is a work in progress for many organizations.

## **Attachment J: Rent Reasonableness Form & Procedure**

Attach the following:

📄 All programs that utilize CoC funds to pay the rent for units or structures must submit a written procedure explaining the method used to determine rent reasonableness and the frequency with which it is conducted. Also submit a copy of the form(s) used by the program in this process.

## Criteria

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- Per [HUD guidance](#), the program determines rent reasonableness via one of the following methods: a market study of rents charged, a review of advertisements for comparable units, or written verification from property owners or management companies on letterhead affirming that the rent is comparable to that charged for similar unassisted units managed by the same owner.
- The program determines rent reasonableness by considering the gross rent of the unit and the location, quality, size, type and age of the unit, as well as any amenities, maintenance, and utilities provided by the owner. The program may use the [Rent Reasonableness Checklist and Certification](#).
- The written procedure includes use of case file checklists and forms, standards for certifying comparable rents as reasonable, staffing assignments, and strategies for addressing special circumstances. Project-based programs have a method of demonstrating that all units meet rent reasonableness.

## Attachment K: Housing Quality Standards

### Attach the following:

 The policy or procedure that outlines the frequency and other expectations of HQS inspections. Note: In general, all programs that provide housing that is supported with leasing or rental assistance funds under the CoC program must conduct HQS inspections for units.

 The form used to complete Housing Quality Standards inspections.

### Criteria

- For housing that is supported with leasing or rental assistance funds under the CoC program, the program is expected to utilize the [HQS Inspection Checklist form](#) that HUD has posted to HUDEXchange resources [here](#) or utilize a form that contains all HUD-required elements.
- Programs must abide by regulations set forth in 578.75 of the [CoC Program Interim Rule](#) and 24 CFR 982.401, including that a unit must be physically inspected prior to any assistance provided for the unit, assistance will not be provided for units that fail to meet HQS unless the owner corrects deficiencies within 30 days and the program verifies all deficiencies have been corrected, and units must be inspected annually.