

# Emergency Rental Assistance Program

Ensuring Program Compliance with the Eligibility Criteria

March 2023  
Report by the Office of County Internal Audit

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# I. Executive Summary

## Ensuring grant participant eligibility has added challenges when monitoring subrecipient service delivery

Clackamas County has various systems and tools in place to comply with the Emergency Rental Assistance Program's eligibility criteria when participants apply directly with the county. Different systems and tools are used when participants apply through county subrecipients. While the county's subrecipient agreements require the grant subrecipients check and comply with federal requirements, it is the county's responsibility to establish a monitoring program to ensure all grant subrecipients are complying with all grant criteria.

Each subrecipient has developed their own systems and processes to administer and monitor the program. Not all structures and procedures effectively tracked the number of months paid to each household. Subrecipient noncompliance with the 18-month maximum criteria of the Emergency Rental Assistance Program was noted.



## Recommendations

Three recommendations were made addressing potential improvements to subrecipient monitoring processes. Detailed observations and recommendations are included in this report.

- 1** Ensure the final payment to all subrecipients of the Emergency Rental Assistance Program reflects compliance with the 18-month maximum criteria.
- 2** Enhance subrecipient agreements to clearly define all significant grant criteria.
- 3** Require unique identifiers on all documents supporting services provided to participants impacted by the Violence Against Women Act.

## Management Response

The Health, Housing and Human Services department and Social Services division teams have reviewed and agreed with these recommendations. Full responses have been included in this report.



## Proactive Efforts

Team members of the Health, Housing and Human Services department's Social Services division, as the primary engagement contacts, have contributed their time and effort to provide access to the information and data cited. These contributions significantly supported the completion of this review. Collaborative efforts are vital to the county's ability to successfully meet objectives, as well as identify, thoroughly analyze, and appropriately respond to risks. We demonstrate our core values, SPIRIT, when we collectively and proactively identify steps to streamline processes, strengthen controls, and mitigate risks.

Special thanks to Brenda Durbin, Erika Silver, Teresa Christopherson, Jennifer Much Grund, Doug Green, and the Social Services team for their contributions and support for this engagement; Joseph Rosevear and Matt Westbrook with the Finance team for sharing their expertise in grant and subrecipient processes; Mark McBride and Dylan Blaylock with the Public & Government Affairs department for their assistance in the report design, formatting, and conducting post-audit administrative tasks; and Jon McDowell with the GIS team for the assistance in developing the map diagram.

## II. Background





# Emergency Rental Assistance Programs

In response to the COVID-19 pandemic and the heightening need to assist households that are unable to pay rent and utilities, the U.S. Department of the Treasury launched the Emergency Rental Assistance (ERA) Program in January 2021. The \$25 billion dollar program provided the funds directly to states, local governments, Indian Tribes, and U.S. Territories. In May 2021, the Treasury announced an additional \$21.6 billion allocation for the Emergency Rental Assistance Program under the American Rescue Plan.<sup>1</sup> These allocations established two programs, respectively, ERA1 and ERA2. Clackamas County was allocated approximately \$12.5 million in ERA1 funds and approximately \$9.9 million in ERA2 funds.<sup>2</sup>

The eligibility criteria for both ERA1 and ERA2 are similar as the U.S. Department of the Treasury strove for consistency between both funding streams to reduce administrative burdens. One difference is “other expenses” are not required to be incurred due to the COVID-19 pandemic under ERA2. Another difference is that ERA1 required financial hardship due to the pandemic, while ERA2 expanded that to include financial hardship experienced *during* or due to the pandemic<sup>3</sup>. At a high level, individuals or households can qualify for ERA1 and ERA2 if:

- they have experienced financial hardship or reduction in household income due to the COVID-19 outbreak,
- can demonstrate a risk of experiencing homelessness or housing instability, and
- household income is at or below 80% of area median income.<sup>4</sup>

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1 U.S. Department of the Treasury [Emergency Rental Assistance Program](#)

2 U.S. Department of the Treasury Emergency Rental Assistance Program – [Allocations and Payments](#)

3 National Low Income Housing Coalition [Frequently Asked Questions](#), July 2022

4 U.S. Department of the Treasury Emergency Rental Assistance [Frequently Asked Questions](#), Revised July 27, 2022



Both programs have limitations in terms of the total number of months of financial assistance which can be provided. For ERA1, the maximum allowed number of months is 15. For ERA2, there is a maximum of 18 months allowed if grantees combine both ERA1 and ERA2 funds.

## Reporting Obligations

Recipients of the ERA Programs are required to submit monthly reports, quarterly reports, and a final report. Monthly reports for both ERA1 and ERA2 are to be reported for the period April 1, 2021, through June 30, 2022. The U.S. Department of Treasury may require additional monthly reports. Quarterly reports are required for the period from award date through December 29, 2022, for ERA1 and through September 30, 2025, for ERA2. The final report for ERA1 is for the period from award date through September 30, 2022 (or December 29, 2022, if reallocated ERA1 award funds were received). For ERA2, the final report period has yet to be determined.<sup>5</sup>

Data collected includes demographic information (i.e., race, ethnicity, and gender) and household area median income level. Monthly or quarterly reports submitted to the U.S. Department of Treasury summarize the financial and performance data. As Clackamas County provides ERA rental assistance both directly and through subrecipients, both the county and its subrecipients are responsible for this reporting activity.

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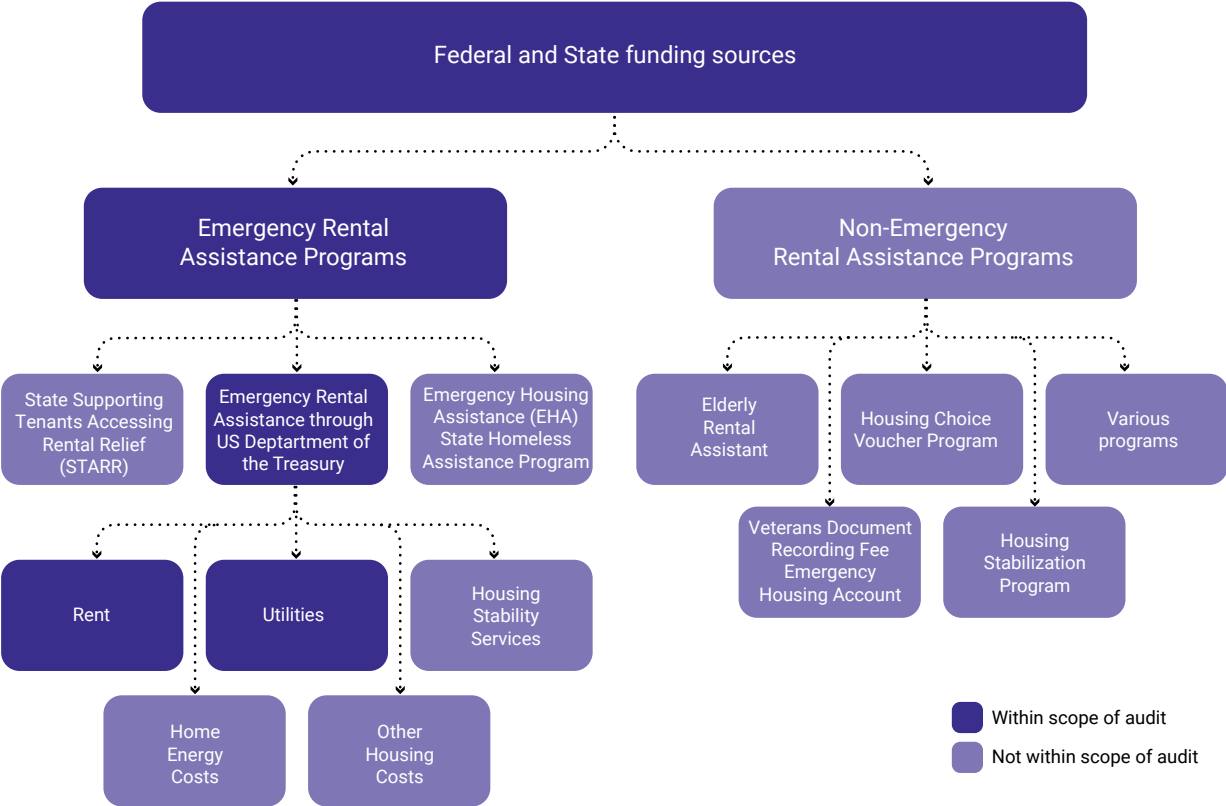
<sup>5</sup> U.S. Department of the Treasury [ERA Reporting Guidance v3.4](#) revised December 8, 2022

# III. Observations



# County Rental Assistance Programs

Clackamas County operates many housing programs which include those funded by federal and state grant fundings. Non-emergency rental assistance includes, but is not limited to, Elderly Rent Assistance, Housing Stabilization Programs, Housing Choice Voucher Program, and more through Coordinating Housing Access. Emergency rental assistance programs include the ERA Program and State Supporting Tenants Access Rent Relief (STARR). Grant programs that share common program objectives and service delivery goals can be supported by multiple funding sources from different levels (e.g., U.S. Department of the Treasury at the federal level and the Oregon Housing and Community Services Department at the state level).



Source: OCIA generated based on audit observations



# Application and Process

Clackamas County residents can apply for and access the Emergency Rental Assistance Program in many ways.

- **Oregon Emergency Rental Assistance Program (OERAP)**<sup>6</sup>  
This web portal is administered by the State of Oregon, through the Oregon Housing Community Services, and is also known as the Allita application system. Applications for rental assistance through Allita are no longer accepted as funds have been exhausted.
- **Clackamas County Coordinated Housing Access (CHA)**<sup>7</sup>  
The Social Services division oversees this effort to help individuals and households find immediate housing and support services. Services can be accessed through an online form or a direct access phone line.
- **Subrecipients**  
These are nonprofit organizations that administer emergency rental assistance programs and are monitored by Clackamas County's Social Services division of the Health, Housing and Human Services department. Subrecipients provide public outreach and access to their individual application processes. These organizations also use CHA and do not accept clients directly.

If directly applying with Clackamas County, the application and documents demonstrating eligibility are reviewed and vetted through the county's quality review process. Payments are issued either directly to landlords and utility service providers or to the participant. If the participant applies through nonprofit subrecipients of the ERA Program, the subrecipients will determine eligibility and issue financial assistance. The county provides reimbursements to the subrecipient.

<sup>6</sup> [Oregon Emergency Rental Assistance Program \(OERAP\)](#)

<sup>7</sup> [Clackamas County Coordinated Housing Access](#), contact by phone at 503-655-8575 or email at [cha@clackamas.us](mailto:cha@clackamas.us)



At least eight different platforms and systems are used to collect and track data. The Clackamas County Social Services division developed a tracker used internally that captures information such as months of household assistance received, dollar amounts, notes about the individual or household, which platform the household applied through (i.e., OERAP portal or through Coordinated Housing Access), and the quality review status. Each subrecipient develops and uses their own systems and trackers. For the purposes of accumulating and reporting county data to the U.S. Department of Treasury, the Clackamas County Social Services division requires subrecipients to complete and submit participant data into reporting templates created by the Social Services division. Additional systems used by the program for data collection and reporting process include the Homeless Management Information System and various financial systems.

These various platforms and systems are minimally integrated. Significant manual work is necessary to compile data from internal and external sources. The Social Services division has developed a master recording process to tie both program performance and financial components together for all participants. This manual process is time-consuming and the results as of December 2022 are not yet complete. Program participation and payments made prior to the creation of this list have not yet been captured. Additionally, a small subset in the population, whose personal identifiable information is protected under federal legislation, is not included in the master list. The lack of complete and timely data minimizes effective program performance observations, analysis, and reporting. Continuous improvement opportunities exist to enhance data integrity and data collection processes.

## Compliance with Program Criteria

The significant eligibility criteria for the Emergency Rental Assistance Program can be focused by participant and benefit. Participant eligibility is determined by demonstratable characteristics of the applicant's economic status and personal pandemic experience. Benefit eligibility is determined by the type of benefit, whether rent or utilities, and the amount of benefit.



Testing indicated the county's processes for validating participant eligibility are effective. Participants met the economic and pandemic experience criteria established in ERA1 and ERA2 federal guidance. For participants protected under federal legislation restricting the disclosure of personal identifiable information, alternate validation processes are warranted to ensure both participant eligibility and personal protection. Testing indicated the county's processes for validating benefit eligibility are more effective when the benefit is provided directly by the county than when provided by a subrecipient. When the participant applied directly through the county, the county's internal tracking systems allowed for calculation and monitoring of the number of rental assistance months provided for each participant. During review of the subrecipients' tracking system, it was noted that not all had structures and procedures in place to effectively track the number of months previously paid prior to approval of new payments. Two participants who applied for emergency rental assistance through a subrecipient received more than the 18-month maximum available financial assistance. Mid-engagement communications with both county departments and the subrecipient were conducted to proactively address the gap in processes.

While the county's subrecipient agreements require the subrecipients to check and comply with federal requirements, it is the county's responsibility to establish a monitoring program to ensure all grant subrecipients are complying with all grant criteria. Results through fieldwork, observations, and conversations indicate the county is not receiving sufficient data to monitor subrecipient compliance with the maximum benefit criteria of the Emergency Rental Assistance program.

## Data Privacy and Security Requirements

Grantees are required to maintain confidentiality protections for individuals who are survivors of domestic violence, dating violence, sexual assault, or stalking.<sup>8</sup> Systems and processes supporting these participants are unique in their relationship to data

<sup>8</sup> U.S. Department of the Treasury Emergency Rental Assistance [Frequently Asked Questions](#), Revised July 27, 2022



as protected under the Violence Against Women Act.<sup>9</sup> In reviewing documentation supporting the eligibility criteria of the program, it was noted documents containing confidential and personal identifiable information were appropriately redacted in compliance with the Violence Against Women Act. However, service documentation reviewed did not contain a corresponding unique identifier to provide an audit trail while protecting the client's identity. This federal legislation does not allow for standard exceptions for auditing processes and, as such, not all standard audit procedures were performed. While having access to redacted personal identifiable information is not required, it is the county's responsibility to ensure sufficiency and ability to monitor this subset of program participants for eligibility compliance.

## Grant Programs with Multiple Funding Sources

One grant-funded program can have multiple grant funding sources to support the objectives and service delivery goals. As new funding sources are identified, the original grant agreements are amended to recognize the increased revenue source. The county's financial system, in assigning a unique project code for each grant funding source, allows for individual program assessment and monitoring of financial status, program performance, and compliance with program criteria.

Due to minimal federal guidance provided at the time of fund distribution to the county, the benefit criteria for each funding stream (i.e., maximum number of months) were not consistently detailed within the ERA grant subrecipient agreements. A reference to the guidance for program criteria was stated and subrecipients were expected to be aware and comply with the initial and revised federal guidance. Additionally, subrecipient processes did not effectively and efficiently support the subrecipients' ability to monitor and assess each program funding source individually with updated compliance requirements.

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9 National Domestic Violence Hotline: [Violence Against Women Act \(VAWA\)](#)





## Diversity, Equity, and Inclusion Data Collection Efforts

While there was limited guidance from the federal government on diversity, equity, and inclusion data requirements, general demographic data was collected to fulfill federal reporting obligations. The Social Services division continues to collect and consolidate program data to the extent the data was required by the federal program. When complete, data will be available to perform an analysis of the program's equitable delivery of emergency rental assistance services. Beyond required individual program reporting, the county does not appear to have comparable standards and criteria across programs or departments. This limits the county's ability to assess equity impacts and to support equity and inclusion data collection and analysis efforts. Opportunities exist to further improve countywide intentional equity and inclusion data collection and analysis efforts by establishing common data standards, data elements, definitions and reporting expectations to be applied throughout all county departments and offices.

General observations with a diversity, equity, and inclusion lens are depicted in Diagrams One through Four. It should be noted that due to the timing of the data collection, different methodologies and definitions used when compiling participant data, and exclusion of a subset in the population, the referenced total number of households receiving assistance may be different than the federally reported totals.

Diagram One shows the number of households receiving emergency rental assistance by race, and Diagram Two represents the distribution of the population in Clackamas County by race. While the comparison of both graphs will assist in developing a better understanding of which racial groups are receiving assistance in proportion to the general population, it should be noted that the population graph (Diagram Two) represents the county's total population distribution, not the population distribution of those living in eligible households in Clackamas County.



In both Diagram One and Two, the Latinx and Hispanic populations are not specifically identified in the graphs as this data, when collected, refers to race and not ethnicity. Opportunities exist to better capture the nuances in how households identify themselves, common data definitions, data collection methodologies, and countywide data reporting standards.

Diagram Three is based on Diagram One but adds one extra layer of detail – low-income households as defined by the U.S. Department of Housing and Urban Development. A low-income household earns less than 80% of the area median income, which is the household income for the “middle” household in a specific area.<sup>10</sup> Participating low-income county households are classified into one of four categories, households earning:

- 0–30 percent of the area medium income,
- 30–50 percent of the area medium income,
- 50–80 percent of the area medium income, and
- a low-level income that has yet to be determined and validated due to the extensive manual data entry required.

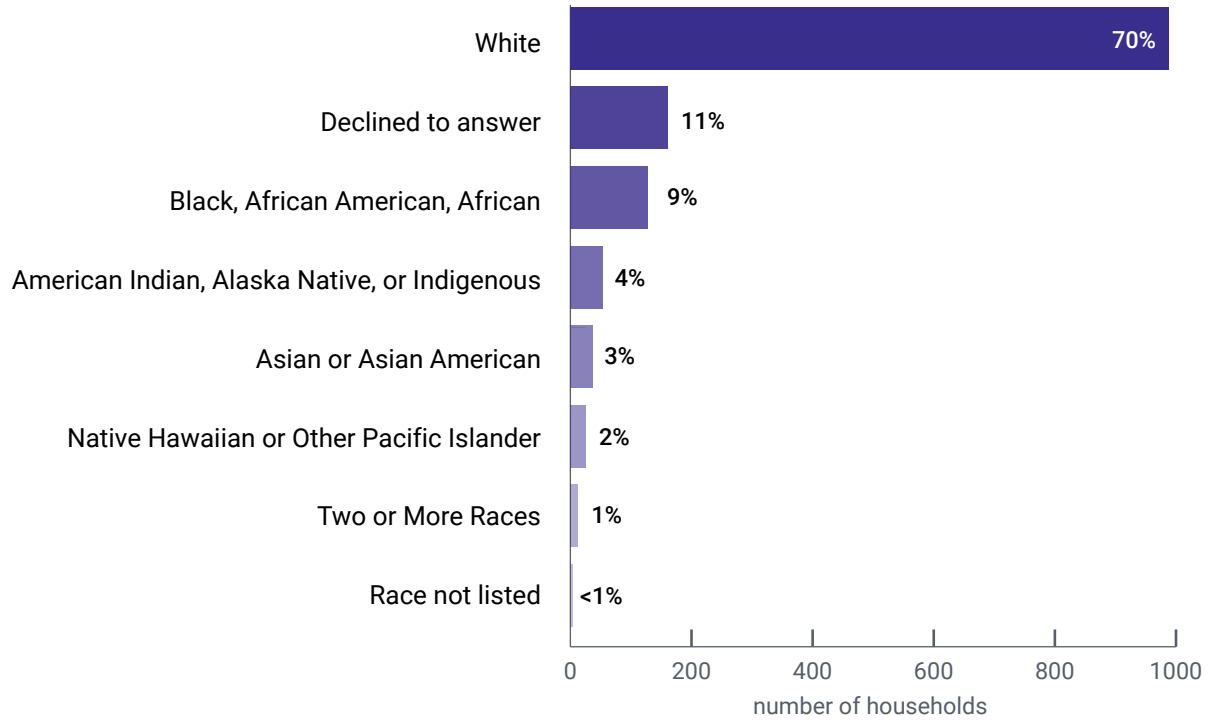
In total, more than half of the participants who received assistance fell into the zero to 30 percent area median income bracket. Households with an area median income greater than 80 percent are not eligible for the ERA Program.

Diagram Four shows in general where participants live. Gray circles indicate the number of households in that area, and population density is represented by the different shades of blue. Deeper shades of blue represent a more populated area.

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10 Habitat for Humanity: [“What is AMI & Why Does It Matter?”](#), March 10, 2021

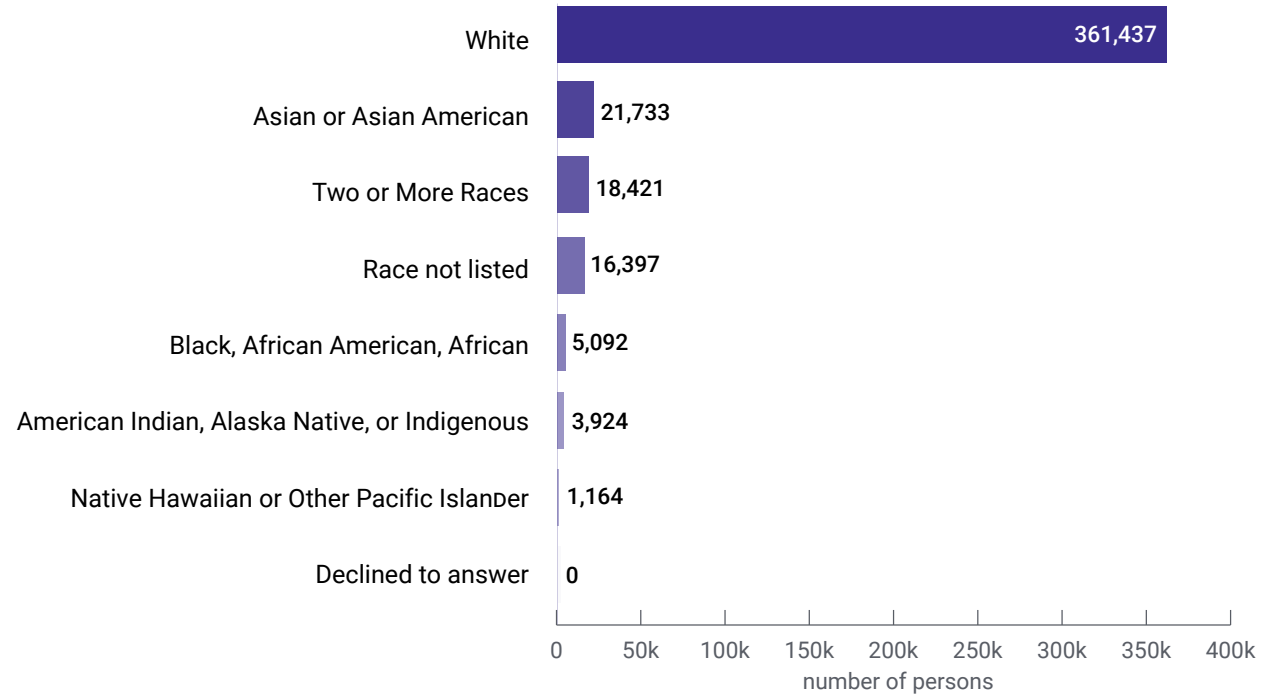
Diagram 1  
**Distribution of ERA  
 Program by Race**  
*as of Sept. 20, 2022*



General distribution of Emergency Rental Assistance by race based on available data. Latinx or Hispanic ethnicity not identified or specifically represented.

Source: Office of County Internal Audit generated based on compilation of data provided by Social Services division of Health, Housing and Human Services as of September 2022. Not a final program presentation of the total number of households receiving assistance due to collection and reporting timing differences.

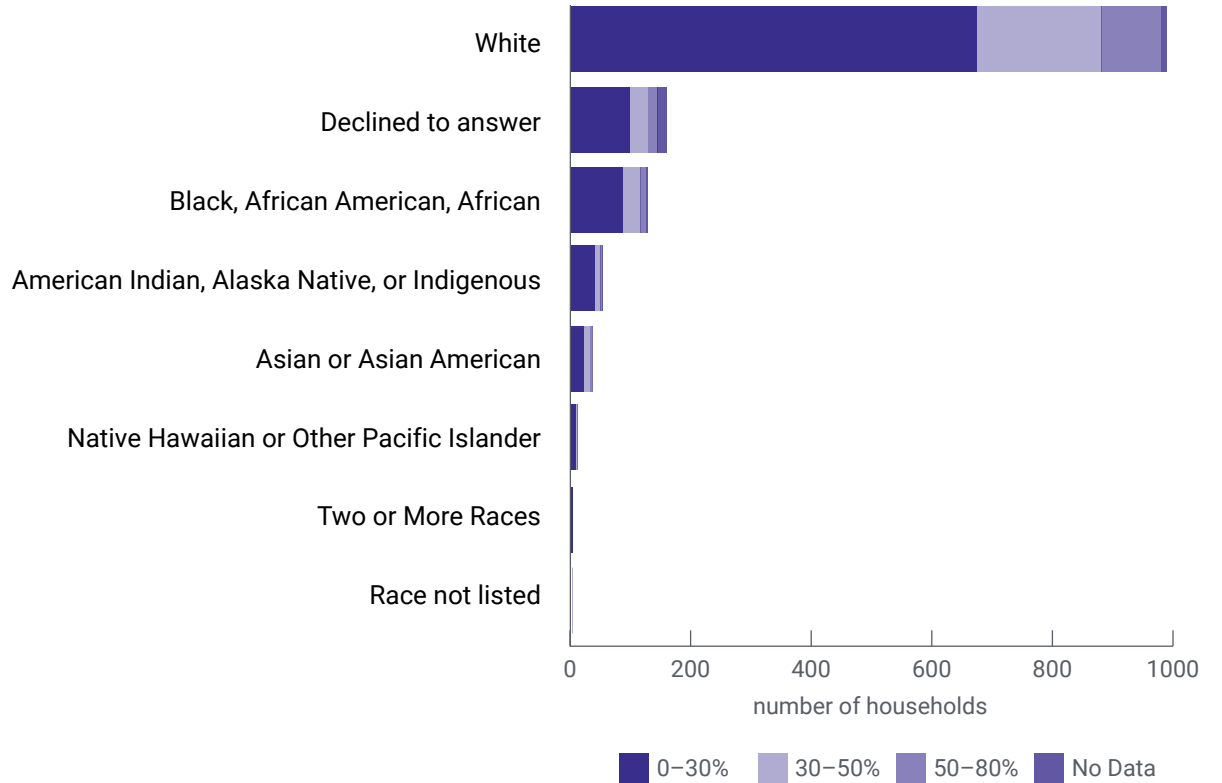
Diagram 2  
**Clackamas  
County Population  
Distribution**



Total Clackamas County population, representing both Emergency Rental Assistance eligible and ineligible households, by race.

Source: [Blueprintclackamas.com](https://blueprintclackamas.com) as of November 9, 2022

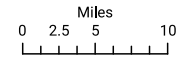
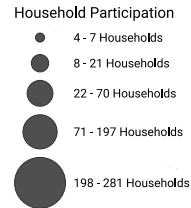
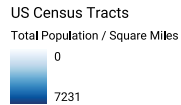
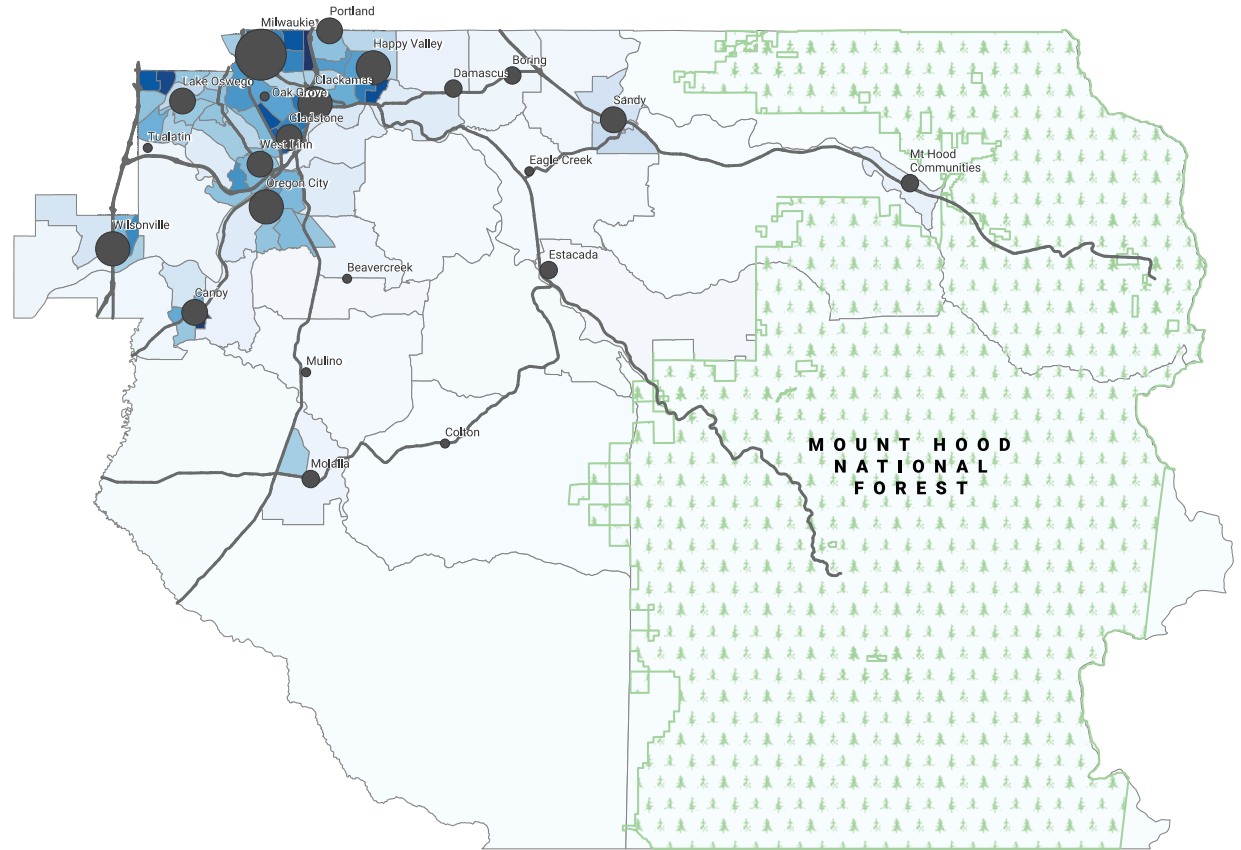
Diagram 3  
**Area Median  
 Income (AMI)  
 Distribution by  
 Race for All ERA  
 Participants**  
*as of Sept. 20, 2022*



Low-income households receiving Emergency Rental Assistance by income brackets. For all races, more than half of the households receiving financial assistance are earning zero to 30 percent area medium income.

Source: Office of County Internal Audit generated based on compilation of data provided by Social Services division of Health, Housing and Human Services as of September 2022. Not a final program presentation of the total number of households receiving assistance due to collection and reporting timing differences.

Diagram 4  
**Rent Assistance  
 Household  
 Participation in  
 Clackamas County**



Location of households receiving Emergency Rental Assistance. Majority of households receiving assistance are located within areas of higher population density.

Source: Clackamas County Geographic Information Systems division generated based on data provided by Social Services division of Health, Housing and Human Services as of September 2022 and compiled by the Office of County Internal Audit

# V. Recommendations



## Ensure the final payments to all subrecipients of the Emergency Rental Assistance program reflects compliance with the 18-month maximum criteria.

### **Recommendation**

The Social Services division should coordinate with grant subrecipients to ensure compliance with the 18-month maximum criteria prior to closing the grant subrecipient agreements and authorizing final payments.

### **Management Response**

CCSSD has been working closely with subrecipients to ensure compliance with both the ERA1 15 month maximum and the ERA1 plus ERA2 18 month maximum prior to closing the grant subrecipient agreement and authorizing final payments. Payments for every household who received rent assistance have been analyzed in detail as to the number of months paid. Final payment to subrecipients will only be issued after all compliance issues are resolved.

Going forward, CCSSD will work with subrecipients to provide clearer guidelines regarding how to account for maximum payment requirements in billing templates, and to provide technical assistance to ensure they have robust internal tracking systems regarding maximum levels of service.

All activities under this recommendation will be complete no later than June 30, 2023.





## Enhance subrecipient agreements to clearly define all significant grant criteria.

### **Recommendation**

The Social Services division should coordinate with the county Grants team to enhance grant subrecipient agreements to include clearly defined major criteria and expectations unique to the program.

### **Management Response**

While the link to the Treasury Frequently Asked Questions (the source document providing guidance for ERA funds) was provided to the subrecipients with clear language about subrecipient responsibility to follow the guidance, CCSSD is in agreement that key points from source documents will be incorporated directly into future subrecipient agreements.

This activity will be ongoing as Social Services develops future agreements with community based organizations.

The issue of amending agreements to incorporate changes in funder guidance after agreements have been finalized will need to be addressed in future conversations with the county's grant management team. Those conversations will occur prior to April 27, 2023.



## Require unique identifiers on all documents supporting services provided to participants impacted by the Violence Against Women Act.

### **Recommendation**

The Social Services division should work with any subrecipients that retain confidential information to require a system of recording unique identifiers on all documents. This may include requiring that subrecipients establish systems which support a complete audit trail, accommodate effective monitoring of all eligibility criteria, and comply with the Violence Against Women Act. The Social Services division should coordinate with the County Counsel and the County Grants team to ensure language recognizing the relevance and impact of this act is included in associated subrecipient grant agreements.

### **Management Response**

In April 2023, Erika Silver and Teresa Christopherson will engage with the county's primary service provider to domestic violence survivors in discussion about this recommendation.

She will then work with County Counsel and the county Grants team to look for a way that is compliant with the Violence Against Women Act language for subrecipients who are Victim Services providers to develop a system which supports a complete audit trail.

## IV. Objectives, Scope, and Methodology



In accordance with the Clackamas County 2022 Audit Plan, the Office of County Internal Audit evaluated the Emergency Rental Assistance program, which includes ERA1 and ERA2 federal funding allocated to subrecipients. The program review addressed total funds disbursed as of June 30, 2022. The compliance review period was from January 1, 2021, to June 30, 2022. In compliance with federal legislation, a small subset in the population was excluded from some of the standard audit procedures as requirements limited certain information sharing and collection efforts.

County Internal Audit engagements are selected and designed to address high risk potential, while maximizing County Internal Audit resources and impact. Selection as a topic for an internal audit engagement does not mean the department is being managed ineffectively or policies and procedures are inadequate. It merely indicates that the services or functions the department is responsible for are, by nature, high priority activities with high-risk potential because of factors such as a large amount, or high degree, of:

- reported expenditures or revenues
- available liquid or sensitive assets, such as cash, technology or protected data
- potential risks identified by management
- public interest

General objectives for the Emergency Rental Assistance Program engagement — consistent with the county’s values, strategies, and objectives — were to

- independently assess the effectiveness of Clackamas County’s processes for validating eligible recipients
- identify opportunities to increase efficiency in delivering rent relief services to county residents
- assess the ability of the Emergency Rental Assistance Program’s design to monitor equitable service delivery



- advocate for continuous improvement through observations and recommendations
- create transparency for the county

To achieve engagement objectives, the Office of County Internal Audit, among other potential engagement activities:

- conducted interviews with team members in the Social Services division and other potential stakeholders
- reviewed the Social Service division policies and procedures
- reviewed the U.S. Department of the Treasury's frequently asked questions document for the Emergency Rental Assistance program
- performed walkthroughs on application and eligibility processes
- gathered a population of all payments made to recipients of Emergency Rental Assistance funding
- reviewed documentation and correspondence supporting recipient's eligibility status
- requested supporting documents (e.g., listing of recipients, check batch, listing of all payments) from subrecipients
- accessed the State-provided database and any trackers containing information about recipient's demographics, address, and any related information supporting an equity, diversity, and inclusion analysis
- analyzed results against identified criteria

## VI. About the Office of County Internal Audit



## Our Mission

Provide county leadership objective assurance, advice and insight to optimize county efforts and achievements.

## Our Vision

The public:

- engages with an accountable, high performing, and transparent local government
- is confident that its interests are protected

## Our Strategic Objectives

The Office supports Clackamas County by:

- focusing on risks to county achievement
- promoting continuous improvement
- enhancing accountability and transparency
- fostering county SPIRIT
- building public trust



## Our Professional Standards

The Office of County Internal Audit governs itself by adhering to The Institute of Internal Auditors' mandatory guidance, including the:

- Definition of Internal Auditing
- Code of Ethics
- *International Standards for the Professional Practice of Internal Auditing*<sup>11</sup>

The Office does not fully conform to the Standards to the extent the Office has not yet received an external review. Obtaining an external peer review is one of the Office's performance goals.

## Our Independence

The County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the elected county Treasurer. This authority ensures the Office is free of undue influence.

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<sup>11</sup> <https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx>





## Our Team

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