

PHA Recovery Plan: Progress Report



The following provides a summary of PHA's Recovery Plan progress through September 29, 2011. The Recovery Plan defines the required actions that must be completed in order to transition PHA back to local control. The Recovery Plan subtasks will be expanded as needed to include additional actions resulting from the Administrative Receiver's assessment of PHA operations.

ORGANIZATIONAL CHALLENGES	SUBTASKS	COMMENTS	TARGET	STATUS
Task Area 1: Restructure PHA senior management team to promote accountability and oversight of all operational areas.	Designate Acting Directors for key operational areas (OGC, OAC, HR)	Acting Directors were appointed for the Office of General Counsel, Human Resources and Office of Audit and Compliance	Q1 2011	Complete
	Finalize restructuring plan based on completed operational assessments	A draft plan has been developed and reviewed with the Board. Final restructuring recommendations are scheduled for presentation to the Board at the Sept 2011 meeting.	Q3 2011	Complete
	HUD Board review and approval of restructuring plan	Board review scheduled for the Sept 2011 meeting.	Q3 2011	Complete
	Begin recruitment activities for key positions	Recruitment activities are underway for key positions. Additional recruitment will be conducted as needed based on final restructuring plan. As noted below, the General Counsel and Director of OAC position have been filled.	Q2 2011	Complete
	Finalize senior team assignments	In process.	Q4 2011	On schedule
Task Area 2: Implement standards to minimize use of outside legal counsel; restructure and staff internal Legal Department.	Designate Acting General Counsel	An Acting General Counsel was appointed to oversee the Office of General Counsel until the appointment of a permanent General Counsel.	Q1 2011	Complete
	Enhance oversight on use of outside counsel	Year to date expenditures for outside counsel reflect a substantial decrease compared to prior year expenditures.	Q1 2011	Complete



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		Procedures have been put in place to enhance monitoring and oversight of all outside counsel activities.		
	Conduct assessment of legal department staffing, needs, procedures	An independent expert (Gordon Cavanaugh, Esquire) was engaged to conduct an assessment.	Q2 2011	Complete
	Findings and recommendations report	A report of findings and recommendations was submitted.	Q2 2011	Complete
	Review findings and recommendations with HUD Board	The report on findings and recommendations has been reviewed by the Administrative Receiver and the Board. Corrective actions will be incorporated as appropriate into the Recovery Plan or the Management Action Plan.	Q2 2011	Complete
	Develop action plan	A plan to complete restructuring of the Office of General Counsel was included in the assessment, and has been finalized with some modifications by the General Counsel.	Q3 2011	Complete
	Implement action plan	Barbara Adams was appointed General Counsel in July 2011. Enhanced monitoring of outside counsel activities and expenditures is ongoing. Additional recruitment and other related activities are ongoing.	Q4 2011	On schedule
Task Area 3: Establish rigorous ethics, Equal Employment Opportunity policies and workplace standards; revise and implement HR policies and	Revise policies and procedures related to ethics, EEO, sexual harassment, and gift giving	Revised policies and procedures were developed and approved by the Board for the following areas: EEO, Ethical Standards including prohibited conduct, Gifts and Gratuities, Whistleblower Protection,	Q1 2011	Complete



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procedures and provide agency-wide training.		Outside Employment standards, Political Activity, Fraud, Drug Free Workplace, Computer Use, Employment of Relatives		
	Conduct training for all staff on revised sexual harassment, ethics, grievance policies, and procedures	A training contractor was hired to conduct training on all above-referenced policy areas. Training materials have been developed, and training for all staff has been scheduled commencing in October 2011.	Q4 2011 (REV)	Schedule revised
	Designate Ethics Officer	The Acting General Counsel was assigned to serve as Ethics Officer on an interim basis. Effective August 1, 2011, on an ongoing basis the role will be filled by the newly appointed General Counsel.	Q1 2011	Complete
	Terminate policy that required landlord paid IREM training	Section 8 landlords are no longer required to participate in IREM training. PHA has developed a new, no-cost landlord training program that was implemented beginning in July 2011.	Q1 2011	Complete
	Develop employee handbook	A draft employee handbook was developed and is currently under review prior to presentation to the Board.	Q4 2011 (REV)	Schedule revised
	Assess all remaining HR policies and procedures	An independent expert (Paulette Campbell) was engaged to work with the Acting Human Resources Director to review and revise all HR policies and procedures.	Q3 2011	Complete
	Revise all other HR policies and procedures	The revision of HR policies and procedures is underway.	Q4 2011 (REV)	Schedule revised
	HUD Board review and approval of HR policies	Board review is projected for Q4 2011.	Q4 2011 (REV)	Schedule revised



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	Implement agencywide training on revised HR Manual	A training plan for additional HR policy areas will be finalized upon completion of the revised HR policies and procedures.	Q4 2011	On schedule
Task Area 4: Implement industry best practices in Human Resources through establishment of fully-functioning Human Resources Department.	Designate Acting HR Director	An Acting Director of Human Resources was appointed to oversee all HR activities until appointment of a permanent Director.	Q1 2011	Complete
	Negotiate changes to pension system	New union contracts incorporated significant changes to pension benefits, helping to stabilize agency finances in the future.	Q1 2011	Complete
	Conduct assessment of HR Department staffing and procedures	An independent expert (Paulette Campbell) was engaged to work with the Acting Human Resources Director to review and revise HR Department staffing and procedures.	Q2 2011	Complete
	Findings and recommendations report	A report of findings and recommendations was submitted.	Q2 2011	Complete
	Review findings and recommendations with HUD Board	The report was reviewed by the Administrative Receiver and Board. Corrective actions will be incorporated as appropriate into the Recovery Plan or the Management Action Plan.	Q2 2011	Complete
	Develop action plan	A draft action plan has been submitted to address key findings and recommendations. The action plan is subject to modification upon designation of a permanent Director of Human Resources.	Q2 2011	Complete
	Implement action plan	Other recommendations from assessment to be incorporated into Management Action Plan.	Q4 2011	On schedule



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Task Area 5: Prevent and rout out fraud, waste and abuse; improve internal accountability and Board oversight by establishing Office of Audit and Compliance (OAC).	Establish Office of Audit and Compliance (OAC) including merger of PHA IG and Quality Control functions	The Office of Audit and Compliance was established in Q1 2011.	Q1 2011	Complete
	Assign Acting OAC Director	An Acting Director was assigned to oversee the Office of Audit and Compliance.	Q1 2011	Complete
	Recruit and orient Director of Audit and Investigations	Kelvin Jeremiah was appointed Director of Audit and Compliance in August 2011.	Q3 2011	Complete
	Conduct assessment of internal audit and compliance staffing, needs and procedures	An independent expert (Bronner Group) was engaged to conduct the OAC assessment. They have worked with OAC staff to define, develop and communicate the structure, functions and mission of the OAC.	Q2 2011	Complete
	Findings and recommendations report	A report of findings and recommendations was submitted.	Q2 2011	Complete
	Review findings and recommendations with HUD Board	The report on findings and recommendations was reviewed by the Administrative Receiver and the Board. Corrective actions will be incorporated as appropriate into the Recovery Plan or the Management Action Plan.	Q2 2011	Complete
	Conduct a risk assessment and develop an initial risk-based audit plan	Based on assessment, Bronner Group is working with OAC staff to develop the preliminary risk assessment framework and initial audit plan. OAC is finalizing audit plan which will incorporate information from other departmental assessments.	Q3 2011	On schedule
	Develop comprehensive policy and procedures for OAC	Based on assessment, policies and operating procedures will be established and	Q4 2011	On schedule



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	operations	implemented for all OAC functions.		
Task Area 6: Assess and make modifications, as needed, to PHA's construction management and development operations to ensure appropriate cost controls and compliance with all federal requirements.	Complete draft of Physical Needs Assessments	Draft PNAs have been prepared. Further work to refine PNAs in anticipation of a portfolio-wide review will occur in Q3-4 2011.	Q4 2011	On schedule
	Conduct initial assessment of issues, risks, compliance	An independent expert (TAG Associates) was engaged to conduct an assessment of PHA's Construction and Development activities.	Q2 2011	Complete
	Review and finalize recommendations	A report of findings and recommendations was submitted.	Q2 2011	Complete
	Review recommendations with HUD Board	The report was reviewed by the Administrative Receiver and Board. Corrective actions will be incorporated as appropriate into the Recovery Plan or the Management Action Plan.	Q2 2011	Complete
	Implement revised construction change authorization process	Based on assessment, a revised process has been established to ensure that construction field changes related to scope and budget are reviewed, approved and incorporated into formal change orders.	Q3 2011	Complete
	Modify Construction Manager evaluation criteria and selection process	Based on assessment, changes have been made to evaluation criteria to focus on past performance and team capacity in the award of project specific construction task orders. The composition of the evaluation panels has also been modified to ensure impartiality and fairness in the evaluation and selection process.	Q4 2011	Complete



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Task Area 7: Assess and make modifications, as needed, to PHA's financial management and budget policies and procedures to promote transparency, implement industry best practices, and ensure compliance with all federal requirements.	Restructure spending priorities for FY12 budget	The Administrative Receiver submitted and obtained Board approval for the FY12 budget. The budget reflects significant changes to PHA priorities in the areas of legal spending, HCV voucher utilization, and front-line maintenance services.	Q2 2011	Complete
	Conduct initial assessment of issues, risks, compliance	An independent expert (Grant Thornton) was engaged to conduct an assessment of PHA's financial management and budget operations.	Q3 2011	Complete
	Review and finalize recommendations	Preliminary findings and recommendations have been submitted	Q4 2011 (REV)	Schedule revised
	Review recommendations with HUD Board	Findings and recommendations will be reviewed with the Board in Q4 Corrective actions will be incorporated as appropriate into the Recovery Plan or the Management Action Plan.	Q4 2011 (REV)	Schedule revised
	Establish and implement an allocation plan to allocate costs to appropriate programs and entities in compliance with OMB Circular A-87	Based on initial findings and recommendations, this work is underway.	Q4 2011	On schedule
	Update accounting policies and procedures	Based on initial findings and recommendation, this work is underway.	Q4 2011	On schedule
	Develop and implement revised organization and staffing plan for Finance and Budget	Assessment is underway.	Q4 2011	On schedule
	Implement other corrective actions	Additional recommendations to be incorporated into Management Action Plan.	Q1 2012	On schedule



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Task Area 8: Assess and make modifications, as needed, to PHA's contracting, procurement, and material management policies and procedures to ensure appropriate cost controls and compliance with all federal requirements.	Conduct assessment of procurement and contracting processes	A prior assessment of contracts administration and procurement conducted by Calyptus Consulting is under review by senior staff.	Q3 2011	Complete
	Review and finalize recommendations	Outstanding recommendations from the 2009 assessment are being reviewed and updated as needed.	Q4 2011	On schedule
	Review recommendations with HUD Board	Report and recommendations submitted to Board in September 2011.	Q4 2011	On schedule
	Develop corrective action plan based on approved recommendations		Q4 2011	On schedule
	Implement corrective actions		Q1 2012	On schedule
Task Area 9: Assess and make modifications, as needed, to ensure that PHA subsidiary operations operate in support of PHA's mission, comply with applicable federal requirements, and operate in a transparent and accountable manner.	Discontinue PIAHP subsidiary operations	The Administrative Receiver discontinued all PIAHP operations and ordered the refund of all employee contributions.	Q2 2011	Complete
	Conduct initial assessment of issues, risks, compliance for TSSI, PHADC, PAPMC	An independent expert (TAG Associates) was engaged to conduct an assessment of PHA's PHADC and PAPMC subsidiaries. An independent expert (Kroll) was engaged to conduct an assessment of TSSI.	Q2 2011	Complete
	Review and finalize recommendations	Reports of findings and recommendations were submitted by each firm.	Q2 2011	Complete
	Review recommendations with HUD Board	The reports were reviewed by the Administrative Receiver and Board. Corrective actions will be incorporated as appropriate into the Recovery Plan or the	Q2 2011	Complete



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		Management Action Plan.		
	Develop corrective action plan	Draft action plans have been submitted to address key findings and recommendations. Action plans will be finalized in Q3 2011	Q3 2011	Complete
	Review and update appointments to Boards of HDCs	All HDC Board appointments have been reviewed and are now updated.	Q3 2011	Complete
	Review and compile past PHADC transactions for period prior to 2005 and present for audit confirmation by independent audit firm	Completed in September 2011.	Q3 2011	Complete
	Establish and implement shared services agreement for PHADC and update agreement with PAPMC	Based on assessment, a shared services agreement with PHADC and updates to the PAPMC agreement were presented to the Board.	Q3 2011	Complete
	Implement other approved corrective actions	The Administrative Receiver announced that PHA would not continue to fund TSSI activities, and that PHA would take over grant activities currently administered by TSSI. Other recommendations will be incorporated into the Management Action Plan.	Q4 2011	Complete
Task Area 10: Address and resolve all outstanding and pending findings from OIG and other external reviewers.	Respond to and address findings of the HUD OIG audit of PHA legal services	PHA has submitted responses to the audit, and is working with HUD to ensure appropriate policies and procedures are implemented in response to audit findings.	Q4 2011	On schedule
	Respond to and address findings of the HUD OIG audit of PHA	PHA submitted responses to the 2010 audit. File audit findings were successfully	Q3 2011	Complete

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	Housing Choice Voucher program	addressed and closed out. PHA implemented a new Quality Control procedure to address ongoing issues related to participant files. In September 2011, HUD notified PHA that this matter has been closed out.		
	Respond to and address findings of the HUD OIG audit of PHA scattered site rehabilitation	PHA submitted responses to the audit findings in July 2011, and will continue to work with HUD to resolve all findings and recommendations.	Q4 2011 (REV)	Schedule revised
	Prepare corrective action plans as required to address findings of pending OIG, KPMG reviews	<p>The HUD OIG submitted its findings in September 2011. PHA will work with HUD to address and resolve all findings. As a proactive measure, on July 28, 2011, the Administrative Receiver presented and obtained Board approval for formal policy and procedures related to Financial Disclosure Statements.</p> <p>PHA continues to cooperate and provide timely responses to KPMG, which is conducting a forensic audit under contract to HUD.</p>	Q1 2012	On schedule
Task Area 11: Work with HUD, Mayor, and Controller to return PHA to local governance.	Finalize plan/timetable for return to local governance	The Recovery Plan was approved by the Board on June 30, 2011. The Recovery Plan defines the actions needed to return PHA to local governance. A monthly progress report has been developed to report to the Board on progress in meeting all milestones.	Q3 2011	Complete



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	Revise PHA bylaws to reflect best practices		Q4 2011	On schedule
	HUD Board review and approval of bylaw changes		Q4 2011	On schedule
	Develop Board orientation and training program		Q1 2012	On schedule
	New Board appointments made		Q1 2012	On schedule
	Commence recruitment of Executive Director	The Board appointed Michael Kelly as the PHA Executive Director commencing on August 8, 2011.	Q3 2012	Complete
	Hire Executive Director	The Board appointed Michael Kelly as the PHA Executive Director commencing on August 8, 2011.	Q4 2012	Complete
Task Area 12: Provide a roadmap for PHA operations through development of comprehensive Management Action Plan which incorporates recommendations from Administrative Receiver's assessments of PHA operational areas.	Organize internal working groups to develop MAP draft	The MAP process began in September 2011.	Q3 2011 (REV)	Complete
	Prepare draft and final plans		Q1 2012	On schedule
	Review and obtain HUD Board approval for MAP		Q1 2012	On schedule
	Implement agreed upon activities		Ongoing through 2012	On schedule