



U.S. Department of Housing and Urban Development  
**Office of Inspector General**

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September 27, 2011

MEMORANDUM FOR: Mercedes M. Marquez, Assistant Secretary for Community Planning and Development, D

*James B. Ward*

FROM: James B. Ward, Director, Inspections and Evaluations Division, Office of Investigation, GIH

SUBJECT: Inspection of the Washington, DC Department of Housing and Community Development's participation in HUD's Emergency Shelter Grant Program

File: IED-11-007M

### INTRODUCTION

The Office of Inspector General, Inspections and Evaluations Division (IED), conducts independent, objective examinations of U.S. Department of Housing and Urban Development (HUD) activities, programs, operations, and organizational issues.

We conducted an inspection of the Washington, DC Department of Housing and Community Development's (DHCD) participation in HUD's Emergency Shelter Grant (ESG) program in order to determine whether DHCD (the grantee) and its sub-recipients:

- I. appropriately used HUD grant funds for eligible homeless assistance services, and
- II. accurately entered required information into the Integrated Disbursement and Information System (IDIS)

We determined that DHCD did not use HUD Emergency Shelter Grant funds for inappropriate or ineligible purposes for the transactions that we reviewed. Our inspection also determined that the required information was accurately entered into IDIS for the sample of transactions reviewed.

## BACKGROUND

### Emergency Shelter Grants (ESG) Program

ESG was authorized under Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act of 1987, as amended and provides homeless persons with basic shelter and essential supportive services. Title 42 United States Codes 11374 and 11378 outline the program's eligible activities and use of funds for administrative costs, respectively. HUD's Emergency Shelter Grant (ESG) Program Desk Guide provides an overview of the program, describes the funding process, and covers topics including the initial application, grant administration, project implementation, and performance monitoring.

ESG is a formula-funded program that uses the Community Development Block Grant formula as the basis for allocating funds. Grantees, including state governments, large cities, urban counties, and U.S. territories, receive ESG grants and make these funds available to eligible sub-recipients. Sub-recipients can be either local government agencies or private nonprofit organizations.

HUD and ESG grantees use the Integrated Disbursement and Information System (IDIS) and the Grants Management Process (GMP) System to administer the program. IDIS performs financial management, information reporting, and performance monitoring capabilities. GMP is a monitoring and tracking system used by HUD to document monitoring review results, post monitoring reports, and record risk assessments (risk analysis) results.

Each grantee is also required to submit a Consolidated Annual Performance and Evaluation Report (CAPER) to the local HUD field office within 90 days after the end of the program year<sup>1</sup>. The CAPER is an annual report on a grantee's progress in meeting goals set out in its Consolidated Plan.

Funding for the Washington, DC ESG program was allocated to the Department of Housing and Community Development (DHCD). DHCD was awarded \$808,603 and \$802,910 in plan years 2008 and 2009, respectively. DHCD awarded sub-grants to two nonprofit organizations, My Sister's Place (MSP) and the Community Partnership for the Prevention of Homelessness (TCP), respectively. As HUD's grantee, DHCD was responsible for monitoring its ESG sub-recipients and approving and verifying voucher requests.

## SCOPE AND METHODOLOGY

We reviewed applicable ESG criteria and guidance; grantee and sub-grant agreements; IDIS and DHCD system reports; and, voucher requests with supporting documentation. We also interviewed responsible HUD and DHCD staff members.

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<sup>1</sup> DHCD's fiscal year is the same as HUD's program year, which is from October 1<sup>st</sup> to September 30<sup>th</sup>.

The inspection covered grant funding and activities for two fiscal years (FYs) from October 1, 2007 to September, 30 2009 (FY2008 and FY2009). We examined documentation for the largest draw downs for each fiscal year as shown in IDIS as of March 1, 2011. The highest amounts drawn down for FYs 2008 and 2009 were \$968,165.51 for MSP and \$177,598.97 for TCP, respectively.

We conducted the inspection in accordance with the *Quality Standards for Inspections* issued by the Council of the Inspectors General on Integrity and Efficiency.

## **RESULTS**

### **I. Did DHCD and its sub-recipients appropriately use HUD grant funds for eligible homeless assistance services?**

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Based on the transactions reviewed, we found no instances in which DHCD used ESG funds for purposes other than eligible homeless assistance services.

### **II. Did DCHD and its sub-recipients accurately enter required information into the Integrated Disbursement and Information System (IDIS)?**

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DHCD accurately entered required voucher information into IDIS for the sample of transactions that we reviewed.