



December 6, 2023

To: James Blanding, President and Patricia Nelson Doyle, Executive Director

Providence Foundation of San Francisco

RE: Providence Foundation of San Francisco New Corrective Action Letter

In light of the various personnel complaints submitted by Providence Foundation of San Francisco employees directly to the Department of Homelessness and Supportive Housing (HSH) and through other mechanisms provided by the City and County of San Francisco, HSH is issuing a new corrective action letter. Notably, these allegations are separate from the active concerns outlined in the Corrective Action letter dated May 24, 2023 and Corrective Action Follow-up letter on October 10, 2023.

The allegations outlined below require immediate attention and a written response by December 15, 2023.

Personnel Complaints:

Background: HSH has received complaints from Providence staff about personnel mismanagement, personnel oversight, and inappropriate hiring practices. HSH also been notified that several personnel concerns were reported to the City's Office of Labor Standards Enforcement, which they are currently investigating.

Complaints include:

- **Alleged Wage Theft.**
 - Nonpayment of Holiday Pay and Inaccurate Wage Disbursement. Providence Foundation staff allege that they have been deprived of holiday pay and accurate wage disbursement for time worked.
 - Inadequate compensation for forgone breaks. Providence Foundation staff allege that they have been compelled to forgo required breaks due to inadequate staffing levels.
- **Inadequate Staffing Levels.**
 - Providence Foundation staff allege that the agency has declined to expand its workforce despite availability of funding for additional positions. According to the complaint, lack of minimum staffing has increased stress and workload on existing employees.
 - Case management staffing at the Oasis Family Shelter has been below the budgeted FTEs for several months and is below the HSH ratio of 1:15 for family shelters.
- **Alleged Nepotism in Hiring Practices.**

- Providence staff allege that the agency uses preferential hiring practices. Specifically, there are concerns about hiring family members and friends into staff positions and giving them preferential treatment.
- Any employee hired at the programs should have proper credentials and/or experience for their positions. In addition, HSH's standard grant agreement G-100, Section 8.4(b) states: "Not more than one member of an immediate family serves or will serve as an officer, director or employee of the Grantee, without the prior written consent of City."
- **Alleged Deficiencies at the Oasis Family Shelter program.**
 - Failure to follow internal complaint procedures. HSH has received reports that Providence Foundation does not follow an internal complaint procedure when responding to client complaints about staff treatment and/or conditions at the programs. HSH requires that all shelter programs have an established internal complaint procedure which is posted and communicated to shelter guests.
 - Failure to follow Shelter Grievance Ordinance procedures. HSH has received reports from guests that staff have utilized outdated Denial of Service (DOS) paperwork, leading to misinformation being provided to the shelter guests when trying to access client advocacy services. Oasis staff have written DOS rule violations about behaviors that do not align with the Oasis rules.
 - Video and audio recording of guests and staff in private offices. Staff at the Oasis have alleged that Providence Foundation Director of Operations Kenisha Roach has been utilizing video and audio recordings of staff during confidential client conversations. Any recording of guests during confidential meetings require permission by the guest and should follow all applicable privacy laws. HSH asked Providence Foundation to remove the video and audio recording equipment in case management or other private offices where staff meet with shelter guests for confidential conversations (case management meetings, intakes, etc.) and was informed that the equipment had been removed. However, HSH has received subsequent reports that the equipment is still present and being used in the offices.

Corrective Action required by December 15, 2023:

- Initiate an independent investigation of the above personnel complaints completed by an outside Human Resources firm or related firm. Take any immediate action, including placing responsible staff on administrative leave, during the investigation.
- Provide HSH a hiring plan on how Providence will fill vacant positions, including case management positions at Oasis Family Shelter. This plan should include steps Providence has/will take, timeline for each step, and benchmarks on progress for getting staff positions filled.
- Provide HSH with the agency's policies and procedures that pertain to hiring family members at the agency by December 15, 2023. Providence should ensure that each employee has proper credentials/experience. Providence should provide HSH a list of all officers, directors, and employees who are immediate family members at the program in accordance with the grant agreement, by December 15, 2023



Fiscal and Programmatic Corrective Action Follow-up

- Cooperate fully with any investigation by the City including the Office of Labor Standards Enforcement (OLSE).
- Provide HSH with a copy of Providence's internal client complaint procedure. This procedure should include protocol for the shelter guest to escalate their complaint within the agency, and lastly to HSH, if they are not satisfied with the response. Provide evidence that staff are informing guests during intake of this complaint procedure and that the procedure is posted in a visible area at the program.
- Provide evidence that Oasis Family Shelter program is using the most updated DOS forms. Provide HSH with plans for how the program will provide additional oversight of DOS forms to ensure the correct form is being used and the behaviors described in rule violation paperwork aligns with the program rules.
- Initiate an investigation of the complaint that there was/is video and audio recording equipment being used in private offices and provide a response to HSH on the investigation findings. Remove any video and/or audio recording equipment from private offices immediately, if any are still present.
- Assist HSH staff in scheduling a listening session in the next 30 days with shelter guests at Oasis to hear concerns.

Corrective Action required by:

January 15, 2023:

- Submit the independent investigation findings and a clear HR action plan for resolving the findings.

January 31, 2023:

- Meet with HSH to determine the feasible timeline to resolve findings, if any, from the independent investigation

HSH requests that Providence Foundation respond to the concerns listed in this letter by Friday, **December 15, 2023**. For the personnel concerns requiring independent investigation, the investigation findings and HR action plan should be submitted to HSH by **January 15, 2023**. A meeting with HSH about the findings and resolution timeline should occur by **January 31, 2023**.

Failure to complete the corrective action steps within the timeframe(s) outlined will lead to further corrective action administered by HSH up to and including termination of one or more agreements with HSH.

Please contact me via email, at lisa.rachowicz@sfgov.org, for any additional questions or concerns.

Sincerely,

Lisa Rachowicz

Lisa Rachowicz, HSH Manager of Navigation Center and Shelter Programs



Fiscal and Programmatic Corrective Action Follow-up

Cc: Shireen McSpadden, HSH Executive Director
Marion Sanders, HSH Chief Deputy Director
Gigi Whitley, HSH
Dee Rosado-Chan, HSH
Mecca Cannariato, HSH
Heather Venisse, HSH
Louis Bracco, HSH
La'Shenna Sirles, HSH
Patrick Buckalew, HSH
Cathy Perdue, HSH
Cricket Miller, HSH
Ali Schlageter, HSH
Edilyn Velasquez, HSH
Monique Colón, HSH
Rachael McNamara, HSH
Bernadetta Anthony, Providence Foundation
Kenisha Roach, Providence Foundation
Laurietta Oliver, Providence Foundation
Charles Oliver, Providence Foundation





March 10, 2023

Patricia Doyle
Providence Foundation of San Francisco
1218 Mendell St
San Francisco, CA 94124

RE: NOTICE OF NON-COMPLIANCE and CORRECTIVE ACTION

Dear Ms. Doyle,

You are receiving this notice because the SAM.gov registration for Providence Foundation of San Francisco is still listed as inactive. As discussed in our conversations, HSH requires Grantees receiving federal funding to provide a valid UEI and maintain an *active* SAM.gov registration with current information.

As of March 9, 2023, Providence Foundation's SAM.gov registration is still listed as inactive. There have been multiple notifications of this issue, yet it remains unresolved:

December 1, 2022:	Requested confirmation of UEI and valid registration.
February 2, 2023:	Requested confirmation of UEI and valid registration during meeting between HSH Contracts and Providence.
February 3, 2023:	Requested confirmation of UEI and valid registration with a 2/15/23 due date.
March 2, 2023:	Requested confirmation of UEI and valid registration during meeting between HSH Contracts, HSH Programs and Providence, and promised by close of business on March 8, 2023.
March 8, 2023:	Requested confirmation of UEI and valid registration during meeting between HSH Contracts, HSH Programs and Providence, and promised by close of business on March 10, 2023.

Failure to immediately resolve this issue may limit Providence Foundation's access to federal funding, including Emergency Solutions Grant funding.

Feel free to contact me with any questions. For more information on registering your organization and obtaining a UEI, see <https://sam.gov/content/home>.

Thank you,
Maryam Bhimji

Cc: LaShenna Sirles, HSH Program Manager
Lisa Rachowicz, HSH Manager of Navigation Centers and Shelter Programs
Dee Rosado-Chan, HSH Deputy Director for Programs
Victoria Wong, HSH Programs Compliance Specialist
Gigi Whitley, HSH Deputy Director for Administration and Finance
440 Turk Street
San Francisco, CA 94102

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DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Shireen McSpadden, Executive Director



London Breed, Mayor

Edilyn Velasquez, HSH Contracts Director
Rachael McNamara, HSH Contracts
Kenisha Roach, Providence Foundation
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DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING



Shireen McSpadden, Executive Director

London Breed, Mayor

May 24, 2023

James Blanding, Board President
Patricia Doyle, Executive Director
Providence Foundation of San Francisco
1218 Mendell St.
San Francisco, CA 94124

Re: Fiscal and Programmatic Corrective Action Notice

Dear Mr. Blanding and Ms. Doyle,

The City and County of San Francisco, through the Department of Homelessness and Supportive Housing (“HSH”), has entered into several grant agreements with the Providence Foundation of San Francisco to provide services to people experiencing homelessness (“Agreements”), including the following:

- Bayview FHSP (F\$P: 1000025958)
- Central Waterfront Navigation Center (F\$P: 1000022603)
- Emergency Housing Vouchers (F\$P: 1000024636)
- ESG Shelter Services (F\$P: 1000017669)
- Oasis Hotel (F\$P: 1000020746)
- Shelter Storage (F\$P: 1000021472)
- Supportive Housing at Armstrong Place (F\$P: 1000017688)

To practice good stewardship of public funds and to ensure that programs provide services that align with their budget and scope of work, HSH performs ongoing fiscal and program oversight through review of invoices and reports, annual fiscal and programmatic monitoring, and meetings with providers. We have found several issues that require follow-up. This letter serves as formal notice of these issues and required corrective actions, detailed below.

1. Not maintaining compliance with federal and state contracting requirements.

As previously communicated to Providence leadership by HSH, Providence has not maintained compliance with federal and state contracting requirements.

- **SAM registration:** On May 18, 2023, HSH sent a notification of funding suspension of Providence’s Emergency Solutions Grant (ESG) agreement due to noncompliance with federal funding requirements to maintain an active registration in the federal System for Award Management (SAM) database and obtain a Unique Entity Identifier (UEI). HSH’s understanding is that Providence has not had an active registration since 2017, and has not yet resolved its registry status.

In order to ensure that ESG subrecipients are compliant with federal requirements, **HSH intends to end the ESG Shelter Services agreement with Providence Foundation.** HSH will follow up with more information about this process.

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- **OAG status:** On April 26, 2023, HSH notified Providence of its delinquency status on the California Office of Attorney General (OAG) Registry of Charitable Trusts. It is the City's policy that nonprofits contracting with the City must have a "Current" or "Probationary" status by June 30, 2023 in order to continue entering into new or amending existing agreements. On May 19, 2023, Providence provided HSH with confirmation that it had rectified its delinquent status with the OAG, so this issue has since been resolved.

These violate the following agreement requirements:

Agreement Section 8.7, Eligibility to Receive Federal Funds. *By executing this Agreement, Grantee certifies that Grantee is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Grantee acknowledges that this certification of eligibility to receive federal funds is a material term of the Agreement.*

Agreement Section 16.21, Compliance with Other Laws. *Without limiting the scope of any of the sections of this Article 16, Grantee shall keep itself fully informed of City's Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance of this Agreement and shall at all times comply with such Charter codes, ordinances, and regulations rules and laws.*

Moving forward, the City expects that Providence Foundation will take the following corrective action steps:

- Maintain "Current" or "Probationary" status in the State OAG database as a condition of receiving City funds.

2. Requesting reimbursement for incurred costs beyond those authorized by HSH.

Providence Foundation has repeatedly overspent and requested reimbursement for costs exceeding its approved fiscal year (FY) 2022-23 agreement budgets, despite multiple conversations with HSH staff about high spending rates across programs and agreement terms that require Providence to remain within budgeted levels.

- The **Oasis Hotel** budget included \$190,000 in Safety and De-escalation (security) costs. As of March, Providence had charged \$323,417 in security costs, an overrun of \$133,417 (with additional costs still outstanding). This excess security spending along with overstaffing in multiple personnel lines contributed to the overall high spending on this agreement. HSH estimates that the FY22-23 budget may face a gap as high as \$937,919 by June 30th.
- The **Central Waterfront Navigation Center** budget was overspent as of March, with 81% of the annual amount spent. A significant portion of this high spending rate was also security costs, which were originally budgeted at \$125,000, but which Providence increased to \$342,000. The overstaffed monitors on site also contributed to the overspending. This agreement is projected to overspend the budget by \$200,000 this fiscal year.
- As of its January invoice, the **Emergency Housing Voucher (EHV)** agreement had spent 109% of its personnel budget, due to significant overstaffing in four of the five budgeted positions, which is of concern given that direct assistance funds were only 39% spent. This suggests a potential misalignment between billed staff time and clients served.



Fiscal and Programmatic Corrective Action Notice

- Finally, the **Shelter Storage** budget was also 89% spent as of the March invoice, in large part due to Providence overstaffing the Storage Clerk positions beyond what was authorized in the approved agreement budget. This agreement is estimated to be \$15,000 overspent.

These incidents violate the following agreement requirements:

Agreement, Section 5.2. Use of Grant Funds. *Grantee shall use the Grant Funds only for Eligible Expenses as set forth in Appendix A, Services to be Provided and Appendix B, Budget and for no other purpose. Grantee shall expend the Grant Funds in accordance with the Budget and shall obtain the prior approval of City before transferring expenditures from one line item to another within the Budget.*

Appendix C, Method of Payment, I. Actual Costs: *In accordance with Article 5 Use and Disbursement of Grant Funds of the Grant Agreement, payments shall be made for actual costs incurred and reported for each month within the budget term (e.g., Fiscal Year or Project Term). Under no circumstances shall payment exceed the amount set forth in Appendix B, Budget(s) of the Agreement.*

Moving forward, the City expects that Providence Foundation will take the following corrective action steps:

- Only schedule the budgeted full time equivalent (FTE) staff and security at all programs,
- Regularly and proactively monitor spending against budget, to observe and address variances before they lead to overspending,
- Advise HSH promptly if there are concerns about not being able to staff at the current approved FTE levels, and
- Seek written prior approval before incurring costs beyond what is budgeted.

3. Billing staff time to program(s) other than those they are assigned to work.

HSH has noted a pattern of staff being billed to programs other than those indicated on their payroll, including invoices that submit salary reimbursement requests for time worked in previous months.

For example:

- The invoice submitted in March for **Central Waterfront Navigation Center** listed an employee at the Shelter Storage program. After multiple inquiries, Providence did not directly address the question of why the original billing differed from the payroll record.
- In the initial February and March invoice submissions for the **Emergency Housing Voucher (EHV)** agreement, Providence did not include any staff salary, though it did bill operating and direct assistance costs (indicating that program activity was occurring during those months). In the March invoice for the **Bayview FHSP** program, Providence included the February and March salaries for two employees whose payroll (and previous communication from Providence) listed them as working on EHV. HSH emailed Providence on May 5, 2023 asking for the staff to be charged to the correct program(s). This request is still outstanding as of this letter.

Invoices must include only actual costs incurred for that respective budget. Payroll costs must be documented with timesheets, time studies, or other time tracking tools, and must accurately reflect time worked on the assigned program(s).

These incidents violate the following agreement requirements:



Fiscal and Programmatic Corrective Action Notice

Appendix C, Method of Payment, I. Actual Costs: *In accordance with Article 5 Use and Disbursement of Grant Funds of the Grant Agreement, payments shall be made for actual costs incurred and reported for each month within the budget term (e.g., Fiscal Year or Project Term). Under no circumstances shall payment exceed the amount set forth in Appendix B, Budget(s) of the Agreement.*

Moving forward, the City expects that Providence Foundation will take the following corrective action steps:

- Only invoice staff time to the budget where those staff are approved to work and actually worked, as documented by timesheets or other time records, and
- Invoice staff time for the month incurred, rather than holding time back to invoice in later months.

4. Not responding to HSH requests in a timely manner, and not attending scheduled meetings on time.

Providence Foundation has repeatedly not responded to HSH requests for information in the timeline requested.

- **FY22-23 Budget Enhancements** – As of this date, the additional funding for the EHV budget has not been allocated, and we are missing supporting documentation for the Armstrong Place allocation, despite regular requests and follow-ups from both the assigned HSH Program Managers and the HSH Contract Analysts. These were due in November 2022.
- **Fiscal Monitoring** - On March 13, 2023, HSH notified Providence Foundation that they would be receiving an Expanded Fiscal Monitoring for FY22-23, and requested that Providence send the required documents by April 13th. Providence missed the first deadline and provided incomplete documentation. After several follow-ups from HSH, the remaining documents were sent on May 17, 2023, a month later than the requested timeline. Additionally, for its FY21-22 monitoring last year, Providence also submitted multiple documents late, and received several “Not Yet in Conformance” findings in the Final Status Letter of August 24, 2022, after it did not respond to the preliminary findings report.
- **Provider subcontracts** - after multiple emails, Providence has not provided copies of its subcontract with Jones Protective Services at the Oasis and proof of cancellation, or of its subcontract with Sankofa Holistic Counseling Services under Armstrong Place.
- **Meeting tardiness** - Providence staff are frequently late to pre-scheduled meetings with HSH Program Managers. This occurs multiple times each month, making meetings less productive for all participants.

Lack of timely response to HSH requests impedes HSH’s ability to understand program challenges and needs, and to make important agreement updates. The Armstrong and EHV agreements are currently scheduled to end on June 30, 2023, and their extensions are potentially delayed because HSH has not received updated budgets from Providence. This will impact HSH’s ability to set-up FY 23-24 budgets in CARBON which will delay Providence’s invoicing starting next FY.

These incidents violate the following agreement requirements:

Agreement, Section 4.1, Implementation of Grant Plan; Cooperation with Monitoring. *Grantee shall diligently and in good faith implement the Grant Plan on the terms and conditions set forth in this*



Fiscal and Programmatic Corrective Action Notice

Agreement and, to the extent that they do not differ from this Agreement, the Application Documents. Grantee shall not materially change the nature or scope of the Grant Plan during the term of this Agreement without the prior written consent of City. Grantee shall promptly comply with all standards, specifications and formats of City, as they may from time to time exist, related to evaluation, planning and monitoring of the Grant Plan and shall cooperate in good faith with City in any evaluation, planning or monitoring activities conducted or authorized by City.

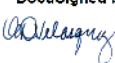
Moving forward, the City expects that Providence Foundation will take the following corrective action steps:

- Respond promptly to HSH requests (by the established timeline whenever indicated), and communicate regularly with HSH if there are questions or concerns preventing prompt response, and
- Attend scheduled meetings with HSH at the designated times and communicate absences or tardiness prior to the start of meetings.

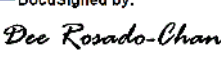
HSH requests that Providence Foundation respond in writing within ten business days, by Thursday, June 8, 2023, with its plan for addressing the corrective actions listed above. In the meantime, HSH will be reaching out to schedule a meeting with you to review this letter, answer any questions you may have and discuss next steps. The department is eager to understand what support Providence needs to come into compliance with the items listed above and to partner with you to make sure you receive that support.

Should your agency have any questions regarding how to comply with fiscal agreement requirements, such as invoicing requirements, please contact your assigned Contract Analyst. For Program specific questions, such as staffing and operations, please contact your assigned Program Manager.

Sincerely,

DocuSigned by:

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Eilyn Velasquez

HSH Contracts Director

DocuSigned by:

CE06D60CC436496...
DEE ROSADO-CHAN

HSH Deputy Director for Programs

Cc: Noelle Simmons, HSH
Gigi Whitley, HSH
Mecca Cannariato, HSH
Lisa Rachowicz, HSH
Louis Bracco, HSH
Cricket Miller, HSH
Ali Schlageter, HSH
Monique Colón, HSH
Rachael McNamara, HSH
Bernadetta Anthony, Providence Foundation
Kenisha Roach, Providence Foundation
Laurietta Oliver, Providence Foundation
Charles Oliver, Providence Foundation





November 3, 2023

Patricia Doyle, Executive Director
Providence Foundation of San Francisco
4601 Third Street
San Francisco, CA 94124

Re: Notice of cost not approved for reimbursement

Dear Ms. Doyle,

This letter relates to the Client Engagement Manager position in Providence Foundation's Central Waterfront Navigation Center (F\$P# 1000022603) budget.

This position was added to the budget in a revision submitted by Providence Foundation on October 18, 2023 and approved by the Department of Homelessness and Supportive Housing (HSH) on October 23, 2023. Providence requested in an email of October 24th to bill the Client Engagement Manager position retroactively to July 1, 2023. HSH is not approving this request.

Rationale: The Corrective Action Letter that HSH sent to Providence on May 24, 2023 addressed instances where Providence had sought reimbursement for costs not approved by HSH. The letter stated that HSH expected Providence to "seek written prior approval before incurring costs beyond what is budgeted." In this case, no such prior approval was given by HSH. Providence had informed HSH staff in September that they had hired a Client Engagement Manager, and HSH staff had advised Providence that they should not be incurring costs for positions that were not yet in the budget approved by HSH.

In the Corrective Action Follow-Up sent to Providence on October 10, 2023, HSH reiterated the specific concern with Providence hiring a Client Engagement Manager before the position was approved in the budget. The letter stated that "Providence must not hire staff for positions that are not yet approved by HSH. HSH will not reimburse Providence for costs not specified and approved in the grant budget."

Per this previous correspondence, HSH will not reimburse for costs related to the Client Engagement Manager position at Central Waterfront Navigation Center before the budget approval date of October 23, 2023. Providence may submit costs for the position incurred after October 23.

Please do not hesitate to reach out with any questions or concerns.

Sincerely,

Katie Derrig, HSH

Providence Foundation: Notice of cost not approved for reimbursement

Cc: Patrick Buckalew, HSH
Rachael McNamara, HSH
Monique Colon, HSH
Edilyn Velasquez, HSH
Bernadetta Anthony, Providence Foundation
Kenisha Roach, Providence Foundation
Laurietta Oliver, Providence Foundation
Charles Oliver, Providence Foundation





DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Shireen McSpadden, Executive Director



London Breed, Mayor

October 10, 2023

James Blanding, Board President
Patricia Doyle, Executive Director
Providence Foundation of San Francisco
4601 Third Street
San Francisco, CA 94124

Re: Fiscal and Programmatic Corrective Action Follow-up

Dear Mr. Blanding and Ms. Doyle,

Thank you and the Providence Foundation of San Francisco team for your timely response to the Department of Homelessness and Supportive Housing (HSH)'s Fiscal and Programmatic Corrective Action letter of May 24, 2023. HSH has reviewed your response sent June 8, 2023, as well as Providence's actions in the interim to respond to specific requests indicated in the letter.

While Providence has addressed many of the original corrective actions from the May 24 letter, there are concerns that are still unresolved. These concerns include the findings identified in Providence's FY22-23 Fiscal Monitoring final status letter sent on August 30, 2023, along with other areas where corrective actions have not been fully implemented.

Below, we provide an update on each area of concern listed in the original letter, and note additional actions needed for Providence to reach and/or maintain compliance with its HSH grant agreements.

1. Not maintaining compliance with federal and state contracting requirements.

Background: As stated in our corrective action letter, Providence's registration had lapsed in both the federal System for Award Management (SAM) and the California Office of the Attorney General (OAG) Charity Registry, violating agreement requirements. As a result of the extended lapse in Providence's SAM registration dating to at least 2017, HSH terminated its Emergency Solutions Grant (ESG) agreement with Providence as of May 24, 2023.

Corrective Action Taken/Planned: Providence has come back into compliance and has an active registration with both SAM and OAG as of this letter.

Action Required: Providence must maintain an active and current status, in both SAM and OAG respectively, throughout the duration of its agreements with HSH in order to remain eligible for City funding.

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San Francisco, CA 94102

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Fiscal and Programmatic Corrective Action Follow-up

2. Requesting reimbursement for incurred costs beyond those authorized by HSH.

Background: As of our letter on May 24, Providence was projected to overspend on multiple FY22-23 agreement budgets, including the Oasis Family Shelter, Central Waterfront Navigation Center, Emergency Housing Voucher, and Shelter Storage. This overspending was due in large part to excess spending on security and personnel, above the budgeted amounts approved by HSH. While HSH approved a total of **\$688,109** in one-time funds to help offset gaps in the Oasis and Central Waterfront budgets in FY22-23, relying on extra (non-budgeted) funding is not a sustainable solution for HSH or Providence.

Corrective Action Taken/Planned: Providence ended its use of third-party security services and committed to providing safety and de-escalation services in-house and within its current approved budgets. In its response to the corrective action letter, it also stated that its finance team, staff, and Board would meet monthly to compare spending to budget and make adjustments as needed.

Unresolved Concerns:

- **Missing documentation for HSH invoices:** As stated in the FY22-23 Fiscal Monitoring letter, Providence lacked receipts for expenses invoiced to HSH. The monitoring included a request for all invoicing documentation from July 2022 and August 2022. Providence was not able to provide requested receipts for operating costs across agreements and could not provide a thorough explanation for why the receipts could not be found, or how documentation would be retained in the future.
- **Hiring staff for positions not yet approved in the budget:** HSH staff have given Providence several reminders not to hire personnel for new positions before those positions are approved by HSH. However, Providence stated in early September that it had payroll to charge under a potential new Client Engagement Manager position in the Central Waterfront Navigation Center budget. Providence had proposed creating this position at Central Waterfront but had not yet submitted a revised budget for HSH approval at that time, and should not have been accruing costs for an unapproved position.

Action Required: HSH expects that Providence shall continue to monitor its spending against budget and not spend more than approved amounts. Effective immediately, Providence must also retain all backup documentation for invoiced costs, including receipts, and be able to provide them to HSH when requested. Finally, Providence must not hire staff for positions that are not yet approved by HSH. HSH will not reimburse Providence for costs not specified and approved in the grant budget.

3. Billing staff time to program(s) other than those they are assigned to work.

Background: As stated in the corrective action letter, there were instances where staff appeared via payroll records to have worked at one program but been billed to another.



Fiscal and Programmatic Corrective Action Follow-up

Corrective Action Taken/Planned: Providence corrected the issues identified in the FY22-23 invoices and reported that it would work to ensure that staff were billed to the correct program.

During the FY22-23 fiscal monitoring, Providence was not able to provide all the requested timesheets for the invoices under review. To address this finding, Providence reported that they have switched to an electronic timekeeping system as of July 1, 2023, that will replace previous paper timesheets.

Action Required: HSH expects that Providence shall continue to bill staff only to the programs where they work and shall be able to provide timekeeping backup upon request (including during the next fiscal monitoring cycle) in order to receive reimbursement from HSH.

4. Not responding to HSH requests in a timely manner, and not attending scheduled meetings on time.

Background: As stated in our letter of May 24, there was a pattern of Providence Foundation not responding to HSH requests by the deadline. These included late allocations of FY22-23 budget enhancements; missing fiscal monitoring documents and subcontracts; and being late to pre-scheduled meetings with HSH.

Corrective Action Taken/Planned: Providence has since submitted many of the documents requested in the May 24, 2023 letter, including its budget enhancement allocations and several subcontracts. In its response letter of June 8, it also stated that it would return requested documents on time and ensure that leadership were present at future meetings with HSH.

Unresolved Concerns: In the last few months, there have been ongoing issues with Providence's responsiveness to HSH requests. For example,

- **Non-responsiveness to some monitoring requests:** For the FY22-23 fiscal monitoring, Providence received seven findings of "Not Yet in Conformance." Several of these findings had to do with missing documents (such as the missing receipts listed in #2 above) or non-responsiveness to issues raised in the initial monitoring report, such as the lack of a fundraising/revenue diversification plan. These items were not provided after either the first monitoring notification, or the initial findings report.
- **Lack of participation in technical assistance:** To help Providence strengthen its financial policies and oversight systems, HSH referred Providence to the Office of Controller's Financial Management Coaching program. The Controller's Office facilitated an initial meeting with Providence, HSH, and a consultant on July 7, 2023, to discuss what technical assistance the consultant would provide. HSH subsequently learned that the consultant sent Providence a draft action plan for review and feedback on July 14, but did not receive any input for more than a month. When a meeting with Providence was set up for September 7, only a contract accountant from Providence attended, rather than its leadership. HSH understands that a meeting with Providence leadership and the



Fiscal and Programmatic Corrective Action Follow-up

consultant took place on October 2, and that ongoing meetings have now been scheduled.

- **Meeting tardiness:** In addition to missing meetings with the consultant, Providence has also continued to be late or miss meeting with HSH staff without prior notice or a request to reschedule.
- **Not responding to other requests:** Finally, Providence continues to be late to provide requested documents, including the meal subcontract at the Oasis (since provided, but without key information addressing agreement requirements); a budget revision for Central Waterfront Navigation Center; and responses to questions from HSH about program procedures and invoicing that are asked multiple times without a response.

Action Required: HSH expects that Providence will respond to HSH requests for information no later than the due date indicated and attend pre-scheduled meetings on time. We also want to emphasize the importance of having Providence leadership's participation in financial management coaching through the Office of the Controller, in order to be able to incorporate the results into organizational practices, and to ensure requested information is provided timely in order for the technical assistance to be completed as scheduled and as planned.

5. Low Occupancy at Oasis Family Shelter.

Background: The Oasis Family Shelter program re-opened for services in April 2023. Since then, Providence has been working to intake new guests. However, after many months, the site is still experiencing occupancy rates lower than 90%. For example, the occupancy rate is 76% currently, 73% in September, 71% in August, and 41% in July.

Corrective Action Taken/Planned: HSH and Providence leadership began meeting every other week beginning September 2023 to review occupancy issues and progress. Providence missed the first meeting without notice to HSH, but they have attended the 2 meetings since. Providence is asked to provide a weekly report via email to HSH outlining data on unit vacancies, including reasons for each unit vacancy and timeframe for the unit to return online.

Action Required: HSH is expecting Providence to reach a program occupancy over 85% within the next 30 days and an ongoing capacity of over 90% in the following months. Providence must continue to submit the weekly occupancy report to HSH outlining data on unit vacancies, including reasons for each unit vacancy and timeframe for the unit to return online. Providence leadership must continue to attend the biweekly occupancy meetings with HSH until occupancy expectations have been reached.

HSH requests that Providence respond to the unresolved concerns listed in this letter within ten business days, by **October 24, 2023**. If there are any questions, please contact us.



Fiscal and Programmatic Corrective Action Follow-up

Sincerely,



Edilyn Velasquez,
HSH Contracts Director



HSH Deputy Director for Programs

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