

# Audit at a glance



## City Shelters

NOVEMBER 2024

**ABOUT** | The Department of Housing Stability oversees many of Denver's homeless shelters of varying types. The shelters can be city-owned or leased, or privately owned, and funding comes from many sources. Providers operate the shelters while the department funds and monitors the providers and programs.

Since its creation in 2019, the department has faced challenging events including the COVID-19 pandemic, new mayoral initiatives, and an increase in migrants. The department has undergone recent organizational changes to better manage its responsibilities. Those shelters managed by the Department of Housing Stability play a critical role in addressing homelessness in Denver.

## In the report

### **FINDING: The Department of Housing Stability does not adequately ensure safety and compliance with nondiscrimination rules at shelters**

- The Department of Housing Stability is responsible for monitoring the nonprofits the city contracts with to run its homeless shelters. But we found the department did not ensure one shelter provider — the Salvation Army — had hired required security at a former DoubleTree hotel. In March 2024, two guests were shot and killed inside the shelter. Less than two weeks later, after additional security was added, a third guest was shot but survived.
- We also found the department does not review the discrimination policies it collects from providers to ensure all required protected classes are included. Furthermore, most shelter providers' grievance policies only apply to employees, not the people the shelters serve.
  - Some shelters' antidiscrimination policies are not sufficient.
  - Shelter guests may not have a clear and established method of filing complaints with shelters.
- If shelter guests experience discrimination or are unable to communicate complaints about services or treatment they receive, not only is the city not effectively serving this vulnerable population, but it could be exposed to reputational damage and legal risks.

#### WHY THIS MATTERS

**If shelters cannot ensure the safety of those they serve and provide shelter guests with the ability to report issues, this vulnerable population might experience further harm or trauma. Additionally, by not tracking shelter spending and not restricting access to sensitive shelter guest information, the department is not able to assess whether funds were used appropriately or in compliance with city rules and ensure the protection of sensitive information it maintains.**

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**FINDING: The Department of Housing Stability’s current approach for monitoring shelter provider spending is not effective**

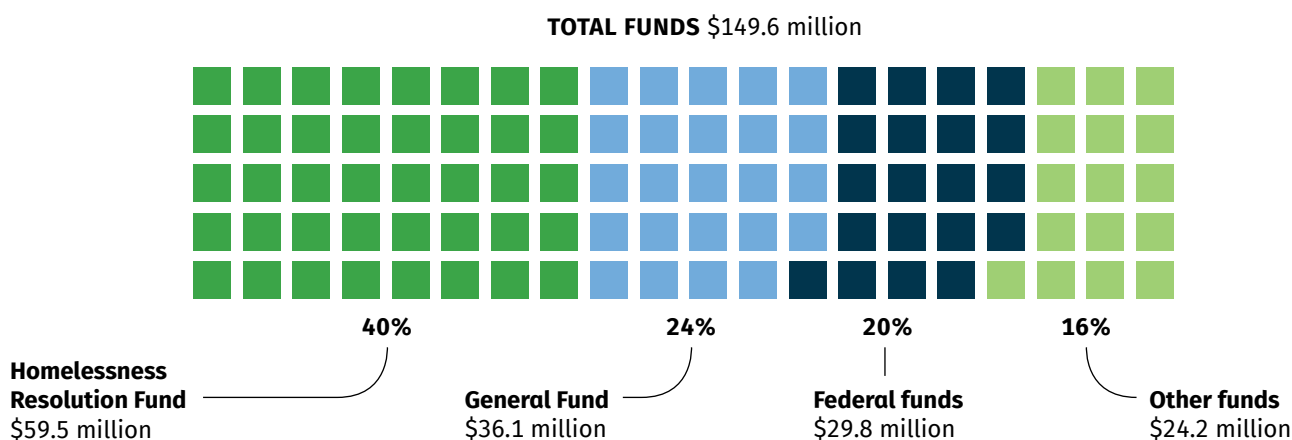
- Although we asked Housing Stability multiple times for documentation identifying all shelter-related expenses from Jan. 1, 2022, through March 31, 2024, the department was unable to provide this information. Through our own analysis, we found the department paid 1,599 invoices totaling about \$149.6 million during that same identified period of time.
- Also, the department does not have formal, documented processes to routinely identify and track these overall expenses. Without them, the department will have difficulty meeting its expressed goal, shared with the City Council, of effectively monitoring shelter spending to ensure contract budgets and expenses are appropriate based on the services being provided.
  - The department is not tracking overall shelter-related expenses.
  - Department methods to ensure shelter spending is properly monitored are minimal and not adequately enforced.
  - The department implemented a cost-reimbursement policy that does not follow contract requirements or city rules.
- Without monitoring, Housing Stability cannot evaluate the services provided, ensure new initiatives are making expected progress

toward goals and expectations, and learn more about trends and deviations that may impact future operations as recommended by these leading practices.

**FINDING: The Department of Housing Stability is not properly restricting access to sensitive information on its shared drive**

- City employees not working for the department have access to a shared drive folder containing sensitive information, including shelter guests’ personally identifiable information.
- The department was unaware that some city employees had unauthorized access to its shared drive folder because staff have not engaged with the city’s Technology Services agency’s privacy and security team to conduct a privacy impact assessment to restrict access to the shared drive folder. Also, the department had not assigned a records coordinator, who is responsible for securing and properly redacting department sensitive files.
- By not restricting city employees’ access to sensitive data associated with Denver residents using the shelter system, the department cannot ensure this information is protected. Further, if sensitive data submitted by shelter providers were leaked, the people, or organizations, that information belongs to could experience negative consequences such as identity theft. Additionally, the city could be exposed to reputational damage.

**Shelter-related expenses by funding source**



Source: Auditor’s Office analysis of Workday data.

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