



Oak Park

# **A Review of the Oak Park Regional Housing Center Corrective Action Plan**

Oak Park Board of Trustees

June 18, 2024

# Presentation Overview

- **Timeline of Events**
- **Funding of the Oak Park Regional Housing Center (OPRHC)**
- **Financial Monitoring Findings**
- **Performance Review Findings**
- **HUD Status**
- **Potential Funding Considerations**
- **OPRHC Presentation of Corrective Action Plan**
- **Village Board Discussion**



# Timeline

# Timeline of Events

- **August 4, 2023**– Village staff learns of the OPRHC being on inactive status with the United States Department of Housing and Urban Development (“HUD”)
- **August 7, 2023**– Village staff meet with the OPRHC staff to discuss its inactive status with HUD
- **August 23, 2023** – Village staff begin annual financial monitoring of the OPRHC

# Timeline of Events

- **August 29, 2023**– Village staff meet with the OPRHC financial team to discuss year-to-date reports
- **September 15, 2023**– Village staff contacts OPRHC Executive Director Williams to inform her the OPRHC’s Program Year 2023 CDBG application is ineligible due to its HUD Status
- **October 11, 2023** – Village staff receive a letter of reinstatement from HUD with probationary stipulations

# Timeline of Events

- **October 26, 2023**– Village staff meet with OPRHC Executive Director Williams and Chair Tracey Wik to review the Village’s financial monitoring findings
- **October 31, 2023**– Village staff provides October 26, 2023 meeting minutes, financial monitoring report and timeline of next steps, including an external performance review of the OPRHC
- **November 13, 2023** – External performance review begins

# Timeline of Events

- **December 4, 2023**– KPW Performance Review concludes without complete documentation from Housing Center
- **January 12, 2024**– Meeting scheduled to discuss the Performance Review but canceled by Village staff due to extreme weather conditions
- **January 25, 2024** – KPW presents its report to Village staff and OPRHC staff. OPRHC requests a 45-day extension to correct its financials for

# Timeline of Events

- **January 30, 2024-** KPW presentation and discussion with the Village Board on performance review findings. Village Board gives direction to seek a corrective action plan from OPRHC.
- **February 16, 2024–** Village Manager Kevin Jackson sends a letter to the OPRHC addressing 45-day extension and requests a corrective action plan
- **March 4, 2024–** Executive Director Williams submits a corrective action plan

# Timeline of Events

- **April 5, 2024** – Village staff meet with the OPRHC to discuss its plan and to collaborate on improving the plan
- **April 30, 2024**– Follow-up meeting to discuss the plan was cancelled by Village staff due to unforeseen circumstances

# Timeline of Events

- **May 15, 2024**– Village staff sends the OPRHC a document with staff’s feedback in preparation for the next meeting
- **May 23, 2024** – Village staff meet with the OPRHC to discuss the corrective action plan in preparation for June 4<sup>th</sup> Board meeting



# Funding of the OPRHC

# Funding of the OPRHC

## Partner Agency 2023 Funding: \$352,500

Period of Reimbursement	Invoice Received	Date Processed	Check Date	Amount Paid
01/01/2023-01/31/2023	03/29/2023	03/30/2023	03/30/2023	29,375.00
02/01/2023-02/28/2023	03/29/2023	03/30/2023	03/30/2023	29,375.00
03/01/2023-03/31/2023	04/26/2023	04/28/2023	05/04/2023	29,375.00
04/01/2023-04/30/2023	05/09/2023	05/09/2023	05/15/2023	29,375.00
05/01/2023-05/31/2023	06/28/2023	06/29/2023	07/06/2023	29,375.00
06/01/2023-06/30/2023	07/10/2023	07/12/2023	08/01/2023	29,375.00

**TOTAL AMOUNT PAID: \$176,250.00**



# Funding of the OPRHC

**CDBG Program Year 2022 Funding: \$75,000**

***Administration***

Period of Reimbursement	Invoice Received	Date Processed	Check Date	Amount Paid
10/01/2022-12/31/2022	01/17/2023	01/27/2023	02/02/2023	17,231.90
01/01/2023-03/31/2023	04/12/2023	04/20/2023	05/04/2023	14,342.18

**TOTAL AMOUNT PAID: \$31,574.08**

# Funding of the OPRHC

**CDBG Program Year 2022 Funding: \$15,000**

***Public Service***

Period of Reimbursement	Invoice Received	Date Processed	Check Date	Amount Paid
10/01/2022-12/31/2022	01/17/2023	01/27/2023	02/02/2023	3,203.30
01/01/2023-03/31/2023	04/12/2023	04/20/2023	05/04/2023	2,363.63

**TOTAL AMOUNT PAID: \$5,566.93**



Oak Park

# **VOP Financial Monitoring Findings**

# VOP Financial Monitoring Findings

- Financial monitoring consisted of Village staff review of the OPRHC's monthly financials, bank statements, payroll records, financial policies and procedures, affirmative move tracking, and conducting fraud assessment interviews of current and former staff

# VOP Financial Monitoring Findings

Based on the semi-annual financials provided, Village staff flagged the following items:

- The OPRHC had two significantly outstanding balances, approx. \$107,000
- The OPRHC outstanding/aging check summary lists several staff members
- The OPRHC's Housing Action Illinois funding grant agreement was terminated
- Payroll journals reflected two individuals that could not be identified at the time of review
- Discrepancies in payroll distribution between general funds, CDBG and other funders
- OPRHC staff were not paid wages at the time due, with the absence or delay of paychecks beginning in October 2022.



# **KPW Performance Review**

# KPW Performance Review

- The performance review performed by KPW reviewed January 1, 2022, through September 30, 2023.
- Some of the findings reflected on page 3 of Schedule A concur with staff findings
- KPW's report was inconclusive as KPW did not receive complete documentation



# HUD Status

# HUD Status

- HUD reinstated the OPRHC on October 10, 2023 on probationary status, with stipulations that the OPRHC needed to comply with by April 10, 2024
- HUD conducted a financial review of the OPRHC with the following conclusions:
  - “The organization had sustained period of negative cash flow which can result in it making it increasingly difficult for OPRHC to pay their bills and cover their other expenses.”
  - “...OPRHC has been unable to make payroll and pay their employees on time.”
  - “The review disclosed that OPRHC does not appear to be financially capable to perform and administer the grant in compliance with all required OMB circulars, CFR requirements, HUD Handbook 7610.1 Rev 5, and associated Grant Agreement and NOFA.”
- The probationary period was extended by HUD to October 10, 2024



**Potential Funding  
Consideration for Oak Park  
Regional Housing Center**

# Alternative 1: The Village Board can direct staff to continue the pause the funding of the OPRHC until it is fully reinstated by HUD

- **Advantages:**

- The OPRHC would be able to focus on complying with the stipulations required by HUD for full reinstatement to active status.

- **Disadvantages:**

- The OPRHC will not have the funding to continue operating the Live in Oak Park Program.

Alternative 2: The Village Board can direct that the OPRHC be funded at a lesser amount than its traditional annual funding of \$300,000 and place the OPRHC on probationary status for the remainder of fiscal year 2024

- **Advantages:**

- The OPRHC will have sufficient funds to operate the Live in Oak Park program for this fiscal year. This will also allow for a level of accountability to be measured by Village staff whom would then report to the Village Board on the OPRHC's probationary status.

- **Disadvantages:**

- The OPRHC will continue to have a cash flow issues as it ended FY 2023 with a deficit of approximately \$356,617.

## Alternative 3: The Village Board can direct staff to fund the Housing Center at the traditional amount of \$300,000

- **Advantages:**

- The Housing Center will have sufficient funds to operate the Live in Oak Park program for this fiscal year, without additional stipulations outside of the contractual terms.

- **Disadvantages:**

- There would be no accountability measures for the Housing Center regarding the corrective actions presented in their response plan. There is a potential risk that the Housing Center could continue improper financial or operational oversight.

Alternative 4: The Village Board can agree to fund the request made by the Housing Center of receiving the balance of funds from CDBG program year 2022 and fiscal year 2023 Partner Agency Funding Grant Agreement, and \$400,000 for fiscal year 2024.

- **Advantages:**

- The Housing Center will have sufficient funds to operate the Live in Oak Park program and pay any outstanding expenses from 2023.

- **Disadvantages:**

- There would be no accountability measures for the Housing Center regarding the corrective actions presented in their response plan. There is a potential risk that the Housing Center could continue improper financial or operational oversight. Additionally, due to the Housing Center being on a probationary period, the Village would be liable to repay HUD for any CDBG funds given to the organization should they no longer be recognized as a HUD-approved agency.



# **OPRHC Corrective Action Response Presentation**



# Village Board Direction