



**PERFORMANCE AUDIT REPORT**

**MAYOR'S OFFICE OF HUMAN SERVICES**

**FISCAL YEARS ENDED**

**JUNE 30, 2016 and 2015**

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Honorable Joan M. Pratt, Comptroller  
and Other Members of the  
Board of Estimates  
City of Baltimore, Maryland

## **Executive Summary**

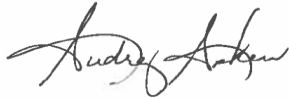
We conducted a performance audit of selected functions within the Mayor's Office of Human Services (MOHS) for fiscal years 2016 and 2015 (stated period). The purpose of our performance audit was to determine whether the MOHS met its performance measure targets, and to determine whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period.

As a result of our audit, we found that some of the targets for the selected performance measures were not met. Also, we could not determine whether some of the targets were met because of the lack of supporting documentation, or the information regarding performance measure targets and actual amounts was not consistently reported in the Agency Detail Board of Estimates Recommendations (Budget Books) from one fiscal year to another.

We also noted certain areas where the effectiveness of the control procedures could be improved, and we recommend that:

- MOHS maintain records to support established targets and actual amounts (in this case for performance measures included in the City's fiscal year 2015 and fiscal year 2016 Budget Books) even if the performance measures and actual amounts are no longer reported in subsequent years' Budget Books. (Actual amounts for fiscal year 2015 and fiscal year 2016 are normally reported in the City's Budget Books for fiscal year 2017 and fiscal year 2018, respectively.)
- MOHS establish procedures to ensure that performance measure targets and actual amounts are accurate, reliable, and supported by adequate documentation.
- MOHS identify and address the causes for not meeting the established performance measure targets.

- Revisions to prior year performance measure targets and/or actual amounts were not made unless approved by the Department of Finance. However, those targets and actual amounts should not be changed in subsequent year City Budget Books without adequate disclosure, in order to avoid misleading performance results.

A handwritten signature in black ink, appearing to read "Audrey Askew". The signature is fluid and cursive, with the first name "Audrey" written in a larger, more prominent script than the last name "Askew".

Audrey Askew, CPA  
Acting City Auditor  
Baltimore, Maryland

May 10, 2018

**Mayor's Office of Human Services**  
**Background Information & Audit Scope, Objectives and Methodology**  
**Fiscal Years Ended June 30, 2016 and 2015**

**Background Information**

The Mayor's Office of Human Services (MOHS) was created in 2010 to develop and implement an integrated system of support for vulnerable populations through three focus areas – Community Action Partnership, Head Start, and Homeless Services. The critical mission of MOHS includes overseeing the development and implementation of:

- A continuum of housing services for individuals experiencing homelessness or at-risk of experiencing homelessness,
- Early intervention services for child development and school readiness for pre-school children in low-income families that include a holistic support of parents and their pursuit of self-sufficiency.

The Journey Home, Baltimore City's plan to make homelessness rare and brief, focuses on four major goal areas that address the root cause of homelessness: affordable housing, comprehensive health care, sufficient incomes, and preventive and emergency services. The plan is implemented through the Continuum of Care program, which is a coalition of service providers, funders, advocates, government agencies, and community stakeholders, working together to make homelessness rare and brief. Each year MOHS, through a network of partner providers, delivers housing and supportive services to over 25,000 individuals and families. The Homeless Services Program administers approximately \$37 million annually for programs that involve, but are not limited to, street outreach, permanent supportive housing, and eviction prevention activities.

Since 1965, Baltimore City has administered a Head Start Program, and in 1995, began administering an Early Head Start program, for which the MOHS currently serves as a direct grantee. Baltimore's program, in partnership with two organizations, Dayspring Programs, Inc. and Union Baptist Church, serves over 759 Head Start children (ages 3-5) in a total of 11 locations across Baltimore City, making it convenient for families to access care. The program provides educational, health, nutritional, social, emotional, and other services to pre-school children from low-income families in Baltimore City.

**Audit Scope, Objectives and Methodology**

We conducted a performance audit of selected functions within the Mayor's Office of Human Services for fiscal years 2016 and 2015 (stated period). The purpose of our performance audit was to determine: a) whether the Mayor's Office of Human Services met its performance measure targets, and b) to determine whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period. We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Mayor's Office of Human Services**  
**Audit Scope, Objectives and Methodology (continued)**  
**Fiscal Years Ended June 30, 2016 and 2015**

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to determine whether the Mayor's Office of Human Services (MOHS) met its targets for selected performance measures targets of the Head Start and the Homeless Services Programs for the stated period, and whether the reported performance measures were based on valid and reliable information. Our audit included selected performance measures within the following MOHS Service Areas:

1. **Head Start – Service 605.** The percent of enrollment during the contract period;
2. **Homelessness Prevention – Service 893.** The percent of households who received Eviction Prevention grants that remain housed for at least three months;
3. **Temporary Housing for the Homeless – Service 895.** The percent of persons moving from temporary to permanent housing; and,
4. **Permanent Housing for the Homeless – Service 896.** The number of eligible clients who maintained permanent housing for six months or longer.

To accomplish our objectives, we conducted inquiries of key individuals to obtain an understanding of the internal controls and related policies, processes and procedures, and systems, established by MOHS for the selected performance measures. Where possible, we also utilized the systems' documentation obtained as part of our audit of the City's Comprehensive Annual Financial Report (CAFR). We also performed tests, as necessary, to verify our understanding of the applicable policies and procedures; reviewed applicable records and reports utilized to process, record, monitor, and control MOHS' functions pertaining to the selected performance measures; assessed the efficiency and effectiveness of those policies and procedures; and determined whether MOHS met its performance measures.

We also met with the Executive Director for the Baltimore City Head Start Program and key staff responsible for collecting program/enrollee data. As of July 1, 2014, the City's program office received a five year grant, valued at approximately \$7 million annually, from the U.S. Department of Health and Human Services (HHS). We reviewed and relied upon a monitoring report prepared by the HHS support contractor, who tested for eligibility, recruitment, selection, enrollment, and attendance of the City's Head Start enrollees for the period from July 1, 2014, through February 28, 2017. The City's Head Start Program was found to be compliant in all areas tested.

We also reviewed child enrollment data for fiscal years 2015 and 2016, and sub-recipient A-133 reports. In addition, we reviewed the City's Head Start Program office enrollment policies and monitoring procedures as well as its internal monitoring schedule. Based on a combination of the results of our single audit work in FY 2015, our review of A-133 sub recipient reports, the City's own internal monitoring process, and the sampling of 80 children performed by the HHS support monitoring contractor, we did not consider it necessary to perform additional testing.

**Mayor's Office of Human Services  
Audit Results, Findings and Recommendations  
Fiscal Years Ended June 30, 2016 and 2015**

***Head Start – Service 605. The Percent of Enrollment During the Contract Period.***

MOHS reported, and we verified that the Head Start Program met its fiscal years 2016 and 2015 targets of 100% for the percent of enrollment during the contract period. The targets for the number of children receiving Early Head Start/Head Start services in both fiscal years 2016 and 2015 was 759, and the reported number of children served in both fiscal years was 759. Also, there was adequate documentation to support the 759 children enrolled in the program at any given point in time. Although children occasionally leave the program for various reasons, the program is required to replace those individuals within 30 days. The maximum number of children served is consistently at or near the 759 figure or 100% enrollment although some children enrolled in the program leave and are replaced throughout the year. According to the program's Executive Director, the percentage of enrollment for the program is dictated by the Federal Office of Head Start and is a condition of the Federal award to the City. The program's target of serving 759 children annually is based on the total amount of funding received from HHS divided by the average cost per child.

***Homelessness Prevention – Service 893. The Percent of Households Who Received Eviction Protection Grants That Remain Housed for at Least Three Months, and***

***Permanent Housing for the Homeless – Service 896. The Number of Eligible Clients Who Maintain Permanent Housing for Six Months or Longer.***

**Finding #1**

MOHS was unable to support its fiscal years 2016 and 2015 targets and actual amounts for two of the performance measures that we initially selected for audit:

- a) The percent of households who received Eviction Protection grants that remain housed for at least three months, and
- b) The number of eligible clients who maintain permanent housing for six months or longer.

According to MOHS, the person who submitted MOHS' targets for fiscal years 2016 and 2015 performance measures that were included in the City's Budget Books is no longer employed by MOHS. Also, according to a note in the City's fiscal years 2018 and 2017 Budget Books, those performance measures were updated in fiscal year 2017, as the U.S. Department of Housing and Urban Development revised data standards and definitions. Therefore, the performance measure targets for fiscal years 2016 and 2015, as well as the actual amounts, normally reported in the City's Budget Books two years later, were not included in fiscal years 2018 and 2017 Budget Books. Also, records to support those amounts were not maintained by MOHS.

**Mayor's Office of Human Services  
Audit Results, Findings and Recommendations  
Fiscal Years Ended June 30, 2016 and 2015**

**Finding #1** *(continued)*

**Recommendation #1**

**We recommend that MOHS maintain records to support established targets and actual amounts (in this case for performance measures included in the City's fiscal years 2016 and 2015 Budget Books) even if the performance measures and actual amounts are no longer reported in subsequent years' Budget Books. (Actual amounts for fiscal years 2016 and 2015 are normally reported in the City's Budget Books for fiscal years 2018 and 2017, respectively.)**

**Agency Response**

See Appendix I

***Temporary Housing for the Homeless – Service 895. The Percent of Persons Moving from Temporary to Permanent Housing.***

**Finding #2**

MOHS reported that it did not meet its fiscal years 2016 and 2015 targets for the percent of persons moving from temporary to permanent housing. However, the target and actual amounts reported in the City's Budgets Books were unreliable. The fiscal year 2016 target performance measure target reported in the City's Budget Book was 100%; however, according to a Homeless Services Program analyst, the correct target for fiscal year 2016 should have been 60%. The actual amount reported in the fiscal year 2018 Budget Book was 30%, but according to a MOHS Program Analyst, the correct amount should have been 42%. The fiscal year 2016 performance measure target was not met.

The target reported for fiscal year 2015 was 60%. The actual amount reported in the fiscal year 2017 Budget Book was 50%, but was changed to 41% in the fiscal year 2018 Budget Book. We were later advised by MOHS that the correct amount should have been 48%. Regardless, the fiscal year 2015 target was not met.

**Recommendation #2**

**We recommend MOHS establish procedures to ensure that performance measure targets and actual amounts are accurate, reliable, and supported by adequate documentation. We also recommend that MOHS identify and address the causes for not meeting the established targets. We also recommend revisions to prior year performance measure targets and/or actual amounts not be made unless approved by the Department of Finance. However, those targets and actual amounts should not be changed in subsequent year Budget Books without adequate disclosure, in order to avoid misleading performance results.**

**Agency Response**

See Appendix I



**APPENDIX I**  
**Agency's Responses**

# MOHS Responses to Performance Audit Report Findings Fiscal Years 2016 and 2015

## Response to Findings #1 and #2

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During Fiscal Years 2015 and 2016, MOHS undertook several major initiatives to increase the quality of data collection and align performance measures for homeless services programs with new federal standards introduced by the U.S. Department of Housing and Urban Development (HUD). These changes included:

1. Selection and implementation of a new HMIS database operated by a different vendor
2. Implementation of new HUD system performance measures and data standards
3. Expanding HMIS coverage to include additional homeless programs that consented to contribute historical data.

To complement these efforts, MOHS requested to revise the performance measures reported to BBMR, re-categorize certain project types into more appropriate budget service codes (and therefore change performance targets), and provide updated performance data on prior fiscal years to ensure accurate reporting for future use. MOHS consulted with CitiStat staff regularly throughout this process. These changes were all approved and included in the budget books, though a detailed explanation was not documented. Due to changes in staffing at MOHS, communications documenting this review and approval process are not available.

A timeline of events from Fiscal Year 2015 to present that impact data reporting include:

- *Late 2014*- MOHS selects a new HMIS vendor. Data is no longer being entered into the old HMIS system which had low functionality and data quality. HUD introduces new data standards and definitions that significantly change how the HMIS system operates.
- *2015* – External agencies begin re-entering data into the new HMIS system. Data quality across the system is constantly fluctuating as providers begin entering historical data and software bugs are corrected. HUD issues new data standards on October 1, 2015.
- *Late 2015* - MOHS reports FY 2015 performance outcome data and FY2017 performance targets to BBMR.
- *Early 2016* - HUD releases new performance measures for homeless services. This includes new guidance for how HMIS lead agencies, such as MOHS, must clean up their databases to obtain accurate performance measure information. MOHS' HSP performs a large clean up according to the new requirements and submits corrected data to BBMR for all recent fiscal years to ensure consistency in reporting and performance target setting.
- *Mid 2016*- After the FY 17 Budget Book is published, Catholic Charities, which represents approximately 15% of the homeless service data, enters their data into HMIS. The input includes backdated data to October 1, 2015.
- *Late 2016*- HUD issues updated data standards on October 1, 2016. MOHS reports FY 2016 performance outcome data and FY2018 performance targets to BBMR.
- *Early 2017*- HUD makes corrections to system and project performance measures in HMIS.
- *Late 2017* – MOHS reports FY2017 performance outcome data and FY2019 performance targets to BBMR.

Performance outcomes are calculated and reported in real time directly within the HMIS database. It is not possible to pull a report from HMIS systems on an “as of date” basis.

*Example:* MOHS produces a system performance report on July 1 for the prior fiscal year. That month, a privately funded homeless program agrees to participate in HMIS and contribute both current and historical data covering the past two years. MOHS then produces a new system performance report for the prior fiscal year – the report will now reflect different numbers because the new program’s historical data is included. MOHS cannot produce a report for only data that was in the system “as of” July 1.

Additionally, HUD requires agencies overseeing HMIS operations (MOHS) to review data quality on a regular basis and work with homeless service providers to ensure corrections to their data are made. These factors lead to differences in performance outcomes reported over time. The fluctuating quality of system performance report programming in HMIS systems across the country has been acknowledged and supported by HUD. **This is evidenced by the fact that HUD has allowed all communities over the last two consecutive years to resubmit their performance measure data going back to Fiscal Year 2015.**

The auditor’s report also notes that there were varying numbers provided by MOHS during the audit process. This was due to two primary reasons:

1. The staff producing performance reports initially were not employed at MOHS during the development of reports for Fiscal Years 2015 and 2016. There was an instance where the wrong report methodology was utilized, and MOHS subsequently corrected the error and provided the auditor with the correct report.
2. Reports were produced in real-time, and reflected changes in data that had occurred since numbers were originally reported to BBMR.

Prior to this performance audit, MOHS has never received a request from the City to keep “point-in-time” backup documentation for performance outcomes. All performance outcomes are based on actual client records in the HMIS system. As it is not standard practice in the homeless services field nor required by HUD to keep copies of point-in-time client records at an administrative level, MOHS would not have known this was needed or required.

It is also important to note that the performance outcomes MOHS reports do not just include MOHS-funded projects – it includes **ALL** homeless programs operating within Baltimore City that agree to participate in HMIS, regardless of their funding sources. Setting performance targets to reflect an entire system of care, not all of which is overseen or funded by MOHS directly, is difficult. Changes in other homeless funding streams and private sheltering programs are hard to anticipate and can have significant impact on results. This is one of the core reasons MOHS would adjust performance targets in the past – particularly if a major funding change would occur at the beginning of the Fiscal Year, MOHS would request the target be changed for that Fiscal Year during the budget book development process for the next year.

At present, the HMIS system is fully operational and meets best practices standards for reporting processes as determined by HUD. Consistent, quality data has been available since 2016, as evidenced by HUD’s full acceptance of Baltimore’s data for inclusion in the Annual Homelessness Assessment Report (AHAR) to Congress over the past two years. The HMIS system operations and performance reporting are regularly monitored by the Continuum of

Care's Data and Performance Committee, the body charged by HUD to oversee the local implementation of HMIS. MOHS does not anticipate any major revisions or changes moving forward, except ongoing efforts to reach 100% coverage of homeless programs participating in HMIS (a significant expectation from HUD). As progress is made on this goal, performance targets and outcomes will fluctuate to reflect those programs' participation.

## **Response to Auditor's Recommendations #1 and #2**

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### *Recommendation #1*

We recommend that MOHS maintain records to support established targets and actual amounts (in this case for performance measures included in the City's fiscal year 2015 and fiscal year 2016 Budget Books) even if the performance measures and actual amounts are no longer reported in subsequent years' Budget Books. (Actual amounts for fiscal year 2015 and fiscal year 2016 are normally reported in the City's Budget Books for fiscal year 2017 and fiscal year 2018, respectively.)

MOHS concurs with this recommendation.

### *Recommendation #2*

We recommend that MOHS establish procedures to ensure that performance measure targets and actual amounts are accurate, reliable, and supported by adequate documentation. We also recommend that MOHS identify and address the causes for not meeting the established targets. We also recommend that revisions to prior year performance measure targets and/or actual amounts not be made unless approved by the Department of Finance. However, those targets and actual amounts should not be changed in subsequent year Budget Books without adequate disclosure, in order to avoid misleading performance results.

MOHS concurs with the recommendation to establish internal procedures for collecting backup documentation in real-time and documenting the process for establishing performance measure targets. Leadership staff have implemented new internal protocols for the recordkeeping of performance measure backup documentation (printouts of HMIS reports with timestamp). Staff have also created a guide for performance report methodology to ensure future consistency when there is staff transition.

Similar to Fiscal Years 2015 and 2016, MOHS will continue to request approval from the Department of Finance for changes to performance outcomes or targets if necessary. However, MOHS will now keep a copy of all communications and requests on file in the case it is needed for future audits.

While MOHS will make every effort to identify and address causes for not meeting established targets, there are significant external factors that influence performance outcomes – such as loss of federal or state funding sources, privately funded programs opening or closing, and changes in operating procedures for programs managed or funded by other entities. MOHS' performance outcomes and targets reflect all homeless programs participating in HMIS, not just those funded or overseen directly by MOHS. MOHS works collaboratively with the Continuum of Care to review performance data on

a regular basis, hold service providers accountable, and improve system performance strategies.

In the FY2017 performance outcome report (as part of the FY2019 budget book development process), MOHS provided significant information explaining the data behind performance targets and outcome achievement in the City's Scorecard system.

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