



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

United Council of Human Services (UCHS) Audit

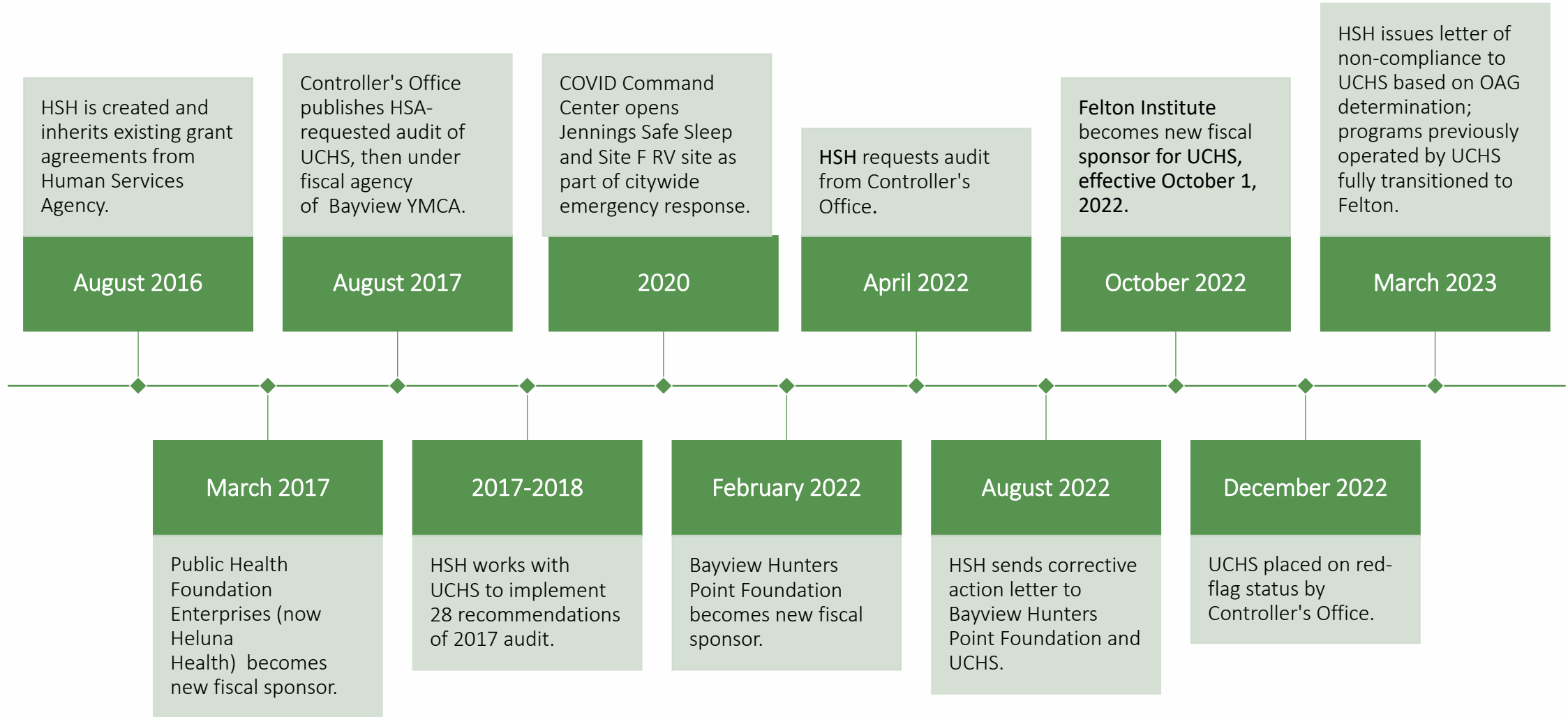
Government Audit & Oversight Committee | May 4, 2023



Overview: United Council of Human Services

- United Council of Human Services (UCHS) has been an HSH-funded provider since the department's inception in **2016**, at which point it inherited several grants from the Human Services Agency.
- UCHS has **operated under a fiscal agent or fiscal sponsor arrangement since 2009**, due to concerns about the nonprofit's capacity to administer public funds in a manner consistent with City expectations.
- HSH has maintained its partnership with **UCHS** because the organization has **deep community ties in the Bayview** and has provided **culturally competent services** for people experiencing homelessness there for more than 30 years.
 - As a trusted, black-led service provider, UCHS was uniquely positioned to engage and serve a highly vulnerable population of San Francisco residents in District 10.

Timeline: UCHS and HSH



Overview: Controller's November 2022 Audit

- HSH requested the Controller's Office conduct an audit in April 2022, in response to concerns raised by UCHS' new fiscal sponsor.
- Audit included **14 recommendations** for HSH to implement to improve oversight of UCHS program administration and compliance with HSH policies and requirements of the grant agreements.
- HSH is required to submit **6-month follow-up reporting** on the status of these recommendations.
 - The first status report was formally submitted on May 2, 2023.

Key Updates Impacting Audit Recommendations

- In December 2022, the Controller's Office placed UCHS on **Red Flag Status**.
- In February 2023, the Controller's Office issued a new policy clarifying that the City **cannot legally do business** with a nonprofit whose charitable registry status has been revoked or suspended by the State Attorney General's Office.
- On March 6, 2023, HSH sent a **letter of noncompliance** to UCHS advising them that due to its suspended registry status, all continuing program services would be fully transitioned to UCHS' fiscal sponsor, The Felton Institute.
- HSH is currently in the process of **removing UCHS as a subcontractor** on all of its direct grant agreements with Felton. As of **March 7, 2023**:
 - All HSH-funding now flows directly to Felton; and
 - Felton is solely responsible for the delivery of program services.
- This change in circumstance made many of the audit recommendations no longer applicable.

Audit Recommendations No Longer Applicable

1. Consider terminating grant agreements with UCHS.
2. Reconsider whether the fiscal sponsorship structure is the best model for UCHS.
3. Require an MOU between UCHS and fiscal sponsor with clear roles, responsibilities and contractual requirements.
4. Develop clearer policies and procedures on the fiscal sponsor's responsibilities.
5. Ensure the fiscal sponsor requires UCHS to provide complete and adequate documentation to support invoicing.

Audit Recommendations Implemented

1. Require UCHS to cease tenant rent collections and remit rent previously collected.
2. Add veteran verification requirements to grant agreements.
3. Require fiscal sponsors to confirm, review and approve credit card charges before payment.
4. Develop clearer guidelines around program enrollment processes.
5. Increase monitoring of Safe Sleep and Site F grant agreements.
6. Consider internal review to assess complaints regarding UCHS services.

Audit Recommendations In Process

1. Develop guidance on whether and how UCHS is to enroll its employees as participants in City-funded programs.
2. Decide whether UCHS should charge fees for services.
3. Amend Continuum of Care Desk Guide to reflect documentation requirements.

Current Status of City /UCHS Relationship

- UCHS is not a party to any HSH grant agreement and **no HSH funds are directed to UCHS.**
- HSH is negotiating a new agreement with Felton Institute to provide **technical assistance and capacity building support** to UCHS, with the goal of preserving a nonprofit with deep roots in the Bayview that has the ability to reach a highly vulnerable population that is in need of HSH-funded services.
- UCHS **Red Flag Status designation remains** despite loss of City funds. Because UCHS is no longer a recipient of City funds, the City will not be monitoring the UCHS progress on resolving Red Flag status. If at a future date UCHS has stabilized its operations and wishes to become a City grantee again, the agency would need to demonstrate resolution of the issues that prompted Red Flag status and compliance with the City's administrative standards through fiscal/compliance monitoring in order for Red Flag status to be removed.



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Questions?

Thank you.