



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary-designee

VIA EMAIL

August 26, 2022

State Senator Robert Cowles
Co-chair, Joint Legislative Audit Committee
118 South, State Capitol
Madison, WI
Sen.Cowles@legis.wisconsin.gov

Dear Co-Chairperson Cowles:

The Department of Administration (DOA) herein submits to the Joint Legislative Audit Committee (Committee) an update on the status of its efforts to implement recommendations related to concerns identified by the Legislative Audit Bureau (LAB) in Audit Report 22-3 "Emergency Rental Assistance and Emergency Solutions Grant Programs" (Report). We thank the LAB for the opportunity to both respond to as well as act on these recommendations and their work in highlighting these important issues.

On May 6, 2022, the LAB completed its full report on the Division of Energy, Housing and Community Resources' (DEHCR) administration of the Wisconsin Emergency Rental Assistance Program (WERA) and the Emergency Solutions Grant - Coronavirus Program (ESG-CV). In its full report, LAB recommended that by August 26, 2022, DOA update the Joint Legislative Audit Committee on its administration of both programs.

DEHCR administers the WERA and ESG-CV programs which provide crucial relief to some of Wisconsin's most vulnerable residents. DEHCR has also continued to work with its partner agencies to strengthen existing processes, protocols and documentation requirements for both programs. Enclosed the Committee will find additional information on the status of DEHCR's work to implement both the recommendations made by LAB in its full report as well as to award funding and provide assistance to eligible individuals and households. We appreciate the opportunity to provide this update to the Committee on DOA's efforts to administer the WERA and ESG-CV grant programs.

Sincerely,

Kathy Blumenfeld
Secretary-designee

Attachment



DOA RESPONSE TO LAB Report 22-3

RECOMMENDATIONS

August 26, 2022

SUMMARY

This response addresses the recommendations contained in Legislative Audit Bureau Report 22-3, relating to the Wisconsin Emergency Rental Assistance Program (WERA) and the Emergency Solutions Grant - Coronavirus Program (ESG-CV). WERA (Assistance Listing No. 21.023) is funded under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. ESG-CV (Assistance Listing No. 14.231) is funded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Both programs provide crucial relief to some of Wisconsin's most vulnerable residents and the Department appreciates the LAB's recommendations for making them operate as efficiently as possible.

WERA prevents homelessness and housing instability by providing rental arrears assistance, temporary rental assistance, and utility arrears assistance. ESG-CV provides funding for a variety of services to Wisconsin individuals and families who are homeless or receiving homeless assistance to address various coronavirus-related issues. The Department operates each of these programs only in areas outside of specifically enumerated entitlement communities, as identified by the U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development.

The Department's implementation of these programs has profoundly affected the lives of all persons served and provided additional economic benefits to their communities, including landlords and other local businesses. Through June 30, 2022, the Department has issued approximately \$197,869,962.57 in direct WERA benefits, which enabled 38,569 households to access new housing or remain in their homes during the pandemic. During that same time, via the Department's agreements with lead agencies, the Department issued approximately \$26,401,398.42 of ESG-CV funds that assisted 13,991 households in receiving shelter or motel vouchers and provided homelessness prevention services to 1,099 households.

It is important to emphasize that the LAB's review did not find any instances of fraud or waste in either of the programs. Instead, the LAB's report identifies opportunities to improve the Department's practices and protocols. The report's recommendations largely focus on updating established documents, processes, and policies to strengthen program administration.

In response, the Department's Division of Energy, Housing and Community Resources (DEHCR) has updated its documents, program manuals and work plans to incorporate the recommended enhancements. For the WERA updates, DEHCR also conducted a meeting with the community action agencies and Energy Services

Inc. (ESI) on June 22, 2022, to discuss the DEHCR's revisions to its program manual and related documents and to ensure the agencies implement the necessary changes in their administrative practices. DECHR will continue to work with community action agencies, ESI, and other subgrantees (for ESG-CV) to ensure compliance with the recommendations and identify ways to improve the delivery of benefits under each program.

The LAB's recommendations provided valuable assistance to the Department in administering these important programs. The Department's specific responses to each of the LAB's recommendations are set forth below in the order presented in the LAB's report.

EMERGENCY RENTAL ASSISTANCE PROGRAM: PROGRAM ADMINISTRATION

RECOMMENDATION:

Modify the ERA program manual to require individuals to provide a signed lease and income documentation whenever that information is available. (p. 11)

DOA RESPONSE:

DEHCR has updated its WERA program manual to require individuals to provide a signed lease and income documentation whenever that information is available.

RECOMMENDATION:

Instruct community action agencies and ESI to require individuals to provide signed leases and income documentation whenever that information is available. (p. 11)

DOA RESPONSE:

The updated WERA program manual has been provided to DEHCR staff as well as community action agencies and ESI. DEHCR briefed the community action agencies' and ESI's staff on this updated requirement at its June 22, 2022, meeting with them.

RECOMMENDATION:

Instruct community action agencies and ESI to obtain up-to-date income documentation or income attestation forms. (p. 12)

DOA RESPONSE:

At its June 22, 2022, meeting with the community action agencies and ESI, DEHCR instructed them to obtain up-to-date income documentation or income attestation forms.

RECOMMENDATION:

Modify the rental attestation form to require individuals to attest in writing that they are unable to provide signed leases if leases are unavailable. (p. 12)

DOA RESPONSE:

DEHCR has made the recommended modifications to its rental attestation form. At its June 22, 2022, meeting, DEHCR instructed the community action agencies and ESI that, if an applicant's lease is unavailable, they should obtain a written attestation from the applicant stating that they are unable to provide a signed lease.

RECOMMENDATION:

Modify the income attestation form to require individuals to attest in writing that they are unable to provide income documentation if such documentation is unavailable. (p. 12)

DOA RESPONSE:

DEHCR has made the recommended modifications to its income attestation form. At its June 22, 2022, meeting, DEHCR instructed the community action agencies and ESI that, if an applicant's income documentation is unavailable, they should obtain a written attestation from the applicant stating that they are unable to provide income documentation.

RECOMMENDATION:

Modify the ERA program manual to indicate that applications should be prioritized for individuals who live in households that have incomes of no more than 50 percent of the county median income or that include one or more individuals who have been unemployed for 90 days. (p. 13)

DOA RESPONSE:

DEHCR has updated its WERA program manual to reflect the recommended prioritizations. It should be noted that the WERA program has been and remains sufficiently solvent to fund all eligible applications. No applicant has been denied benefits due to a lack of prioritization.

RECOMMENDATION:

Inform community action agencies and ESI about these modifications. (p. 13)

DOA RESPONSE:

The updated WERA program manual has been provided to DEHCR staff as well as community action agencies and ESI. DEHCR briefed agencies' and ESI's staff about these modification at its June 22, 2022, meeting with them.

EMERGENCY RENTAL ASSISTANCE PROGRAM: PROGRAM PARTICIPATION

RECOMMENDATION:

Determine whether individuals received WERA program benefits for the same rental and utilities costs that six local governments covered with their emergency rental assistance funds. (p. 14)

DOA RESPONSE:

The LAB's analysis and recommendation regarding this issue may be based on a misunderstanding of DEHCR's procedures, which were designed to preclude the possibility of the state duplicating payments made by the six entitlement communities. In September 2021, DEHCR made updates to its Home Energy Plus (HE+) system that preclude DEHCR staff, community action agencies, and ESI from processing any applications for rental or utility applications for properties located in the entitlement communities. DEHCR's procedures for preventing duplicate payments prior to September 2021 were different, but equally effective.

The community action agencies, which serve specific geographic areas, have never had the ability to submit applications for properties located in the entitlement communities. ESI, which serves the entire state but only handles utility payments, did have the ability to process applications in entitlement communities from March through July 2021. However, it was (and remains) DEHCR's understanding that the entitlement communities were not making utility payments at that time. In addition, to avoid any possibility of making duplicate utility payments, prior to making each payment DEHCR's automated systems directly contacted the utilities to confirm that the applicant's arrearages had not already been paid. Finally, in December 2021, DEHCR sent each entitlement community a list of all DEHCR utility payments into those communities so that the communities could ensure they had not inadvertently made duplicate payments themselves.

EMERGENCY RENTAL ASSISTANCE PROGRAM: MONITORING

RECOMMENDATION:

Ensure that community action agencies take the corrective actions that DEHCR identified from its review of case files. (p. 20)

DOA RESPONSE:

DEHCR notified the relevant community action agencies to implement the corrective actions that DEHCR identified from its review of case files. DEHCR has confirmed by email that all identified corrective actions have been made, all relevant documentation has been entered into the monitoring spreadsheet, and all notes have been entered in the HE+ system.

RECOMMENDATION:

Review a sample of case files from landlords that received large amounts of program funds or rented to large numbers of households with individuals who received program benefits. (p. 20)

DOA RESPONSE:

DEHCR compiled a list of the five landlords who received the largest total dollar amounts of WERA reimbursements on behalf of eligible tenants. DEHCR then reviewed the documentation in a random sample of case files from those landlords and determined that no improper benefits were paid. It bears noting that LAB's full report states, out of a total population of over 6,000 participating landlords, only 9 (0.15%) received more than \$200,000 in program benefits and 2 (0.03%) out of 6,000 had over 100 tenants that received program benefits. It also bears noting that no improper benefits were found to be awarded to this population of landlords.

RECOMMENDATION:

Identify instances when individuals may have received program benefits for longer than permitted by federal law and adjust future payments or require repayments as necessary. (p. 20)

DOA RESPONSE:

In September of 2021, the Department implemented changes to the HE+ system which ensure that eligible households do not receive payments for longer than permitted by federal law. The system change calculates the number of months benefits are paid. When the count reaches 15 months, no further benefit payments can be made. In addition, shortly after implementing this new system, DEHCR manually reviewed all payments previously made and determined that there were no instances where individuals received program benefits for longer than permitted by federal law.

RECOMMENDATION:

Require community action agencies and ESI either to provide DEHCR with information on possible conflicts of interest or attest in writing each month that they had no conflicts of interest. (p. 20)

DOA RESPONSE:

DEHCR has updated its WERA program manual to require agencies to disclose to DEHCR all requested information about possible conflicts of interest. This updated program manual has been provided to DEHCR staff as well as community action agencies and EESI. DEHCR briefed the community action agencies' and ESI's staff about this updated requirement at its June 22, 2022, meeting with them.

EMERGENCY SOLUTIONS GRANT PROGRAM: PROGRAM ADMINISTRATION

RECOMMENDATION:

Obtain complete written Emergency Solutions Grant program policies from all continuums of care or, as necessary, from entities. (p. 26)

DOA RESPONSE:

DEHCR has obtained all necessary program policies as recommended by LAB.

EMERGENCY SOLUTIONS GRANT PROGRAM/PROGRAM PARTICIPATION

RECOMMENDATION:

An update as to the extent to which the ESG-CV funds have been spent through June 2022. (p. 27)

DOA RESPONSE:

Through June 30, 2022, DEHCR has spent \$26,401,398.42 in ESG-CV funding.

RECOMMENDATION:

The number of individuals and households served through the ESG-CV program with CARES funds by June 2022. (p. 27)

DOA RESPONSE:

Through June 30, 2022, DEHCR has served a total of 25,266 individuals and 16,582 households with ESG-CV funding.

EMERGENCY SOLUTIONS GRANT PROGRAM: MONITORING

RECOMMENDATION:

(DEHCR should) always select the ESG-CV program files to review at each entity. (p. 29)

DOA RESPONSE:

DEHCR has updated its program guidance, monitoring letter and questionnaire to incorporate DEHCR selecting both the month of expenditures and the case files to review during program reviews.

RECOMMENDATION:

Require lead agencies and entities to redact confidential information before e-mailing such information.

(p. 29)

DOA RESPONSE:

DEHCR has updated its program guidance, monitoring letter, and questionnaire to require lead agencies and entities to redact any confidential information (e.g., Soc. Sec. #, personal health information, addresses) from documents or messages before transmitting them via email. In addition, via a monitoring letter, DEHCR has instructed lead agencies and entities regarding the use of secure document transfer software, rather than email, when transmitting information that may be confidential.

RECOMMENDATION:

Randomly select the month of program expenditures for which DEHCR requests supporting documentation. (p. 29)

DOA RESPONSE:

DEHCR will implement this recommendation and has updated its program guidance, monitoring letter, and questionnaire to state that DEHCR will randomly select the month of expenditures to review during program reviews.

RECOMMENDATION:

Require lead agencies to indicate in their monthly reimbursement requests the extent to which such requests have been reduced because one or more entities had identified unallowable costs that had been previously reimbursed. (p. 29)

DOA RESPONSE:

DEHCR has updated its program guidance and monthly reimbursement requests to incorporate this requirement.