

## **CHAPTER 7    What's Your Strategy? Thinking Through the Error Reduction Challenge**

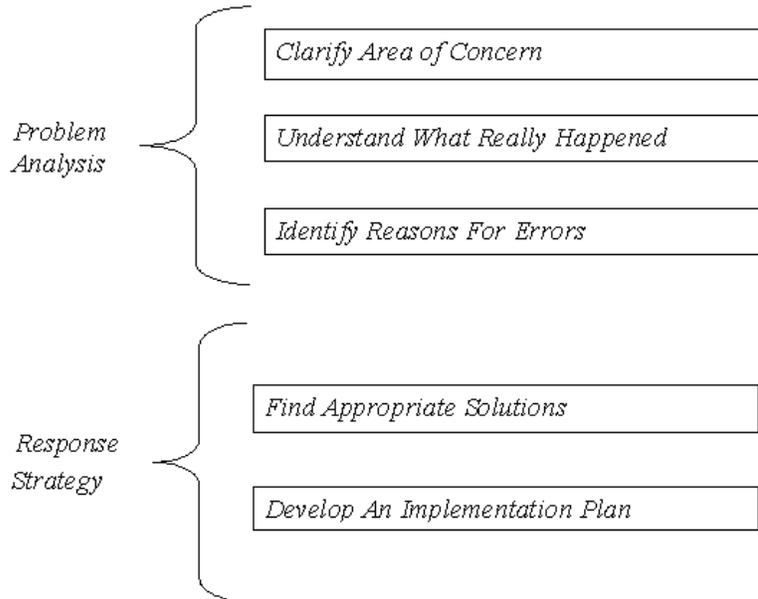
### **Section 1    Introduction**

- This chapter focuses on strategies for:
  - Identifying causes of income and rent errors
  - Developing effective solutions for correcting and preventing errors
- The chapter introduces a process of error reduction that requires the development of two related strategies:
  - A problem analysis strategy
  - A response strategy
- The chapter will demonstrate how to apply this process to concrete income and rent problems so that your PHA can:
  - Respond to RIM reviews
  - Reduce or prevent future errors

Section 1: Introduction

Notes

- The following chart illustrates the steps that make up the two strategies in the error reduction process:



- We'll be discussing each of these steps in the remainder of the chapter.

**RIM REVIEW RESPONSE REMINDER**

- Within 45 days after a RIM review, a PHA must:
  - Correct individual tenant file errors identified by the RIM review
  - Respond to the RIM report
    - For any finding that is not resolved by the time the PHA responds to the RIM report, a corrective action plan must be developed.
- Within six months, the PHA must:
  - Implement corrective actions to resolve systemic findings and prevent future errors
    - Corrective action plans that exceed six months in duration cannot be approved by a HUD field office without approval from HUD headquarters.

## **Section 2 Problem Analysis Strategy**

- Problem analysis is the first strategy in the process of error reduction.
- Problem analysis consists of three steps:
  1. Clarify the area of concern.
  2. Understand what really happened.
  3. Identify the reasons for the errors.

### **STEP 1: CLARIFY THE AREA OF CONCERN**

#### ***Work with One Issue at a Time***

- Focus on one issue (e.g., medical expenses or child care expenses) at a time.
- Use as many sources of information about this issue as possible, for example:
  - RIM review findings
  - Quality control (QC) results (continuous or periodic)
  - Complaints (external or internal)
- After a thorough assessment of each issue, go back and think about how various issues fit together.

#### ***Identify the Requirements***

- Think about the errors: is it clear how this issue should have been handled?
- To be sure, review:
  - HUD and PHA policies and procedures
  - Forms, checklists, and other tools

Section 2: Problem Analysis Strategy

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- Ask:
  - Taken together, are policies and procedures clear?
  - Do the policies and procedures ensure consistent handling of all files?
    - For example, has the PHA mandated the use of key forms?
  - Are there situations not covered by these sources?

Section 2: Problem Analysis Strategy

## **Child Care Expense Example**

### ***Problem Analysis Strategy***

#### ***Step 1: Clarify the Area of Concern***

- Issue: Files had numerous errors in calculating the child care expense deduction from annual income, including the following:
  - PHA policy requires staff to use the earned income of the lowest-paid family member or explain why this was not done. Expenses greater than the income earned by the lowest-paid family member were allowed without explanation.
  - Staff did not consider the possibility that child care costs may have been reimbursed from other sources.
  - Third-party verifications were missing with no explanation.
  - Documentation of the reasonableness of the child care costs was not provided.
  - Ineligible expenses were included in the child care expense deduction.
  
- Requirements and guidance were found in the following documents:
  - Requirements
    - 24 CFR 5.603 and 5.611
    - Administrative plan
  - Guidance
    - Notice PIH 2001-15 (HA) (expired)
    - *Housing Choice Voucher Program Guidebook (7420.10G)*
  - PHA forms
    - Interview form
    - Third-party verification form

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**STEP 2: UNDERSTAND WHAT REALLY HAPPENED**

- To understand the underlying problem, you must get a clear picture of what was actually going on when the errors were made.
  - Who made the errors (everyone, several people, one person)?
  - How frequently were the errors made (consistently, rarely)?
  - What kinds of errors were made (a particular type of error or random mistakes)?
  - Did special situations cause errors (issues generally handled correctly, but one type causing errors)?
- Start with what your experience suggests, but beware of jumping to conclusions. Keep an open mind throughout the process to make sure you understand the real issues.
- There are several ways to get answers about what was actually done.
  - Review a targeted sample of additional files, including:
    - Files processed by different specialists
    - Enough files to determine whether the problem arises regularly
    - Enough files to enable you to pick up on patterns of errors
    - More cases with particular characteristics that seem to be generating errors

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- Talk to people.
  - There are advantages and disadvantages to both individual and group conversations.
  - Consider how to get diverse perspectives. Variety is the key! Do you want:
    - Best/worst performers?
    - Oldest/newest staff?
    - Members of different teams?
  - Talk to enough people, but not too many.
    - For efficiency, talk to as few as possible.
    - For thoroughness, talk to enough people to get a full range of perspectives.
    - As a rule of thumb, stop when the information starts to become repetitive.
- The way people are asked about their experiences can make an enormous difference in the responses they give. Consider asking probing questions like the following:
  - Can you walk me through this part of the process?  
(*Not: Why did you make this mistake?*)
  - What is the hardest or most confusing part of doing this?
  - What do you do if you have questions about this?  
(*Not: Why don't you know what to do?*)
  - What would help you do this more easily/more accurately?

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### **Child Care Expense Example**

#### ***Problem Analysis Strategy***

#### ***Step 2: Understand What Really Happened***

- Expenses greater than income of lowest-paid family member
  - Policy says when more than one family member works, as a general rule, use the income of the “lowest paid individual” as the limit to the deduction. Staff automatically used the spouse’s income without considering the actual incomes of the head and spouse and the family member who actually was enabled to work.
- Reimbursement of child care from other sources
  - Staff did not remember to ask if families received any reimbursement for child care expenses.
- Missing third-party verifications
  - Staff know that third-party providers, especially small providers, often don’t cooperate. Consequently, they move too quickly to accepting other forms of verification, including sometimes allowing families to hand-carry third-party forms.
- Missing documentation of reasonableness
  - Staff are confused: if they are not allowed to determine what kind of child care is appropriate, how can they decide what is a “reasonable” cost?
- Ineligible expenses allowed for a 15-year-old with a handicap
  - The staff member knows the rule. A review of other of her cases found no other errors. This may just have been a momentary lapse.

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**STEP 3: IDENTIFY THE REASONS FOR ERRORS**

- After reflecting on what you know from looking at files and interviewing staff, you will have some ideas about the reasons that errors were made.
- Often, though, the stated reasons are superficial: they do not get down to the root cause of the problem.
- The key for the interviewer is to keep on asking why.
  - If staff didn't know what was required, that is a reason that they didn't do something correctly. But this reason is superficial: **why** didn't they know?
  - Maybe staff didn't have a way to do the job better, but again, this reason is superficial: **why** didn't they have the tools they needed?
- The chart that follows provides some examples of common stated reasons for errors and some of the possible root causes that might be associated with those superficial explanations.

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**Errors: Stated Reasons vs. Root Causes**

<b>Stated Reason for Error</b>	<b>Possible Root Causes</b>
Staff didn't know what was required.	<ul style="list-style-type: none"> <li>• Unclear policies and procedures</li> <li>• Lack of knowledge</li> <li>• Inadequate supervision</li> <li>• Inadequate training</li> </ul>
Staff didn't know how.	<ul style="list-style-type: none"> <li>• Lack of knowledge and training</li> <li>• Lack of skill or ability</li> <li>• Lack of clear procedures</li> <li>• Inadequate supervision</li> </ul>
Staff couldn't do it better given our situation.	<ul style="list-style-type: none"> <li>• Inadequate infrastructure</li> <li>• Excessive workload</li> </ul>
Staff didn't have a way to do it correctly.	<ul style="list-style-type: none"> <li>• Lack of forms or other tools</li> <li>• Lack of computer capacity</li> </ul>
This is the way we've always done it.	<ul style="list-style-type: none"> <li>• Organizational culture</li> <li>• Inadequate supervision</li> <li>• Lack of clear procedures</li> </ul>
Staff either didn't know why to do it or didn't believe it was important.	<ul style="list-style-type: none"> <li>• Organizational culture</li> <li>• Inadequate supervision</li> </ul>

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- There are some sources of error that are commonly found at PHAs (and many other organizations). Here are some topics to consider when digging for root causes:
  - *Written tools.* Are forms, checklists, interview scripts, form letters, record-keeping formats, etc., simple to use and readily available to staff?
  - *Computerized aids.* Are computers adequate and does vendor software follow HUD rules?
  - *Communication.* Are staff kept up-to-date on program rules and given “why” as well as “what “explanations?
  - *Staff capacity.* Do staff have the required training, knowledge, skills and abilities, attitude?
  - *Facilities.* Are there adequate meeting rooms, fax machines, etc.?
  - *Supervision.* Do supervisors correct ongoing problems and give staff good guidance?
  - *Organizational culture.* Are there unintended incentives or attitudes within the organization that encourage incorrect behavior?
  - *Policies and procedures.* Are policies and procedures up-to-date, clear, and complete?

Section 2: Problem Analysis Strategy

**Child Care Expense Example**

***Problem Analysis Strategy  
Step 3: Identify the Reasons for Errors***

<b>Problem</b>	<b>Stated Reason for Error</b>	<b>Possible Root Causes</b>
Capping deduction	Staff are confused about whose income to use.	Staff in general, and newer staff in particular, do not have the necessary knowledge and skills to make this decision.
Reimbursement of expenses	Staff forget to ask about reimbursement for child care expenses because it is hardly ever relevant.	Interview form does not specifically ask about reimbursement for child care expenses.
Missing third-party verifications	Child care providers, especially small ones, usually don't respond to requests for verification. Staff get third-party documentation when it is easy and realistic to do so. But they consider it a waste of time to go after third-party documentation when the family can provide less-good but readily available documentation.	Third-party verification form may be inappropriate for smaller providers.  No form exists for documenting reasons for accepting other types of verification.  Efficiency is valued over the letter of the law.
Assessing reasonableness	Staff are confused about how to decide what constitutes a "reasonable" expense since selection of care is up to the family.	Staff in general, and newer staff in particular, do not have the necessary knowledge and skills to make this decision.
Unallowable expenses	Counting handicap expense for 15-year-old as child care was an isolated incident.	Carelessness

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**PROBLEM ANALYSIS STRATEGY: REVIEW**

- If all has gone well, you should now have a complete and accurate analysis of the problem. Take a minute to make sure.
- Have the following been identified?
  - The area of concern, including:
    - The issue
    - All relevant requirements
  - What actually happened, including:
    - How many people made what kinds of errors how often
    - Any identifiable patterns to the errors
  - The reasons the errors occurred, including both:
    - Apparent causes
    - Root causes
- If yes, it is time to develop a response strategy.

Section 2: Problem Analysis Strategy

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## Section 3 Response Strategy

- Response is the second strategy in the process of error reduction.
- Response consists of two steps:
  1. Find appropriate solutions.
  2. Develop an implementation plan.

### STEP 1: FIND APPROPRIATE SOLUTIONS

- It is easy to jump too quickly to conclusions about the right solution to any given problem.
  - Sometimes people have personal preferences or biases about the best way to address a problem (e.g., one person might generally favor training while another might tend to favor improvements to policies).
  - It is important to think beyond those personal preferences and consider a wide array of possibilities.
- Sometimes a problem needs to be tackled from more than one angle (e.g., staff may need to be reminded about proper procedures, but improving the forms can help them follow the procedures consistently).
- In order to think broadly, try to consider the problem from a variety of perspectives.
  - **Policies and procedures.** Ask yourself:
    - Are all policies and procedures thorough and clear?
    - Are there reliable systems for communicating policies and procedures to all staff concerned?
  - **Capacity.** Do staff have the required capacity?
    - Assess the required skill sets.
    - Then compare them with actual staff knowledge, skills, and abilities (gap analysis).

Section 3: Response Strategy

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- **Infrastructure.** Does the PHA have the necessary infrastructure? Think about issues like:
  - Communication systems
  - Computer aids
  - Facilities
  - Supervision
  - Organizational culture
- Timing can be a barrier. Often it is not possible to address all problems identified simultaneously. In these situations, it can be helpful to think explicitly about working in a variety of time frames.
  - **Short-term.** PHAs can immediately fix errors in files reviewed during a RIM review, take easy steps to correct systems, and plan more complex steps.
  - **Medium-term.** This is the time frame in which to establish a plan for preventing future errors. It is also the time to implement complex solutions and to correct errors in files not reviewed during the RIM review process (may need to wait until the next reexamination).
  - **Long-term.** To end up with a top-quality program, PHAs must monitor improvements and follow through with QC programs over the long term.
- **Doable vs. deluxe.** It is not necessary to implement the ideal solution to a problem in order to make some improvement.
  - Consider a quick fix, followed by a more long-term solution.
  - Consider, too, how much effort is really needed given the number and impact of errors.

Section 3: Response Strategy

**Child Care Expense Example**

***Response Strategy***  
***Step 1: Find Appropriate Solutions***

<b>Problem</b>	<b>Root Causes</b>	<b>Possible Solutions*</b>
Capping deduction	Staff in general, and newer staff in particular, do not have the necessary knowledge and skills to make this decision.	Develop case studies demonstrating appropriate capping. Discuss at team meetings.
Reimbursement of expenses	Interview form does not specifically ask about reimbursement for child care expenses.	Add question to interview form.
Missing third-party verification	Current third-party verification form may be inappropriate for smaller providers.	Review form to see if it can be simplified.
	No form exists for documenting reasons for accepting other types of verification.	Develop protocol for documenting acceptance of lesser forms of verification.
	Efficiency is valued over the letter of the law.	Send memo reminding all staff about the importance of third-party verifications.
Assessing reasonableness	Staff in general, and newer staff in particular, do not have the necessary knowledge and skills to make this decision.	Develop case studies demonstrating appropriate reasonableness assessment. Discuss at team meetings.
Unallowable expenses	Carelessness	Fix file and adjust rent. No other action required.

\* For all RIM files, correct errors, make necessary rent adjustments, and arrange for appropriate compensation.

Section 3: Response Strategy

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**Coordinate Solutions**

- So far, the process has focused on one issue only. Now is the time to coordinate solutions for various problems. After doing an analysis of each issue, it is time to think more globally.
- **Weigh priorities.** All errors should ultimately be addressed. But if resources are too scarce to address all problems simultaneously, set priorities based on issues such as:
  - Dollar value of the errors
  - Frequency of occurrence
- **Assess resources required.** Resources are always an issue. If it is not possible to address all problems at once because of resource issues, it will be necessary to:
  - Look realistically at what is possible
  - Develop a long-term plan for eventually addressing all problems that have been identified.
- **Look for efficiencies.** Sometimes two problems can be addressed jointly.
  - For example, holding a single training to address two topics can eliminate the need to organize logistics for two training sessions.
- **Adjust time frames.** Sometimes it will make sense to follow all the same steps identified for each problem individually, but the time frames for implementation may need to be extended.
  - For example, if one individual is charged with making policy clarifications for two different areas, it may not be possible for both projects to go forward simultaneously.

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**STEP 2: DEVELOP AN IMPLEMENTATION PLAN**

- Once the broad outlines of the solution have been adjusted to bring the activity in sync with other error reduction activities, it is time to get very concrete.
- It is easy to let the process break down at this point—to develop ideas about solutions and then let the whole project fall between the cracks.
- The best medicine against this is to develop an implementation plan.
  - **Identify key players.** Once it is clear what needs to be done, it is important to bring everyone concerned on board.
  - **Remain flexible.** Communicate the plan to those key players, and be ready to revise the plan as needed based on their suggestions.
  - **Get detailed.** Up until now, the solutions have been discussed in fairly broad terms. Now is the time to get very specific.
    - List all the steps involved, in great detail.
    - Think strategically about who is best suited to carry out each task.
  - **Assign responsibilities and deadlines.** Designate staff with appropriate skills and interests to carry out each step in the detailed plan. Remember to include:
    - Implementation
    - Follow-up
    - Evaluation and course correction
- It may also be advisable to develop a consolidated implementation plan if particular individuals will have responsibility for improvement efforts in more than one area. This higher-level plan will help point out areas where particular individuals may be overloaded and unable to fulfill their responsibilities for all of the projects simultaneously.

**Child Care Expense Example**  
**Response Strategy**  
**Step 2: Develop an Implementation Plan**

Solutions: Action Required	Strategy: Who Needs to Do What?	Now	45 days	6 mo.	> 6 mo.
Remind staff to ask about capping deductions.	<ul style="list-style-type: none"> <li>The executive director will send a reminder memo.</li> </ul>	X			
Develop capping case studies.	<ul style="list-style-type: none"> <li>Larry will write case studies.</li> </ul>		X		
Discuss at team meetings.	<ul style="list-style-type: none"> <li>Team leaders will schedule and lead discussions.</li> </ul>			X	
	<ul style="list-style-type: none"> <li>Larry will follow up with team leaders to find out if additional case studies are needed.</li> </ul>			X	
Remind staff to ask about reimbursements.	<ul style="list-style-type: none"> <li>Executive director will send a reminder memo.</li> </ul>	X			
Add reimbursement question to interview form.	<ul style="list-style-type: none"> <li>Joan will revise the form in conjunction with revisions required for other findings.</li> </ul>		X		
Review third-party verification form to see if it can be simplified.	<ul style="list-style-type: none"> <li>Joan will interview specialists about ways to simplify the verification form and, if possible, develop a simplified document.</li> </ul>		X		
Develop protocol for documenting acceptance of lesser forms of verification.	<ul style="list-style-type: none"> <li>Joan will develop documentation protocol in conjunction with revisions required for other findings.</li> </ul>		X		
Send memo reminding all staff about the importance of third-party verifications.	<ul style="list-style-type: none"> <li>The executive director will send a memo explaining the changes.</li> </ul>		X		
Develop case studies demonstrating appropriate reasonableness assessment.	<ul style="list-style-type: none"> <li>Larry will write case studies.</li> </ul>		X		
Discuss at team meetings.	<ul style="list-style-type: none"> <li>Team leaders will lead team discussions.</li> </ul>			X	
	<ul style="list-style-type: none"> <li>Larry will follow up with team leaders to find out if additional case studies are needed.</li> </ul>			X	
Follow up to ensure that files are processed correctly after interventions, and set new plan if errors are continuing.	<ul style="list-style-type: none"> <li>Supervisors will review child care expense deduction accuracy for a sample of files for three months after completion of the team discussions of the case studies.</li> </ul>				X
	<ul style="list-style-type: none"> <li>The executive director will consult with supervisors to identify any additional follow-up work that may be needed.</li> </ul>				X
Fix RIM files and make necessary rent adjustments.	<ul style="list-style-type: none"> <li>Specialists will fix their own RIM files and submit required adjustments.</li> </ul>		X		
Arrange for appropriate compensation.	<ul style="list-style-type: none"> <li>Larry will draft and Mary will sign tenant notification letters.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>Larry will oversee the compensation process.</li> </ul>				X

Section 3: Response Strategy

**Child Care Expense Example**

***Sample Consolidated Implementation Plan***

<b>Action</b>	<b>Time Frame</b>	<b>Responsibility</b>
<b>Child care expense calculation</b>		
- Fix RIM files; arrange compensation.	45 days	George
- Improve forms.	45 days	Mary
- Train staff.	3 months	Charlie
<b>Third-party verification of income</b>		
- Improve forms.	45 days	Mary
- Train staff.	3 months	Charlie
<b>Medical expense calculation</b>		
- Fix RIM files; arrange compensation.	45 days	George
- Improve forms.	45 days	Mary
- Train staff.	3 months	Charlie
Follow up to ensure that strategies have been effective.	4 months	Henrietta
<b>Report to HUD.</b>		
- Preliminary	45 days	Henrietta
- Final	6 months	Henrietta

### Error Reduction Process Summary

	Goal	What to Ask	What to Do
<b>Problem Analysis Strategy</b>	Clarify the area of concern.	<ul style="list-style-type: none"> <li>• Do I know exactly which issue I am concentrating on for this analysis?</li> <li>• Do I know how this should have been done?</li> </ul>	<ul style="list-style-type: none"> <li>• Review information from RIM review or QC activities.</li> <li>• Identify a single issue for analysis.</li> <li>• Review existing policies and procedures.</li> <li>• Determine whether any questions remain unanswered.</li> </ul>
	Understand what really happened.	<ul style="list-style-type: none"> <li>• Do I know how this was done?</li> <li>• Do I know how frequently and in what situations the error occurs?</li> </ul>	<ul style="list-style-type: none"> <li>• Strategically select files for further review.</li> <li>• Review files.</li> <li>• Talk to staff.</li> </ul>
	Identify the reasons for errors.	<ul style="list-style-type: none"> <li>• Do I know why this was done?</li> </ul>	<ul style="list-style-type: none"> <li>• Talk to staff—dig for root causes.</li> <li>• Examine tools.</li> <li>• Evaluate supervision.</li> <li>• Assess organizational culture.</li> </ul>
<b>Response Strategy</b>	Find appropriate solutions.	<ul style="list-style-type: none"> <li>• Do I know what solutions are possible?</li> <li>• What is the best solution for this problem?</li> <li>• How will this solution interact with other error reduction activities?</li> </ul>	<ul style="list-style-type: none"> <li>• Consider a range of factors:                             <ul style="list-style-type: none"> <li>- Policy/capacity/infrastructure</li> <li>- Short-term/long-term</li> <li>- Minimal/deluxe</li> <li>- Many staff/few staff</li> </ul> </li> <li>• Make a judgment about which solution is likely to be the best fit.</li> <li>• Be ready to come back to alternative solutions if the coordination step indicates resource limitations.</li> <li>• Consider all error reduction activities together:                             <ul style="list-style-type: none"> <li>- Resource issues?</li> <li>- Synergies/conflicts?</li> <li>- Effect on morale?</li> </ul> </li> </ul>
	Develop an implementation plan.	<ul style="list-style-type: none"> <li>• What strategy will ensure reduction/elimination of this type of error?</li> </ul>	<ul style="list-style-type: none"> <li>• Identify key players.</li> <li>• Communicate plan and revise based on input.</li> <li>• Assign responsibility for implementation and monitoring.</li> </ul>

Notes

## **Section 4      The Error Reduction Process: Two Examples**

- In this section, we'll look at two examples of the error reduction process, both based on the following scenario:
  - A RIM review was conducted at the Best Housing Authority (BHA) and the Quality Housing Authority (QHA). In both places, the reviewer found identical weaknesses:
    - No third-party income verifications in file (24 cases)
    - Inadequate documentation of why methods other than third-party were used (all 24 cases)
    - Inadequate documentation of differences between income shown on verification documentation and that used in rent calculations (10 cases)
  - Requirements and guidance were found in the following documents:
    - Requirements
      - 24 CFR 982.516(a)(2)
      - Administrative plan
    - Guidance (some expired)
      - Notice PIH 2001-15 (HA)
      - Notice PIH 92-45
      - Notice PIH 97-32
      - *Housing Choice Voucher Program Guidebook* (7420.10G)
    - Forms
      - Employer verification form

## **EXAMPLE 1: BEST HOUSING AUTHORITY (BHA)**

### ***BHA Problem Analysis Strategy***

#### **Step 1: Clarify the Area of Concern**

- Third-party verifications are not consistently being obtained, and documentation is not being provided to explain why lesser forms of verification have been accepted (24 cases).
- Final income on HUD-50058 is not clearly supported by documents and staff notations (10 cases).

#### **Step 2: Understand What Really Happened**

- File review showed that all files contained some sort of verification. However, it was often not third-party verification, and there was no explanation of why other forms of verification had been accepted.
- Although many staff were involved in these errors, they were concentrated among newer specialists. (Note that 50 percent of the specialists have been on the job for less than two years.)
- Staff reported that they believed they were complying with the requirement to get third-party verifications whenever possible.
- Discussion with staff identified misunderstandings about what constitutes third-party verification (e.g., thought that a pay stub generated by a third party but provided by the family was acceptable).

Section 4: The Error Reduction Process: Two Examples

*Notes*

- Staff indicated that although they always tried to get third-party verifications first, they quickly turned to other approaches to keep the process moving, and most had no system for documenting these decisions.
- Staff indicated that there are reasons for making changes to a family's final income but there is no place to document the reasons for the changes.

**Step 3: Identify the Reasons for Errors**

- See the chart on the following page.

**BHA Problem Analysis Strategy**  
**Step 3: Identify the Reasons for Errors**

Problem	Stated Reason for Error	Possible Root Causes
No third-party verifications in file	Some specialists did not realize that the documentation they were accepting did not constitute third-party verification.  Fifty percent of housing specialists have been on the job for less than two years, and lack of experience affected the error rate.	<b><i>Inadequate policies and procedures:</i></b> Although many staff are relatively new, they should have been able to conduct third party verifications correctly based on existing policies and procedures.  <b><i>Inadequate skills:</i></b> Many staff did not fully understand what constitutes third-party verification (e.g., that a pay stub generated by a third party but provided by the family is not considered third-party verification).  <b><i>Inadequate supervision:</i></b> The current review process does not result in supervisors' catching these errors.
Inadequate documentation of why other methods were used	All specialists interviewed said they didn't know where to record this information.	<b><i>Inadequate forms:</i></b> There is no established method for recording decisions to take something less than third-party written verification.
Inadequate documentation of changes to final income on 50058 forms	Some specialists did not realize that there was a need to document the changes made.	<b><i>Inadequate forms:</i></b> There is no established method for recording decisions to change final income on 50058 forms.  <b><i>Inadequate skills:</i></b> Many staff did not fully understand the kind of documentation that is required for changes.  <b><i>Inadequate supervision:</i></b> The current review process does not result in supervisors' catching these errors.

*Notes*

***BHA Response Strategy***

**Step 1: Find Appropriate Solutions**

- See the chart on the following page.

**Step 2: Develop an Implementation Plan**

- See the chart starting on page 7-29.

## BHA Response Strategy

### Step 1: Find Appropriate Solutions

Problem	Possible Root Causes	Possible Solutions
No third-party verifications in file	<b><i>Inadequate policies and procedures:</i></b> Although many staff are relatively new, they should have been able to conduct third-party verifications correctly based on existing policies and procedures.	<b><i>Inadequate policies and procedures:</i></b> Review policies and procedures to ensure that requirements for third-party verifications are clear.
	<b><i>Inadequate skills:</i></b> Many did not fully understand what constitutes third-party verification (e.g., that a pay stub generated by a third party but provided by the family is not third-party verification).	<b><i>Inadequate skills:</i></b> Provide training in small groups to review the third-party verification rules and to present new documentation forms.
	<b><i>Inadequate supervision:</i></b> The current review process does not result in supervisors' catching these errors.	<b><i>Inadequate supervision:</i></b> Discuss this issue with supervisors and brainstorm approaches to improved supervision that might have prevented this problem. Develop a plan to improve future supervision based on the results of the discussion.
Inadequate documentation of why other methods were used	<b><i>Inadequate forms:</i></b> There is no established method to document decisions to take something less than third-party written verification	<b><i>Inadequate forms:</i></b> Develop a form to document decisions to accept lesser forms of verification.
Inadequate documentation of changes to final income on 50058 forms	<b><i>Inadequate forms:</i></b> There is no established method for recording decisions to change final income on 50058 forms.	<b><i>Inadequate forms:</i></b> Develop a form to document decisions to make changes to final income.
	<b><i>Inadequate skills:</i></b> Many staff did not fully understand the kind of documentation that is required for changes.	<b><i>Inadequate skills:</i></b> Provide training in small groups to review the documentation requirement and to explain the new form.

**BHA Response Strategy**  
**Step 2: Develop an Implementation Plan**

<b>Possible Solutions: Action Required</b>	<b>Strategy: Who Needs to Do What?</b>	<b>Now</b>	<b>45 days</b>	<b>6 mo.</b>	<b>&gt; 6 mo.</b>
Review policies and procedures to ensure that requirements for third-party verifications are clear.	• Larry will identify a team to review policies and procedures.	<b>X</b>			
	• The team will make recommendations about possible improvements to the PHA's documents.		<b>X</b>		
Provide training in small groups to review the third-party verification rules and to present new documentation forms.	• Caroline will develop the training materials.			<b>X</b>	
	• Marie will arrange logistics for the small group sessions.			<b>X</b>	
	• Caroline will deliver the training sessions.			<b>X</b>	
Discuss this issue with supervisors to develop a plan to improve future supervision.	• John will facilitate a discussion with supervisors.		<b>X</b>		
	• John and Caroline will work together to follow up on the results of the discussion.			<b>X</b>	<b>X</b>
Develop a form to document decisions to accept lesser forms of verification.	• Mary will draft the form.		<b>X</b>		
	• John will assign several staff to review and comment on the draft form.		<b>X</b>		
	• Mary will revise the form as needed.		<b>X</b>		
	• John will ensure that all required approvals are obtained.			<b>X</b>	
	• John will arrange to have the new form printed and distributed to staff.			<b>X</b>	

## BHA Response Strategy

### Step 2: Develop an Implementation Plan (Continued)

Possible Solutions: Action Required	Strategy: Who Needs to Do What?	Now	45 days	6 mo.	> 6 mo.
Develop a form to document decisions to alter final income.	• Suzanne will draft the form.		X		
	• John will assign several staff to review and comment on the draft form.		X		
	• Suzanne will revise the form as needed.		X		
	• John will ensure that all required approvals are obtained.			X	
	• John will arrange to have the new form printed and distributed to staff.			X	
Follow up to gauge the effectiveness of the actions taken.	• During the three months following completion of the training sessions and supervisor discussions, John will review a sample of cases for completeness.				X
	• Mary and Suzanne will interview staff to assess the new forms and to make any required changes.				X
	• John will pull together a team to develop additional plans if errors persist.				X

## **EXAMPLE 2: QUALITY HOUSING AUTHORITY (QHA)**

### ***QHA Problem Analysis Strategy***

#### **Step 1: Clarify the Area of Concern**

- Third-party verifications are not consistently being obtained, and documentation is not being provided to explain why lesser forms of verification have been accepted (24 cases).
- Final income on HUD-50058 is not clearly supported by documents and staff notations (10 cases).

#### **Step 2: Understand What Really Happened**

- File review showed that all files contained some sort of verification. However, it was often not third-party verification, and there was no explanation of why other forms of verification had been accepted.
- Team A staff reported that supervisors have said there is no point wasting time sending verifications to third-parties known not to respond.
- All staff interviewed indicated that they followed PHA procedures for obtaining lesser forms of verification.
- Staff interviewed indicated a strong belief that concerns about timeliness overshadow concerns about dotting all the *I*'s and crossing all the *T*'s.
- Staff have found that employers have little incentive to cooperate and often don't respond because the employment income verification form is cumbersome and unclear.
- Fax machines are poorly maintained, making it difficult for employers to return verifications.
- QHA's computer program does not allow for notes about manual changes to final income.

*Notes*

**Step 3: Identify the Reasons for Errors**

- See the chart on the following page.

**QHA Problem Analysis Strategy**  
**Step 3: Identify the Reasons for Errors**

Problem	Stated Reason for Error	Possible Root Causes
No third-party verifications in file	Supervisors instructed staff to omit this in some cases.	<b>Inadequate supervision:</b> Some supervisors gave inadequate or faulty instruction to staff.
	Staff did not consider this as important as timeliness.	<b>Organizational culture:</b> Heavy emphasis on meeting deadlines has caused other important requirements to be ignored.
Inadequate documentation of why other methods were used	Staff did not consider documentation important because they were following QHA procedures regarding levels of verification.	<b>Inadequate training:</b> Staff did not understand that doing the right thing is not enough; documentation is required.
		<b>Inadequate tools:</b> There is no formal way to document decisions to take something less than third-party written verification. A tool for this could make documentation quick and easy.
Limited employer cooperation	Employers have little incentive to cooperate.  Employers complain that the verification form is unclear and cumbersome.  Asking for verifications by fax doesn't work.	<b>Inadequate communication:</b> The housing authority's outreach efforts to employers in the community have not been sufficient to elicit cooperation.
		<b>Inadequate tools:</b> The form sent to employers may need to be revised.
		<b>Inadequate facilities:</b> Poorly maintained fax machines (rather than the fax method itself) make it difficult for employers to return verification forms and thus discourage cooperation.
Inadequate documentation of changes to final income on 50058 forms	Staff did not realize that documenting changes to final income was important.	<b>Inadequate training:</b> Staff did not understand that doing the right thing is not enough; documentation is required.  <b>Inadequate tools:</b> There is no formal way to document decisions to adjust final income.

***QHA Response Strategy***

**Step 1: Find Appropriate Solutions**

- See the chart on the following page.

**Step 2: Develop an Implementation Plan**

- See the chart starting on page 7-36.

## QHA Response Strategy

### Step 1: Find Appropriate Solutions

Problem	Possible Root Causes	Possible Solutions
No third-party verifications in file	<p><b>Inadequate supervision:</b> Some supervisors gave inadequate or faulty instruction to staff.</p> <p><b>Organizational culture:</b> Heavy emphasis on meeting deadlines has caused other important requirements to be ignored.</p>	<p><b>Inadequate supervision:</b> Hold a problem-solving session to determine how staff can support the timeliness goal while still adhering to HUD requirements.</p> <p><b>Organizational culture:</b> A strong and sustained message from the top is needed to emphasize that timeliness must be balanced with accuracy and completeness.</p>
Inadequate documentation of why other methods were used	<p><b>Inadequate training:</b> Staff did not understand that following the same protocol as others was not sufficient. Documentation is still required.</p> <p><b>Inadequate tools:</b> There is no formal way to document decisions to take something less than third-party written verification. A tool for this could make documentation quick and easy.</p>	<p><b>Inadequate training:</b> Educate staff about the need to document all other-than-third-party verifications. This can be conveyed in team meetings.</p> <p><b>Inadequate tools:</b> Develop a tool to make documentation of verification source a quick and easy part of the routine.</p>
Limited employer cooperation	<p><b>Inadequate communication:</b> The housing authority's outreach efforts to employers in the community have been inadequate to elicit cooperation.</p> <p><b>Inadequate tools:</b> The form sent to employers may need to be revised.</p> <p><b>Inadequate facilities:</b> Poorly maintained fax machines could make it difficult for employers to return verification forms and thus discourage cooperation.</p>	<p><b>Inadequate communication:</b> Interview several large employers to assess ways to encourage participation. Meet with key employers to request cooperation.</p> <p><b>Inadequate tools:</b> Clarify and streamline the employer verification form.</p> <p><b>Inadequate facilities:</b> Analyze fax machine functionality problems and implement a plan to ensure adequate maintenance.</p>
Inadequate documentation of changes to final income on 50058 forms	<p><b>Inadequate training:</b> Staff did not understand that doing the right thing is not enough; documentation is required.</p> <p><b>Inadequate tools:</b> There is no formal way to document decisions to final income.</p>	<p><b>Inadequate training:</b> Educate staff about the need to document changes to final income. This can be conveyed in team meetings.</p> <p><b>Inadequate tools:</b> Develop a tool to make final income documentation a quick and easy part of the routine.</p>

## QHA Response Strategy

### Step 2: Develop an Implementation Plan

Possible Solutions: Action Required	Strategy: Who Needs to Do What?	Now	45 days	6 mo.	> 6 mo.
Organize a supervisor discussion of timeliness versus error-free processing.	<ul style="list-style-type: none"> <li>Sophie will organize a meeting of supervisors to discuss the tensions between timeliness and errors.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>Sophie will report to the executive director on the outcomes of the meeting.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>The executive director will monitor attitudes toward error-free processing and undertake additional measures if necessary.</li> </ul>				X
Initiate a long-term culture shift focused on balancing timeliness with error-free processing.	<ul style="list-style-type: none"> <li>The executive director will draft a memo discussing these conflicting priorities.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>The executive director will meet with teams over the coming months to convey this message personally and to respond to staff concerns or questions.</li> </ul>			X	
	<ul style="list-style-type: none"> <li>Lucas will monitor staff attitudes about this conflict over time and advise the executive director about the need for possible additional actions.</li> </ul>			X	X
Educate staff about the need to document all other-than-third-party verifications.	<ul style="list-style-type: none"> <li>Franklin will ensure that each supervisor holds a discussion with staff to review proper verification techniques.</li> </ul>		X		
Develop a tool to make documentation of verification source a quick and easy part of the routine.	<ul style="list-style-type: none"> <li>Jill will draft the form.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>Lucas will obtain staff comments on the draft form.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>Jill will revise the form as needed.</li> </ul>		X		
	<ul style="list-style-type: none"> <li>Lucas will arrange to have the new form printed and distributed for use.</li> </ul>				X
	<ul style="list-style-type: none"> <li>Lucas will assess whether further improvements are needed.</li> </ul>				

## QHA Response Strategy

### Step 2: Develop an Implementation Plan (Continued)

Possible Solutions: Action Required	Strategy: Who Needs to Do What?	Now	45 days	6 mo.	> 6 mo.
Interview several large employers to assess ways to encourage participation. Meet with key staff of large employers to request cooperation.	• Lucas will interview employers about ways to encourage participation.		X		
	• Lucas will develop and follow through on a plan based on the information obtained from those meetings.		X	X	
	• Lucas will set up interviews for the executive director.			X	
	• The executive director will attend meetings to convey improvements made in the QHA process and to request cooperation.			X	X
	• Lucas will assess whether further steps can be taken to improve employer participation.				
Develop a tool to make final income documentation a quick and easy part of the routine.	• Leon will talk with the computer contractor to see if a notes section can be added. If it can, he will work with the contractor to make that change.		X		
	• If the program cannot be altered, Jill will draft a manual form and follow the same process used for the third-party verification form.		X	X	
	• Lucas will assess whether further improvements are needed.				X
Clarify and streamline the employer verification form.	• Jill will draft the form.		X		
	• Lucas will obtain staff and, if possible, employer comments on the draft form.		X		
	• Jill will revise the form as needed.		X		
	• Lucas will arrange to have the new form printed and distributed for use.			X	
	• Lucas will assess whether further improvements are needed.				
Analyze fax machine functionality problems and implement a plan to ensure adequate maintenance.	• Rudy will investigate fax machine problems and recommend solutions.		X		
	• Rudy will follow up to ensure that the solutions do, in fact, improve fax machine functionality.		X		

## Notes

## **Section 5 Using the Error Reduction Process**

### **BACK HOME**

- The task of analyzing multiple problems can seem overwhelming.
  - Start with your experience: it's likely you already have important insights into the problems.
  - Then, look at files and talk to staff to check those ideas.
    - Break problems into manageable bites.
    - Go step by step.
    - Keep an open mind. Your first ideas could be dead wrong, or they could be at the level of apparent cause rather than root cause.
    - Think broadly about possible root causes and creative solutions.
- Resource limitations can force you to address issues in several stages. That's OK as long as you make a plan for seeing the solution through over the middle- to long-term.
- RIM findings take priority, but don't stop there! You know your organization better than anyone else.
- Ferret out those problem areas and tackle them one by one.
- Get your QC process going as soon as you can. It will give you a steady flow of issues to address.

**WHERE DO WE GO FROM HERE?**

1. Based upon your experience, what are the two most likely root causes of errors at your PHA?


2. For each of these causes, identify at least one short-, medium-, and long-term solution.

<b>Issue 1:</b>	
Short-term:	
Medium-term:	
Long-term:	
<b>Issue 2</b>	
Short-term:	
Medium-term:	
Long-term:	

Section 5: Using the Error Reduction Process

3. Identify the two most important messages you will be taking home to supervisors and staff at your PHA.

Message 1

Message 2

## Notes