

Internal Audit Department  
NeighborWorks® America

# Audit Review of the NFMC Random File Review Process

Project Number: NFMC.2014

**Audit Review of the NFMC Random File Review Process  
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September 26, 2014

To: NeighborWorks America Audit Committee

**Subject: Audit Review of the NFMC Random File Review Process**

Please find enclosed the final audit report of the NFMC Random File Review Process.  
Please contact me with any questions you might have.

Thank you.

Frederick Udochi  
Chief Audit Executive

Attachment

cc: C. Wehrwein  
J. Bryson  
P. Carey  
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Function Responsibility and Internal Control Assessment  
Audit Review of the NFMC Random File Review Process

Business Function Responsibility	Report Date	Period Covered
National Foreclosure Mitigation Counseling Program (NFMC)	September 26, 2014	Round 6 NFMC Funding
<b>Assessment of Internal Control Structure</b>		
Effectiveness and Efficiency of Operations		<b>Generally Effective<sup>1</sup></b>
Reliability of Financial Reporting		<b>Not Applicable</b>
Compliance with Applicable Laws and Regulations		<b>Generally Effective</b>

This report was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

<sup>1</sup> **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

## Executive Summary of Observations, Recommendations, and Management Responses

Summarized Observation; Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p><b>Observation No. 1 – Client File Uploaded to FTP Site Beyond the 10 Day Deadline</b></p> <p>Internal Audit noted that one out of the 37 grantees reviewed did not upload its client files to the FTP by the deadline. Even though Internal Audit acknowledges the low non-compliance incident given our sample size there is a need to further re-emphasize the importance of observing policies and procedures.</p> <p><b>Risk Rating:</b> ■</p>	<p>YES</p>	<p><b>Recommendation No. 1 – Management Implementation of Client File Submission Protocol</b></p> <p>Internal Audit recommends management observe the established client file submission protocol including guidelines for granting extensions; the allowed number of days to be granted, proof of correspondence, and documentation for granting extensions, etc. The guidelines will standardize the process and help the reviewers in case of delayed submissions as well as provide an additional level of consistency and control. The guidelines should be adhered to by the reviewers and/or contractors engaged by NFMC.</p>	<p>YES</p>	<p>The NFMC staff provided Internal Audit with email communication documenting a telephone conversation between the NFMC (b) (4) and [REDACTED]. The email indicated that the [REDACTED] had some internal communications issues and needed additional time to review the documents and respond, as discussed verbally on the initial conference call. The (b) (4) Manager responded giving the “approval” for the extension but did not follow the NFMC Quality Control and Compliance procedure for phone call communication that requires a follow-up email. The email should have documented [REDACTED] formal request for an client file upload</p>	<p>Staff Retrained on Protocol on July 22, 2014 and again on September 8, 2014.</p>	<p>Internal Audit accepts Managements response.</p>

Summarized Observation; Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
				<p>extension and the (b) (4) Manager should have responded with the extended due date.</p> <p>All NFMCC Quality Control and Compliance staff are provided with the Procedure Manual upon hire and updates are made by the Program Specialist (as approved by management) and then saved on the shared drive for NFMCC Quality Control and Compliance staff to access when needed. The NFMCC Quality Control and Compliance team also maintains a Frequently Asked Questions document that explains specific compliance procedures to file during compliance testing. Prior to each new round of compliance testing, both the Procedures Manual and the FAQs are reviewed and reiterated during the kick-off compliance meeting.</p>		

Summarized Observation; Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
				<p>In light of this observation, the (b) (4) [redacted] Quality Control and Compliance has updated the NFMCC Quality Control and Compliance staff on this issue and reiterated that the Procedures Manual be followed, including detailed follow-up email that documents any additional time granted.</p>		

**Risk Rating Legend:**

**Risk Rating: HIGH**

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

**Risk Rating: Moderate**

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

**Risk Rating: Low**

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

<b>Management Response to Audit Review of the NFMC Random File Review Audit (Round 6)</b>		
<b># Of Responses</b>	<b>Response</b>	<b>Recommendation #</b>
1	Agreement with the recommendation(s)	1
0	Disagreement with the recommendation(s)	N/A



## **Background**

The National Foreclosure Mitigation Counseling (NFMC) program was created by the Consolidated Appropriations Act of 2008 to address the mortgage foreclosure crisis. Legislation was signed and the United States Congress has appropriated approximately \$620 million to the NFMC program (Rounds 1 through 6) to help reduce and eliminate the default and foreclosure of mortgages. These funds are for foreclosure intervention counseling, training, and expenses associated with administering the NFMC Program. NeighborWorks® America was selected as the NFMC Grant Administrator with the principal responsibility for the design and implementation of the program. As Administrator, NeighborWorks has the responsibility of awarding grants, disbursing funds to Grantees, and monitoring Grantee (and sub grantee) compliance with the program requirements. In addition NeighborWorks must account for and transparently report on the usage of NFMC funds entrusted to it.

See Appendix A for the NFMC program eligible activities and counseling levels.  
See Appendix B for the detailed client file checklist created by NFMC Quality Control and Compliance for the counseling and documentation requirements of the program.

## **Objectives**

The objective of this audit was to:

- Obtain an understanding of the random file review process;
- Obtain assurance that the procedures established were adequately designed and aligned with the NFMC Program requirements;
- Review and evaluate the risk assessment process employed to select client files; and
- Validate that the test plans were adequately executed.

## **Scope**

The scope of this review included the following:

- Random file testing policies/procedures;
- Round 6 client files selected and tested by Management during the Random File reviews; and
- Random File Review Test Results and Reports for Round 6 testing.

## **Audit Methodology**

The audit project was launched with an introductory meeting on June 9, 2014 to discuss the audit objectives/scope, obtain an understanding of the NFMC random file review process, and define the project timeline. The initial meeting was followed by a walkthrough of the round 6 random review process and a review of related documentation, including the funding announcement, grant agreements, client file checklists (See Appendix B), notification & close-out letters, and NFMC's Default and Remedy Policy. Internal Audit also obtained a copy of NFMC's Random Review Process and Analysis file which served as the main control document

for the audit process. Using the information gathered from the walkthrough and review of documentation, Internal Audit designed an audit program to evaluate the random file review process performed by the NFMCC Quality Control & Compliance team. Internal Audit selected a sample of client files, requested and obtained documentation to support the selected client files, and re-performed the client file review.

## **Sample Selection**

There was a total of 2,038 Round 6 client files tested by the NFMCC Quality Control and Compliance team. Internal Audit randomly selected 30 client files for testing using the Excel function RAND resulting in the generation of a random number for the sample. The selected sample was proportionate to the percentage of client of files by counseling level as reviewed by the NFMCC Compliance team. After reviewing the initial sample of 30 client files, Internal Audit noted one exception, as a result, Internal Audit expanded its sample to judgmentally select an additional seven client files. See a summary of selected client files at Appendix C.

## **Observations and Recommendations**

### **Observation No. 1 – Client File Uploaded to FTP Site Beyond the 10 Day Deadline**

Internal Audit noted that one out of the 37 grantees reviewed did not upload its client files to the FTP site by the deadline and documentation did not support an extension was granted in accordance with the NFMCC Quality Control and Compliance policies/procedures. Even though Internal Audit acknowledges the low non-compliance incident given our sample size there is a need to further re-emphasize the importance of observing policies and procedures.

### **Recommendation No. 1 – Management Implementation of Client File Submission Protocol**

Internal Audit recommends management observe the established client file submission protocol, including guidelines for granting extensions; the allowed number of days to be granted, proof of correspondence, and documentation for granting extensions, etc. The guidelines will standardize the process and will help the reviewers in case of delayed submissions as well as provide an additional level of consistency and control. The guidelines should be adhered to by the reviewers and/or contractors engaged by NFMCC.

## **Conclusion**

Based on the audit performed, Internal Audit concludes that there is sufficient assurance that the overall client file review process was effectively carried out with no material or significant observations. In general we observed a high level of compliance with the NFMCC Program requirements. Essential client file documents requested were readily available upon demand from NFMCC. These recommendations should provide an additional level of consistency and control. We would like to thank the NFMCC Quality Control & Compliance team for their assistance during this review.

## **APPENDIX A – NFMC Program Eligible Activities and Counseling Levels**

The NFMC program seeks to help homeowners facing foreclosure by providing them with foreclosure prevention and loss mitigation counseling including counseling services, training, legal assistance, and program-related support in all 50 states, its territories, and the District of Columbia. NeighborWorks distributes funds to about 136 competitively selected Grantee organizations, which in turn provide the counseling services, either directly or through sub-grantee organizations. Given the national scope of the NFMC Program and the large number of grantees, sub-grantees, and vendors, it could be expected that significant issues could occasionally emerge regarding compliance to general terms and conditions of the program outlined in the Grant Agreement, Federal and State regulation, NFMC Funding Announcement, applicable OMB Circular, or other sources.

Eligible activities under the Program include: (1) Counseling; (2) Program-Related Support; and (3) Operational Oversight (for Intermediaries and State HFAs only.) However, NFMC Program funds cannot be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments.

Counseling can include a range of activities depending on the client’s financial situation and the severity of the mortgage delinquency. NeighborWorks has developed a two-tiered structure for counseling activities – “Level One” and “Level Two”. In addition, the NFMC Program allows Grantees to provide post-mitigation counseling or “Level Four”. This applies to borrowers receiving a Making Home Affordable loan modification with debt to income ratios exceeding 55%. Level Four will require at least two contacts with the client and Grantees will upload these clients at two points in time. The client can be reported as “Level 4a” once the first contact has been completed and “Level 4b” once a follow-up appointment has been finalized.

## APPENDIX B – Client File Checklist for All Levels of Counseling

<b>NFMC QUALITY CONTROL AND COMPLIANCE CLIENT FILE CHECKLIST</b>	
<b>Counseling Requirement</b>	<b>Documentation to Satisfy Requirement</b>
<b>LEVEL 1 COUNSELING</b>	
<b>Authorization Form</b>	“Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client’s file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS.”
<b>Disclosure Form</b>	“Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners.”
<b>Privacy Policy</b>	“Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Having access to the privacy policy on the organization’s website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file.”
<b>Intake</b>	“Organization must conduct an intake including client name and address, basic demographic information, lender and loan information, and reason for delinquency. Those that use electronic client management systems can submit a screenshot from their system showing that the minimum required information has been collected.”
<b>Budget</b>	“Organization must develop a budget for the client based on client’s oral representation of their expenses, debts, and available sources of income.”
<b>Action Plan</b>	“Organization must develop a written Action Plan for follow-up activities to be taken by the client and review this Action Plan with the client. The Action Plan must be clearly labeled in the client file. It must include the counselor’s assessment of the client’s situation with a client-specific recommendation for plan of action.”

<b>Making Home Affordable Eligibility Determination (MHA Checklist)</b>	<p>“Organization must determine and document if the client is eligible for assistance through the Making Home Affordable Program even if the homeowner seeking counseling does not ask about the program. Documentation that a screening occurred should be included in the Action Plan and client file.” The assistance offered through the MHA Program are:</p> <ul style="list-style-type: none"> <li>• Refinance</li> <li>• Modification</li> <li>• FHA Loans</li> <li>• Short Sale/Deed-In-Lieu</li> </ul>
<b>LEVEL 2 COUNSELING</b>	
<b>Authorization Form</b>	<p>“Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client’s file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS.”</p>
<b>Disclosure Form</b>	<p>“Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners.”</p>
<b>Privacy Policy</b>	<p>“Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Having access to the privacy policy on the organization’s website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file.”</p>
<b>Budget Verification</b>	<p>“Counselor must engage in budget verification during which s/he reviews documented evidence provided by the client to establish true debt obligations (e.g., credit report), monthly expenses (e.g., monthly bills, banks statements, mortgage statement, credit card statement, utility bill) and spending patterns, and realistic opportunities for income (e.g., tax returns, pay stubs, profit and loss statement, third party verification). Note: a credit report alone does not satisfy the budget verification requirement.”</p>
<b>Steps Taken upon the Action Plan</b>	<p>“Counselors should take appropriate actions upon the steps outlined in the written Action Plan (created during Level One). Counselor must have documented evidence of steps to obtain a solution or the “action” taken on behalf of the client. This requires more than the counselor’s notes; it also requires documentation that the action took place.”</p>

<b>LEVEL 4a COUNSELING</b>	
<b>Authorization Form</b>	“Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client’s file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS.”
<b>Disclosure Form</b>	“Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners.”
<b>Privacy Policy</b>	“Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Having access to the privacy policy on the organization’s website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file.”
<b>Proof of Legitimate Referral from Servicer</b>	“Organization shall keep on file proof that client was referred to the agency with a trial Making Home Affordable loan modification for Level Four counseling because his or her back end debt-to income ratio is 55% or greater. If there is no letter, or the letter given to the borrower by the servicer does not identify the back end debt-to-income ratio, the agency must first try to confirm the reason for the referral from the servicer (and document attempts to reach the servicer). If this cannot be obtained, the counselor can calculate the ratio, and if it is 55% or greater, that client can be counseled with NFMC Program funds.
<b>4a Budget Verification at Intake</b>	“Counselor must engage in budget verification during which s/he reviews documented evidence provided by the client to establish true debt obligations (e.g., credit report), monthly expenses (e.g., monthly bills, banks statements, mortgage statement, credit card statement, utility bill) and spending patterns, and realistic opportunities for income (e.g., tax returns, pay stubs, profit and loss statement, third party verification). Note: a credit report alone does not satisfy the budget verification requirement.”
<b>Documentation of Back End DTI Calculation</b>	“The back end DTI is the ratio of the borrower’s total monthly debt payments to the borrower’s Monthly Gross Income.”
<b>4a Action Plan</b>	“Counselor will create an Action Plan which includes a timeline to eliminate unnecessary debt, minimize expenses, increase income, and increase savings. Different from a Level One Action Plan, the 4a Action Plan is focused on how the client can maintain the trial modification and manage his/her budget.”

<b>Date of Follow-up Meeting</b>	“Establish follow-up schedule with counselor, with at least one additional appointment, as required by the Action Plan.”
<b>LEVEL 4b COUNSELING</b>	
<b>Authorization Form</b>	“Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client’s file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS.”
<b>Disclosure Form</b>	“Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners.”
<b>Privacy Policy</b>	“Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Having access to the privacy policy on the organization’s website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file.”
<b>Documentation of DTI at Time of Second Appointment</b>	“Using the verified budget, the counselor will calculate back end debt-to-income ratio. The back end DTI is the ratio of the borrower’s total monthly debt payments to the borrower’s Monthly Gross Income. A standard for calculating back end DTI is included in the Counseling Protocol on HUD’s website. A document indicating the calculation must be in the file, as well as evidence of income and debt. A credit report is not sufficient to calculate DTI, as income must also be validated.”
<b>Progress Against Action Plan</b>	“Counselor must document borrower’s progress against the Action Plan developed during the first visit. Counselor notes or narrative could meet part of this requirement, as could a credit report pulled to ensure the client is paying their debt(s) on time. An updated crisis or long-term budget reflecting that the client is on track will also meet part of this requirement, but the counselor must also address specific steps in the Action Plan and if the client has met them. If a narrative is used, it should be clear that it is pertaining to the progress against the Action Plan.”
<b>Status of Borrower’s Modified Loan</b>	“Counselor must verify status of borrower’s payment(s) on modified loan. Proof of this includes a current mortgage statement that details the status of the client’s payments.”

## APPENDIX C – Summary of Selected Client Files

### Round 6 Client Files Tested by Internal Audit - by Counseling Level

Total # of R6 Level 1 client files tested	Total # of R6 Level 2 client files tested	Total # of R6 Level 4a client files tested	Total # of R6 Level 4b client files tested	Total # of R6 client files tested
18	17	1	1	37

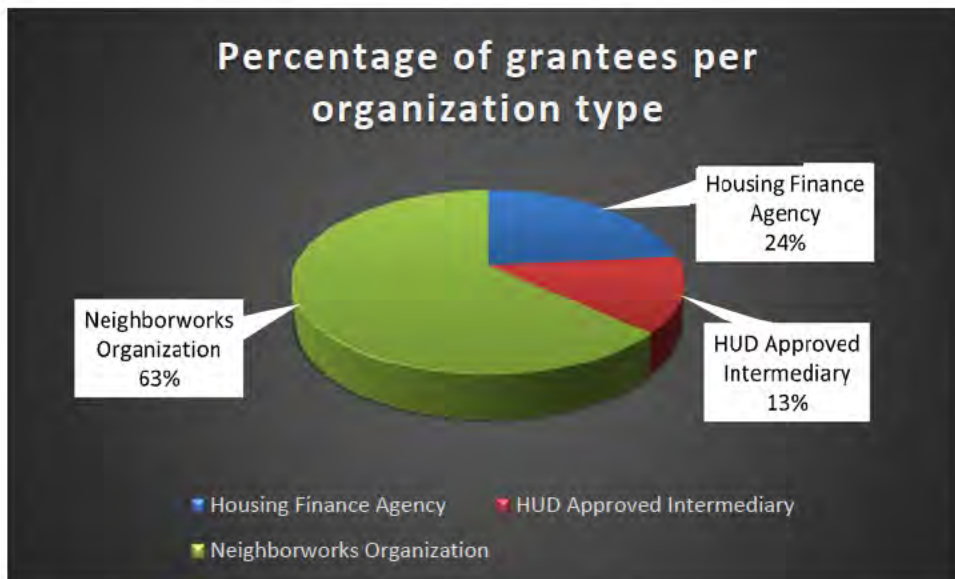


**NOTE: The information provided in the remaining charts and graphs are intended for informational purposes only and is provided to summarize the NFMC Random File Review process and results.**

### APPENDIX D – Round 6 Grantee Population

Table 1 - Total population of NFMC grantees for round 6	
Organization Type	Total number of grantees per organization type
Housing Finance Agency	32
HUD Approved Intermediary	18
Neighborworks Organization	86
<b>Grand Total</b>	<b>136</b>

**Figure 1 - Percentage of grantees per organization type**



**Figure 1 Analysis - The Round 6 Random Client File review tested all NFMC grantees for a total of 136 organizations (32 State Housing Finance Agencies (SHFAs), 18 HUD Approved Counseling Intermediaries (HACIs), and 86 NeighborWorks organizations (NWOs)).**

## APPENDIX E – Client Files with Missing Documents (Service/Non Service)

Table No. 2 – Housing Finance Agency Client Files with Missing Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Docs	Files w/ Missing Docs	% of Files w/ Missing Docs
Housing Finance Agency	480	451	29	6%
<b>Grand Total</b>	<b>480</b>	<b>451</b>	<b>29</b>	

Figure No. 2 – Percentage of Housing Finance Agency Client Files with Missing Documents



Table No. 3 – HUD Approved Intermediary Client Files with Missing Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Docs	Files w/ Missing Docs	% of Files w/ Missing Docs
HUD Approved Intermediary	285	277	8	3%
<b>Grand Total</b>	<b>285</b>	<b>277</b>	<b>8</b>	

Figure No. 3 – Percentage of HUD Approved Intermediary Client Files with Missing Documents

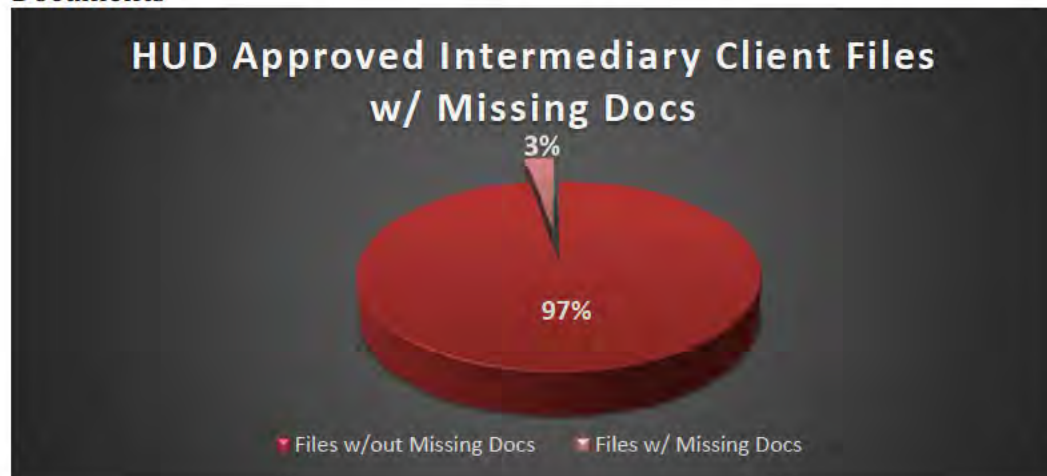
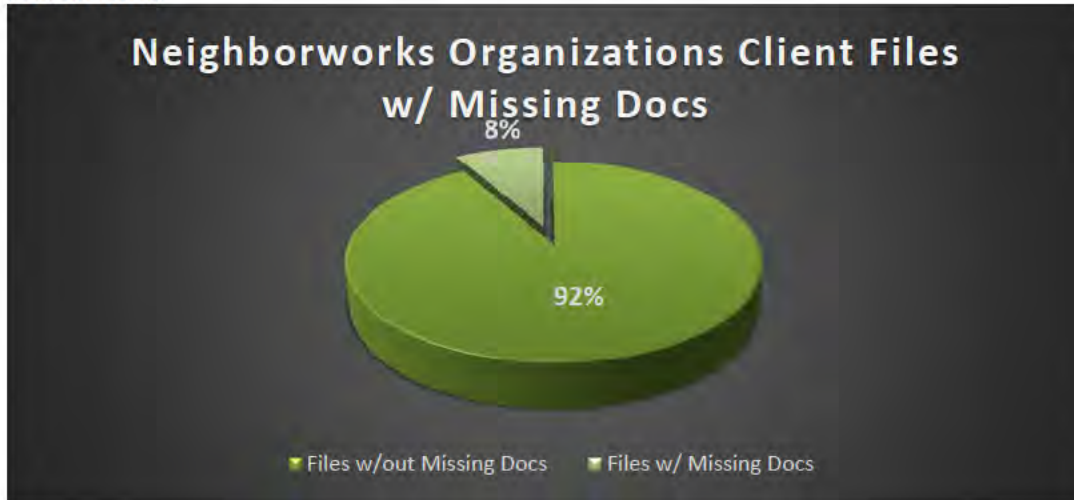


Table No. 4 – NeighborWorks Organizations Client Files with Missing Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Docs	Files w/ Missing Docs	% of Files w/ Missing Docs
NeighborWorks Organization	1273	1168	105	8%
<b>Grand Total</b>	<b>1273</b>	<b>1168</b>	<b>105</b>	

Figure No. 4 – Percentage of NeighborWorks Organization Client Files with Missing Documents





## APPENDIX F – Client Files with Missing Service Related Documents

Table No. 5 – Housing Finance Agency Client Files with Missing Service Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Service Docs	Files w/ Missing Service Docs	% of Files w/ Missing Service Docs
Housing Finance Agency	480	455	25	5%
<b>Grand Total</b>	<b>480</b>	<b>455</b>	<b>25</b>	

Figure No. 5 – Percentage of Housing Finance Agency Client Files with Missing Service Documents



Table No. 6 – HUD Approved Intermediary Client Files with Missing Service Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Service Docs	Files w/ Missing Service Docs	% of Files w/ Missing Service Docs
HUD Approved Intermediary	285	277	8	3%
<b>Grand Total</b>	<b>285</b>	<b>277</b>	<b>8</b>	

Figure No.6 – Percentage of HUD Approved Intermediary Client Files with Missing Service Documents

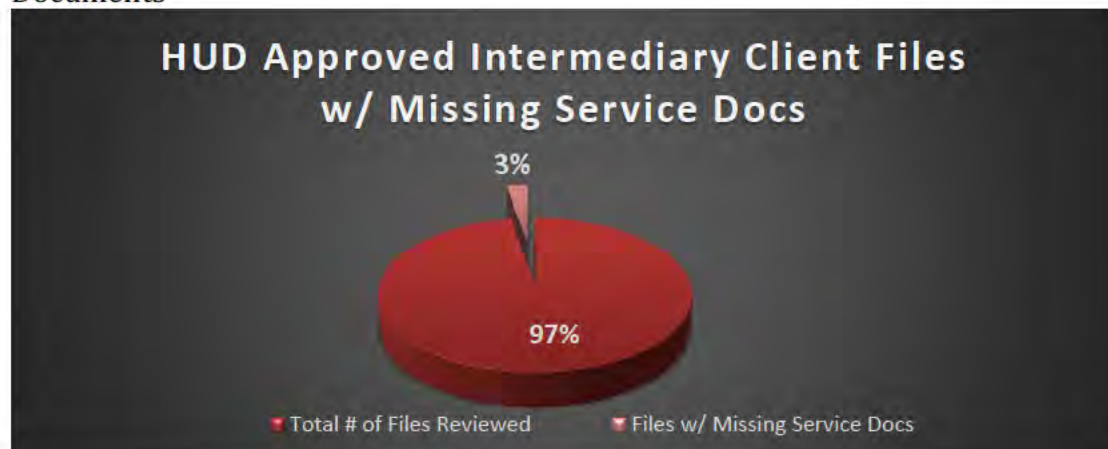


Table No. 7 – NeighborWorks Organization Client Files with Missing Service Documents

Organization Type	Total # of Files Reviewed	Files w/out Missing Service Docs	Files w/ Missing Service Docs	% of Files w/ Missing Service Docs
NeighborWorks Organization	1273	1168	105	8%
<b>Grand Total</b>	<b>1273</b>	<b>1168</b>	<b>105</b>	

Figure No. 7 – Percentage of NeighborWorks Organization Client Files with Missing Service Documents



## APPENDIX G – Client File Findings Analysis

Table 8 - Total number of client file findings

Type of Finding	Number of missing files
Missing authorization	59
Missing disclosure	56
Missing privacy	56
Missing intake	30
Missing budget	29
Missing action plan	27
Missing MHA eligibility	30
Missing budget verification	41
Missing steps taken upon the action plan	101
Missing close-out	62
<b>Total</b>	<b>491</b>

Figure 8 - Total number of client file findings

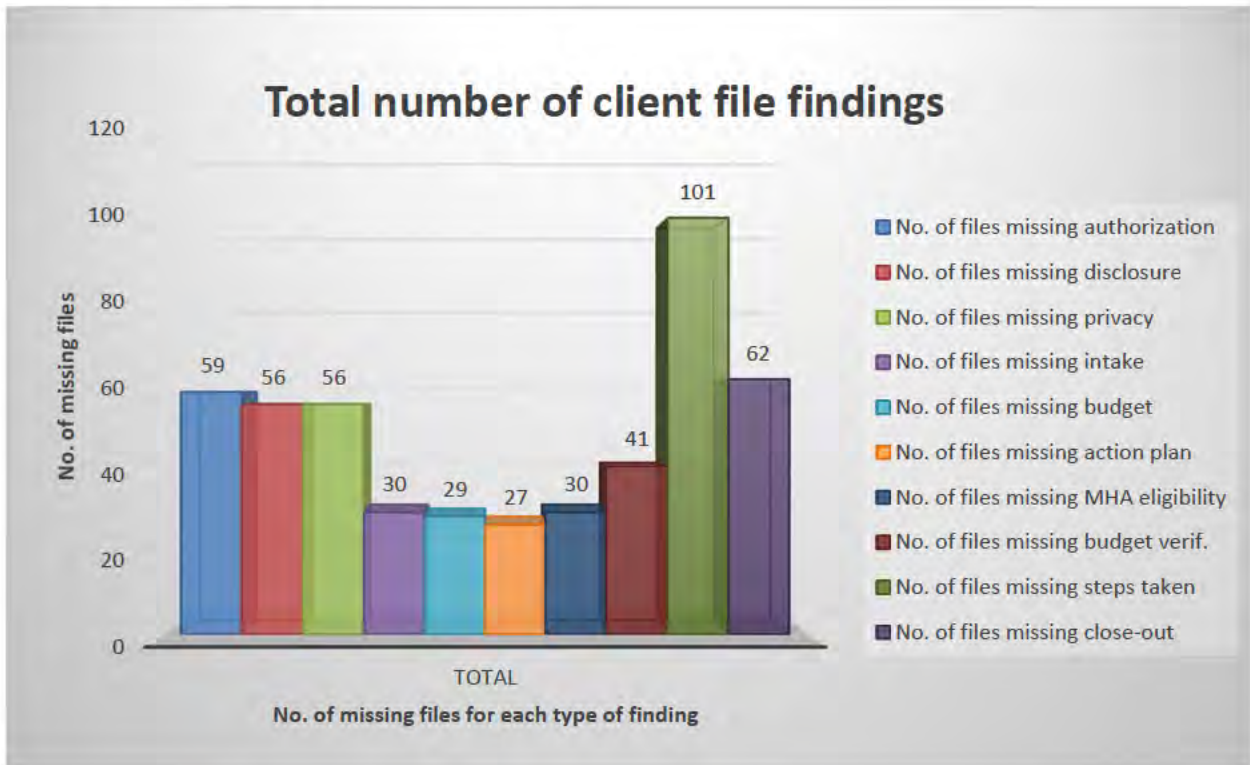
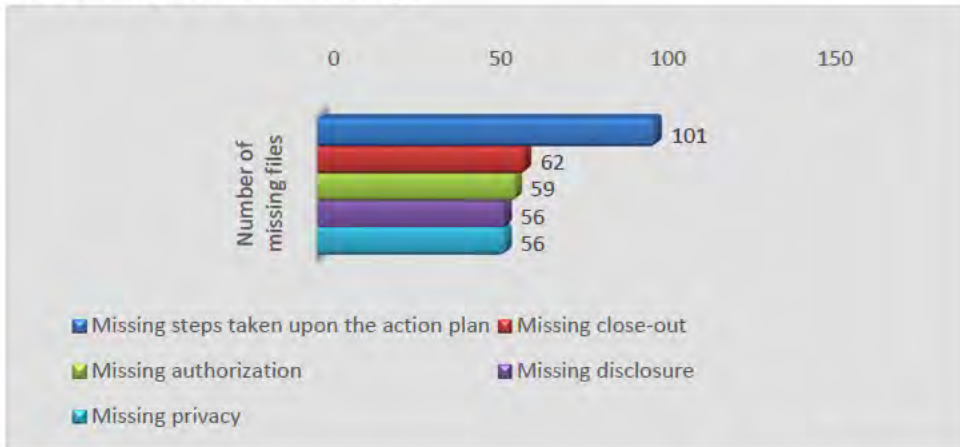


Figure 8 Analysis - The Round 6 random client file review documented a total of 491 findings.

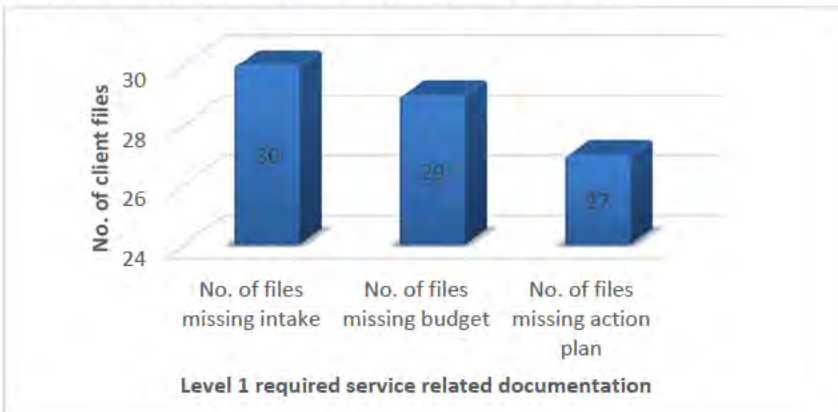


**Figure 9 - Top 5 client file findings**



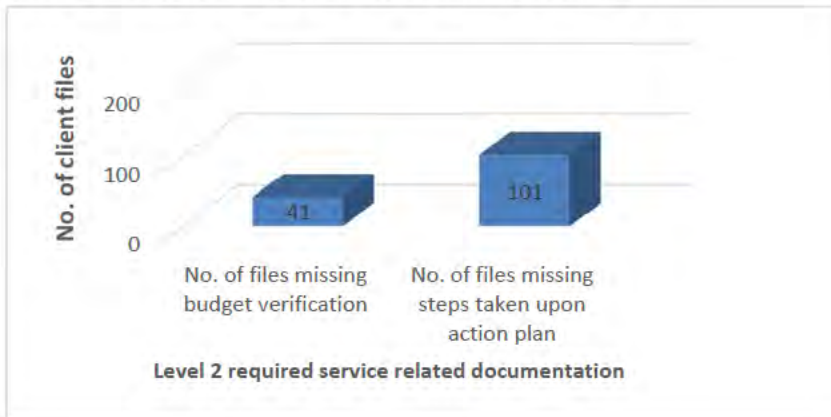
**Figure 9 Analysis** - Testing indicated that among the top 5 client file findings, grantees were cited with the most findings for Steps Taken Upon the Action Plan, a Level 2 service-related requirement. This is followed by missing close-out, authorization, disclosure and privacy policy which are all non-service related findings.

**Figure 10 - Level 1 client file service-related findings**



**Figure 10 Analysis** - Figure 10 details the number of Level 1 client files that are missing the required Level 1 service related documentation. Missing intake reported the highest amount of service related finding (30) followed by missing budget (29) and finally missing action plan (27). As a result, a total of 86 Level 1 client files is subject to fund de-obligation and/or recapture.

**Figure 11 - Level 2 client file service-related findings**



**Figure 11 Analysis** - Figure 11 details the number of Level 2 client files that are missing the required Level 2 service related documentation. Missing steps taken upon the action plan reported the highest amount of service related finding (101) followed by missing budget verification (41). As a result, a total of 142 Level 2 client files is subject to fund de-obligation and/or recapture.