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New England Office of District Inspector General
for Audit, 1AGA
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Audit Related Memorandum
No: 00-BO-251-1802

MEMORANDUM FOR: James Barnes, Director, Office of Community Planning and
Development, 1AD

FROM: Stephen D. King, Acting District Inspector General, Office of Audit, 1AGA

SUBJECT: Continuum of Care Program
City of Boston, Massachusetts

As part of a nationwide review of HUD's Continuum of Care Program, we audited two of the City of Boston's Continuum of Care Programs: Supportive Housing Program (SHP), and the Shelter Plus Care Program (SPC). Our objectives were to determine whether the City of Boston, Massachusetts is operating its Continuum of Care Programs in a manner that provides reasonable assurance that:

- Funds are only expended for eligible activities and participants;
- Costs are reasonable;
- Reported results are accurate;
- Programs are sustainable;
- Activities are carried out in a reasonable time frame;
- Program funds are fairly distributed; and
- Measurable results in addressing homelessness are obtained.

We have determined that the City of Boston as the Continuum of Care Provider has taken positive steps over its SPC. Steps initiated by DND ensures that the City of Boston is operating its Continuum of Care programs in a manner that provides reasonable assurances that the City is administrating its homeless programs effectively and efficiently. Should you or your staff have any questions, please contact Stephen King, Assistant District Inspector General for Audit at (617) 565-5259

Background

Title IV of the Stewart B. McKinney Homeless Assistance Act authorized the Supportive Housing Program and the Shelter Plus Care Program. These Programs are designed to promote the development of supportive housing and services. These Programs encourages the use of innovative approaches to assist homeless persons and provides supportive housing to enable them to live as independently as possible.

The City of Boston's Continuum of Care is a complex and comprehensive program designed to fight against homelessness by linking key housing services and expediting movement toward housing for the homelessness. This complex program requires planning on many different levels and a variety of housing programs.

The lead entity of City of Boston's Continuum of Care is the Homeless Planning Committee (HPC). The HPC established in 1994, is a representative body of 17 housing advocates nominated by the community and entrusted with the coordination and planning of homeless activities and groups. The HPC consist of homeless advocates, consumers, healthcare providers, members of the religious community, members of the business community, family shelter providers, and adult shelter providers. Initially, HPC's purpose was to advise the City on the McKinney application process which is designed to promote the development of supportive housing and services. Currently, the HPC has expanded its role to advising the City on a wide range of housing policies and City services for the homeless.

The HPC is assisted by two City agencies, the Emergency Shelter Commission (EMC) and the Department of Neighborhood and Development (DND) which facilitates the planning efforts of the of the Strategic Planning Homeless Group (SHPG). The EMC in collaboration with DND is responsible for establishing policy directives and making funding decisions. The SHPG, established in 1998, is responsible for the City of Boston's Continuum of Care planning.

For the City of Boston, the number of SHP and SPC grants awarded and expended for grant years 1996 and 1997 are as follows:

Grant Year	No. of SHP Grants Awarded	Total SHP Amount Awarded	Total SHP Expended as of July 19, 2000	No of SPC Grants Awarded	Total SPC Amount Awarded	Total SPC Expended as of July 19, 2000
1996	20	\$12,200,682	\$10,485,337	1	\$1,983,900	\$723,012
1997	23	\$14,581,662	\$ 8,302,458	0	0	0

Scope and Methodology

We focused our review on the City of Boston's Continuum Programs: (1) Supportive Housing Program (SHP) and (2) Shelter Plus Care (SPC) that were awarded in grant years 1996 through 1997. To accomplish the audit objectives, we:

- Interviewed HUD Massachusetts State Office, Community Planning and Development (CPD) Division's Director and Program Manager to determine the adequacy of HUD's management controls over (1) eligibility of applicants and (2) monitoring of applicants.
- Interviewed the City of Boston's Department of Neighborhood and Development (DND) Senior Development Officer and Program Managers to determine how they processed, organized, directed and controlled program operations for those SHP and SPC applicant organizations that applied for inclusion in the HUD's 2000 McKinney applications to HUD.
- Selected 4 (\$5,535,017) out of 23 (\$14,581,662) of the 1997 SHP grants awarded to determine how DND processes and documents such applications.
- Selected the only SPC grant (\$1,983,900) that was awarded in 1996 to determine how DND processes and documents such application.
- Reviewed DND programs to assure that they were implemented and administered effectively, and accurately reported.
- Evaluated CPD's Comprehensive Monitoring report dated April 13, 2000 of the City of Boston's Community Planning Development Programs which included the SHP and SPC programs.

Audit work was performed from March through June 2000 and covered the period from January 1, 1996 through May 31, 2000 and was extended to include other periods where appropriate.

Audit Results

Our review disclosed that the City of Boston has instituted the following controls over its SHP and SPC Programs regarding the application and monitoring process, and has initiated collaborative efforts with its sponsors.

Applications

Supportive Housing Programs

To supplement the HUD Application, the City of Boston's Department of Neighborhood Development (DND) requires that each applicant organization to complete a "**City Application**". The City Application is designed to be a supplement to HUD's application and to detail topics that merit more attention than the HUD application requests. The City Application calls for specifics around program budgets and provides detailed instructions and charts for the providers to detail their anticipated spending and the source of their match funds. Through the years, the City Application has evolved to reflect changing needs and agendas. The City Application also provides organizations with an opportunity to highlight successes achieved by their programs as well as some of the challenges and difficulties the organizations encounter. For example:

- The Project Narrative of the HUD Application requires applicants to describe the outreach or referral plan used to reach the population of homeless people served by the project. As a supplement to this narrative, the City Application requires the applicants to identify the specific organizations and programs that are the primary referral sources of the program or project that is seeking renewal. The applicants are then required to approximate the percentage of referrals that come from each of the program's primary referral sources. This method allows DND to know the referral sources and the percentage of referrals received. This brings to the forefront any potential eligibility issues and highlights key collaborations.
- The Project Narrative of the HUD Application requires applicants to establish performance measures that will determine to what extent the project will meet each of the SHP goals. As a supplement to this narrative, the City Application requires the applicant to indicate where participants are residing after the participants have left the program or if involvement in the services has stopped. This information helps DND assess to what extent SHP funded programs are achieving its housing goals. Additionally, this information provides an aggregate snapshot of participants movement along the Continuum.
- The Experience Narrative of the HUD Application requires applicants to describe in narrative format the organizational history. As a supplement to this narrative, the City Application requires a narrative response from all applicants for renewal of SHP funding

regarding the actual experience that applicants had operating their programs. All applicants will respond to (1) Programmatic Changes, (2) Proposed Outcomes, (3) Consumer Participation, and (4) Outlook. DND wants all applicants to evaluate their respective program's performance during the current grant period and to think critically about how to improve operations and achievement of stated outcomes. Additionally, it provides another avenue for sub-grantees to identify institutional barriers to moving people along the Continuum.

Shelter Plus Care

The DND requires SPC applicants to complete a City's application which DND staff created from the information outlined in the HUD SPC application. Each SPC applicant is required to provide specific information regarding project sponsor direct service match. Rental assistance provided through the SPC program must be matched in the total, on a dollar for dollar basis with supportive services. These services are provided by either a project sponsor, a third party source, or a combination of the two. In addition, DND requires SPC applicants to complete the Provider Survey to facilitate completion of Boston's Continuum of Care Application to HUD. Our review disclosed that this supplemental information is used in DND's decision making process, future monitoring of programs and projects that do receive HUD funding.

Monitoring

Our reviewed disclosed that the City of Boston as the Continuum of Care provider has 4 basic ways in which the City monitors the performance of those who received SHP and SPC program grants:

1. **Annual Site Visit:** The DND staff performs annual site visits to monitor progress. DND staff completed the Supportive Housing Program Site Visit and Evaluation Form. These visits are thorough and involve a series of detailed questions on an array of issues regarding Referral Process, Eligibility, Services, Linkages, Occupancy, Program Operations, Outcomes, Finances and etc. For each question, there is text that provides guidance as to where the reviewer can obtain the information.

The DND has established a written Site Visit and Tool Synopsis Policy for the SPC program. The purpose of the site visit is for DND to conduct an objective evaluation of the supportive service provider's SPC program. This involves DND staff asking questions designed to increase their knowledge on how the program works, reviewing written program materials including supportive services match documentation, and inspecting several case files of both current and former participants.

The DND staff has also developed a SPC Program 2000 Site Visit and Evaluation Form. For each question, there is text that provides guidance as to where the reviewer can obtain the information. This Evaluation Form is currently in the developing stages; an interim

questionnaire is currently being utilized. DND has developed a SPC Site Visit Schedule for January 1, 2000 through December 31, 2000.

2. **Annual Progress Report:** HUD requires grantees to complete an Annual Progress Report (APR). The DND staff carefully reviews these APRs and uses the information as another tool to monitor the program.
3. **McKinney Scoring:** As part of the McKinney application process, each program is scored by a team of reviewers who determine that the scores are based not only on the quality of the application, but on past program performance. The score sheet is a six page document that assigns a point value to a program's performance on many levels including: achievement of outcomes, occupancy, leveraging, matching funds, overall administration, spending and program's overall ability to move people along the continuum.
4. **Billing:** Applicants submit monthly Request for Payment requisitions to DND's staff. These bills are reviewed and scrutinized to ensure that the program's spending is eligible, on target and are approved by the Project Managers. Monthly Request for Payment requisitions are entered into an excel spreadsheet which calculates the program's expected spending and projected spending in both real dollars and in the percentage of the grant award.

Collaborative Efforts

The City of Boston as the Continuum of Care Provider has established collaborative efforts with its sponsors to ensure the success of its SHP and SPC programs. For example, the following efforts are noted pertaining to the Annual Progress Reports (APRs):

- HomeStart with the support of DND, AIDS Housing Corporation and the Massachusetts Department of Mental Health composed a 14 page booklet in an effort to simplify the process of calculating match for SPC. This booklet explains in easy terms how to calculate the match for the Outreach and Case Management categories for Exhibit 3 in HUD's APRs.
- DND and Metropolitan Boston Housing Partnership co-facilitated an information session on APRs. DND created a 5 page booklet to supplement HUD instructions for completion of the APR. These instructions are designed to supplement HUD's general instructions. This session is offered approximately three times per year.

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