

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project 15-1-02JA

November 2016



## DEPARTMENT OF HUMAN SERVICES:

**CONTRACTED SERVICES UNDER THE PERMANENT SUPPORTIVE  
HOUSING PROGRAM WERE NOT ADEQUATELY MONITORED**



### *Guiding Principles*

*Workforce Engagement \* Stakeholders Engagement \* Process-oriented \* Innovation \*  
Accountability \* Professionalism \* Objectivity and Independence \* Communication \* Collaboration  
\* Diversity \* Measurement \* Continuous Improvement*

## **Mission**

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

## **Vision**

Our vision is to be a world class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

## **Core Values**

Excellence \* Integrity \* Respect \* Creativity \* Ownership  
\* Transparency \* Empowerment \* Courage \* Passion  
\* Leadership





OIG

### Why the OIG Did This Audit

The Office of the Inspector General (OIG) performed this self-initiated audit as a part of our ongoing efforts to proactively address fraud, waste, abuse, and mismanagement risks in the District. It was included in the fiscal year (FY) 2015 Audit and Inspection Plan.

Our audit objectives were to determine whether DHS: (1) contracted with private organizations to provide case management services and adequately monitored the contracted services; (2) program recipients met eligibility requirements for the PSHP; (3) complied with requirements of applicable laws, rules, regulations, policies, and procedures; and (4) established adequate internal controls to safeguard against fraud, waste, and abuse.

### What the OIG Recommends

We directed nine recommendations to the Director of the Department of Human Services to strengthen controls over PSHP contracted services.

## DEPARTMENT OF HUMAN SERVICES: CONTRACTED SERVICES UNDER THE PERMANENT SUPPORTIVE HOUSING PROGRAM WERE NOT ADEQUATELY MONITORED

### What the OIG Found

The Department of Human Services (DHS) contracted with private organizations to provide case management and other services to Permanent Supportive Housing Program (PSHP) participants. However, our audit found that the agency did not: (1) enforce reporting requirements; (2) obtain copies of criminal background and traffic check reports; and (3) consistently conduct monitoring visits with providers. DHS did not meet its contract oversight responsibilities due to inadequate staffing, lack of awareness of contract requirements, and a lack of documented procedures for monitoring providers. As a result, DHS puts the health and safety of PSHP participants at risk because it cannot determine whether private organizations are providing required case management services.

Some PSHP participants did not meet eligibility requirements and some DHS case files lacked program applications. Although District regulations allow DHS flexibility and discretion to make a placement with minimum information and complete the application post-placement, DHS staff did not document when exceptions occurred. Without clear documentation for exceptions, DHS risks placing ineligible people in the PSHP.

DHS did not comply with District requirements for payment for services and PSHP participants who opted out of the case management services. DHS paid for services provided to PSHP participants without reviewing supporting documentation to verify the accuracy of payments made. This was primarily due to DHS' inadequate staffing to review The Community Partnership for the Prevention of Homelessness (TCP) invoices. As a result, DHS violated Office of the Chief Financial Officer policies and procedures for disbursing funds and potentially exposed the District to wasteful spending and fraudulent transactions. In addition, DHS did not obtain documentation for all participants who opted out of case management services and did not perform timely home visits for those participants. DHS has yet to establish procedures to monitor and document decisions for participants who opt out of services. Without conducting home visits, DHS cannot be assured that participants are complying with PSHP program rules and can potentially jeopardize the health and safety of the participants as well as other District residents.

Finally, DHS did not establish adequate controls for payment of rent subsidies. DHS has not documented its procedures for reviewing and reconciling monthly subsidy payments TCP made to landlords. Without adequate procedures, DHS risks making payments to landlords who are no longer in the program.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



November 18, 2016

Laura Zeilinger  
Director  
Department of Human Services  
64 New York Avenue, N.E., 6<sup>th</sup> Floor  
Washington, D.C. 20002

Dear Director Zeilinger:

Enclosed is our final report entitled *Department of Human Services: Contracted Services for the Permanent Supportive Housing Program Were Not Adequately Monitored* (OIG No. 15-1-02JA). DHS concurred with eight of our nine recommendations and outlined actions that it believes meet the intent of our recommendations. DHS' response and actions meet the intent of recommendations 1 and 3, therefore, we considered these recommendations resolved and open pending completion of planned actions. For recommendations 2, 4, 5, 7, 8, and 9, DHS did not provide completion dates and/or documentation to support stated actions. Therefore, we consider these recommendations unresolved and open pending receipt of target action dates and additional documentation. For recommendation 6, DHS did not concur. However, given the actions taken, we consider this recommendation resolved and closed.

We request that DHS provide OIG the following information within 30 days of the date of the final report:

- Target action dates for contract administrators to complete project management training and written monitoring procedures used by Homeless Services Program (HSP) staff;
- Target action dates to amend existing Human Care Agreements (HCAs) and to establish written policies and procedures for determining PSHP eligibility;
- Develop a check and balance system between DHS and DCHA and recoup overpayments of \$11,900;
- Provide evidence of established monitoring controls for PSHP family clients who opt out of case management and evidence that site visits are conducted every 90 days;
- Target action dates to complete the transfer of PSH individual clients who opt-out of case management to the Targeted Affordable Housing Program.

We conducted this audit from January 2015 to September 2016 in accordance with generally accepted government auditing standards.

Director Zeilinger  
OIG Project No. 15-1-02JA  
November 18, 2016  
Page 3 of 3

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Toayoa Aldridge, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Daniel W. Lucas  
Inspector General

DWL/tda

Enclosure

cc: See Distribution List

DISTRIBUTION:

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)  
Mr. Rashad M. Young, City Administrator, District of Columbia (via email)  
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)  
Mr. Brian Kenner, Deputy Mayor for Planning and Economic Development, District of Columbia (via email)  
Ms. Brenda Donald, Deputy Mayor for Health and Human Services, Office of the Deputy Mayor for Health and Human Services (via email)  
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)  
The Honorable Jack Evans, Chairperson, Committee on Finance and Revenue, Council of the District of Columbia (via email)  
The Honorable Yvette Alexander, Chairperson, Committee on Health and Human Services, Council of the District of Columbia (via email)  
Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)  
Mr. Rob Hawkins, Interim Director, Office of Communications, Executive Office of the Mayor (via email)  
Mr. Matthew Brown, Director, Mayor's Office of Budget and Finance (1 copy and via email)  
Ms. Nyasha Smith, Secretary to the Council (via email)  
The Honorable Karl Racine, Attorney General for the District of Columbia (via email)  
Mr. Jeffrey DeWitt, Chief Financial Officer, Office of the Chief Financial Officer (via email)  
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer (via email)  
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor, Attention: Candace McCrae (via email)  
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management (via email)  
Mr. Gary Engel, Managing Director, FMA, GAO (via email)

## **ACRONYMS AND ABBREVIATIONS**

---

CA	Contract Administrator
CO	Contracting Officer
CoC	Continuum of Care
DCMR	District of Columbia Municipal Regulations
DHS	Department of Human Services
FSA	Family Services Administration
HCA	Human Care Agreements
HSP	Homeless Services Program
HtH	Housing the Homeless
OCFO	Office of the Chief Financial Officer
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
PSHP	Permanent Supportive Housing Program
TCP	The Community Partnership for the Prevention of Homelessness
VI-SPDAT	Vulnerability Index and Service Prioritization Decision Assistance Tool

## TABLE OF CONTENTS

---

	Page
<b>Background .....</b>	<b>1</b>
<b>Objectives, Scope, and Methodology .....</b>	<b>2</b>
<b>Findings .....</b>	<b>4</b>
<b>DHS CONTRACTED WITH PRIVATE ORGANIZATIONS TO PROVIDE CASE MANAGEMENT BUT DID NOT ENFORCE CONTRACT REPORTING REQUIREMENTS, OBTAIN CRIMINAL BACKGROUND AND TRAFFIC CHECKS, AND CONSISTENTLY CONDUCT MONITORING VISITS .....</b>	<b>4</b>
DHS Contracted With Private Organizations to Provide Case Management and Other Services.....	4
DHS Did Not Enforce Contract Reporting Requirements, Obtain Criminal Background and Traffic Checks, and Consistently Conduct Monitoring Visits .....	4
<b>NOT ALL PSHP PARTICIPANTS MET ELIGIBILITY REQUIREMENTS .....</b>	<b>6</b>
<b>DHS DID NOT COMPLY WITH REQUIREMENTS FOR PAYMENT FOR SERVICES AND PSHP PARTICIPANTS WHO OPTED OUT OF CASE MANAGEMENT SERVICES .....</b>	<b>7</b>
DHS Paid TCP for Services Without Receiving Receipts, Vouchers, and Other Supporting Documentation.....	7
DHS Did Not Obtain Documentation or Perform Timely Home Visits for PSHP Participants Who Opted Out of Case Management Services.....	8
<b>DHS DID NOT ESTABLISH ADEQUATE CONTROLS FOR PAYMENT OF RENTAL SUBSIDIES.....</b>	<b>9</b>
<b>Conclusion .....</b>	<b>9</b>
<b>Recommendations.....</b>	<b>10</b>
<b>Agency Comments and Office of the Inspector General Response .....</b>	<b>10</b>
<b>Actions Required .....</b>	<b>11</b>
<b>Appendix.....</b>	<b>12</b>
Appendix A. DHS' Response to the Draft Report .....	12



## BACKGROUND

The mission of DHS is “to empower every District resident to reach their full potential by providing meaningful connections to work opportunities, economic assistance and supportive services.”<sup>1</sup>

DHS’ Family Services Administration (FSA) is responsible for providing a range of services, such as protection, social services, and case management and crisis-intervention services, to meet the needs and promote self-sufficiency amongst the most vulnerable adults and families. FSA administers the PSHP and numerous other social services programs to assist homeless individuals and families. DHS’ Homeless Services Program (HSP) is a unit under FSA responsible for overseeing the PSHP and other homeless programs.

DHS’ PSHP was developed to provide permanent housing and supportive services to individuals and families with histories of homelessness to ensure them an overall better quality of life. During the first phase of the program, DHS evaluates individuals and families with histories of homelessness who reside on the street, in shelters, or other institutions. These individuals and families are targeted based on the vulnerability assessment and Vulnerability Index and Service Prioritization Decision Assistance Tool (VI-SPDAT). These individuals and families are placed during the second phase into long-term housing using a “Housing First” model,<sup>2</sup> and DHS then provides case management services during the final phase. As of February 2015, there were 1,440 participants in the PSHP.<sup>3</sup>

---

<sup>1</sup> [Http://dhs.dc.gov/page/dhs-mission](http://dhs.dc.gov/page/dhs-mission) (last visited July 12, 2016).

<sup>2</sup> “Housing First” centers on quickly moving individuals and families experiencing homelessness into independent permanent housing and then providing them with additional support and services as needed.

<sup>3</sup> Since the inception of the program in 2008, there were 1,889 PSHP participants. Due to various reasons, such as death and abandonment of their units, approximately 449 have exited the program.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted our work from January 2015 through September 2016 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.

Our audit objectives were to determine whether DHS: (1) contracted with private organizations to provide case management services and adequately monitored contracted services provided; (2) program recipients met eligibility requirements; (3) complied with requirements of applicable laws, rules, regulations, policies, and procedures; and (4) established adequate internal controls to safeguard against waste, fraud, and abuse. The scope of the audit covered FYs 2013 through 2015.

In addition, we initially planned to review DHS' purchase card program to determine DHS' compliance with applicable laws, regulations, policies, and procedures, and its implementation of adequate internal controls. However, we subsequently excluded this objective because the Office of Contracting and Procurement (OCP) audited DHS' purchase card program in August 2014.

To determine whether DHS contracted with private organizations to provide case management services and adequately monitored the contracted services provided, we met with DHS and OCP officials. We also interviewed staff from DHS' Office of Program Review Monitoring and Investigation and the Contract Administrator (CA) of the human care agreement (HCA) and continuum of care (CoC) contracts to gain an understanding of their respective monitoring responsibilities. We obtained copies of the HCA and CoC contracts and related modifications. We reviewed the HCA for each of the nine private organizations that provided case management and other services to PSHP participants to determine the scope of work detailed in the agreements. In addition, we also conducted site visits to each of the nine HCA providers to review a sample of PSHP participant's case files and validate monitoring reports prepared by the HSP Monitoring Unit. Further, we requested a sample of deliverables noted in the HCA and CoC contracts and reviewed the deliverables provided.

To determine whether DHS program recipients met eligibility requirements, we obtained records from HSP officials, dated February 4, 2015, indicating that 1,889 PSHP participants were placed in the program since its inception. We sorted the records and determined that 301 participants were placed in the PSHP between FYs 2013 through 2015. Using Audit Command Language software, based on a universe of 301 PSHP participants, we statistically selected a sample of 64 participants to test whether they met eligibility requirements. In determining our sample, we used 95 percent as the confidence level, 10 percent as the desired precision, and 3 percent as the expected error rate. We then electronically reviewed the 64 participant case files in the Housing the Homeless Quickbase database (HtH database) to assess participant eligibility.

To determine whether DHS complied with requirements of applicable laws, regulations, policies, and procedures, we met with DHS/FSA officials to gain an understanding of payment processes and method by which PSHP participants can opt out of case management services. We reviewed applicable criteria and procedures for payment for services and opting out of case management

services. We judgmentally selected for review a sample of 17 TCP invoices submitted to DHS from FYs 2013-2015. To identify participants who opted out of case management services, we obtained a listing of all participants from the HtH database, in which DHS was assigned as their case manager.

To determine whether DHS established adequate internal controls to safeguard against waste, fraud, and abuse, we reviewed invoices and supporting documentation from the nine providers who entered into HCAs with DHS to provide case management services to PSHP participants. We also manually cross-checked DHS' client listing of PSHP participants who received case management services in February 2015 to the monthly payment listing of individuals and families who received TCP assistance.

We relied on computer-processed data from the HtH Quickbase database to obtain detailed information of PSHP participants. Although we did not perform a formal reliability assessment of computer-processed data, we performed audit procedures to verify the accuracy and completeness of the information.

## **FINDINGS**

### **DHS CONTRACTED WITH PRIVATE ORGANIZATIONS TO PROVIDE CASE MANAGEMENT BUT DID NOT ENFORCE CONTRACT REPORTING REQUIREMENTS, OBTAIN CRIMINAL BACKGROUND AND TRAFFIC CHECKS, AND CONSISTENTLY CONDUCT MONITORING VISITS**

DHS contracted with nine private organizations to provide case management and other services to PSHP participants. However, DHS did not enforce contract reporting requirements, obtain copies of criminal background and traffic checks, and consistently conduct monitoring visits to providers.

#### **DHS Contracted With Private Organizations to Provide Case Management and Other Services**

DHS contracted with private organizations to provide case management and other services to PSHP participants. The District of Columbia Municipal Regulations (DCMR) allows an agency to provide human care services through an HCA. During FY 2014, DHS contracted with nine private organizations through HCAs to provide case management services to PSHP participants. The agreements define “case management services” as: “A service that engages individuals and/or families and provides assistance in: identifying barriers, needs and strengths; developing goals; identifying resources and support; and connecting individuals and/or families with housing and supportive services needed to maintain housing, stability and move towards the greatest degree of self-sufficiency possible.”

DHS also entered into a contract with TCP for TCP to provide management oversight for CoC services.<sup>4</sup> These services include outreach, emergency shelters, transitional housing, permanent supportive housing referrals, and other supportive services. Under the CoC management contract, TCP provides services to individuals and families in the PSHP including assistance with identifying appropriate housing units for single adults and families. Assistance includes, but is not limited to, making development and issuance of solicitation for available units, coordinating unit inspections, and securing units through making payments for security deposits. Additionally, TCP is responsible for gathering and processing information required by the PSHP; coordinating rent reasonableness determinations, inspections, rent negotiations, and client lease-ups for units with landlords under the PSHP; purchasing and coordinating the delivery of furniture; and disbursing security deposits and ongoing rent subsidies for participants on behalf of DHS.

#### **DHS Did Not Enforce Contract Reporting Requirements, Obtain Criminal Background and Traffic Checks, and Consistently Conduct Monitoring Visits**

DHS’ CA is responsible for monitoring the HCA and CoC contracts. The CA has a number of responsibilities including general administration of the contract and advising the Contracting Officer (CO) of the contractor’s compliance or non-compliance; maintaining files that include

---

<sup>4</sup> A comprehensive system of services to individuals and families who are homeless, or at risk of being homeless, based upon individual need.

contract correspondence, contract modifications, records of inspection, and invoices or vouchers; and reviewing and approving invoices for deliverables from private organizations and TCP. However, the CA did not enforce compliance with reporting requirements; obtain various background and traffic checks; and consistently conduct monitoring visits.

**Reporting Requirements.** The CA did not enforce reporting requirements from private organizations to provide contract deliverables. The HCA requires providers to submit the following deliverables to the CA: (1) a case management monthly report by the 10<sup>th</sup> of each month; (2) special reports requested by the client; (3) an annual case management report 60 days after the annual contract period ends; and (4) an unusual incident report describing significant events such as unusual deaths, injuries, abuse, fire, and evictions. The CA informed us that he did not receive any case management monthly reports, annual case management reports, or unusual incident report deliverables. However, he did receive monthly invoices, which contained a caseload list and, in most instances, a description of the frequency and type of contact made with each participant.

In addition, the CA did not enforce reporting requirements for the CoC contract. The CoC contract requires that TCP submit deliverables to the CA including:

- Emergency preparedness plans for homeless individuals and families in the event of a disaster or declared emergency.
- Documentation of staff/provider/subcontractor training on a quarterly basis.
- Documentation certifying negative results of drug and alcohol tests for all staff and employees having direct contact with families and children.
- Monthly reports on progress toward completing tasks as well as requirements outlined in the contract.

The CA did not enforce requirements for TCP to submit deliverables for the CoC contract. Upon our initial request, the CA was unable to provide the deliverables noted above for the CoC contract. Subsequent to our request, the CA requested and received certain deliverables from TCP and provided us with staff, provider, and subcontractor training records, and documentation certifying negative drug and alcohol test results for staff and employees having direct contact with families and children. However, the documentation was incomplete because the training documents did not include the names of staff, providers, and subcontractors who received the training and only one employee's drug and alcohol test results were included.

DHS did not enforce reporting requirements for the HCA or CoC contracts because the CA had a number of responsibilities. In addition to oversight of the nine HCAs and the CoC contract, the CA was also responsible for three other related contracts. As a result, DHS could not determine whether case management services were provided, contractor staff received appropriate training, and staff was free from drug and alcohol use.

**Criminal Background and Traffic Checks.** The CA did not obtain copies of criminal background and traffic checks from private organizations that service families. The HCA requires a provider to obtain criminal background and traffic checks for applicants,

employees, and volunteers.<sup>5</sup> The HCA also requires a provider to submit copies of all criminal background and traffic checks within 1 business day of receipt in order for the CA to review the reports to determine employment eligibility.

The CA was not aware of this requirement and, therefore, did not request these checks. DHS' failure to obtain copies of criminal background and traffic checks places the agency at risk of hiring ineligible employees, which may jeopardize the safety and well-being of PSHP participants.

**Monitoring Visits.** Neither the CA nor the DHS HSP Monitoring Unit consistently conducted scheduled or unscheduled monitoring visits to all providers. The HCA requires the CA and the Monitoring Unit to evaluate the performance of the providers in accordance with the contract. The HCA requires the CA to make periodic scheduled and unscheduled monitoring visits to review records, discuss services rendered, and interview PSHP participants for feedback on the efficiency of case management services being provided.<sup>6</sup>

Although the HCA requires the CA to conduct monitoring visits, the monitoring reports we reviewed were prepared by the HSP Monitoring Unit. For calendar year 2014, the HSP Monitoring Unit conducted visits to only six of nine providers. Because DHS has yet to document the HSP Monitoring Units' responsibilities for monitoring providers, to include the frequency and timing of visits, DHS cannot be assured that each provider's services meet contract requirements to effectively assess PSHP provider services.

## **NOT ALL PSHP PARTICIPANTS MET ELIGIBILITY REQUIREMENTS**

Some PSHP participants did not meet all eligibility requirements and case files were missing applications. Title 29, Section 2536.1 of the DCMR sets forth the following eligibility requirements for PSHP participation:

- (a) Have been homeless:
  - (1) For one (1) year or more; or
  - (2) On multiple occasions interrupted by stays in other temporary settings, such as a hospital, jail, or prison; and
- (b) Have one (1) or more chronic health conditions that are at least episodically disabling including mental illness, substance use, cirrhosis, end stage renal disease, or cold weather injuries; or
- (c) Have one (1) or more other substantial barriers to housing stability, such as domestic violence, trauma, or a history of out-of-home placements, or extensive involvement with the District of Columbia Child and Family Services Agency; and
- (d) For the Family Permanent Supportive Housing Program, meet the definition of "family" as set forth in section 2599.<sup>[7]</sup>

---

<sup>5</sup> The HCA requires traffic checks only when that individual will be transporting children in a motor vehicle.

<sup>6</sup> The HCA does not outline specific monitoring responsibilities for the HSP Monitoring Unit.

<sup>7</sup> Title 29 DMCR § 2599.1 defines "family" (in pertinent part) as:

- (a) A group of individuals with at least one (1) minor or dependent child, regardless of blood relationship, age, or marriage, whose history and statements reasonably tend to demonstrate that they intend to remain together as a family unit...;
- (b) a pregnant woman in her third trimester . . . .

In addition, individuals and families must complete an application prior to being placed in the PSHP, except DHS may place individuals who have been referred to the program and complete the application thereafter.

We reviewed 64 PSHP participants' case files and noted 4 did not meet the eligibility criteria established in District regulations. Of the four exceptions noted, one file indicated that the individual had been homeless less than 1 year, did not indicate multiple stays in other temporary settings, and did not identify any chronic health conditions or substantial barriers to housing stability. The remaining three case files indicated the individuals were homeless for more than 1 year but did not identify any chronic health conditions or substantial barriers to housing stability. Of the four exceptions, all were classified as families. In addition, 13 out of 64 participant case files did not contain completed applications prior to placement in the program or at any time thereafter.

DHS officials told us that in addition to the criteria noted above, a participant's eligibility is also based on the individual's vulnerability. FSA officials explained that DHS' HSP only makes internal eligibility determinations for single individuals placed in the PSHP. TCP and contract providers conduct VI-SPDAT assessments and make referrals to DHS for eligibility determinations for families placed in the PSHP. Additionally, District regulations allow DHS flexibility and discretion to make a placement with minimum information and complete the application post-placement to the extent possible. However, none of the exceptions that we noted were documented. Without clear documentation for exceptions, DHS risks placing people in the PSHP who are not eligible.

### **DHS DID NOT COMPLY WITH REQUIREMENTS FOR PAYMENT FOR SERVICES AND PSHP PARTICIPANTS WHO OPTED OUT OF CASE MANAGEMENT SERVICES**

DHS paid TCP for services provided to PSHP participants without receiving receipts, vouchers, or other supporting documentation to verify the accuracy of payments made to landlords and other one-time costs. DHS did not obtain certifications for all participants who opted out of case management services and did not perform timely home visits for those participants.

### **DHS Paid TCP for Services Without Receiving Receipts, Vouchers, and Other Supporting Documentation**

DHS made payments to TCP for services provided to PSHP participants without receiving supporting documentation to verify the accuracy of payments. Section 10402001.70 of the Office of the Chief Financial Officer's (OCFO) Financial Policies and Procedures Manual requires the certifying officer to ensure payments made on behalf of the District are proper, correct, and supported by adequate documentation. TCP did not provide DHS with receipts or other supporting documentation in order for DHS to verify the accuracy of payments made to landlords for furniture vouchers, and other services provided. We reviewed invoices submitted by TCP and were unable to find receipts, vouchers, or other supporting documentation for \$11.8 million in services provided to participants in the PSHP under the CoC contract.

DHS did not ensure that supporting documentation was submitted before certifying payment to the contractor because DHS lacked adequate staff to review the TCP invoices. DHS had one employee (a policy analyst) who served as the CA and was responsible for, among other things, reviewing all of the invoices received from TCP as well as invoices from the nine private organizations that provided case management services to PSHP participants. As a result, DHS exposed the District to the risk of wasteful spending and fraudulent transactions.

### **DHS Did Not Obtain Documentation or Perform Timely Home Visits for PSHP Participants Who Opted Out of Case Management Services**

DHS did not obtain documentation from all PSHP participants who opted out of case management services and did not perform timely home visits for those participants. Although some PSHP participants opt out of case management services, those participants are able to maintain their permanent housing. The form to opt out of case management services requires participants to sign and agree to certain terms when opting out and states that a monitor from DHS' HSP will conduct a home visit every 90 days to focus on the participant's housing stability and verify that the participant's housing obligations are being met. Additionally, DHS staff told us that participants can also refuse case management services by writing a letter to the agency. Participants who opt out are no longer assigned to the private organizations, but are assigned to DHS in the HtH database.

As of April 2015, the HtH database listed 36 PSHP participants who opted out of case management services and DHS was assigned as their provider.<sup>8</sup> Seventeen of the 36 participant files we reviewed did not include opt-out forms or letters. In addition, there was no evidence that DHS conducted home visits in a timely manner, or at all, for 34 of 36 participants. For example, one participant signed the opt-out form in February 2013 and, as of May 2015, there was no evidence that a DHS HSP monitor visited the participant's home. Based on our calculation, a monitor should have visited the participant's home at least nine times from the signed date of the form until May 2015. In another instance, a participant opted out of case management services and did not receive a visit from a HSP monitor until 150 days after the participant opted out.

According to DHS officials, home visits of participants who opted out of case management services were not conducted timely or at all because related personnel had many other responsibilities, such as working with families who reside in shelters and are not a part of the PSHP. In addition, DHS has yet to establish procedures to monitor and document decisions for participants who opt out of services. Without conducting home visits, DHS cannot be assured that participants are complying with PSHP program rules and, therefore, could be jeopardizing the health and safety of other participants as well as District residents.

---

<sup>8</sup> Of the 36 PSHP participants, 21 were categorized as individuals and 15 were categorized as families.



## **DHS DID NOT ESTABLISH ADEQUATE CONTROLS FOR PAYMENT OF RENTAL SUBSIDIES**

DHS did not establish procedures for reviewing and reconciling monthly subsidy payments TCP made to landlords. The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, paragraph 10.10 states: "Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. . . . Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities."<sup>9</sup> We cross-checked TCP's February 2015 monthly subsidy payment listing to February 2015 invoices received from the HCA providers, and found that TCP paid approximately \$11,970 to two landlords for clients who were no longer participating in the PSHP.

DHS has a process for payment of rental subsidies, but has not documented it. DHS staff stated that they provide TCP with written notification of participants who need to be removed from the payment listing. Additionally, on a quarterly basis, DHS staff: 1) check the payment report listing to determine whether a participant's provider has changed; 2) ensure rental subsidies TCP paid match the total number of heads of household for local participants; and (3) ensure the TCP rent subsidy payment amounts are correct. However, these processes have not been documented. Without adequate procedures in place, DHS risks continuing to pay subsidies for tenants who are no longer participants in the program.

## **CONCLUSION**

Permanent supportive housing is an important program to assist individuals and families in moving closer to self-sufficiency. Although DHS contracted with private organizations to provide case management and other services, the agency did not adequately manage the contracts, did not ensure all participants met eligibility requirements, did not comply with requirements for payment of services and for participants who opted out of services, and did not establish adequate controls over payment of rent subsidies TCP made to landlords. Left unchecked, these issues place the health and safety of PSHP participants at risk, and may result in wasted spending of District tax dollars on ineligible or nonparticipating tenants.

---

<sup>9</sup> This publication provides definitions and fundamental concepts pertaining to internal control at the federal level. However, the standards may be useful to others at any level of government.

## **RECOMMENDATIONS**

We recommend that the Director, DHS:

1. Assess the duties and responsibilities of the CA and adequately staff oversight of the HCA and CoC contracts.
2. Develop and implement controls to periodically review agreements and contracts to ensure that contractors/providers are performing and providing deliverables as required.
3. Provide guidance and training to CAs to ensure that they are knowledgeable of the existing HCA's statement of work.
4. Amend the HCA and develop and implement corresponding policies and procedures to reflect the HSP Monitoring Unit's responsibilities for conducting visits to providers.
5. Establish written policies and procedures for determining PSHP eligibility and document placements of participants deemed eligible.
6. Develop and implement controls to ensure that all payments made comply with the requirements of the OCFO's Financial Policies and Procedures Manual.
7. Establish controls to ensure that PSHP participants who opt out of case management are monitored in accordance with DHS requirements.
8. Develop and implement procedures to ensure monthly rental subsidy payments reports are reviewed and reconciled to the HtH database of participants.
9. Recoup overpayments made to landlords by TCP.

## **AGENCY COMMENTS AND OFFICE OF THE INSPECTOR GENERAL RESPONSE**

We provided DHS with our draft report on September 21, 2016, and received its response on October 25, 2016, which is included as Appendix A to this report. DHS concurred with eight of our nine recommendations and outlined actions and target completion timeframes that they believe meet the intent of our recommendations. DHS' response and actions meet the intent of recommendations 1 and 3, therefore, we consider these recommendations resolved and open pending completion of planned actions. For recommendations 2, 4, 5, 7, 8, and 9, DHS did not provide completion dates and/or documentation to support stated actions. We consider these recommendations unresolved and open pending receipt of target action dates and additional documentation. For recommendation 6, DHS did not concur. However, given the actions stated, we consider this recommendation resolved and closed.

Regarding recommendation 2, DHS provided neither a target action date for CAs to complete Project Management training nor written monitoring procedures used by HSP staff. For

recommendations 4, 5, 8, and 9, DHS did not provide target action dates to amend existing HCAs, establish written policies and procedures for determining PSHP eligibility, develop a check and balance system between DHS and DCHA, and recoup overpayments in the amount of \$11,900. Finally, regarding recommendation 7, DHS did not provide: (a) evidence of established monitoring controls for PSHP family clients who opt-out of case management; (b) evidence that site visits are conducted every 90 days; or (c) a target action date to complete the transfer of PSH individual clients who opt-out of case management to the Targeted Affordable Housing Program.

## **ACTIONS REQUIRED**

We consider recommendations 2, 4, 5, 7, 8, and 9 unresolved and open pending additional information as described above. We request that DHS provide OIG the requested information within 30 days of the date of this final report.

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

---

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

Daniel W. Lucas  
Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, NW, Suite 900  
Washington, DC 20005

October 24, 2016

Thank you for the opportunity to provide suggested edits and corrections to your draft report entitled, "Department of Human Services: Contracted Services Under the Permanent Supportive Housing Program Were Not Adequately Monitored", (OIG Draft Report 15-1-02JA) (hereinafter referred to as "the Report").

The mission of the District of Columbia (District) Department of Human Services (hereinafter referred to as "DHS" or "the Agency") is to empower every District resident to reach their full potential by providing meaningful connections to work opportunities, economic assistance and supportive services. DHS appreciates your time and diligence in the performance of the audit to proactively address potential fraud, waste, abuse, and mismanagement risks in the District. DHS takes the Office of the Inspector General's (OIG's) findings seriously, and is committed to ensuring that the concerns stated in the Report are properly addressed.

The DHS Family Services Administration (FSA) Permanent Supportive Housing Program (referred to herein as either "PSHP" or "PSH") which provides case management services to homeless services clients that meet a particular criterion, continues to evolve in terms of the provider community, number of homeless services participants, protocols and administrative oversight. Prior to Fiscal Year (FY) 2016, the District had two types of contracts for PSH case management services: (1) a firm fixed price contract with a cost-reimbursement component for homeless client expenses, and (2) Human Care Agreements (HCAs), of which the District had nine.

For the contract with the Community Partnership for the Prevention of Homelessness (TCP), TCP provided rental payments, case management, coordinated unit inspections, and arranged for moves and furniture purchases under its Continuum of Care fixed price contract for the PSH homeless services clients. Starting in November 2015, the Agency entered into a Memorandum of Agreement (MOA) with the DC Housing Authority (DCHA). In accordance with the MOA, DCHA is providing and monitoring the PSH rental payments, as well as conducting unit inspections, as they have the systems and staff expertise to effectively perform this function.

Starting in late FY 2016, DHS solicited for additional PSH case management services through new HCAs only. These new agreements have more specific requirements such as enhanced case management specifications and standards, and inclusion of the Agency's Coordinated Assessment and Housing Program (CAHP) which establishes a formal referral process that matches the most vulnerable homeless services clients to appropriate housing. Since November 2015, TCP has had a limited role in the PSHP, which now includes only purchasing furniture, move support for homeless services clients, and minimal case management support.

Page | 1

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

#### **CONTRACT OVERSIGHT**

In the second quarter of 2016, FSA hired a contract administrator dedicated to PSH program oversight. This individual was trained on contract administration and began working with PSH cases management providers and FSA staff to develop a robust contract monitoring program, and to support the program staff as they developed protocols. Unfortunately, during the summer of 2016 it became apparent that the individual did not have the requisite skills to effectively perform the role and he was terminated. Another contract administrator hired to oversee the Continuum of Care Management Contract resigned in July, 2016. FSA is in the final selection phase of two replacement contract administrators. Both will be on board during the first quarter of this fiscal year.

The Contract Administrator (CA) position is responsible for ensuring provider compliance with business management performance, such as compliance with the contract terms. The DHS FSA Homeless Services Program (HSP) staff is responsible for monitoring the services delivery component of the PSH case management contracts. More specifically, the HSP provides oversight and monitoring of supportive services to DHS clients housed in PSH units, and confirms that invoiced services were received. HSP monitoring also includes the monitoring of PSH case management providers, as well as direct PSH client engagement.

#### **The agency did not enforce reporting requirements**

**FINDING:** The CA did not enforce reporting requirements from private organizations to provide contract deliverables.

**RESPONSE:** DHS agrees that reporting requirements of PSH case management contractors must be met; and intends to have a fully-developed oversight plan for the legacy and new PSH case management contracts, which will include both requesting documents for review as specified in the terms of the contract; specification of a reasonable response time from DHS on findings that result from the review of PSH case management provider reviewed documents; and the results of any reviews or audits. DHS expects to have a fully vetted oversight plan in place by the third quarter of FY 2017.

DHS currently receives monthly PSH case management reports, special reports requested by PSH clients, unusual incident reports, and a list of detailed rental payments for the PSH rents that were paid for the PSH clients. Additionally, in FY 2016, upon receipt of the Office of the District of Columbia Auditor's findings received by the Agency in March of 2016, the DHS FSA Contract Administrator made a formal request for training, emergency preparedness, and progress reports under the associated contracts.

Review of the submitted documents is expected to be completed by November 30, 2016. DHS has generated a schedule of required deliverables and is tasking existing program staff with securing and reviewing these deliverables to ensure they are sufficient.

#### **DHS Did Not Obtain Criminal Background and Traffic Checks**

**FINDING:** The CA did not obtain copies of various criminal background and traffic checks from private organizations that service families.

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

**RESPONSE:** As of October 17, 2016, shortly after receiving the OIG's draft report, DHS requested these records from the PSH cases management providers to ensure the safety and well-being of PSHP participants (copy of the request to a provider is attached). The providers are required to submit the records within 30 business days, and DHS will review the records and advise on any deficiencies within 30 business days after receipt. DHS has obtained initial verbal confirmation from PSH case management providers that 100% of the case managers supporting the District's PSH case management HCA's passed the requisite background checks.

**The agency did not consistently conduct monitoring visits to providers**

**FINDING1:** The CA did not consistently conduct scheduled or unscheduled monitoring visits to all providers.

**RESPONSE1:** DHS has invested in the hiring and education of contract administration staffing. Training has focused on ensuring that the Contract Administrators have copies of District procurement and financial accountability laws, regulations, and procedures. Two positions will be filled within the first quarter of FY 2017.

DHS is drafting a monitoring plan that explains the role of monitoring and establishes a baseline for the monitoring function within FSA. DHS expects to have a finalized monitoring plan for the PSH case management HCAs by the second quarter of the FY 2017. Once the contract administrator vacancies are filled, FSA will be able to maintain the regular cycle of monitoring visits by the CAs.

**FINDING2:** The HSP Monitoring Unit did not consistently conduct scheduled or unscheduled monitoring visits to all providers.

**RESPONSE2:** The HSP has employees whose function includes monitoring and oversight of supportive services to DHS clients housed in PSH units.

Currently, the PSH case management HCA services are monitored by different DHS entities in evaluating performance and service delivery. The current HCA does not accurately reflect the breakdown of who monitors the different pieces of the HCA. The CA is responsible for ensuring provider compliance with business management performance, such as compliance with contract terms including but not limited to timely deliverables and report submission.

The HSP monitoring staff is responsible for monitoring the services delivery component. Under the PSH HCA, HSP provides case management and other supportive services to DHS clients housed in PSH. The HSP monitoring staff monitors seven (7) scattered-site and three (3) site-based providers who provide case management to providers who serve families, individuals or both. Month-to-month, providers are expected to submit on a monthly basis: 1) home visit reports and monthly child reports; 2) individual summary reports; 3) utility tracking reports; and 4) weekly progress tracking reports. To supplement these reports, HSP holds monthly One-on-One meetings with each provider to discuss PSH client progress and deficiencies the provider is required to resolve. Daily/re-occurring tasks/monitoring includes assessing client concerns, provider concerns, Unusual Incident Reports (UIR's)/complaint investigations, inquiries, and landlord payments. The daily tasks are monitored using the Housing the Homeless (HTH) database.

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

The HSP monitors also meet with provider clients to obtain client satisfaction survey's, to mediate any client-provider issues, and to resolve any DCHA housing-related issues. Additionally, they confirm acceptance for services being billed for a given period.

A recommendation will be made to amend the existing HCA's to accurately reflect the different monitoring entities and roles within the HCA; this request will be made within the next 30 days.

During the calendar year 2014, the HSP monitoring staff conducted visits (audits) to six of the nine providers. One provider's audit was not conducted because the provider had come on board in August of 2014. The other two provider visits were not completed due to lack of staffing.

Since the 2014 audit, the HSP monitors have conducted annual audits of each provider to measure their performance. It is important to note that audits for providers that serve both individual and family PSH clients are conducted separately. Each PSH provider is assigned a monitor from HSP. The HSP monitors are responsible for reviewing and measuring case management performance. Measures of the provider's performance include: 1) conducting in-home client interviews; 2) on-site client record review; and 3) a final written report of the provider's successes and deficiencies. The in-home client interviews are conducted and based upon 20% of a providers caseload and examine the client's well-being within the home, connection to benefits and services, access to necessities (e.g. food), their rights as clients, and satisfaction with their case manager. The monitor also visits each PSH provider in-person and assesses another 20% of their client caseload to survey whether the provider keeps a comprehensive record as noted in the HCA. The HSP monitor compiles the information from client interviews and case record reviews into a report that summarizes the information they collect and list the provider's successes and deficiencies. The report is remitted to the provider who then has 30 days to come up with a corrective action plan as to how they will address their deficiencies. When a provider has a high number of deficiencies additional audits may be completed as needed by an HSP monitor. The HSP has ensured that at least one audit is conducted once a year by an HSP monitor of the PSH case management providers.

#### **The agency lacked awareness of contract requirements**

**FINDING:** The CA did not request that providers obtain criminal background and traffic checks for applicants, employees, and volunteers. The CA was unaware of the requirement.

**RESPONSE:** Each CA is expected to be vested in, and knowledgeable about the contracts he or she is managing. The CA for the PSH case management HCA's had an in-depth, substantive knowledge on all aspects of the contracts around services provided and invoicing. New HCAs are being issued, and the CA is aware of the expectation to be fully knowledgeable of all contractual terms and has confirmed awareness (see attached email confirmation).

#### **Not all PSHP Participants met Eligibility Requirements**

**FINDING:** Not all PSHP participants met eligibility requirements

**RESPONSE:** DHS uses a combination of the following tools to establish eligibility:

- VI-SPDAT screening assessment tool score;
- Clinical assessment by a licensed DHS employee; and
- Review of case files from other providers

The four clients in question, met the requirements for the PSH program. The decision to make the referral to the PSH follows below:

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

1. Household 1 – was initially in the Family Re-Housing Stabilization Program (Rapid Re-housing) and was referred due to disabling medical conditions: a history of nerve damage in the leg, stroke, and bipolar disorder and history of assault.
2. Household 2 – was referred from shelter into a hotel placement because she has a history of fibromyalgia, peripheral neuropathy, ovarian cyst, inflamed muscles, and shortness of breath, heart attack and depression. Her son also has a history of heart murmur, asthma, and joint pain.
3. Household 3 – has a history of anxiety and her son has a joint disease, arthrogyposis, and has difficulties walking, talking and eating.
4. Household 4 – was referred from one of the hotels because he is diagnosed with ADHD and depression, his spouse is diagnosed with arthritis, sleep apnea, bipolar disorder and depression and a few of their children have been diagnosed with ADHD and learning disabilities.

The HSP has implemented a two-step process to prevent PSH clients who do not meet eligibility criteria from being admitted into the PSH. When HSP receives family referrals, they are most frequently coming from the Virginia Williams Family Resource Center (VWFRC) or other DHS programs such as Strong Families and/or Rapid Re-housing. The PSH Family's Program Coordinator is responsible for ensuring the client's circumstances meet the program's eligibility requirements.

On the other hand, the individual referrals most frequently come from the Coordinated Assessment Housing Placement (CAHP) system, Rapid Rehousing, and/or outreach/encampment referrals. The CAHP system, otherwise known as Coordinated Entry, is the largest source of referrals for individual's referred to PSH. The Vulnerability Index-Service Prioritization Decision Assessment Tool (VI-SPDAT) assesses an individual's level of vulnerability and provides a recommendation for the type of housing intervention a client requires. A client who scores between 10 to 20 on version 1, or 8 to 20 on version 2 of the VI-SPDAT, and 25 to 60 on a Full-SPDAT would be recommended as eligible for PSH. For referrals from other programs, the process is similar to the families process discussed above. For instance, a program refers the individual to PSH and the Individual's Program Coordinator/Supervisor is responsible for ensuring the client meets the PSH eligibility requirements.

For both individuals and families, a referral approval system has been set up through the HTH database which requires all clients entering the PSH program to have their eligibility approved by the corresponding Program Coordinator/Supervisor.

#### **DHS Did Not Obtain Documentation or Perform Timely Home Visits for PSHP Participants Who Opted Out of Case Management Services**

**FINDING:** DHS did not obtain documentation or perform timely home visits for PSHP participants who opted out of case management services.

**RESPONSE:** All PSH clients have the right to refuse PSH case management services. If this is done, their housing can be retained. The number of clients that opt-out of case management is minimal compared to the clients assigned to case management services. Applicable Program Coordinators are responsible for assigning these clients to the HSP monitors and obtaining the opt-out form. On the family's side, opt out forms are uploaded to the HTH database. On the other hand, individual's opt out forms are kept by the Program Monitor assigned to them. Home visits are conducted every 90 days by the assigned Program Monitor. If the client is not able to be reached, a certified letter is sent to the last known address. If the client does not respond to the letter, our Program Specialist verifies whether the PSH voucher is still active with DCHA.



## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

The HSP will begin to transfer PSH opt out clients to our new Targeted Affordable Housing Program, which provides a long-term subsidy voucher and check-in every 90 days with an assigned Program Monitor. This will ensure that PSH clients are being contacted every 90 days. In addition, the HSP will ensure that all clients are being monitored by their respective Program Monitor.

#### **DHS did not comply with District requirements for payment for services**

**FINDING:** TCP did not provide DHS with receipts or other supporting documentation for DHS to verify the accuracy of payments made to landlords, for furniture vouchers, and other services provided.

**RESPONSE:** During the years under review, the TCP Continuum of Care Management contract was a fixed-price contract that did not require receipts for payments to landlords. TCP's inspection and audit section, Section E of the Continuum of Care Management contract, allows DHS to review all other transactional level data that is not required to be submitted at the time of invoicing.

Beginning with the FY 2016 TCP Continuum of Care contract, DHS requires supporting documentation for furniture vouchers (see attached modification) and has shifted rental payment responsibility to DCHA. There is also within DHS a tracking mechanism to closely monitor rental payments.

#### **DHS did not comply with District requirements for payment for services**

**FINDING:** DHS paid for services provided to PSHP participants without reviewing supporting documentation to verify the accuracy of payments made. This was primarily due to DHS' inadequate staffing to review TCP invoices.

**RESPONSE:** The CA was in full compliance with the Office of the Chief Financial Officer (OCFO) Financial Management and Control Order No. 08-008, which establishes specific guidelines required before certifying and approving payments. Outlined below is the process that the CA followed during the periods audited:

1. **Case Management (CM) charges:** compared the invoice rate for CM to the current task order to verify that the invoiced rate was correct. Also, verified that the provider was not exceeding the number of clients served. The documentation for the CM charges was the HTH database report that all providers submit that shows the name of the client, the type of client (individual or family), the dates that each client is engaged, the method of engagement on each date (Scheduled Home Visit, Telephone, In the Community, Unannounced Home Visit, or Collateral Contact), and whether the particular engagement was "Successful" or "Attempted." Ensured that DHS pays for "Successful" engagements. If there was any doubt or question about engagement, the CA accessed the electronic version of HTH for additional details and briefly reviewed the case notes in the database to satisfy any concerns and to make a judgment based on fact. All calculations and extensions on invoices were checked before paying them.
2. **Charges for Utilities:** Verified that any client that appears on this portion of the invoice is eligible for utilities under the PSHP. The client must be locally funded, that is, not funded by a voucher. Also verified that charges did not exceed the limits imposed by the program of \$175.00 monthly for individuals and \$225.00 monthly for families. Ensure that receipts were available to substantiate the charges since this was a reimbursable cost and checked all calculations and extensions on invoices before paying them.
3. **Charges for Financial Assistance:** Verified that the number of clients who receive this stipend did not exceed the number established by the Task Order. Also verified that charges did not exceed the limits imposed by the program of \$50.00 monthly for individuals and \$75.00 monthly

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### **Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response**

- for families. Ensure that receipts were available to substantiate the charges since this was a reimbursable cost and checked all calculations and extensions on invoices before paying them.
4. **Duplicate Payments:** Paid all of the PSH-related invoices, and checked electronic records and the information regarding payments on the respective purchase orders in Procurement Automated Support System (PASS) to ensure that all invoices were unique before certification for payment. The CA signed the certifications for payment and consulted with the Deputy Administrator for Homeless Services and obtained their signature.

The inspection and audit section of the PSH case management contracts for case management – Section F.3., *Access to Records*, allows the Agency to review all other transactional level data that is not required to be submitted at the time of invoicing.

DHS invested in staffing for homeless services contract administration by increasing the number of FSA CA's in FY 2016.

#### **DHS Did Not Establish Adequate Controls for Payment of Rental Subsidies**

**FINDING1:** DHS did not develop and implement procedures to ensure monthly rental subsidy payment reports are reviewed and reconciled to the HTH database of participants.

**RESPONSE1:** Since the audit was carried out, TCP is no longer processing monthly rental subsidy payments for DHS PSH programs. DCHA now processes these rental payments. Currently, DCHA sends HSP two reports: 1) a monthly payment report; and 2) a special request payment report. To develop a checks and balances system, HSP will work with DHS' Office of Information Systems (OIS) representative to create a report that will compile all payments to be made the following month, and this report will be compared to the monthly reports that DCHA sends. Putting this system in place will allow HSP to compare clients and perform a reconciliation with DCHA's records.

**FINDING2:** DHS did not recoup overpayments made to landlords by TCP.

**RESPONSE2:** The HSP sent an email to the Office of Program Review, Monitoring and Investigation (OPRMI) on October 11, 2016, to obtain more detailed information regarding TCP's possible overpayments made to landlords in February 2015.

As of November 2015, TCP was no longer processing PSH rental payments on behalf of DHS. DCHA assumed the responsibility of making rental payments. In instances where we discovered rental overpayments, DHS has reached out to DCHA and alerted DCHA to the issue and requests that funds be reimbursed. To date, when this has occurred, landlords have cooperated.

#### **RECOMMENDATIONS:**

1. **Assess the duties and responsibilities of the CA and adequately staff oversight of the HCA and CoC contracts.**

**RESPONSE:** DHS has invested in the hiring and education of contract administration staffing, and will continue to make additional investments in recruitment as resources become available. An initiative is currently underway to analyze the additional Contract Administration staffing needs. This work is expected to be completed at the close of the second quarter of FY 2017.

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response

2. Develop and implement controls to periodically review agreements and contracts to ensure that contractors/providers are performing and providing deliverables as required.

RESPONSE: FSA is developing CA monitoring plans for its various agreements. Draft monitoring documents have been, and continue to be developed. DHS expects to have finalized monitoring plans for PSH in FY 2017.

The CAs have also been counseled on using tools such as calendar reminders and milestone schedules to enable them to monitor their projects. As of FY 2017, FSA is investing in Project Management training.

Along with the continuation of proper invoice review and payment practices, the HSP monitoring staff has in place documented monitoring procedures that ensure that contractors/providers are performing and providing deliverables as required.

3. Provide guidance and training to CAs to ensure that they are knowledgeable of the existing HCA's statement of work.

RESPONSE: Each CA has been counseled on the importance of adhering to his or her CA charge – implementing sound controls to manage his or her contracts. In addition to the Office of Contract and Procurements (OCP) required CA training, a formal training for CA staff will be developed by the first quarter of FY 2017. A key control element is being fully engaged and knowledgeable about all contract terms so that the CAs can ensure provider compliance with the contract, as well as support the Program staff. CA performance evaluations include the requirement to be knowledgeable about the projects that each CA manages.

4. Amend the HCA to reflect the HSP Monitoring Unit's responsibilities for conducting visits to providers.

RESPONSE: There is no formal *HSP Monitoring Unit* within FSA's PSHP, the HSP has a staff of monitors for the PSH contracts. The PSHP will make a recommendation to amend the existing HCA's to accurately reflect the different monitoring entities and roles within the HCAs.

5. Establish written policies and procedures for determining PSHP eligibility and document placements of participants deemed eligible.

RESPONSE: The HSP has implemented a two-step process to prevent clients who do not meet eligibility criteria from being admitted into the PSHP. When HSP receives family referrals, they are most frequently coming from the VWFRC or other FSA programs like Strong Families and/or Rapid Re-housing. The PSH Family's Program Coordinator is responsible for ensuring the client's circumstances meet the program's eligibility requirements.

In addition, the individual referrals most frequently come from the CAHP system, Rapid Rehousing, and/or outreach/encampment referrals. The VI-SPDAT assesses an individual's level of vulnerability and provides a recommendation for the type of housing intervention required. A client who scores between 10-20 on version 1, or 8-20 on version 2 of the VI-SPDAT, and 25-60 on a Full-SPDAT

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

### Department of Human Services, Permanent Supportive Housing Program OIG 15-1-02JA Audit Response

would be recommended for PSHP. The process for referrals from other programs, is similar to the process discussed above for families. For instance, a program refers the individual to PSH and the Individual's Program Coordinator/Supervisor is responsible for ensuring the client meets the PSH eligibility requirements.

In addition to the assessment tool, is clinical documentation and review of existing case files. When a client comes into the homeless system, they are assessed using one of the SPDAT assessment tools. In many instances, these assessment tools do not always capture the vulnerability in which the client would be "eligible" and is referred to PSH. For this reason, clinical judgment with medical documentation is exercised to determine the client's eligibility into the program.

For both individuals and families, a referral approval system has been set forth through the HTH database which requires all clients entering our program to be approved into the program by the corresponding Program Coordinator/Supervisor.

6. Develop and implement controls to ensure that all payments made comply with the requirements of the OCFO's Financial Policies and Procedures Manual.

RESPONSE: DHS invoice certification practices were and are in full compliance with the OCFO Financial Policies and Procedures Manual.

7. Establish controls to ensure that PSHP participants who opt out of case management are monitored by DHS requirements.

The number of clients that opt-out of PSH case management is minimal compared to the clients assigned to case management services. The corresponding Program Coordinator is responsible for assigning these clients to the Program Monitors and obtaining the opt-out form. On the family's side, opt out forms are uploaded to the HTH database. For individuals, their opt-out forms are kept by the Program Monitor assigned to them. Home visits are conducted every 90 days by the assigned Program Monitor. If the client is not able to be reached, a certified letter is sent to the last known address. If the client does not respond to the letter, our Program Specialist verifies whether the voucher is still active with DCHA.

Regarding Individual clients, the HSP will begin to transfer PSH opt out clients to our new Targeted Affordable Housing Program, which provides a long-term subsidy voucher and check-in every 90 days with an assigned Program Monitor. This will ensure that clients are being contacted every 90 days. In addition, HSP will ensure that all clients are being monitored by their respective Program Monitor.

8. Develop and implement procedures to ensure monthly rental subsidy payments reports are reviewed and reconcile to the HTH database of participants.

Since FY 2016, rental payments are no longer contracted out. The function is now a District government function with DCHA processing these rental payments. Currently, DCHA sends HSP two reports: 1) a monthly payment report and 2) a special request payment report. To develop a checks and balances system, HSP will work with DHS' OIS representative to create a report that will

## APPENDIX A: DHS' RESPONSE TO THE DRAFT REPORT

---

**Department of Human Services, Permanent Supportive Housing Program  
OIG 15-1-02JA Audit Response**

compile all payments to be made the following month, and compare it to the monthly reports that DCHA sends.

9. Recoup overpayments made to landlords by TCP.

As of November 2015, TCP was no longer processing rental payments on behalf of DHS. DCHA assumed the responsibility of making rental payments. DHS has begun the process of compiling the specific data so that attempts can be made to recover the \$11,900 in overpayments. For instances where we discovered rental overpayments, DHS has reached out to DCHA to alert DCHA to the issue and has requested reimbursement of funds. Landlords have cooperated fully with our requests in previous instances and we anticipate the same cooperation as we work to identify any additional overpayments.

DHS appreciates the opportunity to respond to the Report, as well as your recommendations. As mentioned, the DHS PSHP continues to evolve to ensure applicable improvements are made to PSHP. Please contact me if you need additional information.

Sincerely,



Laura Zeilinger  
Director, Department of Human Services