

ICF Is Still Not Implementing Solutions to Some Problems Cited in the 12/7/07 KPMG Report

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Recommendations from this assessment related to this subtask include:

1. Improving internal communication in order to strengthen the ability to provide appropriate information to applicants.
 - ICF should draft a more detailed communication plans to address communication gaps at all levels of the Program. ICF should then implement a formal process for communicating Program information between headquarters, subcontractors, the call center, and HACs. The communication plan should incorporate input from Program personnel so that the plan addresses their current information needs and how changes should be communicated and implemented.
2. Providing applicants with proactive application status information in order to facilitate more accurate grant calculations in a timelier manner.
 - ICF should focus efforts toward proactively analyzing current applications, identifying a more specific common group of issues, and then communicating a meaningful application status to applicants, prioritizing by date of original application to address the earliest applicants first. The communication should be by phone and letter. The letter should include as much known information as possible, including the current status of the application, pending issues, missing documents or information, and an outline of the remaining steps to closing. Consideration should also be given to developing a monthly newsletter to the current application base to provide updates to the grant customer consistently, accurately, and timely for Program changes and other general updates.
3. Effective communications should be clearly defined through all levels and functions within the organization.
 - In order to ensure accountability ICF, should establish either a centralized group or permanent individual that is responsible for distributing key information to the appropriate personnel in a timely manner. In addition, multiple forms of communication should be established to provide opportunities for all employees to receive the information. Effective communications should include opening the communication lines between the LRA, OCD, and ICF to address the impact of public statements on the Program on an ongoing and continuous basis.

A Few Important Discoveries Described in the 12/7/07 KPMG Report (Highlighting Added)

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As a general observation, but certainly with exceptions, there is limited documentation available relating to how specific processes and controls are performed and how interfaces operate. Over time, many of the early manual controls and interfaces have been replaced with systematic or automated counterparts. Both the limited documentation and reliance on manual controls and interfaces are consistent with the “start up” nature of the Road Home Program and the pace at which the Program has operated. Similarly, over time, the Program has matured and become more stable in terms of policies, processes, procedures and identifying exceptions to policies and procedures that necessitate a cycle of developing more policies and procedures. Given the schedule of upgrades to eGrants and the pace of other changes to the Program, applications that closed and were funded prior to May 2007 may generally be at a higher risk of containing errors.

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Access rights to some Program systems do not align with segregation of duties controls principles and some Program employees have unauthorized role privileges. For example, the ability to update and override information is not separated from the ability to regenerate and print new option letters. In addition, the ability to resolve an exception issue is not segregated from the responsibility of

updating/overriding the data, which is not segregated from the ability to edit application data and add and delete attachments.

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When reviewing an application in eGrants post-closing, there is not an obvious audit trail or method to determine when new information was received in eGrants, WorlTrac or the data warehouse. ICF senior management believes that this is an expected consequence of going to closing without full verification and is part of the post-closing process. In addition, at the time of this assessment, there is not a systematic check of all closed applications to ensure that ICF considers all updated data and revises grant amounts accordingly in connection with CCB 153B.

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The eGrants calculator may not reflect the correct closing amount due to manual application processing during month-end closing pushes. ICF manually completes the final closing instructions based on supporting documentation attached as a PDF document to the applicant’s file in eGrants. ICF does not immediately update the values corresponding to the supporting documents in the eGrants calculator due to program acceleration, also documentation may lag. As such, the eGrants calculator does not reflect the correct closing amount immediately.

During the period of our assessment, over 140 resolution team members have the ability to override values in eGrants. Though some audit trail functionality exists for tracking changes, it is not robust enough. **When Program operations employees override values or change applicant data, the system does not require the employee does to input a comment or reason for the change.** ICF should incorporate additional checks to require that overrides made to applications, especially applications involving Road Home employees, receive an additional layer of approval. The system should generate daily reports to track changes that require additional supervisor approval or review.

There is currently software coding within the eGrants calculator that checks for owner occupancy, eligible parish, verified data, income status, FEMA verification, insurance verification, JIRA holds and open issues, the option selected by the applicant, and whether the application is a Road Home outlier. The eGrant calculator is part of the internal controls related to grant processing and should not be overridden without a specific audit trail and clear supporting documentation that the manual override is correct and calculates the proper grant amount.

Early in the Program, ICF incorrectly input application ID’s in the workorder database. The home evaluation team has since remedied this situation by running a series of tests to match eGrants application ID, address, and owner against data in eGrants. However, implementation dates for these tests and their results are not documented. Additionally, ICF should eliminate the workorder database by incorporating a direct feed of the

relevant homeowner information from eGrants into Worltrac. The home evaluation team should reconcile all damaged addresses and owner information in the current workorder database to eGrants and correct all discrepancies.

Notes:

1. At the LRA Housing Task Force (HTF) Meeting on Jan. 4, 2008, HTF member Melanie Ehrlich asked the following question, “Would you explain the lack of documentation for changes made to override values in Egrants by Resolution Team members mentioned on p. 38 of your report. The answer came from Mike Schwartz of KPMG, who told the HTF that he was responsible overall for the report. He said, “The Resolution Team members are not filling in a box with an explanation of why they made a change but their name and the date of the change are recorded.”
2. Melanie Ehrlich asked if KPMG determined the percentage of qualified applicants from the first three months of the program who went to closing. Mike Schwartz said that they had a table in their report about applicants going to closing. However, we note that the only such table is for the status of applications for the month of August without breakdown by when the applicants applied despite KPMG’s finding that those who applied earliest in the program were more likely to have errors in the processing of their application.
3. Upon questioning at the 1/4/08 HTF meeting, Mike Schwartz stated that KPMG did not determine error frequencies by ICF.