



CITY OF RICHMOND  
CITY AUDITOR

**DATE:** February 28, 2022

**TO:** Lincoln Saunders  
Chief Administrative Officer

**FROM:** Louis Lassiter *LL*  
City Auditor

**SUBJECT:** Citywide Homelessness Audit

The City Auditor's Office has completed the Citywide Homelessness audit and the final report is attached.

We would like to thank the Department of Housing & Community Development staff for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee  
The Richmond City Council  
Sherrill Hampton, Director of Housing and Community Development

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City of  
**RICHMOND**  
Office of the City Auditor

Audit Report# 2022-08  
**Citywide**  
**Homelessness Audit**  
February 28, 2022



**Audit Report Staff**

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Executive Summary.....i  
Background, Objective, Scope, Methodology.....1  
Findings and Recommendations.....12  
Management Responses.....Appendix A

## Highlights

Audit Report to the Audit Committee, City Council, and the Administration

### Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the FY2022 audit plan approved by the Audit Committee. The objectives for this audit were to evaluate the funding and expenditures spent on homelessness and measure the effectiveness and efficiency of the City's homelessness Programs.

### What We Recommend:

The Housing and Community Development Director:

- *Work with the Greater Richmond Continuum of Care and Homeward to develop a memorandum of understanding or other documentation to delineate the City's roles and responsibilities.*
- *Update the Procedures Manual for Federal Entitlement Funds to reflect the current practice.*
- *Ensure all expenditures are properly supported with actual invoices or receipts.*
- *Develop and implement policies and procedures to guide their staff when carrying out their duties for third party grant contracts.*
- *Ensure all elements under the third party vendor contracts are consistent and include a goal that is measurable.*
- *Continue working to modify the City's Strategic Plan (2020-2030) as appropriate based on the guidelines.*



## Citywide Homelessness Audit

**Background** - The United States Department of Housing and Urban Development (HUD) defines homelessness as people who live in a place not meant for human habitation, live in a shelter, or live in transitional housing. The City of Richmond does not provide direct services or shelter to individuals experiencing homelessness; however, the City is an active member of the Greater Richmond Continuum of Care (GRCoC). The GRCoC is funded through a collaborative effort which includes HUD regulated, local determinations, and private donations. In FY2021 the GRCoC received HUD regulated funding and non-departmental funds from participating localities totaling \$1,456,342. HUD is the primary source of public funding for homelessness programs and services.

As of FY2021, the Housing Inventory Count (HIC), which is submitted to HUD annually indicated that the Richmond Region had approximately 2,375 year-round beds.

### What Works Well

#### Strategic Plan:

In two years, HCD has managed to fully implement and partially implement 54.8% and 28.6% action steps of the City's Strategic 10-Year Plan, respectively.

### Needs Improvement

#### Finding #1 – Establish Memorandum of Understanding

In 2019, the City developed a Strategic Plan to address homelessness. One of the action steps under Strategy number 7 is to develop a Memorandum of Understanding (MOU) between the GRCoC, the designated "Collaborative Applicant", and appropriate City stakeholders. However, HCD has not established an MOU or other documentation to delineate the City's roles and responsibilities.

#### Finding #2 – Update the Procedures Manual

The City's Procedures Manual for Federal Entitlement Funds differs from current practice. The procedures outlined in the Manual for processing reimbursements for grantees and monitoring the grant contracts do not reflect the processes followed by HCD staff.

#### Finding #3 – Grant Contracts

The auditors tested the expenditures for 10 vendors and noted 100% of the expenditures were related to homelessness services. However, of the \$209,927 expenditures, \$56,473 were not supported with invoices or receipts. Performance goals outlined in the vendors' Item Plans within their contracts were not always met.

#### Finding #4 - City Strategic Plan

The City's Strategic Plan to End Homelessness (2020-2030) does not incorporate key elements identified by the United States Interagency Council on Homelessness (USICH). It includes five of the eleven elements and partially includes one. USICH developed these elements to highlight the importance of all homeless populations, leveraging the use of mainstream resources, and the inclusion of measurable and actionable goals.

#### Finding #5 – Non-Congregate FEMA Funding

During the Pandemic, FEMA designated grants for non-congregate emergency sheltering. However, the City did not apply for the available non-congregate funding as the City does not have a centralized grant management function. Applying for grants and monitoring for compliance are left to each department's discretion.

Management concurred with 6 of 6 recommendations. We appreciate the cooperation received from management and staff while conducting this audit.

## **BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS**

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. 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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

### **BACKGROUND**

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The United States Department of Housing and Urban Development (HUD) defines homelessness as people who live in a place not meant for human habitation, live in a shelter, or live in transitional housing. HUD defines chronic homelessness as someone that has been living in a place not meant for human habitation, a safe haven, or in an emergency shelter for at least 12 months. This includes a provision where a person has experienced at least four occasions of homelessness over a period of three years, with the cumulative total of the occasions being at least 12 months.

According to the 2020 Annual Homeless Assessment Report (AHAR) to Congress, published January 2021, on a single night in 2020, roughly 580,000 people experienced homelessness in the United States. During this time, California had the highest population experiencing homelessness at 161,548 and Virginia had approximately 5,957. Of those experiencing homelessness in Virginia:

- 3,959 were homeless individuals ;
- 1,998 were homeless families with children.

The City of Richmond does not provide direct services or shelter to individuals experiencing homelessness; however, the City is an active member of the Greater Richmond Continuum of

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

---

Care (GRCoC). According to HUD, Continuum of Care (CoC) “is a broad group of stakeholders working together to end homelessness in their communities. HUD requires communities to establish a local CoC in order to apply for targeted funding for homelessness services and to develop a portfolio of homeless assistance programs to address local needs. Currently, there are approximately 400 CoC’s across the country, which include 16 throughout the Commonwealth of Virginia.”

The CoC is governed by the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) of 2009, and is designed to promote community-wide planning and strategic use of resources to address homelessness; improve coordination and integration of resources; improve data collection and performance measurement; and allow each community to tailor its program to the particular strengths and challenges within that community.

The GRCoC was established in 1997 and encompasses the following localities:

- City of Richmond
- Town of Ashland
- Chesterfield
- Henrico
- Hanover
- Goochland
- Powhatan
- New Kent
- Charles City

The GRCoC is governed by bylaws which are established by a governing board. Board and Committee members are nominated and selected through both community recruitment and voting processes. The Board reviews and approves:

- Community goals;
- Community funding priorities; and
- Establishes performance measurements to measure the impact of homeless service programs

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

---

In 2019, the City developed seven strategies to address homelessness. The strategy was developed from the results and input through various means, including a survey, focus groups with homeless services and housing providers and with leaders and staff from various City departments, as well as input from members of the GRCoC. According to the City's Strategic Plan, "the GRCoC Board signed three Memorandums of Understanding (MOUs) with Homeward, formalizing the relationship between the two regional homeless service entities. These MOUs designated the GRCoC as the governing body that drafts and approves policy and funding priorities, and Homeward as the agency that provides technical expertise and administrative support." Homeward entered into an agreement with the GRCoC on March 26, 2021 to act on its behalf as the designated Homelessness Management Information System Lead Agency. Therefore as a part of these MOUs, Homeward tracks and evaluates data on key trends and indicators on homelessness and homeless services in the Richmond Region. Homeward serves as the lead planning and coordinating organization for homelessness services in the Richmond area.

The primary data sources are the Homeward Community Information System (HCIS) and the point-in-time count (PIT). For organizations that receive funding through HUD a PIT count of individuals experiencing homelessness is required every year during the last 10 days in January. The count includes people experiencing both sheltered and unsheltered homelessness. The PIT count includes adults, young adults and children. In addition to the physical count, adults and youth who are at least 18 years of age are asked to complete an anonymous survey.

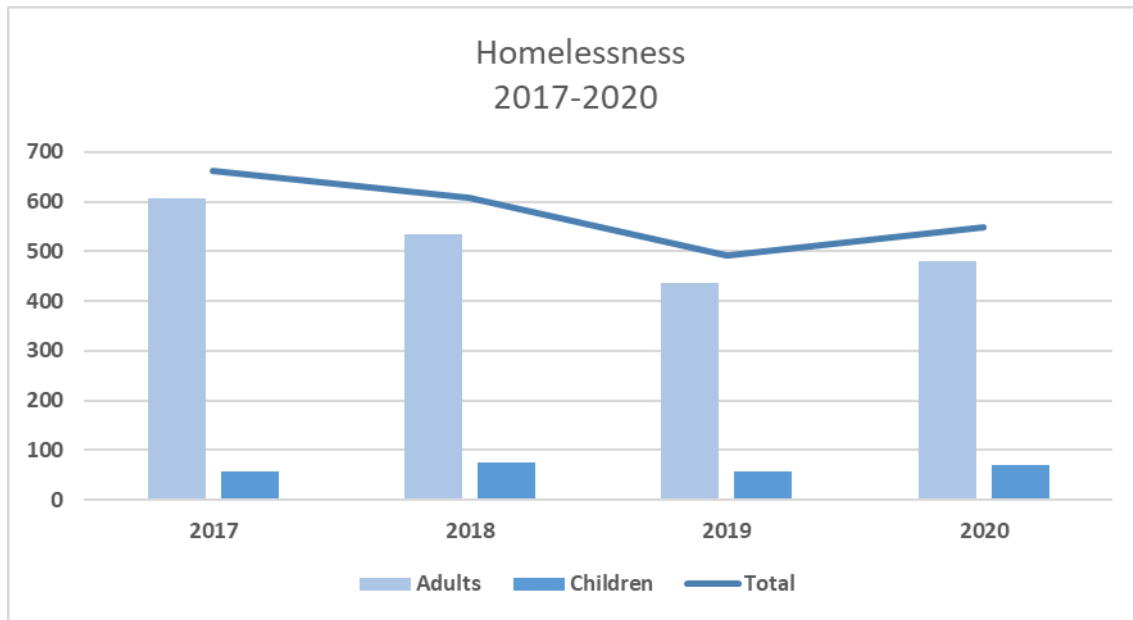
The following graph depicts the number of people that experienced homelessness in the GRCoC from 2017 through 2020:

# Richmond City Auditor's Report #2022-08

Citywide

Homelessness Audit

February 28, 2022



Source: PBA based on data provided by Homeward.

The following table outlines the last housing location (*physical address*) of people that experienced homelessness in the GRCoC from 2017 through 2020:

Locality of Last Residence	2017	2018	2019	2020
City of Richmond	45.0%	50.5%	58.6%	56.7%
Henrico County	10.7%	8.7%	9.6%	9.8%
Chesterfield County	7.1%	5.5%	4.8%	5.8%
Hanover County	2.7%	1.4%	-	-
Elsewhere in VA	20.0%	13.1%	11.5%	13.4%
Lived in other States (Out of State)	12.9%	20.8%	13.1%	13.1%

Source: PBA based on data provided by Homeward

This data was collected using the PIT methodology. PIT data was utilized from the month of January, except for the years of 2015 and 2019. Data collection in 2015 and 2019 occurred in July. PIT data is self-reported, therefore individuals can be counted in more than one more category. This means the percentages may not equate to 100%.



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## **Richmond City Auditor's Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---

The following table depicts the total number of individuals served in year-round emergency shelters (excluding *non-congregate/hotel shelters*) from July 1, 2020 through June 15, 2021:

Locality of Last Residence	6/15/2021	Percent
City of Richmond	380	60.1%
Henrico County	72	11.4%
Chesterfield County	41	6.5%
Hanover County	4	0.6%
Other GRCoC Localities	0	0.0%
Other VA Localities	31	4.9%
Out of State	57	9.0%
Data Not Collected	47	7.4%
<b>Total</b>	<b>632</b>	<b>100%</b>

*Source: PBA based on data provided by Homeward*

Subpopulations represent a subset of the total population. The following table outlines homeless subpopulations from 2018-to 2021.

Subpopulation	2018	2019	2020	2021
Severely Mentally Ill	135	124	160	203
Chronic Substance Abuse	120	87	111	89
Veterans	92	79	78	80
HIV/AIDS	5	9	9	19
Victims of Domestic Violence	32	36	33	62
Unaccompanied Youth	36	14	17	30
Parenting Youth	8	6	4	10
Children of Parenting Youth	10	6	5	12

*Source: PBA based on data extracted from the HUD Exchange. Of note, individuals can be represented in more than one subpopulation category.*

The number of people experiencing homelessness with mental illness has trended upward since 2018, while the number of individuals with chronic substance abuse decreased. Additionally, since 2020 the number of homeless people that are victims of domestic violence has almost doubled.

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## ***Richmond City Auditor's Report #2022-08***

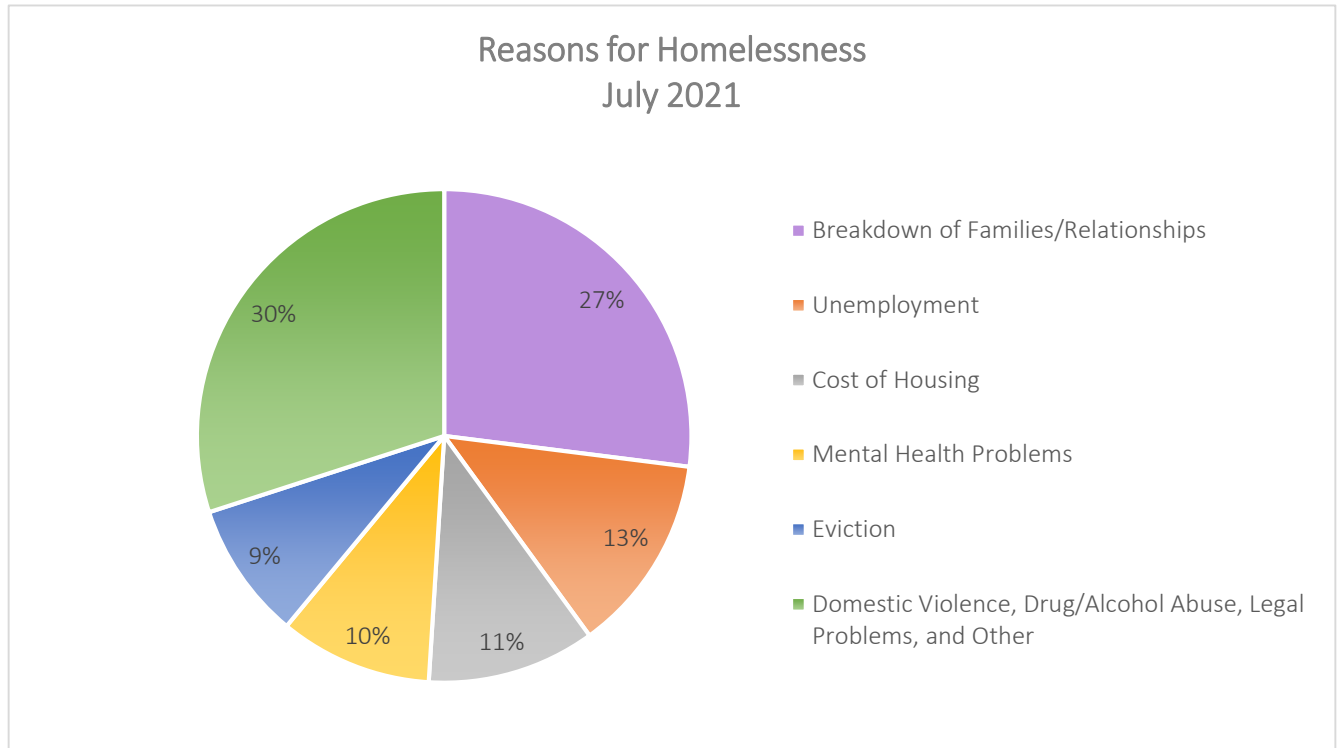
*Citywide*

*Homelessness Audit*

*February 28, 2022*

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During the PIT Count performed in July 2021, individuals were asked to identify what contributed to them being homeless. The following graph depicts their answers:



***Source: PBA***

### ***Funding***

HUD is the primary source of public funding for homelessness programs and services. This includes the CoC, Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA) and Community Development Block Grant (CDBG). ESG and CDBG funding are provided to the Richmond region in two forms; local entitlement, which is provided directly to localities to administer using federal guidelines, and non-entitlement, which is administered through the Virginia Department of Housing and Community Development and granted to CoC's using HUD guidelines. The State of Virginia is the second largest source of public funding, which accounts for the Virginia Homeless Solutions Program (VHSP) and the Affordable Housing Trust Fund. As such, the State defines the program types and reporting requirements. These requirements include:

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

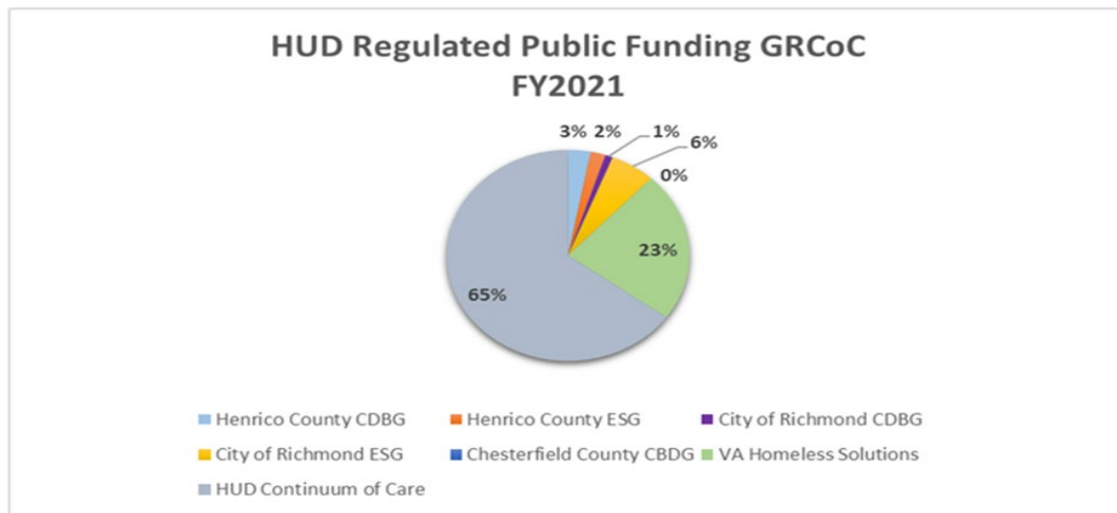
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- Numbers served;
- Costs of programs;
- Match/financial and in kind support raised by providers;
- Target on rapid re-housing and services for veterans;
- Virginia Housing Trust Fund; and
- Strategic initiatives for Medicaid and Eviction Prevention/Diversion.

The third public funding source is provided by the localities, which include local non-departmental or general fund appropriations as a part of a local government's budget process.

### ***GRCoC Funding***

The GRCoC is funded through a collaborative effort which includes HUD regulated, local determinations, and private donations. In FY2021 the GRCoC received HUD regulated funding and non-departmental funds from participating localities totaling \$1,456,342. The following graph provides a breakdown of HUD regulated funding received by the GRCoC from participating localities as well as funding received directly from HUD and the State of Virginia for FY2021:



**Source:** the GRCOC

*\*Please note, Chesterfield equaled 0% due to scaling of the chart - the actual amount was \$10,000.*

The City of Richmond contributes funding to the GRCoC shelters. Below is a list of providers funded by the City during FY2021:

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# **Richmond City Auditor's Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---

Organization	FY2021 Funding	CARES Act Funding
CARITAS	\$55,000 via ESG	\$100,000 via ESG-CV
HomeAgain	\$169,614 via ESG	\$79,263 via ESG-CV
Housing Families First	\$75,000 via ESG	\$60,000 via ESG-CV
Side by Side	\$0	\$100,000 via ESG-CV
Salvation Army	\$0	\$27,000 via CDBG-CV
Homeward in collaboration with RUMI and Daily Planet	\$0	\$2,083,519 via ESG-CV \$1,060,000 via CDBG-CV
Homeward in collaboration with RUMI (workforce shelter)	\$0	\$234,456 via CDBG-CV

## ***Success & Performance***

The GRCoC develops performance measures and benchmarks to determine funding priorities that also meet or exceed specific requirements of each funding program. Some of the performance measures include, but are not limited to:

- Length of time people experience homelessness;
- Return to homelessness after securing stable housing;
- Overall reduction in the number of people experiencing homelessness;
- Increase in jobs and income for people experiencing homelessness in the Program;
- Reduction of people experiencing homelessness for the first time;
- Expenditure of public funds and other financial management goals; and
- Compliance with local, state, and federal requirements.

## ***Housing and Shelters within the Richmond Region***

As of FY2021, the Housing Inventory Count (HIC), which is submitted to HUD annually, indicated that the Richmond Region had approximately 2,375 year-round beds. The following table depicts bed breakdown by category and count:

Bed Category	Count
Emergency Shelter	318
Other Permanent Housing	152
Permanent Supportive Housing	1,396
Rapid-Rehousing	402
Safe Haven	41
Transitional Housing	66

Source: PBA

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

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### ***Homeless Services in the Richmond Region***

While the City does not directly provide programs or services for people experiencing homelessness, several City departments are involved in managing and administering third-party agreements with agencies that provide services and programs to people experiencing homelessness. HCD manages and administers the majority of the non-profit and for-profit agreements with partners to prevent homelessness and provides emergency housing and services to the vulnerable residents. Additionally, HCD was charged with implementing the City's Strategic Plan to End Homelessness.

The City coordinates with GRCoC to provide the following homeless services:

- Access Points – coordinated entry points into the region's network of homeless services;
- Connection Points – light-touch assistance and connection to access;
- Connected Agencies and Groups – mainstream resources provided to community members including persons experiencing homelessness;
- Community-based Outreach and Services;
- COVID-19 Pandemic Response;
- Shelter – Emergency shelter for families and individuals experiencing homelessness;
- Rapid Rehousing – permanent housing for families/individuals who need assistance in securing and maintaining stable housing;
- Permanent Supportive Housing – housing for families/individuals who need long-term housing that is connected to on-going supportive services; and
- Targeted Recovery Services – services provided for substance abuse disorders, recovery providers, and mental health assistance for persons experiencing homelessness.

There are more than 30 community partners that provide assistance to people experiencing homelessness. The process is depicted in the following chart:

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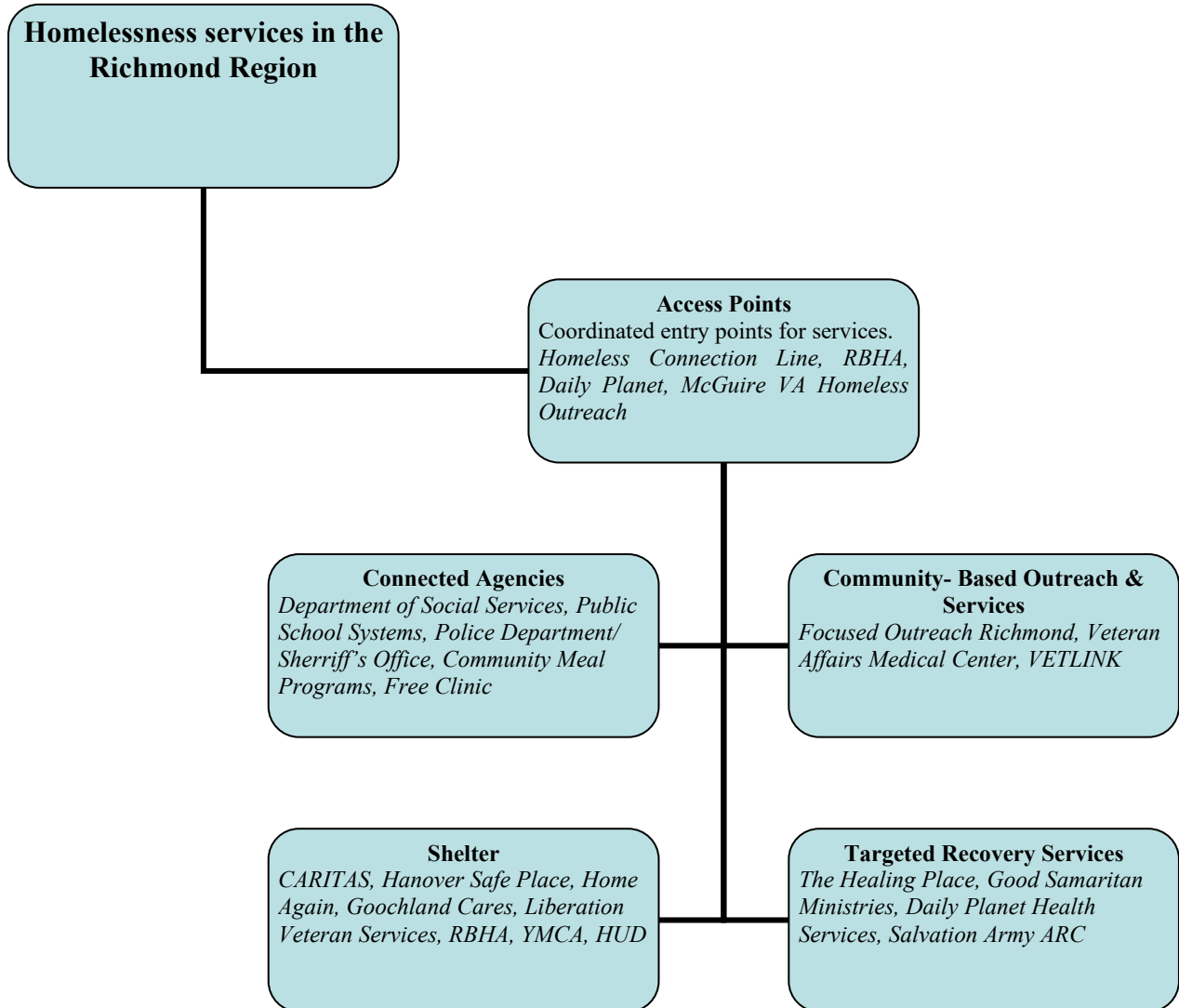
**Richmond City Auditor's Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---



Source: PBA

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## OBJECTIVES

To evaluate the funding and expenditures spent on homelessness and measure the effectiveness and efficiency of the City's homelessness Programs.

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

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### **SCOPE**

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The scope of the audit covered funding and expenditures for the Homelessness Programs, which include payments to sub-recipients during the 12 months ended June 30, 2021 and the current environment. The audit also covered the City's monitoring activities for the disbursement of funds and the City's strategy to address homelessness.

### **METHODOLOGY**

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The auditors performed the following procedures to complete this audit:

- Judgmentally selected the top ten vendors with the highest expenditures (excluding CARES funds) and reviewed their contracts for Federal Entitlement grants to determine contract compliance and whether the expenditures were appropriate and properly approved.
- Interviewed staff from various City Departments to gain an understanding of the City's strategy and activities to address homelessness;
- Interviewed eight different CoC leaders to understand their processes and efforts to address homelessness, including outreach programs;
- Reviewed the progress made by the City in implementing the action steps within the City's Strategic Plan to address Homelessness;
- Reviewed the City's Procedures Manual for Federal Entitlements for compliance;
- Evaluated the Vendors' reimbursement requests along with the supporting invoices;
- Analyzed quarterly, financial, programmatic and circular reporting.
- Conducted other tests, as deemed necessary.

### **MANAGEMENT RESPONSIBILITY**

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City of Richmond management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

---

### **INTERNAL CONTROLS**

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According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the audit test work, the auditors concluded internal controls need improvement. These improvements are discussed throughout the report.

## **FINDINGS and RECOMMENDATIONS**

### **What Works Well**

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#### ***Strategic Plan:***

In two years, HCD has managed to fully implement and partially implement **54.8%** and **28.6%** action steps of the City's Strategic 10-Year Plan, respectively.

### **What Needs Improvement**

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#### ***Finding #1 – Establish Memorandum of Understanding***

##### **Condition:**

The City of Richmond does not provide direct services or shelter to individuals experiencing homelessness, however, it is an active member of the GRCoC. Although the City is an active



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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

---

member of the GRCoC, HCD has not established an MOU or other documentation to delineate the City's roles and responsibilities.

### **Criteria:**

In 2019, the City developed a Strategic Plan to address homelessness. One of the action steps under Strategy number 7 is to *“develop a Memorandum of Understanding or other formal partnership agreement between the GRCoC, the designated “Collaborative Applicant” (Homeward), and appropriate City stakeholders.”*

### **Cause:**

HCD has gone through various leadership changes and has not been able to prioritize this effort. Additionally, many resources had to be dedicated to the needs of addressing the COVID Pandemic.

### **Effect:**

Without a written agreement, the City may not have any assurance that its homelessness needs are addressed within the GRCoC.

### **Recommendation:**

- 1. We recommend the Director of the Department of Housing and Community Development work with the Greater Richmond Continuum of Care and Homeward to develop a memorandum of understanding or other documentation to delineate the City's roles and responsibilities.*

## ***Finding #2 – Update the Procedures Manual***

### **Condition:**

The City's Procedures Manual for Federal Entitlement Funds differs from current practice. The procedures outlined in the Manual for processing reimbursements for grantees and monitoring the grant contracts do not reflect the processes followed by the HCD staff.

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## **Richmond City Auditor's Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---

The following table outlines some of the differences noted between the Manual and the current practice:

Manual Requirement	In Compliance	Comment
Review & approve invoices.	No	HCD did not require all vendors to submit monthly invoices.
Conduct monthly desk reviews.	No	HCD did not conduct monthly desk reviews of the sub-recipients' financial reports.
Conduct annual on-site review.	No	HCD did not conduct the annual on-site visit to review the sub-recipient's fiscal management of the contract.
Conduct at least one programmatic visit during the biennium.	No	HCD did not conduct the programmatic monitoring visit of the sub-recipient during the biennium.

*Source: PBA*

### Criteria:

According to the City's Procedures Manual for Federal Entitlement Funds, HCD is responsible for:

- Reviewing and approving invoices before processing reimbursements.
- Conducting a monthly desk review of the financial reports received of the sub-recipients.
- Conducting a yearly onsite extensive review of the fiscal management of the contracts.
- Conducting at least one programmatic monitoring visit of the sub-recipient during the biennium.

### Cause:

HCD has gone through various recent leadership changes and is in the process of updating their policies and procedures. Additionally, on-site visits became a challenge due to the COVID Pandemic.

### Effect:

Without invoices and sufficient monitoring, the City could be paying vendors for services that were not properly supported.

Non-compliance of reporting requirement could result in the City losing federal funding that are needed to deliver services to its citizens.

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## **Richmond City Auditor’s Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---

### **Recommendation:**

- We recommend the Director of the Department of Housing and Community Development update the Procedures Manual for Federal Entitlement Funds to reflect the current practice.*

### **Finding #3 – Grant Contracts**

#### **Condition:**

HCD manages and administers the majority of the City’s grants agreements with third party vendors to prevent homelessness and provide emergency housing and services to the vulnerable residents.

The auditors selected 10 vendors to validate whether their expenditures during FY2021 were related to homelessness services and whether they were properly supported. Testing revealed 100% of the expenditures were related to homelessness services. However, of the \$209,927 expenditures tested, \$56,473 were not supported with invoices or receipts. The following table depicts the results:

Entity	Invoice Total	Unsupported Amount
Commonwealth Catholic Charities	\$55,750	\$41,554
Stratford House	\$35,575	\$4,553
Serenity Inc.	\$5,526	\$1,489
HomeAgain	\$9,967	\$571
HMHY ER Supportive Housing	\$50,000	
Side by Side Inc.	\$24,132	\$7,478
CARITAS	\$18,372	\$828
RBHA	\$7,633	
Daily Planet Health Services	\$1,997	
Rapid Re-Employment Services	\$975	
<b>Total</b>	<b>\$209,927</b>	<b>\$56,473</b>

Source: PBA

The auditors reviewed the 52 performance goals outlined in the vendors’ Item Plans within their contracts and noted:

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

---

- 27 Goals were met and supported with quantitative data.
- 10 Goals were partially met.
- 15 Goals the auditors could not conclude as the goals were not referenced in the supporting reports or they were not quantitative or measurable.

15 out of the 52 goals were standard reporting requirements rather than measurable goals.

Additionally, the auditors noted the “Item Plan” under the scope of services for each of the vendor’s contracts were **not** consistent. Their Item Plans did not always include the needed elements. Only two out of the ten Item Plans included objective, project details, evaluation criteria & outcomes, and activity expenditures.

### Criteria:

Supporting documentation should be maintained for expenditures.

According to the Procedures Manual for Federal Entitlement, Section 4.1, “An item plan is a required project control document for each funded project... It sets forth what will be accomplished, when it will be done, the budgeted allowable cost, and the measurable objective. It is the primary document for all activities and expenditures connected with each project. It is the documented source of goals against which all accomplishments will be reported.”

Additionally, it’s a prudent practice to conduct business in a standard manner to promote equality and transparency. Standard policies and procedures provide a roadmap for routine operations. They ensure compliance with guidelines and regulations, provide guidance for decision making and streamline internal processes.

### Cause:

- HCD did not have proper oversight over the submitted reimbursement requests to ensure all expenditures were properly supported.
- HCD needed to improve processes to guide their staff to ensure the Item Plans within the vendors’ contracts addressed the needed elements. HCD staff needed improve work

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## **Richmond City Auditor's Report #2022-08**

Citywide

Homelessness Audit

February 28, 2022

---

processes with the vendors to ensure their Item Plans were consistent and their goals were quantifiable and measurable.

- HCD is currently under new leadership and has gone through various leadership changes in the past and is currently in the process of updating all policies and procedures.
- The HCD Director indicated that due to the circumstances involving the pandemic some of the vendors didn't reach their expected goals.

### Effect:

Without invoices and sufficient monitoring, the City could be paying vendors for services that were never provided to residents in need of services or in alignment with performance goals.

### Recommendations:

3. *We recommend the Director of the Department of Housing and Community Development ensure all expenditures are properly supported with actual invoices or receipts.*
4. *We recommend the Director of the Department of Housing and Community Development develop and implement policies and procedures to guide their staff when carrying out their duties for third party grant contracts.*
5. *We recommend the Director of the Department of Housing and Community Development ensure all elements under the third party vendor contracts are consistent and include a goal that is measurable.*

### *Finding #4 – City's Strategic Plan*

#### Condition:

The City's Strategic Plan to End Homelessness (2020-2030) does not incorporate **key** elements identified by the United States Interagency Council on Homelessness (USICH). The following table depicts the key elements identified by USICH and whether these elements are included in the City's Strategic Plan:

## Richmond City Auditor's Report #2022-08

Citywide

Homelessness Audit

February 28, 2022

<i>Element</i>	<i>Included in the City's Strategic Plan</i>
<i>1) Align with the Federal timelines for ending chronic homelessness and homelessness among Veterans (by 2015) and homelessness among families, children and youth (by 2019).</i>	Not Included
<i>2) Emphasize all homeless subpopulations - people experiencing chronic homelessness, Veterans, families with children, and unaccompanied youth.</i>	Partially Included
<i>3) Inform the plan by reviewing local Point In Time, HMIS, and another market/demographic data.</i>	Included
<i>4) Include strategies for leveraging the use of mainstream housing, services, and funding to meet the needs of those who are homeless and on the brink of homelessness.</i>	Included
<i>5) Embrace strategies from Opening Doors, which are best practices/evidence-based practices.</i>	Included
<i>6) Be informed by Continuum of Care leadership and providers and involve local government, political leadership, foundations and the private sector.</i>	Included
<i>7) Invite action – with action plans that include specific steps, timelines, and responsible parties.</i>	Not Included
<i>8) Contain HEARTH Act required measures - length of time homeless; recidivism (subsequent return to homelessness); access/coverage (thoroughness in reaching persons who are homeless); and an overall reduction in the number of persons who experience homelessness.</i>	Not Included
<i>9) Include cost estimates and financing strategies.</i>	Not Included
<i>10) Contain measurable goals, performance indicators, and targets that are reported in accordance with the HEARTH Act requirements.</i>	Not Included
<i>11) Include a public relations/communications strategy to disseminate information on plan progress for education and advocacy proposes.</i>	Included

Source: PBA

### Criteria:

USICH developed these elements to highlight the importance of all homeless populations, leveraging the use of mainstream resources, and the inclusion of measurable and actionable goals.

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

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### **Cause:**

The current HCD Director was hired after with the initial development of the City's Strategic Plan in 2020. Additionally, HCD staff have had to prioritize funding and efforts to focus on the State of Emergency related to the pandemic and the prevention of evictions for non-payment of rent due to COVID-19 and the increasing number of people experiencing homelessness.

### **Effect:**

Without effective measures, the City may not effectively meet the needs of people experiencing homelessness. Therefore, the number of people experiencing homelessness could increase.

### **Recommendation:**

- 6. We recommend the Director of the Department of Housing and Community Development continue working to modify the City's Strategic Plan (2020-2030) as appropriate based on the guidelines.*

## ***Finding #5 – Non-Congregate FEMA Funding***

### **Condition:**

According to FEMA Policy (104-009-18, Version 3), "The Federal Emergency Management Agency (FEMA) provides Public Assistance (PA) funding to state, local, tribal, and territorial (SLTT) governments for costs related to emergency sheltering for disaster survivors. Typically, sheltering occurs in facilities with large open spaces, such as schools, churches, community centers, or other similar facilities rather than in non-congregate environments, which are locations where each individual or household has living space that offers some level of privacy such as hotels, motels, or dormitories. FEMA recognizes sheltering operations during the COVID-19 Public Health Emergency may require SLTTs to consider additional strategies to ensure that disaster survivors who are unable to return to their pre-incident or new housing option are sheltered in a manner that provides a level of separation between individuals/ households and does not increase the risk of exposure to or further transmission of COVID-19."

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## ***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

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During the Pandemic, FEMA designated grants for non-congregate emergency sheltering. However, the City did not apply for the available non-congregate funding. The auditors noted a northern Virginia locality obtained FEMA non-congregate funding of approximately \$23 million.

### **Criteria:**

According to FEMA Funding Criteria, "FEMA Region three has designated the use of emergency, non-congregate sheltering for some States and Localities based on the requests that outline orders issued by local and/or state public health official. The following are FEMA approved populations that may require non-congregate sheltering:

- First responder workforce.
- Homeless individuals who meet one or more of the following criteria
  - Tested positive for COVID-19 and do not require hospitalization but requires self-quarantine.
  - Exposed to COVID-19 and do not require hospitalization but require isolation or quarantine.
  - Persons needing social distance as a precautionary measure, as determined by public health officials;
    - High risks groups such as person over 65, and person with underlying health conditions, such as respiratory, compromised immunities, chronic disease.
    - Other vulnerable populations determined by public health officials not explicitly outlined in approval letters such as children in group homes and travelers requiring quarantine."

### **Cause:**

The City does not have a centralized grant management function. Applying for grants and monitoring for compliance are left to each department's discretion.

### **Effect:**

The City may have missed funding opportunities that would have assisted providing more services to the City's homeless population.



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***Richmond City Auditor's Report #2022-08***

*Citywide*

*Homelessness Audit*

*February 28, 2022*

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**Recommendation:**

*A recommendation will not be issued under the Homelessness Audit as this is a citywide issue. A recommendation will be issued to the CAO to establish a centralized grant function in the on-going CARES Audit.*

**APPENDIX A: MANAGEMENT RESPONSE FORM**

**2022-08 Homelessness Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	We recommend the Director of the Department of Housing and Community Development work with the Greater Richmond Continuum of Care and Homeward to develop a memorandum of understanding or other documentation to delineate the City's roles and responsibilities.	Y	(1) Participate in GRCoC Committee meetings as it relates to the establishment of a formal Agreement between the City of Richmond and GRCoC or applicable entity in regard to roles, responsibilities, etc., as well as share the initial list of items important to the City and (2) Once draft MOU or Agreement is created, handle according to City protocols to obtain approval and execution.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	<b>Director of Housing and Community Development</b>		31-Aug-22
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	In Progress. Anticipated completion date is August 31, 2022. The GRCoC has established a committee to address the matter and the HCD Director sits on that committee. The committee system of meetings may delay the completion of this activity. In addition, given the organization's legal structure, at this time HCD is unsure who is the best party to the MOU or Agreement. The GRCoC is more of a collaboration of entities and does not possess a 501(c)3 under the laws of the Commonwealth. HCD does possess an initial list of items the City wants covered in the proposed MOU or Agreement and will share this list with the committee members.		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	We recommend the Director of the Department of Housing and Community Development update the Procedures Manual for Federal Entitlement Funds to reflect the current practice.	Y	(1) Competitively procure consultant to assist with the required Manual revisions to ensure compliance with all federal requirements. (2) Hold monthly staff meetings to review and discuss proposed changes and (3) Consultant to provide a first draft by August 31, 2022 and provide the final version by September 30, 2022.
	<b>TITLE OF RESPONSIBLE PERSON(S)</b>		<b>TARGET DATE</b>
	<b>Director of Housing and Community Development, Deputy Director and Housing and Community Development Administrator</b>		30-Sep-22
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	In Progress. The consultant was procured and contract approved in early February. At this time, no delays are anticipated that would change the identified target date. HCD staff began identifying proposed changes at the Mini-Staff Retreat on January 6-7, 2022.		

**APPENDIX A: MANAGEMENT RESPONSE FORM**

**2022-08 Homelessness Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	We recommend the Director of the Department of Housing and Community Development ensure all expenditures are properly supported with actual invoices or receipts.	Y	(1) Continue to work with the identified subrecipients to secure the required documentation and supply to the Auditor's Office. (2) Create and provide subrecipients with an updated listing, by project category, of required documentation to be included with the submittal of invoices and what HCD will review during a monitoring visit. (3) Include the above list in the updated Procedures Manual.
	<b>TITLE OF RESPONSIBLE PERSON(S)</b>		<b>TARGET DATE</b>
	<b>Director of Housing and Community Development, Deputy Director and Housing and Community Development Administrator</b>		31-May-22
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	In progress. HCD has requested the missing documentation from the identified subrecipients and with this response is including the documentation received to date as an attachment. The outstanding documentation will be submitted on or before May 31, 2022.		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	We recommend the Director of the Department of Housing and Community Development develop and implement policies and procedures to guide their staff when carrying out their duties for third party grant contracts.	Y	(1) Hold staff meetings to review and assess current protocols for each program. (2) Revise policies based on assessment conducted and as applicable.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	<b>Director of Housing and Community Development, Deputy Director and Housing and Community Development Administrator</b>		30-Sep-22
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	In progress. HCD has begun the development of these polices. However, this item will not be completed until September 30, 2022. The review and assessment of current protocols began at the Mini-Staff Retreat held January 6-7, 2022.		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	We recommend the Director of the Department of Housing and Community Development ensure all elements under the third party vendor contracts are consistent and include a goal that is measurable.	Y	(1) HCD will hold a training on creating goals and objectives for its staff. (2) Beginning with any new grant awards in FY 22 or if no new FY22 awards are made, in FY23, HCD staff will provide technical assistance to subrecipients during the process to develop Item Plans/Contracts to ensure measurable goals based on the nature of the project.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	<b>Deputy Director, Housing and Community Development Administrator and Project Development Managers</b>		31-Aug-22
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

**APPENDIX A: MANAGEMENT RESPONSE FORM**

**2022-08 Homelessness Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
6	We recommend the Director of the Department of Housing and Community Development continue working to modify the City's Strategic Plan (2020-2030) as appropriate based on the guidelines.	Y	(1) HCD staff will continue its review of the Plan. (2). HCD will conduct the appropriate engagement of its community partners and GRCoC regarding any proposed revisions. (3) Once the review and community partner engagement activity has been completed, HCD staff will follow the City's process for seeking City Council's approval of the proposed amended Plan.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	<b>Director of Housing and Community Development</b>		29-Feb-23
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	In Progress. HCD has begun the review of the current Plan and revise as appropriate and seek adoption by City Council.		



## CITY OF RICHMOND

### Housing and Community Development

To: Mr. Louis Lassiter, City Auditor  
From: Sherrill Hampton, HCD Director  
CC: Sharon L. Ebert, DCAO for Planning and Economic Development  
Jeff Gray, Senior Policy Advisor  
Amarilis Lily Hernandez, Deputy City Auditor  
Jennifer Harvell, Senior Auditor  
Toni Noel, Auditor  
Matthew Welch, Senior Policy Advisor

Date: February 25, 2022

#### **Re: HCD Partial Response to Homeless Audit – Financial Documentation Requested**

The information cited below, as well as the attached documents, are a partial response to the requested supporting documentation for various payments HCD made to various subrecipients. However, the documentation submitted for *Side by Side* is all of the requested supporting documents.

#### **A. Commonwealth Catholic Charities unsupported \$41,553.98 in charges:**

HCD is providing documentation for \$36,723.19 of the following charges:

1. Permanent Housing Placement charges for \$4,650. See the front and back checks on documents A to G.
2. STRMU charges of \$5,295.32. See the front and back of checks on documents H to L.
3. TBRA charges of \$26,777.87. See the front and back checks on documents M to FFF.

#### **B. Stratford House unsupported \$4,552.80 in HOPWA charges:**

HCD is providing documentation for \$4,335.17 of the following charges:

1. Office Supplies - see VHS invoice attachment #V-1 for \$14.27.
2. Cellphone and telephone charges - \$269.14, see cell charge documents \$29.96 V-2 and \$239.18 document for Windstream V-3 and V-4.
3. Internet charges \$109.32, see Comcast bill V-5
4. Computer software invoice for \$1039.80 see document V-6.
5. Utility charges \$1,348.84, see Dominion invoice for \$782.29 V-7 and V-8. There is also a DPU invoice for \$1,715.21. The HOPWA grant award paid \$242.53 and \$324.02 towards the DPU invoice, see document V-9.
6. Car insurance \$8.30 - see document V-10.
7. Operating supplies charges totaling \$616.83, see janitorial/cleaning document V-11 for

- \$38.06; janitorial/cleaning payroll for \$105.95, see documents V-12 and V-13; exterminating contract for \$68.00, see documents V-14 and V-15; repair materials, see Lowes receipts totaling \$243.34 documents V-16 to V-21; vehicle fuel for \$6.04, see document V-22; laundry and kitchen appliance charge of \$60.00, see document V-23; security repairs and maintenance, see Lowes receipt for \$95.44 document V-24.
8. Maintenance charges totaling \$580.35, see DPU invoice for garbage \$73.32 document V-25; Grounds contract for \$499.20, see invoices from Grass Roots Lawn Care documents V-26 to V-29; maintenance management contract for \$7.83, see documents V-30 to V-42.
  9. Mileage charge of \$14.37, see document V-43.
  10. Legal eviction charge for \$25.77, see documents V-44 and V-45.
  11. Insurance charge for \$308.18, see documents V-46 to V-50.

VSH provided additional documents for \$217.63 related to cell phones, office supplies, and the company car. However, the documentation did not identify which documents covered the charges. Therefore, HCD has requested better documentation.

**C. Side by Side unsupported \$9,511.55 in personnel charges.**

HCD is providing all of the documentation requested for personnel charges.

1. Director for Side by Side received CDBG-CV funds in the amount of \$1,343.45. The ADP documentation shows the Director's total compensation from 7/01/20 to 12/31/20 was \$49,408.74. See document labeled #1 at the bottom of the document.
2. Youth Resource Advocate #1, is identified as Justina Hall. Side by Side received CDBG-CV funds in the amount of \$7,477.68 for Advocate #1. Justina Hall received total compensation in the amount of \$20,000.04 from 7/01/20 to 12/31/20. See the direct deposit slips labeled as #2-13 at the bottom of the documents.
3. Youth Resource Advocate #2, is identified as Cassandra Calin. Side by Side received CDBG-CV funds in the amount of \$9,511.55 for Advocate #2. Cassandra Calin received total compensation in the amount of \$24,308.04 from 7/01/20 to 12/31/20. See the direct deposit slips labeled as #14-25 at the bottom of the documents.

If you have questions or need clarification on any item above or attached, do not hesitate to contact me. Thank you for the opportunity to make this partial response.

/sh