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Report No. A19-011

Follow-Up of Prior Audit Recommendations – Homeless Response System Effectiveness

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City Auditor

Objective and Scope

The objective and scope of this audit were to evaluate management's implementation of prior audit recommendations as of September 30, 2018. However, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

What We Recommend

Although we did not provide additional recommendations as a result of this follow-up audit, management should continue efforts to implement the remaining ten audit recommendations.

Background

On December 8, 2017, the Office of the City Auditor released the *Audit of Homeless Response System Effectiveness*, which found, "The City cannot tell how well the homeless response system is performing and needs to improve: (1) oversight of the Metro Dallas Homeless Alliance and The Bridge; and (2) how the City evaluates, coordinates, and monitors homeless services."

The audit report included 25 recommendations to address these findings.

What We Found

Of 25 recommendations issued in the *Audit of Homeless Response System Effectiveness* (Report No. A18-004), 15 recommendations were implemented, and ten recommendations were not yet complete as of September 30, 2018. Progress was made in key areas such as Metro Dallas Homeless Alliance's adoption of policies and procedures requiring competitive procurements and the development of performance measures for evaluating the effectiveness of homeless services and operations. Continued efforts, however, are still needed to:

- Develop a strategic plan for homeless solutions
- Approve a new contract with the Metro Dallas Homeless Alliance
- Ensure timely review and approval of the annual contract with The Bridge

Additional details regarding the status of recommendation implementation can be found in [Appendix A](#).

Audit Results

Progress was made toward implementing the recommendations, and as of September 30, 2018, 15 of 25 recommendations were implemented (please see [Exhibit 1](#) below).

Exhibit 1:

Summary of Audit Follow-Up of Prior Audit Recommendations by Section

Section	No. of Report Recommendations	Recommendations Implemented	Recommendations Not Implemented
Homeless Management Information System Participation, Implementation, Procurement, and Oversight	4	2	2
City Oversight of The Bridge	12	10	2
City Evaluation of the Effectiveness of Homeless Services	9	3	6
Total	25	15	10

Source: Office of the City Auditor

As a result, the oversight of The Metro Dallas Homeless Alliance and The Bridge improved; however, additional progress is needed to ensure risks are fully mitigated, and the City still cannot fully evaluate the effectiveness of the homeless services provided.

Progress was made in key areas such as the Metro Dallas Homeless Alliance's adoption of policies and procedures requiring competitive procurement of the Homeless Management Information System and the development of performance measures for evaluating the effectiveness of The Bridge's services and the Office of Homeless Solutions' operations. Efforts to develop a strategic plan for homeless solutions, approve a new contract with the Metro Dallas Homeless Alliance, and ensure timely review and approval of the annual contract with The Bridge were not yet achieved as of September 30, 2018.

Complex processes, including the creation and organization of the Office of Homeless Solutions, the development of new competitive procurements, and hiring of key executives were needed for many of the recommendations to be fully implemented. For example, the Office of Homeless Solutions hired a permanent director in March 2018, while the Metro Dallas Homeless Alliance hired its chief executive officer in November 2018. Please see [Appendix A](#) for the status of each recommendation.

Methodology

The audit methodology included requesting management of the Office of Homeless Solutions to report on the implementation status of 25 recommendations. The auditors also conducted interviews, reviewed documentation, and performed other tests as deemed necessary.

This performance audit was conducted 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

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Appendix A: Status of Implementation as of September 30, 2018

No.	Audit Recommendation	Auditor Verification of Results
Homeless Management Information System Participation, Implementation, Procurement, and Oversight		
1	<p>Prioritize increasing the participation in the Homeless Management Information System by the methods identified through the survey, including using data-driven solutions to end homelessness and incentivizing Homeless Management Information System participation by providing resources, such as grant allocations, software licenses, or other assistance.</p>	Implemented
2	<p>Work with the Metro Dallas Homeless Alliance to improve the planning, coordination, and implementation of the Homeless Management Information System by: (1) prioritizing Homeless Management Information System customization to meet homeless emergency shelters' needs; (2) understanding current homeless emergency shelter system capabilities; and, (3) ensuring effective stakeholder engagement as Homeless Management Information System customization continues.</p> <p>Status: The Homeless Management Information System was not meeting the shelters' needs, and efforts to ensure the system could meet the shelters' needs, including a new Homeless Management Information System procurement, were not fully implemented as of September 30, 2018.</p>	Not Implemented
3	<p>Provide additional oversight to ensure Metro Dallas Homeless Alliance is administering the local Homeless Management Information System to meet all Federal procurement requirements and has processes in place for the retention of documents. If additional oversight language is needed in the contract with Metro Dallas Homeless Alliance, we recommend the Chief of Community Services works with the City Attorney's Office to revise the contract.</p>	Implemented
4	<p>Ensure appropriate and effective oversight of the Metro Dallas Homeless Alliance, which may include working with Metro Dallas Homeless Alliance and the City Attorney's Office to (1) increase the City's representation on the Metro Dallas Homeless Alliance Board of Directors; (2) improve its contract oversight; and (3) request increased reporting on Metro Dallas Homeless Alliance performance and initiatives.</p> <p>Status: Management self-reported the recommendation as "not implemented."</p>	Not Implemented
City Oversight of The Bridge		
5	<p>Ensure The Bridge remains able to provide services to the City's homeless residents by working with The Bridge and the City Attorney's Office to ensure the contract execution process is timely and in accordance with Administrative Directive 4-5, <i>Contracting Standards and Procedures</i> requiring agreement to the contract terms prior to City Council approval.</p> <p>Status: The Office of Homeless Solutions did not execute the City's most recent contract with The Bridge prior to City Council approval as required by Administrative Directive 4-5, <i>Contracting Standards and Procedures</i>,</p>	Not Implemented

No.	Audit Recommendation	Auditor Verification of Results
	Section 8.1.3. The Bridge was paid late for the first quarter of Fiscal Year 2019 due to the delayed contract execution.	
6	Ensure The Bridge remains able to provide services to the City's homeless residents by continuing efforts to require The Bridge to comply with Homeless Management Information System participation requirements with potential allowances for technical difficulties associated with Homeless Management Information System.	Implemented
7	Ensure The Bridge remains able to provide services to the City's homeless residents by working with The Bridge and Metro Dallas Homeless Alliance to ensure Homeless Management Information System can meet the City's Homeless Management Information System requirements.	Implemented
8	Implement procedures to more closely monitor the financial viability of The Bridge by requiring City approval of The Bridge's annual operating budget and significant adjustments.	Implemented
9	Implement procedures to more closely monitor the financial viability of The Bridge by reviewing The Bridge's operating budget for variances to anticipated revenues and expenses throughout the year.	Implemented
10	Implement procedures to more closely monitor the financial viability of The Bridge by working with The Bridge to increase emphasis on philanthropic fundraising efforts to support its mission as originally envisioned which may include phasing in a cap on the percentage of matching funds that can be met from other government entities.	Implemented
11	Implement procedures to more closely monitor the financial viability of The Bridge by working with The Bridge to develop a contingency plan in the event of a loss of one or more significant supportive services vital to fulfilling the mission of the homeless response system.	Implemented
12	Implement procedures to ensure both the City's and The Bridge's compliance with the management services contract or work with the City Attorney's Office and The Bridge to align the contract with agreed-upon operating and financial oversight procedures.	Implemented
13	Develop measurable performance expectations and requirements that hold The Bridge accountable for the delivery of effective and quality services, including identification of how performance will be evaluated, particularly against meaningful established performance outcomes and expectations.	Implemented
14	<p>Strengthen payment processing procedures to include documented financial review in relation to The Bridge's operating budget and validation and evaluation of performance data and performance data adjustments for completeness and accuracy.</p> <p>Status: The Office of Homeless Solutions did not strengthen payment processing procedures to include validation and evaluation of performance data or performance data adjustments for completeness and accuracy for seven out of eight performance measures.</p>	Not Implemented

No.	Audit Recommendation	Auditor Verification of Results
15	Work with The Bridge to minimize the risk of loss of its bank funds above Federal Deposit Insurance Corporation limits by taking the following steps if reasonable and cost effective to do so, by monitoring The Bridge's documentation of its bank's rating and credit worthiness on a regular basis.	Implemented
16	Work with The Bridge to minimize the risk of loss of its bank funds above Federal Deposit Insurance Corporation limits by taking the following steps if reasonable and cost effective to do so, by considering use of a service that can spread the deposit to multiple banks to increase insurance coverage. If applicable, work with the City Attorney's Office to change the contract language requiring reserve funds be maintained in a single account.	Implemented
City Evaluation of the Effectiveness of Homeless Services		
17	<p>Adopt a comprehensive and cohesive strategic review process that aligns with City-wide objectives and clearly defines what constitutes success/progress for each key objective of reducing homelessness and increasing housing placement opportunities. The City Manager should consider including the Government Accountability Office's seven criteria described in the textbox on page 28 when developing and implementing the strategic plan for key objectives.</p> <p>Status: Management self-reported the recommendation as "<i>not implemented.</i>"</p>	Not Implemented
18	Assess coordination and fragmentation between the City departments, divisions, and units providing homeless services to identify ways to improve the effectiveness and efficiency of services. The assessment should include the City's use of staff caseworkers for assisting clients' transitions to permanent housing.	Implemented
19	<p>Develop and implement a process to improve coordination and communication between departments and divisions providing services related to homelessness.</p> <p>Status: Coordination with other City Departments and other organizations is central to Office of Homeless Solutions operations; however, Office of Homeless Solutions Standard Operating Procedures and other Department documents do not describe how to coordinate and communicate between departments and divisions.</p>	Not Implemented
20	Ensure that performance measures tracked in performance reports align with City priorities, such as for reducing homelessness and increasing housing placements.	Implemented
21	<p>Assess the demand for homeless prevention resources, including Federal Emergency Solutions Grant - homeless prevention rental assistance funds, to ensure the funds are being used effectively to keep people housed.</p> <p>Status: An assessment of the demand for homeless prevention resources was not completed.</p>	Not Implemented

No.	Audit Recommendation	Auditor Verification of Results
22	<p>Determine the cost of homeless services across City government.</p> <p>Status: Management self-reported the recommendation as “<i>not implemented.</i>”</p>	Not Implemented
23	<p>Assess the effectiveness of the Gateway to Permanent Housing and Rapid Rehousing/My Residence programs and develops and implements processes to ensure Continuum of Care grant funds are spent within the appropriate grant period.</p> <p>Status: Office of Homeless Solutions conducted an assessment of the Continuum of Care funds and prepared a request for competitive sealed proposals to contract for the management of the relevant programs. The request communicated the need to spend money timely. However, the efforts to reduce the percentage of funds returned unspent were not implemented by September 30, 2018.</p>	Not Implemented
24	<p>Design a feedback process that involves receiving timely input from clients as they are receiving services. This includes surveying clients about satisfaction of services received; areas that can be improved; and, making staff accountable for responding to feedback and implementing suggested improvements to services.</p> <p>Status: Office of Homeless Solutions developed policies and procedures, prepared a draft survey, and held a forum with homeless residents in January 2018; however, the procedures were not implemented as of September 30, 2018.</p>	Not Implemented
25	<p>Formally adopt and document policies and procedures to mitigate risks of fraud related to segregation of duties and reviews policies and procedures to ensure proper documentation of controls related to risk of fraud.</p>	Implemented