

Innovative Way to Assess Risk of Funded Partners

Kentucky Housing Corporation

Rental Housing: Multifamily Management

HFA Staff Contact

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Subcategory: Multifamily Management

Innovative Way to Assess Risk of Funded Partners

Kentucky Housing Corporation (KHC) is using an innovative tool to monitor funded partners and to quickly assess risk. The tool, Annual Program Compliance Report (APCR), allows the funded partners to report on their projects quickly, while maximizing information to KHC for risk assessment. Recently, KHC went a step further and made the report electronic. The electronic version is more user friendly, and allows KHC to automate both reviewing the reports and uploading them into our data base.

More importantly, the report format allows KHC to not only examine each of its 87 funded partners, but the tool reminds partners of key compliance topics, and ensures that partners have updated KHC on key staff changes and contact information.

Background

KHC has been evolving this report over the past 7 years. The report was first created to balance KHC's responsibility to monitor partners for compliance while managing a reduction in staff. KHC requires all funded partners to complete the report on an annual basis. The partner will complete a questionnaire that ask:

- General inquiries related to all grants (such as expenditure documentation and conflict of interest)
- Specific inquiries related to the programs they administer
- Current key staff
- Current contact information

In addition, the partner will read grant related information as to the requirements of KHC and HUD to ensure they are complying with their grant obligations.

Currently the funding sources include HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), Continuum of Care (COC), Housing for Persons with Aids (HOPWA), and Kentucky Affordable Housing Trust Fund (AHTF). Some sources also may have subcategories such as with HOME's Tenant Based Rental Assistance (HOME TBRA) program, and more recently, Emergency Solutions Grant – Covid funding. The report is designed to be easily changed and/or updated for additional funding sources, rule changes, or to focus on common compliance issues found during onsite and desk monitorings. KHC requires the executive director or other authorized personnel to certify the information in the report is accurate.

The report follows a fiscal year of July 1 through June 30th. The partner will report on any "open" allocation. KHC considers an open allocation any grant that has not been closed out by end of the fiscal year, or any grant that is awarded after the start of the fiscal year. In 2022, any agency that had not spent its grant allocation by July 1, 2021, had to report by a deadline of February 7, 2022, on projects currently open, or awarded after July 1, 2021. In the 2022 APCR year, KHC funded 87 agencies with more than 200 grants.



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Measurable Results

The report encourages partners to perform a self-check while completing the report in the hopes that partners will find and correct any errors prior to a compliance visit or desk review. Previously, only about 35-40 percent of the agencies funded would get a compliance review from KHC in any given year. With the APCR, the partner is responsible for completing the report and submitting to KHC. This frees up KHC staff time because staff are not tied up with scheduling, planning, and traveling to partners to gather compliance and risk information. This allows KHC to not only have more time to spend with partners on training and technical assistance, but now KHC can prioritize partners more affectively based on their needs.

The APCR has additional efficiency built in for KHC staff. Unbeknownst, to the partners, the report was designed so that all questions should be answered with "Yes." Any response other than "Yes" warrants further review and might potentially result in "a red flag". With this method, KHC staff can review an APCR in approximately 10 minutes. With the improvement of the electronic version, KHC can now run one report that will show all partners that have answered something other than yes or entered a comment.

Other advantages to KHC include the knowledge that partners:

- Understand basic grant information
- Can follow directions
- Are aware of general and grant specific requirements
- Are meeting minimum financial documentation requirements
- Understand general conflict of interest requirements
- Are receiving and reading instructions communicated to them through our eGram (e-newsletter) list serve
- Are visiting and reviewing information on KHC's partner resource help desk
- Can meet a deadline
- Have certified their client files meet minimal compliance requirements

Benefits for the funded partner include:

- A quick questionnaire that can be completed and submitted in 10-15 minutes
- A "heads up" or reminder of KHC and HUD requirements
- A potential to avoid a more time-consuming review, allowing them to spend more time with clients
- With the electronic version, a more user-friendly web-based application

With the innovation of the APCR, KHC can now assert that 100% of partners have had a minimal compliance review.



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Replicable

Any other funding agency can replicate this type of report. Those funding agencies without the benefit of a Technology Services team, can do a manual version of this form, like we did the first 6 years, utilizing an Excel spreadsheet. However, the electronic version would allow for additional advantages of automatically assessing the reports and streamlining storage to a date base.