### A BILL FOR AN ACT

RELATED TO HOMELESS PROGRAMS.

### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The purpose of this Act is to maintain
- 2 oversight over the use of state money for homelessness services.
- 3 This Act adds organizations which accept state funds for
- 4 homeless services without a contract to the definition of a
- 5 "provider agency", and requires annual reports of their
- 6 effectiveness.
- 7 SECTION 2. Section 346-361, Hawaii Revised Statutes, is
- 8 amended by amending the definition of "provider agency" to read
- 9 as follows:
- 10 ""Provider agency" means an organization, including its
- 11 governing board, officers, employees, contractors, or agents,
- 12 contracted by the department or awarded funds to provide labor
- 13 and services to any homeless facility or any other program for
- 14 the homeless authorized by this part that is:
- 15 (1) A for-profit organization incorporated under the laws
- of the State; or

1	(2) A nonprofit organization determined by the Internal
2	Revenue Service to be exempt from the federal income
3	tax; that has a governing board whose members have no
4	material conflict of interest and who serve without
5	compensation, and that has adopted bylaws or policies
6	that describe the manner in which business is
7	conducted, including policies that relate to nepotism
8	and management of potential conflict of interest
9	situations."
10	SECTION 3. Section 346-371, Hawaii Revised Statutes, is
11	amended to read as follows:
12	"§346-371 Annual [financial] audit. (a) The department
13	shall require any provider agency that dispensed shelter or
14	assistance for any homeless facility or any other program for
15	the homeless authorized by this part to submit to the department
16	a financial and performance audit when requested, but at least
17	annually. The audit shall be conducted by a certified public
18	accounting firm. This audit shall contain information specific
19	to the funds received under state homeless program contracts[.]
20	and other grants. The audit shall include recommendations to
21	address any problems found.

- (b) Continuing contracts with, or further funds granted

  to, provider agencies to participate in any program for the

  homeless authorized by this part shall require that the provider

  agency address the recommendations made by the audit, subject to

  exceptions as set by the department.
- 6 (c) Failure to carry out the recommendations made by the
  7 audit may be grounds for the department to bar a provider agency
  8 from further contracts or funds for programs authorized by this
  9 part until the barred provider has addressed all deficiencies."
  10 SECTION 4. Statutory material to be repealed is bracketed
  11 and stricken. New statutory material is underscored.
- SECTION 5. This Act shall take effect on July 1, 2017;

  13 provided that the amendments made to 346-371, Hawaii Revised

  14 Statutes, by section 3 of this Act shall take effect after that

  15 section is amended, pursuant to section 4 of Act 234, Session

  16 Laws of Hawaii 2016.

INTRODUCED BY: Choola

Rilliam Market Market

How force

JAN 2 4 2017

### Report Title:

Homelessness Service Provider Oversight; Effectiveness Reports

#### Description:

Amends the definition of provider agency for homelessness services to include nonprofits that accept funds without a contract. Requires annual reports of providers' effectiveness.

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