

## **TRACS Industry Meeting October 20 & 21, 2004**

Note from Mary: In fairness to all that attend the meeting, I have opted to exclude the names of the participants at the TRACS meeting. When you see the term “Stakeholder” please know that this mean that an audience participant (considered and industry stakeholder) has made a comment. I have maintained my original notes, so if you have something that requires “follow-up”, please feel free to contact me.

The meeting started with General Registration from 9:00 AM until 9:30 AM

### **Opening Remarks – Lanier Hylton**

Lanier opened with an introductory presentation providing a general TRACS Update.

#### Funding

Where we are with appropriations? We have received funding to carry through November 2004. HUD has identified the funding needs for S8 and BP

Renewals for - October 1 – December 31 – Starting early next week HUD will be making allotments to the field offices.

Full funding needs for the first quarter.

Renewals and amendments for all contracts

Funding will be put in place for Rent Supps and RAPs.

The timing of the allotment for fist quarter will set a high standard. This is the earliest ever to have funds for the beginning of a fiscal year.

PB CA’s have been asked to move forward with all contract renewals so they are ready when funding issues are finalized. This means all contract renewals should be taken as far as they can and should be ready to send to Ft. Worth as soon as the word comes from the field offices. The purpose of completing all “up front” work is to avoid payment interruptions in November.

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### Special Claims Guide

Special Claims Guide – The plan for the new Special Claims guide is to have it cleared by MFH very soon. The guide will then be reviewed by Policy, Asset Development and the attorneys. Hopefully, these steps will be complete by the end of the year. At that point, the handbook will be provided for 10 working days for comment. MFH and others are working on some big issues. For example:

If occupancy guidance forces owners to move someone to market in certain instances – at this point OA cannot get paid for special claims because the resident is a market renter. That has been changed based on the requirement to take some tenants to market as part of compliance.

### Policy Support

When Lanier spoke about the new Special Claims Guide, it brought up the question of who will support the guide. In the absence of someone like Judy to answer questions, who do we contact, at HUD, when we have questions about how the handbook should be interpreted?

Lanier stated that Willie Spearmon and he will coordinate more on policy issues because he does not see anyone coming in and coming up to speed to support policy questions. His advice is that if you don't know who the question is supposed to go to, send it to both Lanier and Willie. (You can find HUD employee email addresses at <http://www5.hud.gov:63001/po/i/netlocator/>)

### Management & Occupancy Review Form

Deborah Lear and Lanier Hylton are working on the Management & Occupancy Review form. It has been significantly changed to include all the documents that are required by owners and PBCAs. The new form will include a monitoring process from FHEO asking CA's to follow up on the LEP survey guidance. The form includes Very specific instructions and includes delineated line of responsibility to provide guidance when the PBCA goes out and does the MOR.

She is close to finalizing that document then it will go through the review described for the special claims guide. After that, the document will be released for public comment. HUD will accept public comment for 10 days.

**Until the new MOR form is approved by the OMB, all Contract Administrators should still be using the old form.**

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### Implementation of 85% Minimum Compliance

Owners and representatives of owners have gotten the RHIP fact sheet pertaining to the automation rule. They have sent out 18000 letters with a note explaining the RHIP info sheets. These information sheets can be found on the Rental Housing Integrity Improvement Project web site at <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm> or on the Ross Business Development web page at <http://www.rbdnow.com/noticesforms.htm>.

TRACS will be implementing the 85% rule. This means that properties with compliance percentages below 85% are at risk for voucher “hold”.

Graduated implementation will begin in November 2004.

HUD views the Owner/Agents as the responsible entity (not CA). Contract Administrators are advised to make sure that all owners are aware of the plan to start holding payment so they cannot claim that they were not aware that vouchers payments are at risk.

### General Questions from Stakeholders

Stakeholder – Are you going to do the graduated approach?

LH – Anything below 25%

Stakeholder – Will there be an exemption for small properties?

LH – There will be an exemption for small properties.

Stakeholder - Have you made a determination of what constitutes a small property?

LH – Yes, but I’m not going to tell you because we still have to finalize.

DH – How long to get to the point where you are suspending all vouchers below 85%?

LH – Probably 120 days. We don’t want to do it too fast because we have to make sure that support is sufficient.

Stakeholder - That does include the traditional as well as the PBCAs

LH – yes – They are getting paid out of the FMC – so there is a different process. We will be slowing down renewal of the contracts.

Stakeholder – On the 15month rule. There are some situations where an Owner/Agent may get behind on TRACS due to a property acquisition or due to software changes. Obviously, the OA wants funds as they go.

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LH – We have paid these in the past. We know that there are valid reasons why no data would be available. In light of that, we do give some transition period for the new owner. In the situation where a new Owner takes over a property, HUD would probably pay manually

Stakeholder - Is the escalation going to go to a higher percentage?

Lanier - 85% is considered too low

Stakeholder - Is there a month where the compliance percentage is projected to go higher?

Lanier – We project a 90% objective by the end of 2005 and a 95% objective by the end of 2006. As point of course, we will start looking at higher percentages.

Stakeholder – Can you give the software vendors information about what percentage of their customers is below the 85% plateau so that we can prepare the support teams?

LH – Checking with TRACS - Good idea

### Award of Contract to TRACS System Developer

The re-compete for the TRACS contract is almost complete. The finalists have all been through orals and an award is expected sometime in November or shortly thereafter. There is a two-month transition period planned if there is a new contractor.

There is significant development efforts planned and HUD may be working with a new contractor depending on the outcome of the contract award. Obviously, if a new contractor wins the bid, there will be a learning curve. The new contractor will be instructed to work with key staff to ensure a smooth transition.

The new contract is a performance based contract. The performance will be based on deliverables.

Stakeholder - How will that effect 202B?

LH – Will not affect it – 202 B will be done with current contractors and staff.

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The release is broken in to two components. This is why there has been a slower pace with the implementation and why there have been so many conference calls to nail down the specifications. We want to have a definitive set of specifications to give to the contractors especially if a new contractor wins the bid.

If the current contractor wins the bid, implementation will be faster and the 6 month implementation is realistic. If we go to a new contractor then it will be more like 9 months.

Stakeholder – There is a concern about the vendor region which is used by software vendors to test various software products.

LH – Should not have any effect because the vendor region is within HUD's area. The hardware contract is under appeal (was awarded to EDS) but was appealed by Lockheed Martin.

Stakeholder – What is the impact on Owner/Agents?

LH – don't expect any changes there. We will listen to concerns about tenant compliance. We should be on the path to move forward. HUD is trying to foresee and minimize problems. But there are going to be hiccups with any new vendor. They will try to eliminate as many problems as possible.

The biggest impact will be on 202C because it will be well past June before discussion start.

### Business Process Reengineering

LH – Last thing – The Business Process Reengineering contract has been awarded. The winning bid was submitted by KADIX

There were several excellent bids and it was a very close call. One of the biggest challenges in awarding the contract was that the evaluations had to show a clear winner and a lot of them were close. The contract was a severely negotiated contract. Everyone got a project plan and a set of deliverables that we can live with.

KADIX has subcontracted with Quadel and have put together a team that includes a professional from FASS, TASS, and REMS development teams.

This is the first Multi-family business process reengineering effort. HUD has identified two folks who will be working with Quadel - one from our side and one from Public Housing side. A specific person will be assigned to determine what systems are necessary.

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Lanier expressed a lot of confidence in the team. Putting together a good team was critical and the KADIX Staff has a high success rate.

They will be presenting Thursday morning at the TRACS meeting

Stakeholder - The BPR is largely planning or coding?

LH – There is no coding – We are going to do a business process reengineering. This is an evaluation of the current processes to see what works and what needs to be changed and what does not work. There are no “sacred cows”.

The objectives are to lower cost and make it more efficient for our business partners and stakeholders to do business with us. We also need to automate as much of the business as possible in an e-government solution.  
2 year fully funded contract.

KADIX will be going out to industry and to the field offices using focus groups to gather information. Results and discussion of efforts will be posted on the web. There are plans to develop a new web page for postings but we don't know where yet. The reason we don't know where is because it is business process reengineering for all of the rental assistance programs and that includes PIH. This has grown from a BPR for our side of the house to a BPR for everything in the department. It will be more appropriate to create a web page around the rental housing program in its entirety.

### Performance Based Contract Administrator Contracts

Stakeholder - How is the PBCA contract going?

LH – Contracts were 3 years with 2 option years – At the end of the contract period, CAs were supposed to re-compete. However, there was a determination that the impact of that kind of change would be too problematic.

Now they are looking at a 10 year renewal. They feel safe in the fact that the ACC has the ability to terminate any CA who is not performing. If they do decide on a 10 year renewal contract, they will be working with OGC on how to effect that change.

Stakeholder – What about the gap?

LH – The idea is to avoid a gap between the end of the existing contracts and the start of the new ones.

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### Tenant Optimum Compliance – Presented by Bob Barrick

Please see the presentation: *Tenant Reporting Optimum Compliance Initiative*  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Bob wanted to talk for a few minutes about where we stand as far as the status of the optimum compliance initiative and talk about some relatively minor modifications and we are trying to include trying to improve accuracy.

The compliance percentage is the ratio of active households divided by the units billed on the most recent voucher. We've talked about this in the past, so he is not going to re-hash what they do to come up with the compliance percentage.

*Note from Mary: Compliance percentage is obtained by taking the number of Active Certifications in TRACS - MAT 10 (effective within 13 months) - and dividing by the total units billed on the last voucher processed. So, if you bill for 100 units, you must have at least 85 active certifications in TRACS.  $85/100=85\%$*

HUD started gathering information back in 2003. After reviewing the entire portfolio and evaluating 22000 active contracts, overall we were about 87/88 percent. Now we are at about 95% for the entire portfolio. When it could be determined that a contract's data was bad, as in the case with contracts with excessively high compliance percentages – these percentages were taken out of the calculation to make the numbers more realistic.

HUD is obliged to report the information to the Office of Management & Budget OMB and the high compliance percentages contribute to the success of the RHIP initiative.

They wanted to evaluate the performance based on who is managing the submissions. When we evaluate by CA type, again, there is notable improvement.

The HUD administered contracts are averaging about 90%. PBCA administered contracts are averaging at about 99% and the traditional CA administered contracts are at about 75%. Traditional CA's who do not submit vouchers are not included.

Stakeholder – Can you make the contact information about the vendors available?

LH – Could make a list of traditional CA's. If you are asking for information that promotes affordable housing we can try to help. If you're out to make a dollar, he will not provide the information.

BB – We are making some minor changes that will lead to improved access. As many of you know, some contracts show 106% and you must try to reconcile with the active tenant count. There are some questions as to which households are being counted. There are also scenarios where the system over or under counts the active tenants.

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In terms of the certification query there is a discrepancy between what shows and what counts. TRACS deals with 15 months as still active. In terms of tenant compliance it is 13 months. This means that you can see all certifications effective within the last 15 months in the TRACS Certification Query, but TRACS only counts the certifications effective for the last 13 months in the Compliance Percentage.

Next month (November 2004), they will be putting in some changes that will effect the calculation.

LH – The 85% is a litmus test. In today's business model there is no way to say the information is timely. There is no way to say the information is correct. The only thing they can say is that the information is reasonable to pay the voucher.

If you hit a threshold and there is a review. The FMC looks at more than the tenant compliance. They look at the specific information. The accuracy is one of the reviews by the FMC.

BB – Wants to mention that Lanier alludes to focusing on looking on the cases where they have bad data. We have also noticed that there are cases where the data is way out of line. In the cases where the compliance percentage is over 500%, typically there is a problem with unit count.

Stakeholder - TRACS will look at the last count before the voucher expired.

BB – It should be looking at the last voucher submitted. Changes will be implemented by the end of November.

Based on testing and analysis, we have determined that, once the change is implemented, it may result in a reduction of the compliance percentage of roughly 1 percentage point. Many of the projects will have no change at all.

A lot of the changes involve transactions that have been submitted out of chronological order (based on effective date); we will see an improvement in percentage.

Quite a bit of built in logic in TRACS that identifies the current certification. There is a "superseded date" in TRACS but there are some problems with it. The improvements will allow you to see when a cert has been superseded.

Over the last six months we have done some corrective activity to see what the information is in TRACS. We feel confident that we can identify calculations that are not correct.

With the old methodology one MAT 10 can have a dozen transactions that need to be sorted out. With the new methodology, we will be looking for the transaction that has not been superseded. Then we can make a determination on whether a prior transaction has been superseded or not.

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The flip side is when we over count. When we add the ability to view the superseded date, we can note which transaction has been superseded.

Stakeholder – There appears to be a bug in the tenant region so that when you use a MAT10 instead of a MAT70 UT, the units to and from seem to be counted as current and active. There is a discrepancy between what is showing and what is counted. This is a policy issue. Field office in a state is crucifying the CA – says they are submitting false information to inflate the %. Tell field office that over counts are not results of fraudulent activity.

Stakeholder - Could you indicate which tenants are in the active tenant count on the screen...color change....flag?

BB – We'll be talking about this today.....it's possible.

LH – There are many instances, because of the complicated way we process, where a site can be over 100%. We have to make a decision and have decided it is better to let the numbers represent what they represent. May find out it's a legitimate %.

Stakeholder – It would be advantageous to determine who is responsible for getting data to TRACS when sending to PBCA. CAs are putting pressure on owner for comp %. Aren't they responsible to getting the data to TRACS for the owner?

LH – CAs may be holding cert because there are legitimate questions. Some CAs will process while resolving with owner. Others think it's an admin burden to process and adjust.

Stakeholder – We have a situation where our CA had certs, but no certs were in TRACS at all.

LH – if owner submitted the certs and CA accepts the certs, then it is the CA's responsibility to submit to TRACS.

Stakeholder – I agree, but if there are MAT errors ...every instance like this that he researched were the result of MAT errors. We need to coach property managers to look at MAT errors. Very real cause of discrepancy. Looks like the CA isn't sending information, but they are.

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Stakeholder - Are you saying there are 0 certs in the query?

Stakeholder - yes, at first. Corrected issues, got all active tenants in database, now below 85%. Problems were fixed, but certs are now missing.

Stakeholder - Last year you said the o/a is ultimately responsible for the quality of the data in the database. That's what we've trained for a year. CA said "you're at 85% - don't worry about it"...what do you do?

LH – tell me about it. We will eventually start looking at data quality. We're probably about a year away from that. Start working on this now – don't have the same mad rush you had to get to 85%.

Stakeholder– The field office is sometimes stating that the CA is purposely sending false information to the HUD to make the compliance percentage higher. Steve Burgess is saying if it is over 100%, don't report it.

Stakeholder - Change to HOH is also causing problems with the tenant count

Stakeholder - Is there some way to let the field offices know that it is not fraudulent to be over 100%. There are legitimate reasons why the compliance percentage can be too high.

Stakeholder - When the owner sends the data to the CA, don't they have the responsibility to send the certification to the TRACS?

LH – There are CA's who may process the cert and continue to have problems with the owner, but they don't have to send the information if there is a legitimate reason to hold it.

Stakeholder- He agrees in part. Almost 100% of the types of complaints that *the other stakeholder* brought up are a result of errors. When you work with the TRACS errors, you know that it can take time to fix.

LH – We're going to start looking at data quality – is it timely, is it accurate – desk audits of TRACS is coming. Be prepared for a full review. Data analysis in TRACS is about a year away. Having good tenant data is mandatory. If contracts are exceeding 100% people will go look at the data to see what is causing the problem. If tenant is showing up in two units, you should know why; the data quality is important.

If the contract is over 100%, you will not have the same mad rush as we did to get owners to 85%.

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Stakeholder – That goes back to the old truism – Garbage in and garbage out.

Stakeholder – There are problems with properties that submit certs out of sequence – sometimes it is a software problem

LH – Data quality is not so much a punitive approach to data quality. It is an approach to assume a technical issue. Contact CA, PBCA or owner, we will advise re: the fix

At the end of the day, folks will stop looking at whether you have sufficient tenant data and accurate tenant data

Stakeholder – Consistency among the CA's is an issue – can HUD make the TRACS meeting mandatory?

LH – Trying to be fair – there are as many of you dealing with HUD field offices and there are inconsistencies there as well. The question is a larger one which states that we have to work to make sure everyone is getting and giving the same message

They are working to set up infrastructure – this includes monthly conference calls with PBCAs. It is an opportunity to determine what questions they have and to provide direction. All PBCAs commit to participate in that. The goal is to have asset management and occupancy work side by side

As far as the TRACS Meetings go– they have been specific that they will not deal with PBCA issues outside of how they impact TRACS. Few field office staff can attend because of funding. This goes back to why they have the CAOMs and the PBCA in the field. TRACS meetings just deal with TRACS and submission of data

There is a 3<sup>rd</sup> type of meeting that they have not had in the last three years that has not been funded. These are the focus groups for the PBCAs, CAOMs and the field office staff. Because of lack of funding, they have not had the meeting and it is becoming problematic.

In response to that, Deb Lear is in the process of pulling together a specific training program that discusses functionality and regulations.

The result of the finished training will be a PBCA guidebook. This will be used to train the HUD and CA staff.

What he has tried to do is work with 54 different organizations with issues and we have conference calls with the CA and the HUD staff to try to resolve the issues. It is mandatory to participate in the conference calls.

Stakeholder – CA's don't have resources to look at errors that go back to the sites. TRACS fatal out certain things and you cannot see the fatal errors in TRACS. One of the properties had a problem because an AR was sent to early. The OA has to build the partnership with the OA.

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The other things relates to the comments about PBCA and information flow – noticing in the last 6 to 8<sup>th</sup> month there is a lot of fear, resistance, where the sites are fearful to go to the CAOM for fear of retribution.

LH - HUD audit does a review of the PBCAs – reviewing about 1/3 per year. In some instances they have found things that some PBCAs were doing and have.

Satellite training will be more definitive and try to respond to some of the issues. They are hopeful that the PBCA and the CA are cooperating to try to do the best that they can for the clients. In the case where they are, they will go back and ask.

One of the problems is that the Owner Agents do not want to be identified. It is difficult to manage when there is not an example.

Stakeholder – What is the communication issue?

LH – There are channels. Both sides have a right to have their perspectives heard.

Stakeholder - One of the problems is that the CAOMs are inconsistent.

LH – There are field offices that have this issue as well.

Stakeholder – Let's get back to Bob.

BB - Getting back to the integrity of the data in the TRACS system. We touched on the superseded date and can see what the issue is.

When the data is not clean in TRACS, and the owner and the CA is clean, who will be responsible for filing the data.

Bob – It's already there, it just was not clean. We will start relying on the data, but there will be no retroactive clean up.

Stakeholder – Once we get through a clean up and get a contract up to speed, we have no worries?

Bob – It seems that the data is not always correct

LH – You are still subject to the way the system processes. If TRACS was in a position to give status on each submission like Yes/No Accept/Don't Accept, some of the problems would be resolved.

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Stakeholder - When we have difficulties – for example, when site staff talks to HUD or the CA and there is a problem, we involve the CAOM. . When we encounter those things and the CAOM is involved with the CA, we have no problems discussing and resolving problems.

Stakeholder – In regard to the payment suspension...when you suspend below the 20%, what will trigger the release?

Bob – Once the percentage is above the threshold, it will be released

Stakeholder - Is voucher withholding becoming automated and when?

LH – Yes, on Nov 1

Stakeholder – Does it prevent the voucher from going to LOCCS?

LH – Yes

Stakeholder - What method of communication will you send

Bob - T53 – is the status

LH - There are three handoffs –

1. Come in through TRACSMail
2. Then it goes to TRACS
3. When TRACS finds it acceptable and it goes to LOCCS

LOCCS checks everything then it goes to the treasury.

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### PBCA MAT Messages – Jed Graef

See the Presentation CA Error Checking and the Excel Spreadsheet CA Error Checking  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

To make sure everyone is up to speed, Jed provided us with a brief overview of the submission process – referred to as “MAT 101”

Jed provided a brief overview of the TRACS edit process. The system currently has a *Two-Pass Model*. Each submission must pass:

- *MAT checks*  
*Looking for formatting and similar issues*
- *TRACS checks*  
*Checking submission against business rules*

MAT checks look at the information at the record and file level and, if there are problems, return fatal errors.

One problem with the current model is that you are not guaranteed to get a response at the TRACS level if there are no errors. No news is good news but you never know if the information is there. We want “success verification”.

### Fatal and Non-fatal errors

All MAT level errors are fatal. Either the whole file (tenant or voucher) gets a fatal error or a record within the file gets a fatal error.

On the TRACS level, business rule edits.

TRACS checks return:

#### *Discrepancy Errors*

*Level-1 (Correct in 30-45 days)*

*Level-2 (Correct on the next certification)*

*Level-3 (Informational)*

*Level-4 (For field office use)*

#### *Informational Messages*

#### *Status (Voucher) Messages*

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### Status Level Messages

This provides information about which records are stored. Records with MAT errors or Fatal errors are not stored. Records without errors and with non-fatal errors are stored.

The TRACS calculated values are stored. It is not the site-submitted value that is stored but the TRACS calculated values that are stored. The TRACS error message is stored as well.

- ▲ *Records with MAT errors or Fatal errors are not stored*
- ▲ *Records without errors and with non-fatal errors are stored*
- ▲ *The TRACS calculated values are stored*

The issue that has come up is “Why aren’t Action Code 1 errors fatal?”

TRACS is not a single program; it is broken up in to multiple programs that include subparts. Load module 110 rejects fatal errors.

It is not fatal if a cert does not add up because, by the time we run the calculation edit, the record has been stored in the TRACS database. To help improve the overall process, TRACS is looking into the feasibility of storing records with fatal errors

Why aren’t level 1 errors Fatal errors?

- ▲ *By the time TRACS checks for the level-1 and other errors the record has already been stored.*
- ▲ *TRACS is looking into the feasibility of storing records with fatal errors*

### Is TRACS Error Checking Complete?

TRACS error checking is not complete. There are many handbook rules that TRACS does not or cannot audit. These include:

- Contract Rent
- Utility Allowance
- Income Limits

### Is TRACS Error Checking Accurate?

The TRACS edits are generally accurate. However the certification model used for error checks can introduce errors if the cert is not completely accurate and compliant

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### Current Practices - CA

CAs are required, by law, to review data submitted and send correct data on to TRACS. This means messages and instructions must be sent to sites concerning data fixes. If the data is not good, it becomes an owner agent issue.

This means that CA's need to send communication to the sites to let them know what they have found.

CA software may or may not do a full MAT check. Given the documentation available it is not possible to know every item that is edited.

CA software probably checks some but not all TRACS errors. CA Software probably does at least some checking that TRACS does not do. In CATRAC'r, the CAs decides what the severity level is and what items need to be concerned.

Each CA software provider decides how and with what format to communicate errors. Vendors or CA's might modify the severity level associated with a given data condition.

### Problems

If the same message code is used by the CA and TRACS it can be difficult for a site or the Helpdesk to determine who generated it. For example, if the CA software finds a problem and sends back the exact same error code, the Multifamily Help Desk cannot discern who is generating the error.

Just because a CA uses a TRACS message code there is no assurance that the same edits have been performed.

There is no central repository of non-TRACS messages and edits.

If the same message code (CE123) is used by the CA and TRACS it can be difficult for a site or the Helpdesk to determine who generated it

Just because a CA uses a TRACS message code, there is no assurance that the same edits have been performed

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## Bob Wilson's Suggested Changes

First Suggestion: Add a two or three character identifier to CA messages codes. For example:

CA-CE123  
CE123 – CA

Jed prefers to add the CA indicator to the end. This way it is easily identified by the Multifamily Helpdesk

We could also consider adding a section to the MAT Guide for vendor messages. This means that HUD would have an opportunity to review and approve the message and the logic behind it.

## Bob's Suggestions II

Each vendor message should have a unique identifier that should

Not duplicate and used by TRACS

Not be in the same range as the numbers used by TRACS

Use numbers 800 or greater if using a TRACS prefix (CE, F)

Return CA messages in the same format as is used by TRACS – Do not send unformatted information

This doesn't mean a CA software vendor can't send a report, just not in the same way. If a TRACS message code is used, return the same message as TRACS does. This would include the usual header information

```
▲ @*@ TRACM11111TRACM22222 2.0.1.B
▲ OA Defined Data           : 1234567890
▲ OA Software Vendor       : Fly-Bi-Nite Software
▲ OA Software Release/Version : 0.00.1
▲ CA Software Vendor       : Sorta-Good Software
▲ CA Software Release/Version : 1.97.3
▲ Agency Defined Data      : Whatever
▲ Project Name             : BIG HOUSE INC.
▲ Project No.              :
▲ Contract No.             : DC44H11111
▲ Unit No.                 : 7
▲ SSN                     : 888888888
▲ Name                    : TENANT, FIRST
▲ Tenant No.              : 10000
▲ Effective Date           : 2004-07-01
▲ Informational : UA005-CA
▲ NO UNIT ADDRESS FOUND IN TRACS FOR THE MAT10 SUBMITTED
★ CA Message: Why would you ever want to do something like this?
```

The error would include the original text and there could be a new line that said "CA Message – Why would you ever want to do something like this" or whatever message the CA wanted to add.

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At this point, the vendors can get creative. Start out with the same message header and add a report after it. Then the CA processing report would explain the information and the site would respond with corrections.

### Unresolved issues

TRACS review of level 1 errors and when or if they would be Fatal

Possible project to make some level – 1 errors fatals

Authority for CA's to deviate form the MAT Guide to  
Changing error levels  
Adding new errors  
Process for CA error review if any

Revamping TRACS errors checks – Post BPR. The problem is that it would be a huge job to revamp the entire error checking process including redefining errors.

Stakeholder – The issue of storing fatals is an important one – I think of the TRACS database is something that would benefit from more inclusion than from throwing things out. The purpose of TRACS should be to reflect what is going on at the property. This would provide more of a full view of what is happening with that household and the property. Including (storing) fatals is a very very good idea. It also would help with investigation.

Stakeholder - Even better would be if “Action required 1” errors would become fatal.

Stakeholder - No one suggests including them in the active cert count, but having them there for review and processing would be good.

Stakeholder – For management companies and service bureaus who are submitting to various CA's she thinks it is terrific to have a standard format. It would be easier, more consistent and easier to train. The only thing I would add is about the CA comments. If the CA would reject a cert that TRACS would not, it should be included in the message.

Stakeholder – Actually he was gong to request the same thing. We used to have standardized formatting – Having standard TRACS message returns on the format side is key. The goal is to have the edits as standard. It is a problem to reconcile accounts when certs are paid different than submitted.

Jed - Speaking to the site software vendors. This message formatting would apply to the site software vendors as well. They would have an indicator showing which messages were produced by the software and which were TRACS Messages. This makes it clear who is producing the errors

Stakeholder - He would like to keep the error code to 5 digits.

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Stakeholder – Wants to generally get away from storing all the text in the database. If we could keep the code to 5 digits like the XV codes.

The last thing is basically a process like the MAT user guide so vendors know when a new message is added to the CA software.

Stakeholder – He agrees – couple of things. Somewhere in the file errors are being returned to the site, can the CA vendor and version be identified?

Jed – yes as part of the header

Stakeholder – The other thing is to have the errors on the MAT side – he thinks the CA's should be able to explain the errors in their own files. Maybe add a link on the MAT guide page

Stakeholder – She would support the other stakeholder's suggestion, but she would like one other thing considered. HQ terminations are not stored in some parts of the system. This is a big piece of the analysis because the HQ terminations often need to be restored.

Stakeholder - Perhaps we want to consider a designation for a CA termination

Jed – That's part of 202C

Stakeholder – having formatted errors from their own systems. We became aware that there is no standard format for error messages. Specifically business rule errors

We have seen significant problems created by that. Regardless of what else happens. It really deserves development in the MAT guide.

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## CaTRAC'r Error Messages

The Excel handout provided information about the

- CA error format
- Severity level as it is shipped to the CA

CA's have the option of changing the severity.

Two specific errors (has N in checked column). Signature date after move in date.

Stakeholder – from a HUD point of view, there is nothing wrong with a signature date after the move it, you just cannot voucher until after there is a signature.

Jed - As soon as we heard that we took off the edit.

Also, there are a couple of messages re: the HUD interest rate. There seem to be two types of errors. Sometimes site reports interest rate that is not 2%. Sometimes the source software indicates 2%, but it is clear that 2% is not what the site is using to calculate income from assets.

These are the kinds of additional edits provided by CA software.

### **Security Deposit – Jerry Ledbetter:**

*Please see the Presentation entitled TRACS Security Deposits*

<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Jerry is one of the TRACS developers. His purpose is to discuss changes to the security deposits before those changes are implemented in the November release

*Note from Mary: As a result of the conversations described below, the security deposit changes planned for inclusion in the November release have been delayed. Additional design work must be done before changes to the edits regarding security deposits can be incorporated.*

Many users receive security deposit errors that do not comply with the current 4350.3. There is a mandate to make TRACS comply with the 4350.3 so they have reviewed the Security deposit edit logic. They have defined two different edit types:

SD by Subsidy Type

SD by Subsidy Type and Program Type

The plan is to revise the edit logic to revise current discrepancies and to provide new discrepancies based on the instruction in the 4350.3 Handbook.

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They must differentiate among various S8 programs. Figure 6.6 of the 4350.3 handbook lists the amount of SD to collect. SD logic in TRACS needs to be changed. Depending on program type, different amounts will be required

Currently the SD logic is pretty simple. TRACS

Uses Transaction Type and Subsidy Type (like PAC or PRAC) to determine if a SD is required. The current logic does not differentiate among S8 programs or HAP contract dates. TRACS only uses one criterion to determine what SD amount is required

The Security Deposit by Subsidy Type will look for the following indicators:

- S8
- BMIR
- Rent Supp
- RAP
- 202/811 PRAC
- 202 PAC
- S236

The Security Deposit by Subsidy Type and Program Type will provide a deeper edit. This is associated with the Contract number stored in the RA contract table within TRACS. The program guideline ID is established by numbers.

By looking at program type TRACS will be able to discern which discrepancies you will receive.

*Please see presentation for details on the edits.*

TRACS will return revised discrepancies.

The new errors will be included in the MAT guide on the TRACS Documents web page.

Stakeholder - CS or CR only went to LMSA. There are no more rent supp or rap

Stakeholder – Why look at IC? Security deposits should only be checked at Move In

Stakeholder – We don't want the SD recalculated based on the Initial Certification

Stakeholder - We've had a lot of problems with at least one CA who insists that the TTP is not the correct number. He'd like to know that going forward the CAs are not allowed to set their own rules regarding required security deposits.

LH – We learned that there are some enhancements to SD logic. He will get back to us with some revisions to the design plan

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Stakeholder – On November 1<sup>st</sup> the MAT records will change?

LH – This is what we are proposing but we are finding, now, that there are some problems so we will not implement these changes in November.

Stakeholder - Some of the dates are incorrect in REMS, what do we do?

LH – Go to the HUD field office

Stakeholder – There is one item in the handbook that gives the OA the option to change the SD at UT. That needs to be considered. Also we need to look at what happens to a household when they move in to a 236 unit and a S8 subsidy become available. TRACS needs to consider what SD was at move in or is it whatever happened at IC?

Stakeholder - When we started MI, we've taken a good look at the pre-post dates. REMS is not accurate and attempts to go back and clarify go nowhere. Sometimes the documents do not go back to the beginning of time. You may want to look at AHAP dates.

Stakeholder - It should be in the legal docket. It should be accurate. The legal dockets will have to be pulled to correct inaccurate information.

Stakeholder - We have a number of clients who extend terms for the SD. The question is what should be reported in TRACS? If you report what should have been received...

LH – if the handbook allows you to make pmts, then TRACS should be modified to collect 2 pieces of data – what it should be and what's collected? No place in current MAT Guide to collect this. May be included in TRACS 202C. Will discuss this at the next conference call. It's a Willie question.

Stakeholder - There may have been a guarantee.

Stakeholder - We had this discussion four or five meeting ago. We tried to decide what TRACS wants to hold. How is the CA supposed to know what was collected.

LH – The handbook allows you to make installment payments. We should be collecting two pieces of information. What is the final solution?

Stakeholder – Should the amount in the public fund be included on the move in?

LH - I guess this would be included in 202C because we have more wrinkles in an occupancy question. There are two pieces of data and there may be state agencies that may put a bond in place for tenants and how to we track that. It is a policy question. That should go to Willie.

Stakeholder - How does the SD work?

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LH – All it does now is check to see if it is a move in and if there is a SD.

Stakeholder - How is it stored?

LH – Send the question and we will research this question.

Stakeholder - There is no longer a regulatory agreement only being driven by Section 8. He does not see this combination. What is going to drive these rules going forward?

Stakeholder - Is there going to be the ability to differentiate prior to June 1993 for those owners who opted not to require deposits because they don't make special claims?

Stakeholder - If they have no SD they cannot file Special Claims for unpaid rent or damages. Her software says the cert is in and that there is no SD. She has been telling her managers to go in to family status and enter the security deposit.

Stakeholder - Why are we editing?

Stakeholder - There are a group of properties it is a requirement. At this point we referred to the 4350.3 Revision 1, Change 1, and Chapter/Paragraph 6-15 to review the requirements for SD. See below

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### 6-15 Collection of the Security Deposit

- A. It is recommended the owner collect a security deposit at the time of the initial lease execution.
- B. Security deposits provide owners with some financial protection when a tenant moves out of the unit and fails to fulfill his/her obligations under the lease. Additionally, many programs require that owners place security deposits in interest-bearing accounts and allocate the interest to the tenant. This requirement varies by programs and depends to a certain extent on state and local laws.
- C. The owner must collect a security deposit at the time of the initial lease execution for the following properties:
1. Section 8 New Construction with an AHAP executed on or after November 5, 1979;
  2. Section 8 Substantial Rehabilitation with an AHAP executed on or after February 20, 1980;
  3. Section 8 State Agency with an AHAP executed on or after February 29, 1980;
  4. Section 202/8;
  5. Section 202 PAC;
  6. Section 202 PRAC; and
  7. Section 811 PRAC.
- D. The amount of the security deposit established at move-in does not change when a tenant's rent changes.
- E. The amount of the security deposit to be collected is dependent upon:
1. The type of housing program;
  2. The date the AHAP or HAP contract for the unit was signed; and
  3. The amount of the total tenant payment or tenant rent.
- Figure 6-6 outlines the amount of the security deposit the owner may collect for each of the different programs.
- F. The owner must comply with any applicable state and local laws governing the security deposit.
- G. The tenant is expected to pay the security deposit from his/her own resources, and/or other public or private sources.
- H. The owner may collect the security deposit on an installment basis.
- REMINDER:** If the entire security deposit is not paid before a tenant moves out, the unit is not eligible for special claims payments. (Paragraph 9-14 discusses special claims payments.)
- I. The security deposit is refundable. (See paragraph 6-18 for more information on refunding a security deposit.)
- J. An applicant may be rejected if he/she does not have sufficient funds to pay the deposit.

LH – The 4350.3 and it is telling us it is mandatory that we collect SD for certain types of programs. He has to go back to Willie. We have to look in to this before we start to add error messages. We still will need two pieces of data.

We will proceed to ask the question of policy. We will discuss on conference calls.

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He has to ask Willie if a state agency provides a promissory note on a SD

Stakeholder - When a management company takes over we need to know how to handle the security deposit.

Stakeholder - You can go to the bank to see what has been collected.

LH – We have to go back to the policy book

Stakeholder - If what the other stakeholder says is current, the handbook will have to be modified. *Note from Mary: During subsequent calls, it stands that the handbook will not need to be modified.*

Stakeholder - That could be true, but he is not deviating from the handbook until there is official notice of a change

LH – I would follow your lead

### **Eileen Walker – Funding Issues**

*Please see the Presentation entitled Subsidy Voucher Forms*  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Subsidy Voucher Forms

S8 Project Based Subsidy Funding

She has information as of 10/20/04

Don't have a lot of specifics and will talk in generalities and there will be action in a short period of time

At the end of the year, we learned that the funding was not going to happen for some objectives, and we had to look at what was available and try to prioritize and fund what we could. We wanted to carry forward what was required.

The first priority was to put together funds to renew contracts with vouchers pending then work on 4<sup>th</sup> quarter renewals or amendment renewals. Many of the contracts with pending vouchers did not have funds to get those vouchers cleared.

Their priority was to fund the shortfall through November and try to accommodate. Were able to accommodate many of those vouchers.

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Out of 8000 transactions processed they were able to avoid many missed payments in October. There still are some contracts that still need payments for October.

Currently expectation was that assistance would be back of as of the past Monday. This did not happen. We hope to be able to move forward shortly. At this point, we cannot anticipate what will be available for properties. On paper, we should have allotments tomorrow. Then allotments have to be entered in to the system.

The distributions have to go to field offices and we will move on that immediately and are attempting to be prepared to execute funding actions.

We plan to look at the contract date in place at the time actions occurred. For contracts that expired in Q4, where there were contracts executed without full funding, we should be able to move funding out.

We can now look at those contracts that expired in 2004 Q4 and Q1 2005, if the expiration date is in 2004, we will reserve funds to the extent that renewal funds need to be added.

If contract is already funded, need funding notification with 0 funding addition required. Even if no funding is required, we still have to complete the funding form with the contract renewal information or the renewal will not be entered in the system.

Some contracts may have already been funded, but the renewal term has not been entered but info needs to go to TX to get information in LOCCS

If transaction ACC amendments are a big issue, the form will indicate if there is additional funding associated with the contract renewal.

LH – If you moved forward as far as you can to get a contract renewed in 2005 beginning October 1 – renewal will be processed more quickly.

Eileen – If you process renewals, what we have told field offices and CAs is that if you are within the 120 day period, that contract should be processed all the way through and at the point in time that funding is available, the renewal will be processed more quickly.

If funding is the only issue, all we have to do is provide a commitment of funds made available, signature on contract by CA and notification from CA.

She is not saying you can sign that contract and have it waiting – if it doesn't renew until July 2005 - , but certainly anything that is within the 120 days. Once funding is accomplished, it can be a quick process. If there has been an omission, it can be handled quickly if all the paperwork has been done.

For those who have access to LOCCS, if LOCCS does not have the renewal dates, Ft. Worth will require the contract and the funding requirements (paperwork)

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### Questions??

Anticipating – VA shortfalls will get priority especially those with pending vouchers.

Also contracts expiring Q4 2004 and also Q1 2005 renewals.

For an initial or subsequent renewal clearly the CA is to submit to Ft. Worth.

Notification should come from the CA.

The field office is supposed to send the ACC amendment.

Stakeholder (CA) - They are getting the information from the field office and sending to Ft. Worth?

Eileen - The ACC amendment and notification of funding have to be on file. These are the obligating document. Since they have to generate the documents, what they are trying to do is send a file to the field office to allow those documents to be printed in facsimile for the CA, state or field office or for an individual office. The intention was to make the forms available to the field office and to the Ca.

We are just talking about paper so that everybody will have a complete file.

FO can relay the docs on to the CA. No requirement that they are sent to the owner. Not part of the contract.

Stakeholder - If it is annual renewal it is appropriate to send document to the owner.

Many times you will have shortfall increases and in those cases those documents will have to be sent to the owner.

Stakeholder – We have seen an increase in the T41 errors and as the processes of pushing funding out will payment happen?

Eileen - With renewals – contract has to be sent to TX and the copy of the contract has to go to the field office. Until they enter that HAP contract in TRACS, the voucher won't be recognized. It is as important when you have a contract expiring, the contract must be sent to FW and to the field office and the field office must enter the information for TRACS to recognize the renewal.

The entry of the renewal is independent of the funding. They are trying to communicate with the field offices so they understand.

If you have a T41, you need to contact the field office.

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Stakeholder - Some field offices don't think they need to enter it in if they don't have funding.

Eileen- We need someone at the field offices to make sure that these things happen. Handbook rules require that it is incumbent on HUD to verify that the actions have occurred

All she can do is communicate the need, but they need to figure out how to implement the suggestion if it can be implemented. Communications from owners and management agents reflect that there is a need. It is her opinion that she will compose a recommendation to Lanier.

Stakeholder - Specification on the OA RQ – was that ever implemented?

Eileen - For all TCA – no. For RI and VA – they should be doing that. Only 2 CAs (RI/VA converted). In 2005 we hope to convert rest of ACC CAs to the LOCCS payment procedure.

CA Software must ensure appropriate security for this application of TCA Admin Fees.

Funding plan based on current vouchers for Rhode Island and Virginia to Offices to CFO and Housing Budget for approval by November 15, 2004.

Banking information needed for each CAID.

# TRACS Industry Meeting

## October 20 & 21, 2004

### Review of Changes to Voucher

Short-term Changes for 52670 Summary and 52670 – Detail Voucher Forms

Discussing short term changes for the 52670 Summary and Detail forms

### TRACS Software Implementation

- February 2005: Software Vendor
- March 2005 Implementation (April 2005 Voucher)

Add New Field “Abated Units” to the MAT30, Section 2.

- All Definitions for Unit Count fields for the 52670 form will be published in final.

The TRACS Release 2.0.2.B will be published with updated Abated Units and Definitions for Unit Count fields for the 52670 Summary Voucher Form. The Updated Handbook issuance will also provide further clarification on the Unit Count Definitions. Guidance will be issued to the affected field offices. Possibly look at updating the “Beds” count in the Contracts Module and performing a SPUFI to update the other fields for all remaining data. Only corrections would have to be made at the field office.

- Require printing in Landscape for Windows-based software with an exception for DOS-based software (to accommodate dot-matrix printing) to allow printing in portrait.
- Remove Signature line and disclaimer from all detail pages and ensure the voucher summary page disclaimer is inclusive of disclaimer from voucher detail page.
- Allow for the printing of more than six (6) lines for the voucher detail page.
- Add section-break totals and page totals to the detail pages.
- Allow the printing of the detail of the Miscellaneous Accounting Requests on the detail page of the voucher detail form

### Traditional CA Fee Voucher Submission

Traditional Contract Administrators that participated in the 2 pilot conversions to the TRACS/LOCCS payment process and have an external administrative fee.

The CA must exist in TRACS as a participant.

A separate Fee Contract number will be established using the following naming convention:  
CA ID|TC|0001 example = VA901TC0001

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CA Software will have to generate the separate voucher with the minimum required fields:

1. Section Indicator
2. Record Number
3. Voucher ID
4. Voucher Date
27. Total Amount of Miscellaneous Accounting Requests
41. Total Amount of Miscellaneous Accounting Requests Approved by CA

Two agencies impacted

Should make software support available and should be able to submit their fee payment request. In doing that they need to create a new voucher number similar to the PBCA fee voucher number.

Since the VA agency is the contract being created and what the contract will support is the fee payment for all the haps

This is a manual process now

On each HAP a miscellaneous fee payment is included

Where there is an external fee, they would add a miscellaneous accounting entry in order to collect the fee payment.

Software changes in place next spring will accommodate the fee voucher.

Stakeholder - What will the process be to contact and communicate with HUD to acquire their new contract number.

Eileen – We will issue those numbers, but it will be the AC ID (5 characters) plus T0001.

We plan to present to CFO and budget office to get approval on how these CAs submit. We need to project the amount of funds required to pay fees. We plan to do the calculation on an annual basis.

Stakeholder - Is there going to be a prototype for the new form or are vendors supposed to make changes to the existing form

Eileen - There is no prototype form. We tried to clarify what was permitted.

LH – Vendors wanted to get action to reduce the number of pages.

Stakeholder (software developer) Dave's question will be that it is not acceptable because the CA may have a requirement that they don't meet the CA requirement.

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Stakeholder (software vendor) – If you look at what they said they said there was no form available. Vendors can't just make it up

Stakeholder - why don't we allow miscellaneous accounting?

Eileen - We said you have an option

Stakeholder - We're talking about how adjustments were supposed to be printed on the current form. You're now saying we have carte blanche to change the form, but then everyone is going to disagree on the format

Eileen - We do plan to make form design changes. That will not be accomplished for this release. We are being asked for permission to change number of lines per page.

Stakeholder - We can create a working group to get consensus on a form

Eileen – We can delay the change.

Stakeholder (software developer) - We cannot roll out 202B without a new form.

Eileen – They will be happy to support and publish an unofficial form. We cannot do it officially. It will not have OMB approval.

Stakeholder - If OMB sees these unapproved forms they can cut HUD off at the knees.

Eileen – Then we will have to delay the release.

Stakeholder (software developer) Special Claims forms. It will be worse than the special claims forms.

E – Then we will have to delay the changes. We cannot get OMB approval quickly enough

Stakeholder - This is not rocket science

E – If we do it without the clearance we are exposing ourselves.

Stakeholder - Does the form in the handbook have OMB approval? We don't want that version to go in the field because the Owners and CA will have hundreds of pages to review.

E – I don't think the six lines is a requirement. I think that was just the sample, but we can get clarification.

Stakeholder - If you take the lines out, it gives you more print room. Can you go back to OMB and say it won't work in letter size can we use legal size.

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E – The current OMB approval can extend to the number of lines. Changes that have to do with what appears on the document require OMB approval and would require delay. For example, eliminating signature lines.

Stakeholder - We need to be working to a standard. We don't care what it is. People producing and reviewing have to be able to look at the forms and know where information will be. He is happy to participate in a working group with CA, SW vendors, OA's but if we don't move forward with a standard then HUD can't say that they have to have the forms in place by Feb.

Stakeholder - There is no commonality between the paper form and the TRACS voucher. Are you saying you can't do 202B?

Eileen – The main change was to add the units abated field. We were trying to expedite some other relief's to support the CA. What has become clear is that we have to get design changes in place and over to OMB. We should move forward as fast as we can

Stakeholder - Can we get names of people – He volunteers. We need HUD and NAHMA to help out. *(There were several volunteers whose voluntary participation was recorded)*

Eileen – We're ready to move forward – we have a working group.

Stakeholder - We've done the changes for 202B and we are ready to roll out. Now we are talking about 3 releases - 202B, voucher, & 202C?

LH – Agrees and we need to go back and come out with a recommendation. Going to do a release in November that will have TRACS changes, but he needs to go back to the drawing board to get a better handle on what they've got to do.

E – Should we go forward with the implementation while OMB approval is pending? The discussion should be entertained.

A Task force needs to be created to implement design changes.

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Stakeholder - We have a 3/1 implementation which holds. It is extremely important that everyone understand that you don't have to have the new form on 4/1. It needs to be clear that during the transition period both the new and old forms are acceptable.

E – CA's must be prepared to accept both voucher forms during the transition period.

Stakeholder - Pending clarification?

E – Yes and we will move on that immediately.

LH – Looking forward to suggestions.

Send comments on Industry meeting discussion or additional issues regarding voucher forms to:

HSNG\_MF\_FINANCIAL@HUD.GOV

Subject: Voucher Forms

### TRACS Batch Changes - Pat Mochogu

*Please see the presentation: TRACS 202 B November Release*  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Programmer analyst

Two releases –

On 11/12/2004 we will be updating TRACS. The update will include 5 Items from 202C Industry Specification.

Since Security Deposit Changes comprised 3 of the changes, we are now down to 2 items from 202C.

There are 6 additional changes that effect edits on Tenant/Voucher Web Applications.

The November release is expected to include:

- Standardize HQ Termination Date

Currently, the termination date is set to the 'Current Day'. The new edits will terminate subsidy appropriately on the day before the next recertification date.

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HUD will add New Edits to Set HQ-Initiated Termination Date to Next Re-certification Date minus 1 Day. The error message will read as follows:

*Informational: TA001*

*Tenant Terminated for Failure to Re-certify on Time:*

*Certification Expired: <Next Re-Certification Date>*

*HQ Termination Date: <Next Re-Certification Date - 1 Day>*

- Edit Move-In & Transaction Effective Dates

The Annual Recertification logic has been updated to validate:

Submitted move-in date is less than the transaction effective date.

There are new fatal errors. They are:

*F0240 - If Move-In date is equal to or greater than transaction effective date.*

Submitted transaction effective date Day is '01'.

*F0241 - If the transaction effective date 'Day' is not equal to 01'*

This prevents improper key dates from being stored.

Stakeholder – This depends on the change – full cert unit transfer with change of household composition should be effective any day – there is some debate. UT's can happen any day during the month and an IR UT would be rejected

Stakeholder - Wouldn't the IR takes on the date of the UT?

Stakeholder – IRs are effective on the first.

Stakeholder – I would suggest that we start this edit with the AR and get clarification on the IR and IC

LH – We will move forward with the AR and get clarification on the IR and IC

- Edit Total Tenant Payment for Sec 8, Rent Supp, RAP and PAC Subsidy Types

Edits will be added to Reject Sec 8, Rent Supp, RAP and PAC certifications with a total tenant payment (TTP) greater than gross rent. This edit applies only to MAT10s and MAT70 GRCs.

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The new Fatal errors are”

*F0235 -*

*MAT10 NOT PROCESSED. TOTAL TENANT PAYMENT MUST NOT BE GREATER THAN GROSS RENT FOR SUBSIDY TYPES SEC 8, RENT SUPP, RAP OR PAC.*

*F0201 -*

*MAT70 NOT PROCESSED. TOTAL TENANT PAYMENT MUST NOT BE GREATER THAN GROSS RENT FOR SUBSIDY TYPES SEC 8, RENT SUPP, RAP OR PAC.*

These edits help prevent ineligible tenants from being processed and stored in TRACS.

Stakeholder– this needs to be fatal and a termination record needs to be sent instead.

- Edit Non-PRACs with an Assistance Payment Amount of Zero

These edits will modify certification logic for all subsidy types except PRACs. The edit applies to MAT 10s and MAT 70 GRC. The edit will reject certifications submitted with an assistance payment amount of zero. The fatal errors include:

*F0236 -*

*MAT10 NOT PROCESSED. AP AMOUNT MUST BE GREATER THAN ZERO FOR SUBSIDY TYPES OTHER THAN PRACS. SUBMIT A TERMINATION RECORD FOR THE HOUSEHOLD.*

*F0202 -*

*MAT70 NOT PROCESSED. ASSISTANCE PAYMENT AMOUNT MUST BE GREATER THAN ZERO FOR SUBSIDY TYPES OTHER THAN PRACS.*

*These edits prevent adding zero assistance certifications to the database and distorting the compliance percentage calculation.*

Stakeholder - Add submit termination note to the message. And what about late certs where they zeroing out the assistance.

Stakeholder - The assistance on the cert is still ok, but the CA is just holding funds.

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Stakeholder - In that case, CA should terminate. Not submit a MAT10 with 0 assistance.  
Now – if you send a MAT 10 with 0 assistance it inflates the compliance percentage.

- Re-calculate Minimum Rents for Police/Security Tenant

TRACS logic will be updated to comply with HUD 4350.3 REV-1 minimum rent calculations. The TTP and Annual Income calculated using will be determined using standard Sec 8 algorithm. Edit applies to all Sec 8 MAT10s and MAT70 GRCs

First, it must be determined if the contract is a Pre-1981 or Post-1981 contract.

If Pre-1981:

Compare Annual income with Low Income Limit amount. If annual income is less than or equal to the low income limit amt, the police/security tenant qualifies for normal Sec 8 (calculated TTP).

If annual income is greater than low income limit amt, TTP = greater of (calculated TTP or submitted TTP).

If Post-1981 TRACS will compare the annual income with the Very Low Income Limit. If annual income is less than or equal to the very low income limit, the police/security tenant qualifies for normal Sec 8 (calculated TTP).

If annual income is greater than very low income limit, TTP = greater of calculated TTP or submitted TTP.

In addition, the following items are expected to be included in the November release:

Expanded Criteria for Determining Duplicate GRCs

If key values of submitted MAT70 are the same as tenant's previous certification, MAT70 is rejected with fatal error F0200.

Old Key Values:

- Transaction effective date
- Gross rent amount

Problem: Multiple contract rent/utility allowance combinations may equal the same gross rent amt.

The logic has been changed to use four attributes as criteria for determining whether MAT70 GRC is a duplicate.

- Transaction effective date
- Contract rent amount

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Utility allowance amount  
Gross rent amount

If it turns out that the GRC has already been processed, the result will be the following fatal error:

*F0200  
MAT70 NOT PROCESSED. THE GROSS RENT CHANGE ALREADY EXISTS IN  
TRACS.*

Another change will be Procedure to Manage Combined Contracts Removed

Current Procedure:

TRACS associates certifications affected by a contract combination with the surviving contract number as of the effective date of the combination.

1. File of combined contracts uploaded from ARAMS to mainframe.
2. File used to update Contracts and reference table.
3. TRACS reads reference table and performs associations.
4. Industry submits required TM/IC transactions to terminate subsidy under old contract and re-instate subsidy under the new.

New Procedure:

Eliminate the first three steps of the process.

Termination and re-instatement of subsidy for a combined contract will be handled by the Industry, as currently performed, through submission of:

Termination Transaction  
Initial Certification Transaction

The vendor region will be available as of Nov 8.

On 3/1/2005, they expect to provide an update to include items from the 202B Industry Spec.

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They expect an implementation/transition period of 3 months for switch from 201B to 202B. During this transition period, TRACS will accept both version formats for the OA and the CA. So, from 3/1 through 5/30 TRACS will accept the 201B and 202B formats.

PBCA will be required to adhere to the implementation period.

MARY this appears to be a duplicate from above.

### **Auditing the Voucher – Mary Ross**

*Note from Mary: Obviously, I did not take notes on my own presentation. Please see the presentation and the sample spreadsheet on the TRACS page. If you have any questions, please send me an email at [mary.ross@rbdnow.com](mailto:mary.ross@rbdnow.com).*

### **Business Process Re-engineering – Lanier Hylton/Mort Glassberg**

*Please see the presentation: Rental Housing Assistance Business Process Improvement / Reengineering Project  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>*

Kadix has been awarded the contract to complete the Business Process Reengineering

What we want to do today is give the industry a first look at what we are trying to Achieve

Why is HUD doing this project?

OMB is moving to a scorecard budget based on performance standards to:

- Reduce improper payments
- Speed renewal
- Control the budget

Morton Glassberg – Kadix will be doing the presentation. Today we are here to discuss:

- Key objectives of business Process Improvement
- HUD's BPI methodology
- Next steps
- Your Opportunity for involvement
- Questions & Answers

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Mort Glassberg is the Project Manager. He worked in multifamily years ago. He has been away from HUD for 4 or 5 years, but previous to that, he helped automate the Financial System, Physical inspection system, etc

The following are some of the players who we may want to become familiar with.

- **Kadix Systems (Prime):**
  - Mort Glassberg, Project Manager
  - Doug Layman, Project Oversight and Methodology
  - Gayle Berkeley, BPR Business Systems Specialist
  - Kristie Barrett, BPR Business Systems Analyst
  - Sheena Taylor, BPR Business Systems Analyst (Junior)
- **Quadel Consulting (Subcontractor)**
  - Stephanie Cosgrove, BPR Business Systems Analyst
  - Housing Subject Matter Experts

Kadix has access to the team at Quadel

Key Objectives for Business Process Improvement BPI and Business Process Reengineering BPR

There are any number and range of changes discovered when you look at business – for example, in this industry – they want to look at TRACS and the more effective way it can be used. – That's business process improvement

Business Process reengineering is more strategic – You almost have to pretend the business didn't exist. You have to figure out how large the scale of the work is.

The intent is to achieve dramatic improvements on how a business process is accomplished. The process includes a review of:

- Staff
- Technology
- Organization
- Strategy

These are the four components that are givens. – These all exist

The objective is to try to improve how that business works

Technology will not drive the business.

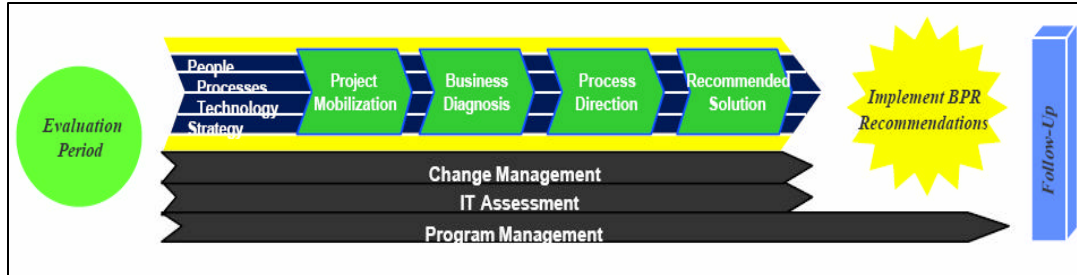
If we had a clean slate, what would the project look like? How can we use the current and new technology to achieve a lot of different objective?

The result should be a plan that is results driven and customer focused. It needs to support the core mission and values and HUD. They need to be cost efficient and need to reduce paperwork

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These are the high level objectives.

*See presentation with diagram*



Four factors are taken in to account with business process engineering

1. People
2. Processes
3. Technology
4. Strategy

Change Management is of critical importance. People are not adverse to change. – They do it all the time. When others drive change when is when people start to resist. We want to get people to the point where they embrace this change.

## IT Assessment

There does exist IT that supports the business processes. They will assess to see how well IT is supporting that and we will see how well it supports new BP

## Program Management

How do you complete an effort like this successfully?

One way is to reduce it to a project level.

What kind of training, communication, what does the project plan look like – narrow the focus. It needs to be bigger than that because multifamily falls within HUD and there are other HUD objectives. This effort needs to fit in with the overall objectives of HUD

## Steps In The Process

- Evaluation Period
- Project Mobilization
- Business Diagnosis
- See presentation

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### Evaluation Period

The first thing we look at is “is reengineering feasible? – Yes  
Can this be successful –?”

Phase I – Project mobilization Phase Where we are now?

This is the most critical step. It includes SWOT Analysis

Strengths and Weaknesses – Opportunities and Threats SWOT analysis

When he talks about rental housing assistance – he is not talking about the group, he is talking about the function regardless of who administers it.

The objective is to set this project up for success

Phase 2 – Business Diagnosis (“As is” models)

Take a look at the “as is” process from an organization, people and technology perspective.  
Kind of like a baseline.

Also look at constraints such as legislative constraints – it doesn’t mean they can’t be changed, but they have to be assessed.

Document any other business requirements.

Why do you care if you want to start with a blank slate?

2 things. 1 – make sure that we understand what is being done today so we don’t leave out anything that is critical

2 – How to we get from where we are today to the new state that is implement able. You can’t figure out how to get there if you aren’t familiar with the current process

There will also be an analysis of readiness for change.

The last two phases probably will take us in to the next calendar year

Phase 3 – Process Directions (“To be” model)

What comes out of this phase is the ideal model. This is unconstrained by legislation, people, etc. May not be realistic

The goal is to be somewhere between total lack of constraints and where we are today.

This means there has to be a gap analysis to determine how to get from here to there

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### Phase 4 Recommended Solutions

This is the reality view of what should be done.

Reality now enters in to the picture and we have to determine where HUD can reasonably expect to end up.

How do things need to change?

The result is an implementable solution that can be supported with a financial analysis.

All this must be reviewed before implementation occurs

### Implement BPR Recommendations

If the project is funded (let's go do this)

All along we have been trying to build acceptance but we want to put this in practice. The goal of the team is to make some thing that is implementable within 18months. Ideally we don't want this to be something that will support incremental improvements.

### Follow up

If the improvements are implemented we have to ask: Did we achieve the results that we want to achieve? This may be a 3, 6, 9, or 12 months analysis.

The goal is to provide lessons learned and post implementation follow up

What are the next steps?

We're two weeks in to a 2 year project. So we consider this the early mobilization phase.

Still need to determine

- HUD team members
- Core reengineering team
- Steering Team
- Business Process Action Teams

Then there will be a HUD Kick Off. This includes a series of workshops and meetings.

### Your Opportunity for Involvement

There are several ways to be involved.

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Members of Business Process Action Teams – this is an ongoing role that includes users, customers, internal teams. The purpose is to provide your view point. It is understood that this is a long term role

Participants in Focus Groups - Might be how process supports what the meeting participants do. Each focus group targets a specific topic.

Subject Matter Expert - SME – You are recognized in your firm or in the industry as having knowledge of something specific. You get facts straight so we understand what the experts say. This needs to meet what the industry experts think

- Call Mort Glassberg – (703) 236-0939
- Send an e-mail to [mglassberg@kadix.com](mailto:mglassberg@kadix.com)
- Talk with your HUD associates

Stakeholder - You mentioned the customer – who do you consider the customer?

Mort – We have not defined it yet. It is a difficult question to answer. He would rather talk about stakeholders because that is easier.

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Stakeholder - this looks like a good presentation – very impressed – looks as if it will be far-reaching – but the acceptance is mixed with a little fear. This looks like a genuine effort to improve things. Something to consider is when you are looking at the voucher process he would like people that are working within the current systems to be included in conversations re: future process.

Stakeholder - Lanier you have great insight and we commended you for that insight. We would love to see a paperless voucher submission process. Lanier – you have to be strong to take these steps.

Stakeholder - When restructuring please look at the HFA (Traditional CA) because presently our hands are tied in certain areas. She wants the minutest detail considered to make sure that all aspects are incorporated.

Stakeholder - As an OA, he has participated in a lot of strategic planning ventures. Wants to know about his commitment to thinking outside the box. It feels limiting to just work with those who are already in the business. There is a tremendous institutional memory for those in the room. But we need to try to find ways organizationally to work outside the normal boxes for the process and integrate as many people as you can.

LH – Most processing done in the business is done by folks in this room or by the field office.

Mort - Agrees that he needs to work with SME. Both during the “as is” analysis and during the recommendation phase.

Stakeholder – This is a great undertaking – I want to emphasize that one of the key people is the property manager. Generally no one in this room does the actual job - dealing with the judges, tenants, etc. We have been negligent in considering that they are the ones that are impacted by our decisions.

Stakeholder - It's amazing that TRACS has gotten to this point. Congrats – One of the things that we realized at the beginning of the PBCA program is that we are designing systems and programs based on old rules. A lot of the effort that goes on with BPR will have positive impact.

Hopefully there is a method to recommend policy operations changes that impact the industry.

Mort – where it makes sense to change a lot of these issues, but as far as he is concerned, it is one of the most important part of this process.

Stakeholder – I'd like to stress that we should use the KISS approach. And, if we could eliminate retroactive transactions that would be great.

LH – We know what we would like to do....can we get there...what can we do to make that happen.

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Stakeholder - Are you going to be looking at TC and RD programs?

LH – There may be some policies that we can implement that help us with the process when there are multiple programs. This would be an administration decision. There have been discussions on the Hill about this subject. It won't be a big part of the BPR, but will we look at it. We may do well with what they are already doing.

Stakeholder – Some of the program overlaps and conflicts are silly, but they are still hard to work around.

LH – For us, it is the appropriators and dealing with how the programs should be funded.

Stakeholder - Farmers Home projects – HUD has attempted to bring the program over – she hopes that congress has more success.

LH – We look forward to your participation in this.

### **Multifamily Help Desk – Khevin Johnson**

*Please see the presentation:* TRACS Multifamily Help Desk  
<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Caitlin is not with the help desk any longer

This is the staff –

- |                    |                  |
|--------------------|------------------|
| • Khevin Johnson   | Project Manager  |
| • OPEN             | Task Lead        |
| • Lisa Fletcher    | Helpdesk Analyst |
| • Michelle Suber   | Helpdesk Analyst |
| • Nicole Dodson    | Helpdesk Analyst |
| • Tarshia Porter   | Helpdesk Analyst |
| • Giovanni Morales | Helpdesk Analyst |

Contact information:

- 800-767-7588
- Tracs@hud.gov
- Tracs\_hotline@hud.gov
- FAX 202-401-7984

### HQ Initiated MO Request

Form is on the TRACS web site. <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm>

Acceptable reasons

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- Initial Move-Out failed in TRACS. My software will not allow me to create and submit another MAT40 for this tenant.
- My software has never allowed me to create a MAT40 for this particular tenant.
- Due to a change in ownership/management this tenant no longer exists in my portfolio for me to submit a MAT40.
- Other. Please explain on following page

Coming soon – The multifamily help desk will have a new FAQ web page.

In addition, they are expanding the phone base and adding additional incoming lines

Stakeholder – I work with a large staff and trying to make sure they respond consistently is a challenge that he understands. I would encourage you to put processes in place to make sure that the Help Desk staff is as consistent as possible

Stakeholder – There is some question about what to do when Help Desk staff is consistently giving out a wrong answer. For example, the method to respond to HQ terminations when an AR failed to be recorded is an issue. Help Desk staff are indicating that the site staff send initial certifications effective after the termination and this creates havoc on the site software. In essence, site staff is being told to enter invalid information in their systems. This has impact on reports to owners and the management review.

Khevin – If there is an issue, please let me know and we will investigate and see what we need to do to fix it.

### **TASS Discussion – Elking Tarver**

Mr Tarver is here to talk about some management issues

Passed out TASS Management Report which explained the number of requests from TRACS and the number of responses from TASS re: SS information.

Stakeholder - Question – Have 3 databases ever been put in sync? We are still getting a lot of unfounded errors.

The only way tenants can get the discrepancy corrected is by going to the SSA. They have a SS card with name and id exactly as submitted to site.

Stakeholder - We still see a number of errors where there are discrepancies in the database.

When the property has the verification exactly right and SS comes up blank – we have no way of telling what the percentage is between what are errors in TRACS and what are errors in SS

If you look in TASS where you are 100% sure that the information is correct

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TASS – SS realized they were sending the wrong code. When there are errors that we know about we work to try to correct it.

Stakeholder - How do we get to you or your staff? Send to his email address.

Tarver, Elking 202-708-4932 3235

Elking\_Tarver@HUD.gov

Elking - They have an ongoing outreach effort to reach out to owner agents who are not registered to use TASS. They walk the owners through the process to sign up. This is a proactive call effort and they are calling all OA's.

Stakeholder - SS has given the new increases. Information will be reprocessed 2.7% increase.

Stakeholder - Can CA get a list by state to assist in the TASS sign up as well.

Elking – We will check and see if they can work on that.

Stakeholder - Is there consideration in the timeframe to set up a coordinator

Elking – Most properties have a coordinator.

The other two things are in reference to CA's – He wants the CA's to have access to the TASS system. Some CAs are already signed up anyway. What they are going to do is put up a guide to help the CA get access. It will probably take a week or two to get that up there.

LH – Once he gets the instruction together, he wants some CA's to test the instructions. We will be doing that.

Stakeholder – There was a comment about this earlier today – they also need access for the Rent Supp/RAP contracts

LH – He will look in to it.

Elking – Fred needs to send an email

Elking – Field office people. They are also going to grant access to field office staff.

WASS Discussion – James Washington

There have been some improvements for HID users.

They have also made some improvements for the compatibility of IE 6+

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Netscape is still there and is considered compatible. They have found that with IE, some properties do not show, but if you try to see the information with Netscape, it is there.

Stakeholder – We are also finding problems because all data fields have to be filled out in REMS. If they are not, you cannot see the site in Secure Systems, even if you have activated it under coordinators.

LH – We will send a note to the field offices explaining the importance of completing those fields.

Stakeholder - Web browsers supported – what about other browsers? Has used Firebird and have no problem

James – That is not supported.

Stakeholder - What about AOL Can he have some backup on “do not use AOL” statement?

James – not from me.

Stakeholder - I’ve noticed when you sign up to be a coordinator. The letter format does not always use all four lines of the address to send the activation key code.

When they upgraded to Cybase, it negated some of the activation key code.

Stakeholder – I think that’s another problem. The problem is getting the letter with the activation code to the owner. The letter from WASS drops one of the address lines.

James’ number  
202-475-7915

Stakeholder - What about access to the servers. They are frequently down on weekends and we do not get notice. When we want to work on voucher reconciliation, we can’t do it on the weekend.

LH – We need to know when the server is down. If there are problems with access we can invite them to the meeting.

### **Open Questions**

Quick update – The voucher team met at the Yardi party last night and discussed the issue of the voucher task force.

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They got to the point where we came up with recommended changes to the HAP form that would be useful for the people that are programming as well as useful for the CA's. Dave Kessler will be sending a proposed voucher to show 14 – 16 line voucher but preserving the legal language.

Also, we want to give you an email address to send comments. These will go to Gustavo.

[sapiurka@tcgtechnologies.com](mailto:sapiurka@tcgtechnologies.com)

Industry Voucher Form should be in the subject line

Stakeholder - Something he wanted to remind Lanier about – CA's must accept claims forms in the old or new format. Until we get in to 202B. We're still hearing about refusal of special claims in the old format.

Meeting Closed.