

MAYOR'S OFFICE OF HOMELESS SERVICES

Biennial Performance
Audit for Fiscal Years
Ended June 30, 2020 and
2019
City Auditor, Josh Pasch
December 30, 2021



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Office of the Comptroller

Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

We conducted a *Biennial Performance Audit of the Mayor's Office of Homeless Services for the Fiscal Years Ended June 30, 2020 and June 30, 2019*.

The objectives of our performance audit were to:

- Determine whether the Mayor's Office of Homeless Services (MOHS) has effective and efficient policies, procedures, and processes in delivering MOHS's permanent Housing Program (see textbox) to meet MOHS' primary goals and strategic plan to reduce homelessness; and
- Follow up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated October 24, 2019.

Our audit concludes that the MOHS has the opportunity to enhance the permanent housing process. Currently, it takes 158 median days or 248 average days, to move a homeless client from application to permanent housing. The future goal, as established by the National Alliance to End Homelessness, is 30 days. The absence of adequate and available housing inventory, the extended time it takes to acquire the necessary personal documentation (i.e. identification, birth certificates, social security cards, diagnosed disability and evidence of the length of time in homeless status), and the lack of monitoring of the following contributed to delays in the process:

- Review of financial and housing utilization data throughout the year¹ to identify underperforming providers with inadequate housing inventory. As a result, MOHS

¹ This process is currently performed at year end which limits management oversight.

Program Descriptions

- **Permanent Supportive Housing** – permanent housing with indefinite leasing or rental assistance paired with supportive services to assist homeless persons with disability or families with an adult or child member with a disability achieve housing stability.
- **Rapid Rehousing** – Rapid rehousing is designed to quickly connect families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time limited financial assistance and targeted supportive services.

Source: MOHS

was not able to serve the homeless community efficiently and effectively. For example, we noted 38 of 141 non-Single Residency Occupancy (SRO) housing units², or 27 percent, and 37 of 57 of SRO housing units, or 66 percent, were declined by clients when offered.

- Monitoring of key activities and milestones from application to housing placement and age of client activity (e.g. one year and greater, nine to twelve months, etc.) resulted in not being able to identify specific causes of the delay in the process (e.g. time lags and performance gaps). Currently, detailed ad hoc reports of the time required to complete key activities / milestones are not produced and utilized, while periodic reports required by Department of Housing and Urban Development (HUD) are produced.

Additionally, there are no processes and controls to validate client submitted information for permanent housing services. As a result, there is an increased risk of services being provided to ineligible individuals. The MOHS and subrecipients were not aware of this risk and excluded the validation from the current processes.

Also, the Department of Audits has a data security concern; a security-related recommendation was communicated to the appropriate MOHS and City personnel in the *Confidential Management Comment Limited Use Letter: Department of Homeless Services Biennial Audit for Fiscal Years 2020 and 2019*. The security related recommendations are omitted from this public report. The decision to exclude this information is based on *Government Auditing Standards, 2018 Revision Technical Update April 2021, Sections 9.64 - 9.66, Reporting Confidential or Sensitive Information*.

Of the five prior recommendations that we followed up as part of this Biennial Performance Audit (See Section II on page 9), three recommendations were not applicable because the related processes were transferred to the Mayor's Office of Children and Family Success, and two were not implemented because of the following reasons:

Service 894 – Outreach to the Homeless – The MOHS has new senior management personnel as of June 1, 2021. As such, effective December 23, 2021, the new management team revised the policy and procedures regarding inventory items such as gift cards, bus pass/tokens, food, clothing, and hygiene kits issued by outreach workers. However, due to the recent policy development, there was not enough time and data to evaluate the effectiveness of the policy and procedures. Also, a monitoring process has not been established to validate the number of outreach contacts reported by providers via HMIS, which is the data system used by MOHS and providers to record homeless client information, and Homeless Programs.

² SRO unit has shared baths and kitchens.

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To improve the processes and controls over Homeless Services, we recommend the Director of MOHS implement the recommendations included in this report. Management's responses are included in Appendix I.

We wish to acknowledge MOHS's and the Journey Home Resource Allocation Committee's cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
December 30, 2021

BACKGROUND INFORMATION

The City has the largest homeless population in the State of Maryland (MD); according to the Maryland 2019 Annual Report on Homelessness, the City accounts for 11,798 or approximately 39 percent of the 30,557 statewide homeless population served. Additionally, out of the five largest Continuum of Care (CoC)³ jurisdictions in the State, the City has served nearly five times the number of clients as the next most active CoC. Montgomery County, which is the largest CoC jurisdiction in the State, has a population that exceeds the City by more than 400,000 people. However, it serves a homeless population that is 9,310 less than the City’s. As of July 2021, the City requires a living wage of \$12.59⁴ an hour, which equates to yearly earnings of \$26,187 per full time employee. The average rent for an apartment in the City is \$1,483⁵, or \$17,796 a year. These facts highlight the relationship among affordable housing, income, and risk of homelessness.

Table I

Jurisdictional 2019 Annual and Point in Time Count Data

MD Continuum of Care	Population by COC (FY 2018)	Homeless Clients Served (FY 2019)	FY 2019 Point In-Time Count Numbers
Anne Arundel County	576,031	1,281	302
Baltimore City	602,495	11,798	2,294
Baltimore County	828,431	4,174	735
Montgomery County	1,052,567	2,488	647
Prince George’s County	909,308	1,858	447

Source: Maryland 2019 Annual Report on Homelessness

The mission of the MOHS is to prevent homelessness and provide outreach services to individuals and families. The MOHS became a stand-alone agency in Fiscal Year 2020 when the Mayor’s Office of Human Service was separated into the Mayor’s Office of Homeless Services and the Mayor’s Office of Children and Family Success (MOCFS).

Approximately \$15 million in funding for homeless services programs is provided by HUD annually. As such, the City’s CoC must follow guidelines and criteria established by HUD in the development, administration, and operation of services provided to the City’s homeless population.

³CoC is a local planning body that coordinates housing and services funding for homeless families and individuals. The City’s CoC is referred to as the Journey Home.

⁴**Source:** Office of Equity and Civil Rights

⁵**Source:** Department of Audit’s independent research

The HUD has four criteria for defining homelessness.

- Category 1 – Literally Homeless
- Category 2 – Imminent Risk of Homelessness
- Category 3 – Homeless under other Federal Statutes
- Category 4 – Fleeing / Attempting of Flee Domestic Violence

Individuals that qualify as Category 1 or Category 4 homelessness are eligible to receive assistance for permanent supportive housing or rapid rehousing under CoC programs.

A prerequisite for a client obtaining services or housing is entry through the coordinated access process. Coordinated access (CA) provides for a centralized process and system of collecting client data and providing services to the City's homeless population. A client can enroll in CA by visiting one of the shelters in the City or through an outreach worker.

Enrollment involves the client completing a coordinated access packet and undergoing a vulnerability assessment⁶. Those determined to be eligible for permanent housing will be entered onto the housing waiting list, with the most vulnerable prioritized for housing. When a housing match is identified, a MOHS Navigator will assist the client with obtaining the necessary vital documents (Personal Identifiable Information and Protected Health Information). The referral for housing is sent to the provider⁷, who will review the client's documents and perform any required background checks. The client then has the option to accept or decline the housing unit offered. If the client declines the unit, they will be returned to the housing wait list.

⁶ Vulnerability Assessment – A scoring tool to identify and rank the individuals most in need of services.

⁷ Non-City entities receiving funding for projects to provide housing and or services to homeless clients.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*, except for peer review requirements. 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. The objectives of our audit were to:

- Determine whether MOHS has effective and efficient policies, procedures, and processes in delivering MOHS's permanent Housing Program to meet MOHS' primary goals and strategic plan to reduce homelessness; and
- Follow-up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated October 24, 2019. The scope of our audit is for the periods of FY 2020 and FY 2019.

To accomplish our objectives, we:

- Researched and reviewed the:
 - Code of Federal Regulations (CFR) pertaining to the CoC Program (24 CFR Part 578), Emergency Solutions Grants Programs (24 CFR Part 576), Income inclusions and Exclusions (24 CFR 5.609), The McKinney-Vento Homeless Assistance Act as Amended by S.896 Hearth Act of 2009; and
 - HUD regulations pertaining to the administration of the HMIS system;
- Interviewed key individuals from MOHS and CoC to obtain an understanding of: (1) the relationship between the CoC, MOHS, and providers and determine the role that each play in providing services to the City's homeless population; and (2) the processes, procedures, and internal controls that govern the permanent housing programs;
- Reviewed the following documents:
 - MOHS policy and procedures for CA and HMIS administration;
 - Sample ad-hoc reporting produced by the HMIS system to determine time frames to complete the housing process;
 - CoC governance charter; and
 - HUD Emergency Solutions Grant monitoring report;
- Identified the related risks and evaluated the internal controls over the administration of the MOHS permanent housing program.

SECTION I: CURRENT FINDINGS AND RECOMMENDATIONS

Finding #1: The process to move individuals into permanent housing requires significant improvement to reach the 30-day goal established by the National Alliance to End Homelessness.

The MOHS has the opportunity to enhance the permanent housing process through reduction of the time required to house individuals and institute validation of the client documentation process. Specifically, the current process takes 158 median days or 248 average days to transition individuals into permanent housing. The absence of adequate and available housing inventory, the extended time it takes to acquire the necessary personal documentation (i.e. identification, birth certificates, social security cards, diagnosed disability and evidence of the length of time in homeless status), and the lack of monitoring of the following contributed to delays in the process:

- Review of financial and housing utilization data throughout the year⁸ to identify underperforming providers with inadequate housing inventory. As a result, MOHS was not able to serve the homeless community efficiently and effectively. For example, we noted 38 of 141 non-Single Residency Occupancy (SRO) housing units⁹, or 27 percent, and 37 of 57 of SRO housing units, or 66 percent, were declined by clients when offered.
- Monitoring of key activities and milestones from application to housing placement and age of client activity (e.g. one year and greater, nine to twelve months, etc.) resulted in not being able to identify specific causes of the delay in the process (e.g. time lags and performance gaps). Currently, detailed ad hoc reports of the time required to complete key activities / milestones are not produced and utilized, while periodic reports required by HUD are produced.

Additionally, there are no processes and controls to validate client submitted information for permanent housing services. As a result, there is an increased risk of services being provided to ineligible individuals. The MOHS and subrecipients were not aware of this risk and excluded the validation from the current processes.

One of Mayor Scott's pillar goals for Baltimore's success is to provide support services to reduce housing insecurity and homelessness in Baltimore. The MOHS recognizes that housing solves homelessness. The MOHS' future goal is to house individuals within 30 days, which is in align with the National Alliance to End Homelessness's benchmark.

⁸ This process is currently performed at year end which limits management oversight.

⁹ SRO unit has shared baths and kitchens.

Recommendation I: We recommend the Director of MOHS:

- Form a work group with the Journey Home, Department of Housing and Community Development, and other stakeholders to obtain a listing of Baltimore City landlords and initiate an outreach program to develop an inventory of permanent housing;
- Analyze (1) affordable housing projects and developments for inclusion in the inventory; and (2) subrecipient permanent housing performance, throughout the year, to determine underperforming projects (e.g., high decline rates and payment of administrative costs without providing full housing capacity) and reallocate those funds to new projects;
- Continue to work with the Maryland Department of Health (MDH) and Social Security Administration (SSA) to identify ways to improve the current process of clients' information validation and obtaining necessary documentation in a timely manner. The following processes should be considered:
 - An automated process (e.g. confirmation submissions) to validate client reported name, date of birth, and social security number and a process to obtain the corresponding documents in a timely manner; and / or
 - Periodic coordinated subrecipient meetings with clients and representatives from SSA and MDH, or fund SSA and MDH positions to meet clients at shelters and subrecipient locations for validation of clients' information and to obtain necessary documentation.
- Develop ad hoc reporting of client activities from application through housing that includes specific dates and the number of days for key activities / milestones in the administration of permanent housing that includes, but is not limited to, application, collection of personally identifiable information and protected health information documents, date housing offered, date housing accepted, and date of move in; and
- Monitor those specific dates addressed in the bullet above to: (1) identify time lags and performance gaps in the housing placement process, (2) resolve the issues; and (3) revise performance baselines.

SECTION II: IMPLEMENTATION STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

Table II

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2018 and 2017 for Service 894 –Outreach to the Homeless¹⁰

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
1.	MOHS does not document the annual monitoring of the selected performance measures for Services 894	Require the Quality Assurance team to document and maintain written support (reports) attesting results that the MOHS QA team has performed annual monitoring of client files at off-site provider locations	Partially Implemented MOHS currently has new leadership as of June 1, 2021. Program Compliance is working to develop standard operating procedures around contracting, invoicing and monitoring, the final draft will be complete by December 30, 2021.	Not Implemented MOHS has not established policy and procedures for monitoring the number of outreach contacts reported by providers, nor were practices established.

¹⁰ The selected performance measure is number of persons engaged by street outreach projects.

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Table III

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2018 and 2017 for Service 894– Outreach to the Homeless ¹¹

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
2.	<ul style="list-style-type: none"> • There is no audit trail to confirm the actual number reported for the selected service 894 performance measure • There is a lack of segregation of duty. Outreach workers have custody of services (gift cards and provided services) and also record these services in Client Track. 	<ul style="list-style-type: none"> • Responsible personnel, with access to tangible services, track and document the distribution and return of those tangible services by requiring outreach workers to sign off and account for the receipt and return of the tangible service • Require an independent person, who is not involved in the process described in the above, to reconcile what was assigned, distributed, and returned • Require the independent person, who performs the reconciliation, to document the review results and report those results to MOHS management 	<p>Implemented</p> <p>Outreach team has continued to sign out resources, provide verification signatures, and document distribution to clients in HMIS. An additional employee outside of the MOHS outreach team was designated to perform regular monitoring of the distribution of resources.</p>	<p>Not Implemented</p> <p>The MOHS did not develop the policies and procedures (P&P) for reporting of homeless outreach services for purchasing, distribution, storage and reconciliation of gift cards until December 23, 2021. The MOHS Senior Management is new to the role as of June 1, 2021. Due to the recent establishment of the P&P, there is no documentation to support the implementation of the P&P.</p>

¹¹ The selected performance measures are number of persons engaged by street outreach projects.

APPENDIX I

MANAGEMENT'S RESPONSE TO THE AUDIT REPORT

Date: December 30, 2021

To: Josh Pasch, City Auditor

Subject: Management's Response to Audit Report:

Biennial Performance Audit Report on the Mayor's Office of Homeless Services
for the Fiscal Years Ended June 30, 2020 and 2019

Our responses to the audit report findings and recommendations are as follows:

Recommendation # 1

We recommend the Director of MOHS:

- Form a work group with the Journey Home, Department of Housing and Community Development, Baltimore City Information Technology, and other stakeholders to obtain a listing of Baltimore City landlords and initiate an outreach program to develop an inventory of permanent housing;
- Analyze (1) affordable housing projects and developments for inclusion in the inventory; and (2) subrecipient permanent housing performance, throughout the year, to determine underperforming projects (e.g., high decline rates and payment of administrative costs without providing full housing capacity) and reallocate those funds to new projects;
- Continue to work with the Maryland Department of Health (MDH) and Social Security Administration (SSA) to identify ways to improve the current process of clients' information validation and obtaining necessary documentation in a timely manner. The following processes should be considered:
 - An automated process (e.g. Confirmation submissions) to validate client reported name, date of birth, and social security number and a process to obtain the corresponding documents in a timely manner; and / or
 - Periodic coordinated subrecipient meetings with clients and representatives from SSA and MDH, or fund SSA and MDH positions to meet clients at shelters and subrecipient locations for validation of clients' information and to obtain necessary documentation.

- Develop ad hoc reporting of client activities from application through housing that includes specific dates and the number of days for key activities / milestones in the administration of permanent housing that includes, but is not limited to, application, collection of Personally Identifiable Information and Protected Health Information documents, date housing offered, date housing accepted, and date of move in;
- Monitor those specific dates addressed in the bullet above to: (1) identify time lags and performance gaps in the housing placement process, (2) resolve the issues; and (3) revise performance baselines.

Management Response/Corrective Action Plan

Agree **Disagree**

We agree with the audit findings and recommendations and will perform the following:

MOHS Response #1: In progress

The CoC of the City is called the Journey Home, and their role as a CoC is to bring community stakeholders together to focus on ending homelessness. The CoC contains action committees that focuses on the homelessness response system and includes Affordable Housing, Homeless Response System, Shelter Transformation, Employment & Income and Race Equity.

The Affordable Housing Committee is the committee most appropriate to engage with landlords and developers to create a centralized listing of landlords and landlord incentive programs. Due to COVID-19, many of the CoC committees suspended their meetings. Through CARES Act Funding, MOHS was able to launch new Rapid Rehousing projects. Rapid Rehousing relies on partnering with landlords to lease to people experiencing homelessness. This required hiring a contractor to serve as a housing identification specialist and a list of affordable housing providers was created and shared with providers to increase the effectiveness of matching clients to housing opportunities.

Ongoing sustainability requires funding support and resources. MOHS has submitted an ARPA proposal to hire housing identification specialists, support a digital platform to create an expanded affordable housing database and establish an incentive fund to reach out to perspective landlords. A decision on this request is pending.

Action Plan #1: MOHS and the CoC will work with stakeholders to help recruit landlords to increase access to affordable housing units. The CoC Affordable Housing Committee will lead the effort beginning and will meet monthly.

Implementation Date #1: Beginning January 2022

MOHS Response #2: In Progress

(1) Access to affordable housing is critical to ending homelessness; however, the development of affordable housing does not lie within the purview of MOHS. Partnering with the Baltimore Department of Housing and Community Development (DHCD) and the housing sector is critical to ensuring that homeless service providers have access to safe, affordable housing units.

(2) Monitoring the performance and spenddown of subrecipient's permanent housing performance is important to ensure our community maximizes funding support directed to ending homelessness. Underspend on a contract could mean a few different things, such as providers identifying rents lower than fair market value or that there are problems with the program or nonprofit. Frequent and consistent monitoring will help to push providers to over-lease (a positive outcome where providers serve more households), working with the program / nonprofit to correct issues mid-stream, and in making strategic decisions to reallocate funds to have the biggest impact possible.

MOHS recently hired a Program Compliance Supervisor (a new MOHS position) who began on November 1, 2021. This supervisor is developing standard operating procedures and revamping MOHS's monitoring process so that frequent and consistent monitoring occurs.

Action Plan #2: MOHS and the CoC will work with DHCD and the housing sector to identify additional housing opportunities specifically for people experiencing homeless for inclusion in the inventory.

Implementation Date #2: Beginning June 1, 2022

MOHS Response #3: In Progress

Delays in replacing missing or lost vital documentation could prolong homelessness. Recognizing that this is a challenge, MOHS has engaged with the Social Security Administration (SSA), Motor Vehicle Administration (MVA), Maryland State Department of Health (MDH), and the Baltimore City Health Department (BCHD) who have been willing to identify ways to help people experiencing homelessness obtain their perspective documents in a timely matter. With COVID-19, all agencies were reinforcing social distancing and wanted to refrain from in-person interactions; however, work arounds such as directing them to their online portals, and making group visits to shelter locations (in-line with COVID-19 mitigation protocols), and helping provider staff to navigate the online systems have increased the ability to provide replacement documents.

Providing vital and other required documentation (i.e. income and homeless verification) are required to move forward in the housing process. SSA, MVA, MDH, and BCHD have strict requirements to obtain their perspective documents. All HUD funded agencies are required to operate on the principles of Housing First, which mitigates all but the lowest barriers to accessing housing. Many times, people experiencing homelessness are

missing some of these documents and need assistance in obtaining them. However, for the individuals who have their documentation, this information is reviewed at coordinated access or when they apply for housing. The HUD encourages communities to not institute additional barriers such as criminal background checks or using credit reports for coordinated access screening. This could prolong homelessness and / or may eliminate candidates for housing. However, MOHS will continue to meet with these organizations to identify opportunities to reduce the time frame for obtaining the required documents. Additionally, MOHS will work with Built for Zero¹² to identify best practices used to acquire client documentation.

Action Plan #3: MOHS will continue to meet with the organizations identified in the recommendation to discuss opportunities to reduce the time it takes to obtain client documentation. Additionally, MOHS will work with Built for Zero to identify best practices used to acquire client documentation and way to expedite the housing process.

Implementation Date #3: Beginning September 1, 2022

MOHS Response #4: In Progress – MOHS and the CoC are working with Community Solutions on Built for Zero. Built for Zero (BFZ) is both a movement and a methodology. The movement is made up of more than 90 cities and counties that have committed to measurably ending homelessness. Using data, these communities are changing how local homeless response systems work and the impact they can achieve. The goal is to achieve a milestone known as functional zero — an ongoing state where homelessness is continuously rare and brief.

The foundation to BFZ's methodology is for communities to create a By-Name-List (BNL). This includes many of the elements outlined in the DOA's recommendation. This list helps in case conferencing and to ensure that all service providers are on the same page to help their clients connect to housing and the appropriate support services. A BNL also helps to provide real-time updates and will greatly improve data quality for system level reporting.

Currently, MOHS utilizes the BNL in rehousing efforts with the prevention site hotels set up in response to COVID-19. On December 17, 2021, Community Solutions held a training on Process Mapping to kick off the system improvement work in Baltimore City, including components of DOA's recommendation.

Action Plan # 4: MOHS will work with Built for Zero on systems improvements that include establishing by name lists and monitoring the coordinated entry system. The CoC Homeless response System Committee will lead the effort and meet bi-weekly.

Implementation Date #4: Beginning January 2022

¹² See MOHS Response #4 for a description of Built for Zero

MOHS Response #5: In Progress – As mentioned in MOHS's response to DOA Recommendation #4, BFZ is helping Baltimore develop a method to assist people experiencing homelessness navigate the homelessness response system and connect to housing. "Exits to permanent housing" is an important indicator; however, monitoring "length of time homeless" and ensuring people experiencing homelessness connect to housing as quickly as possible will help to create a more efficient system.

It is essential to monitor these elements at both a project and system level. At a project level, this will provide an opportunity for contracted providers to remove any unnecessary barriers that may prohibit an individual from moving forward in the housing process. At a system level, this will provide insight about barriers and bottlenecks that can be resolved through training and technical assistance, stronger partnerships, strategic investments and policy changes.

Action Plan #5: See action plan 4 above. Also, MOHS Program Compliance will release a monitoring tool and standard operating procedures to contracted providers and the CoC in March 2022. CoC Data & Performance committee will work with MOHS (HMIS Lead) to provide ongoing monitoring of the system performance measures that includes length of time homeless.

Implementation Date #5: Beginning February 2022

Responsible Personnel:

- Irene Augustin, Director, MOHS
- Bill Wells, Deputy Director, MOHS