



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

January 13, 2015

MEMORANDUM NO:
2015-FW-1803

Memorandum

TO: Leticia Ibarra
Director, Community Planning and Development, 6BD

//signed//

FROM: Gerald Kirkland
Regional Inspector General for Audit, 6AGA

SUBJECT: The City of Albuquerque, NM, Generally Administered Its Continuum of Care Program in Accordance With Applicable HUD Regulations and Grant Agreements

INTRODUCTION

We reviewed the City of Albuquerque, Department of Family and Community Services' Continuum of Care program. We initiated the review based on a complaint alleging misconduct in the City's program. Specifically, the complainant alleged the City's Continuum of Care failed to comply with conflict of interest and procurement requirements, did not maintain accurate Homeless Management Information System (HMIS)¹ reports, and expended funds for ineligible activities. These issues involved compliance with various U.S. Department of Housing and Urban Development requirements. Therefore, our objective was to determine whether the City administered its program in accordance with applicable HUD regulations and grant agreements.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

¹ HMIS is a computerized data collection application that facilitates the collection of information on homeless individuals and families, using residential or other homeless assistance services, and stores the data in an electronic format.

METHODOLOGY AND SCOPE

We reviewed the City's program expenditures, procurement, monitoring, potential conflicts of interest, and measurable results for the period October 1, 2011, through December 31, 2013. We expanded the scope as necessary to meet the review objectives. We conducted the review at the City's office, St. Martin's Hospitality Center's administrative office, the HUD field office, and our office in Albuquerque, NM, from May through August 2014.

To accomplish our objectives, we

- Reviewed relevant laws, regulations, applications, grant agreements, notices of funding availability, other HUD requirements and guidance, and various Office of Community Planning and Development (CPD) files related to the City's program.
- Reviewed the City's administrative requirements, organizational charts, audited financial statements, and general ledgers and the program's governance charter.
- Obtained and compared the listings of Continuum of Care board members and City staff with those of subrecipients' board members and staff to identify potential conflicts of interest.
- Reviewed and analyzed the City's monitoring reports and quarterly reports and the City's procurement files for the review period.
- Selected and reviewed the last annual performance reports for St. Martin's Shelter Plus Care and Supportive Housing programs.
- Compared the Albuquerque Continuum of Care HMIS client list with the St. Martin's client lists.
- Reviewed HUD's Line of Credit Control System² grant detail for the City's Continuum of Care grants.
- Selected and tested a nonstatistical sample of 29 of 271 disbursements made by the City's Department of Family and Community Services to determine whether the disbursements were supported and for eligible activities. The items selected included reimbursements of more than \$640,000 from all grants and all subrecipients for each fiscal year. This number represents approximately 11 percent of the disbursements from October 2011 through December 2013.
- Selected and reviewed nine client files at St. Martin's to ensure that each client file existed and contained a lease or rental agreement and that the resident rent calculation worksheet amounts matched amounts billed to the City. We also traced five payments to St. Martin's general ledger and check register to ensure that St. Martin's paid the rents for the clients and recorded the transactions in the general ledger.
- Analyzed St. Martin's financial records, including general ledgers, check registers, and supporting documentation.
- Interviewed HUD CPD representatives, City staff, and St. Martin's and Continuum of Care officials and staff.

² The Line of Credit Control System is HUD's primary grant disbursement system, handling disbursements for the majority of HUD programs.

BACKGROUND

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 amended the McKinney-Vento Homeless Assistance Act and consolidated the three separate McKinney-Vento homeless assistance programs (Supportive Housing, Shelter Plus Care, and Section 8 Moderate Rehabilitation Single Room Occupancy³) into a single grant program known as the Continuum of Care program.

The Continuum of Care program was designed to assist sheltered and unsheltered homeless people by providing the housing and services needed to help individuals move into transitional and permanent housing, with the goal of providing long-term stability.

Each year, HUD awards Continuum of Care program funding competitively to nonprofit organizations, States, and units of general purpose local governments, collectively known as recipients. The City was one of the recipients. The City was also the lead agency that applied for grants on behalf of the Albuquerque Continuum of Care. The City received four grants each year and subgranted with nine nonprofit organizations, known as subrecipients, to carry out the grants' day-to-day program operations.

The total amount authorized for the City's programs for fiscal years 2010 to 2012 was more than \$7.8 million. The City had expended more than \$6.1 million of the funds as of December 31, 2013.

The City was required to administer its program according to its grant applications, agreements, and HUD requirements.

RESULTS OF REVIEW

The allegations of misconduct in the City's Continuum of Care program did not have merit. They were either invalid, or out of date. The City generally administered its program in accordance with applicable HUD regulations and grant agreements. Specifically, it complied with HUD procurement and conflict of interest requirements, adequately monitored the subrecipients and took actions to correct problems it identified, and ensured that the subrecipients expended the Continuum of Care program funds for eligible program activities. However, the City needs to improve its reporting of measurable results. While the City supported the progress reported to HUD in its annual performance reports, it did not maintain accurate data supporting its measurable results.

A comparison of the client list for the Shelter Plus Care program, which St. Martin's used to bill the City for reimbursement in September 2013, with the HMIS client list showed that two clients receiving assistance were not on the HMIS client list. The error had not been reported in the 2013 annual performance report because the report had not been submitted at the time of our review.

³ The City did not have any Single Room Occupancy grants because it was no longer eligible under the Continuum of Care program.

In addition, the St. Martin's client list for the Supportive Housing program showed assistance to 125 participants for the review period, while the HMIS performance report for the same period reflected 126 participants. The HMIS project director explained that the discrepancy was caused by a system error in HMIS.

The discrepancies appeared to be minor. However, the City needs to ensure that it reports complete and accurate information to HUD regarding measurable results of its Continuum of Care grants. Without reliable information, HUD and the City may incorrectly assess program progress and accomplishments.

RECOMMENDATIONS

We recommend that the Director, Community Planning and Development, Albuquerque, NM, require the City to

- 1A. Develop and implement procedures to ensure that information in its annual performance reports is complete and accurate.

APPENDIXES

Appendix A


AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

CITY OF ALBUQUERQUE

Department of Family and Community Services
Douglas H. Chaplin, Director



ALBUQUERQUE
Making History
Richard J. Berry, Mayor

December 9, 2014

Mr. Gerald K. Kirkland, Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
Office of Audit (Region 6)
819 Taylor Street, Suite 13A09
Fort Worth, TX 76102

Dear Mr. Kirkland:

SUBJECT: Draft Audit Response Regarding the City of Albuquerque, NM, Generally Administered Its Continuum of Care Program in Accordance with Applicable HUD Regulations and Grant Agreements

P.O. Box 1293
Albuquerque
New Mexico 87103
www.cabq.gov

This letter is in response to the draft audit report entitled the City of Albuquerque, NM, Generally Administered Its Continuum of Care Program in Accordance with Applicable HUD Regulations and Grant Agreements dated November 26, 2014. We are specifically responding to the **RESULTS OF REVIEW**, paragraph 2 and paragraph 3.

Paragraph 2:

“A comparison of the client list for the Shelter Plus Care program, which St. Martin’s used bill the City for reimbursement in September 2013, with the HMIS client list showed that two clients receiving assistance were not on the HMIS client list. The error had not been reported in the 2013 annual performance report because the report had not been submitted at the time of our review.”

City’s Response:

The two clients receiving assistance are now on the HMIS client list after submission of the 2013 annual performance report on June 27, 2014 by the City. This issue has been rectified.

Paragraph 3:

“In addition, the St. Martin’s client list for the Supportive Housing program showed assistance to 125 participants for the review period, while the HMIS performance report for the same period reflected 126 participants. The HMIS project director explained that the discrepancy was caused by a system error in HMIS.”

Albuquerque - Making History 1706-2006

Comment 1

Comment 1

City's Response:

The annual performance reports are generated from the HMIS. The City will work with St. Martin's and other sub grantees, and the City's HMIS provider, the New Mexico Coalition to End Homelessness, to ensure that the HMIS data that goes into the annual performance reports are 100% accurate.

I would like to express our appreciation for the assistance and guidance your staff, Mr. [REDACTED], Mr. [REDACTED] and Ms. [REDACTED], provided the City during the audit visits. If there any questions, please feel free to contact Heidi Jordan, Community Outreach Coordinator, at 505-768-2844 or hljordan@cabq.gov.

Sincerely,



Douglas H. Chaplin

OIG Evaluation of Auditee Comments

Comment 1 The Authority did not disagree with the audit memorandum or the recommendation, and outlined the steps that it has taken or is taking to improve its reporting of measurable results.