PHA Recovery Plan: Progress Report

Philadelphia Housing Authority
Building Beyond Expectations

The following provides a summary of PHA's Recovery Plan progress through January 26, 2012. 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 was developed and reviewed with the Board. Restructuring recommendations were presented to the Board as part of the Recovery Plan submission in June 2011.	Q3 2011	Complete
	HUD Board review and approval of restructuring plan	Board review occurred in June 2011 as part of the Recovery Plan review and approval process.	Q3 2011	Complete
	Begin recruitment activities for key positions	Recruitment activities are ongoing for key positions. Additional recruitment will be conducted as needed based on final restructuring plan. As noted below, the General Counsel, Director of OAC and Deputy Executive Director for Finance positions have been filled.	Q1 2011	Complete
	Finalize senior team assignments	The Administrative Receiver/Executive Director has made permanent or interim appointments for key positions. Additional recruitment efforts are underway.	Q4 2011	On schedule
Task Area 2: Implement standards to minimize use of outside legal counsel; restructure and staff	Designate Acting General Counsel	An Acting General Counsel was appointed to oversee the Office of General Counsel until the appointment of a permanent General	Q1 2011	Complete

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internal Legal Department.		Counsel.		
	Enhance oversight on use of outside counsel	Year to date expenditures for outside counsel reflect a substantial decrease compared to prior year expenditures. Procedures have been put in place to enhance monitoring and oversight of all outside counsel activities.	Q1 2011	Complete
	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 was reviewed by the Administrative Receiver and the Board. Corrective actions will be incorporated as appropriate into 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 was finalized with some modifications by the General Counsel.	Q3 2011	Complete
	Implement action plan	Barbara Adams was appointed General Counsel in July 2011. Deputy General Counsel positions were filled in Q4 2011. Enhanced monitoring of outside counsel activities and expenditures is ongoing. Additional recruitment and other related activities are ongoing and will be included in	Q4 2011	Complete

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		the Management Action Plan.		
Task Area 3: Establish rigorous ethics, Equal Employment Opportunity policies and workplace standards; revise and implement HR policies and procedures and provide agency-wide training.	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: EE0, Ethical Standards including prohibited conduct, Gifts and Gratuities, Whistleblower Protection, Outside Employment standards, Political Activity, Fraud, Drug Free Workplace, Computer Use, Employment of Relatives	Q1 2011	Complete
	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 were developed, and staff training was conducted in Q4 2011. Additional training sessions for new employees and absentees will be conducted in January 2012.	Q4 2011 (REV)	Complete
	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 permanent 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 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 being finalized. A Board presentation will be made in Q1 2012.	Q1 2012 (REV)	Schedule revised

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	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.	Q1 2012 (REV)	Schedule revised
	HUD Board review and approval of HR policies	Board review is projected for Q1 2012.	Q1 2012 (REV)	Schedule revised
	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.	Q1 2012 (REV)	Schedule revised
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.	Q3 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 Management Action Plan.	Q2 2011	Complete
	Develop action plan	A draft action plan was submitted to address	Q2 2011	Complete

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		key findings and recommendations. The action plan is subject to modification upon designation of a permanent Director of Human Resources.		
	Implement action plan	Other recommendations from assessment will be incorporated into Management Action Plan.	Q1 2012 (REV)	Schedule revised
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 Management Action Plan.	Q2 2011	Complete

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	Conduct a risk assessment and develop an initial risk-based audit plan	OAC has completed the risk assessment and has developed a comprehensive risk-based audit plan which is currently being implemented.	Q3 2011	Complete
	Develop comprehensive policy and procedures for OAC operations	Based on assessment, policies and operating procedures will be established and implemented for all OAC functions. OAC has now developed policies and procedures for internal audits and its investigations department. Additionally, OAC developed corruption prevention guidebooks for employees and contractors. These guidebooks will be released by January 2012.	Q4 2011	On schedule
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 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	Q3 2011	Complete

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		field changes related to scope and budget are reviewed, approved and incorporated into formal change orders.		
	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 fairnesss in the evaluation and selection process.	Q4 2011	Complete
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	Independent experts including Grant Thornton, Blosky and Associates and Bronner Group were engaged to conduct an assessment of PHA's financial management and budget operations.	Q3 2011	Complete
	Review and finalize recommendations	Findings and recommendations were submitted.	Q4 2011 (REV)	Complete
	Review recommendations with HUD Board	Findings and recommendations were reviewed with the Board in Q4 and will be refined over time by new CFO. Corrective actions will be incorporated as appropriate into the Recovery Plan.	Q4 2011 (REV)	Complete

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	Establish and implement an allocation plan to allocate costs to appropriate programs and entities in compliance with OMB Circular A-87	Allocation plan has been established. Implementation of the allocation plan will occur over a multi-year period.	Q4 2011	Complete
	Update accounting policies and procedures	Based on findings and recommendation, updates to policies and procedures are being made. Implementation will occur in Q1 2012	Q4 2011	Complete
	Develop and implement revised organization and staffing plan for Finance and Budget	A revised organizational plan has been developed. Elias Rosario, new Deputy Executive Director for Finance/CFO, started work at PHA on November 21, 2011.	Q4 2011	Complete
	Implement other corrective actions	Other initiatives and corrective actions will be incorporated into the Management Action Plan.	Q1 2012	Complete
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 was reviewed by senior staff.	Q3 2011	Complete
	Review and finalize recommendations	Recommendations from the Calyptus assessment were reviewed and updated as needed.	Q4 2011	Complete
	Review recommendations with HUD Board	Report and recommendations were submitted to Board in September 2011.	Q4 2011	Complete
	Develop corrective action plan based on approved recommendations	A plan was developed and is underway to update policies and procedures. Additional actions will be incorporated as appropriate into the Management Action Plan.	Q4 2011	Complete

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	Implement corrective actions	Work plan activities are underway involving Contracts and Procurement staff with assistance of Calyptus Consulting. A revised Procurement Policy is scheduled to be presented to the Board in Q1 2012.	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 Management Action Plan.	Q2 2011	Complete
	Develop corrective action plan	Draft action plans were submitted to address key findings and recommendations. In addition to corrective actions noted below, other actions will be incorporated as needed into Management Action Plan.	Q3 2011	Complete
	Review and update appointments to Boards of HDCs	All HDC Board appointments were reviewed and are now updated.	Q3 2011	Complete

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	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 and approved by 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 as appropriate 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 responded to the HUD OIG and provided certain materials on 1/17/12. PHA will continue to work with HUD to ensure appropriate policies and procedures are implemented in response to audit findings. Note that the Third Circuit Court of Appeals has placed a stay on the release of legal invoices, which will continue to impact the timetable to resolve open findings.	Q1 2012 (REV)	Schedule revised
	Respond to and address findings of the HUD OIG audit of PHA Housing Choice Voucher program	PHA submitted responses to the 2010 audit. File audit findings were successfully addressed and closed out. PHA implemented a new Quality Control	Q3 2011	Complete

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		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.	Q1 2012 (REV)	Schedule revised
	Prepare corrective action plans as required to address findings of pending OIG, KPMG reviews	The HUD OIG submitted its conflict of interest audit findings in September 2011. On January 19, 2012, PHA submitted its formal response to HUD, which if approved, will close out HUD OIG's finding. PHA is awaiting HUD's response. Also, as a proactive measure, on July 28, 2011, the Administrative Receiver presented and obtained Board approval for a formal policy and procedures related to Financial Disclosure Statements. PHA continues to cooperate and provide timely responses to KPMG, which is conducting a forensic audit under contract to HUD.	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	Q3 2011	Complete

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		on progress in meeting all milestones. The Mayor of Philadelphia has filed legislation to reconstitute the PHA Board into a nine-member Board appointed by the Mayor. The bill is pending approval by the state legislature.		
	Revise PHA bylaws to reflect best practices	The Pennsylvania legislature is currently considering legislative action on proposed amendments to the PA Housing Authorities law which may impact the content of the by-laws. Draft by-laws will be prepared at the earlier of legislative action or by January 31, 2012. If the Legislature does not act before 1/31/12 (or were it never to act), PHA will draft revised by-laws based on current law by 1/31/2012.	Q1 2012 (REV)	Schedule revised
	HUD Board review and approval of bylaw changes		Q1 2012 (REV)	Schedule revised
	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 2011	Complete

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	Hire Executive Director	The Board appointed Michael Kelly as the PHA Executive Director commencing on August 8, 2011.	Q4 2011	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. Working groups will meet through Q1 2012 to develop MAP strategies and recommendations.	Q3 2011 (REV)	Complete
	Prepare draft and final plans	As appropriate, MAP findings will be incorporated into the FY13 MTW Annual Plan.	Q1 2012	On schedule
	Review and obtain HUD Board approval for MAP	A final MAP document will be presented as part of the Administrative Receiver's petition to end the Cooperative Endeavor Agreement and return PHA to local control.	Q1 2012	On schedule
	Implement agreed upon activities		Ongoing through 2013	On schedule