

# OFFICE OF THE STATE AUDITOR

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# DIANA DIZOGLIO

Official Audit Report – May 20, 2025

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## Executive Office of Housing and Livable Communities—Emergency Shelter

For the period July 1, 2021 through December 31, 2023



OFFICE OF THE STATE AUDITOR

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**DIANA DIZOGLIO**

May 20, 2025

Edward M. Augustus, Secretary  
Executive Office of Housing and Livable Communities  
100 Cambridge Street, Suite 300  
Boston, MA 02114

Dear Secretary Augustus:

I am pleased to provide you with the results of the enclosed performance audit of the Executive Office of Housing and Livable Communities. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2021 through December 31, 2023. As you know, my audit team discussed the contents of this report with the agency managers. This report reflects those comments.

I appreciate you and all your efforts at the Executive Office of Housing and Livable Communities. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making your team available. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio  
Auditor of the Commonwealth

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## LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
EA	Emergency Assistance
EOHLC	Executive Office of Housing and Livable Communities
MBTA	Massachusetts Bay Transportation Authority
MMARS	Massachusetts Management Accounting and Reporting System
RFR	request for response
RTA	regional transit authority
SRI	Strategic Rehousing Initiative
SKS	SKS Management, Inc.

## EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted the first in a series of performance audits of the Executive Office of Housing and Livable Communities (EOHLC) for the period of July 1, 2021 through December 31, 2023. When designing the audit plan for the emergency no-bid contracts, we extended the audit period to June 30, 2024, to encompass food and transportation expenditures related to emergency no-bid contracts during that timeframe.

The purpose of our audit was to determine EOHLC the following:

- whether EOHLC paid traditional shelters and hotels/motels—which provided housing to individuals who sought emergency assistance—according to their contracts with EOHLC and
- whether EOHLC ensured that emergency food and transportation services provided under the Emergency Assistance (EA) Family Shelter Program were contracted in accordance with Section 21.05(3) of Title 801 of the Code of Massachusetts Regulations (CMR).

Below is a summary of our findings, the effects of those findings, and our recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page 24</b>	EOHLC failed to adequately assess and act upon the increased demand for service, resulting in improper and unlawful emergency procurements for food and transportation services.
<b>Effect</b>	By using emergency contracts for such an extended period, EOHLC bypassed established procurement procedures, which resulted in a lack of competitive bidding, transparency, and accountability in the contracting process. Additionally, the excessive duration of the contracts resulted in inefficiencies and unnecessary costs, as the emergency situation could have been addressed through alternative means. This noncompliance with procurement guidelines undermines the integrity of the procurement process and resulted in an inefficient use of public funds. It also undermines the public's faith in its government.

<b>Recommendations</b> <b>Page <u>28</u></b>	<ol style="list-style-type: none"> <li>1. In cases where increasing demand or foreseeable circumstances are identified, EOHLC should use appropriate procurement processes, such as competitive bidding, to ensure transparency, fairness, and cost-effectiveness.</li> <li>2. EOHLC should review and adjust its procurement practices to ensure that it complies with Section 22 of Chapter 7 of the General Laws and regulations for emergency contracts, ensuring that all emergency contracts are justified based on unforeseeable events. Emergency contracts should be replaced by properly procured contracts as soon as practicable.</li> <li>3. EOHLC should limit emergency contracts to no longer than a period of time required to conduct the appropriate procurement processes, including competitive bidding, to ensure transparency, fairness, and cost-effectiveness. In most cases, we would expect emergency contracts to last weeks, not several months.</li> <li>4. EOHLC should ensure that, before not complying with Section 22 of Chapter 7 of the General Laws, the orders to do so are legal and valid under Chapter 639 of the Acts of 1950.</li> </ol>
<b>Finding 2</b> <b>Page <u>32</u></b>	<p>The procurement files required by 801 CMR 21.05(3) did not contain sufficient evidence and documentation to support EOHLC's decision to contract with Spinelli, and it did not consider an opportunity to accept a flat rate on an emergency no-bid contract with Spinelli for food delivery services.</p>
<b>Effect</b>	<p>By not exploring the vendor's flat-rate delivery offer, EOHLC may have missed an opportunity to lower delivery charges, potentially resulting in higher costs throughout the duration of the emergency contract. Because of EOHLC's failure to perform its due diligence, we were unable to determine the cost and terms of the flat-rate offer. Therefore, we could not determine the cost savings that EOHLC may have received from accepting a flat-rate delivery offer because EOHLC never responded to Spinelli's offer or considered this option.</p> <p>Because EOHLC did not maintain a sufficient procurement file, as required by 801 CMR 21.05(3), it cannot be determined whether the vendor it chose was the best option for EOHLC, the people who were being served, or the taxpayers. Without a complete procurement file, the public cannot examine the processes used, which erodes public trust and undermines faith in EOHLC, its procurement process, and the government in general.</p>
<b>Recommendations</b> <b>Page <u>36</u></b>	<ol style="list-style-type: none"> <li>1. During an emergency, EOHLC may be forced to use no-bid procurement, but it has an obligation to use the normal procurement processes as quickly as possible to address longer-term procurement needs.</li> <li>2. EOHLC should follow state regulations by creating and maintaining a procurement file with sufficient evidence and should establish a formal process for documenting and considering cost-saving opportunities to avoid wasting taxpayer resources.</li> <li>3. EOHLC should ensure that all vendor proposals, including alternate pricing structures like flat rates, are thoroughly evaluated in all contracts, including no-bid or emergency contracts, and are documented in a procurement file.</li> </ol>
<b>Finding 3</b> <b>Page <u>38</u></b>	<p>EOHLC exercised insufficient oversight of its delivery contract with Spinelli, resulting in overpayments on 9.6% of deliveries.</p>
<b>Effect</b>	<p>Overcharges resulted in EOHLC paying more than the contracted rates for delivery services, which constitutes a risk to EOHLC's financial integrity and ensuring compliance with contractual terms. Additionally, EOHLC has an obligation to ensure the accuracy and integrity of the invoices it receives from contracted vendors and, as stewards of public money, that it reconciles invoices and pays vendors correctly.</p>

<b>Recommendations</b> <b>Page <u>39</u></b>	<ol style="list-style-type: none"> <li>EOHLC should implement a formal process for verifying that vendor invoices, specifically delivery charges, align with contracted rate sheets. This should include regular internal audits of vendor charges to ensure accuracy and prevent future discrepancies. EOHLC should review all invoices before submitting payments. If discrepancies in the invoices are identified, EOHLC has an obligation to resolve these discrepancies before submitting payment.</li> <li>EOHLC should address these discrepancies with Spinelli and seek clarification or adjustments for the incorrect charges.</li> </ol>
<b>Finding 4</b> <b>Page <u>41</u></b>	<p>EOHLC violated part of its contract with SKS Management, Inc. (SKS) by not approving in writing the use of certain subcontractors.</p>
<b>Effect</b>	<p>The lack of documentation raises concerns regarding the transparency and accountability of the subcontracting process. Further, this also raises a concern about the legality of the contract because the terms and conditions were being ignored. Without proper records, EOHLC cannot verify whether services were provided according to contractual terms, nor can it ensure that payments were appropriate and aligned with the agreed-upon budgets. This situation jeopardizes the funding and contractual integrity of the EA Family Shelter Program. Additionally, it increases the risk of improper use of public funds and a lack of accountability for the services provided.</p>
<b>Recommendations</b> <b>Page <u>42</u></b>	<ol style="list-style-type: none"> <li>EOHLC should review and approve all subcontractors in accordance with the terms and conditions of its contracts.</li> <li>Because of the violation of the contracts' terms and conditions by SKS, regarding the use of unapproved subcontractors, EOHLC should pursue repayment from SKS for unapproved expenses charged to EOHLC.</li> </ol>
<b>Finding 5</b> <b>Page <u>43</u></b>	<p>The procurement files required by 801 CMR 21.05(3) did not contain sufficient evidence or documentation to support EOHLC's decision to contract with Mercedes Cab Company / Pilgrim Transit. Its emergency no-bid contract for transportation services resulted in excessive costs.</p>
<b>Effect</b>	<p>The financial impact of these high fees could limit the agency's ability to provide sufficient transportation services or exacerbate financial strain on shelter programs. Additionally, the lack of competitive bidding for this contract raises concerns about inflated pricing and a lack of market comparison, further limiting the effectiveness of this arrangement in terms of cost-efficiency and transparency.</p> <p>The billing inconsistency could result in excessive costs for transportation services under the EA Family Shelter Program. Furthermore, the charge for an intra-parking lot trip may undermine the integrity of the contracting process, as it calls into question the appropriate use of emergency funds for services that do not appear to meet the criteria for emergency transportation.</p> <p>The substantial charges resulting from no-shows and cancellations represent a significant financial burden on the program. Without a structured process to monitor and address these issues, the potential for continued or increased costs remains, reducing the overall efficiency of the EA Family Shelter program.</p> <p>The overall lack of internal controls in these transportation services erodes public trust and undermines faith in the validity and accuracy of these services and their costs. It also undermines the public's faith in government, as there is no reasonable assurance that trips that were charged for were actually appropriate or accurate.</p>

<b>Recommendations</b> <b>Page <u>49</u></b>	<ol style="list-style-type: none"><li>1. EOHLC should initiate a competitive bidding process whenever possible to ensure the best value for taxpayers, including more cost-effective contracts based on regional demands for transportation services. While EOHLC argued that there was an emergency and that it needed to provide transportation services to solve a short-term problem, EOHLC should use the normal procurement processes as soon as possible. EOHLC has a fiduciary duty to ensure that no-bid contracts are used sparingly and only when appropriate.</li><li>2. EOHLC should create and maintain a sufficient procurement file and should establish a formal process for documenting and considering cost-saving opportunities to avoid wasting taxpayer resources.</li><li>3. EOHLC should evaluate the reasonableness of the fare structure in comparison to industry standards and adjust as necessary to ensure that transportation costs do not exceed reasonable limits.</li><li>4. EOHLC should review the specific circumstances surrounding the charge for the 223-foot trip with Mercedes Cab Company / Pilgrim Transit to ensure that such charges are reasonable and consistent with the contractual terms.</li><li>5. EOHLC should review the ride to a health care facility that 55 individuals took in one trip, costing \$4,651.30. We recommend establishing a policy to require a review and prior approval for large-scale transportation requests, particularly in cases where the request appears disproportionate to the nature of the event or need.</li><li>6. EOHLC should first consider using public transportation options to reinvest in the Massachusetts Bay Transportation Authority and regional transit authorities before entering into a no-bid contract with a more costly, private transportation company.</li><li>7. EOHLC should establish clear guidelines to increase accountability regarding the minimum acceptable distance for rides and review the process for approving and billing transportation requests to prevent similar issues from arising in the future.</li><li>8. EOHLC should implement enhanced oversight procedures to verify that charges are justified and in line with the stated objectives of the EA Family Shelter program.</li><li>9. EOHLC should implement stronger controls and monitoring mechanisms (a) to minimize the occurrence of no-shows and cancelations and (b) for when a ride can be requested, canceled, or classified as a no-show.</li><li>10. EOHLC should regularly review cancelation and no-show patterns and work with Mercedes Cab Company / Pilgrim Transit to address any underlying issues contributing to the high volume of cancelations. Implementing these measures could help mitigate unnecessary costs and improve the overall efficiency of transportation services provided under the EA Family Shelter program.</li></ol>
<b>Finding 6</b> <b>Page <u>52</u></b>	EOHLC mismanaged certain aspects of its contracts with the different types of shelter providers (e.g., traditional shelters, hotels, and motels).



<b>Effect</b>	<p>Noncompliance with contractual payment terms constitutes a serious risk of financial mismanagement, which not only compromises accountability but also can erode the trust that is essential between EOHLC and shelter providers. Moreover, inaccuracies in payment processing can have negative impacts for shelter providers, leading to substantial financial strain. Such adverse financial conditions may severely impair EOHLC's ability to deliver vital services, ultimately jeopardizing the welfare of the people and communities it serves.</p> <p>Additionally, EOHLC has a fiduciary duty to ensure the accuracy and integrity of invoices for contracted services. Regardless of whether this occurred during an emergency or not, EOHLC at all times must perform reviews so that it is only paying for services that were actually performed and that comply with the requirements of contracts.</p>
<b>Recommendations</b> <b>Page 54</b>	<ol style="list-style-type: none"><li>1. EOHLC should implement stronger monitoring procedures to verify that all payments to shelter providers align with the negotiated terms in their contracts. EOHLC may have required services not anticipated or included in its contracts with the different types of shelter providers. However, EOHLC should amend the contracts or draft new contracts to cover these services in order to provide full transparency in government.</li><li>2. EOHLC should ensure that all charges are pre-approved, contractually authorized, and properly documented before processing payments. EOHLC should ensure that it complies with contract terms and payment approval procedures to avoid similar issues in the future.</li><li>3. EOHLC should limit the use of gift cards, and in instances where it does allow them, EOHLC should implement stronger control mechanisms like those required for other public benefit programs within the Department of Transitional Assistance to prevent potential abuse or mispending of taxpayer-funded benefits.</li></ol>

In addition, while we were conducting our audit, additional issues came to our attention which we have outlined in the Other Matters section of this report. One issue relates to implementing sufficient administrative oversight during the housing crisis. Another issue relates to EOHLC's monitoring of hotel and motel vendors used as shelters, specifically related to whether the hotels and motels are in compliance with state and local tax obligations. We found that EOHLC does not have an established policy or procedure to verify that hotels and motels are current on their tax obligations, such as property taxes or state and local room occupancy taxes, before entering into contracts.

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## OVERVIEW OF AUDITED ENTITY

The Executive Office of Housing and Livable Communities (EOHLC) was created in 2023, assuming the responsibilities of the Department of Housing and Community Development under Sections 216-219 of Chapter 7 of the Acts of 2023. EOHLC collaborates with municipalities, local housing authorities, nonprofit organizations, and development partners to provide affordable housing, financial assistance, and other essential support to Massachusetts communities.

EOHLC's mission focuses on promoting housing production, rehabilitation, and preservation, while ensuring affordability, fairness, and equity in housing opportunities. Additionally, the agency addresses emergency and transitional housing needs, with a focus on housing stability and security.

As of June 30, 2023, EOHLC employed 430 full-time staff members. The agency received state appropriations of \$584,096,312 in fiscal year 2022, \$884,663,411 in fiscal year 2023, and \$1,073,742,288 in fiscal year 2024.

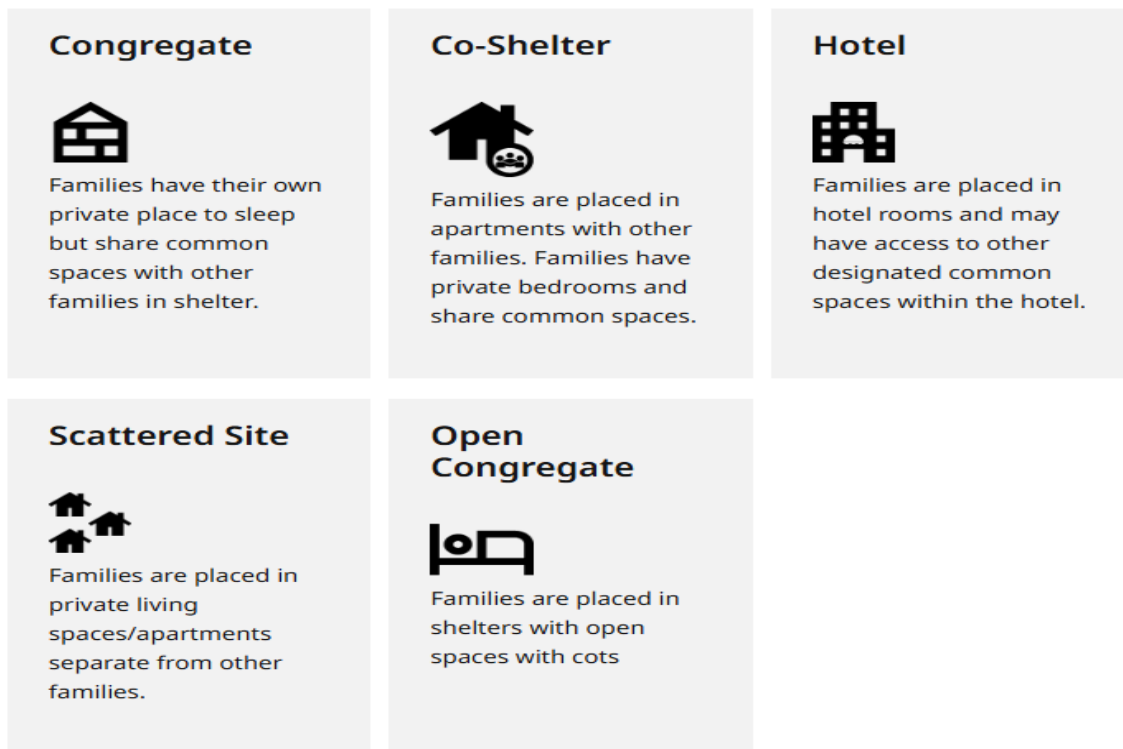
### Emergency Assistance Family Shelter and Services Program

The "Report of the Special Commission on Emergency Housing Assistance Programs," dated November 12, 2024:

*In 1983, under then Massachusetts Governor Dukakis, the Commonwealth adopted MGL Chapter 23B, Section 30 Emergency housing assistance program or what is commonly referred to as the "right to shelter law". Massachusetts was the first and only state to adopt such a law. The goal of this law is to try to ensure that Massachusetts families with children and pregnant individuals do not experience homelessness. The state, in order to abide by this law, created a temporary emergency shelter system for homeless families with children (under 21 years of age) and pregnant individuals. This system today is known as the Emergency Assistance (EA) program and is currently administered by the Massachusetts Executive Office of Housing and Livable Communities (EOHLC).*

According to EOHLC's webpage entitled "What is Emergency Assistance (EA) Family Shelter?," the overall goal of the Emergency Assistance (EA) Family Shelter Program is to provide temporary shelter for a family while they search for permanent housing. There are several types of temporary shelters available. (See image below.)

## What are the types of shelters?



Source: EOHLC (<https://www.mass.gov/info-details/what-is-emergency-assistance-ea-family-shelter>)<sup>1</sup>

State-funded emergency shelters are available for families with children and pregnant people, provided they meet eligibility requirements. A single man without any children would not qualify for an emergency shelter. When traditional shelter units<sup>2</sup> are unavailable, the program uses overflow hotel and motel rooms as a temporary solution until families can be linked to long-term housing options. However, several important factors must be taken into account, including family size, the number and types of beds available (such as cribs, twin beds, toddler beds, bunks, etc.), the number of floors, and the accessibility features of the unit, including stair or elevator access and compliance with wheelchair and other Americans with Disabilities Act requirements.

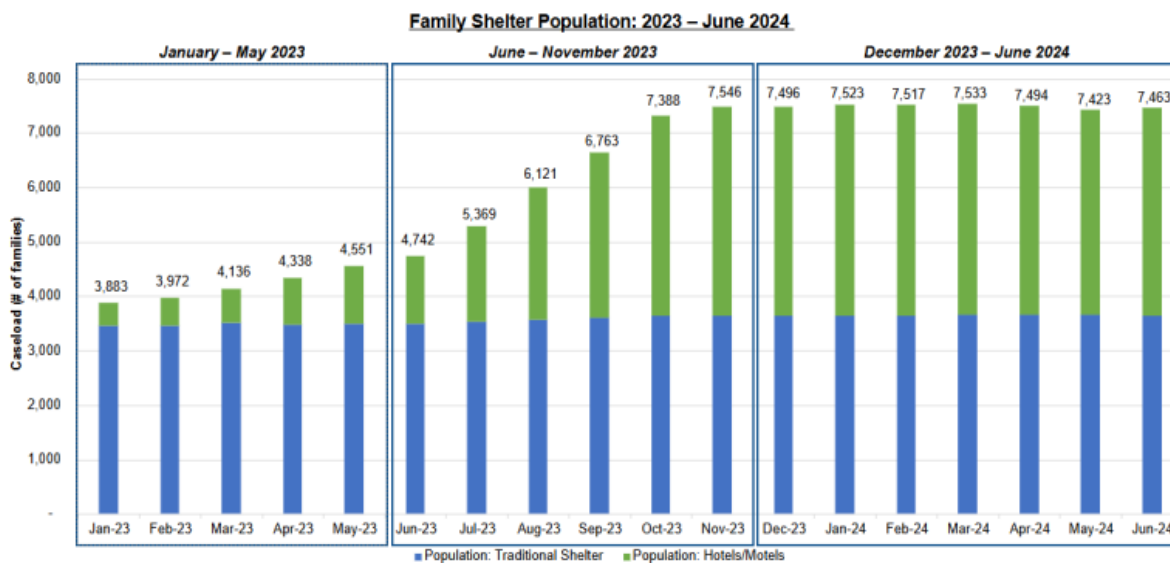
EOHLC's 2025 "[A Home for Everyone: Massachusetts' Statewide Housing Plan](#)" also highlights several other factors that are more than likely contributing to families entering the EA Family Shelter Program:

1. This screenshot was captured on March 21, 2025 from the "What is Emergency Assistance (EA) Family Shelter?" webpage on EOHLC's website.
2. Traditional shelter units are EA shelter units managed by contracted homeless service providers that offer structured support.

- *Lack of rental family housing due to families being outbid for 3+ bedroom units by individuals who need to "form larger roommate households" to be able to afford housing.*
- *Housing prices and rents in Massachusetts are rising faster than wages- especially for low to moderate wage earners.*
- *The growth of the short-term rental market has taken what was once long-term rental housing off the market.*
- *The state's public housing stock has not increased and in some cases has decreased due to units being taken off-line due to the need for substantial upgrades/repairs.*

The following table is from the "Report of the Special Commission on Emergency Housing Assistance Programs," dated November 12, 2024. It demonstrates the rise in EA shelter caseloads from January 2023 through June 2024.

**Figure 3. Extraordinary Rise in EA Shelter Caseload: January 2023 – June 2024**



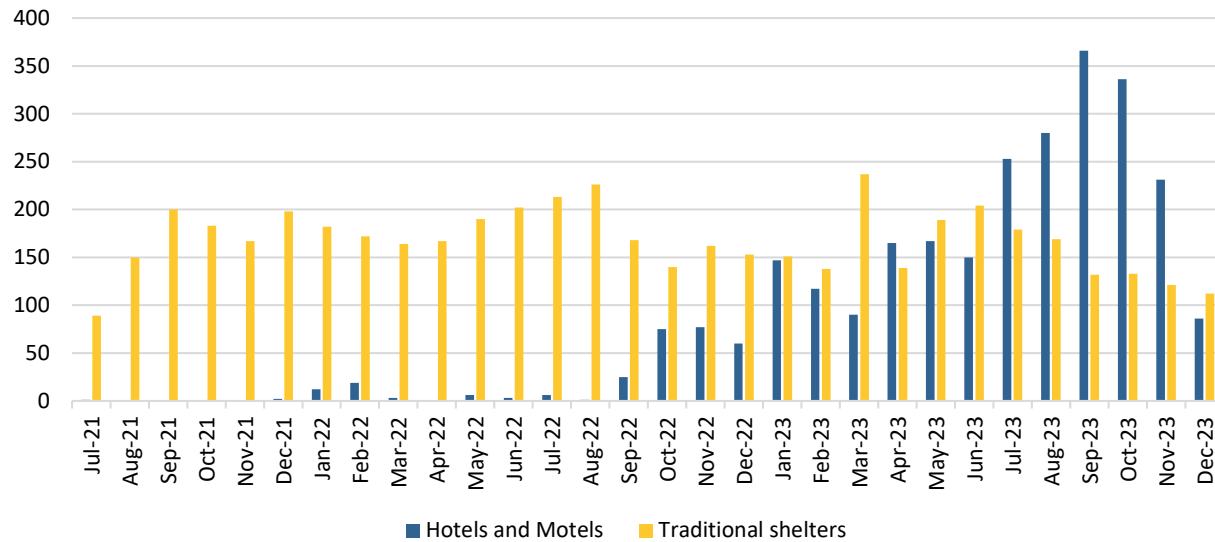
Source: EOHLC (<https://www.mass.gov/doc/report-of-the-special-commission-on-emergency-housing-assistance-programs-draft-111224/>)

During the audit period, a total of 17,848 families applied for an EA shelter. Out of these, 7,708 families were successfully placed<sup>3</sup> in housing, which included traditional shelters, hotels, and motels. (See graph below.) Among those placed, 5,030 families were placed in traditional shelters, while 2,678 families were

3. There may be a combination of reasons why a family was not placed: They may have been deemed ineligible or entered into the HomeBASE program, which places eligible families into more stable housing rather than shelter.

accommodated in hotels and motels. Additionally, there were 48 contracted providers engaged in offering shelter-based housing services within traditional units.

### Families Entering Traditional Shelters, Hotels, and Motels— July 1, 2021 through December 31, 2023



### Families Entering Traditional Shelters, Hotels, and Motels— July 1, 2021 through December 31, 2023

Month	Families Entering Traditional Shelters	Families Entering Hotels and Motels
July 2021	89	1
August 2021	150	0
September 2021	200	0
October 2021	183	0
November 2021	167	0
December 2021	198	2
January 2022	182	12
February 2022	172	19
March 2022	164	3
April 2022	167	0
May 2022	190	6
June 2022	202	3
July 2022	213	6

Month	Families Entering Traditional Shelters	Families Entering Hotels and Motels
August 2022	226	1
September 2022	168	25
October 2022	140	75
November 2022	162	77
December 2022	153	60
January 2023	151	147
February 2023	138	117
March 2023	237	90
April 2023	139	165
May 2023	189	167
June 2023	204	150
July 2023	179	253
August 2023	169	280
September 2023	132	366
October 2023	133	336
November 2023	121	231
December 2023	112	86
<b>Totals</b>	<b><u>5030</u></b>	<b><u>2678</u></b>
<b>GRAND TOTAL</b>		<b><u>7708</u></b>

In fiscal years 2022, 2023, and 2024, the EA Family Shelter Program received state appropriations of \$196,960,750, \$219,441,057, and \$325,251,902, respectively.

## Applying for Emergency Assistance

Individuals can apply for emergency assistance by contacting a call center or in person at one of EOHLC's regional office locations. A homeless coordinator guides applicants through the process, assesses their eligibility, and determines their safety. If a family is fleeing domestic violence, shelter can be provided immediately. Program eligibility includes residency in Massachusetts, relationship with any child/children

in the family,<sup>4</sup> pregnancy (if applicable), income<sup>5</sup> below 115% of the federal poverty level,<sup>6</sup> and assets<sup>7</sup> not exceeding \$5,000. Eligible families can choose between a shelter placement or can enter a diversion program to receive EOHLC assistance to find stable housing. This diversion occurs as part of the HomeBASE program, which provides short-term financial assistance for security deposits, rent, and basic furniture.

Additionally, EOHLC established two Family Welcome Centers in the Boston area. These centers serve as a resource for families, allowing them to discuss their needs and access support services. The centers assist families in applying for food and cash benefits through the Department of Transitional Assistance. Additionally, the centers provide essential supplies, such as diapers, hygiene products, and baby formula. Furthermore, the centers connect families with other community resources, ensuring that they receive comprehensive support for their well-being.

## Types of Shelters

The EA Family Shelter Program offers various types of shelter accommodations to support families in need:

- **Congregate Shelter:** This is a shelter where multiple families share common living areas within a single building, promoting a sense of community.
- **Co-Shelter:** This is a shelter where two unrelated families share common spaces within an apartment, fostering mutual support.
- **Scattered Site Shelter:** This is a shelter where a single-family occupies a private apartment, ensuring privacy and stability.
- **Hotel Shelter:** This is a shelter where families are accommodated in hotel or motel rooms, with services tailored to the number of family members being sheltered. (See the heat map below for the specific number of hotels used as emergency assistance shelters during the audit period.)

This diverse array of shelter options ensures that families have access to safe and supportive living environments that are tailored to their specific needs.

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4. A family may include parents or guardians, spouses, siblings, stepparents, stepsiblings, or half-siblings.

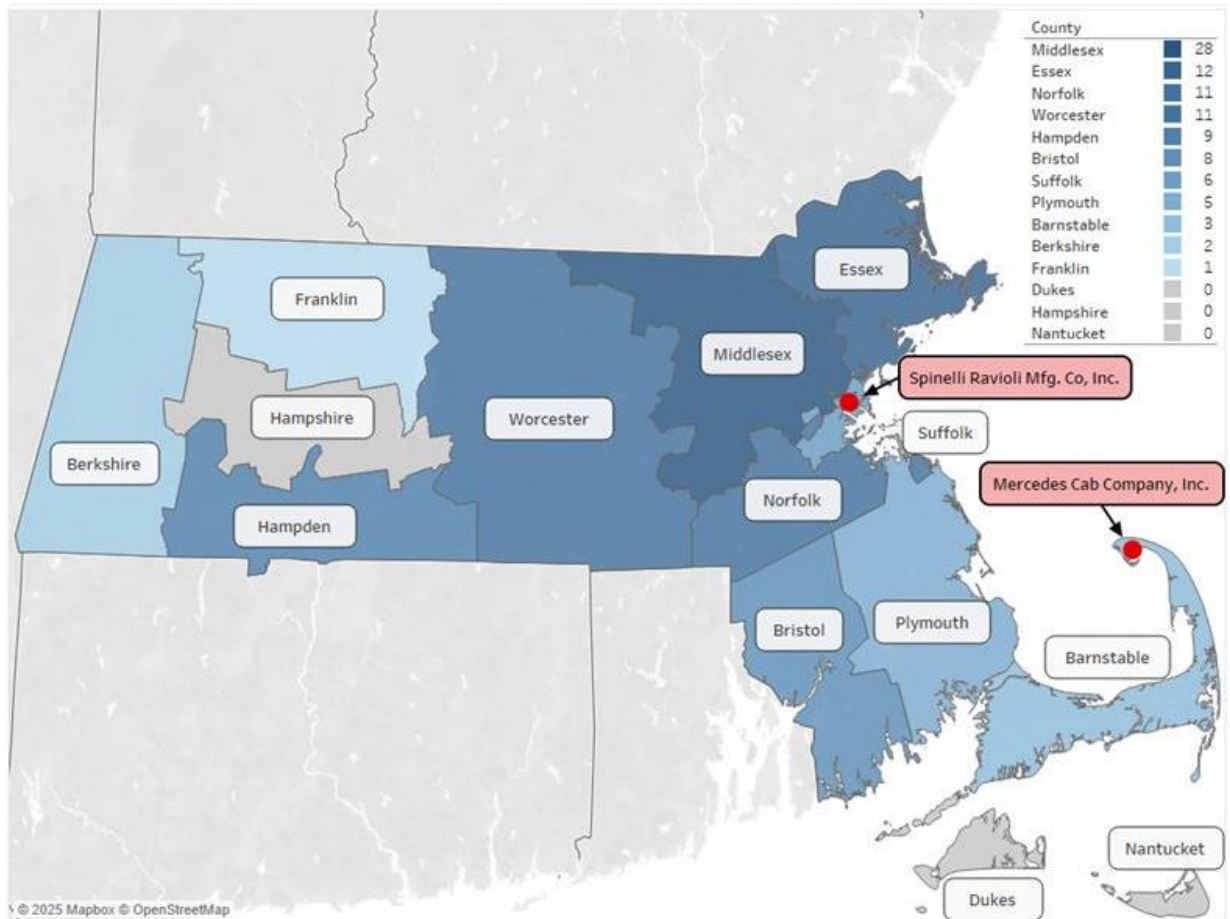
5. Gross income can include wages, gifts, alimony, child support, and government payments such as Social Security, Temporary Aid for Families with Dependent Children, Social Security Income, and Social Security Disability.

6. The federal poverty level is determined by the US Department of Health and Human Services, which annually establishes income guidelines for state governments to use to determine eligibility for social service programs. The income guidelines are different based on family size.

7. Countable assets include cash on hand, bank accounts to which an individual has access, the value of vehicles owned by the household, the cash surrender value of life insurance and burial insurance, and real estate other than a home.

EOHLC recommends a staffing ratio of one case manager for every 30 families and one housing search staff member for every 15 families. Shelters must have 24/7 on-site staffing for congregate sites and hotel sites housing 50 or more families. All families are assigned a case manager and housing search staff member, with 24/7 emergency contact available for all families.

### Hotels and Motels Used as Emergency Shelters by County



### Procurement Process

The normal procurement process for the Commonwealth of Massachusetts is governed by Chapter 30B of the Massachusetts General Laws, known as the Uniform Procurement Act, which establishes procedures for acquiring goods and services, ensuring open and fair competition for contracts paid for with public funds. The timelines for procurement can vary depending on the complexity and scope of the goods and services being acquired.



The normal procurement process generally involves the following steps:

- Need Identification: identifying the needs for goods and services;
- Pre-Solicitation: gathering information about potential suppliers and assessing market conditions;
- Solicitation Preparation: developing the solicitation documents, including the request for proposals or request for bids;
- Solicitation Process: publicly announcing the procurement opportunity and distributing the solicitation documents;
- Evaluation Process: evaluating the proposals or bids received from potential suppliers;
- Award Process: selecting the winning supplier and awarding the contract; and
- Contract Process: negotiating and finalizing the contract terms and conditions.

Executive departments are required to use Statewide Contracts, if available, for their commodities and service needs, and these commodities and services must be purchased through COMMBUYS.

### **No-bid Emergency Procurement Process**

An emergency under procurement law is most often related to an immediate-term need designed to protect property or health and safety, such as a tree falling through the roof of a building during rainstorm, where the roof needs to be closed to prevent damage to the contents of the building. Emergency procurements are typically used when an emergency occurs and last only until the government agency can conduct a normal procurement to replace the emergency procurement. In the example of the tree falling through the roof, an emergency contract would allow the roof to be closed, but the repair to the roof would be required to be conducted using normal procurement methods.

Section 21.05(3) of Title 801 of the Code of Massachusetts Regulations (CMR) recognizes that unforeseen circumstances may require departments to procure goods or services on an emergency basis. Some reasons for emergency procurements include:

- the avoidance of imminent harm to the government;
- the provision of immediate mandated services;
- the provision of goods or services for people's health, welfare, or safety; and
- the prevention of further property damage from extreme weather, fire, or acts of God.

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## Procurement File

As stated below, 801 CMR 21.06(1) requires procuring departments to keep records to support its decision for the selection of a vendor. These records should be maintained in a procurement file as follows:

*A Procuring Department shall maintain a paper or electronic procurement file for each Procurement of Commodities or Services, or both. The file shall contain the original, copies or the file location of the RFR and data or other information relevant to the Procurement and selection of a Contractor, the executed Contract form(s), correspondence with the Contractor and any applicable approvals or justifications.*

The Office of Inspector General's *The Chapter 30B Manual: Procuring Supplies, Services and Real Property* states the following:

*If the time required to comply fully with Chapter 30B would endanger the health or safety of people or their property due to an unforeseen emergency, you may procure the needed item or service without complying with all of Chapter 30B's requirements. Even under emergency circumstances, however, you must comply with Chapter 30B to the extent possible. For example, if you do not have time to advertise for two weeks, you can shorten the advertising period; or, if you have no time to advertise, you can solicit quotes. You may procure only those supplies or services necessary to meet the emergency.*

*You must maintain a record of each emergency procurement, documenting the basis for determining that an emergency exists, the name of the vendor, the amount and type of contract, and a list of the supplies or services purchased under each contract. We recommend that you also include in your record all procedures followed to elicit competition. Your record of an emergency procurement must be submitted as soon as possible to the Goods and Services Bulletin for publication.*

## Emergency Contracts

During the audit period, EOHLC initiated several no-bid emergency contracts to quickly provide shelter and essential services to families experiencing homelessness. There were four emergency contracts: one for food services, one for transportation services, and two that provided temporary shelter placement.

Two of the funded no-bid emergency contracts with Ascentria Community Services Inc. and United Way of Massachusetts Bay provided the following services:

- Temporary Shelter: immediate placement in shelter housing;
- Case Management: case managers assistance to families to overcome barriers to finding housing, while securing connections to healthcare and job placement services;
- Housing Search and Placement: assistance in securing permanent housing;

- Crisis Intervention: addressing immediate needs like food and healthcare;
- Family Stabilization: services such as counseling and treatment for underlying issues contributing to homelessness;
- Financial Assistance: financial aid for housing costs and utilities; and
- Referrals: connection to other essential services, including legal and workforce programs.

EOHLC's use of emergency contracts grew in response to rising shelter demand, driven by a competitive housing market and an influx of migrant families. In response to these challenges, Governor Maura Healey, in a letter to the Secretary of Homeland Security,<sup>8</sup> proclaimed a state of emergency on August 8, 2023. The Secretary of EOHLC imposed a 7,500-unit limit on the EA shelter system on October 31, 2023 to manage the crisis.

The food service contract was awarded to Spinelli Ravioli MFG CO, Inc., referred to in this report as Spinelli, to prepare and deliver meals to families residing in 30 hotels and motels used as temporary emergency shelters.<sup>9</sup> Throughout the duration of the contract, which ended in March 2024, a total of 5,142 deliveries were made from the location shown on the map on page 12, providing 487,899 meals. (See table below.)

### Spinelli Meal and Delivery Breakdown

Type of Meal Provided	Rate per Meal	Total Meals Provided	Total Cost
Breakfast	\$14.35	89,260	<u>\$ 1,280,881</u>
Lunch	\$17.81	186,259	<u>3,317,272</u>
Boxed Lunches	\$18.71	315	<u>5,893</u>
Dinner	\$20.95	210,805	<u>4,416,364</u>
Boxed Dinners*	\$18.71	1,120	<u>20,955</u>
	\$19.75	140	<u>2,765</u>
<b>Total of all meals provided</b>		<b><u>487,899</u></b>	<b><u>\$ 9,044,130</u></b>
Deliveries		5,142	402,568
<b>Total meals and deliveries</b>		<b><u>493,041</u></b>	<b><u>\$ 9,446,698</u></b>

\* Spinelli charged two different rates for Boxed Dinners.

A transportation contract was awarded to the car service, Mercedes Cab Company, located in North Truro on the tip of Cape Cod—now operating as Pilgrim Transit—to provide families staying in hotels or motels

8. The Governor's letter can be found in [Appendix B](#).

9. All contracted hotels and motels serving as emergency shelters, excluding those receiving food from Spinelli, were required to provide three meals a day: a continental breakfast, lunch at \$16, and dinner at \$21.

statewide with access to transportation. According to EOHL's Standard Operating Procedures regarding transportation services, the list of approved rides are used for the following types of services:

- an urgent medical need or doctor's appointment;
- an appointment with a state agency or benefit center, such as the Department of Transitional Assistance or the Women, Infants, and Children Nutrition Program;
- a visit to MassHealth Enrollment Centers or organizations with a Certified Application Counselor program; or
- an appointment with immigration or legal services.

Mercedes Cab Company / Pilgrim Transit is located as displayed on the map on page 12. Throughout the Commonwealth and neighboring states, Mercedes Cab Company has completed a total of 15,924 trips, averaging 15.49 miles per trip, with an average cost of \$155 per trip (\$10.01 per mile) for a total cost of \$4,749,308. Out-of-state travel was rendered near the Massachusetts border for services such as immigration appointments and medical care, where the nearest facilities may be outside of Massachusetts. The fee schedule for both in-state and out-of-state rides is detailed in the table below.

### Mercedes Cab Company / Pilgrim Transit Fee Schedule

Base Fee Types	Price
Load fee first-person	\$140
Load fee for each additional person on the same request	\$40
Miles included in load fee	-
Charge per mile for additional mileage	\$6.75
Wait time per half-hour segment	\$90
Included wait time at pickup (minutes)	5
Cancel at door / no-show fee	\$150
All other cancelation fees	\$120
<b>Wheelchair Van</b>	
Load fee first-person	\$498
Load fee for each additional person on the same request	\$40
Miles included in load fee	-
Charge per mile for additional mileage	\$8.00
Wait time per half-hour segment	\$120
Included wait time at pickup (minutes)	5

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Base Fee Types	Price
Cancel at door / no-show fee	\$350
All other cancelation fees	\$200

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In comparison, the Boston Police Department's website includes the following taxi rates:

***Meter Rates***

- 1. Per Mile and Tolls: First 1/7 Mile: \$2.60. Each 1/7 Mile thereafter .40. Tolls Additional*
- 2. Idling/Waiting Time: \$28.00 Per Hour*
- 3. Passenger pays \$2.75 toll for all trips from Boston proper to Logan Airport and North Shore Communities.*
- 4. Passenger pays no toll from Boston proper to East Boston, not including Logan Airport.*

We acknowledge that taxi meter rates are likely to differ from city to city. However, these rates are drastically lower than the rates charged by Mercedes Cab Company / Pilgrim Transit. For example, Mercedes Cab Company / Pilgrim Transit charged \$90 for 30 minutes of wait time / idling, or \$180 for 60 minutes of wait time / idling. According to the Boston Police Department, the metered taxi rates charge only \$28 per hour of wait time / idling. The charges for wait time / idling billed by Mercedes Cab Company / Pilgrim Transit are over five times higher than the wait time / idling the metered taxis would have charged. A one-mile taxi ride in Boston would cost \$5.00 (not including wait time / idling), while a one-mile Mercedes Cab Company / Pilgrim Transit ride cost \$146.75 (not including wait time / idling). Each mile of transit via taxi in Boston would cost \$2.40 after the first one-seventh of a mile compared to \$6.75 per mile for Mercedes Cab Company / Pilgrim Transit.

Ascentria Community Services was awarded one of the emergency housing contracts. This contract allowed EOHLC to provide essential supportive services to families in the shelters. Ascentria is a community service organization based in Worcester that has experience in providing specialized support and services to stabilize families at risk of homelessness or those who are already experiencing homelessness. The organization serves Massachusetts and New Hampshire with a range of community-based programs. It provides services to families, children, and teens who are at risk, as well as individuals with developmental disabilities and mental illness. Additionally, Ascentria supports refugees and immigrants from around the world, including unaccompanied refugee minors, and offers assistance to older adults.

EOHLC also awarded an emergency contract to the United Way of Massachusetts Bay. In response, the United Way initiated a grant program designed to support community-based organizations that established and operated safety net shelters for extremely low-income families with children and pregnant individuals who lacked other safe sleeping arrangements and would otherwise be forced to sleep in places not meant for human habitation. The United Way of Massachusetts Bay selected community-based organizations to receive grant funding to operate these safety net shelters and provided technical guidance and resource navigation to them as needed.

## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Executive Office of Housing and Livable Communities (EOHLC) for the period July 1, 2021 through December 31, 2023. When designing the audit plan for the emergency no-bid contracts, we extended the audit period to June 30, 2024 to encompass certain expenditures related to emergency no-bid contracts during that timeframe.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did EOHLC pay the traditional shelters and hotels/motels—which provided housing to individuals who sought emergency assistance (EA)—according to their contracts with EOHLC?	No; see <b>Finding 6</b> and <b>Other Matters</b>
2. Did EOHLC ensure that the emergency food and transportation services provided under the Emergency Assistance Family Shelter program were contracted in accordance with section 21.05(3) of Title 801 of the Code of Massachusetts Regulations (CMR)?	No; see <b>Findings 1, 2, 3, 4, and 5</b>

To accomplish our audit objectives, we gained an understanding of EOHLC’s internal control environment related to our objectives by reviewing EOHLC’s internal policies and procedures and by interviewing EOHLC officials. We reviewed policies and procedures related to the EA Family Shelter and Services Program, which included payments made to emergency shelter providers and the administration of emergency contracts. We evaluated the design, and tested the operating effectiveness, of internal controls related to payments made to shelter providers. Specifically, we examined the controls governing the processing of payments by EOHLC. We confirmed that the contracting manager signed a payment voucher request form before any payments were issued to shelter providers. Additionally, we verified that EOHLC EA Family Shelter Program staff members conducted reconciliations to ensure that shelter

providers were billing the correct amounts for units and nightly rates, as established in the contracts. In addition, to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures listed below.

## EA Shelter Payments

To determine whether the EOHLC compensated contracted shelter providers—who assist those seeking emergency assistance—according to the terms of their contracts, we took the following actions:

- We obtained and examined 183 contracts between EOHLC and shelter providers, including hotels and motels.
- We obtained and examined a spreadsheet of 3,379 payments, totaling \$700,020,208, made to shelter providers, including hotels and motels, during the audit period from the Massachusetts Management Accounting and Reporting System (MMARS).
- We divided the payments into two categories: before and during the emergency. From a total of 2,516 payments, totaling \$415,870,686, made to contracted shelter providers for the period, July 1, 2021 through June 30, 2023, we selected a random, statistical sample<sup>10</sup> of 47 payments, totaling \$9,493,014, at a 90% confidence level,<sup>11</sup> a 5% tolerable error rate,<sup>12</sup> and a 0% expected error rate.<sup>13</sup> We used Teammate Analytics<sup>14</sup> to select our sample. Additionally, for the period from July 1, 2023 through December 31, 2023, with a total population of 863 payments totaling \$284,149,521, we selected a random, nonstatistical sample<sup>15</sup> of 60 payments totaling \$13,931,539.
- For the selected samples, we obtained and examined invoices to verify that the payments, including the nightly unit rates and number of units, were billed accurately according to contract terms and conditions.

Based on the results of our testing, we determined that EOHLC did not ensure that the payments made to shelter providers were in compliance with the terms and conditions of their contracts. See Finding [6](#).

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10. Auditors use statistical sampling to select items for audit testing when a population is large and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.

11. Confidence level is a mathematically based measure of the auditor's assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage.

12. Tolerable error rate is the maximum error in the population that auditors would be willing to accept and still conclude that the result from the sample has achieved the audit objective.

13. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor's knowledge of factors such as prior year results, the understanding of controls gained in planning, or a probe sample.

14. This is a Microsoft Excel-based data analytics tool that allows auditors to execute advanced data analysis.

15. Auditors use nonstatistical sampling to select items for audit testing when a population is very small, the population items are not similar enough, or there are specific items in the population that the auditors want to review.



## Emergency Contracts

We sought to determine whether the EOHLC complied with 801 CMR 21.05(3) in contracting for emergency services under the EA Family Shelter Program. To determine whether EOHLC appropriately executed emergency no-bid contracts and whether the associated services, including meal and transportation deliveries, were provided in compliance with contract terms and financial requirements, we performed the following procedures:

- We obtained and reviewed all emergency no-bid contracts related to the food and transportation services within the EA program for the period ending June 30, 2024. These contracts included agreements with Spinelli and Mercedes Cab Company / Pilgrim Transit. Our review focused on assessing whether the contracts were appropriately awarded under the emergency provisions of the regulations.
- We examined the written justifications provided for the use of no-bid emergency contracts to determine whether the criteria outlined in 801 CMR 21.05(3) were met. Specifically, we examined whether no-bid emergency conditions and the need for immediate services were documented and consistent with regulatory guidelines.
- We obtained and reviewed internal communications (emails) from EOHLC from the period of time before the execution of the emergency contracts, which were assessed to understand the contracting process, decision-making, and rationale for awarding the emergency contract. Additionally, we reviewed email communications between EOHLC and Spinelli.
- **Spinelli Invoices:**
  - We obtained from EOHLC invoices sent by Spinelli covering the contract period from August 2023 through March 31, 2024. We analyzed a total of 34 invoices, totaling \$9,446,700, to break down the costs associated with the 487,899 meals provided and 5,142 deliveries, displayed in the table on page [15](#), made to 30 hotels and motels served by Spinelli. We verified the list of 30 hotels and motels served by Spinelli against the list of 67 hotels<sup>16</sup> contracted by EOHLC for use as emergency shelters, ensuring that there was no duplication of food deliveries or deliveries to non-hotels or motels under contract with EOHLC.
  - We compared the delivery rates charged by Spinelli for each location to its official delivery rate sheet (see [Appendix A](#)) to ensure consistency with contracted delivery rates.
- **Mercedes Cab Company / Pilgrim Transit Invoices:**
  - We obtained nine invoices, totaling \$4,749,307, from Mercedes Cab Company / Pilgrim Transit, covering the period from October 2023 through June 2024 for each of the 15,294

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16. All contracted hotels and motels serving as emergency shelters, excluding those receiving food from Spinelli, were required to provide three meals a day: a continental breakfast, lunch at \$16, and dinner at \$21.

rides completed. We analyzed all 15,294 rides completed and identified the 556 outliers examined below:

- We target tested all 15 rides, totaling \$7,833, that occurred outside of regularly scheduled service hours (6:00 a.m. to 8:00 p.m.) to assess whether the rides provided were to and from a hotel or motel and a medical facility. Using Google Maps, we verified the pickup and drop-off addresses to determine whether they were either a hotel or motel and medical facilities.
- We target tested all 206 rides, totaling \$36,339, that were requested for less than a mile to determine whether such rides were in accordance with the allowable costs set forth in the standard operating procedures. Using Google Maps, we verified the pickup and drop-off addresses to determine whether they were locations allowable according to the standard operating procedures.
- We target tested all 320 rides, totaling \$162,050, that had drop-off locations outside the state to determine whether these rides were reasonable for out-of-state travel. Using Google Maps, we verified the pickup and drop-off addresses to determine whether they were locations allowable according to the standard operating procedures.
- We target tested all 15 rides, totaling \$13,262, that had 10 or more seats requested. Using Google Maps, we verified the pickup and drop-off addresses to determine whether they were locations allowable according to the standard operating procedure.

Based on the results of our testing, we determined that EOHLC did not ensure compliance with 801 CMR 21.05(3) when contracting emergency services under the EA Family Shelter Program. See Findings [1](#), [2](#), [3](#), [4](#), and [5](#).

We used a combination of statistical and nonstatistical sampling methods for testing, and we did not project the results of our testing to the corresponding populations.

## Data Reliability Assessment

### MMARS

The financial data from MMARS constitutes the official accounting records of the Commonwealth and forms the basis for the Commonwealth's audited annual financial statements. In 2022, the Office of the State Auditor performed a data reliability assessment of MMARS that focused on testing selected system controls (access controls, application controls, configuration management, contingency planning, and segregation of duties). Additionally, in the current audit, we reviewed EOHLC's policies and procedures and conducted tests regarding EOHLC employees who had access to MMARS during the audit period to determine whether those employees had completed cybersecurity awareness training.

## **Contracts**

To determine the reliability of the 183 shelter provider contracts that EOHLC provided to us, we selected a random sample of 35 shelter provider contracts and divided them into three strata. The first stratum of 8 shelter provider contracts was for fiscal year 2022. The second stratum of 10 shelter provider contracts was for fiscal year 2023. The third stratum of 17 shelter provider contracts was for fiscal year 2024. We compared vendor names, MMARS document identification number, and dollar amounts per contract to the MMARS data to ensure that the payments did not exceed the total dollar amounts in the contracts. To determine the reliability of the emergency no-bid contracts for food and transportation, we compared the total dollar amount of the contracts to the total dollar amount of payments made by EOHLC in MMARS to ensure that payments did not exceed the total dollar amount of the contracts.

## **Shelter Provider Payments**

To determine the reliability of shelter provider payment data that EOHLC provided to us, we compared the total number of invoices, and the total amounts paid to the information documented in MMARS for the periods July 1, 2021 through June 30, 2023 and July 1, 2023 through December 31, 2023.

## **Mercedes Cab Company / Pilgrim Transit Ride Data**

To determine the reliability of the ride data that EOHLC provided to us, which contained a breakdown of the costs associated with the transportation services (number of riders, mileage fee, and extra person fee) contracted by Mercedes Cab Company / Pilgrim Transit, we analyzed the spreadsheet for hidden information (i.e., hidden data, columns, rows, worksheets, and other hidden information resulting from active filters), we compared the total amount spent from the spreadsheet to the amount spent in MMARS.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained was sufficiently reliable for the purposes of our audit.

## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### **1. The Executive Office of Housing and Livable Communities failed to adequately assess and act upon the increased demand for service, resulting in improper and unlawful emergency procurements for food and transportation services.**

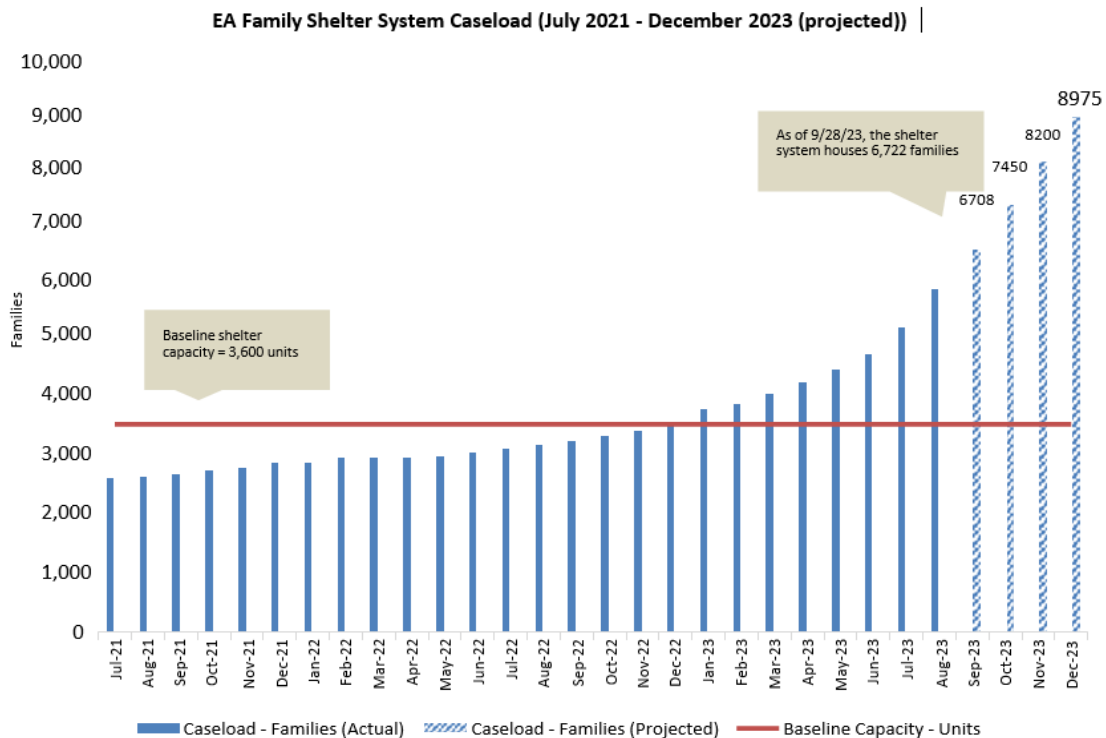
The Executive Office of Housing and Livable Communities (EOHLC) failed to adequately assess and act upon the increased demand for service, resulting in improper and unlawful emergency procurements for food and transportation. Data provided to us by EOHLC indicated a trend in increased emergency shelter needs starting in December 2022. Naturally, an increased demand in emergency shelter needs would also result in an increased demand for food and transportation services to support the families using the emergency shelters. The data that EOHLC provided to us, and that we reviewed, reflects that EOHLC did not adequately plan for this increasing demand for food and transportation services. The demand for emergency shelter had already surpassed the baseline capacity of 3,600 units by January 2023. The situation continued to worsen throughout the remainder of 2023. EOHLC should have used the normal procurement process sometime between January 2023 and August 2023 to address the need for additional food and transportation services but instead delayed until August 2023, when it issued emergency, no-bid contracts. This would have allowed for competition among vendors with improved pricing, terms, and fairness. Similarly, the extension terms of the emergency contracts were not justified. Emergency contracting is designed to “buy time” to conduct a fair, legitimate procurement process under normal procurement rules. This did not occur.

It is clear that state agencies may enter into emergency contracts in certain circumstances. The question is whether the circumstances surrounding the food and transportation procurements amount to an unforeseen emergency and whether the lengths of the contracts that flowed from the emergency situation were appropriate. We believe that EOHLC could have better foreseen the increased demand for food and transportation services based upon data it was tracking and made use of the normal procurement process instead.

It may be the case that EOHLC did not procure these services earlier because it did not know how many families it would ultimately need to serve. We note here that the Commonwealth and cities and towns often procure goods and services in anticipation of unknown service needs. Some municipalities procure emergency trades services to handle pipes bursting in the winter at school buildings, emergency roof

repairs, and other needs. At the time of these procurements, it is not known that these services will be needed, or to what extent and how often they will be needed. These services are procured because the need is possible and can reasonably be foreseen. So, too, could the Commonwealth have procured food and transportation services for a growing number of people on a nonemergency basis through sound planning and procurement management.

EOHLC entered into no-bid emergency contracts with Spinelli for food services and Mercedes Cab Company / Pilgrim Transit for transportation services. The demand for emergency shelter had already surpassed the baseline capacity of 3,600 units by January 2023. The graph below, which EOHLC included in its justification package for its use of emergency procurement procedures, illustrates this upward trend, showing that the increased demand for emergency shelter, and by extension for food and transportation services, was not only foreseeable, it was also well-known. Despite this, EOHLC provided us no valid justification for the no-bid emergency contracts. The situation was not unexpected, and the need for food and transportation services had been predictable well before the emergency procurement was initiated.



Source: The emergency contract between EOHLC and Mercedes Cab Company, dated October 17, 2023.

## **Costs of No-bid Emergency Contracts**

The \$10 million procurement with Spinelli was contracted for eight months, a duration that was inordinately long and inconsistent with best practices for an emergency contract, see the "[Authoritative Guidance](#)" section below. Similarly, the \$2.8 million procurement with Mercedes Cab Company / Pilgrim Transit was initially set for October 13, 2023, through April 13, 2024, but was amended on February 9, 2024, for an additional \$1.0 million. Later, this contract was further amended for another \$3.0 million and extended until June 30, 2024. This, too, is inconsistent with law, regulation, and best practices for emergency procurements, contracts, contract amendments, and public transparency.

Emergency contracts are intended to address immediate needs and are expected to have limited durations that allow the Commonwealth to secure emergency services while providing time to secure more permanent services under legally and appropriately procured contracts, but no more. Said another way, the purpose of an emergency contract is to meet an immediate need and "buy time" for a genuine, legal, competitive procurement to take place. An emergency contract is not intended to permit the Commonwealth to waive procurement rules to award long-term no-bid contracts to vendors.

EOHLC could have, at the least, entered into short-term contracts with vendors while it examined the need for long-term services.

By using emergency contracts for such an extended period, EOHLC bypassed established procurement procedures, which resulted in a lack of competitive bidding, transparency, and accountability in the contracting process. Additionally, the excessive duration of the contracts resulted in inefficiencies and unnecessary costs, as the emergency situation could have been addressed through alternative means. This noncompliance with procurement guidelines undermines the integrity of the procurement process and resulted in an inefficient use of public funds. It also undermines the public's faith in its government.

## **Authoritative Guidance**

Emergency procurements by the Commonwealth, including no-bid procurement, are authorized by Section 22 of Chapter 7 of the Massachusetts General Laws and are governed by Section 21.05 of Title 801 of the Code of Massachusetts Regulations (CMR). These procurements are intended to be rare and should be specific to a true emergency as described below.

According to 801 CMR 21.05(3),

*An emergency Contract shall be appropriate whenever a Procuring Department Head determines that an unforeseen crisis or incident has arisen which requires or mandates the immediate acquisition of Commodities or Services, or both, to avoid substantial harm to the functioning of government or the provisions of necessary or mandated services or whenever the health, welfare, or safety of Clients or other persons or serious damage to property is threatened.*

The Office of Inspector General's *The Chapter 30B Manual: Procuring Supplies, Services and Real Property* states,

*If the time required to comply fully with Chapter 30B would endanger the health or safety of people or their property due to an unforeseen emergency, you may procure the needed item or service without complying with all of Chapter 30B's requirements. Even under emergency circumstances, however, you must comply with Chapter 30B to the extent possible. For example, if you do not have time to advertise for two weeks, you can shorten the advertising period; or, if you have no time to advertise, you can solicit quotes. You may procure only those supplies or services necessary to meet the emergency.*

*You must maintain a record of each emergency procurement, documenting the basis for determining that an emergency exists, the name of the vendor, the amount and type of contract, and a list of the supplies or services purchased under each contract. We recommend that you also include in your record all procedures followed to elicit competition. Your record of an emergency procurement must be submitted as soon as possible to the Goods and Services Bulletin for publication.*

These regulations should serve as a best practice, at a minimum, even if they were to have been waived by the Governor's August 8, 2023 letter (see [Appendix B](#)). The Governor's letter, however, does not explicitly waive procurement law or 801 CMR 21.05, as required by Section 8 of Chapter 639 of the Acts of 1950, which states the following:

*The governor may exercise any power, authority or discretion conferred on him by any provision of this act, either under actual proclamation of a state of emergency as provided in section five or in reasonable anticipation thereof and preparation therefor by the issuance or promulgation of executive orders or general regulations, or by instructions to such person or such department or agency of the commonwealth, including the Massachusetts Emergency Management Agency, or of any political subdivision thereof, as he may direct **by a writing signed by the governor and filed in the office of the state secretary** (emphasis added). Any department, agency or person so directed shall act in conformity with any regulations prescribed by the governor for its or his conduct.*

We note that the Office of the Inspector General has long provided guidance for cities and towns on their use of emergency procurements in its guide, *The Chapter 30B Manual: Procuring Supplies, Services and*

*Real Property.* While not directly applicable to this procurement, we consider it a best practice to help ensure an ethical, legal, and appropriate use of emergency contracts.

As a best practice to the maximum extent possible, departments should shop around for competitive prices for emergency procurements to ensure the best price and best contract terms and to permit multiple vendors to participate in the process. Also, departments should only enter into emergency no-bid contracts for the period necessary to alleviate the immediate risk of harm, damage, or danger with longer term procurements replacing these emergency contracts at the earliest possible time.

## Reasons for Noncompliance

EOHLC did not adequately assess or act upon the known (and therefore foreseeable) increasing demand for food and transportation services. The procurement team did not sufficiently demonstrate that the use of no-bid emergency contracts was warranted, nor did it justify the excessive duration of the contracts, despite the known trends and data indicating the surge in demand.

## Recommendations

1. In cases where increasing demand or foreseeable circumstances are identified, EOHLC should use appropriate procurement processes, such as competitive bidding, to ensure transparency, fairness, and cost-effectiveness.
2. EOHLC should review and adjust its procurement practices to ensure that it complies with Section 22 of Chapter 7 of the General Laws and regulations for emergency contracts, ensuring that all emergency contracts are justified based on unforeseeable events. Emergency contracts should be replaced by properly procured contracts as soon as practicable.
3. EOHLC should limit emergency contracts to no longer than a period of time required to conduct the appropriate procurement processes, including competitive bidding, to ensure transparency, fairness, and cost-effectiveness. In most cases, we would expect emergency contracts to last weeks, not several months.
4. EOHLC should ensure that, before not complying with Section 22 of Chapter 7 of the General Laws, the orders to do so are legal and valid under Chapter 639 of the Acts of 1950.

## Auditee's Response

*EOHLC cannot concur with and rejects Audit Finding 1 as fundamentally wrong and unfounded.*

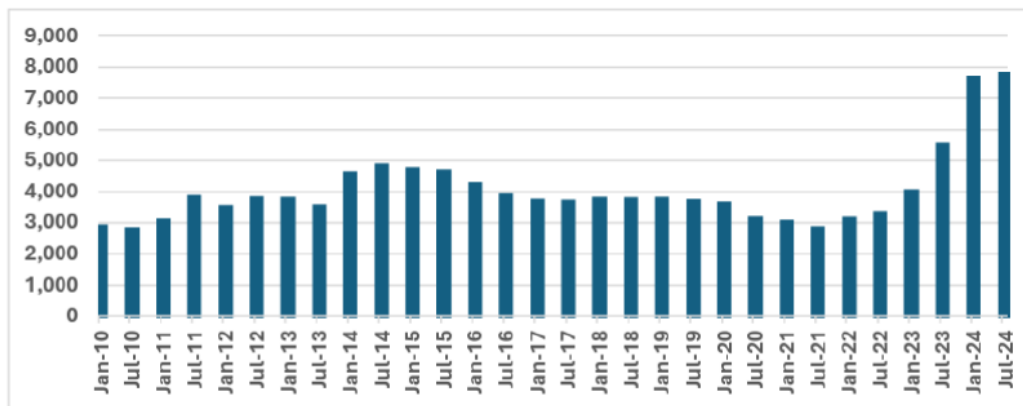
*There is no question that the Commonwealth has been confronted by an unprecedented crisis. The [Office of the State Auditor (SAO)] itself has used the words "crisis" and "incredibly challenging time" to describe the situation we have faced. The emergency procurements conducted were proper, lawful, and effective during this period of emergency.*



*The SAO's suggestion that its own performance auditors could have predicted a once in a lifetime surge in shelter demand—when shelter system operators throughout the country did not—is surprising to say the least. EOHLC strongly rejects the suggestion that it should have foreseen what was, in fact, a historically unprecedented increase in demand for [Emergency Assistance (EA)] shelter services driven by international and national forces far beyond EOHLC's control.*

*In large part, the SAO's report relies on a narrow slice of data covering the years 2021 to 2023 to suggest that the dramatic rise in demand was a predictable trend. While demand has fluctuated over time, it has never risen at a rate, or to a level, that it experienced beginning in 2023:*

**Figure 1. Historical EA Shelter Caseload Typically Remains Below 4,000: 2010-2024**



*In fact, 2023 was not the first time that the EA system had experienced a rise in demand. In November 2014, for example, the EA system expanded to serve 4,825 families, a record at the time. But prior increases in demand had never continued or increased at the level seen in 2023, and EOHLC could not have predicted the national and international causes. EOHLC took an appropriately measured response to the initial rise in demand. It worked with contracted shelter service providers through existing contracts, a rolling [request for response (RFR)], and newly procured vendors to expand the shelter system, as had happened in the past.*

*But demand did not moderate and was further compounded by the low exit rates, data not requested or considered by the SAO. By August 2023, the EA caseload had surpassed its 2014 record, and it was clear that the system was facing an unprecedented rise in demand for shelter. On August 8, 2023, the Governor declared a State of Emergency due to the rapid and unabating increase in the number of families with children and pregnant people seeking shelter. The Governor also worked cooperatively with the Legislature to implement much needed reforms. The result has been a much more efficient and much more effective shelter system, capable of meeting the most pressing needs of Massachusetts families experiencing homelessness.*

*EOHLC also rejects the assertion that the emergency procurements were improper or unlawful. The emergency procurements put in place as demand spiked addressed critical unmet needs for food and transportation for families and children. As the demand for shelter grew, EOHLC maintained an open procurement for EA shelter services. But longstanding providers began to run out of the ability not only to provide physical shelter but also to meet urgent needs for food and*

*transportation. Further, the number of new vendors bidding for this open procurement for shelter services, which included food and transportation, was limited. EOHLC, bound by its statutory obligation to provide shelter and associated services to eligible families, had to find a solution. For a limited period during the peak of the emergency, EOHLC placed families in hotels without immediate shelter service providers.<sup>2</sup> In many cases, these hotels could not provide access to refrigeration or cooking facilities. EOHLC did not have direct contracts for food, so it had to move quickly to secure food services. Specifically, on September 25, 2023, EOHLC executed an emergency contract with Spinelli's. Spinelli's was an existing Massachusetts Emergency Management Agency ("MEMA") contractor that had provided much needed services to the Commonwealth during the COVID crisis under the prior administration. Spinelli's was uniquely qualified and capable of addressing immediate and constantly fluctuating needs at frequently varying locations.<sup>3</sup> EOHLC executed the contract with Spinelli's on an emergency basis because allowing hundreds of families and children sheltered in hotels to go without access to food was rightly determined to be an unacceptable alternative.<sup>4</sup> Instead of utilizing this procurement tool given to agencies, the alternative choice for EOHLC would have been to ignore the health and safety needs of the families and wait at least 5 to 6 months to competitively procure food and transportation services. By doing so, EOHLC would have risked not only the health and safety of those families, but violated its obligation to provide shelter and associated services to these families. It is important to note that EOHLC immediately initiated a procurement process and phased out these emergency contracts as EA shelter providers were brought on to serve all hotel sites. Today, no direct food contracts remain in place.*

*The SAO report notes that "EOHLC should have entered into short-term emergency contracts with vendors while [it] examined the need for long-term services." EOHLC did just that. On the day the Spinelli's emergency contract was executed, EOHLC initiated a procurement process for food services on COMMBUYS. The procured contracts included several food vendors, including Spinelli's, and were signed in early spring 2024. The Spinelli's emergency contract ended in March 2024. EOHLC also attempted to competitively procure for transportation services following the execution of our emergency contract with Mercedes Cab Company / Pilgrim Transit (MCC), but received no satisfactory bidders. Further information on this contract can be found in our response to Audit Finding 5.*

*EOHLC does not turn to emergency procurements lightly. But each day that food or shelter services were delayed would have risked leaving children and families without food or safe housing. EOHLC is confident that it was appropriate and lawful to utilize emergency procurements under these circumstances. Nonetheless, EOHLC fully supports the use of competitive procurements and of emergency contracts only for the time necessary to respond to the emergency, and the importance of transparency and accountability in the contracting process. That is what occurred here.*

*[. . .]*

- 2. EOHLC also procured additional shelter service providers during the winter of 2023–2024.*
- 3. EOHLC provided the SAO with email correspondence specific to the decision to why Spinelli's was selected. EOHLC believes it is important to consider the information contained in the correspondence. EOHLC did explore existing statewide contracts. The statewide contract available was limited to unprepared foods, which was not suitable as many locations had no*

*kitchens. The email correspondence also provides the names of three vendors shared with EOHLC from MEMA, which were all considered prior to the selection.*

4. *EOHLC estimates the typical procurement process to be five to six months.*

### **Auditor's Reply**

We stand by the work performed and the information presented in the finding. EOHLC indicates in its response that it could not have foreseen the increased demand in emergency shelter services, despite providing data that shows that the number of shelter caseloads in January 2023 was higher than in any period since January 2016, and that those caseloads only continued to grow. We found that EOHLC could have anticipated the increased demand in food and transportation services as a result of the increased demand in emergency shelters, which we believe could have been predicted, given the data EOHLC was tracking. It is logical to recognize that food and transportation services would be required with the increased demand for emergency shelters. Given that the caseloads number in January 2023 was already higher than at any point in the prior seven years, it seems fair to conclude that the Commonwealth could, in January 2023 at the very least, have begun anticipating the need for additional food and transportation services that were ultimately required later in 2023. We certainly do not expect them to have predicted the magnitude of the need with accuracy, but we believe it would have been appropriate to begin planning for contingencies—including significant continued increases in caseloads and the potential that these increases outstripped the availability of existing housing, food, and transportation providers.

Given that in January 2023, the number of caseloads were higher than in any period in the prior seven years, it also seems fair to conclude that EOHLC could have used the normal procurement process earlier than it did and before it decided to engage in emergency no-bid contracts with Spinelli and Mercedes Cab Company / Pilgrim Transit. Instead, EOHLC did not take action until after a state of emergency was declared by Governor Healey in August 2023, roughly seven months later, at which time EOHLC chose to use emergency no-bid contracts to address the need for food and transportation services. We believe that, given EOHLC's own data, which it provided in its response, EOHLC could have acted sooner to procure food and transportation services to address the increased and increasing demand using the normal, competitive procurement process, reducing or eliminating the need for emergency no-bid contracts.

As we indicate in other findings in this report, EOHLC did not maintain all of the documents necessary to constitute sufficient procurement files, required by law, regarding these emergency no-bid procurements. In its response, EOHLC points out that it did use the normal procurement process for food services. This

is accurate. However, EOHLC issued a request for response (RFR) on September 25, 2023, the same day it signed the emergency no-bid contract with Spinelli. By entering into the emergency no-bid contract with Spinelli, EOHLC committed to an eight-month contract (the terms of the contract covered August 1, 2023 through March 31, 2024) with this vendor. EOHLC did issue a regular procurement, but this procurement could not be in force or effect until after the expiration of the emergency no-bid contract. There could be no competitively procured contract until April 1, 2024 at the earliest. Therefore, for all of the reasons stated above, we believe these emergency contracts were improper and unlawful, as the need for these services was not unforeseen or unforeseeable, based on the information we had been provided.

We strongly encourage EOHLC to implement our recommendations regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

**2. The procurement files required by Section 21.05(3) of Title 801 of the Code of Massachusetts Regulations did not contain sufficient evidence and documentation to support the Executive Office of Housing and Livable Communities' decision to contract with Spinelli, and it did not consider an opportunity to accept a flat rate on an emergency no-bid contract with Spinelli for food delivery services.**

EOHLC did not consider an opportunity to accept a flat rate for delivery services on its emergency no-bid contract with Spinelli. In our examination of the email exchanges between EOHLC and Spinelli, we observed that EOHLC proactively inquired about the delivery rates for services. In response, a representative from Spinelli proposed an option for a flat rate for these delivery services. However, it appears that EOHLC did not pursue this offer any further. Additionally, we did not find any evidence that EOHLC even inquired with Spinelli to find out what the flat rate opportunity would cost. EOHLC has a fiduciary duty to review offers such as the one Spinelli made and to perform a cost-savings analysis to determine whether the flat rate offer would have saved money for EOHLC and ultimately the taxpayers. While EOHLC may have chosen one vendor initially, it has a fiduciary duty to seek out more long-term solutions using the normal procurement process instead of using a no-bid procurement process to establish long-term contracts for services well beyond the time period of any reasonable procurement emergency. EOHLC did use the normal procurement process for food services by submitting a request for response (RFR) on September 25, 2023, the same day EOHLC signed the emergency no-bid contract with Spinelli. By entering into the emergency no-bid contract with Spinelli, EOHLC had committed to an eight-month contract (the terms of the contract covered August 1, 2023 through March 31, 2024) with this vendor. EOHLC did issue a regular procurement, but it could not be in force or effect until after the

expiration of the emergency no-bid contract. There could be no competitively procured contract until March 31, 2024 at the earliest. EOHLC should have considered using an emergency no-bid contract with shorter terms while it sought to utilize the normal procurement process.

EOHLC was unable to provide a sufficient procurement file it should have compiled and used for food services. This file should contain the evidence that would show how EOHLC made the determination to use a specific vendor, or vendors, to provide a service. In this case, EOHLC could not demonstrate:

- how the decision was made to pursue or accept a no-bid contract with Spinelli;
- who made the decision and when was it made;
- how it negotiated the cost and terms with the vendor;
- how it awarded the contract; and
- how the length of the contract was determined.

In our review of communications between Spinelli and EOHLC, it appears that the first communications with Spinelli concerned establishing the company in the Commonwealth's accounting system, rather than introductions, exploration of qualifications, determination of its capacity to meet the requirements of the contract, consideration of alternative vendors, etc.

By not exploring the vendor's flat-rate delivery offer, EOHLC may have missed an opportunity to lower delivery charges, potentially resulting in higher costs throughout the duration of the emergency contract. Because of EOHLC's failure to perform its due diligence, we were unable to determine the cost and terms of the flat-rate offer. Therefore, we could not determine the cost savings that EOHLC may have received from accepting a flat-rate delivery offer because EOHLC never responded to Spinelli's offer or considered this option.

Because EOHLC did not maintain a sufficient procurement file, as required by 801 CMR 21.05(3), it cannot be determined whether the vendor it chose was the best option for EOHLC, the people who were being served, or the taxpayers. Without a complete procurement file, the public cannot examine the processes used, which erodes public trust and undermines faith in EOHLC, its procurement process, and the government in general.

EOHLC may have found additional cost savings had it considered different options before entering into a no-bid contract with Spinelli to provide food services. For example, instead of hiring one vendor located

in East Boston to provide food services for the entire state, including locations in northern, central, and western Massachusetts, EOHLC could have considered hiring multiple food vendors located in different regions. The agency's procurement team, potentially supplemented by procurement assistance from other agencies of state government, could have been better positioned to adhere to emergency procurement laws and regulations. This could have reduced delivery and other costs, including embedded costs that are likely built into the total cost for the food services, including higher rent and labor costs in the Boston area. This also could have served to assist multiple food vendors throughout the Commonwealth instead of relying on one single vendor. It may have been in the best interest of EOHLC and the taxpayers, had EOHLC considered alternatives for food delivery services. In the final analysis, however, EOHLC could not demonstrate the appropriateness of the decisions it made, or even that it considered other options, because it failed to comply with applicable regulations and procurement best practices and assemble or maintain sufficient evidence in a procurement file.

We note that the Operational Services Division's mission is to facilitate and manage the acquisition of goods and services. This agency issues regular procurements for a variety of goods and services and publishes Statewide Contracts that can be used by the Commonwealth and other public entities without additional procurement. Given the lack of a sufficient evidence in a procurement file, we cannot determine why EOHLC issued its own no-bid contract for food services rather than relying on the Commonwealth's existing contract with large grocers (contract number GRO39), who may have been able to meet some or all of the agency's needs, or if the six vendors on the School Nutrition Products statewide contract (GRO42) could have met some or all of EOHLC's needs.

## Authoritative Guidance

Part 15.4 of the Federal Acquisition Regulation encourages negotiating pricing to achieve the best possible outcome, regardless of whether a contract is awarded competitively or noncompetitively. Negotiations should focus on fairness, reasonableness, and achieving value for the government.

Further, 801 CMR 21.06(1) requires procuring departments to keep records to support their decision for the selection of a vendor. These records should be maintained in a procurement file, as follows:

*A Procuring Department shall maintain a paper or electronic procurement file for each Procurement of Commodities or Services, or both. The file shall contain the original, copies or the file location of the RFR and data or other information relevant to the Procurement and selection of a Contractor,*

*the executed Contract form(s), correspondence with the Contractor and any applicable approvals or justifications.*

The Office of Inspector General's *The Chapter 30B Manual: Procuring Supplies, Services and Real Property* states,

*If the time required to comply fully with Chapter 30B would endanger the health or safety of people or their property due to an unforeseen emergency, you may procure the needed item or service without complying with all of Chapter 30B's requirements. Even under emergency circumstances, however, **you must comply with Chapter 30B to the extent possible (emphasis added)**. For example, if you do not have time to advertise for two weeks, you can shorten the advertising period; or, if you have no time to advertise, you can solicit quotes. You may procure only those supplies or services necessary to meet the emergency.*

*You must maintain a record of each emergency procurement, documenting the basis for determining that an emergency exists, the name of the vendor, the amount and type of contract, and a list of the supplies or services purchased under each contract. We recommend that you also include in your record all procedures followed to elicit competition. Your record of an emergency procurement must be submitted as soon as possible to the Goods and Services Bulletin for publication.*

## Reasons for Noncompliance

EOHLC officials informed us that the email communications between EOHLC and Spinelli show that EOHLC staff members had asked for an explanation about the nature of the varying delivery charge rates after reviewing the invoices and that EOHLC staff members had received a satisfactory answer to their question. EOHLC stated that it did not have reason to believe that a standard rate would have been lower at the time. However, EOHLC was unable to demonstrate how it came to this conclusion without inquiring further into the offer.

EOHLC said that it did not maintain sufficient evidence in a procurement file because it deemed the situation to be an emergency. Setting aside the fact that it is required under regulation, we believe a procurement file should always be kept, especially in an emergency. Emergency procurements often receive a high level of scrutiny after the fact, and, absent a true procurement process, this file is the legally required evidence that demonstrates the legality, ethics, and propriety of EOHLC's decision-making processes in executing any contract.

## Recommendations

1. During an emergency, EOHLC may be forced to use no-bid procurement, but it has an obligation to use the normal procurement processes as quickly as possible to address longer-term procurement needs.
2. EOHLC should follow state regulations by creating and maintaining a procurement file with sufficient evidence and should establish a formal process for documenting and considering cost-saving opportunities to avoid wasting taxpayer resources.
3. EOHLC should ensure that all vendor proposals, including alternate pricing structures like flat rates, are thoroughly evaluated in all contracts, including no-bid or emergency contracts, and are documented in a procurement file.

## Auditee's Response

*EOHLC agrees that maintaining a complete procurement file ensures the retention of sufficient documentation supporting decisions to enter into emergency contracts. In its procurement files for the Spinelli emergency contract, EOHLC included the executed Spinelli's contract and the written justification for an emergency contract, both of which were produced to the SAO.*

*EOHLC acknowledges that the additional documentation described in the report would further document the basis for procurement decisions. EOHLC commits to further clarifying its internal policies and procedures on the collection and retention of thorough documentation for emergency contract procurement files and for documenting processes to ensure that cost-saving opportunities were thoroughly evaluated.*

*The SAO report appears to misunderstand an email chain in which EOHLC inquired about Spinelli's delivery rates. In the email, EOHLC noted that invoices showed different delivery rates for certain locations, asked about the reason for this variation, and received an explanation that Spinelli's delivery rates varied by geography. This exchange demonstrates that EOHLC exercised appropriate diligence in reviewing the Spinelli's invoice, not that EOHLC was offered a fixed single-rate delivery fee. EOHLC acknowledges the SAO's point that cost-saving opportunities should be considered. However, at best, it is speculative to find that a single-rate delivery fee could have resulted in lower delivery costs if accepted. In fact, EOHLC believes that such an analysis would not have been reasonably possible given the variable factors not known at the time.*

## Auditor's Reply

In its response, EOHLC stated that it provided us with the executed contract with Spinelli and the written justification for the use of Spinelli. Our finding is that EOHLC's procurement file did not contain sufficient evidence and documentation to support the agency's decision to contract with Spinelli; we examined the evidence provided by EOHLC and determined it to be insufficient. We would expect to see, for example, how vendors were advertised for or (for an emergency contract) how the chosen vendor first came to the attention of the agency, notes of initial and subsequent communications, etc. This information and other



relevant information were missing from the file, preventing us or the public from determining how such important contracting decisions were made. We also found that EOHLC did not consider an opportunity to accept a flat rate on an emergency no-bid contract with Spinelli for food delivery services. That option may or may not have saved money for the Commonwealth, and we believe due diligence should have been performed to inform a decision to accept, reject, or ignore that offer.

In its three-page justification to explain the choice to use Spinelli to provide food services, which EOHLC provided to us, EOHLC only included one paragraph explaining Spinelli's qualifications for this contract. This paragraph appears below, in full.

*Spinelli Ravioli Manufacturing Co., Inc. is a full-service catering company based in Massachusetts. Its headquarters are located at 282 Bennington Street in East Boston. Since August 26, Spinelli has been providing emergency catering services at various hotels operating as shelter without providers. Spinelli has competitive pricing and more than 30 years of experience operating as a full-service and drop-off catering company within Eastern Massachusetts.*

It would appear that EOHLC's decision was based solely on the following factors:

- Spinelli Ravioli Manufacturing Co., Inc. is a full-service catering company located in Massachusetts.
- Its headquarters is located in East Boston.
- Spinelli had been providing emergency catering services at various hotels operating as shelters since August 26, 2023, less than one month before the emergency contract was signed with Spinelli on September 25, 2023.
- Spinelli had competitive pricing and had more than 30 years of experience operating as a full-service and drop-off catering company within Eastern Massachusetts.

This is not sufficient justification. First, there are numerous full-service catering companies located in Massachusetts. Second, EOHLC does not explain in its justification the benefit of this company being located in East Boston. This may actually be a disadvantage, as Spinelli was required to provide services to the entire state. Third, EOHLC does not explain in its justification why a company that has been providing a service for less than one month should be chosen to provide food services for all of the hotels and motels throughout the state. This issue also raises the question of whether the opportunity to provide these pre-contract catering services—and thereby be given the same opportunity to receive a similar positive assessment from the Commonwealth—was also offered to other, similarly situated companies that could have provided these services and then been considered qualified to conduct this work. Fourth,

EOHLC stated that Spinelli had competitive pricing. We were not provided with proof that the pricing was fair or even compared to the price of other vendors to help inform such a determination. This pricing and the vendor's experience may or may not have distinguished it from other potential vendors. These are all reasons to keep and maintain an appropriate procurement file.

We also note that, as previously mentioned in the finding, in documentation EOHLC provided to us, EOHLC inquired Spinelli about the delivery rates after the fact and not before selecting the vendor, thereby preventing delivery rates from being a consideration during vendor selection.

We did not find EOHLC's justification for selecting Spinelli (provided above, in full) to be sufficient. For this and other reasons, we believe the procurement file was inadequate.

Additionally, EOHLC suggested that we misunderstood an email chain in which EOHLC inquired about Spinelli's delivery rates. In this email, EOHLC did inquire about the delivery rates and Spinelli did offer a flat rate for delivery services. EOHLC stated that it is speculative to find that a single-rate delivery fee could have resulted in lower delivery costs if accepted. We did not find that EOHLC would have saved money by adopting a single rate, but rather that EOHLC should have considered such alternative pricing that was offered by its vendor. We cannot determine whether a single-rate delivery fee would have resulted in lower delivery costs because EOHLC never inquired further about the option. That is the problem we identified in this finding.

We strongly encourage EOHLC to implement our recommendations regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

### **3. The Executive Office of Housing and Livable Communities exercised insufficient oversight of its delivery contract with Spinelli, resulting in overpayments on 9.6% of deliveries.**

EOHLC did not ensure that the food delivery rates charged by Spinelli were in alignment with the delivery rate sheet provided. This delivery rate sheet specified the delivery charges for various cities and towns throughout Massachusetts. However, upon analyzing the monthly invoices, we identified both overcharges and undercharges in the delivery rates billed to EOHLC. These discrepancies were not in accordance with the rates outlined in the official delivery rate sheet from Spinelli. Specifically, deliveries to certain cities and towns were charged higher than the stipulated rates, while others were charged less than the contracted rates.

Specifically, out of 5,142 deliveries made, we found that Spinelli overcharged<sup>17</sup> EOHLC for 493 deliveries (9.6% of deliveries) that had a total overcharge of \$4,136. In total, 11.6% of all deliveries were charged incorrect rates. EOHLC was unaware of these overcharged payments until we brought them to its attention. The rate of incorrect charges signals a need for additional controls and oversight over processes and procedures regarding these deliveries.

Overcharges resulted in EOHLC paying more than the contracted rates for delivery services, which constitutes a risk to EOHLC's financial integrity and ensuring compliance with contractual terms. EOHLC has an obligation to ensure the accuracy and integrity of the invoices it receives from contracted vendors and, as stewards of public money, that it reconciles invoices and pays vendors correctly.

### **Authoritative Guidance**

The overpayments that we identified appear to indicate that EOHLC did not review the invoices before making payments as required by the terms of its contract with Spinelli.

Attachment A of the Executive Office of Housing and Livable Communities Emergency Assistance Shelter Meal Service Scope of Services contract states the following:

#### *V. Payment Mechanisms, Fiscal Obligations, and Prior Approvals*

##### *2. Invoicing:*

*Requests for payment by cost reimbursement will be honored and funds will be released based on submission by the Contractor, with review and acceptance by EOHLC, of required data and reports as detailed in this Contract . . .*

Best practice dictates that an agency should review all invoices for accuracy before submitting payments to ensure that the agency is not paying or paying in excess for contracted services.

### **Reasons for Noncompliance**

EOHLC officials stated that they performed a visual inspection of the invoices but did not specifically verify the accuracy of the delivery charges and that the delivery charges aligned with the contracted rate sheets.

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17. We noted that EOHLC was also undercharged for 106 deliveries (2.1%) that had a total of \$1,830.

## Recommendations

1. EOHLC should implement a formal process for verifying that vendor invoices, specifically delivery charges, align with contracted rate sheets. This should include regular internal audits of vendor charges to ensure accuracy and prevent future discrepancies. EOHLC should review all invoices before submitting payments. If discrepancies in the invoices are identified, EOHLC has an obligation to resolve these discrepancies before submitting payment.
2. EOHLC should address these discrepancies with Spinelli and seek clarification or adjustments for the incorrect charges.

## Auditee's Response

*EOHLC disagrees that the overpayment of 0.02% of costs under the contract supports a finding of insufficient oversight, but acknowledges that improvements made since the audit period have increased oversight efforts.*

*Spinelli's provided approximately 487,373 meals for families and children, at a total cost of \$9,446,698. The SAO report asserts \$4,136 in overcharges by Spinelli's, as well as \$1,686 in undercharges. The report identifies \$2,306 in net overpayments out of a contract with total costs of nearly \$10 million, an error rate of just 0.02%. This tiny error rate—just one-fiftieth of one percent—cannot justify a finding of systematic overpayment.<sup>5</sup>*

*EOHLC is committed to proper invoice review and approval processes. Since the audit period, EOHLC independently bolstered its invoice review process and implemented formal processes for verifying vendor invoices against contract terms and our data. In 2024, EOHLC launched . . . an internal tool for storing formal standard operating procedures agency-wide. [This tool] also contains specific invoice review procedures and the roles and responsibilities of all involved, from program staff to the fiscal team. Moreover, EOHLC added additional staff at varying levels who touch the invoice process. EOHLC further addresses errors in invoices pursuant to the Office of the Comptroller's Bill Payment Policy.*

*[. . .]*

5. *In a recent report on improper payments, the U.S. Government Accountability Office [(GAO)] set a threshold of "improper payment rates of 10 percent or higher" in identifying programs, drawing on requirements of the Payment Integrity Information Act of 2019, [Public Law] 116–117. GAO, Improper Payments: Key Concepts and Information on Programs with High Rates or Lacking Estimates, GAO-24-107482 (June 27, 2024), <https://www.gao.gov/assets/870/869747.pdf>. That threshold is 500 times higher than the improper payment rate SAO purports to have identified.*

## Auditor's Reply

While EOHLC may not consider the preventable loss of taxpayer dollars, in any amount, to be worth pointing to as an area for needed improvement, we do. EOHLC appears to be attempting to minimize our finding by framing the overpayments in terms of the total cost of the contract or to offset some of the

overpayments with underpayments. We remind EOHLC that we pointed to the rate at which incorrect payments occurred to highlight how often incorrect payments were being made, so that EOHLC could recognize the need to improve controls over the process itself—regardless of the amount of each incorrect fee. That the state was overcharged on nearly 10% of these fees points to a need to exercise additional oversight and appropriate controls so that the rate of error decreases and taxpayer dollars, of any amount, are not wasted needlessly. We note that EOHLC has indicated that it is taking steps to bolster its invoice review process in a way that is in line with our recommendations.

As part of our post-audit review process, we will follow up on this matter in approximately six months.

#### **4. The Executive Office of Housing and Livable Communities violated part of its contract with SKS Management, Inc. by not approving in writing the use of certain subcontractors.**

During our analysis of the Spinelli invoices, we noted that 17 hotels and motels were receiving food deliveries from Spinelli but were not on the list of hotels and motels provided to us by EOHLC. Said another way, in analyzing Spinelli's invoices, we detected 17 hotels and motels housing people under the Emergency Assistance (EA) Family Shelter Program that were not reviewed or approved in writing by EOHLC. Upon requesting the contracts for these 17 hotels and motels, EOHLC officials clarified that EOHLC did not directly contract with these hotels and motels. Instead, they are subcontractors managed by SKS Management, Inc. (SKS), which contracted with EOHLC to provide emergency shelters. EOHLC did not approve in writing the use of the subcontracts by SKS but reports that it was aware of the use of these subcontractors by SKS. This is in direct violation of the terms and conditions of EOHLC's contract with SKS, which requires EOHLC to review and approve the contractor's description of services and budget for these subcontracts. Further, we requested documentation for these subcontracts but were told by EOHLC officials that they do not have the contracts between the 17 hotels and motels and SKS. For this audit, we could not provide an estimate of the cost of housing, food, and delivery for these 17 hotels and motels due to the lack of documentation by EOHLC. The hotels and motels used by EOHLC were allowed to subcontract to other hotels and motels, but EOHLC was required to amend these contracts to allow each subcontractor. EOHLC admitted that it knew that these subcontractors were being used but that the contracts were not amended to allow their use. We conclude that the failure to properly contract for the use of these facilities rests with EOHLC, as it should have required that the subcontractors be properly reviewed and contracted for.

The lack of documentation raises concerns regarding the transparency and accountability of the subcontracting process. Further, this also raises a concern about the legality of the contract because the terms and conditions were being ignored. Without proper records, EOHLC cannot verify whether services were provided according to contractual terms, nor can it ensure that payments were appropriate and aligned with the agreed-upon budgets. This situation jeopardizes the funding and contractual integrity of the EA Family Shelter Program. Additionally, it increases the risk of improper use of public funds and a lack of accountability for the services provided.

### **Authoritative Guidance**

Subsection K of Section III of Attachment A of the Executive Office of Housing and Livable Communities Division of Housing Stabilization Emergency Assistance (EA) Family Shelter contract states:

*The Contractor must inform the Contract Manager if they intend to subcontract out any services, and any subcontracting agreement must be approved by EOHLC in writing prior to execution. The subcontract agreement must include a detailed description of services and budget for EOHLC's review and approval.*

### **Reasons for Noncompliance**

EOHLC failed to adhere to the terms of the contract and failed to detect that it was not in compliance with the contract.

### **Recommendations**

1. EOHLC should review and approve all subcontractors in accordance with the terms and conditions of its contracts.
2. Because of the violation of the contracts' terms and conditions by SKS, regarding the use of unapproved subcontractors, EOHLC should pursue repayment from SKS for unapproved expenses charged to EOHLC.

### **Auditee's Response**

*EOHLC did properly supervise SKS Management Corporation's use of subcontractors, limiting use to approved subcontractors only.*

*EOHLC agrees on the importance of documenting approval of subcontractors and acknowledges that more records could have been maintained to document approval of subcontractors. In the case of SKS, SKS did not book hotels without EOHLC's approval. The approval process at the time was designed to allow EOHLC to nimbly respond to the daily fluctuating need to find hotel rooms for families eligible to be placed into shelter. Documents submitted to the SAO show that EOHLC approved the hotels booked by SKS. For example, SKS invoices itemize the names of the*

*subcontracted hotels, their nightly rates, and total costs during the billing period. EOHLC was in regular contact with SKS as they located hotels in geographic locations requested by EOHLC and, in some cases, SKS took over the payment for hotels originally booked by EOHLC. The Commonwealth controlled the placement of families in subcontracted hotels and carefully tracked where each family was placed. EOHLC connected these families to EA shelter providers for general support, transportation services, and food delivery.<sup>6</sup>*

*EOHLC agrees with the SAO about the importance of documenting approval of subcontracts. EOHLC is committed to updating its internal policies and procedures to include clearer guidelines on documenting review and approvals of subcontracts.*

*[. . .]*

- 6. The documents that EOHLC provided to the SAO demonstrate these facts. For example, SKS invoices clearly identify the families placed in SKS's subcontracted hotels, including the room numbers occupied by those families and the number of nights those families occupied the rooms.*

## **Auditor's Reply**

EOHLC stated that it will update its internal policies and procedures regarding documenting the approval of subcontractors. As part of our post-audit review process, we will follow up on this matter in approximately six months.

## **5. The procurement files required by Section 21.05(3) of Title 801 of the Code of Massachusetts Regulations did not contain sufficient evidence or documentation to support the Executive Office of Housing and Livable Communities' decision to contract with Mercedes Cab Company / Pilgrim Transit. Its emergency no-bid contract for transportation services resulted in excessive costs.**

EOHLC entered into an emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit to provide transportation services for families residing in temporary emergency shelters. The transportation service fees previously outlined are considerably higher than the typical rates observed in the taxicab or ride-sharing industry. In fact, they align more closely with the pricing structures of executive car services.

In addition to the other items identified here, we found an instance where a ride was charged for a trip that appeared to be an extremely short distance (223 feet) within a parking lot owned by Cape Destinations (see image below showing the trip from the origin, point A, to the destination, point B)—the owner of Mercedes Cab Company / Pilgrim Transit owns Cape Destinations. The trip did not start or conclude at a hotel or motel. The charge for this trip was billed at the standard rate under the contract

for a nondisabled rider, costing the base fare of \$140. This raises concerns regarding the appropriateness of charging for such trips under the emergency transportation service agreement, especially when there does not appear to be a control to ensure that the rider was a covered person under the program. We question why EOHLC would pay for such a questionable charge that has an appearance of impropriety.



We identified a total of 501 vehicle trips identified as no-shows, amounting to \$73,890 in charges, and 2,315 canceled rides, totaling \$277,800 in charges. While it is acknowledged that some no-shows and cancelations may occur, the volume of these instances appears excessive. Given the lack of controls over the transportation services, we wonder why EOHLC did not question these no-shows or cancelations but instead paid the invoices.

We identified two ride requests in which the Commonwealth was incorrectly billed for the number of riders. The rate sheet indicates that an additional rider should cost \$40, instead the Commonwealth was charged \$80 each time. There was no evidence that EOHLC reviewed these invoices for accuracy before making payment.

We identified one request for 55 riders from a hotel to a healthcare facility and back. The locations were 3.8 miles apart. In total, this trip for 7.6 miles cost \$4,651.30 (\$84.57 per person). We conducted an internet search for comparative costs and noted that one Boston bus charter company provides 56-person buses at a cost of less than \$200 per hour, or \$1,700 for an entire day, a fraction of the cost Mercedes Cab Company / Pilgrim Transit billed EOHLC for this one ride. Our team also discussed with a local regional



transit authority its willingness to assist in larger-scale transportation needs such as this, citing that it already has the basic infrastructure in place to be able to build off of to help prevent inefficient, unnecessary, and/or more costly fragmentation of transit services.

Each of the items above demonstrates a lack of proper internal controls related to EA transportation. At a minimum, there does not appear to have been a process to prove that a transportation user was a properly covered person for transportation services under this program. Further, there appears to be a lack of internal controls to review invoices by EOHLC to determine the appropriateness of transportation expenses, resulting in the more egregious ones noted above.

In EOHLC's justification for its emergency contract with Mercedes Cab Company / Pilgrim Transit, EOHLC acknowledged that this contract was "pending completion of a competitive procurement." However, we saw no evidence that EOHLC began a competitive procurement process when the emergency contract was signed. EOHLC's justification for emergency procurement was, "EOHLC anticipates that the emergency contract with Mercedes Cab Company, Inc. will run for a minimum period of six (6) months, which will allow EOHLC to deal with the current emergency while conducting a competitive procurement." Additionally, the initial term of the contract ran for six months from October 13, 2023 through April 13, 2024 for a cost of \$2,800,000 (an approximate estimate cost of \$500,000 per month). This contract was amended to increase the cost from \$2,800,000 to \$3,800,000. In March 2024, the two parties entered into an amendment of this contract to June 30, 2024 and raised the cost to \$6,800,000. This third amendment only increased the length of the contract by two months but cost an additional \$3,000,000 (an approximate estimate cost of \$1,500,000 per month) so the terms of the initial contract and the extensions are not consistent.

EOHLC did use the normal procurement process for transportation services by submitting an RFR on December 15, 2023, approximately two months after EOHLC signed the emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit. However, by entering into the emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit, EOHLC had committed to a six-month contract with this vendor—initially the terms of the contract covered October 13, 2023 through April 13, 2024 with this vendor. EOHLC should have considered using an emergency no-bid contract with shorter terms while it sought to use the normal procurement process. See the table below for a timeline of the contracts and RFR.

## Timeline of Emergency No-bid Contract for Transportation Services

Date	Action Taken by EOHLC
October 17, 2023	EOHLC entered into an emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit from October 13, 2023 through April 13, 2024.
November 22, 2023	The first amendment to the contract with Mercedes Cab Company / Pilgrim Transit was made for a change to the scope of services.
December 15, 2023	EOHLC posted an RFR for transportation services. No vendor was selected.
February 9, 2024	The second amendment to the contract with Mercedes Cab Company / Pilgrim Transit was made to increase the cost by \$1,000,000.
February 16, 2024	EOHLC posted another RFR for transportation services. The contract was awarded to Coordinated Transportation Services on April 26, 2024.
March 24, 2024	The third amendment to the contract with Mercedes Cab Company / Pilgrim Transit was made to increase the cost by \$3,000,000 and to extend the terms through June 30, 2024.

The emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit was signed two months before a RFR was submitted by EOHLC.

In addition, EOHLC could have considered reinvesting into the state's transportation infrastructure by contracting with the Massachusetts Bay Transportation Authority (MBTA) or local regional transit authorities (RTAs) for some of these transportation needs. This could have served to assist the state's public transportation system at a time of financial need and when ridership levels across the state were down. While the MBTA's network does not extend to the western part of the state, or deeply serve the central part of the state, local busing provided by RTAs may have been able to fulfill the need. In fact, 96% of the rides fulfilled were located within MBTA or RTA communities. We identified cost-saving opportunities for contracting with the MBTA. For example, we identified eight instances where transportation was requested for individuals in wheelchairs, resulting in a total cost of \$5,186 (including mileage and extra rider fees<sup>18</sup>). However, all these requested rides were located in cities<sup>19</sup> that are served

18. The RIDE allows for a personal care assistant or up to two children under the age of 11 who are accompanying a customer to travel without charge. Customers may bring one guest, with additional guests allowed if space is available. Personal care assistant and guests must travel to and from the same destination at the same time as the customer.

19. The RIDE serves the following cities and towns: Arlington, Bedford, Belmont, Beverly, Boston, Braintree, Brookline, Burlington, Cambridge, Canton, Chelsea, Cohasset, Concord, Danvers, Dedham, Everett, Hingham, Holbrook, Hull, Lexington, Lincoln, Lynn, Lynnfield, Malden, Marblehead, Medfield, Medford, Melrose, Middleton, Milton, Nahant, Needham, Newton, Norwood, Peabody, Quincy, Randolph, Reading, Revere, Salem, Saugus, Sharon, Somerville, Stoneham, Swampscott, Topsfield, Wakefield, Walpole, Waltham, Watertown, Wenham, Weston, Westwood, Weymouth, Wilmington, Winchester, Winthrop, and Woburn. Portions of Abington, Avon, Billerica, Brockton, Stoughton, and Wellesley are also served.

by the RIDE.<sup>20</sup> The RIDE could have offered the same transportation services at a significantly lower cost, with Americans with Disabilities Act fares starting at \$3.35 for a one-way trip and premium non-Americans with Disabilities Act fares<sup>21</sup> starting at \$5.60. The total cost of using the RIDE for these eight instances would, at most, be \$45, which is substantially lower than the expenses incurred through the emergency contract with Mercedes Cab Company / Pilgrim Transit. Rather than offering a no-bid contract to a single executive car company, EOHLC may have seen lower costs, had it partnered with government agencies providing these existing services, or multiple regional transportation companies. Traditional cab companies likely would have had cheaper base fares, and at the very least, should have had lower mileage since they would have been located closer to where people were housed. Had a single contract been preferred, EOHLC could have partnered with a transportation company like Uber, which serves the entire state. There may have been multiple cheaper alternatives to contracting with one executive car service, but no evidence was provided to us that EOHLC considered any alternatives.

In fact, EOHLC was unable to provide a sufficient procurement file it used to select Mercedes Cab Company / Pilgrim Transit for transportation services. This file should contain evidence that would show how EOHLC made the determination to use a specific vendor, or vendors, to provide a service. In this case, EOHLC could not demonstrate how the decision was made to accept a no-bid contract with Mercedes Cab Company / Pilgrim Transit. It remains unclear why EOHLC chose to give a no-bid contract to what amounts to a single executive car company to provide transportation for the entire state.

The financial impact of these high fees could limit the agency's ability to provide sufficient transportation services or exacerbate financial strain on shelter programs. Additionally, the lack of competitive bidding for this contract raises concerns about inflated pricing and a lack of market comparison, further limiting the effectiveness of this arrangement in terms of cost-efficiency and transparency.

The billing inconsistency could result in excessive costs for transportation services under the EA Family Shelter Program. Furthermore, the charge for an intra-parking lot trip may undermine the integrity of the contracting process, as it calls into question the appropriate use of emergency funds for services that do not appear to meet the criteria for emergency transportation.

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20. The RIDE paratransit service provides door-to door, shared-ride public transportation, using accessible vehicles, to eligible people who cannot use fixed-route transit (bus, subway, trolley) all or some of the time because of a physical, cognitive, or mental disability. The RIDE is operated by the MBTA in compliance with the Americans with Disabilities Act.

21. Premium non-Americans with Disabilities Act fares apply if the trip origin and/or destination is greater than three-quarters of a mile from MBTA bus or subway service.

The substantial charges resulting from no-shows and cancelations represent a significant financial burden on the program. Without a structured process to monitor and address these issues, the potential for continued or increased costs remains, reducing the overall efficiency of the EA Family Shelter program.

The overall lack of internal controls in these transportation services erodes public trust and undermines faith in the validity and accuracy of these services and their costs. It also undermines the public's faith in government, as there is no reasonable assurance that trips that were charged for were actually appropriate or accurate.

### **Authoritative Guidance**

Subsection 1 of Section II of Attachment A of the Executive Office of Housing and Livable Communities Emergency Assistance Shelter Transportation Service Scope of Services contract states, "The Contractor shall provide transportation services for families and individuals residing in shelters as directed by EOHL in accordance with the terms of this Contract, as may be amended."

Further, 801 CMR 21.06(1) requires procuring departments to keep records to support its decision for the selection of a vendor. These records should be maintained in a procurement file as follows:

*A Procuring Department shall maintain a paper or electronic procurement file for each Procurement of Commodities or Services, or both. The file shall contain the original, copies or the file location of the RFR and data or other information relevant to the Procurement and selection of a Contractor, the executed Contract form(s), correspondence with the Contractor and any applicable approvals or justifications.*

### **Reasons for Noncompliance**

The lack of competitive bidding and reliance on a noncompetitive emergency contract may limit EOHL's ability to negotiate more favorable terms or ensure better service quality, leading to inefficiencies such as high levels of cancelations and no-shows. Furthermore, insufficient monitoring of ride services and cancelations means that there is limited visibility into the root causes of these occurrences, leaving the program vulnerable to escalating costs. There appeared to be a lack of any controls to ensure the accuracy of the rides, including the distance traveled or the number of passengers. Additionally, we could not identify any controls to verify the identity of the rider. It is entirely possible for a company to overcharge EOHL for services without strong controls to ensure the accuracy of the provided services.

## Recommendations

1. EOHLC should initiate a competitive bidding process whenever possible to ensure the best value for taxpayers, including more cost-effective contracts based on regional demands for transportation services. While EOHLC argued that there was an emergency and that it needed to provide transportation services to solve a short-term problem, EOHLC should use the normal procurement processes as soon as possible. EOHLC has a fiduciary duty to ensure that no-bid contracts are used sparingly and only when appropriate.
2. EOHLC should create and maintain a sufficient procurement file and should establish a formal process for documenting and considering cost-saving opportunities to avoid wasting taxpayer resources.
3. EOHLC should evaluate the reasonableness of the fare structure in comparison to industry standards and adjust as necessary to ensure that transportation costs do not exceed reasonable limits.
4. EOHLC should review the specific circumstances surrounding the charge for the 223-foot trip with Mercedes Cab Company / Pilgrim Transit to ensure that such charges are reasonable and consistent with the contractual terms.
5. EOHLC should review the ride to a healthcare facility that 55 individuals took in one trip, costing \$4,651.30. We recommend establishing a policy to require a review and prior approval for large-scale transportation requests, particularly in cases where the request appears disproportionate to the nature of the event or need.
6. EOHLC should first consider using public transportation options to reinvest in the MBTA and regional transit authorities (RTAs) before entering into a no-bid contract with a more costly, private transportation company.
7. EOHLC should establish clear guidelines to increase accountability regarding the minimum acceptable distance for rides and review the process for approving and billing transportation requests to prevent similar issues from arising in the future.
8. EOHLC should implement enhanced oversight procedures to verify that charges are justified and in line with the stated objectives of the EA Family Shelter program.
9. EOHLC should implement stronger controls and monitoring mechanisms (a) to minimize the occurrence of no-shows and cancelations and (b) for when a ride can be requested, canceled, or classified as a no-show.
10. EOHLC should regularly review cancelation and no-show patterns and work with Mercedes Cab Company / Pilgrim Transit to address any underlying issues contributing to the high volume of cancelations. Implementing these measures could help mitigate unnecessary costs and improve the overall efficiency of transportation services provided under the EA Family Shelter program.

## Auditee's Response

*EOHLC did maintain a procurement file documenting its basis for entering into an emergency contract with MCC, but EOHLC agrees on the importance of properly documenting procurement decisions.*

*In its procurement file for the emergency contract with MCC, EOHLC included the executed contract with MCC and the justification for an emergency contract, both of which were produced to the SAO.<sup>7</sup> EOHLC acknowledges that additional documentation would further document the basis for procurement decisions. EOHLC commits to further clarifying its internal policies and procedures on the collection and retention of thorough documentation for emergency contract procurement files and to ensuring that cost-saving opportunities are thoroughly evaluated.*

*EOHLC respectfully disagrees with the report's assertion that EOHLC paid excessive transportation fees in light of important context not addressed in the audit report. EOHLC needed specialized transportation services and the cost that EOHLC paid was proportionate to the difficulty of the required work. EOHLC required statewide, on-demand transportation services by a vendor able to scale. Transportation services had to be guaranteed to be available between 8 am and 6 pm, Monday to Saturday. The service provider needed to accomplish pick-ups and drop-offs on short notice (with fluctuating demand), and not in close proximity to public transit.<sup>8</sup> The services provided had to be appropriate and safe for families with children, including access to car seats and booster seats, a fact not included in the report.<sup>9</sup> EOHLC determined that MCC was uniquely qualified to meet these needs and that its rates were fair.*

*The isolated invoices and charges that the SAO questions in its report do not undercut EOHLC's determination. A few examples are instructive:*

- MCC provided nearly 16,000 rides. Out of those 16,000 rides, the report identifies just two as incorrectly invoiced. That equates to 0.01% of all rides.*
- The report characterizes the rate of "no shows" and canceled rides as excessive, questioning why EOHLC did not question such no shows and cancellations. But EOHLC questioned MCC on cancellations and some cancellations were not charged as a result. EOHLC worked to reduce no shows and cancellations by proactively educating families placed in hotels on access to public transportation, availability of MassHealth transportation, and on the appropriate use of MCC transportation. . . .*

*EOHLC conducted a competitive procurement process for transportation services after securing the emergency contractor. EOHLC posted a Request for Response for transportation services on December 15, 2023.<sup>10</sup> On January 26, 2024, EOHLC closed the procurement without selection of a vendor because of a lack of satisfactory bids.<sup>11</sup>*

*As noted in our response to Audit Finding 4, EOHLC has already strengthened its invoice review processes and implemented formal processes for verifying vendor invoices against contract terms and our data.*

*[. . .]*

- 7. The justification itself extensively described the basis under which the emergency contract was utilized, why MCC was selected, and EOHLC's intent to competitively procure for long term transportation services.*

8. *Where there was proximity to public transportation, families were encouraged to utilize such services instead of those provided by MCC as long as their destinations were in or near locations served by public transportation.*
9. *The report's source of comparison to MCC, an established transportation company, is a Boston Police Department's website with meter rates. The report should consider the fact that the EA Family Shelter program served families and children, who required safety gear, such as car seats. MCC was able to provide transportation for these families with children and provided necessary gear that homeless families often do not possess.*
10. *See <https://www.commbuys.com/bso/external/bidDetail.sdo?docId=BD-24-1076-OCDDDE-HS003-96057&external=true&parentUrl=bid>.*
11. *The report concludes that it was "unclear" why EOHLC made the decision to utilize the services of MCC without adequate justification or evidence. The lack of satisfactory bids received in response to our competitive procurement speaks volumes to the extremely unique and challenging nature of this service.*

## **Auditor's Reply**

We agree that EOHLC did work to justify the decision to award an emergency no-bid contract to Mercedes Cab Company / Pilgrim Transit. However, this work included only one paragraph with the main points being that Mercedes Cab Company / Pilgrim Transit operated for over four decades and operated over 170 owned vehicles. It is not indicated, however, what led EOHLC to consider this company to be the best choice over other options. Also, there is no information included regarding why the higher rates charged by this company—including rates up to four times those of taxicabs in Boston—made it a better choice than all other potential options for transportation services. EOHLC itself acknowledges that its procurement file was missing documentation as indicated in the finding.

EOHLC suggests that the rates charged by Mercedes Cab Company / Pilgrim Transit were not excessive. It did not justify why it paid for a trip of 223 feet or explain how its internal audit/review procedures did not detect it. In its response, EOHLC stated that this report characterized the no-shows or canceled rides as excessive while in its response stating that it "disagrees with the report's assertion that EOHLC paid excessive transportation fees." Since EOHLC paid \$351,690 for no-shows or canceled rides, we are indeed suggesting that EOHLC examine its controls to ensure that these types of excessive costs are reined in. Attempts to minimize these issues do not serve the taxpayers or those working to improve these systems—every dollar counts. EOHLC paid \$4,651.30 for 55 people to ride to a healthcare facility and, while this one ride may have been necessary, EOHLC could have considered transportation alternatives that would have reduced the cost of this ride. EOHLC failed to address the other excessive rates charged

by Mercedes Cab Company / Pilgrim Transit that we raised in this report. EOHLC did not address the other alternatives we identified that could have produced cost savings for EOHLC.

We note that our office spoke with local RTA staff members who confirmed that, as mass transportation providers, they can and do transport people of all ages, including young children. As just one example, the Merrimack Valley Regional Transit Authority confirmed that both migrant housing locations in its service district are along existing fixed bus routes. We encourage EOHLC to demonstrate due diligence in fully examining transportation options, which could prove more cost-effective.

As EOHLC stated in its response, it did conduct the normal procurement process after securing the emergency contractor. However, we question the time it took to do so. EOHLC suggested in its response that the lack of satisfactory bids to the procurement it attempted in December 2023 served as justification for the use of an emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit in October 2023, two months prior. We do not agree. EOHLC may not have received satisfactory bids on its procurement process in December 2023 because it was locked into an emergency no-bid contract with Mercedes Cab Company / Pilgrim Transit through April 2024, or because a lack of transparency in the process created a sense of unfairness in the process that dissuaded other vendors from participating.

EOHLC stated it will strengthen its invoice review process. As part of our post-audit review process, we will follow up on this matter in approximately six months.

## **6. The Executive Office of Housing and Livable Communities mismanaged certain aspects of its contracts with the different types of shelter providers (e.g., traditional shelters, hotels, and motels).**

EOHLC did not ensure that payments to shelter providers were made according to the terms and conditions specified in their contracts. A review of payment records made to shelter providers during the audit period totaled \$700,020,207, and subsequently after the audit period EOHLC spent an additional \$282,906,682. We identified several instances of noncompliance with the contractual terms.

Specifically, during our review of a sample of 60 invoices to examine high-risk areas across a total population of 863, for the period from July 1, 2023, through December 31, 2023, we identified the following discrepancies:

- **Meeting Room Charge:** One invoice included a charge of \$250 for the use of a meeting room, billed for 16 uses. The use of the conference room and the rate were neither specified nor



negotiated in the contract. EOHLC should not be paying for services that are not included in the contract.

- **Room Charges:** One invoice included a charge for 89 rooms, but the contract only specified payment for 86 rooms at a nightly rate of \$139 per room. This discrepancy led to an overcharge of \$6,255 for 3 additional rooms, which were not included in the contract, for this 15-day billing period. EOHLC has a fiduciary duty to pay for only those services for which it contracted.
- **Strategic Rehousing Initiative (SRI) Gift Cards:** An invoice we reviewed included a charge of \$9,009.95 for American Express gift cards connected to the SRI program. However, the contract's scope of services, outlined in Attachment A of the contract, does not indicate that SRI funds can be used for gift cards. Additionally, EOHLC's SRI policy does not clarify whether gift cards are an allowable expense. Gift cards such as these can be abused because gift cards typically do not have restrictions on the types of purchases that could be made. Without such limitations, these gift cards could be used for the purchase of nonessential items such as alcohol, tobacco, or gambling. The Department of Transitional Assistance establishes controls over the types of products that are for purchase with EBT cards. Controls should also exist over the types of purchases that can be made with the EOHLC-supplied gift cards. The same invoices showed that EOHLC paid for charges related to rent, furniture, appliances, and rental security deposits but did not specify what these gift cards were used for or intended to be used for, nor did EOHLC stipulate any controls over their assignment and use.
- **Diversion Program Discrepancy:** One invoice included a charge for the Diversion Program at a total cost of \$19,450 for 97 families served (this works out to an average cost per family of \$200.52). The average costs between the two billable rates, according to the terms of the contract, however, were \$1,580 per family. EOHLC could not provide any documentation to verify the accuracy of the \$19,450 or that 97 families were actually served.

Noncompliance with contractual payment terms constitutes a serious risk of financial mismanagement, which not only compromises accountability but also can erode the trust that is essential between EOHLC and shelter providers. Moreover, inaccuracies in payment processing can have negative impacts for shelter providers, leading to substantial financial strain. Such adverse financial conditions may impair EOHLC's ability to deliver vital services, ultimately jeopardizing the welfare of the people and communities it serves.

Additionally, EOHLC has a fiduciary duty to ensure the accuracy and integrity of invoices for contracted services. Regardless of whether this occurred during an emergency or not, EOHLC at all times must perform reviews so that it is only paying for services that were actually performed and that comply with the requirements of contracts.

## Authoritative Guidance

Subsection I of Section III of Attachment A of the Executive Office of Housing and Livable Communities Division of Housing Stabilization Emergency Assistance (EA) Family Shelter contract states:

*By the 10th of each billing month, the Contractor shall submit a standardized invoice form to the appropriate Contract Manager for the previous month.*

*The invoice must have the applicable supporting documentation attached (identified below):*

- 1. A Monthly Accommodation Form must be signed by the Contractor's Executive Director or their designee to attest to EOHLC that the monthly form accurately reflects the daily number of units available, and the daily number of units occupied.*
- 2. A Personnel Summary Report.*
- 3. Costs summary of SRI funding expenses -A form to be provided by EOHLC for submission.*

## Reasons for Noncompliance

EOHLC responded to the discrepancies identified; however, it failed to supply any supplementary documentation that would adequately justify these inconsistencies.

## Recommendations

- EOHLC should implement stronger monitoring procedures to verify that all payments to shelter providers align with the negotiated terms in their contracts. EOHLC may have required services not anticipated or included in its contracts with the different types of shelter providers. However, EOHLC should amend the contracts or draft new contracts to cover these services in order to provide full transparency in government.
- EOHLC should ensure that all charges are pre-approved, contractually authorized, and properly documented before processing payments. EOHLC should ensure that it complies with contract terms and payment approval procedures to avoid similar issues in the future.
- EOHLC should limit the use of gift cards, and in instances where it does allow them, EOHLC should implement stronger control mechanisms like those required for other public benefit programs within the Department of Transitional Assistance to prevent potential abuse or misspending of taxpayer-funded benefits.

## Auditee's Response

*EOHLC properly managed its shelter providers and adhered to the terms of its contract, but is committed to continue improving its monitoring and invoice review processes. EOHLC agrees on the importance of using clearer contract terms and is committed to continuing to improve our contract terms and amendment practices and our monitoring and invoice review processes. But as*

*to the specific issues identified in the report, EOHLC properly managed its shelter providers and adhered to the terms of its contracts, including:*

- **Meeting Room Charge**

*It is standard practice for hotels to charge hotel guests for the use of meeting rooms, conference rooms, or event space. EOHLC occasionally required such spaces to accommodate events such as parenting classes, legal service clinics, vaccination clinics, and other supportive services typically provided to families in the EA Family Shelter Program. As EOHLC informed the SAO, before a meeting room could be charged to EOHLC, provider staff had to make a request to EOHLC and EOHLC had to affirmatively agree in advance to pay for use of the meeting room. EOHLC agreed to pay for the use of a hotel meeting room in the one instance identified by SAO because the room was needed in order to meet with families to provide supportive services.*

- **Room Charges**

*The room charges identified in the report as improper were in fact used to shelter eligible homeless families enrolled in the EA Family Shelter Program. Some families required two hotel rooms to accommodate the size and composition of their family, as was the case in the instance identified by SAO.*

*It is important to note that the contract was amended in the next fiscal year to 96 rooms. EOHLC agrees with the SAO report that, in this situation, we could have executed a contract amendment more quickly. EOHLC is committed to ensuring that contracts reflect that all charges are contractually authorized and properly documented as part of our invoice review process as noted above.*

- **Strategic Rehousing Initiative (SRI) Gift Cards**

*There is no evidence to suggest that gift cards were misused. SRI funds are intentionally flexible in order to aid families exiting shelter. Providers are required to retain records and relevant documentation of expenses for their records, and to verify that expenses are allowable prior to submitting invoices to EOHLC. In the invoice mentioned in the draft audit report, EOHLC verified that the provider kept detailed information on each gift card disbursement.*

*Nonetheless, gift card usage is rare and EOHLC agrees gift cards should not be the primary mechanism utilized. Since the audit period, EOHLC issued an "Administrative Plan on the Uses of Strategic Rehousing Initiative (SRI) Funding," as well as several memoranda further clarifying the use of SRI funding. The SRI Administrative Plan includes definitions, allowable uses, SRI approval and invoicing processes, among other information. EOHLC also developed an invoice template specific to SRI, which collects specific information on gift cards. EOHLC agrees to further review the practices of our providers to strengthen control mechanisms and verify use of the gift cards.*

- ***Diversion Program***

*EOHLC maintains that the SAO did not have sufficient facts or information regarding diversion services as very few opportunities were presented to EOHLC to thoroughly explain how it works. Under the relevant contract, rates for diversion services could fall within a range that SAO averages to \$1,580 per family. The \$19,450 invoice at issue shows 8 diversion referrals and 79 calls from the homelessness prevention hotline.*

*SAO's alleged "discrepancy" appears to rest on averaging costs across both diversion services and homelessness prevention hotline calls and suggesting that the resulting \$200 per family is too low. This calculation does not reflect the reality of costs under this program, under which minimal costs were associated with calls from the prevention hotline and the costs for diversion services varied based on family needs.*

*Since the audit period, EOHLC separated out diversion services into their own contracts for providers. This allows for a more streamlined process, especially for invoice review. Diversion contracts are now set up as reimbursement contracts, requiring supporting documentation for all costs incurred from the previous month. EOHLC has also released other administrative plans relative to the diversion program to clearly define terms, appropriate use of funds, and standardize the program overall.*

## **Auditor's Reply**

In its response, EOHLC stated that it is standard practice to charge hotel guests for the use of meeting rooms or conference rooms. If this was a need, then EOHLC should have added meeting rooms or conference rooms to the contract. EOHLC stated that it had to agree in advance to pay for the use of this space. However, EOHLC was unable to provide any evidence of this when we requested it.

Regarding the room charges, EOHLC has a financial obligation to pay for only those services included in the contract. We understand that some families may require multiple rooms. In that instance, EOHLC should place these families in locations that can accommodate these families under the terms of the contract. We noted EOHLC's agreement in our finding when we stated that it should have amended its contract sooner.

EOHLC stated that there was no evidence to suggest that gift cards were misused. We agree; however, the lack of evidence, either way, is the problem we are highlighting. The invoices we received did not include any details for the purchases made with these gift cards; we cannot determine whether these gift cards were used as intended because EOHLC did not receive sufficient evidence to ensure that the funds on these cards were used appropriately. We note that EOHLC says that it is issuing a new initiative to

further clarify the use of SRI funding and to explain allowable uses, which is in alignment with our recommendation.

EOHLC stated that our audit report is incorrect for suggesting that there was a discrepancy in an invoice for diversion services. EOHLC was unable to provide evidence to support the statement that the services provided to the families were accurate. EOHLC stated that this invoice showed that diversion services were provided to families, but this is not the case. The invoice only shows that EOHLC was billed for these services. It is not evidence that the services were provided. EOHLC is incorrect in suggesting that we found the average cost of \$200 per family to be too low. We were comparing the invoice to the terms of the contract and properly labeled it as a discrepancy.

As part of our post-audit review process, we will follow up on changes EOHLC has stated it has begun implementing regarding these matters.

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## OTHER MATTERS

### **1. Many of the issues raised in this report point to a lack of sufficient administrative oversight at the Executive Office of Housing and Livable Communities during the emergency shelter crisis.**

During the course of our audit, we noted the combination of issues identified in the report - seeking emergency procurement rather than regular procurement, even though the Commonwealth's maximum shelter capacity had been exceeded months earlier; nonidentification of several questionable expenditures, such as the 223-foot ride within a parking lot operated by Cape Destinations, which is also owned by the owner of Mercedes Cab Company / Pilgrim Transit; and a failure to make in writing amendments to the list of approved shelter hotels. We believe these point to a lack of administrative oversight at the Executive Office of Housing and Livable Communities (EOHLC) during the emergency shelter crisis. This creates an avoidable risk for the Commonwealth in responding to this and other emergencies.

Due to a lack of administrative oversight, proper procurement files were not developed or maintained for Spinelli Ravioli MFG CO, Inc. or Mercedes Cab Company / Pilgrim Transit. This creates and perpetuates concerns regarding the improper contracting that we have been unable to resolve. This only allows these concerns to continue, which undermines the public's faith and trust in the Commonwealth's response. These and other issues are avoidable, and steps should be taken to prevent these errors in the future.

To that end, we recommend the Commonwealth identify standing "crisis administration" or "crisis management" teams that can be assigned to bolster administrative support when emergencies occur. As done in federal government responses to emergencies, this model can reduce administrative pressures for responders—procurement, accounting, legal, etc.—allowing them to focus on solving the substantive crises while simultaneously improving the quality and sophistication of administrative support. This additional support may have helped EOHLC prevent the issues we identified in our audit. We note that this model is also used in large scale public safety responses to emergencies in Massachusetts and believe it should be adopted in other areas to improve emergency responses, protect responders, better serve the public and help preserve and grow the public's faith in their government.

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## Auditee's Response

*EOHLC was in the midst of a crisis during the audit period. Since then, EOHLC has built a stronger, more sustainable shelter program, and increased staffing to appropriately accommodate the system to ensure it runs efficiently and achieves our goal that shelter be rare, brief, and nonrecurring. Many of the actions and policy reforms address the issues identified by the [Office of the State Auditor (SAO)] report.*

*In June of 2023, Family Welcome Centers were opened to provide case management and day services to newly arriving families who were otherwise congregating at public transit hubs and crowding hospital emergency rooms already burdened with existing capacity constraints. By August of 2023, when [Emergency Assistance (EA)] caseload had finally surpassed its 2014 record and EOHLC's contracted service providers could no longer expand their capacity to meet increased demand, Governor Healey declared a state of emergency. EOHLC subsequently instituted a 7,500-family capacity limit, the first such reform ever made to curb expansion of the EA system. The system and its social service providers could not afford to safely expand any further. By November of 2023, the system reached its capacity limit. In the same month, the Administration coordinated with the Department of Homeland Security to secure work authorizations for newly arrived families that were in shelter.*

*Today, the EA system is providing shelter to 4,673 families, down from the 7,500-capacity limit, and caseload continues to decline following the Administration's successful implementation of length of stay limits combined with intensive rehousing efforts. Families are no longer seeking shelter at Logan Airport, South Station, or emergency rooms because now they are effectively connected to appropriate support through a new two-track, needs-based model of shelter. Furthermore, EOHLC has implemented new eligibility requirements addressing criteria such as qualifying immigration status and criminal history. There is now a six-month length of stay limit, and that policy is paired with more intensive case management resulting in more families exiting from EA than ever before. In April 2025, 814 families exited shelter, in March 766 families exited shelter, since August 2023, 8,340 total families have exited shelter, and the average length of stay is now less than one year.*

*In total, 6,967 sheltered families have been connected with work authorizations, 5,243 have been placed into jobs, and 1,485 families since January 2023 have been diverted from long term shelter, interventions never deployed by prior administrations. The EA system is now also more transparent than it has ever been, with an online dashboard tracking town-by-town caseload, biweekly spending reports to the Legislature and the media. Additionally, last year's Special Commission on Emergency Housing Assistance Programs offered policy recommendations that informed many program changes implemented by the Healey-Driscoll Administration over the course of this emergency response.*

*In addition to stabilizing the EA shelter system, the Healey-Driscoll Administration is working hard to bring down the cost of housing for all residents. At any given time, only 1.6% of homes are available for rent or purchase, which is why this Administration has prioritized building more affordable and market rate housing to meet existing and future demand. It is why this Administration created EOHLC, why this Administration developed and passed the Affordable Homes Act in partnership with the Legislature, why we initiated the End Veterans Homelessness*

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*Campaign, proposed to eliminate renter paid broker fees, and implemented the MBTA Communities Act with increasing urgency.*

*EOHLC appreciates the SAO's suggestion to increase sufficient administrative oversight from those that existed during the audit period. EOHLC believes the monumental changes we have made to our system, all while continuing to provide services to tens of thousands of homeless families and children, achieves the SAO's intent of this recommendation. EOHLC is committed to minimizing risk, providing continued transparency, and ensuring we can manage future crises from the many lessons learned over the last few years.*

## **Auditor's Reply**

EOHLC stated that it is taking measures to address the issues identified in this Other Matters section. EOHLC acknowledged in its response that its EA shelter caseload surpassed its 2014 record. If the Commonwealth had the administrative oversight we recommended in this finding, then EOHLC may have been better prepared to address the challenges that arose in 2023.

As part of our post-audit review process, we will follow up on this matter in approximately six months.

## **2. The Executive Office of Housing and Livable Communities does not have an established policy or procedure to verify that hotels and motels are current on their tax obligations.**

During our audit of EOHLC, we identified concerns regarding the monitoring of hotel and motel vendors used as shelters, specifically related to whether the hotels and motels are in compliance with state and local tax obligations. We found that EOHLC does not have an established policy or procedure to verify that hotels and motels are current on their tax obligations, such as property taxes or state and local room occupancy taxes, before entering into contracts.

Additionally, as part of our review, we observed discrepancies in the language used in the shelter contracts, particularly around the responsibility for the collection and distribution of applicable taxes. In several instances, the contract language was unclear and inconsistent, leading to confusion about which party—the Commonwealth or the vendor—is responsible for ensuring the timely payment of taxes to relevant authorities.

Different contracts have a variety of different terms and conditions relative to the responsible party for payment of taxes. However, in a different contract, the language is vague, and it does not clearly specify which party is responsible for the prompt distribution of taxes.



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Specifically, we noted the different treatment of these issues in different contracts as follows:

- **Contract for Hotel A:** This contract states, “The contractor will collect all applicable taxes on rooms paid for by the Emergency Assistance (EA) Program and ensure that these are distributed promptly to the appropriate entities.”
- **Contract for Hotel B:** This contract includes a provision specifying that “The Department shall compensate the hotel/motel vendor for providing hotel/motel rooms to families receiving Emergency Assistance (EA) Homeless benefits at the optimal nightly rate.” While the rate should include taxes, the documents we reviewed suggest that the nightly rate does not always account for taxes or other additional fees. For example, one contract lists the fiscal year 2024 room rate as \$130 per night, which excludes taxes and fees.

This lack of clarity in contract language and the failure to verify tax compliance raises concerns about EOHLC’s oversight of its contracted hotels and motels, whether EOHLC is opening itself to the risk of lawsuits or noncompliance due to vagueness, and EOHLC’s ability to ensure that taxpayer funds are being used appropriately.

It is recommended that EOHLC do the following:

1. establish policies and procedures to verify that hotels and motels are current on their state and local tax obligations before entering into any agreements;
2. standardize contract language to clearly delineate the responsibilities of both the contractor and EOHLC in ensuring the timely payment of all applicable taxes; and
3. review and amend contract terms to ensure that the agreed-upon room rates account for all taxes and fees, avoiding ambiguity in pricing and financial obligations.

The issue of awareness of local tax compliance could be addressed through increased communication and coordination between EOHLC and cities and towns in the Commonwealth. Not only would this address important financial issues, but it could also provide significant benefits to the Commonwealth, given the deeper municipal knowledge of local hotels and motels, including their inspection history, their public safety track record, and other important considerations when placing vulnerable families in shelters.

## Auditee’s Response

*Over the course of the audit, EOHLC informed the SAO that it has an established process for addressing tax payments to municipalities. The report does not acknowledge this process.*

*EOHLC addresses local tax obligations through direct payments to municipalities by the Commonwealth. In [fiscal year 2024], EOHLC adopted a process through which the Commonwealth compared [fiscal year 2023] and [fiscal year 2024] local option excise tax revenues of municipalities*

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*in which EA hotels/motels were located and sent to municipalities with decreased revenues in [fiscal year 2024] a distribution in order to make up the loss.*

### **Auditor's Reply**

EOHLC mentioned the process it has in place regarding municipal excise tax revenues. We did not mention this process because it was not the issue raised in this Other Matters section. Our concern was ensuring that vendors with which EOHLC contracts are current regarding their state and local taxes before EOHLC contracts with them. In an email dated March 5, 2025, EOHLC informed us that it does not have a process for determining whether hotels or motels are in arrears on their tax obligations before entering into an agreement with those hotels or motels. This can result in taxpayer money being used to benefit vendors that owe money to the taxpayers.

We strongly encourage EOHLC to implement our recommendations regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

## APPENDIX A

This table shows the rates that Spinelli would charge to deliver food to a specific city or town in the state. We are not suggesting that Spinelli delivered food for the Executive Office of Housing and Livable Communities to all of the cities and towns shown below, but we are including this for informational purposes.

### Massachusetts Spinelli Delivery Rates per Meal Delivery

City/Town	Delivery Rate
Abington	\$81
Acton	\$75
Allston	\$58
Amesbury	\$91
Andover	\$70
Arlington	\$51
Attleboro	\$105
Ayer	\$105
Bedford	\$68
Belmont	\$63
Bellington	\$82
Beverly	\$50
Billerica	\$68
Bolton	\$94
Boston	\$37
Boxford	\$75
Braintree	\$61
Bridgewater	\$95
Brighton	\$51
Brockton	\$64
Brookline	\$44
Burlington	\$61
Byfield	\$88
Cambridge	\$54
Canton	\$71

City/Town	Delivery Rate
Carlisle	\$110
Charlestown	\$37
Chelmsford	\$71
Chelsea	\$23
Chestnut Hill	\$52
Clinton	\$99
Concord	\$67
Danvers	\$49
Dartmouth	\$200
Dedham	\$66
Dorchester	\$45
Dracut	\$100
Duxbury	\$106
East Boston	\$11
Easton	\$72
Essex	\$66
Everett	\$30
Fall River	\$160
Falmouth	\$165
Fitchburg	\$165
Foxboro	\$105
Framingham	\$88
Franklin	\$110
Gardner	\$150
Gloucester	\$105
Georgetown	\$80
Groveland	\$85
Hamilton	\$61
Hanover	\$77
Hanscom	\$70
Haverhill	\$77
Hingham	\$77
Holbrook	\$81

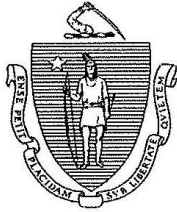
City/Town	Delivery Rate
Holliston	\$81
Hopedale	\$81
Hull	\$90
Hyde Park	\$50
Hyannis	(min \$500 before delivery)
Ipswich	\$70
Jamaica Plain	\$51
Kingston	\$100
Lawrence	\$88
Leominster	\$110
Lexington	\$65
Lincoln	\$83
Littleton	\$110
Lowell	\$70
Lynn	\$45
Lynnfield	\$50
Malden	\$39
Manchester	\$83
Marblehead	\$55
Marlboro	\$86
Mashpee	(minimum \$500 before delivery)
Mattapan	\$51
Medfield	\$83
Medford	\$39
Methuen	\$72
Melrose	\$45
Middleboro	\$110
Middleton	\$62
Milford	\$80
Milton	\$54
Nahant	\$57
Natick	\$72
Needham	\$61

City/Town	Delivery Rate
Newbury	\$79
Newburyport	\$90
Newton	\$54
New Bedford	\$150
Norfolk	\$81
Northborough	\$105
Norwell	\$90
Norwood	\$73
Peabody	\$50
Pembroke	\$95
Plainville	\$140
Plymouth	\$125
Quincy	\$58
Randolph	\$73
Reading	\$67
N. Reading	\$67
Revere	\$24
Rehoboth	\$150
Roslindale	\$72
Roxbury	\$50
Rowley	\$80
Salem	\$50
Salisbury	\$110
Saugus	\$50
Scituate	\$100
Shrewsbury	\$115
Somerville	\$47
South Boston	\$47
Southborough	\$105
Southbridge	\$117
Springfield	\$300
Sturbridge	\$150
Stoneham	\$55

City/Town	Delivery Rate
Stoughton	\$72
Swampscott	\$55
Sudbury	\$110
Taunton	\$110
Tewksbury	\$73
Topsfield	\$67
Upton	\$87
Wakefield	\$55
Walpole	\$93
Waltham	\$73
Wareham	\$127
Watertown	\$61
Wayland	\$95
Wellesley	\$61
Wenham	\$80
Westborough	\$110
West Boylston	\$95
West Roxbury	\$50
Westford	\$77
Weston	\$66
Westwood	\$77
Weymouth	\$70
Whitman	\$80
Winchester	\$55
Winthrop	\$24
Wilmington	\$72
Woburn	\$55
Worcester	\$110

## APPENDIX B

Governor Maura Healey issued a letter to The Honorable Alejandro Mayorkas, the Secretary of Homeland Security, on August 8, 2023 to declare a state of emergency. The Governor's letter appears in full below.



OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
STATE HOUSE BOSTON, MA 02133  
(617) 725-4000

**MAURA T. HEALEY**  
GOVERNOR

**KIMBERLEY DRISCOLL**  
LIEUTENANT GOVERNOR

August 8, 2023

The Honorable Alejandro Mayorkas  
Secretary of Homeland Security  
Washington, DC 20528

Dear Secretary Mayorkas:

I, Maura T. Healey, Governor of the Commonwealth of Massachusetts, do hereby proclaim that there now exists in the Commonwealth a state of emergency due to rapid and unabating increases in the number of families with children and pregnant people – many of them newly arriving migrants and refugees – living within the state but without the means to secure safe shelter in our communities. This state of emergency arises from numerous factors, among them federal policies on immigration and work authorization, inadequate production of affordable housing over the last decade, and the end of COVID-era food and housing security programs. The need for action is urgent. The state of emergency arising from the shelter crisis demands that I exercise my powers as Governor to protect all the residents of Massachusetts, particularly those who lack access to safe housing.

Right now, more than 5,500 families, including very young children and pregnant people, are living in emergency shelter and receiving supportive services from the state. Many of these families are migrants to Massachusetts, drawn here because we are and proudly have been a beacon to those in need. These families require help to obtain housing, food, medical care, education, diapers, and infant formula. Some are fleeing imminent threats of violence. They all have one thing in common. They are in danger of going without the most basic of human rights in one of the most prosperous places on earth: the ability to lay their heads down in a safe place every night with a roof over their heads and with access to fundamental human necessities. They have called upon us to help give them shelter and the ability to work.

The people of Massachusetts have answered this call. Over 80 cities and towns across our state are hosting these families, including more than 1,800 families who currently are residing in hotels and motels. I am proud of the work that our administration has undertaken to keep many families safely housed. We have created thousands of new units of emergency assistance housing, launched new shelter sites, including at Joint Base Cape Cod, and we have created Family Welcome Centers to help provide services to those who need them. I am heartened that Massachusetts and our administration have used all means at our disposal to make



the right to shelter a reality and to meet our moral responsibility to house our state's most vulnerable residents safely.

But these efforts have not been enough. Over the past six months, the demand for emergency shelter has skyrocketed. In March of this year, 68 families per day were coming to our field offices seeking assistance. By July, that number had jumped to over 100 families per day. By comparison, in March of 2022, only 25 families per day came to our offices to request help. Currently, shelter entries per month are more than double the number of entries per month during the pandemic and roughly one-third higher than pre-pandemic levels. At the same time, the number of families leaving emergency shelter for safe, permanent housing has dwindled. The number of families exiting shelter has declined by nearly two-thirds since 2019. These trends are driven by many factors, including a confusing tangle of immigration laws, an inability for migrants to obtain work authorization from the federal government, an increase in the number of people coming to Massachusetts, and the lack of an affordable housing supply in our state.

Although Massachusetts is adding shelter units every week, without extraordinary measures, we fear we will be unable to add capacity fast enough to place all eligible families safely into shelter. Even though we are currently spending more than \$45 million per month on programs to help these families, our ability to create enough new shelter space and to provide necessary supportive services is falling short. Simply put, we do not currently have the tools we need to meet the rapidly rising demand for emergency shelter.

This is why I am today declaring that a state of emergency exists in Massachusetts, one that demands a response by all levels of government. I am directing members of my administration to continue to utilize and operationalize all means to secure housing, shelter, and health and human services to address this humanitarian crisis.

To our partners in the federal government, Massachusetts has stepped up to address what sadly has been a federal crisis of inaction that is many years in the making. But we can no longer do this alone. We need federal partnership, federal funding, and urgent federal action to meet this moment and to continue to serve some of our most vulnerable families. I urge you to continue pressing Congress to take meaningful legislative action and separately, and importantly, use all available executive power to remove the burdensome barriers keeping people from getting work authorizations, address our outdated and punitive immigration laws, and provide much needed financial assistance to help states like Massachusetts address this national issue. These new arrivals desperately want to work, and we have historic demand for workers across all industries.

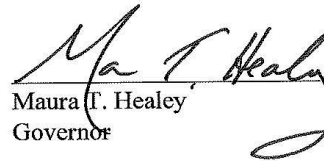
To the cities and towns across the state, many of which have a rich history tied to waves of immigrants settling within their borders, I am encouraging their communities to keep welcoming those families who wish to resettle in all corners of Massachusetts. Likewise, to charities, advocates, faith organizations, and providers, I will continue to affirm both my gratitude for their efforts and the importance of their partnership as we help these families in need through this crisis. And I will continue to commend the people of Massachusetts for

welcoming families into our community as neighbors – our collective compassion and inclusivity is what makes Massachusetts the exceptional place that it is.

While this state of emergency continues, I will use all the powers granted to the Governor to issue recommendations, directions, and orders to address the shelter crisis. These recommendations, directions, and orders will assist with the protection of persons and property; expedite the use of state resources; facilitate requests for aid and assistance from federal, state, and local partners; and enable the immediate procurement and deployment of goods and services necessary to ensure a prompt and effective response to and recovery from this moment of extraordinary need.

But such actions by the Governor, individuals, organizations, and communities are only a beginning. To respond to this crisis, we immediate federal intervention. Please heed this collective call to action. Only by working together can we resolve this humanitarian crisis.

Sincerely yours,

  
Maura T. Healey  
Governor

cc: The Honorable Elizabeth Warren  
The Honorable Ed Markey  
The Honorable Richard Neal  
The Honorable Jim McGovern  
The Honorable Lori Trahan  
The Honorable Jake Auchincloss  
The Honorable Katherine Clark  
The Honorable Seth Moulton  
The Honorable Ayanna Pressley  
The Honorable Stephen Lynch  
The Honorable Bill Keating  
The Honorable Andrea Joy Campbell  
The Honorable Ronald Mariano  
The Honorable Karen E. Spilka  
Secretary Edward Augustus  
Secretary Kate Walsh  
Secretary Terrence Reidy