

City's Homeless Response: Updated Audit Scope Proposal

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City of
SACRAMENTO
Office of the City Auditor

Performance Audit Division

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Our Mission

To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.

Our Vision

To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.

Suggest an Audit

The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

https://forms.cityofsacramento.org/f/Suggest_an_Audit_Form

Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <http://www.cityofsacramento.ethicspoint.com> or call toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street
MC09100
Historic City Hall, Floor 2
Sacramento, CA 95814

Introduction

In April 2024, the City Council approved a scope proposal for a series of audits focused on the City's homeless response. The Office of the City Auditor is preparing to release the first audit in the series, which evaluates the effectiveness of the City's motel shelter program in helping program participants achieve temporary sheltering and in facilitating overall positive outcomes.

Since the initial scope proposal was approved, there has been turnover on the City Council, and several Councilmembers have expressed new or evolving concerns regarding the City's homeless response strategies. In response to these discussions and to ensure the audit work remains aligned with the Council's priorities, we are bringing forward an updated homeless response audit scope proposal to redefine the scope and objectives of the next audit. The second Homeless Response Audit was approved as part of the City Auditor's Fiscal Year 2025/26 Work Plan. This second audit will continue to support the City's efforts to address homelessness with data-driven insights and actionable recommendations, while reflecting the most recent concerns and priorities raised by the City Council.

Updated Scope Proposal for Second Audit of the City's Homelessness Response: Evaluation of Costs and Outcomes of Homeless Shelter Types

Background

The City funds and operates a variety of homeless shelter models aimed at providing temporary shelter and supportive services to individuals experiencing homelessness. These include emergency shelters, transitional housing programs, and specialized facilities such as navigation centers and non-congregate shelter options. In light of limited resources and the persistent challenges of addressing homelessness, understanding which shelter types are most cost-effective and successful in helping individuals transition to stable housing is critical to improving outcomes and guiding future investments.

Audit Objectives

- Identify and categorize the types of homeless shelters funded or operated by the City.
- Assess the costs associated with each shelter type, including per-bed and per-client costs.
- Evaluate the effectiveness of each shelter type in helping clients exit homelessness to permanent housing.
- Assess the accessibility of shelter services by examining whether program objectives are intentionally designed to serve diverse populations, and evaluating the extent to which various shelter models effectively address the needs of key subpopulations, including families, youth, and individuals with mental health or substance use conditions.
- Identify characteristics or practices associated with shelter types that demonstrate higher positive exit rates.
- Provide recommendations for improving the efficiency and impact of the shelter system.

Scope and Methodology

The audit will focus on homeless shelter programs that have been operated or funded by the City over the past two to three fiscal years, as data permits.

We anticipate using the following methods:

- Review of contracts, budgets, and financial records for each shelter type.
- Interviews with City staff, shelter operators, service providers, and shelter participants.
- Analysis of data from the Homeless Management Information System (HMIS), including shelter entry/exit records and housing outcomes.
- Comparative analysis of performance metrics across shelter types.
- Review of best practices and benchmarking against other jurisdictions.