

# Oregon Housing and Community Services: Emergency Rental Assistance (Oregon ERA)

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February 2024

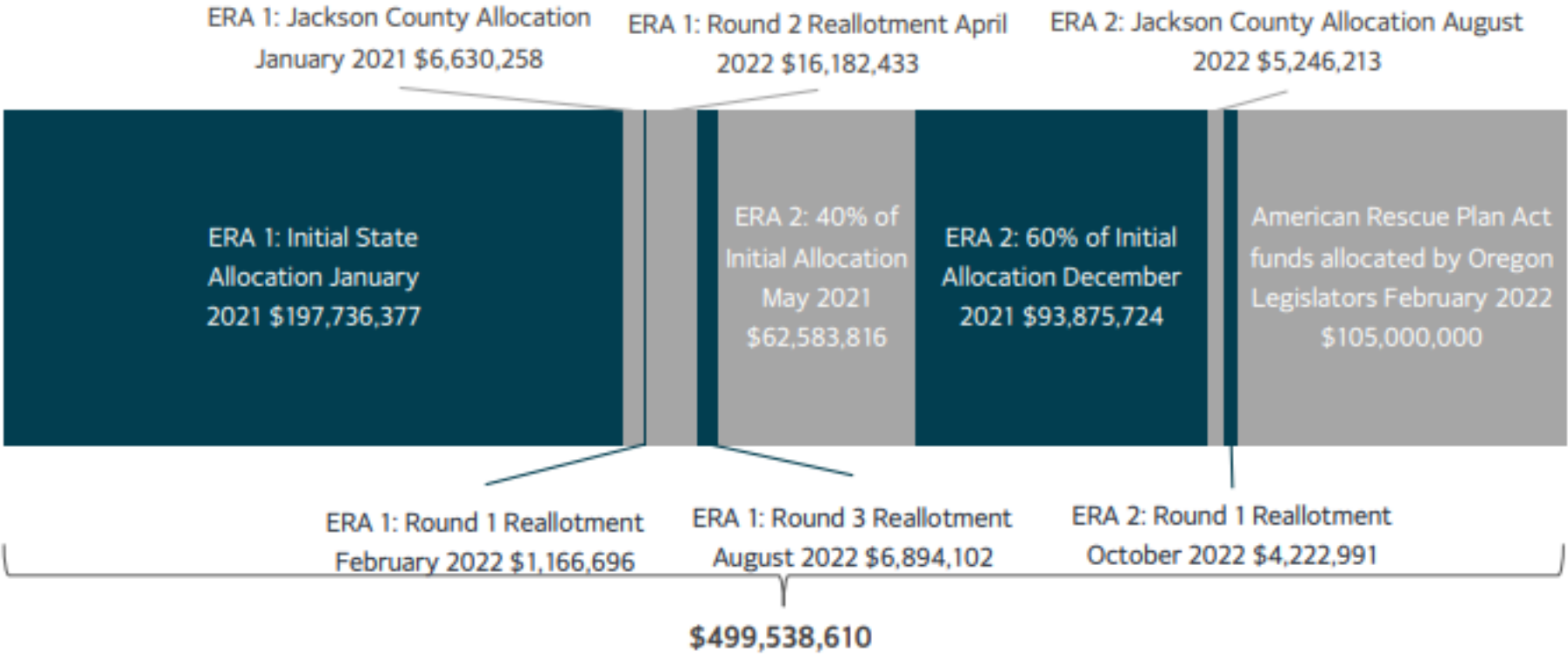


# Audit Background

- In December 2021, the Chairs of the Housing Committees in both the Oregon Senate and House sent a letter to the Oregon Secretary of State's Office requesting a performance audit of the program.
- Legislators were concerned by inconsistent results across counties, technical difficulties with the program's software, and a lack of communication to landlords and renters.
- The audit began February 2022 and the report was released in January 2024.

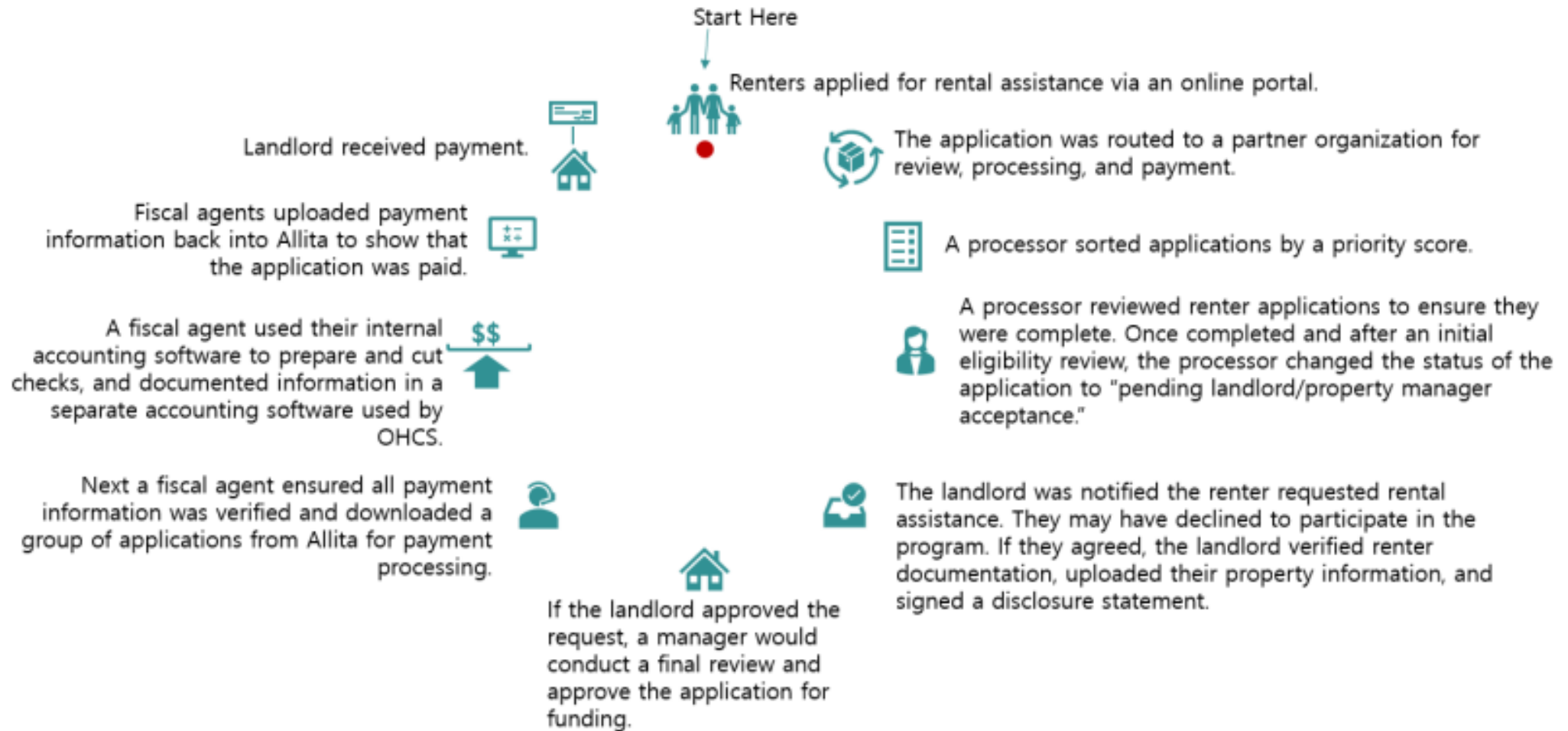
# OHCS received nearly half a billion dollars for Oregon ERA

Figure 4: Initial and additional assistance allocations totaled nearly half a billion dollars



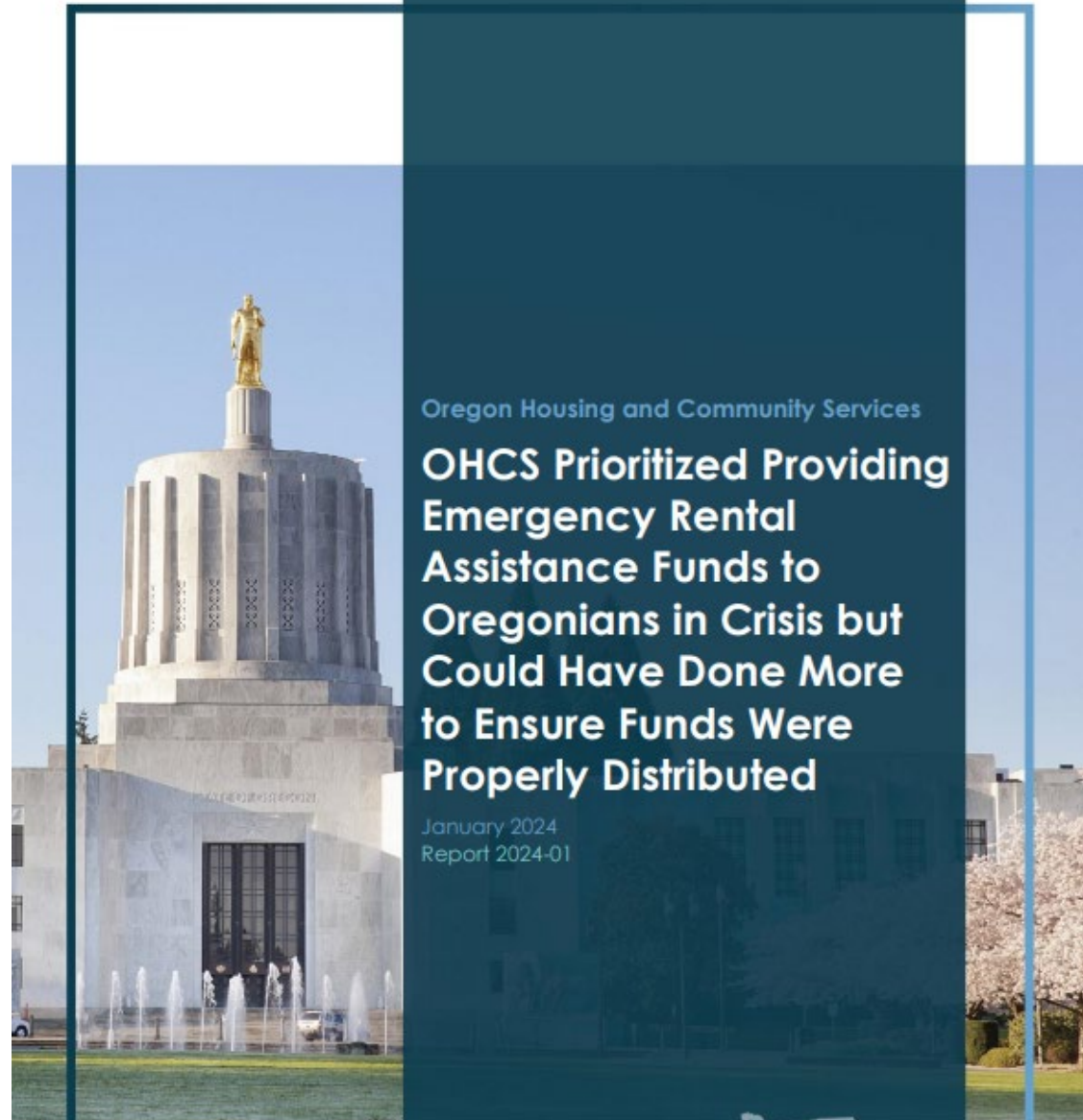
Source: OHCS

# Oregon ERA application process included renters and landlords



# **OHCS and partners distributed \$426 million in rental assistance, but the agency conducted little oversight of these funds**

- OHCS cannot be certain spending met federal guidelines, or how much emergency funding went to eligible applicants.
- The agency has not reliably determined how many total applications were paid, or households helped.



Oregon Housing and Community Services

## **OHCS Prioritized Providing Emergency Rental Assistance Funds to Oregonians in Crisis but Could Have Done More to Ensure Funds Were Properly Distributed**

January 2024  
Report 2024-01

**OREGON  
SOS**  
Secretary of State  
LaVonne Griffin-Valade

**OREGON  
AUDITS  
DIVISION**  
Audits Director  
Kip Memmott

# Material weaknesses resulted in an adverse opinion for the program in the Statewide Single Audit – the first in more than 25 years

## Statewide Single Audit Report

Fiscal Year 2022

July 2023  
2023-21

### *Matters Giving Rise to Adverse Opinion on the Emergency Rental Assistance Program*

As described in the accompanying schedule of findings and questioned costs, the State did not comply with the compliance requirements as listed in the table below. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

#### Assistance

| Listing # | Program Name                        | Finding # | Compliance Requirement   |
|-----------|-------------------------------------|-----------|--|
| 21.023    | Emergency Rental Assistance Program | 2022-025  | Activities Allowed or Unallowed; Allowable Costs/Cost Principles |
|           |                                     | 2022-026  | Activities Allowed or Unallowed; Eligibility                     |
|           |                                     | 2022-027  | Reporting  |
|           |                                     | 2022-028  | Reporting  |

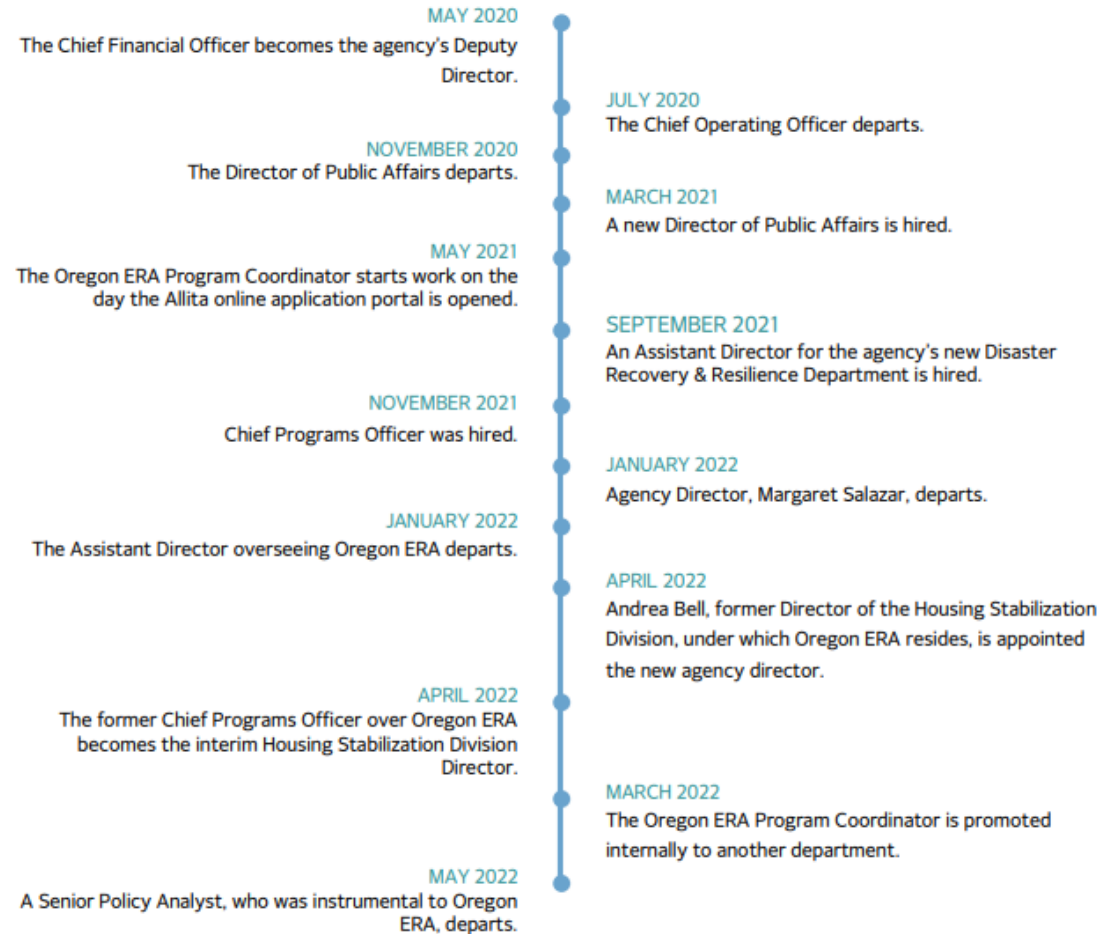
# OHCS's lack of established internal controls led to rushed and reactive decision-making

- Renters and landlords experienced application processing delays because of rushed implementation of new software.
- Limited OHCS collaboration and ineffective communications with key partners reduced program effectiveness, transparency, and accountability.



# Oregon ERA lacked stable management oversight and was inadequately staffed, undermining the program

Figure 7: From 2020 to 2022, movement occurred in key leadership positions





# Program challenges could have been eased had the agency been better prepared for a housing emergency

- OHCS was not prepared to respond to disaster housing emergencies, despite its responsibility to do so under Oregon's emergency management framework.
- The Oregon Disaster Housing Strategy was over a decade out of date.



## Planning Considerations: Disaster Housing

Guidance for State, Local, Tribal and Territorial Partners

May 2020



FEMA

# Summary of deficient internal controls

- Deficient financial accounting controls, including those for fraud, eligibility, and federal reporting compliance
- Poor contract administrative (oversight and monitoring) practices
- Lack of stable management oversight
- Inadequate program staffing
- Rushed implementation of software production
- Lack of early engagement and collaboration with local housing partners
- Ineffective communications with the public/applicants; fragmented customer service system
- Lack of preparation for housing emergencies



# Lessons learned from Oregon ERA will help OHCS address the homeless crisis

- OHCS has pivoted to addressing homelessness in addition to maintaining their routine work.
- Outcomes are expected within limited timeframes.
- State funds undergo less scrutiny from auditors than federal funds, thus heightening the importance for good internal controls and monitoring.
- The COVID pandemic tested the agency's financial and contracting controls and highlighted weaknesses, offering lessons that can be applied as ongoing pressures will continue to test controls.



# Recommendations

- In addition to the recommendations from the Statewide Single Audit, we had 16 recommendations.
- Our recommendations:
  - develop real-time contract monitoring and data-reliability procedures;
  - continue efforts to gain access to local housing data;
  - work with partners to obtain timely data;
  - develop internal fraud policies;
  - ensure customer services standards and DEI policies are in all-service related contracts and in contract monitoring procedures;
  - cement role of ombudsman; and
  - prepare for future emergencies by conducting and using an after-action report to improve IT oversight, collaboration, and develop future resiliency plans and teams.
- OHCS agreed with eight of our recommendations, partially agreed with six, and disagreed with two.

# Questions?

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