



CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

FACT SHEET

Date: February 25, 2010

Letter Report: 2009-119.3

The California State Auditor released the following report today:

Department of Housing and Community Development

Despite Being Mostly Prepared, It Must Take Additional Steps to Better Ensure Proper Implementation of the Recovery Act's Homelessness Prevention Program

BACKGROUND

On February 17, 2009, the federal government enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act) for purposes that include preserving and creating jobs, promoting economic recovery, assisting those most affected by the recession, and stabilizing state and local government budgets. A general principle of the Recovery Act is that the funds be used to achieve its purposes as quickly as possible, consistent with prudent management.

The Recovery Act created the Homelessness Prevention and Rapid Re-Housing Program (Homelessness Prevention program). Under this program, the U.S. Department of Housing and Urban Development (HUD) awarded funds to the Department of Housing and Community Development (department) to assist households that would otherwise become homeless and rapidly re-house persons who are homeless. The Recovery Act designated a total of \$1.5 billion for the Homelessness Prevention program, of which California was awarded \$189.1 million. Of that amount, HUD awarded \$144.6 million directly to California cities and counties. HUD awarded the department the remaining \$44.5 million to administer the State's portion of the program.

KEY FINDINGS

During our review of its preparedness, we noted that the department had taken many steps to position itself to successfully administer its portion of the Homelessness Prevention program. However, we also noted the following shortcomings:

- The department has not established policies to ensure that subrecipients do not maintain excessive balances of federal funds.
- The department has not finalized and implemented its draft guidelines for monitoring subrecipients' compliance with federal requirements or its plan for performing site visits or desk audits of subrecipients.
- The department has not developed written policies for practices that it states it currently follows, such as its periodic review of its spending for administrative costs.
- The department does not document actions it takes while administering the program, such as recording the date that it submits Recovery Act information to the State.

KEY RECOMMENDATIONS

To strengthen the processes over its administration of the Homelessness Prevention program, the department should take the following actions:

- Develop and implement necessary policies that are currently absent.
- Finalize and implement those policies that are currently in draft form.
- Put into writing those practices that it states it currently follows.
- Document actions it takes while administering the program.

