



U.S. Department of Housing and Urban Development
Southwest District Office of Inspector General
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January 18, 2000

00-251-FW-1801

MEMORANDUM FOR: Katie Worsham
Director
Office of Community Planning and Development, 6AD

FROM: D. Michael Beard
District Inspector General for Audit, 6AGA

SUBJECT: Dallas Jewish Coalition for the Homeless
Supportive Housing Grant
TX21B960501
Dallas, Texas

As part of a nationwide review of HUD's Continuum of Care Program, we audited the Supportive Housing Grant awarded to the Dallas Jewish Coalition for the Homeless (the Coalition). Our objectives were to determine whether the Coalition:

- Implemented the grant in accordance with its application;
- Expended funds for eligible activities under Federal regulations and applicable cost principles;
- Maintained evidence of measurable results; and
- Expended funds timely.

To accomplish our objectives, we interviewed HUD and Coalition officials; visited the project site; reviewed the grant application, grant agreement and progress report; and analyzed financial records and participant reports.

As a result of our audit, we determined that the Coalition's activities were consistent with its application and that it expended funds timely. However, the Coalition did not have sufficient documentation to determine whether it met the purpose of the grant. Further, the Coalition allocated \$91,948 in ineligible expenses to the grant. We recommend that the Coalition develop measurable criteria so that it can measure grant activities. In addition, the Coalition should reimburse its grant for ineligible expenses totaling \$91,948. Further, the Coalition should revise its cost allocation practices and procedures to prevent the allocation of ineligible expenses to the grant.

We provided the Coalition with a draft memorandum and discussed the results on December 2, 1999. The Coalition provided written comments to the draft on December 8, 1999. The Coalition agreed that they would revise its performance measures. Further, the Coalition said it would recalculate amounts charged to the grant. Also, the Coalition would seek a waiver from HUD for some of the ineligible costs.

Within 60 days please give us, for each recommendation made in this memorandum report, a status report on: (1) corrective action taken; (2) proposed corrective action and date to be completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directive issued because of this review.

Background

Title IV of the Stewart B. McKinney Homeless Assistance Act authorized the Supportive Housing Program. The Program is designed to promote the development of supportive housing and services. The Program encourages the use of innovative approaches to assist homeless persons and provides supportive housing to enable them to live as independently as possible. Eligible activities include:

- transitional housing;
- permanent housing for homeless persons with disabilities;
- new or increased supportive services for homeless people not living in supportive housing; and
- other types of innovative supportive housing for homeless persons.

The Coalition is a nonprofit organization established in 1986. The Coalition created the Vogel Alcove Child Care Center for the Homeless (the Center) in 1989 to serve children of homeless families residing in shelters and transitional housing. In April 1997, HUD awarded the Coalition \$555,660 in Supportive Housing Program funds for the Center to provide “new, expanded **high quality** child care and social/psychological services to homeless families with children under the age of six...” The Coalition signed the grant agreement in June 1997. The grant agreement incorporated the Coalition’s application and lasts 3 years.

Grant Accomplishments Cannot Be Measured

Performance Measures

The Coalition listed the following performance measures in its application for funding:

- Provide an additional 80¹ homeless children with comprehensive child care and social service;
- Provide therapy to homeless children with developmental delays (40% of these children would show improvement within 3 months);
- Place 70% of its clients in stable child care services; and
- Provide 100% of all employed parents with get well services.

The Coalition’s application stated it would provide child care services to an additional 80 homeless children annually. To accomplish this, the Coalition would provide an additional 10 spaces per quarter at the Center. These children would live at Promise House, a transitional housing provider for teenage mothers. The Coalition would also provide child care vouchers for 40 children (10 per quarter) living at affiliated homeless service agencies.

To meet its remaining performance measures, the Coalition agreed to provide comprehensive case management and other supportive social services to each family. The Coalition also agreed to provide a get well room for mildly ill children so that their parents would not have to miss work.

¹ Free child care and social services for 3 months per child.

Further, the Center's staff were to assist families in obtaining subsidized child care by using local Resource and Referral services.

Performance Cannot Be Measured

The Coalition did not keep sufficient records to reliably determine whether it served 80 additional children between October 1, 1997, and September 30, 1998, and again between October 1, 1998, and September 30, 1999. Therefore, we could not determine whether the Coalition provided the level of services it proposed in its application. Although the Coalition exceeded its goal for providing child care services off-site, the number of children served on-site has actually decreased. As a result, the overall increase in the number of new children served is less than the 80 proposed. On the other hand, the cumulative number of children served in each year increased.

Fiscal Year	Total New Children Served On-site ^a	Total Children Served Off-site by Child Care Vouchers ^a	Total Children Served ^c
1996 - 1997	341	0 ^b	1390
1997 - 1998	356	69	1657
1998 - 1999	235	58	1681

^a Each child is counted only once.

^b No children served off-site prior to grant award.

^c Count is by month. Thus, each child is counted more than once.

Progress Reports Inaccurate and Incomplete

In its progress report for October 1997 through September 1998², the Coalition stated that it provided child care services to an additional 80 children. However, as shown above, the Coalition did not document this level of performance. The Coalition did not address its remaining performance measures in its progress report. Coalition officials acknowledged that they did not have any records to support the skill improvement of homeless children with developmental delays.

The Coalition discontinued using the get well room because parents were not bringing sick children to the center and the room was generally empty. However, if parents do drop off sick children, then the Coalition could set the room aside quickly to serve those children.

Ineligible Participants Included in Cost Allocations

The Coalition charged the grant \$23,764 for the cost of serving ineligible participants. Under the grant, the Coalition could only charge the grant for off-site child care vouchers and on-site child care for teen mothers residing at Promise House. However, the former acting Executive Director believed that the Coalition was not receiving its grant funds quickly enough. In September 1998, she insisted on an adjustment to their books that resulted in the grant being charged for the cost of providing child care for all teen mothers. The Coalition continued to erroneously charge these costs until January 1999 when the current Executive Director stopped the practice. The Executive

² The progress report for FY 1999 is not due until December 1999.

Director determined that the Coalition could expend all of the grant funds by September 30, 1999, a full year before the grant expired. The Coalition adjusted the charges for October through December 1998, but did not go back and adjust the charges made from October 1997 through September 1998. The Coalition should refund these charges.

Ineligible Salary Costs Charged to Grant

The Coalition allocated a disproportionate amount of salary costs to the grant, resulting in overcharges of \$64,084. The Coalition allocated 100 percent of the cost of two Early Childhood Instructors and 50 percent of the cost of a case manager to the grant. A review of these employees' time sheets showed that they spent significantly less time on grant activities. The Coalition should reimburse its grant for the excess charges. Further, the Coalition should allocate salary expenses commensurate with the number of children served or time spent on grant activities.

Costs Inappropriately Charged to Grant

The Coalition incorrectly charged \$4,100 to its grant that it had already charged to its Emergency Shelter Grant. These costs consisted of security services and maintenance costs incurred from September 1998 to April 1999. The Coalition should reimburse its grant for these costs.

Recommendations:

We recommend that HUD:

- 1A. Require the Coalition to analyze their current operations and create measurable criteria to accurately measure grant activities. The revised measurement procedures should be discussed with and approved by HUD.
- 1B. Require the Coalition to reimburse its grant for \$91,948.
- 1C. Require the Coalition to revise its cost allocation practices and procedures to prevent the future allocation of ineligible costs to the grant.

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