

File No. 230184

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: May 4, 2023

Board of Supervisors Meeting:

Date: _____

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Prepared by: Stephanie Cabrera

Date: April 28, 2023

Prepared by: _____

Date: _____

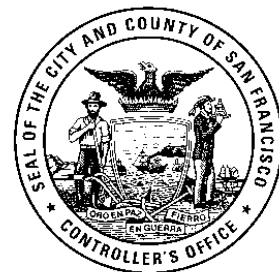
Prepared by: _____

Date: _____

The City Must Determine Whether United Council of Human Services Should Continue Providing Services to San Francisco Residents Despite Continuing Noncompliance With City Agreements

The Department of Homelessness and Supportive Housing

The Department of Homelessness and Supportive Housing of the City and County of San Francisco (City) continues to use a fiscal sponsorship model so it can fund United Council of Human Services (UCHS), a community-based organization, to provide housing and support services to formerly homeless tenants. However, UCHS has not complied with eligibility, expenditure, and recordkeeping requirements of its fiscal sponsorship agreements. UCHS's weak processes hinder its ability to be a stand-alone organization administering federally funded and general fund programs for the City.



November 17, 2022

City & County of San Francisco
Office of the Controller
City Services Auditor

About the Audits Division

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in November 2003. Within CSA, the Audits Division ensures the City's financial integrity and promotes efficient, effective, and accountable government by:

- Conducting performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of service delivery and business processes.
- Investigating reports received through its whistleblower hotline of fraud, waste, and abuse of city resources.
- Providing actionable recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

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Audit Authority

This audit was conducted under the authority of the San Francisco Charter, Section 3.105 and Appendix F, which requires that CSA conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.

Statement of Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 the findings and conclusions based on our audit objectives. The Audits Division is independent per the GAGAS requirements for internal auditors.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

November 17, 2022

Ms. Shireen McSpadden
Executive Director
Department of Homelessness and Supportive Housing
440 Turk Street
San Francisco, CA 94102

Dear Ms. McSpadden:

The Office of the Controller (Controller), City Services Auditor (CSA), Audits Division, presents its report on the audit of select grant agreements between the Department of Homelessness and Supportive Housing (HOM) and Bayview Hunters Point Foundation (BVHPF), as fiscal sponsor of United Council of Human Services (UCHS). The audit, which your department requested, had as its objectives to verify the eligibility of participants and expenditure of grant funds in accordance with applicable laws, regulations, guidelines, and the terms and conditions of grant agreements, as well as assess HOM's management and oversight of the grant agreements.

We found that HOM continues to use a fiscal sponsorship model so it can fund UCHS to provide housing and support services to formerly homeless tenants. However, UCHS has not complied with eligibility, expenditure, and recordkeeping requirements of its fiscal sponsorship agreements. Until and unless UCHS comes into compliance, it and the City cannot reach their shared goal of the City being able to contract directly with UCHS instead of needing to rely on a fiscal sponsor. We also found deficiencies in HOM's program monitoring of UCHS's performance in complying with service and outcome objectives in the grant agreements.

The report includes 14 recommendations for HOM to improve its oversight of UCHS's program administration and compliance with grant agreement requirements. The responses of HOM, BVHPF, and UCHS are attached as appendices. We will work with the department to follow up every six months on the status of the open recommendations made in this report.

We appreciate the assistance and cooperation of all staff involved in this audit. For questions about the report, please contact me at mark.p.delarosa@sfgov.org or 415-554-7574 or CSA at 415-554-7469.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark de la Rosa".

Mark de la Rosa
Director of Audits

cc: Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Mayor
Public Library

Executive Summary

The **Department of Homelessness and Supportive Housing (HOM)**, which requested the audit, administered six grant agreements with Bayview Hunters Point Foundation (BVHPF), as fiscal sponsor of United Council of Human Services (UCHS), totaling \$36.4 million. Under the grants, UCHS is the organization that directly delivers the services to San Francisco residents. These grant agreements include:

- Two housing programs funded by the U.S. Department of Housing and Urban Development (HUD) – Hope House Consolidated and Hope House for Veterans.
- Four City-funded programs – Hope House Support Services, Drop-In Resource Center, Jennings Safe Sleeping Village, and Pier 94 Shelter-in-Place Site F.

Of the \$36.4 million total amount of these six grants, nearly \$28 million is allocated to UCHS as the direct service provider. The audit had as its objectives to:

- Determine whether UCHS through its fiscal sponsor, BVHPF, verified that all participants were eligible.
- Determine whether UCHS through its fiscal sponsor, BVHPF, spent grant funds in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant agreements.
- Assess HOM's management and oversight of the BVHPF grant agreements.

WHAT WE FOUND

HOM continues to use a fiscal sponsorship model so it can fund UCHS to provide housing and support services to formerly homeless tenants. **However, UCHS has not complied with eligibility, expenditure, and recordkeeping requirements of its fiscal sponsorship agreements.** Specifically, we found that UCHS:

- Consistently does not comply with the tenant eligibility and recordkeeping requirements in its fiscal sponsorship agreements.
 - Of 29 sample tenants, 24 (83 percent) were not appropriately prioritized through HOM's Coordinated Entry process or did not have the required eligibility documentation.
 - Of 29 sample tenants, 19 (66 percent) had their incomes calculated incorrectly when they entered one of the Hope House programs.
 - Three UCHS employees were enrolled into the Hope House Consolidated program without going through the Coordinated Entry process and provided incomplete supporting documentation.
- Collected at least \$108,861 in tenant rent from March through August 2022, which is **contrary to HOM's grant agreement requirements**, and has not turned over all rents collected to BVHPF, as required by HOM.
- **Does not consistently provide adequate support for its expenditures** and does not follow BVHPF's hiring process.

Despite the City's efforts to continue using the services of UCHS by funding it through a fiscal sponsor, BVHPF, we found similar results in this (2022) audit as we did in a 2017 audit, which indicates that the fiscal sponsorship model has not achieved the shared goal of the City and UCHS to reach a point at which the City can contract directly with UCHS as a stand-alone organization. This goal cannot be achieved until and unless UCHS complies with its grant agreements.

Further, we found deficiencies in HOM's program monitoring of UCHS's performance in complying with the service and outcome objectives in the grant agreements. Since HOM assumed these responsibilities from the City's Human Services Agency, HOM has not adequately monitored UCHS's performance for three Hope House programs. We found that the Hope House housing programs' occupancy rates are significantly lower than the required average unit utilization rates. Also, the vacancy turnover for the Safe Sleeping Village and Site F took much longer than required. Last, we found that HOM did *not*:

- Know the total number (or have an inventory) of occupied housing units.
- Determine the tenant rent amount at program entry, annually, or on an interim basis.
- Conduct Housing Quality Standards (HQS) inspections of each unit for the Hope House Consolidated program.
- Complete a Housing Assistance Payments (HAP) contract for each tenant move-in.

According to HOM, it conducts these activities, but in many cases UCHS circumvented the eligibility and referral process.

WHAT WE RECOMMEND

The report includes 14 recommendations for HOM to improve its oversight of UCHS's program administration and compliance with grant agreement requirements. Key recommendations include that HOM should:

- Consider terminating grant agreements with UCHS, particularly those funded through federal funds, and possible transfer of these services to another provider.
- For any continuing services, review the current structure and services provided by UCHS to reconsider whether the fiscal sponsorship structure is the best model for UCHS to address its internal control deficiencies. If UCHS's internal control deficiencies cannot be resolved, develop alternative methods for providing the services UCHS now provides.
- Require the memorandum of understanding between the fiscal sponsor and UCHS to include clear roles and responsibilities for each party and explicit requirements regarding eligibility and recordkeeping, consistent with HOM's grant agreements with the fiscal sponsor.
- Develop and communicate guidance on whether and how UCHS is to enroll its employees as tenants of the Hope House Consolidated, Hope House for Veterans, or other programs funded by the City.
- Require UCHS to stop collecting tenant rents immediately unless the department's grant agreements with the fiscal sponsor are amended to allow this. Require UCHS to turn over all rental revenue in its possession to the fiscal sponsor.

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Glossary

BVHPF	Bayview Hunters Point Foundation
CARBON	Contracts Administration, Reporting, and Billing Online, HOM's web-based system
City	City and County of San Francisco
CoC	Continuum of Care, a HUD Program designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability
Controller	Office of the Controller
CSA	City Services Auditor, Audits Division
HAP	Housing Assistance Payments
HOM	Department of Homelessness and Supportive Housing
HQS	Housing Quality Standards, a type of inspection
HUD	U.S. Department of Housing and Urban Development
MOU	Memorandum of Understanding
ONE System	Online Navigation and Entry System
RVs	Recreational Vehicles
SIP	Shelter-In-Place
UCHS	United Council of Human Services

Introduction

BACKGROUND

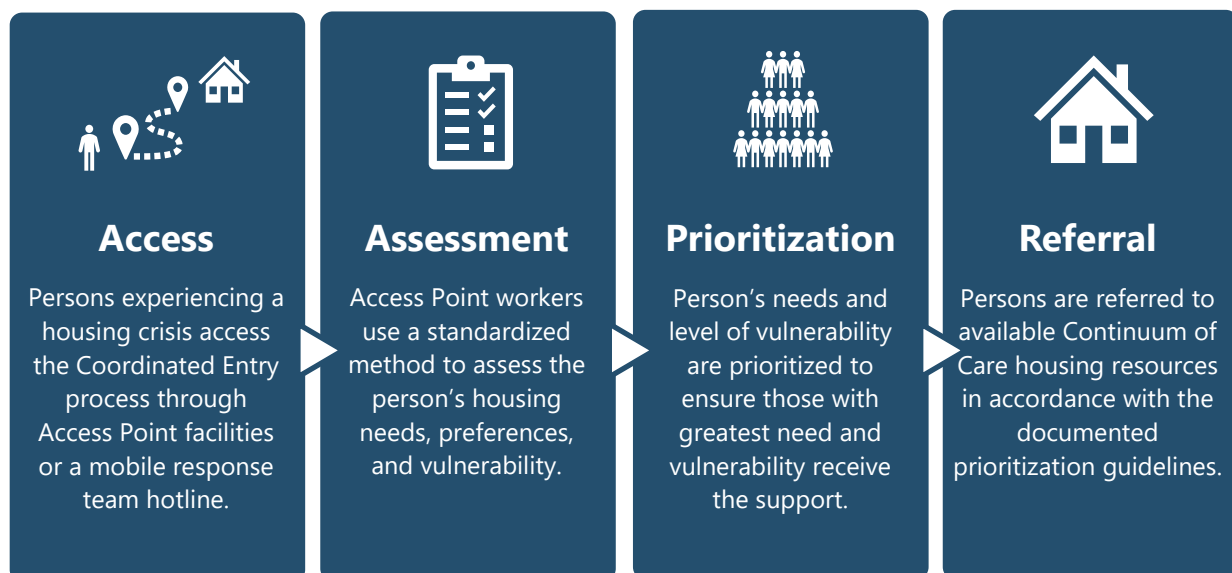
Department of Homelessness and Supportive Housing

The City's Department of Homelessness and Supportive Housing (HOM) launched in July 2016 to combine key homeless-serving programs and contracts with those of the City's Department of Public Health, Human Services Agency, Mayor's Office of Housing and Community Development, and Department of Children, Youth and Their Families. HOM's mission is to make homelessness in San Francisco rare, brief, and one-time by providing coordinated, compassionate, and high-quality services.

The adopted budget for HOM is approximately \$672 million in fiscal year 2022-23 and \$636 million in fiscal year 2023-24. HOM funds outreach, temporary shelter, transitional housing, rapid re-housing, and permanent supportive housing programs designed to serve the homeless residents of San Francisco through a combination of local, state, and federal resources.

The department created a Homelessness Response System that includes Coordinated Entry, which provides a set of physical access points, a standardized method to assess and prioritize people needing assistance, and a streamlined process for rapidly connecting people to a housing solution. The Coordinated Entry process is organized to serve three subpopulations: adults, families with children, and youth. The process has four parts: access, assessment, prioritization, and referral. Exhibit 1 summarizes Coordinated Entry's core elements.

Exhibit 1: Coordinated Entry Process



Source: U.S. Department of Housing and Urban Development

United Council of Human Services

United Council of Human Services (UCHS) is a community-based, nonprofit organization that began in San Francisco as a mobile outreach program more than 30 years ago to provide services to homeless and low-income families. UCHS’s mission is to reduce hunger and poverty through self-help, one life at a time.

UCHS Operates City-Funded Programs Under a Fiscal Sponsor

From February through September 2022, Bayview Hunters Point Foundation (BVHPF) was UCHS’s fiscal sponsor¹ under select grant agreements with the City. According to HOM, under these agreements BVHPF received a portion of the budget for administrative costs, and UCHS received the majority of the budget. Exhibit 2 summarizes the programs funded through HOM’s grant agreements for which BVHPF was UCHS’s fiscal sponsor.

Exhibit 2: HOM-funded programs under grants to BVHPF as UCHS’s fiscal sponsor

Program	Term	Not-to-Exceed Amount	UCHS’s Budgeted Amount	Program Description	Eligibility Criteria or Served Population
Hope House Consolidated ^a	2/1/2022-5/31/2025	\$8,526,774	\$6,794,498	Funding for UCHS-leased permanent supportive housing and property management to the served population	<ul style="list-style-type: none"> ▪ Homeless^b ▪ Individuals with a disability status
Hope House for Veterans ^a	2/1/2022-10/31/2025	\$4,864,611	\$3,576,368	Funding for UCHS-leased permanent supportive housing and property management to the served population	<ul style="list-style-type: none"> ▪ Homeless^b ▪ Individuals with a disability status ▪ Veterans
Hope House Support Services ^c	2/1/2022-6/30/2024	\$2,978,450	\$2,158,297	Provide support services, such as case management, wellness checks, and job training, to formerly homeless adults residing at various permanent supportive housing sites	<ul style="list-style-type: none"> ▪ Individuals residing in Hope House Consolidated and Hope House for Veterans programs
Bayview Drop-In Resource Center ^c	2/1/2022-6/30/2024	\$6,672,732	\$4,835,313	Provide access to meals, storage space, restrooms, showers, and laundry facilities to support personal hygiene and maximize individuals’ abilities to live and work in the community	<ul style="list-style-type: none"> ▪ Individuals and families who are experiencing homelessness in the Bayview Hunters Point neighborhood

¹ This role is also known as a fiscal agent or fiscal intermediary.

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Program	Term	Not-to-Exceed Amount	UCHS's Budgeted Amount	Program Description	Eligibility Criteria or Served Population
Jennings Safe Sleeping Village ^c	2/1/2022-6/30/2024	\$3,375,151	\$2,257,626	Serves as a Safe Sleeping Village in response to the COVID-19 emergency on a time-limited and as-needed basis to reduce the spread of the COVID-19 virus and address the needs of vulnerable populations	<ul style="list-style-type: none"> Individuals experiencing homelessness in San Francisco who are COVID-negative, post-COVID positive, and/or have an unknown COVID status
Pier 94 SIP Site F ^c	2/1/2022-6/30/2023	\$9,988,252	\$8,344,143	Serves as a shelter-in-place (SIP) site in response to the COVID-19 emergency on a time-limited and as-needed basis to reduce the spread of the COVID-19 virus and address the needs of vulnerable populations	<ul style="list-style-type: none"> Individuals experiencing homelessness placed in SIP site(s) to reduce the risk that they will be infected with COVID-19
Total	N/A	\$36,405,970	\$27,966,245	N/A	N/A

Notes:

^a As the direct grant recipient, HOM administers the Continuum of Care (CoC) program funded by the U.S. Department of Housing and Urban Development (HUD). HOM receives and administers the distribution of the funds.

^b Individuals who meet criteria for Category 1, 2, or 4 in HUD's definition of homeless.

^c Program funded by the City.

Source: CoC and Emergency Solutions Grants (ESG) Desk Guide, HOM grant agreements, as of July 2022

2017 Controller's Office Audit

In 2017 the Controller's Office issued an audit report on select grant agreements that HOM had with the Bayview Hunters Point branch of the San Francisco YMCA (Bayview YMCA) as UCHS's fiscal agent. The audit:

- Determined whether costs claimed by UCHS were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant awards.
- Assessed UCHS's internal controls over its payroll and reimbursement processes.
- Evaluated UCHS's internal governance and its Board of Directors to determine whether both provided an appropriate level of fiscal oversight.

The 2017 report includes 28 recommendations for HOM to improve UCHS's organizational structure and compliance with federal guidelines.

OBJECTIVE

HOM requested this audit, the objectives of which were to:

- Determine whether UCHS through its fiscal sponsor, BVHPF:
 - Verified the eligibility of participants adequately.
 - Spent grant funds in accordance with applicable laws, regulations, guidelines, and the terms and conditions of grant agreements.
- Assess HOM's management and oversight of the BVHPF grant agreements.

SCOPE AND METHODOLOGY

The audit focused on participants as of July 2022 in the following programs:

- Hope House Consolidated
- Hope House for Veterans
- Hope House Support Services
- Bayview Drop-In Resource Center (Drop-In Center)
- Jennings Safe Sleeping Village (Safe Sleeping Village)
- Pier 94 SIP Site F (Site F)

To perform the audit, we:

Conducted Background Research, Interviews, and Walkthroughs

- Reviewed HOM's grant agreements with BVHPF as UCHS's fiscal sponsor, BVHPF's memorandums of understanding (MOUs) with UCHS, and written policies and procedures to determine eligibility, recordkeeping, and program-monitoring requirements.
- Interviewed key staff at HOM, BVHPF, and UCHS and conducted walkthroughs about the oversight HOM and BVHPF provide and UCHS's practices in administering the programs.

Conducted Eligibility Testing

- Tested the Online Navigation and Entry (ONE) System² for the entire population of 82 UCHS tenants to determine whether each:
 - Has a profile in the system.
 - Is enrolled in either the Hope House Consolidated or Hope House for Veterans program.
 - Had a Coordinated Entry assessment completed for them.
 - Received a referral through the Coordinated Entry process.
 - Had complete eligibility documentation in the system.
- Tested a purposeful sample of 29 tenants in the Hope House Consolidated and Veterans programs and analyzed records that pertain to verifying eligibility, whether recertifications were completed accurately and in a timely manner, lease agreements were completed properly, and Housing Quality Standards (HQS) inspections were conducted. Records include:
 - ONE System entries for Coordinated Entry assessments, referral start dates, program enrollment dates, and eligibility documents.

² ONE is HOM's system of record and is the City's online Homeless Management Information System (HMIS), which is used to comply with HUD's data collection, management, and reporting standards.

- Identifications, such as ID or Social Security number.
- Eligibility documents – disability, homelessness, and veteran verification.
- Lease agreements between individual tenants and UCHS.
- Income support, such as paystubs, Social Security letters, Supplemental Security Income letters, and rent calculation sheets at program entry and recertifications.
- Tenderloin Housing Clinic documentation of tenant rent and enrollment in its modified payment program.
- Determined whether UCHS's processes to calculate tenants' annual income and rent amount comply with federal regulations, as stated in the grant agreements.
- Compared the list of UCHS employees to the list of tenants and their start dates to:
 - Identify the UCHS employees, if any, who are also tenants of Hope House Consolidated, Hope House for Veterans, Safe Sleeping Village, or the Site F program.
 - Determine whether the UCHS employees who are tenants gained their tenancy while employed by UCHS or whether the tenants became employees after program enrollment.

Assessed Rental Collection Procedures and Conducted Expenditure Testing

- Reviewed UCHS's rental collection documents for Hope House Consolidated and Hope House for Veterans to determine amount collected and submitted to BVHPF.
- Tested a purposeful sample of 21 expenditures from February through June 2022 based on amount, expenditure type, vendor, and/or location, to verify that expenses had adequate support.
- Compared the addresses and payments made by BVHPF to landlords for Hope House Consolidated and Hope House for Veterans to the list of tenants to identify the available units.
- Reviewed and compared May and June 2022 actual and budgeted employee salaries for the Drop-In Center to determine whether there is overbilling.

Assessed Program Monitoring and Conducted Vacancy Testing

- Reviewed CARBON³ and HOM's monthly and annual program reports to determine whether the department adequately monitored its programs.
- Analyzed client rosters for the Safe Sleeping Village and Site F to identify whether the programs met the service objectives of turning over all vacated spaces within:
 - 72 hours for Safe Sleeping Village.
 - 2 days for Site F.

³ Contracts Administration, Reporting, and Billing Online (CARBON) is the web-based system HOM uses for these functions.

Chapter 1

UCHS Often Does Not Comply With the Tenant Eligibility and Recordkeeping Requirements in Its Fiscal Sponsorship Agreements

SUMMARY

UCHS does not adhere to eligibility requirements of its federally funded programs, resulting in tenants who were not appropriately prioritized through HOM's Coordinated Entry System and could be ineligible. Also, in March 2022 UCHS began collecting tenant rent directly, without approval from HOM, and has not turned over all funds collected, contrary to what is required. Last, UCHS has internal control weaknesses in its fiscal processes that it must rectify.

Finding 1.1 – UCHS consistently does not adhere to the eligibility requirements of its federally funded programs, resulting in many tenants who were not appropriately prioritized through HOM's Coordinated Entry System and, thus, who may be ineligible.

UCHS did not follow the enrollment procedures for the Coordinated Entry process for the Hope House Consolidated and Hope House for Veterans programs. Also, UCHS enrolled three of its employees into programs without using the Coordinated Entry process and did not have leases for them.

Finding 1.1.1 – UCHS does not adequately verify eligibility or retain required documentation for some tenants.

UCHS has weak processes to verify tenants' eligibility and retain relevant documentation to comply with city grant agreements and federal requirements. Not complying with proper documentation and recordkeeping requirements can lead to undercounted tenants and insufficient tenant data to inform HOM. Further, it creates a risk that HUD funding is improperly spent on unknown or ineligible tenants.

Based on our review of completeness of tenant files in the ONE System for the 82 tenants enrolled in the Hope House Consolidated or Hope House for Veterans programs, 70 (85 percent) were missing eligibility documents, including verification of homelessness or disability. We also reviewed paper-based tenant files and tenant information documented in the ONE System for a sample of 29 (35 percent) of the 82 tenants in the Hope House Consolidated and Hope House for Veterans programs.⁴

⁴ Seventy tenants are in the Hope House Consolidated program and 12 are in the Hope House for Veterans program.

Of the 29 sample tenants, 24 (83 percent) were not appropriately prioritized through HOM’s Coordinated Entry System or did not have the required eligibility documentation in the ONE System and, thus, may be ineligible.

UCHS must exclusively accept referrals through HOM’s Coordinated Entry process and ensure that referred tenants are properly enrolled in the program, which must be documented in the ONE System. The grant agreements also require UCHS to document that individuals meet eligibility requirements, such as homelessness and disability verification, in the ONE System. Further, all participants for whom HUD CoC funding is received, which include tenants at both Hope House programs, must have files in the system of record that adhere to the requirements stipulated by HOM. According to UCHS, it enters and updates tenant information in the ONE System. However, as we found, UCHS did not do so consistently.

Exhibit 3 lists, for the 29 sample tenants, the specific exceptions we identified related to eligibility and recordkeeping.

Exhibit 3: Summary of eligibility and recordkeeping exceptions identified

Requirement	Exception Found	Requirement	Risk
ONE System Profile	2 (7 percent) of 29 sample tenants do not have a ONE System profile.	Grant agreements require ONE System profiles for all tenants.	Without a ONE System profile for each tenant, HOM cannot guarantee that all tenants are accurately enrolled.
Coordinated Entry Assessment	8 (28 percent) of 29 sample tenant files show no such assessment.	HOM and HUD require tenants to undergo a Coordinated Entry assessment at an access point.	Not following the proper Coordinated Entry process creates unfairness and risks that other individuals in greater need of housing assistance are not prioritized.
Coordinated Entry Referral	24 (83 percent) of 29 sample tenant files show no such referral.	Grant agreements require that all new tenants must be referred through HOM’s Coordinated Entry System.	Not following the proper Coordinated Entry process creates unfairness and risks that other individuals in greater need of housing assistance are not prioritized.
Homelessness Verification	4 (14 percent) of 29 sample tenant files show no such verification.	Grant agreements require UCHS to maintain files with eligibility information, including but not limited to, homelessness verification documents.	Tenants for whom verification of homelessness is not documented in the ONE System or elsewhere may be ineligible.

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Requirement	Exception Found	Requirement	Risk
Disability Verification	9 (31 percent) of 29 sample tenant files show no such verification.	Grant agreements require grantee to maintain files with eligibility information, including but not limited to, disability verification documents.	Tenants for whom verification of disability status is not documented in the ONE System or elsewhere may be ineligible.
Sublease Agreement	18 (62 percent) of 29 sample tenant files had deficient subleases, including no tenant signature, incomplete lease term information, and/or incomplete rent amount information.	HUD requires recipients and subrecipients to have signed occupancy agreements or leases (or subleases) with program participants residing in housing. Also, the grant agreements require each tenant to have an executed lease that includes house rules. HOM's desk guide also requires each program participant receiving rental assistance to have a legally binding, written lease for the rental unit.	Unsigned agreements are not legally binding and may pose risks if discrepancies arise in the future. Further, tenants must understand the rules and responsibilities stated in their agreements to protect both parties' rights.
Annual Recertification	11 (38 percent) of 29 sample tenant files show recertification is overdue.	To ensure tenants' program eligibility, grant agreements require HOM to verify income upon receiving the referral and to recertify eligibility at least annually (or sooner if there has been a change in income). Similarly, HUD and HOM require that CoC recipients must reevaluate, at least annually, that each enrolled program participant lacks the resources and support networks needed to retain housing without CoC assistance.	Lack of timely recertifications risks that necessary adjustments will not be made when tenants encounter financial difficulties that impede their ability to pay their portion of the rent.

Source: CSA analysis of paper-based tenant files and ONE System files.

Supporting Documentation for Income Is Incomplete and Inadequate

Of 18 tenants for whom paystubs are documented to support income calculations,⁵ 17 (94 percent) did not provide at least two consecutive months of their most current paystubs, which is required by HOM. According to UCHS, case managers attempt to gather documentation of income but have difficulty obtaining complete documentation for many tenants. According to HOM, UCHS should document and include in the files its attempts to obtain this supporting documentation. Incomplete income verification can cause inaccurate estimates of annual income, which can result in incorrect calculations of the portion of rent for which the tenant is responsible. If income calculations are too high, this can place an undue financial burden on tenants. If income calculations are too low, this can allow tenants to contribute less than their fair share of the rent.

Of 29 sample tenants, 19 (66 percent) had their incomes calculated incorrectly by UCHS when they entered one of the Hope House programs. In the majority of cases we tested, UCHS calculated tenant incomes incorrectly or did not do so at all. Specifically, our sample test found that UCHS often:

- Used the wrong total income (from proof of income supporting documentation) for tenants.
- Used the wrong pay frequency (such as weekly, biweekly, or monthly) to calculate tenants' annual income.
- Did not document income calculations for Hope House for Veterans tenants who provided income support.

Because of UCHS's mistakes, there is a risk that tenants pay significantly less or more in rent than they should. Besides not complying with federal and city requirements, this is unfair to other tenants whose income and rent portions were calculated correctly.

According to UCHS, it did not receive guidance from HOM in this area and relied on an outdated operations manual that calls for using net income to calculate tenant incomes. However, we found that the operations manual correctly instructs staff to use income before tax deductions, which is gross income. Also, both the lease agreements (which are between tenants and UCHS) and grant agreements require that annual income be based on gross income, which is defined as the full amount before any payroll deductions are incorporated under federal regulations.⁶

Ultimately, HOM is responsible for rent calculations (as discussed in Finding 2.2.1), but because UCHS did not involve HOM in this process, UCHS incurred the de facto responsibility and did not fulfill it due to its largely incorrect calculations. Exhibit 4 shows an example of one of UCHS's rent calculation errors.

⁵ Of the 29 sample tenants, 11 provided other income documentation, such as Social Security benefit letters.

⁶ Code of Federal Regulations (24 CFR § 5.609).

Exhibit 4: Example of errors UCHS made in determining tenant’s portion of rent

Paystub Information:

Paystub 1
Pay Period: 12/18/21-12/24/21
Year-to-Date Gross Earnings: \$87,244.01
Total Gross Earnings: \$2,326.96
Total Net Earnings: \$1,799.54

Paystub 2
Pay Period: 1/22/22-1/28/22
Year-to-Date Gross Earnings: \$12,346.44
Total Gross Earnings: \$1,621.32
Total Net Earnings: \$1,071.82

UCHS’s Income Calculation:

GROSS
\$ 2,326.96
+ \$ 1,621.32

\$ 3,948.28 % 2 =
\$ 1,974.14 x 26 =
\$ 51,327.64

Net
\$ 1,799.54
+ \$ 1,071.82

\$ 2,871.36 % 2 =
\$ 1,435.68 x 26 =
\$ 37,327.68

UCHS’s Errors in Calculating Rent:

- Calculated income based on only two *non-consecutive* weekly paystubs submitted instead of required two consecutive months of income documentation.
- Calculated income with *wrong pay frequency*: 26 instead of 52 pay periods. Tenant’s paystubs are weekly, not biweekly.
- Used *net income* (\$37,327.68) instead of gross income (\$51,327.64) to calculate tenant’s annual income, resulting in monthly rent of \$948, after deductions.

Source: CSA analysis of sample paystubs

We also found eight instances in which UCHS appears to have deliberately calculated a lower annual income to reduce the tenant’s rent portion. In these instances, UCHS calculated three potential tenant rent amounts based on gross income, net income, and UCHS’s own method of calculation. UCHS ultimately selected the lowest income calculation, which resulted in a drastically reduced tenant rent portion. This is especially concerning because one tenant in these instances is also a UCHS employee who gained tenancy via the Hope House Consolidated program during their employment. The example is shown in Exhibit 5.

Exhibit 5: Example of UCHS's potentially deliberate reduction in tenant income to result in the lowest possible tenant rent

Paystub Information:

Paystub 1
 Pay Period: 3/1/22-3/15/22
 Year-to-Date Gross Earnings: \$5,360
 Total Gross Earnings: \$1,760
 Total Net Earnings: \$1,421.68

Paystub 2
 Pay Period: 4/16/22-4/30/22
 Year-to-Date Gross Earnings: \$10,800
 Total Gross Earnings: \$1,680
 Total Net Earnings: \$1,363.56

UCHS's Income Calculation:

<p><u>GROSS</u></p> <p>\$1,760.00 + 1,680.00 <hr/> \$3,440 %2= \$1,720 avg. pay x 26 <hr/> \$44,720</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> <p>\$1,133.00 rent</p> </div>	<p><u>Net</u></p> <p>\$1,421.68 + 1,363.56 <hr/> \$2,785.24 %2= \$1,392.62 avg. pay x 12 <hr/> \$16,711.44</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> <p>\$432.79 rent</p> </div>	<p><u>Net</u></p> <p>\$1,363.56 + 1,363.56 <hr/> \$2,727.12 %2= \$1,363.56 avg. pay x 26 <hr/> \$36,208.12</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> <p>\$920.20 rent</p> </div>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

UCHS's Method of Rent Calculation:

- Calculated annual income based on two *non-consecutive biweekly paystubs* submitted instead of the required income documentation for two consecutive months.*
- Calculated average biweekly pay using *gross income, net income, and average net income*.
- Calculated average net income with the *wrong pay frequency*—12 instead of 26 pay periods—to determine rent. The tenant's paystubs are biweekly.
- When comparing all tenant rent amount options (\$1,133.00, \$920.20, and \$432.79), chose the lowest, (\$432.79).

* Note: The year-to-date gross earnings shows \$3,760 was earned during the gap between the two documented pay periods. The tenant should have been required to provide documentation of these earnings.
 Source: CSA analysis of sample paystubs

According to UCHS, it deliberately enrolls tenants without going through HOM's Coordinated Entry System because of HOM's lack of transparency on how individuals get prioritized and referred to the Hope House Consolidated and Hope House for Veterans programs. Further, according to HOM, it removed UCHS's privileges as an adult Coordinated Entry access point⁷ only in June 2022.

⁷ The location where individuals must go to get assessed, prioritized, and referred to housing and other services.

UCHS Inaccurately Reported Tenant and Unit Information to HOM

In addition to the total of 82 tenants that UCHS identified as the population of tenants in the programs, we found 1 ineligible tenant. This tenant is also a UCHS employee and was not documented in the ONE System or on UCHS tenant's roster but was listed on the UCHS rent tracking document. When we asked UCHS for this tenant's file, UCHS could not provide it, explaining that the tenant did not complete the paperwork necessary for enrollment. Upon further review, we found that the tenant paid rent as early as June 2021 and up to March 2022 to a Hope House for Veterans unit. We could not verify whether the tenant still resides in the unit.

Further, UCHS used a unit, the monthly rent for which is \$4,600, as an office space, which is not permitted by the grant agreements. Like all other units covered by the grant agreement, this unit should be occupied by an eligible tenant. We could not determine how long UCHS had used the unit as office space but found BVHPF had paid rent for it since February 2022.

Finding 1.1.2 – UCHS enrolled three of its employees into programs without using the Coordinated Entry process, did not have leases for them, and set an incorrect rent amount for one of them.

As discussed in Finding 1.1.1, UCHS did not adhere to proper referral and enrollment procedures for the Coordinated Entry process for the Hope House Consolidated and Hope House for Veterans programs. We found that, of the 29 sample tenants, 3 (10 percent) were active UCHS employees who gained tenancy while employed by UCHS.

HOM's grant agreements do not explicitly prohibit employing program participants (or enrolling employees in programs), and the files of 2 of the 3 UCHS employees had the required homelessness and disability verifications to determine eligibility. However, based on their records in the ONE System, none of the three employees was properly referred through the Coordinated Entry process. Because these referrals did not occur for these tenants, it is unclear if or how they were prioritized over other potential program participants. Further, UCHS did not have current lease agreements for these employees until after we requested them for the audit.

We also found that one of the three employees did not provide paystubs for proof of income support in May 2022, causing this tenant's rent amount of \$282.15 to be erroneously based solely on income from Social Security benefits. Upon reviewing the employee's paystub information provided by BVHPF, we identified at least an additional \$10,000 of income earned (in the two consecutive months before the program start date) that should have been considered in the income calculation to determine the tenant's rent portion.

We could not determine whether more UCHS employees were enrolled without properly completing the Coordinated Entry assessment and referral process but did identify at least 16 other active employees who are on the tenant roster for the Hope House Consolidated program (not including Safe Sleeping Village and Site F) as of August 2022. This further increases the risk that UCHS has enrolled or will enroll tenants who were not referred through HOM's Coordinated Entry System. Enrolling employees also raises the possibility that UCHS could be prioritizing its employees over other potential program participants who may be in greater need of housing assistance.

RECOMMENDATIONS

The Department of Homelessness and Supportive Housing should:

1. Require the memorandum of understanding between the fiscal sponsor and UCHS to include clear roles and responsibilities, and explicit contract requirements related to eligibility and recordkeeping consistent with the department's grant agreements with the fiscal sponsor. All agreements should include requiring that UCHS:
 - a. Solely accept referrals for Hope House Consolidated and Hope House for Veterans programs from the Coordinated Entry System.
 - b. Enroll tenants in the ONE System.
 - c. Enter all required tenant information, such as annual assessment, referrals, and program move in and exit dates, and upload all required documents in the ONE System.
 - d. Obtain sufficient income documentation from tenants before enrolling any participant and retain the documents.
 - e. Retain completely executed and current lease agreements in tenant files.
 - f. Involve the department in the enrollment process as required so that the department can complete the rent calculations.
2. Ensure the requirement to document veteran verification for any program that requires tenants to be veterans is included in its grant agreements with the fiscal sponsor and in the fiscal sponsor's memorandum of understanding with UCHS.
3. Amend the Continuum of Care and Emergency Solutions Desk Guide to reflect accurate requirements regarding documentation for identification and ensure that this is communicated to the fiscal sponsor and UCHS.
4. Develop and communicate guidance on whether and how UCHS is to enroll its employees as tenants of the Hope House Consolidated, Hope House for Veterans, or other programs funded by the City.

Finding 1.2 – From March through August 2022, UCHS collected at least \$108,861 in tenant rent, contrary to HOM's grant agreements, which task BVHPF with collecting rent. Although HOM directed UCHS to turn over all the rent it collected, UCHS has yet to remit at least \$30,661 to BVHPF.

In six months of 2022, UCHS, which is not responsible for collecting rent from tenants, collected \$108,861 in rent, not all of which has been remitted to BVHPF or landlords. Contrary to HOM's grant agreements with BVHPF for the Hope House Consolidated and Hope House for Veterans programs, which state that BVHPF is responsible for collecting tenant rent⁸ and making payments directly to landlords, UCHS issued a March 2022 letter instructing tenants to pay their rent directly to UCHS.

⁸ The fiscal sponsor collects rent through a third-party, Tenderloin Housing Clinic, which provides rental payment and money management services to help clients prioritize paying rent on time to maintain their housing.

According to UCHS, it began collecting rents the same month. However, this practice appears to have begun earlier, as UCHS's rental ledger shows that it collected at least \$3,813 in rent from three tenants before March 2022.

Based on its rental tracking documents, UCHS directly collected at least \$108,861 from 68 tenants,⁹ which consisted of:

- \$97,128 from 59 tenants of the Hope House Consolidated program from March 1 through August 4, 2022.
- \$11,733 from 9 tenants of the Hope House for Veterans program from May 1 through July 1, 2022.

According to BVHPF, before starting as UCHS's fiscal sponsor, BVHPF was made aware that UCHS was collecting rent. Thus, UCHS may have collected more rent than we found and may have done so without reporting it to BVHPF. According to BVHPF, UCHS has continued to exclude it from the rent collection process entirely. Consequently, BVHPF does not know how much rent UCHS has collected.

After being directed by HOM to remit to BVHPF all rent it had collected, UCHS turned over a total of \$78,200 to BVHPF in June and July 2022. However, as of September 20, 2022, UCHS had yet to return at least \$30,661, the remainder of the \$108,861 in rents we found it had collected. According to BVHPF, UCHS did not provide a per-tenant breakdown of the rent it collected, so BVHPF cannot determine the amounts paid by individual tenants.

UCHS provided us with a bank statement showing deposits totaling \$23,768 from August 4 through 31, 2022, and an ending account balance of \$26,943. Assuming that all these deposits were collected rents, this bank statement would verify how much rental revenue UCHS should remit to BVHPF for August 2022. More importantly, as stated above, UCHS also collected rents in prior months and, based on its rental tracking documents, owes \$30,661 in rental income to BVHPF. However, UCHS's account balance as of August 31st of \$26,943 was \$3,718 less than the amount UCHS owes BVHPF, and this difference is unaccounted for. Also, this difference would be greater than \$3,718 if UCHS collected more rent than is reflected in its rental tracking documents.

Without access to UCHS bank statements before August 2022, we cannot compare the total amounts deposited in the account to UCHS's rental tracking documents. Further, the August 2022 bank statement's starting balance of \$5,175 indicates that the account may not contain (and may never have contained) all tenant rent UCHS collected.

At one point both HOM and BVHPF expressed their concerns that UCHS may have been using the rents it collected without conferring with them. This situation increases the risk that UCHS could have spent program income (collected rent) on non-CoC eligible costs. However, UCHS states that it has not used rental income in this way and has returned the total amount it collected. According to UCHS, it deposited the rents it collected in a bank account dedicated to this use (the account whose August statement it provided to us), and it has not commingled the rents with other income.

⁹ Amount excludes tenants who did not make a payment that month or paid Tenderloin Housing Clinic directly.

However, until UCHS returns the remaining tenant rent it owes BVHPF and stops collecting rent from tenants, the following risks remain:

- The rent is not deposited in an approved bank account to which the fiscal sponsor has access.
- The rent is not accurately accounted for or reported and cannot be reconciled to each tenant or compared to the remaining rent collected through the Tenderloin Housing Clinic.

Further, UCHS's rent tracking document needs improvement. For example, the rent tracking document includes tenant names for individuals not currently in the program based on our tenant file review. We also identified one tenant who was recorded as paying rent but had no tenant file, as discussed in Finding 1.1.1.

Due to the different and disorganized processes used to collect and document rents, we could not determine the complete tenant population or the amount of rent that has been collected by UCHS or the Tenderloin Housing Clinic.

RECOMMENDATION

5. The Department of Homelessness and Supportive Housing should require UCHS to a) cease rent collections immediately unless the department's grant agreements with the fiscal sponsor are amended to allow this and b) turn over all remaining tenant rent collected, at least \$30,661, to the fiscal sponsor.

Finding 1.3 – UCHS needs to improve internal control weaknesses related to its fiscal processes.

UCHS did not provide adequate support when submitting expenditures to BVHPF, creating a backlog of unpaid and unreconciled expenditures. Also, UCHS did not follow BVHPF's hiring process which led to an overbudget of staffing for one of its programs.

Finding 1.3.1 – UCHS does not consistently provide adequate support for its expenditures, creating a backlog of unpaid and unreconciled expenditures.

Consistent with a finding in our 2017 audit of UCHS, some of the documentation to support UCHS expenditures is inadequate. According to BVHPF, it pays for expenditures that UCHS incurs in three ways:

- By making a payment to UCHS's American Express credit card account. BVHPF reviews the supporting documentation provided by UCHS *after* it has paid American Express.
- By paying UCHS based on reimbursement requests it submits to BVHPF for expenses UCHS paid in advance. BVHPF reviews the supporting documentation provided by UCHS before approving reimbursement.
- By directly paying vendors for goods or services they provide to UCHS. These payments are based on the vendors' bills UCHS receives and provides to BVHPF.

American Express Expenditures

According to BVHPF, UCHS often does not provide adequate support for the expenditures it makes with its American Express card and does not categorize these expenditures by program. Consequently, BVHPF's reconciliations are delayed because each transaction must be reconciled to ensure it is an allowable, budgeted expenditure. This is important because UCHS spends a significant amount of money with its American Express card. For example, from February through June 2022, BVHPF paid \$177,307 in expenses that UCHS incurred using its American Express card.

The grant agreements require UCHS to provide invoices to support its reimbursable expenses so they can be charged to the correct programs and budget line items. However, according to BVHPF, because of the incomplete and inadequate supporting documentation it gets from UCHS, and despite additional guidance it has provided to UCHS, BVHPF has experienced delays in reviewing and reconciling UCHS's American Express expenditures. This, in turn, slows BVHPF's approval of payments and submittal of invoices to HOM, ultimately delaying HOM's approval to pay the invoices.

As noted above, according to BVHPF, it pays the total monthly balance of UCHS's American Express account before reviewing the supporting documentation for the expenditures on the monthly statement, which is not a best practice. Reviewing support for expenditures after making payment risks that BVHPF and the City could be paying for expenditures that are not allowed by the grant agreements or that are not supported.

In cases where the amounts reflected on the supporting documentation UCHS submits do not add up to the amount already paid by the City, the grant agreements require UCHS to repay the outstanding balance to the City. Based on a sample of 21 of UCHS's American Express card expenditures we reviewed, four (19 percent) were not supported due to insufficient or missing documentation, as of September 1, 2022. These four expenditures totaled \$8,464, or 30 percent of the sample's total of \$27,946.

Further, according to UCHS, some expenditures it submitted for reimbursement were not for purchases it made, so it could not provide the requested supporting documentation. For example, UCHS could not confirm a charge from Amazon and noted this was because it does not have an Amazon account. Similarly, one American Express statement shows that UCHS charged \$3,212 for a purchase from Restaurant Depot, a vendor from which UCHS frequently buys food and related supplies. However, according to UCHS, it did not make this purchase as there is no record of it in UCHS's vendor account.

Reimbursement Request Expenditures

UCHS does not always properly submit expenditures as part of its reimbursement requests to BVHPF, making the reimbursement process difficult for BVHPF. We found that UCHS submitted duplicate invoices, expenses outside the scope of BVHPF's fiscal sponsorship role, and invoices for purchases made with UCHS's American Express card, the bill for which BVHPF pays directly, as explained above. Exhibit 6 summarizes examples of the expenditure problems we found.

Exhibit 6: Examples of expenditure problems found in reimbursement requests UCHS submitted to BVHPF

Problem	Payee	Amount
Expenditures UCHS incurred before BVHPF started as fiscal sponsor	BonAir	\$285
	Recology	6,087
	AT&T	1,240
Invoices UCHS submitted for reimbursement more than once	Restaurant Depot	2,449
	California Shellfish Co.	693
Invoices UCHS paid with American Express card <i>and</i> submitted for reimbursement to be directly paid to UCHS	Restaurant Depot	8,949

Source: BVHPF

According to UCHS, due to BVHPF not paying some of UCHS’s utility bills, it has risked having—and in some cases has actually had—its electricity and garbage service suspended. However, according to BVHPF, 1) the unpaid utility charges it received from UCHS were for the period before BVHPF became UCHS’s fiscal sponsor and 2) because these expenditures are not covered by the current budget, which is in the current grant agreements, BVHPF is not obligated to pay them.

We verified BVHPF’s explanation by reviewing a garbage bill sent to UCHS showing that it incurred \$6,087 (69 percent) of the bill’s \$8,771 balance due during the prior fiscal sponsor’s term. (BVHPF began its fiscal sponsorship on February 1, 2022.) The grant agreements have no explicit guidance on if or how the fiscal sponsor should pay expenses incurred by UCHS during the term of a prior fiscal sponsor.

Finding 1.3.2 – UCHS did not follow BVHPF’s hiring process, which resulted in overstaffing at one of its programs. Not all UCHS employees were approved by BVHPF before hiring.

UCHS overbilled BVHPF for staffing expenditures at the Drop-In Center by \$227,663 for May and June 2022. It appears this occurred because the number of staff working at the Drop-In Center exceeded the budgeted number of employees and expenditures for salaries. For example, in May 2022 UCHS billed for eight maintenance employees at the center, but the grant agreement’s budget includes the cost of only one maintenance employee. Further, the maintenance employee salary on the bill is higher than the budgeted amount. Due to this overbilling, BVHPF allocated some of the Drop-in Center’s staffing expenses to other city-funded programs, such as the Safe Sleeping Village and Site F, that had money available in their staffing budgets.

According to BVHPF, UCHS has hired staff without first obtaining approval from BVHPF, which, according to the fiscal sponsorship agreements, is responsible for all payroll and human resources operations. BVHPF stated that it was made aware of the existence of at least four UCHS employees when UCHS’s executive director asked BVHPF for backpay for these employees. (BVHPF did not approve this request because the employees were not on its payroll.) According to HOM, it noted that UCHS directly hired ten employees who did not go through BVHPF’s hiring processes and who

may have worked on city-funded or federal programs. However, HOM did not receive a confirmation from UCHS on who these employees are or the programs on which they worked.

We cannot identify all employees hired by UCHS who also work on the programs funded through HOM's grant agreements with BVHPF. We requested a complete staff roster from UCHS but received a roster for only one program, Hope House Consolidated. Based on our review of this roster, at least one employee was not approved by BVHPF. Further, two employees that are budgeted and billed under the Drop-In Center were assigned to work for the Hope House Consolidated program.

According to the grant agreements for Hope House Consolidated and Hope House for Veterans, HOM requires the fiscal sponsor and UCHS to have timekeeping records to reflect all personnel activity undertaken for HUD CoC-funded projects. The records must show the amount of time spent and the costs associated with those activities. Unless BVHPF is made aware of all UCHS employees working on the Hope House programs, it creates the risk of inaccurate reporting to HOM, and ultimately, to HUD.

RECOMMENDATIONS

The Department of Homelessness and Supportive Housing should:

6. Develop clearer policies and procedures on the fiscal sponsor's responsibilities, including procedures on reconciling expenditures incurred by UCHS during a prior fiscal sponsor's term and on programmatic oversight.
7. Require fiscal sponsor to obtain UCHS' confirmation of credit card charges on its American Express credit card account before payment. Credit card charges needs to be reviewed and approved by the user before payment is made by the fiscal sponsor to ensure all charges are authorized.
8. Ensure the fiscal sponsor requires UCHS to provide complete and adequate supporting documentation as agreed to in its memorandums of understanding. This shall include all leases for current program participants and documentation that correctly categorizes transactions to each program.

Chapter 2

HOM Must Consider Restructuring the Fiscal Sponsorship Model With UCHS and Improve Its Program Monitoring

SUMMARY

HOM continues to use a fiscal sponsorship model to allow UCHS to provide services funded by the City. However, UCHS continues not to comply with its fiscal sponsorship agreements, further distancing itself from the goal it and the City share: to be a stand-alone organization that the City can contract with directly, as it did before 2009. Also, HOM should improve how it oversees and monitors both its federally funded and general fund programs.

Finding 2.1 – Despite the City’s efforts, UCHS continues not to comply with its fiscal sponsorship agreements.

As reported in our 2017 audit report, in 2009 the Human Services Agency, which was the city department that funded UCHS before HOM did, stopped contracting directly with UCHS and instead created a fiscal agent relationship between UCHS and its first fiscal agent, Bayview YMCA, due to UCHS’s deficiencies in financial recordkeeping. It has since been the City’s goal for UCHS to be able to demonstrate that it has adopted and complied with the recommendations of our 2017 audit so that UCHS can stabilize its financial management, become a stand-alone organization (with no need for a fiscal sponsor), and once again receive grants directly from the City. However, UCHS continues to demonstrate that it cannot meet the City’s requirements of financial stability or compliance with program operations and documentation requirements.

Prior Audit Recommendations

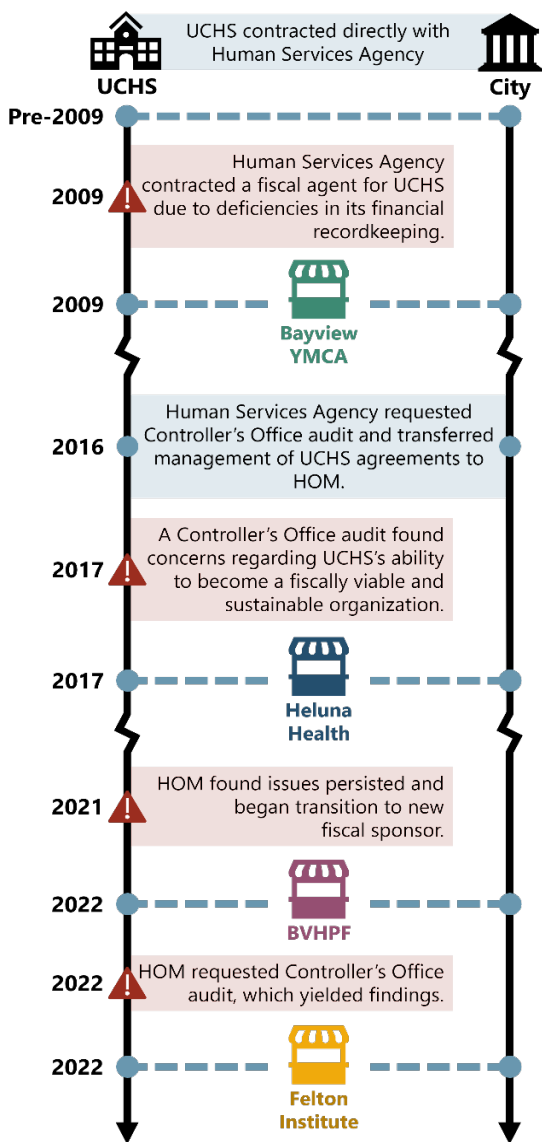
In 2017 we made 28 recommendations focused on UCHS’s need to establish policies and procedures regarding board governance, implement adequate oversight of financial operations, and improve payroll and disbursement processes.

UCHS has had three fiscal sponsors since 2009, with the new fiscal sponsor, Felton Institute, being the fourth effective October 2022.

According to HOM, it continues to have the same concerns about UCHS that were identified in our 2017 audit, which are based on UCHS’s noncompliance and inadequate controls over its payroll and disbursement processes. Consistent with HOM’s concerns, according to BVHPF, it has not been given full access to UCHS’s key records, such as bank statements, or program files related to its federally funded programs. Thus, BVHPF cannot provide the fiscal oversight these programs require, a situation similar to a finding in the 2017 audit.

Not having access to essential records of UCHS has, along with other factors, stifled BVHPF’s ability to accomplish its fiscal sponsorship duties. Consequently, UCHS continues not to comply with various city and federal requirements and guidelines, a situation that has existed for five years or more. Exhibit 7 summarizes the history of UCHS providing services funded by the City.

Exhibit 7: Timeline of UCHS’s contracts and subcontracts with the City



Source: CSA

In November 2021 HOM issued a memorandum to UCHS detailing HOM’s review of UCHS’s status in addressing our 2017 audit recommendations. The memorandum states that HOM could not fully assess UCHS’s progress due to missing or insufficient documentation UCHS provided. HOM concluded that UCHS must continue to demonstrate progress toward operating successfully under a fiscal sponsorship. To do this, HOM wrote, UCHS must ensure proper oversight and quality control over human resources and contract compliance.

Fiscal sponsors must provide administrative services and oversight to, and assume limited legal and financial responsibility for, the activities of groups or individuals engaged in work performed by the subcontractor (UCHS in this case).¹⁰ Further, a fiscal sponsor must manage all funds, assets, and other resources under its direct control with a high degree of responsibility, integrity, transparency, and accountability.¹¹

For the reasons discussed above, BVHPF has been unable to meet these best practices or to meet its responsibilities in managing and overseeing the programs funded through the City’s grant agreements. According to BVHPF, due to UCHS’s ongoing issues and lack of partnership and cooperation with BVHPF since the start of its fiscal sponsorship in February 2022, it asked HOM to allow it to end its fiscal sponsorship. BVHPF reports that it has been working with HOM and UCHS to move its role to a new fiscal sponsor, Felton Institute, effective October 2022. Felton Institute will be UCHS’s fourth fiscal sponsor in 13 years.

¹⁰ Included as best practices for a fiscal sponsor per the National Network of Fiscal Sponsors, *Guidelines for Comprehensive Fiscal Sponsorship*. According to its website, the network promotes the understanding and professional practice of fiscal sponsorship.

¹¹ Ibid.

According to HOM, it has other grant agreements with fiscal sponsors to support other community-based organizations, but none of them require as much administrative and fiscal support as UCHS does.

In June 2022 HOM issued a transition memorandum to UCHS detailing key actions required for UCHS to continue to provide services through the City's grant agreements as a subcontractor. With the support of the Controller's Office and leaders in the Human Services Agency and Mayor's Office, HOM has held regular meetings to support and facilitate the fiscal sponsorship transfer to Felton Institute.

Per HOM, to eventually operate as an organization without a fiscal sponsor, UCHS must:

- Have an administration and finance team responsible for supporting the organization's business planning, budgeting, accounting, and human resources functions, with dedicated professional staff and support from the organization's leadership.
- Establish financial processes and internal controls, such as controls over expenditures and payroll, that include the maintenance of records to support timely verification of allowable expenses, invoicing, financial reporting, tax compliance, and other financial needs.
- Comply with federal and local requirements for fiscal monitoring, programmatic services delivery, and reporting.
- Adopt fundamental board policies and procedures and board governance to provide fiscal oversight.

RECOMMENDATIONS

The Department of Homelessness and Supportive Housing should:

9. Consider the termination of grant agreements with UCHS, particularly those funded through federal funds, and possible transfer of these services to another provider.
10. For any continuing services, review the current structure and services provided by UCHS to reconsider whether the fiscal sponsorship structure is the best model for UCHS to address its internal control deficiencies. If these deficiencies cannot be addressed, the department should identify and decide among alternative means for providing the services currently provided by UCHS.

Finding 2.2 – HOM should improve its oversight and monitoring practices to ensure only eligible individuals become tenants, to ensure tenants pay the correct amount of rent, and to avoid low occupancy rates.

HOM did not adequately monitor the Hope House Consolidated or Hope House for Veterans program and did not comply with its grant agreements in terms of its responsibilities as part of the program enrollment process. Although HOM has more actively monitored the general fund

agreements, its program monitoring procedures did not always accurately capture whether UCHS meets all of its service and outcome objectives.

Finding 2.2.1 – Because UCHS intentionally circumvented required processes and HOM did not adequately monitor the three Hope House programs, HOM did not know how many units were vacant, did not do tenant rent calculations, and did not do HQS inspections for the Hope House Consolidated program after 2019. Average occupancy rates for two programs were far below the required 90 percent.

HOM did not comply with its responsibilities related to the Hope House Consolidated, Hope House for Veterans, or Hope House Support Services programs. These responsibilities are detailed in HOM's grant agreements with BVHPF, CoC guidance for permanent housing programs, and HUD regulations.

In its 2021 program monitoring of HOM, HUD found missing records in tenant files for a sample of CoC programs. The Code of Federal Regulations (24 CFR § 578.103) requires recipients and subrecipients to establish and maintain standard operating procedures and sufficient records to ensure CoC program funds are used in accordance with the regulations. Further, HOM has not conducted the program monitoring required by the grant agreements for the three Hope House programs. The programs were last monitored in May 2016, when Bayview YMCA was the fiscal agent and the Human Services Agency was the responsible department.

Since the start of BVHPF's fiscal sponsorship, HOM has not met any of the following requirements:

- Know the full population of occupied (and vacant) units.
- Determine the rent payable by each tenant at program entry, annually, or on an interim basis, if a program tenant changes.¹²
- Conduct Housing Quality Standards (HQS) inspections for each unit at program entry or annually¹³ for the Hope House Consolidated program.
- Complete a Housing Assistance Payments (HAP) contract for each tenant move-in.

HOM could not quantify the number of vacant rooms for each program, and occupancy rates are much lower than required, indicating that vacancies were not filled in a timely manner.

Neither HOM, BVHPF, nor UCHS could quantify each program's population of rooms available for occupancy. According to each party:

- HOM uses enrollment in the ONE System roster as its source for the tenant population and expects its partners to enter data accurately and in alignment with data standards.
- BVHPF staff relies on the rent tracking document it receives from UCHS as its source for tenant population and leases between the fiscal sponsor and UCHS, which is the basis for

¹² 24 CFR § 578.77(c)(2).

¹³ 24 CFR § 578.75 states housing leased with CoC program funds must meet the applicable housing quality standards under 24 CFR § 982.401.

paying the landlords, to determine the units available for Hope House Consolidated and Hope House for Veterans tenants.

- UCHS has multiple sources, such as a rent tracking document and a demographics roster, to determine the tenant population.

This inconsistency, and the resulting uncertainty as to how many rooms are occupied or vacant, is a significant problem. Without a complete and accurate list, database, or other inventory of the occupied and vacant rooms, HOM cannot ensure it is accurately reporting to HUD. Further, this uncertainty increases the risk that ineligible tenants could participate in the programs and that unknown vacancies exist, which could be used to house more eligible individuals.

Based on the leases between the fiscal sponsor and UCHS,¹⁴ the Hope House Consolidated program has at least 99 available rooms and the Hope House for Veterans program has at least 33 available rooms. However, based on our review of client files in August 2022:¹⁵

- Hope House Consolidated had only 70 (71 percent) of 99 rooms occupied.
- Hope House for Veterans had only 12 (36 percent) of 33 rooms occupied.

Both of these occupancy rates are significantly less than the required 90 percent average unit utilization rate the grant agreements require.

Not filling vacancies in a timely manner results in a waste of available units that could house individuals in need of permanent supportive housing. The grant agreement requires UCHS to report unit vacancies. According to UCHS, as early as January 2022, it informed HOM about vacant units for the Hope House Consolidated program. However, according to HOM, UCHS has not consistently informed it of vacancies. As of August 2022, UCHS stated that eight units remain vacant for the Hope House Consolidated program.

As described in Finding 1.1.1, UCHS used one of the units as office space, which is not permitted by the grant agreements. Further, at least one UCHS employee was residing in and paying rent for a unit, but no record of enrollment existed for this tenant. Both of these inappropriate uses may have been identified sooner if HOM had conducted program monitoring.

HOM is required to calculate rents and authorize move-ins but did not do so because UCHS did not properly enroll some clients, but HOM should calculate annual rent for those tenants who were properly enrolled.

UCHS has performed tenant rent calculations instead of HOM. This is contrary to the grant agreements, which stipulate that HOM is responsible for determining the rent payable by each tenant at program entry, annually, and on an interim basis if the program tenant changes.

¹⁴ All leases were carried over from the previous fiscal sponsor or created between UCHS and the landlords. No new leases were created with BVHPF.

¹⁵ Some leases do not state the number of rooms in the unit. For these, we used the most conservative assumption of one room per unit for our calculations. Thus, the actual average unit utilization rate may be lower than what we calculated.

According to HOM, UCHS continually bypassed department staff to enroll tenants and move them into units without HOM's knowledge, resulting in move-ins that the department did not authorize as having met all required HUD and CoC standards and thus did not have the means to do rent calculations. However, we found five tenants who were properly referred through the Coordinated Entry system and UCHS calculated rent for these tenants at program entry and/or annually.

UCHS explained that because HOM did not provide clear guidance or criteria, UCHS continued to follow its own processes, including for rent calculation. As detailed in Finding 1.1.1, using its own rent calculation process, UCHS calculated income incorrectly for 19 (66 percent) of 29 sample tenants. Our finding is based on a sample, so it is wholly possible that UCHS also incorrectly calculated tenant rents for other program participants.

Because HOM did not conduct regular monitoring, these incorrect rent calculations, which result in rent payments being too low or too high, may have gone undetected.

HOM did not inspect units as required for the Hope House Consolidated program after 2019 and the inspections conducted in 2019 are poorly documented.

HOM did not perform (or have another party perform) the required HQS inspections for the units under the Hope House Consolidated program after 2019. HUD issued a waiver that suspended the requirement to conduct move-in and annual inspections from March 2020 through March 2022, but the last inspections conducted for Hope House Consolidated units occurred in 2019, well before the waiver was issued. While the waiver was in effect, HQS inspections had to be conducted through video streaming and, by June 30, 2022, HQS inspections had to be conducted in person for units receiving initial inspections.

According to UCHS and HOM, the 2019 HQS inspections were conducted by a contractor. However, neither UCHS nor HOM could confirm the contractor's name because the name is not documented on inspection checklists. Moreover, we found that none of the 30 HQS inspection checklists used in 2019 is completed fully and in accordance with HUD standards. For example, all checklists are missing one or more of the following:

- Tenant's name
- Inspector's name
- Date of inspection
- Type of inspection
- Name of agent authorized to lease unit inspected
- Number of bedrooms
- Checkmark indicating whether each item passed or failed

Further, although some units failed the inspections, UCHS did not send tenants letters documenting the results of the inspections. This made it less likely that noted deficiencies were corrected within 30 days after the initial inspection, a requirement that, if not followed, could cause the City to lose assistance from HUD.

In 2022 HOM, using a contractor, conducted HQS inspections for the Hope House for Veterans programs. However, as in 2019, the inspections were not completed accurately or according to HUD

standards. For example, all nine checklists for inspections conducted in January 2022 are missing the tenant's name, name of agent authorized to lease the unit inspected, and/or number of bedrooms. According to HOM, it has made the necessary corrections to their process and documentation of HQS inspections. In May 2022, as part of the 2021 remote monitoring of the City's Continuum of Care (CoC) Program, HUD determined that HOM provided a satisfactory response consistent with the corrective action for HOM to ensure that all staff working on CoC grants are trained and follow the CoC Desk Guide policies and procedures.

According to HOM, in July 2022 it changed its process to conduct annual inspections and recertifications for all CoC permanent supportive housing programs, including the Hope House Consolidated and Hope House for Veterans programs. By August 2022, HOM completed the HQS inspections for the Hope House for Veterans program. (Of the 13 units inspected, 5 failed and will be re-inspected within 30 days). HOM confirmed that it will begin this process for the Hope House Consolidated program by December 2022.

HOM did not follow its policy requiring that HAP contracts be prepared.

Although the grant agreements for the Hope House Consolidated and Hope House for Veterans programs do not explicitly require HAP contracts, according to HOM, it requires that its staff prepares HAP contracts for all tenants in its CoC programs. The HAP contract, which is between HOM and the landlord, states the payments the CoC programs will make to the landlord. The contract should also include the tenant's name and unit address, tenant's rent portion, owner's name, utilities and appliances to be supplied and/or paid for by owner or tenant, and other terms and conditions.

A review of tenant files in the ONE System and paper documents found that a HAP contract was not on file for any of the 29 tenants in our sample. According to HOM, it was unable to find any HAP contracts for Hope House Consolidated and Hope House for Veterans.

In June 2022 HOM issued updated guidance to all of its CoC subrecipients, including UCHS, regarding administrative updates related to recordkeeping, the referral process flow for permanent supportive housing, and the approval process for HAP contracts, among others.

Finding 2.2.2 – HOM's program monitoring procedures did not accurately capture whether UCHS met all service and outcome objectives.

HOM did not sufficiently monitor its general fund agreements to ensure all outcome objectives were met. Unlike its lack of monitoring of the three Hope House programs, the department did conduct annual program monitoring for the other three programs—the Drop-In Center, Site F, and Safe Sleeping Village—with which UCHS is involved. However, for these three programs, the following issues exist:

Vacancy turnover for the Safe Sleeping Village and Site F took much longer than required.

The grant agreements for the Safe Sleeping Village and Site F programs include a vacancy turnover requirement stipulating the number of days—three and two, respectively—within which UCHS must clean and prepare space for a new tenant. Specifically, we found:

- Of the 103 instances of vacancy turnover at the Safe Sleeping Village, there were 44 (43 percent) instances where turnover took longer than 3 days. The vacancy turnover averaged 46 days, ranging from 1 day to 389 days, after the required 3-day turnover.
- Of the 138 instances of vacancy turnover at Site F, there were 52 (38 percent) instances where turnover took longer than 2 days. The vacancy turnover averaged 90 days, ranging from 1 day to 661 days, after the required 2-day turnover.

HOM explained that late vacancy turnovers for these programs occur because some of the spaces are tents and recreational vehicles (RVs) that are not suitable for tenant placement. Specifically, prompt turnover is impossible for RVs that were damaged or destroyed by fire, or tents and RVs awaiting parts for repair. However, the tents and RVs that HOM identified as being subject to these conditions were not utilized by program tenants or were not recorded in the data. According to UCHS, the information regarding late vacancy turnover is not correct. According to UCHS staff, they manually enter data in the system of record for occupancies. Nonetheless, these examples may indicate that UCHS does not comply with the grant agreement's service objective to turnover vacancy within the stipulated number of days or the requirement to meet or exceed 99 percent data quality.

Although not provided for by the grant agreements, UCHS charges program participants for services at its Drop-In Center.

UCHS charges for some services provided at the Drop-in Center, although the grant agreements do not specifically allow this. According to UCHS, its charges include a \$10 deposit and a \$15 monthly fee for the use of lockers and a \$2.50 charge per load of laundry. UCHS stated that it uses the money it collects for these services to pay for social events for the clients, such as game nights.

According to HOM's 2022 program monitoring report, it is aware that UCHS charges these fees, but HOM management stated that it was unaware of how these funds are used. The grant agreement for the Drop-in Center is silent on whether charging fees for services is allowed or prohibited. However, the fact that these fees do not appear in the program's budget indicates that they were not part of the program's design.

HOM should ensure the memorandums of understanding (MOUs) contain the eligibility and recordkeeping requirements in its grant agreements with the incoming fiscal sponsor.

The MOUs between BVHPF and UCHS lack key information to guide UCHS's operations. For example, unlike the program eligibility and recordkeeping requirements that are clearly stipulated in HOM's grant agreements with BVHPF, the lack of specificity in the MOUs increases the risk that UCHS will not comply with such requirements.

BVHPF had five MOUs with UCHS, one overarching one and four others, each of which covered one of the following programs: Hope House Support Services,¹⁶ Drop-In Center, Safe Sleeping Village, and Site F. Unlike HOM's grant agreements with BVHPF, the scope of work attached to the individual

¹⁶ The MOU for Hope House Support Services includes work for the Hope House Consolidated and Hope House for Veterans programs.

program MOUs are vague, only listing a broad set of requirements that are not specific to each program. For example, the MOUs do not clearly describe the work BVHPF employees should perform for UCHS programs or distinguish it from the work to be done by UCHS employees.

Because it created the grant agreements, HOM should write—or at least be involved in the writing of—the MOUs between the fiscal sponsor and UCHS. By including in each MOU that program’s eligibility and recordkeeping requirements, HOM would help to ensure that both the fiscal sponsor and UCHS understand their responsibilities.

HOM received complaints about UCHS’s services, warranting further review.

In 2021 and 2022, the City’s Covid Command Center (which had oversight for Safe Sleeping Village and Site F programs until it transitioned to HOM) and HOM received several complaints regarding UCHS staff treating clients or others poorly and, safety concerns about a UCHS program or programs, among other topics. Such complaints are beyond the scope of our audit, so we recommend that HOM further review the complaints received regarding UCHS’s services.

RECOMMENDATIONS

The Department of Homelessness and Supportive Housing should:

11. Develop clearer guidelines to document the roles of each entity involved in the program enrollment process and ensure these are documented in the memorandums of understanding between the fiscal sponsor and UCHS.
12. Increase monitoring of its grant agreements for the Safe Sleeping Village and Site F to ensure that UCHS complies with service and outcome objectives.
13. Decide whether UCHS should charge for services at the Bayview Drop-In Resource Center. If the charging of fees is allowed, write and enforce guidelines on how this should be done, including what can be charged for, how much the fees can be, and the purposes for which the fee revenue can be used.
14. Consider conducting an internal review to assess complaints received regarding services provided by UCHS.

Appendix A

Department Response



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Shireen McSpadden, Executive Director



London Breed, Mayor

November 1, 2022

Mr. Mark de la Rosa
Director of Audits
Office of the Controller
1 Dr. Carlton B. Goodlett Place, Room 476
San Francisco, CA 94102

Re: Response to the Controller's Audit of United Council of Human Services

Dear Mr. de la Rosa,

Thank you for the opportunity to review and respond to the Controller's audit titled *The City Must Determine Whether United Council of Human Services Should Continue Providing Services to San Francisco Residents Despite Continuing Noncompliance With City Agreements*.

The department has reviewed the report and you will find a response to the audit recommendations enclosed. To summarize, the department concurs with thirteen of fourteen recommendations, and partially concurs with one.

The department is eager to support our nonprofit partner and their new fiscal sponsor to improve its practices and continue the important work of serving our unhoused neighbors in the Bayview Hunters Point Community.

The department would like to thank the City Services Auditor for agreeing to conduct this review at our request. We greatly appreciate your team's time and effort, as well as your partnership and recommendations for improvement. The department takes seriously those recommendations and has already begun to implement them.

If you require further follow up on this matter, please contact HSH Chief Deputy Director Noelle Simmons at noelle.simmons@sfgov.org.

Sincerely,

Shireen McSpadden
Shireen McSpadden
Executive Director

Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled Agency Response whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Agency Response	CSA Use Only Status Determination*
The Department of Homelessness and Supportive Housing should:		
<p>1. Require the memorandum of understanding between the fiscal sponsor and UCHS to include clear roles and responsibilities, and explicit contract requirements related to eligibility and recordkeeping consistent with the department’s grant agreements with the fiscal sponsor. All agreements should include requiring that UCHS:</p> <ul style="list-style-type: none"> a. Solely accept referrals for Hope House Consolidated and Hope House for Veterans programs from the Coordinated Entry System. b. Enroll tenants in the ONE System. c. Enter all required tenant information, such as annual assessment, referrals, and program move in and exit dates, and upload all required documents in the ONE System. d. Obtain sufficient income documentation from tenants before enrolling any participant and retain the documents. e. Retain completely executed and current lease agreements in tenant files. f. Involve the department in the enrollment process as required so that the department can complete the rent calculations. 	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and notes that its grant agreements with both the prior and the new UCHS fiscal sponsor already require each of the elements listed in the Controller’s recommendation. Going forward, these requirements will also be specified in the MOU established between UCHS and its new fiscal sponsor.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

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Recommendation	Agency Response	CSA Use Only Status Determination*
<p>2. Ensure the requirement to document veteran verification for any program that requires tenants to be veterans is included in its grant agreements with the fiscal sponsor and in the fiscal sponsor’s memorandum of understanding with UCHS.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and has added the requirement to verify veteran status for the Hope House for Veterans grant agreement which is the sole agreement with this eligibility criteria.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>3. Amend the Continuum of Care and Emergency Solutions Desk Guide to reflect accurate requirements regarding documentation for identification and ensure that this is communicated to the fiscal sponsor and UCHS.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and will update the Continuum of Care (CoC) and Emergency Solutions Grants (ESG) Desk Guide to clarify the identity document requirements that are outlined in the HOM issued Universal Housing Application which align with the U.S. Department of Housing and Urban Development’s (HUD) identification document requirements.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>4. Develop and communicate guidance on whether and how UCHS is to enroll its employees as tenants of the Hope House Consolidated, Hope House for Veterans, or other programs funded by the City.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and intends to draft a policy that is applicable to all grantees, not just UCHS.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>5. Require UCHS to a) cease rent collections immediately unless the department’s grant agreements with the fiscal sponsor are amended to allow this and b) turn over all remaining tenant rent collected, at least \$30,661, to the fiscal sponsor.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and has already complied with this recommendation. HOM has communicated this requirement verbally and in writing to UCHS multiple times and reiterated this on October 27, 2022.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

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Recommendation	Agency Response	CSA Use Only Status Determination*
<p>6. Develop clearer policies and procedures on the fiscal sponsor’s responsibilities, including procedures on reconciling expenditures incurred by UCHS during a prior fiscal sponsor’s term and on programmatic oversight.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs. The new standalone agreement with Felton as fiscal sponsor for UCHS will outline its responsibilities for both programmatic and fiscal oversight of all UCHS agreements. Felton has created a UCHS specific cost and tracking structure and is in the process of training UCHS staff on Felton policies and procedures. During the transition from BVHPF to Felton, HOM provided guidance to Felton to track separately UCHS expenses incurred under the former fiscal sponsor that they paid for with proper supporting documentation.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>7. Require fiscal sponsor to obtain UCHS’ confirmation of credit card charges on its American Express credit card account before payment. Credit card charges needs to be reviewed and approved by the user before payment is made by the fiscal sponsor to ensure all charges are authorized.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs and has already complied with this recommendation. UCHS staff with an issued authorized credit card is receiving training on the new fiscal sponsor’s credit card policy.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>8. Ensure the fiscal sponsor requires UCHS to provide complete and adequate supporting documentation as agreed to in its memorandums of understanding. This shall include all leases for current program participants and documentation that correctly categorizes transactions to each program.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs. Going forward, the new fiscal sponsor will execute all leases in its name and leases will not be entered into directly by UCHS.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

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Recommendation	Agency Response	CSA Use Only Status Determination*
<p>9. Consider the termination of grant agreements with UCHS, particularly those funded through federal funds, and possible transfer of these services to another provider.</p>	<p> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur </p> <p>HOM partially concurs. The department has considered this recommendation and decided that UCHS will not be allowed to directly administer federally funded grant agreements until it can demonstrate corrective action to address all issues raised in this audit as well as the ability to comply with the terms of the new fiscal sponsorship agreement. In the near term, the two federally funded Hope House agreements will be administered by UCHS working through its new fiscal sponsor, while HOM works to develop a longer-term plan for the maintenance, restructuring or termination of this program. HOM transitioned fiscal sponsorship of UCHS from Bayview Hunters Point Foundation to the Felton Institute just a few weeks prior to issuance of this audit report.</p> <p>The department is hopeful that under a restructured and closely monitored fiscal sponsorship agreement, UCHS will be successful in coming into compliance in all areas found lacking in the audit, thereby preserving services to a highly vulnerable population of San Francisco residents that UCHS is uniquely positioned to serve. At the same time, HOM will require and enforce language in the new fiscal sponsor MOU that specifies clear consequences for UCHS noncompliance with any portion of the agreement, up to and including termination of all grant agreements.</p>	<p> <input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested </p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

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Recommendation	Agency Response	CSA Use Only Status Determination*
<p>10. For any continuing services, review the current structure and services provided by UCHS to reconsider whether the fiscal sponsorship structure is the best model for UCHS to address its internal control deficiencies. If these deficiencies cannot be addressed, the department should identify and decide among alternative means for providing the services currently provided by UCHS.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>Concur. HOM will actively monitor the performance of UCHS under its new fiscal sponsor, the Felton Institute. Additionally, HOM will require and enforce language in the new fiscal sponsor MOU that specifies consequences for UCHS noncompliance with any portion of the agreement, up to and including termination of all grant agreements.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>11. Develop clearer guidelines to document the roles of each entity involved in the program enrollment process and ensure these are documented in the memorandums of understanding between the fiscal sponsor and UCHS.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs. The MOU between UCHS and its new fiscal sponsor will clearly set expectations around the fiscal sponsor’s responsibility for providing oversight to programmatic functions, including but not limited to the enrollment process.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>12. Increase monitoring of its grant agreements for the Safe Sleeping Village and Site F to ensure that UCHS complies with service and outcome objectives.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs. Jennings Safe Sleep site was provided an annual program monitoring on June 10, 2022 and Site F was monitored on April 12, 2022.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>13. Decide whether UCHS should charge for services at the Bayview Drop-In Resource Center. If the charging of fees is allowed, write and enforce guidelines on how this should be done, including what can be charged for, how much the fees can be, and the purposes for which the fee revenue can be used.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>HOM concurs with this recommendation and will take the opportunity to assess whether it should establish a departmentwide policy on charging of program fees.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

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Recommendation	Agency Response	CSA Use Only Status Determination*
<p>14. Consider conducting an internal review to assess complaints received regarding services provided by UCHS.</p>	<p> <input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur </p> <p>HOM concurs. This recommendation is already partially completed at Site F based on complaints forwarded to the department earlier this year. Recent annual program monitoring visits to Jennings Safe Sleep and Drop-In which took place April and June 2022 also assessed quality of service provision.</p>	<p> <input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested </p>

* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.

Appendix B

Bayview Hunters Point Foundation Response



Bayview Hunters Point Foundation
for Community Improvement

5815 3rd Street, San Francisco, CA 94124
415.468.5100 • www.bayviewci.org

November 10, 2022

Mark de la Rosa
Director of Audits
Office of the Controller
1 Dr. Carlton B. Goodlett Place, Room 476
San Francisco, CA 94102

Dear Mr. de la Rosa:

Thank you for conducting the audit titled: *The City Must Determine Whether United Council of Human Services Should Continue to Provide Services to San Francisco Residents Despite Continuing Noncompliance With City Agreements*. We appreciate the opportunity to participate in the audit process and to respond to the audit report.

Bayview Hunters Point Foundation (BVHPF) has provided essential services in the Bayview and other San Francisco communities for over 50 years. We have successfully delivered several programs under contract to City departments, including the Department of Homelessness and Supportive Housing (HOM). We have also served successfully as fiscal agent or fiscal sponsor for several other nonprofit agencies.

United Council of Human Services (UCHS) has also been a key service provider in the Bayview community for several years. In 2021, UCHS asked us to become their fiscal sponsor, as they were greatly displeased with our predecessors in the role. With the encouragement and approval of HOM, we agreed to do so in the spirit of partnership and the shared hope that we could support UCHS to provide effective services in our community. We began the role of UCHS' fiscal sponsor in February 2022.

Unfortunately, as the audit report indicates, from the outset we experienced resistance from UCHS to meeting contractual obligations. We duly reported the fiscal and ethical challenges we encountered in a timely manner to HOM and attempted to resolve them respectfully and collegially with UCHS. However, it soon became apparent that UCHS' issues were irreconcilable, and in mid-April 2022 we notified all parties that we wished to end our fiscal sponsorship as soon as possible. At the request of HOM, we remained in the role until they could secure another fiscal sponsor for UCHS in October 2022.

"To Build a Community that is empowered, clean, safe and healthy."

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Bayview Hunters Point Foundation remains committed to our mission of building a community that is empowered, clean, safe, and healthy. We are dedicated to serving San Francisco and its residents with compassion and integrity. Please feel welcome to contact our CEO, James Bouquin, at james.bouquin@bayviewci.org for any additional information or assistance.

Sincerely,



Susan Watson
President, Board of Directors

“To Build a Community that is empowered, clean, safe and healthy.”

Appendix C

United Council of Human Services Response

The United Council of Human Services

2111 Jennings Street
San Francisco, CA 94124



**City & County of San Francisco Office of the
Controller City Services Auditor**

Response to Findings
November 10th, 2022



The United Council of Human Services

2111 Jennings Street San Francisco, CA 94124
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THE TEAM

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Naketa Woodson - Director	Bayview Drop In Resource Center
Kescha Mason - Director	Hope House (Consolidated) Permanent Supportive Housing Program
Kareem Hines - Supervisor	Hope House (Consolidated) Permanent Supportive Housing Program
Brenda Jackson - Director of Programs	Mother Brown's Dining Room & Jennings Safe Sleep Village
Shawn Richard - Dupty Director	Shelter In Place - Safe Sleep Site Pier 94 (Site F)
De Shawn Waters - Director	Shelter In Place - Safe Sleep Site Pier 94 (Site F)
Nykk I. Johnson Bickerstaff - Director of Programs	Veterans Hope House Permanent Supportive Housing Program & Hope House for Veterans Grant Per Diem Transitional Housing Program



The United Council of Human Services

2111 Jennings Street San Francisco, CA 94124
MAIN OFFICE 415 671 1100 FAX 415 822 3436

November 11, 2022

Mark de la Rosa
Director of Audits
Office of the Controller, City Services Audit Division
City and County of San Francisco
<http://sfcontroller.org>

Shireen McSpadden
Executive Director
Department of Homelessness and Supportive Housing

Re: UCHS Response to 2022 HOH Requested Program Audit, Findings, and Recommendations

United Council of Human Services (UCHS) is a reliable partner and steward of the \$36.4 million in grant funds entrusted to our nonprofit by the Department of Homelessness and Supportive Housing (HOM). Operating in San Francisco's Bayview community, we serve many of the City's most vulnerable populations offering shelter, preparation of meals, and counseling care to a target population of the indigent, unhoused, dual diagnosed individuals, many of whom are veterans.

As many as # annually rely on UCHS for their daily needs.

Two housing programs are funded by the United States Department of Housing and Urban Development (HUD):

Hope House Consolidated Permanent Supportive Housing Program; and
Veterans Hope House Permanent Supportive Housing Program.

Four programs are City funded:

Hope House Supportive Services;
Drop In Resource Center;
Jennings Safe Sleeping Village; and
Pier 94 Shelter in Place Site F.

Yet the findings from this audit conducted by The Office of the Controller (Controller), City Services Auditor (CSA) and Audits Division claimed broad findings based on a small fractional review of UCHS client files, a sample size not representative of the hundreds of individuals served. More concerning is the fact that the report neglects to attribute failed responsibilities of two prior fiscal sponsors to meet their obligation to make timely payments to UCHS vendors and lessors from the funds they received directly from the HOH funder. This failure impacted the quality of service to UCHS clients. Despite receiving documented receipts for expenses, the fiscal agent often delayed in making funds available to purchase food products, pay landlords, or payoff program credit card bills. In fact, the abrupt transfer of the fiscal sponsorship from the first sponsoring entity to the second, is likely responsible in part for the unacceptable lag time in reimbursements and release of funds.

UCHS is now entering a fiscal sponsorship with Felton Institute, a partnership that has already begun to address major fiscal issues such as timely payment of vendors and staff. Together, we are streamlining reimbursement processes, directing vendor requests directly to the new fiscal sponsor, and working toward relieving UCHS from collection of client rents. We value our relationship with the City and County of San Francisco and are proud of the difference UCHS makes in our community and seek to continue it.

Attached, in the format requested, is the United Council of Human Services (UCHS) official response to the findings and fourteen recommendations proposed by the Controller (Controller), City Services Auditor (CSA) and Audits Division.

Gwendolyn T. Westbrook
Chief Executive Officer
The United Council of Human Service

Respectfully submitted,

Gwendolyn T. Westbrook
Chief Executive Officer
The United Council of Human Services



The United Council of Human Services

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Executive Summary

To date, the Department of Homelessness and Supportive Housing (HOM) entrusted the United Council of Human Services (UCHS) with six grant agreements. Per their requirements UCHS must have fiscal sponsorship to govern the allotted funds amounting to \$36.4 million. These grant agreement consist of:

Two housing programs funded by the United States Department of Housing and Urban Development (HUD)

Hope House Consolidated Permanent Supportive Housing Program
Veterans Hope House Permanent Supportive Housing Program

Four City funded programs

Hope House Supportive Services
Drop In Resource Center
Jennings Safe Sleeping Village
Pier 94 Shelter in Place Site F

The findings from the audit conducted by The Office of the Controller (Controller), City Services Auditor (CSA) and Audits Division are inaccurate. UCHS has always and will continue to remain in accordance with all applicable laws, regulations, guidelines as well as the terms and condition outlined in each of the grant agreements.

While scrupulously reviewing the report UCHS' executive management team identified multiple fallacies and embellishments made by the Bayview Hunters Point Foundation (BVHPF). Like their predecessors, BVHPF abused their position as UCHSs fiscal sponsor. Due to their lack of pecuniary structure, negligence and mismanagement of the UCHS's programs the clients and staff are now impaired.

Enclosed you will find United Council Of Human Services' (UCHS) official response to The Office of the Controller (Controller), City Services Auditor (CSA) and Audits Division audit findings. Outlined in detail with appendixes you will see:

- UCHS adheres to eligibility requirements of its federally funded programs, although HOM's internal prioritization process discriminates against certain populations that are most vulnerable.
- UCHS' supportive housing programs adequately verifies that each tenant is eligible for housing prior to admissions.
- UCHS carries out HUD's goal and provides employment to qualified program participants.
- BVHPF mismanaged funds as UCHS' funds while serving as the fiscal sponsor leaving UCHS forced to use rental income to pay past due bills.
- Since 2017 UCHS has had poor fiscal representation which created backlogging and numerous other financial disasters for each program and UCHS employees.
- UCHS has finally partnered with a fiscal agent who provides adequate services (Felton Institute) that supports each program. Because of them UCHS is in the process of strengthening previous fiscal weaknesses and ironing out HR related matters. Felton Institute has implemented systems for staff to provide adequate support for each expenditure, policies for reimbursement and so on.
- BVHPF added their employees to the UCHS payroll unauthorized, then falsely accused UCHS of over-hiring and non compliance pertaining to standard operating procedures for onboarding.
- UCHS's fiscal sponsor, Heluna Health, budgeted an office space for the Hope House Consolidated staff and approve the office space due to different conditions.
- UCHS' supportive housing programs enroll participants that are eligible, document ready and approved for housing per HOMs guidelines.
- UCHS' supportive housing programs have low occupancy rates due to inspection, referral and approval hurdles set forth by Coordinated Entry.
- As of October 1st, 2022 Felton Institution became UCHS' fiscal agent and is recognizing the finical discrepancies made by its predecessors. In only a few months employees, especially upper- management, has attended countless trainings rejuvenating morale.

The United Council of Human Services is eager to continue to work with HSH and CoC in complete compliance.



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Bayview Drop- In Resource Center

Finding 1.3 - 'UCHS needs to improve internal control weaknesses related to its fiscal processes.'

Each month UCHS employees submitted all expenditures to the Bayview Hunters Point Foundation in a timely manner. Initially, Chris Reynolds the responsible party assigned with collecting each disbursement request. Reynolds never responded to e-mails and / or call acknowledging he received the invoice nor replying to inquiries pertaining the next steps. His direct supervisor, Pamela Gilmore, informed staff of additional support that was to be provided by another employee of BVHPF, Nicole Harrington. Furthermore, Gilmore explained Reynolds' part time / remote employment work status to UCHS staff, implying a reasons for his short comings.

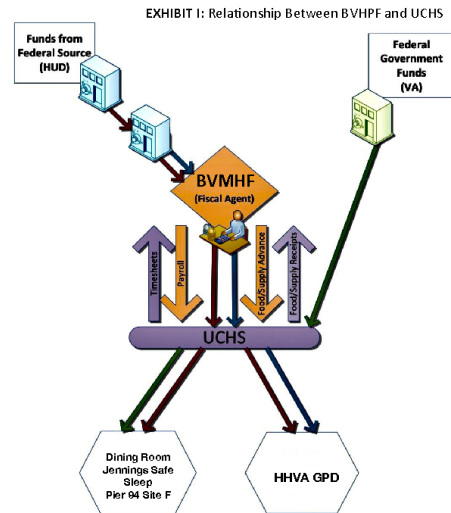
Invoices were submitted to BVHPF formal bills that Heluna Health should've paid the only reason being is that we changed fiscal agents and Heluna Health stated they paid them up until February 1. Upon checking the bill wasn't paid and still haven't been paid which has transferred to Felton Institute October 1. Also Heluna Health had changed our bills to paperless and created online accounts and transferred that to BVHPF and put their email bayviewpay@bill.com on the accounts so why our bills weren't getting paid was because BVHPF did not pay their portion. In the event Heluna Health didn't pay their portion BVHPF was obligated to pay the bills from February 2022. They used the excuse that Heluna didn't pay their obligation so they carried on and did not make payments they were responsible for.

All hiring was done by BVHPF they wanted to do it their way they we had extra people added that we knew nothing of and had never seen these people. For instance several of employees including myself name (ie. First and Last) and socials was mixed up which created another profile for a ghost person. For many months we had staff on payroll that we didn't know and they never reported to our site. Our needs were never met, we were understaffed from day one. But, during this so-called audit we find out that we were over budgeted because we did not follow the hiring rules of BVHPF. On more than one occasion checks were printed out for staff that was no longer employed with us. When BVHPF did do new hires the orientation was held at their office they also trained them on a position that BVHPF knew nothing about the position.

BVHPF had multiple grants for UCHS and what we do know is they put majority of the staff on the Drop In Center instead of putting them on the food program grant. When the CEO said something about paying the right staff for the program they were employed to work in to make the correction but they ended up paying the wrong people the money and had to repay them and Gwen was very much upset because they were constantly mixing up our funds.

No matter how much we told them who should be with what program or how much they should be paid they were going to do it their way as you can see.

Instead of taking responsibility by saying they did not know what they were doing they with the help of employees of the City and County of San Francisco assisted BVHPF to commit fraud.





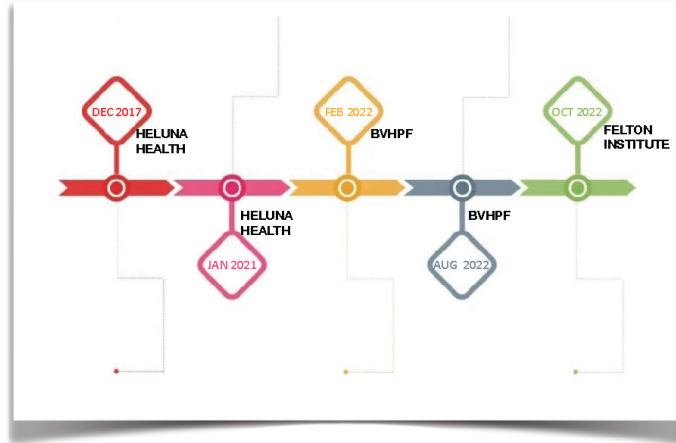
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Bayview Drop- In Resource Center

CONTINUED

EXHIBIT II: Example of expenditure problems found in request for reimbursements UCHS submitted to fiscal agents. Unpaid invoices carry over and accumulate more fees.



Finding 2.2.2 - 'HOM's program monitoring procedures did not accurately capture whether UCHS met all service and outcome objectives.'

UCHS' Drop In Resource Center charges participants for laundry services per The City and County acknowledgment. The program provides two free days a month. We also give out emergency laundry services which are free washes for people who need Landry service but don't have the funds. The money that is collected is use for special events for the clients. We have super bowl parties, basketball finals, baseball finals, dominos, chest, card games. There is no tracker on how much money is collected from the clients or used from our pockets for emergency washes. this has been our process since we opened.



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Hope House (Consolidated) Permanent Supportive Housing Program

Finding 1.1.1 - Supportive Eligibility Documentation (Income, Disability and Homelessness Verification)

Implementing housing first practices as a model for success during the screen-in process, all participants are professionally verified as chronically homeless and permanently disabled through third-parties. Intakes are required to submit verification documentation within a reasonable amount of time from their project start date.

Disability Verification

With the refusal to sign an MOU with HSH for the continuation of the Bayview Adult Access Point by Heluna Health, Hope House continued to maintain hard copies of clients' disability verifications in clients file and was not provided guidance from HOMs that these documents needed to be uploaded into the OneSystem until present time. And assumed this process would begin OCT 1, 2022.

During the COVID-19 Pandemic, self-certification and intake or staff observation is acceptable documentation per Form G of HOMs Permanent Housing Application.

Finding 1.1 - HOM's Coordinated Entry System Prioritization

Coordinated Entry did not refer any clients to the open units which have been posted in the OneSystem in 2022. Due to the lack of prioritization of persons in community to PSH, UCHS was given access to perform Adult Coordinated entry Problem Solving and Assessments for individuals via the Bayview Adult Coordinated Entry Access Point in Mid-2020.

Hope House Consolidated worked to find chronically homeless adults with disabilities to fill vacant units by repeatedly emailing our CoC Program Managers with requests for referrals.

Finding 2.2.2 - Recertifications

Hope House SHP was informed SF Department HSH will be conducting all income recertifications. That process is scheduled to take place in November 2022.

Finding 1.1.2 - Sublease agreements

Potential clients and employees were assessed and consistently denied access to housing which contributed to the increased amount of vacant units in Hope House. Employees who were chronically homeless with disabilities were admitted to Hope House to address this severe inequity.

Clients expressed a deficiency in rent reasonableness under the rent calculation policy. To increase housing retention rent amounts were calculated according to what participants expressed as within their ability to maintain housing. It is understood that participants pay up to 30% of their income. There is no clear guidance that tenants can not pay less. It has since been stated by HSH that tenants do not have to have income and thus may not be required to pay rent.

Finding 2.2.1 - Unit that is used as office space (COVID, BVHPF Missed Payments)

Hope House has a budgeted line item to cover office space expenditures. As a result of the pandemic and the expansion of UCHS Safe Sleep Site, Hope House needed to relocate in order to maintain a safe work environment.



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Jennings Safe Sleeping Village

Finding 2.2.2 - 'HOM's program monitoring procedures did not accurately capture whether UCHS met all service and outcome objectives. Vacancy turnover for the Safe Sleeping Village and Site F took much longer than required'

Assessed Program Monitoring and Conducted Vacancy Test:

- **Reviewed CARBON and annual program reports to determine whether the department adequately monitored its program.**

On February 1, 2022, United Council of Human Services retained a new fiscal agent, BVHPF. Immediately after the merger, UCHS Safe Sleep Site staff reached out to BVHPF to request access to CARBON (CARBON is a City mandatory data base that requires a paid subscription). Numerous phone calls and email were made without a repose.

August 1, 2022, the Safe Sleep Village gained access and adequately updated all the reports.

Thanks, Gabe.

Best,
Nicole

EXHIBIT II: Verification conformation date CARBON was available to UCHS staff.

From: Canale, Gabriel (HOM) <gabriel.canale@sfgov.org>
Sent: Monday, August 1, 2022 4:41 PM
To: Nicole Harrington <nicole.harrington@bayviewci.org>
Cc: b.jackson@tuchs.org <b.jackson@tuchs.org>
Subject: FW: New CARBON Role request for Bayview Hunters Point Foundation

This message was sent from outside the company. Please do not click links or open attachments unless you recognize the source of this email and know the content is safe.

Hi Nicole and Brenda,

Please find the CARBON credentials and temporary login below the signature line. Please let me know if you encounter any issues when first attempting to log in.

Best,

- **Analyzed client rosters for the Safe Sleeping Village and Site F to identify whether the programs met the service objectives of turning over all vacated spaces within:**

- o 72 hours for the Safe Sleep Site
- o 2 days for Site

UCHS' Safe Sleep Village staff has encounter several delays in receiving the bare necessities needed to successfully operate (i.e tents, sleeping bags, blankets, disinfected and other items related to client safety as it relates to COVID-19 protocol). In order to process new clients within the required 72 hours due to a lack of funds on the American Express card. However, once the funds became available the mandatory items were purchased the same day, received by the clients



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Pier 94- Shelter In Place Site F

Responding to the findings:

Pier 94 serve as a shelter in place site in response to the COVID-19 emergency on a time limit and as needed basis to reduce the spread of COVID-19 virus and address the needs of vulnerable population people that live in the Bayview Hunter Point that was homeless. Pier 94 has operated up under the good guidance and followed all rules based on the strategy and program that was put in place by Miss Westbrook clients at Pier 94 are safe off the streets and are not using any type of drugs individuals clients at Pier 94 are being fed twice a day with a high nutrition meal clients are receiving counseling daily by a case managers That the clients are sign to clients are receiving medical assistance daily if needed the staff is doing wellness checks three times a day on three different shifts the community at Pier 94 meets once a month to give their concerns or grievance on how to make things great at pier 94 and how happy they are at Pier 94 clients that was experiencing homelessness and now place at Pier 94 have changed their lives around. Instructed by Miss Westbrook and her leadership she have instructed me to put in place policies and procedures for the staff to follow and protocols that staff should follow and since those protocols and policies procedures has been put in place we have not had a high turnover in staff, staff enjoys coming to work daily staff feel secure in their positions and staff is more interactive with the clients daily.

Staff is going through a number of different trainings that the Felton Institute is putting in place and setting up for staff to be trained thoroughly and giving more details and instructions on how staff can do their job better

The negative claims and lies at (F Site) pier 94 every client in (F site) pier 94 trailers has been interviewed, assessed and all paperwork is in order and there has never been a trailer sold at (F Site) Pier 94 we was told that there has been illegal activities going on at (F site) Pier 94 we immediately investigated that claim and found out that a staff member was not following the policies and procedures and protocols that was put in place by Miss Westbrook that staff member was immediately terminated that Miss Westbrook had to lead the investigation because Bayview Hunter Point Foundation was not willing to investigate it or fire that employee that employee then turned around and filed false claims against Miss Westbrook and united counsel but the very minute that we found out about that claim of that employee selling trailers that employee was terminated immediately.

Assessed program monitoring and conducting vacancy testing:

(F Site) yes we met the 72 hour threshold based on the staff making sure that each trailer was cleaned out thoroughly and then the Director did a complete walk-through inspection to make sure that each trailer met the need and was presented with cleaning this to the new client that was taking over the trailer.



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Pier 94- Shelter In Place Site F

CONTINUED

Summary of Recordkeeping:

The case managers are keeping adequate records for all Site F clients. Case notes, participant files are up-to-date and other supportive documentations for every client that occupies the Pier 94 facility are held in house. Staff has reported every incident as well as every success and every victory. Their have been great accomplishments we have achieved over the last three years.

Clients are not being charged any rent at (F site) Pier 94 clients are not being miss treated at (F site) Pier 94 clients are being treated with the love and respect and caring at pier 94 and that was one of the policies and procedures that Miss Westbrook have put in place and train the staff at Pier 94 by showing love and having gentle care and compassion for each and every client.

Site F has experienced delays in servicing RV's. There has been a national shortage of items that are necessary to restore RV's to a safe and habitable space for the incumbent resident. Upon receipt of the back ordered items or when maintenance personnel, contracted with the City, has found a viable alternative, the RV's were turned over and made available immediately for the next tenant.



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VIII. Veterans Hope House Permanent Supportive Housing Program

FINDING	RESPONSE	Appendix N ^o
<p>1.1 Eligibility Requirements</p> <p>83 % of the sample tenants weren't appropriately prioritized through HOM's Coordinated Entry or did not have the required eligibility documents.</p>	<p>All veteran tenants provided Veterans Hope House (VHH) staff with the required supportive documents and verifications prior to being admitted. Each tenant has been properly assessed, screened and document compliant upon entering to the program.</p>	<p>VIII- Exhibit I</p>
<p>66% of the sample tenants had their income calculated incorrectly when they entered one of the Hope House programs.</p>	<p>Per program requirements, each Veteran tenant must provide proof of income covering two consecutive months. 30% of their gross income is calculated; that figure becomes their monthly rental amount.</p>	<p>VIII- Exhibit II</p>
<p>UCHS inaccurately reported tenant and unit information to HOM.</p>	<p>Veterans Hope House works closely with HSH, the Program Manager at Swords to Plowshares - San Francisco Access Point and attends each BNL meeting that reviews current housing vacancies. Program staff also update the City's vacancy tracker through the OneSystem.</p>	<p>VIII- Exhibit III.a and III.b</p>
<p>One or 14%, of the seven sample files for tenants who are indicated as veterans show no such verification.</p>	<p>All Veteran tenants provide program staff with verification of their military status. The program keeps a record of their DD214 and verification of military status in the client's charts.</p>	<p>VIII- Exhibit IV</p>

**Please Refer To Appendix VIII. A-D*



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APPENDIX

- I. Bayview Drop In Resource Center
 - A. DOF by Program
 - B. Reimbursements
- II. Hope House Consolidated Permanent Supportive Housing Program
- III. Jennings Safe Sleep Site
- IV. Pier 94 Shelter In Place
- V. Veterans Hope House Permanent Supportive Housing Program
 - A. Participant Documentation
 - B. Rent Calculations
 - C. Subleases
 - D. Proof of Veteran Status
 - E. Veterans Hope House Admissions SOP
- VI. MOU between Felton Institute and United Council of Human Services

BOARD of SUPERVISORS



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MEMORANDUM

TO: Rich Hillis, Director, Planning Department
Kate Sofis, Director, Office of Economic and Workforce Development

FROM: Stephanie Cabrera, Government Audit and Oversight Committee

DATE: February 27, 2023

SUBJECT: HEARING MATTER INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following hearing request, introduced by Supervisor Preston on February 14, 2023:

File No. [230183]

Hearing on the status of opening a neighborhood-serving grocery store at 555 Fulton Street and to get updates from site developer Z&L Properties and Trader Joe's; and requesting the Planning Department and Office of Economic and Workforce Development to report.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: Stephanie.Cabrera@sfgov.org

CC: Dan Sider, Planning Department
Corey Teague, Planning Department
Tina Tam, Planning Department
Lisa Gibson, Planning Department Officer
Devyani Jain, Planning Department
AnMarie Rodgers, Planning Department
Aaron Starr, Planning Department
Joy Navarrete, Planning Department
Elizabeth Watty, Planning Department
Anne Taupier, Office of Economic and Workforce
Development Lisa Pagan, Office of Economic and Workforce
Development

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
2. Request for next printed agenda Without Reference to Committee.
3. Request for hearing on a subject matter at Committee.
4. Request for letter beginning : "Supervisor inquiries"
5. City Attorney Request.
6. Call File No. from Committee.
7. Budget Analyst request (attached written motion).
8. Substitute Legislation File No.
9. Reactivate File No.
10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: