

Evaluate whether HMIS governance, access, reporting, and oversight effectively protect data integrity, confidentiality, compliance, and program management.

TMP-11802 - HHS - HMIS Audit 2026

Washoe County Internal Audit

Legistar
Louis Martnsen, Internal Auditor

internalaudit@washoecounty.gov

Table of Contents

| | |
|--|-----------|
| Table of Contents | 1 |
| Homeless Management Information System – Audit Highlights | 2 |
| Detailed Findings and Analysis | 4 |
| HMIS User Access Request, Approval, and Provisioning; Formalization of User Access Request Documentation and Controls Recommended | 4 |
| HMIS Governance Structure and Contractual Oversight Limitations | 6 |
| HMIS Federal Reporting Oversight and Segregation of Reporting Duties | 7 |
| Continuum of Care (CoC) Governance and Segregation of Duties in Relation to HMIS Operational Control Structure | 10 |
| Overall Internal Audit Conclusion..... | 12 |
| Audit Background..... | 13 |
| Appendix A: User Access Listing Review | 15 |

Homeless Management Information System – Audit Highlights

Purpose of Audit

To evaluate whether Homeless Management Information System (HMIS) governance, user access, reporting controls, and operational oversight are appropriately designed and administered to protect data integrity, confidentiality, regulatory compliance, and effective program management.

Strategic Plan Alignment

This internal audit supports the County's strategic priorities for:

- Fiscal Responsibility
- Transparency and Accountability
- High-Quality Public Services

Key Findings

- **User Access Controls and Administration:** HMIS user access processes rely heavily on manual communications, spreadsheet-based tracking, and decentralized documentation. Formalized periodic access reviews, centralized approval documentation, and clearly defined role responsibilities were not consistently documented and implemented.
- **Governance and Contractual Oversight Limitations:** Washoe County operates within a regional HMIS governance structure in which Clark County serves as the designated HMIS lead and primary contract holder with Bitfocus. This structure limits the County's direct authority over vendor oversight, contractual controls, system enhancements, and monitoring capabilities.
- **Federal Reporting Oversight and Segregation of Duties:** Reporting responsibilities for APR, SPM, LSA, and other federal HMIS submissions are distributed among multiple parties; however, segregation of duties, supervisory review procedures, and formalized reporting workflows were not consistently documented across all reporting processes.
- **Continuum of Care Governance and Operational Structure:** Operational responsibilities related to HMIS oversight, reporting, fiscal coordination, and governance are concentrated within limited personnel, creating scalability concerns, operational bottlenecks, and dependency on key individuals. Roles and responsibilities among CoC leadership, County staff, Technology Services, and external partners were not always clearly defined.
- **Policies, Procedures, and Documentation:** Opportunities exist to strengthen formal policies, procedures, governance documentation, and reporting matrices to improve accountability, consistency, continuity of operations, and internal control effectiveness.

High-Level Recommendations

- Formalize and strengthen HMIS governance policies, procedures, and reporting responsibility matrices to clearly define roles, approval authority, segregation of duties, and operational responsibilities.
- Implement standardized and centralized user access request, approval, provisioning, deactivation, and periodic review processes to strengthen oversight and accountability.
- Strengthen segregation of duties and supervisory review controls over federal HMIS reporting processes, including APR, SPM, LSA, HIC, and PIT submissions.
- Improve governance coordination and operational clarity among Housing and Human Services, Fiscal, Technology Services, CoC leadership, Bitfocus, and regional HMIS partners.
- Reduce operational dependency on limited personnel through cross-training, clearer functional role separation, and improved continuity planning.
- Continue participating in regional HMIS governance discussions and evaluate opportunities to strengthen Washoe County’s influence over vendor accountability, monitoring capabilities, and system governance.
- Enhance documentation retention, audit trail monitoring, reconciliation procedures, and periodic review processes to improve data integrity, compliance, and operational sustainability.

Management Response

Internal Audit provided the report to County management on May 20, 2026. The exit conference with management was scheduled for June 2, 2026. Internal Audit will address any questions from the HSA – HHS team and will provide an update, along with a copy of the management response, at the next Audit Committee meeting.

Detailed Findings and Analysis

The Homeless Management Information System (HMIS) used by Washoe County's Human Services Agency – Housing and Homeless Services is a centralized data system designed to collect, store, and manage information on individuals and families experiencing homelessness who receive services within the community's Continuum of Care (CoC) network.

In Nevada, HMIS governance is structured at the state level. Clark County serves as the designated HMIS lead for the state by U.S. Department of Housing and Urban Development (HUD). Clark County has contracted with Bitfocus to administer and maintain the HMIS database platform. Within this framework, Washoe County does not operate the system itself, but instead serves as the collaborative applicant, which administers HMIS licenses and user access for providers within the local community.

At a local level, HMIS functions as the primary system of record for homeless services by:

- Tracking client interactions and services across multiple providers (i.e. shelter stays, outreach, case management, housing placements)
- Supporting coordinated entry processes, which prioritize individuals for housing and services based on vulnerability and need
- Enabling federal and state reporting compliance, particularly for the HUD, which requires standardized data collection for grant-funded programs
- Providing data for performance measurement and decision-making, such as evaluating program outcomes, identifying service gaps, and informing funding allocations

Because it contains sensitive personal and demographic information, strong controls over data integrity, access management, and privacy compliance are critical. As such, this audit focuses on user access controls, segregation of duties, and governance over system administration as it applies to Washoe County.

HMIS User Access Request, Approval, and Provisioning; Formalization of User Access Request Documentation and Controls Recommended

Access to the Homeless Management Information System (HMIS), Clarity, is administered through a structured process involving user requests, funding source documentation, required training, authorization, provisioning, and ongoing license management. Prior to obtaining an HMIS license, prospective users must contact both the Continuum of Care (Coc) Matchmaker and the CoC Administrator to determine eligibility and establish the appropriate funding source for the license. Once funding

eligibility is approved, users are required to complete mandatory Clarity General User training through Bitfocus (the company who is contracted to manage Clarity), followed by a knowledge assessment to verify competency.

Upon successful completion of training and quiz requirements, the CoC Matchmaker coordinates account provisioning by submitting user profile requests to Bitfocus, including required information such as agency affiliation, funding source, and appropriate access level based on job responsibilities. Bitfocus is responsible for creating user profiles, after which user information is documented within internal license tracking workbooks to maintain current and historical records of active and inactive users. Additional specialized approval based on agency program maturity and data quality standards.

The HMIS access management process also includes user onboarding steps for password and account activation, established password security requirements, procedures for timely deactivation of separated users, and monthly reconciliation of license counts between Bitfocus records and internal tracking documentation.

To evaluate the design and operation of user access controls, Internal Audit reviewed HMIS user access listings, the HMIS New User Request process, New Agency Agreement Training materials for Agency Data Leads, the HMIS User Policy and Responsibility Statement – Code of Ethics, the Partner Agency Privacy and Data Sharing Agreement, and related access administration documentation provided by management.

What We Found

- HMIS user access procedures are largely administered through manual email communications and spreadsheet-based tracking.
- Role definitions within the policies and procedures are not clearly defined.
- Formalized periodic user access reviews to verify appropriateness of assigned permissions and supervisory reauthorization were not formally documented or consistently performed.
- Discussions with staff disclosed that the County's intended process was for Agency Data Lead to coordinate directly with Bitfocus for user profile setup, thereby reducing the operational involvement of the CoC Administrator. However, current procedures continue to require the CoC Matchmaker to submit user provisioning requests to Bitfocus, resulting in greater administrative involvement than originally intended.

Why It Matters

The current HMIS user access process relies heavily on manual communications, decentralized documentation, and spreadsheet-based tracking, which may increase the

risk of inconsistent approvals, incomplete records, and reduced oversight of system access. Without standardized and centralized documentation for user requests, approvals, provisioning, and deactivation, the County may have limited assurance that access is consistently granted based on appropriate business need and properly authorized personnel. These control gaps may increase the risk of unauthorized access, excessive permissions, delayed account deactivation, and inconsistent access administration. Given that HMIS contains sensitive client and programmatic information, strengthening user access controls is essential to improving accountability, operational efficiency, auditability, and overall protection of integrity.

Recommendations

1. Standardize user access request and approval documentation through centralized forms including, business justification, requested access, supervisory authorization, training completion, and final provisioning approval.
2. Strengthen deactivation controls by requiring documentation notification, review, and timely removal of user access when staff separate or transfer roles.
3. Maintain all user lifecycle events, including new user requests, permission changes, specialized access approvals, deactivations, and periodic review results.
4. Establish periodic user access reviews (i.e. quarterly or annually) to confirm appropriateness of assigned permissions, revalidate supervisory approval, identify unnecessary, inactive, or excessive access.
5. Align and document procedures with the County's intended operational model by transitioning appropriate user provisioning responsibilities to Agency Data Leads while maintaining oversight controls.
6. Update the HMIS user access policies and procedures with clear role definitions and any changes made, including clarification of the Agency Data Lead responsibilities, standardized forms for access and termination, and periodic access reviews.

HMIS Governance Structure and Contractual Oversight Limitations

Under Nevada's HMIS governance structure, Clark County serves as the designated lead and primary contract holder for the Clarity platform administered by Bitfocus. Washoe County participates as a collaborative applicant within this regional framework, utilizing HMIS for local program administration, reporting, and service coordination. As the agency lead, Clark County maintains primary contractual authority, vendor management responsibilities, and broader oversight of system administration.

To assess governance responsibilities and contractual oversight authority, Internal Audit reviewed the Master Agreement between Bitfocus and Clark County, the Interlocal Agreement for HMIS Administration, applicable HUD HMIS regulations and guidance,

HHS HMIS governance documentation, and related by materials provided by management.

What We Found

- They County's ability to strengthen controls, including contract modifications, vendor control enhancements, expanded monitoring responsibilities, and technical system improvements, is limited without collaboration with, or approval from, Clark County.
- The collaborative applicant model may reduce the County's direct leverage over vendor accountability and broader system governance decisions, requiring reliance on Clark County to administer the contract and enforce vendor performance and compliance obligations.

Why It Matters

As a collaborative applicant rather than the designated HMIS lead agency, Washoe County has limited authority to independently influence vendor oversight, contractual controls, or system-level governance decisions. This governance structure may constrain the County's flexibility in implementing desired operational improvements, strengthening vendor accountability, or addressing local control concerns without external coordination. Reliance on lead agency governance may also create operational dependencies that could delay or complicate County-specific enhancements. Recognizing these governance limitations is essential to ensuring County leadership understands potential barriers, operational risks, and the importance of maintaining strong internal controls within areas directly under County authority.

Recommendations

7. Continue to actively participate in regional HMIS governance discussions and advocate for system improvements, expanded monitoring capabilities, and strengthened oversight responsibilities.
8. Assess the feasibility of Washoe County obtaining its own direct contractual relationship with Bitfocus while maintaining system interoperability and data continuity with Clark County and rural Nevada partners. Establishing an independent contract may provide the County with greater control over system governance, vendor accountability, monitoring capabilities, and enforceability of contractual terms while preserving regional coordination.

HMIS Federal Reporting Oversight and Segregation of Reporting Duties

Washoe County, as a collaborative applicant, participates in multiple federally required HMIS reporting processes, including Annual Performance Reports (APR), System Performance Measures (SPM), and Longitudinal Systems Analysis (LSA). These

reporting functions involve coordination among County fiscal staff, County program staff, Bitfocus, participating agencies, and local oversight personnel. APR reporting responsibilities include fiscal reporting through Sage as well as supporting programmatic narratives, while SPM and LSA reporting rely on Bitfocus for system data extraction, preliminary corrections, and HDX uploads prior to final County review and submission to HUD.

To evaluate federal reporting processes and related controls, Internal Audit reviewed Sage reporting documentation, reporting workflows, applicable HUD reporting requirements, management provided procedures, and information obtained through interviews with program and fiscal staff.

What We Found

- Formalized segregation of duties documentation governing data protection, data entry, validation, correction, final submission processes, and supervisory review responsibilities were not consistently established across reporting processes.
- Responsibilities for preparing designated sections of reports were not consistently documented or communicated among staff. Discussions with staff indicated that APR reporting responsibilities are shared among program staff, fiscal staff, and reviewers. Program staff reportedly compile report narratives and supporting HMIS-related information, while fiscal staff reconcile fiscal information against SAP actuals and eLOCCS drawdowns prior to submission through Sage. Although staff indicated responsibilities are generally understood operationally, formalized documentation outlining reporting roles, review responsibilities, and approval workflows was not clearly established.
- Documented independent review controls prior to final submissions were not consistently formalized. Staff indicated that fiscal performs a secondary review function prior to APR submission by reconciling financial information before submission to Sage. If discrepancies are identified, reports are returned to program staff for correction or held pending reconciliation of fiscal transactions. However, formalized supervisory review procedures, documented approval workflows, and independent validation controls over non-fiscal HMIS program data were not clearly defined.
- Heavy reliance on external vendor preparation and correction processes heightens the need for local validation controls.
- Discussions with management indicated that recent APR reporting responsibility changes were implemented collaboratively among HHS, Fiscal, and HSA leadership, with involvement from affected staff to assess operational workload impacts. However, formalized documentation of revised workflows and reporting responsibilities may benefit from additional clarification and standardization.

- Written procedures reportedly exist for APR reporting timelines and workflows; however, comparable formalized procedures for HIC, PIT, LSA, and SPM reporting processes were not consistently established.

Why It Matters

Federal HMIS reports are critical to demonstrating compliance, grant performance, and program outcomes to HUD. Without clearly defined segregation of duties and independent review controls, the County may face increased risk of reporting inaccuracies, data integrity issues, compliance deficiencies, or undetected errors. Shared reporting responsibilities without sufficient procedural formalization may reduce accountability and oversight. Strengthening reporting governance can improve confidence in the accuracy of submissions, reduce operational risk, and better protect the integrity of federally required reporting processes.

Recommendations

9. Formalize comprehensive written procedures or a reporting responsibility matrix for APR, SPM, LSA, and all other required reports that clearly define roles for data preparation, correction, validation, review, and final submission.
10. Strengthen segregation of duties by ensuring no single individual or entity has sole control over reporting preparation, correction, validation, and submission processes.
11. Consider formalizing supervisory review and approval procedures for federal HMIS-related reports, including documentation of review responsibilities, reconciliation procedures, and approval workflows prior to final submission.
12. Document and periodically review system access permissions within Sage, HDX, and related reporting systems to ensure access remains appropriate and aligned with assigned responsibilities.
13. Formalize procedures for reviewing and retaining documentation related to corrections, warnings, overrides, audit logs, and exception reporting activities.
14. Periodically review reporting roles, responsibilities, and system permissions to ensure appropriate access and oversight.
15. Consider documenting reconciliation procedures between fiscal data, HMIS program data, SAP actuals, and drawdowns to improve consistency, continuity, and transparency of reporting review processes.
16. Evaluate whether additional cross-functional training between program and fiscal staff may strengthen understanding of HMIS-related reporting data and support enhanced review capabilities where appropriate.

Continuum of Care (CoC) Governance and Segregation of Duties in Relation to HMIS Operational Control Structure

At management's request, Internal Audit provided a preliminary memorandum dated March 30, 2026, regarding Continuum of Care (CoC) structure and HMIS governance to communicate urgent initial observations while the broader Housing and Homeless Services audit remained in progress. The preliminary report concluded that Washoe County's lead agency/backbone governance structure is generally aligned with recognized national best practices; however, several governance, operational, and control weaknesses were identified that may impact long-term effectiveness. Preliminary observations primarily focused on segregation of duties, scalability, governance clarity, and HMIS operational oversight. These preliminary concerns were intended to provide immediate management awareness while more comprehensive audit work continued.

The County's Housing and Homeless Services (HHS) operations are administered through the Continuum of Care (CoC) framework, which coordinates homeless services planning, grant administration, reporting, and system governance. The County's structure involves multiple operational functions, including fiscal oversight, program administration, reporting, and HMIS-related responsibilities, which require coordination among County staff, CoC leadership, and external partners. As program complexity and regulatory requirements continue to expand, clearly defined governance structures and operational responsibilities are important to ensuring sustainable administration, accountability, and effective program oversight.

What We Found

- Certain operational responsibilities are concentrated within a single role, including HMIS oversight, reporting, and contract/fiscal functions.
- Assigning multiple critical functions to a single individual creates operational constraints such as bottle necks, single points of failure, and a concentration of institutional knowledge within one person.
- Roles and responsibilities between the CoC, other County staff, and Technology Services are not clearly defined or consistently understood.
- HMIS access, data governance, and reporting responsibilities are fully formalized and documented. Inconsistent or inappropriate system access; limited data availability for finance and reporting functions; increased risk of noncompliance with HUD requirements; reduced reliability of data used for decision-making.

Why It Matters

While Washoe County's overall CoC governance model appears structurally sound, insufficient role clarity, over-concentration of responsibilities, and limited segregation of duties may increase operational risk, reduce scalability, and weaken internal controls. Without clearly defined governance frameworks and appropriately distributed

responsibilities, the County may face increased vulnerability to reporting inaccuracies, compliance issues, operational inefficiencies, and reduced system accountability. Because HMIS and CoC governance directly support sensitive program administration, grant compliance, and strategic decision-making, strengthening governance structures is essential to improving long-term sustainability, internal control effectiveness, and accountability.

Recommendations

17. To align with best practices and strengthen internal controls, roles should be clearly segregated across governance, operations, and technology functions:
 - a. CoC Board
 - i. Responsible for policy setting and funding priorities
 - b. Division Director
 - i. Serves as the primary CoC interface
 - ii. Maintains operational authority
 - iii. Acts as the final decision-maker
 - iv. Accountable for system performance
 - v. Resolves conflicts related to HMIS, reporting, and access
 - c. Functional Roles
 - i. Contracts & Fiscal Oversight: Grant compliance, spend plan developments, budget monitoring.
 - ii. HMIS Governance/Data Liaison: Approves access requests, interfaces with Technology Services and HMIS vendor, ensures data availability and integrity, enforces governance policies.
 - iii. Reporting & Performance: HUD reporting (i.e., APR, CAPER, SPM, LAS, etc.), internal reporting dashboards, data reconciliation.
18. Clearly define and document roles, responsibilities, and decision-making authority across: CoC governance, County operations, technology, and HMIS vendor. Ensure all relevant staff understand their roles and responsibilities.
19. Clarify HMIS ownership and responsibilities. Technology Services should function as the system custodian; responsible for technical administration, security, and system support. The system owner should remain with the Lead Agency (at Division Director level), which retains responsibility for access approval, data governance, reporting, and compliance.
20. The importance of cross-training staff should be emphasized to reduce operational dependency on a single individual. Currently, key responsibilities appear concentrated with the Human Services Coordinator. At least one additional employee should be adequately trained and actively involved in these functions to support continuity of operations, succession planning, vacation coverage, and unexpected absences.
21. Strengthen integration with fiscal oversight. Ensure the fiscal team and financial oversight are integrated into CoC operations.

22. Update formal HMIS governance framework with any changes from the recommendations above.

Overall Internal Audit Conclusion

The internal audit identified multiple areas where HMIS governance, reporting oversight, user access administration, and operational structures could be strengthened to improve internal controls, accountability, and long-term sustainability. While Washoe County's overall Continuum of Care (CoC) governance structure appears generally aligned with recognized practices and staff have implemented operational processes to support HMIS administration and federal reporting requirements, several enhancement opportunities and governance limitations were identified that may increase operational, compliance, and data integrity risks.

Key observations included reliance on manual and decentralized processes for user access administration, limited formalization of segregation of duties and reporting oversight controls, over-concentration of operational responsibilities within limited personnel, and governance limitations associated with the regional HMIS contractual structure. Additionally, opportunities exist to improve formal documentation of reporting workflows, approval responsibilities, governance authority, and operational procedures to better support consistency, scalability, and continuity of operations.

Implementation of the recommendations provided throughout this report will strengthen governance frameworks, improve segregation of duties, enhance oversight and accountability, support more consistent reporting and access management practices, and reduce operational dependency risks. Continued collaboration among HHS, Fiscal, Technology Services, regional governance partners, and County leadership will be important to ensuring HMIS operations remain sustainable, compliant, and appropriately controlled as program and reporting requirements continue to evolve.

Audit Background

The Internal Audit Division is responsible for providing: (a) an independent assessment of County operations to ensure policies and procedures, including those related to purchasing and contracting, are established and followed; (b) accurate and reliable information for decision-making; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and mitigated; and (e) assurance that resources are used economically and efficiently, and that County objectives are effectively achieved.

Auditing Standards

This internal audit was conducted in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework. These standards require auditors to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and recommendations aligned with the audit objectives. Guidance from best practices outlined by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA) were also considered. The internal auditors believe that the evidence obtained provides a reasonable and reliable basis for the conclusions and recommendations presented. Audit fieldwork was conducted from May 2025 through April 2026.

Management Responsibility

County management is responsible for ensuring that resources are appropriately managed and utilized in compliance with applicable laws and regulations, that programs achieve their intended objectives, and that services are delivered efficiently, effectively, and economically.

Objectives, Scope, and Methodology

The Housing and Homeless Services – Shelters audit was included in the Audit Committee and Board of County Commissioners approved annual audit schedule for Fiscal Year 2026. The audit objective was to provide management, the Audit Committee, and the Board of County Commissioners with assurance that risks and opportunities for improvement have been identified, that internal controls are operating effectively and efficiently, and to provide recommendations for strengthening the control environment.

To obtain background information, auditors reviewed relevant audits and assessments performed by other jurisdictions, applicable federal guidance, governance documents, contractual agreements, and industry best practices related to HMIS governance, user access administration, data management, reporting controls, and Continuum of Care operations. The Division also reviewed policies, procedures, and operational processes to identify potential weaknesses or gaps and assess compliance with applicable laws,

regulations, grant requirements, and internal policies for the period July 1, 2024, through June 30, 2025 (Fiscal Year 2025), and current.

A risk-based approach was employed to evaluate Housing and Homeless Services' HMIS governance, user access administration, reporting oversight, and operational control procedures, focusing on significant risks and assessing the adequacy, effectiveness, and efficiency of controls designed to mitigate those risks. The review included employee interviews, observations of operational processes, walkthroughs of key procedures, and examination of relevant records and supporting documentation. Documentation reviewed included HMIS user access listings, HMIS user onboarding and training materials, the Master Agreement between Bitfocus and Clark County, the Interlocal Agreement for HMIS Administration, the Homeless Management Information System (CMIS/HMIS) User Policy and Responsibility Statement – Code of Ethics, the Partner Agency Privacy and Data Sharing Agreement, the Housing and Human Services HMIS Data Policy, Sage reporting documentation, applicable U.S. Department of Housing and Urban Development (HUD) HMIS regulations and guidance, and other supporting records provided by management.

Audit criteria utilized during the review included applicable HUD regulations and guidance, County policies and procedures, contractual agreements, governance documents, and industry best practices related to information system governance, user access administration, data management, and reporting controls. Throughout the audit, due professional care and heightened auditor skepticism were applied. However, absolute assurance cannot be provided, as testing was limited to interviews, observations, sample substantive testing, trend analysis, and selected tests of internal controls and compliance.

Appendix A: User Access Listing Review

Management provided HMIS user access listings dated May 26, 2025, and April 23, 2026, which were obtained and compared for Washoe County employees only to verify user accounts were appropriately added to and removed from the system during the review period. Testing confirmed that 10 employees were removed and 19 employees were added. No exceptions were identified.