City's Homeless Response: Audit Scope Proposal

Report# 2023/24-11│March 2024

Proposed Project 1: Citywide and Systemwide Strategy and Coordination

Proposed Project 2: Review of Homeless Service Contracts

City of
SACRAMENTO
Office of the City Auditor

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<u>Our Mission</u>
To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.

<u>Our Vision</u>
To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.

<u>Suggest an Audit</u>
The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

https://forms.cityofsacramento.org/f/Suggest_an_Audit_Form

<u>Whistleblower Hotline</u>
In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at http://www.cityofsacramento.ethicspoint.com or call
toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street
MC09100
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Introduction

In accordance with the City Auditor's 2023/24 Work Plan, we presented the *Preliminary Report on the City's Homeless Response* (preliminary report)[1] to the Budget and Audit Committee on February 27, 2024[2]. As stated in the preliminary report, which is part of our audit planning process for a performance audit in accordance with Generally Accepted Government Auditing Standards, we consider the potential scope of an audit of the City of Sacramento's (City's) homeless response to be wide-ranging and were seeking further direction on our audit objectives.

In response to the direction provided and the motion passed by the Budget and Audit Committee[3], we present the following work plan for two proposed homeless response audit projects.

These audits will be performed in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

Work Plan and Schedule

The following work plan outlines two proposed audit projects in the prospective order of performance. Each audit project is organized into objectives, which include various sub-objectives and a description of the overall approach to accomplishing the audit objective.

Project 1: Citywide and Systemwide Strategy and Coordination

The City's coexisting missions of reducing impact to the community and providing services to the homeless population are reflected in its broad range of homeless response efforts. This project will evaluate whether the set-up of the City's homeless data system as well as the data currently collected and reported across the homeless system serve to meet the objectives for achieving each of these respective missions and determine whether there are gaps in interdepartmental or interagency

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[1] This report is available on our website at: https://www.cityofsacramento.gov/content/dam/portal/auditor/Audit-Reports/City%20Auditors%20Preliminary%20Report%20on%20the%20Citys%20Homeless%20Response.pdf.

[2] The staff report attached to the February 27, 2024 Budget and Audit Committee agenda for this preliminary report is available at:
https://sacramento.granicus.com/MetaViewer.php?view_id=38&clip_id=5832&meta_id=767788.

[3] A recording of the February 27, 2024 Budget and Audit Committee meeting is available at:
https://sacramento.granicus.com/player/clip/5832?view_id=38&redirect=true; the draft minutes for the February 27, 2024 Budget and Audit Committee meeting is available at:
https://docs.google.com/gview?url=https%3A%2F%2Fsacramento.granicus.com%2FDocumentViewer.php%3Ffile%3Dsacramento_b59c0694bd8ca247a3955b0937ddaafd.pdf%26view%3D1&embedded=true.

coordination that create barriers to ensuring clean and clear streets while also supporting successful exits from homelessness for persons experiencing homelessness (PEH).

Objective 1: Evaluate Whether Existing Homeless Response Data Serves the City in Reducing Impact to the Community

This objective is designed to evaluate data associated with the City's Incident Management Team and homeless response protocol for usefulness, determine the effectiveness and efficiency of resource deployment, and assess interdepartmental coordination in reducing impact to the community.

Sub-Objectives

- Identify available data and metrics associated with the City's Incident Management Team and homeless response protocol;
- Determine whether City data is aggregated to ensure complete and accurate metrics related to homeless response activities;
- Evaluate if and how the data meets the City's response goals;
- Evaluate if and how the data facilitates interdepartmental organization and resource deployment;
- Determine how case outcomes and associated data are communicated and reported to the public; and
- Determine if data for contracted outreach or cleanup staff in the City's system can be corroborated with invoices or other relevant documents.

Audit Approach

To address this objective and the above sub-objectives, we will export, review, and analyze data from Salesforce and other relevant City information management systems for response times and response outcomes; interview City staff to identify the City's response goals and which metrics serve to fulfill these goals; document the process for using data to plan and implement an interdepartmental response; observe the process for scheduling and deploying interdepartmental City staff to address submitted cases; conduct ride-alongs with staff to understand and observe their roles and responsibilities both in the field and in entering response actions into the respective data systems; analyze allocation of staff resources to respond to calls; review internal and public-facing case resolution notes and data reports; acquire invoices for contracted outreach or cleanup staff that use Salesforce; and compile invoice numbers and cross-reference with Salesforce data.

Objective 2: Evaluate Gaps in Achieving an Outcomes-Based Homeless Data System and Identify Systemic Roadblocks to Providing Homeless Services

This objective is designed to evaluate gaps in achieving a transparent outcome-based data reporting system around homelessness and identify systemic roadblocks to moving PEH from temporary shelters to more permanent solutions as it relates to City programs.

Sub-Objectives

- Identify what City data is collected and when, where, and how the data is collected and tracked throughout the homeless system;
- Determine the usefulness of existing City metrics in demonstrating the service provided to PEH and in informing better service delivery:
    – Determine how and if success is measured for City programs at each relevant level in the homeless system, including how positive or negative individual outcomes are tracked and defined;
    – Determine whether existing data can demonstrate when and why positive or negative individual outcomes occur;
    – Identify whether available data is analyzed to determine barriers to service acceptance;
- Evaluate whether there is continuity or connectivity in the data collected across all programs and all levels of the homeless system as it relates to the performance and effectiveness of City programs in order to identify systemic bottlenecks;
- Determine whether the City systematically monitors and reviews data related to its own homeless service programs to ensure data integrity and to analyze program performance;
- Determine how existing City program data is being reported to stakeholders; and
- Evaluate the City's motel shelter program for effectiveness and appropriateness in helping program participants achieve temporary sheltering and in facilitating overall positive outcomes.

Audit Approach

To address this objective and the above sub-objectives, we will collaborate with the Department of Community Response and external partners to acquire data from data systems including but not limited to the Homeless Management Information System and Salesforce; review best practices for data usefulness and metrics; conduct a benchmark study by researching homeless data management, monitoring, and assessment practices in other jurisdictions; categorize and assess existing data and metrics for relevance to goals and to other data points in the system; assess flow path of data for data completeness and accessibility of programs; analyze existing data for programmatic and systems-level performance; interview staff regarding the process for monitoring program performance; obtain and assess published data reports; obtain and review contracts and data for the City's motel shelter program; and attend walkthroughs and conduct interviews with motel shelter operators to observe program implementation and identify program barriers, such as transportation to the site location, allowing of pets, and document requirements.

Project 2: Review of Homeless Service Contracts

The City has entered into numerous contracts with several organizations to assist in the deployment of services to the PEH population. This project will evaluate whether a sample of City contracts with homeless services providers are designed consistently and administered efficiently and effectively.

Objective: Determine the Efficiency and Effectiveness of Administering Homeless Service Contracts

This objective is designed to determine whether the City is effectively and efficiently administering contracts for the operation of the various homeless response, homeless assistance, and shelter-related services.

Sub-Objectives

- Conduct a preliminary review of contracts with agencies that provide homeless-related services;
- Create a risk assessment and determine a scoring system that will be used to select a sample of contracts to audit;
- Select and evaluate three to five contracts for inconsistencies, comprehensiveness of contract language such as the right to audit clause, or other issues;
- Determine whether the City's requests for proposal process for homeless-related contracts aligns with City policy and adequately captures the scope of services that the City is seeking;
- Determine accuracy of invoice payments to identify any over or underpayment;
- Test for agencies' compliance and performance with City contract provisions;
- Evaluate the appropriateness of the City's process for issuing contract addendums, amendments and revisions;
- Evaluate contract performance measures and metrics for usefulness and alignment with City goals;
- Evaluate report submissions to City such as invoices and other relevant deliverables for accuracy, relevance, and completeness; and
- Determine the sufficiency of the contract oversight and monitoring process.

Audit Approach

To address this objective and the above sub-objectives, we will compile City contracts with agencies that provide homeless-related services and identify risk factors for scoring; select and review the language in a sample of these contracts; identify the City's right to audit clause in each contract; review the City's request for proposal process and documents for these contracts; assess the City's process for issuing contract addendums, amendments and revisions; obtain and review documents and reports that contain the various contract performance goals and metrics; compare contract scopes and outcomes to the City's goals; interview City staff on the contract oversight and monitoring process and document relevant procedures; and conduct interviews and potential walkthroughs with agencies.