

December 9, 2008

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: Russell T. Davis *(Signed by Russell T. Davis)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Compliance with the Improper Payments Information Act
Section 521 – Rental Assistance Program

The purpose of the unnumbered letter is to provide guidance to the Multi-Family Housing (MFH) Program Directors on the implementation of the annual Improper Payment Information Act (IPIA) audit required to be conducted on the Section 521, Rental Assistance (RA) program.

The RA program continues to be listed as a high risk program under the IPIA due to the size of its outlays and the high error rate.

Compliance with IPIA will be on-going, and an audit will be required annually until the Agency achieves an error rate of less than 2.5 percent of the program outlays. The results from the Fiscal Year (FY) 2008 audit showed the final error rate of gross dollars improperly calculated to be 3.95 percent. Therefore, another audit is required this year.

We will be using the same audit procedures that were completed last FY. The Centralized Servicing Center's (CSC) Audit Unit will be again conducting the review.

The Agency is required to conduct a review that uses a statistically valid selection of all the RA payments made in a 12-month period. The selection is based on all RA payments made in FY 2008.

EXPIRATION DATE:
December 31, 2009

FILING INSTRUCTIONS:
Housing Programs

Below is the anticipated timeline for completion of this review:

1. During the week of December 1, 2008, CSC sent letters and instructions for submission of required documents for review to the selected properties. See Attachment A for an example of the letter.
2. Properties have until December 19, 2008, to submit the requirement documents to CSC for review.
3. CSC will conduct the review from December 22 through February 28, 2009.
4. By April 30, 2009, the RA audit report will be completed.

We will post the list of properties selected for audit on the MFH's sharepoint web site. The web address is

<https://rd.sc.egov.usda.gov/teamrd/hcfp/mfh/MultiHousing%20Family%20Information/Forms/AllItems.aspx>.

If you receive any questions from the management agent, please direct them to the CSC Audit Unit's phone number, 1-800-349-5097, ext. 5783 that is listed in the letter.

We appreciate your cooperation in these efforts to meet the Department's obligations to be in compliance with IPIA.

If you should have any questions regarding this, please contact Janet Stouder at 202-720-9728.

Attachment



*United States
Department of
Agriculture*

Rural Development

*Centralized Servicing Center
P.O. Box 66818
St. Louis, MO 63166-6818
(800) 414-1226 (Voice)
(800) 438-1832 (TDD/TTY Hearing Impaired Only) or
(314) 457-4554 (FAX)*

This letter is to inform you that the tenant certification identified below was randomly selected for a review of your file documentation and calculation of Rental Assistance. This review is part of an annual review required to be conducted by the Agency in accordance with the Improper Payment Information Act (IPIA). **Please provide the information identified below by December 19, 2008.**

This year, the Centralized Servicing Center (CSC), which processes your monthly payment, will be conducting the review.

Please submit a copy of Form RD 3560-8, "Tenant Certification," and supporting documents for the following tenant:

<u>Property Name</u>	<u>Location</u>	<u>Unit No.</u>	<u>Tenant Name</u>	<u>"Tenant Certification" to be Reviewed</u>
»				

Note: The effective date of the certification may not be the current certification.

Please ensure that the supporting documents consist of all documents that were used to complete the "Tenant Certification" identified above. This includes calculation tapes, internal worksheets, and third-party verifications. Examples of supporting documents are as follows:

- **Verification of Employment:** A copy of verification of employment for each adult household member
- **Zero Income Persons:** Include the Zero Income Verification Checklist from your files.
- **Unemployment and Unemployment Benefits:** Tenants receiving unemployment benefits must provide the most recent award or benefit letter prepared and signed by the authorizing agency to verify the unemployment income.
- **Regular, Unearned Income (e.g., Social Security, pensions, workers compensation):** A copy of the most recent award or benefit letter prepared and signed by the authorizing agency.
- **Public Assistance:** A copy of the most recent award or benefits letter prepared and signed by the authorizing agency to verify the amount of public assistance received



Committed to the future of rural communities.



*United States
Department of
Agriculture*

Rural Development

Centralized Servicing Center

P.O. Box 66818

St. Louis, MO 63166-6818

(800) 414-1226 (Voice)

(800) 438-1832 (TDD/TTY Hearing Impaired Only) or

(314) 457-4554 (FAX)

- **Alimony or Child Support Payments:** A copy of the divorce decree, separation agreement, or other document indicating the amount of the required support payments. (If the tenant reports that the amount required by the agreement is not being received, the tenant must document that assistance has been requested from the state or local entity responsible for enforcing payment.)
- **Support for Foster Children or Adults:** Documentation indicating the amount of money received for the care of foster children or adults, and the anticipated period of time the support will be provided.
- **Income Tax Return:** For self employment, a complete, legible copy of the most recently filed Federal income tax form may be submitted for each applicant/tenant, unless the person was exempted from filing a return.
- **Verification of Assets and Income from Assets:** Financial institution statements to verify account balances. (For some assets, such as mutual funds or 401(k) accounts, copies of year-end statements can provide information about annual income. Documents from tenants that identify if any asset has been disposed of for less than fair market value.)
- **Disability/Handicapped Documentation:** If the tenant has been living in the property for a while, the necessary documentation may have to be retrieved from the application or prior certification documentation.
- **Medical Expense:** Documentation used to calculate medical expenses.
- **Citizenship:** FOR FARM LABOR ONLY, documentation of U.S. citizenship or immigration status (for all household members) is required.

Included is a FAX cover sheet with corresponding Record Number to be submitted with each Tenant Certification and supporting documents.

We request that you fax the documents to (314) 457-4562 by December 19, 2008 between the hours of 6:00 a.m. and 6:00 p.m. Central Standard Time, Monday through Friday.

If faxing is a problem or if you have any questions concerning this letter, you may contact the Audit Unit at 1-800-349-5097, extension 5783, from 8:00 a.m. to 4:30 p.m. Central Standard Time, Monday through Friday.

We appreciate your immediate attention and assistance with this review.

Sincerely,

Stephanie B.M. White

Director

Multi-Family Housing

Portfolio Management Division

**MFH Rental Assistance Audit/Review
FAX COVER SHEET**

Project Name:

Date: _____

Unit #:

Tenant Name:

of pgs: _____

To: **CSC – Audit Unit / Tamara Terrell**

Phone: **(800) 349 – 5097 x5783**

FAX #: **(314) 457 – 4562**

From: _____

Phone: _____

FAX #: _____

Required Documentation from Mgmt Co:

____ Tenant Certification, Form RD 3560-8 (**Submit the tenant cert. based upon the requested effective date.**)

____ Verification of Income.

____ Verification of Assets

____ Medical Expense

____ Verification of Disability

____ Verification of Citizenship
(Farm Labor Only)

Remarks:

**Please attach the corresponding cover sheet for each tenant.
Include all supporting worksheets and/or checklists.
All required documents due by 12/19/08**