

**Mayor's Office of Homeless Services  
Response  
Case # 24-0007-I**



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

**M E M O R A N D U M**

<b>TO</b>	Isabel Mercedes Cumming, Inspector General, Office of the Inspector General
<b>FROM</b>	Ernestina Simmons, Executive Director, Mayor's Office of Homeless Services (MOHS)
<b>DATE</b>	July 19, 2024
<b>SUBJECT</b>	ROI 24-0007-I

I have had the opportunity to review the OIG Management alert and appreciate both your time and effort to understand the factors that played a critical role in the operations at MOHS and the overall impact to our grant administration and service delivery. Over the past several months, we have worked closely with HUD alongside our internal teams to improve our policies, procedures and practices. Please see below for additional updates as it relates to the investigation:

**HUD FY2020 Vouchers:**

On June 27, 2023, Mayor Scott submitted a request to HUD for an extension to submit drawdowns for Baltimore City FY2020 grants and shared with HUD corrective action steps that would be taken by the administration to improve our policies and practices. Attached you will find an update on each of the corrective actions taken by MOHS that aligns with the Mayor's request. MOHS has been working closely with HUD since October 2023 and have submitted all requested documentation to support our request for reimbursement in the amount of \$5,945,571.77.

**DEOBLIGATED FUNDS:**

MOHS is the collaborative applicant for Baltimore City Continuum of Care. As a result, we administer HUD CoC Funds through our sub-recipients who are responsible for providing services that include supportive services, rapid rehousing and permanent supportive housing. All HUD funds are reimbursable. As a result, our sub-recipients must provide the services and provide MOHS with the supporting documentation that they have remitted payment for the contracted services. Upon expiration of grants, unspent funds remaining in the project account are de-obligated and recaptured by HUD. MOHS has implemented additional policies and procedures that allows us to identify agencies that are underspending throughout their period of performance **Mitigating Slow Spending Policy (Attached)** and develop corrective action plans aimed at decreasing unspent funds annually.

**HUD Fiscal Year 2022 Monitoring, CoC FFY 2019 Open Finding Response:**

Attached you will find the latest submission to HUD on 6/26/2024 which includes responses on the outstanding items that needed action by MOHS from the CoC Monitoring Report for Fiscal Year 2022, CoC FFY2019. MOHS has responded to all HUD monitoring findings and provided supporting documentation to close out each finding.

On February 6, 2024 HUD closed (11) Finding with MOHS requesting until June 30, 2024 to close out the remaining 5 findings that included comprehensive policies and procedures for our internal team (Baltimore Fiscal and Compliance Manual) as well as our Continuum of Care Providers (The Journey Home CoC Written Standards). On June 26, 2024, MOHS submitted all of the required policies and procedures to comply with the remaining (5) findings. Our responses are under review with HUD. They included:

- Finding #2: Standard Operating Procedures/Policies and Procedures
- Finding #4: Written Standards
- Finding #6: Subrecipient Evaluations for Noncompliance (Risk Assessment & Monitoring
- Finding #11: Transparency Act Reporting
- Finding #15 (listed as 14): Missing Procurement Standards for Audit Services

MOHS remains committed to improving our internal systems to ensure compliance with federal, state and local funding. If you have any questions, or need any additional information, please do not hesitate to let us know.

# Mitigating Slow Spending

**Objective:** To enhance the efficiency and effectiveness of resource utilization within MOHS, ensuring timely and appropriate spending to achieve organizational goals, maintain financial health, and support operational excellence.

**Scope:** This policy applies to all departments, units, and projects within MOHS that manage budgets and expenditures. It encompasses all stages of financial planning, monitoring, and execution.

**Policy Statement:** MOHS is committed to the proactive management of funds to prevent delays in spending, optimize financial resources, and achieve project and departmental objectives within set timelines. This policy outlines the strategies and procedures necessary to address slow spending and ensure fiscal responsibility.

## Key Strategies

### Budget Planning and Monitoring

- a. **Annual Budget Planning:** Conduct comprehensive annual budget planning sessions involving all departments to align budget allocations with strategic objectives.
- b. **Regular Budget Reviews:** Implement monthly and quarterly budget reviews to track spending against forecasts. Utilize variance analysis to identify and address underspending trends promptly.
- c. **Dynamic Adjustments:** Allow for dynamic reallocation of funds within and between departments based on emerging needs and spending performance.

### Spending Targets

- d. **Quarterly and Annual Targets:** Set clear quarterly and annual spending targets for each department, aligned with the overall financial strategy of MOHS.
- e. **Performance Monitoring:** Regularly monitor adherence to these targets through detailed financial reporting and adjust strategies as necessary to ensure compliance.

### Approval Processes

- f. **Streamline approval processes** to reduce delays in fund disbursement. Simplify procedures for routine expenditures to expedite spending.
- g. **Empower department heads** with predefined discretionary spending limits to enable swift decision-making for minor expenditures.

### Regular Reporting

- h. Mandate monthly financial reports from all departments detailing expenditure status, variances from budget, and projections for future spending.
- i. Detailed Analysis: Require departments to provide detailed justifications for significant variances from budgeted spending, along with corrective action plans.

#### Training and Support

- j. Provide budget management training for department heads and financial officers on efficient budget management and expenditure practices, including workshops on financial planning and risk management.
- k. Continuous Support: Offer ongoing support through financial management workshops, access to financial planning tools, and consultation with financial experts.

#### Incentives and Accountability

- l. Introduce incentive programs for departments that meet or exceed spending targets responsibly, recognizing and rewarding efficient financial management.
- m. Accountability Measures: Implement accountability measures for departments that consistently underperform in budget utilization, including performance reviews and corrective action plans.

#### Project Management

- n. Enforce project management best practices to ensure timely initiation and completion of projects, with a focus on adhering to budgetary constraints.
- o. Regular Updates: Require regular project status updates, highlighting budgetary aspects and spending progress, to ensure alignment with financial goals.

#### Risk Management

- p. Identify and assess risks associated with slow spending and develop comprehensive mitigation strategies to address these risks.
- q. Maintain a contingency plan to reallocate unspent funds to high-priority areas or projects, ensuring optimal utilization of resources.

#### Technology Utilization

- r. Leverage advanced financial management software to provide real-time tracking and reporting of expenditures, enabling proactive management of budgets.
- s. Utilize data analytics to predict spending patterns, identify potential bottlenecks, and inform decision-making processes.

#### Feedback Mechanism

- t. Establish a feedback loop where employees can suggest improvements in spending processes, ensuring continuous improvement and engagement.
- u. Regularly review and incorporate relevant feedback into policy adjustments to maintain the policy's effectiveness and relevance.

## Implementation

**Responsibility:** The Director of Finance will oversee the implementation of this policy, ensuring alignment with organizational financial strategies. Department heads will be responsible for ensuring compliance within their respective units, supported by designated financial officers.

**Communication:** Communicate the policy to all relevant staff through meetings, emails, and the organization's internal portal. Ensure clarity and understanding of the policy's objectives and procedures. Provide a detailed policy document accessible to all employees, outlining the policy's provisions and expectations.

**Review and Evaluation:** Conduct bi-annual reviews of the policy's effectiveness, assessing its impact on spending efficiency and alignment with organizational goals. Adjust strategies and actions based on evaluation outcomes and emerging financial trends, ensuring continuous improvement and responsiveness to changing circumstances.