

Fraud Hotline Update: Joint Office contract managers have more training and tools but some role conflicts have not been addressed

Fraud Hotline Follow-Up



Short Summary

Contract managers receive more training and guidance, but the Joint Office does not plan to separate duties as recommended.

Intro

A 2022 Auditor's Office Hotline report found that the Joint Office of Homeless Services wasted funds at the Sandy Studios apartment complex. The Joint Office spent over \$850,000 in rent to house needy veterans but allowed the property to deteriorate into unsafe, unsanitary conditions leaving the Office scrambling to find new shelter. We highlighted risks related to inadequate contract oversight that led to wasted money intended to aid Portlanders without housing. The Joint Office responded to the investigation with a statement generally agreeing with the recommendations but objecting to some descriptions in the report. Since that time the Joint Office has given more guidance and training to contract managers but does not plan to separate duties for all employees charged with contract oversight and enforcement from those responsible for advocating for and supporting non-profit providers. As a result, there is still a risk that contract managers will choose to support service providers rather than hold them accountable.

Recommendations: Implemented

Joint Office provides more training on contract management and monitoring

We recommended that the Joint Office ensure staff are knowledgeable about contract requirements and prepared to enforce them. We identified weaknesses in the review of contractor progress reports and lack of follow-up once problems were identified. The Joint Office outlined ways in which it now provides more training, support, and supervision to its contract managers through quarterly retreats, refresher trainings and other methods. Training topics include contract management responsibilities and monitoring based on risk assessments and performance reports.



Contract managers also have checklists and guidance to evaluate risk

We also recommended that the Joint Office develop compliance checklists and guidance to ensure oversight is comprehensive and includes prompts to review high-risk areas. To supplement the training and retreats, the Joint Office provided checklists and guidance to support contract monitoring duties. Contract managers are expected to complete key tasks throughout the year to score providers based on a variety of risk factors outlined in a desk monitoring tool. High risk providers are scheduled for on-site monitoring.

Contract managers also have tools for dealing with provider performance issues

We recommended the Joint Office follow-up on problems identified by service providers in their quarterly performance reports and monitor action plans; document when they have been resolved. The Joint Office requires providers to outline all output/outcome goals and submit progress for each quarter for each outcome measure. Progress reports also require narrative responses to identify successes and challenges and flag technical assistance needs. Contract managers are expected to use this information to identify whether action plans to address barriers are necessary. The Joint Office also highlights their Annual Contractor Performance Report letter, in which contract managers may provide comprehensive feedback about the provider performance. It is completed in the first quarter of the following year and provides feedback on providers' performance in key contract areas like outputs and outcomes, invoicing and spending, and reporting practices and feedback. Showing that issues have been resolved will be especially important for this environment, where provider relationships often cross programs and multiple years and service areas.

Recommendation: Not Implemented

Joint Office will not separate duties for all contract staff

To address role conflicts, we recommended that the Joint Office separate employees charged with contract oversight and enforcement from those responsible for advocating for and supporting non-profit providers



who may be subject to enforcement. In our original investigation, we found the Joint Office plays two potentially conflicting roles with service providers: it is responsible for holding them accountable and supporting them as organizations. When Joint Office employees became aware of the maintenance problems at Sandy Studios, they did not act to remedy maintenance problems. Instead, they continued to pay rent, began talking about transitioning tenants to another facility, and helped the contractor get funding for a new project. Our colleagues at the [Multnomah County Auditor's Office made a similar recommendation](#) about separating duties in August 2023. Their audit report called these dual responsibilities a “conflict of interest.”

The Joint Office said that they disagree with this recommendation because program staff at the Joint Office advocate for service needs within the context of the homelessness response system and its overall performance, rather than for specific organizations. Nonetheless, the Joint Office notes that they have separated service advocacy and monitoring roles for some teams but have been unable to for smaller teams.

Failure to fully address these conflicting responsibilities may prevent the Joint Office from having more effective oversight over service providers. It could also inhibit the Joint Office's ability to honestly measure their effectiveness and performance.

View the [original Hotline report and recommendations](#).