

**COUNCIL ACTION FORM**

**SUBJECT: EMERGENCY RESIDENCE PROJECT ASSET BILLINGS**

**BACKGROUND:**

The City has funded services from the Emergency Residence Project (ERP) through the ASSET process for a number of years. The City's FY 2015/16 contract with ERP is \$73,000, and the FY 2016/17 contract amount is \$76,500. ERP is funded for two services: Emergency Assistance for Basic Material Needs (shelter), and Transitional Housing. For FY 2015/16, all \$4,500 in Transitional Housing funds have been drawn down. A total of \$28,272.42 remains unpaid in that year for the shelter program.

During the City's budget season, the City Council expressed concern regarding whether the City was paying for ERP clients from outside the Ames community. City staff reviewed the bills and discovered that a substantial number of clients billed to the City had last mailing addresses outside the City of Ames. In April, City staff met with ERP and asked ERP staff to no longer submit bills for clients who indicate last mailing addresses outside of Ames. ERP staff indicated that even by submitting only "Ames" clients, ERP could draw down the City's allocation in its entirety each year.

**In June, the City received a drawdown request from ERP, which again contained non-Ames clients in the shelter program. City staff rejected this drawdown request and asked to receive a bill containing only Ames clients. Shortly thereafter, City staff conferred with County staff to compare bills. The City's contract with ERP requires three years of records to be kept by the agency, so the previous three fiscal years were compared.**

**This review identified 35 instances in the past three years where a portion of a client's stay was billed to the City and a portion billed to the County.** In these instances, the same "Date of Service Entry" was filled in on both the City and County's claim forms, but a "Date of Service Exit" was only indicated on the County's claim form. A different number of days of service was billed to each funder. An example of how this type of billing looked is below:

Client	City					County			
	Date of Service Entry	Date of Service Exit	Calculated Service Days	Days Billed to City		Date of Service Entry	Date of Service Exit	Calculated Service Days	Days Billed to County
A	12/20/2013	--	--	12		12/20/2013	1/3/2014	14	2
B	12/20/2013	--	--	12		12/20/2013	1/10/2014	21	9
C	12/21/2013	--	--	11		12/21/2013	1/2/2014	12	1

*Note: client names, addresses redacted. The "Calculated Service Days" column does not appear on actual bills*

In these 35 instances, the total number of days billed to each funder falls within the total period of time indicated by the dates of service entry and exit. **However, without having the County's records, the City's bill appears incomplete and possibly duplicative of the County's.** Between both the City and the County, a total of \$30,408.80 was paid to ERP for the 1,223 shelter nights provided to these 35 clients. **Another seven clients were identified where the City received more complete billing information and the County received only a date of service entry.** For these clients, a total of \$3,534.87 was paid between the City and County for a total of 141 shelter nights.

**In addition, City and County staff identified 9 instances where both the City and County received a bill indicating the client's name and the same "Date of Service Entry," but no "Date of Service Exit" was provided on either the City or County's bill.** In these instances (example below), it is not possible to verify whether the service was duplicated using the records provided to the City and County at the time of billing.

Client	City					County			
	Date of Service Entry	Date of Service Exit	Calculated Service Days	Days Billed to City		Date of Service Entry	Date of Service Exit	Calculated Service Days	Days Billed to County
A	7/1/2014	--	--	31		7/1/2014	--	--	30
B	7/1/2014	--	--	31		7/1/2014	--	--	30
C	7/1/2014	--	--	31		7/1/2014	--	--	30

*Note: client names, addresses redacted. The "Calculated Service Days" column does not appear on actual bills*

For these clients, a total of \$10,612.79 was paid between the City and County for a total of 431 shelter nights. This second set of clients is more concerning to City staff because even having copies of the bills to both the City and the County, it cannot be verified whether the funders were being double-billed for the same service.

Following this review of prior billings, the City received a corrected final drawdown request from ERP to replace the June request that had contained non-City clients. **City staff has not paid yet paid that claim.** City and County staff met with representatives of ERP to discuss these billing issues on July 18<sup>th</sup>. ERP staff explained that what typically happens in the course of a year is that ERP will alternate sending the bills for some months to the City and other months to the County.

Because the City has, until recently, accepted clients regardless of their last known address, and because the County accepts bills for any client; ERP has not divided the clients on the basis of residency to send different clients to each funder. Instead, the division between clients sent to a particular funder has been on the basis of when the service was provided.

When clients stay at the shelter across multiple months, it is ERP staff's impression that their stay may have been split across both funders, resulting in the situation described by the first example, above. ERP staff indicated that when the bills are prepared to go to

the City or County, if a client has not yet left the shelter, their "Date of Service Exit" would not be filled in.

ERP staff has received a list of the bills in question and is reviewing its original records to provide further information to City and County staff. City and County staff have asked ERP to develop procedures and policies to eliminate the possibility of discrepancies such as this occurring in the future. ERP representatives were eager to review billing practices and provide clearer billing in the future.

City staff does not believe this billing discrepancy has been malicious on the part of ERP. The City may receive 300 separate billings from all the ASSET-funded agencies in the course of a year, and payments are made for over 38,000 individual units of service. Therefore, supporting records are not requested to be sent to the City routinely with drawdown requests. Instead, bills received by City staff are spot-checked, but not thoroughly examined unless a problem is detected or if City staff has reason to scrutinize a particular agency's submittals more closely.

Due to the transient nature of the clients for the shelter service, determining when a person with no permanent residence becomes a resident of the Ames community is an issue that does not have an obvious answer. For many years, it appears the City's practice has been to accept bills from ERP for any client, regardless of the most recent known address.

When the funders accept bills for clients outside their jurisdictions, it appears the conditions are enhanced for some sort of cross-billing to take place. In other ASSET agencies, this is not an issue because the City accepts only City clients and the County accepts only County clients. Moving forward, the City has indicated to ERP that only City clients will be accepted, although the County has not discussed whether it will do the same with County clients.

The City's deadline to submit requests for drawdown under the FY 2015/16 contract was in mid-July, and the Finance Department is now completing the close-out of that fiscal year. **City staff is not comfortable paying the final \$28,272.42 owed on ERP's FY 2015/16 contract until that claim can be scrutinized and these past billing issues are resolved. However, the previous fiscal year needs to be closed out. Normally at the end of a fiscal year, any balance remaining unpaid on ASSET contracts is returned to the Local Option Sales Tax Fund balance.**

#### **ALTERNATIVES:**

1. Carry forward ERP's remaining FY 2015/16 balance, where it can be paid out once staff is satisfied its claims are in order.
2. Do not carry forward ERP's FY 2015/16 balance, and direct staff to pay ERP's remaining FY 2015/16 claim.

3. Do not carry forward ERP's FY 2015/16 balance, and direct staff to not pay ERP's remaining FY 2015/16 claim.

**MANAGER'S RECOMMENDED ACTION:**

City staff is optimistic that these discrepancies can be resolved with a few weeks of additional time. Since ERP's final drawdown was in advance of the deadline given, staff does not believe the outstanding amount left on ERP's FY 2015/16 contract should be forfeited due to the end of the fiscal year. It is anticipated by City staff that the billing issues can be resolved by September.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby carrying forward ERP's remaining FY 2015/16 balance, where it can be paid out once staff is satisfied that its claims are in order.