



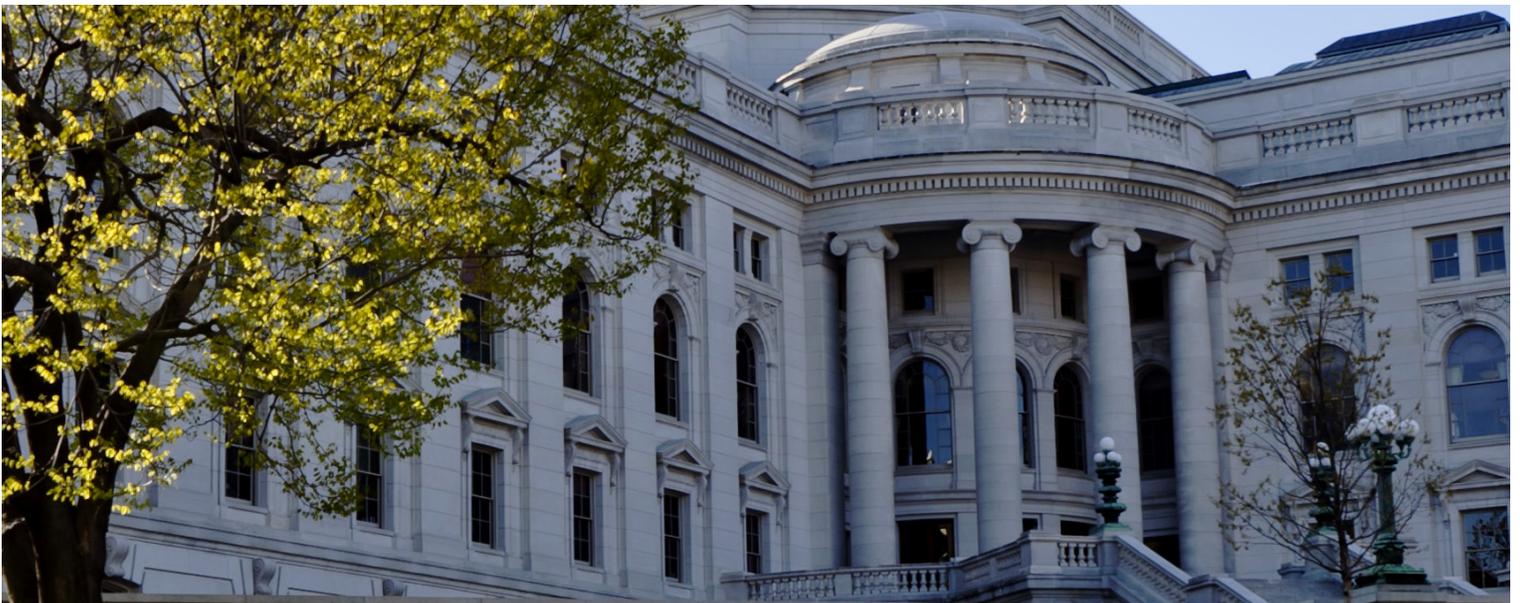
STATE OF WISCONSIN

Legislative Audit Bureau

NONPARTISAN • INDEPENDENT • ACCURATE

Report 22-3
May 2022

Emergency Rental Assistance and Emergency Solutions Grant Programs



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Emergency Rental Assistance and Emergency Solutions Grant Programs



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State Auditor
Joe Chrisman

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for Performance
Evaluation**
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STATE OF WISCONSIN

Legislative Audit Bureau

Joe Chrisman
State Auditor

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703

Main: (608) 266-2818
Hotline: 1-877-FRAUD-17

www.legis.wisconsin.gov/lab
AskLAB@legis.wisconsin.gov

May 6, 2022

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

We conducted a limited-scope review of how the Department of Administration (DOA) administered two programs that provide housing and emergency shelter assistance to individuals in need.

The Emergency Rental Assistance program helps individuals affected by the public health emergency to cover the cost of rent and utilities. Through June 2021, DOA received \$434.7 million in federal funds through the Consolidated Appropriations Act and the American Rescue Plan Act for the program. From March 2021 through September 2021, the program provided \$64.0 million in benefits for 15,968 households.

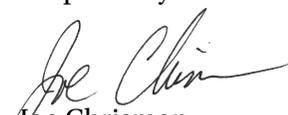
The U.S. Department of Treasury indicated it would consider reallocating Emergency Rental Assistance program funds if a state through September 2021 had spent less than 30.0 percent of its funding, excluding administrative expenditures. After DOA reported it had spent 22.6 percent of its funding, Treasury allowed DOA to transfer \$163.2 million in January 2022 to five local governments that operate their own emergency rental assistance programs and that had spent most of their federal funding for these programs.

The Emergency Solutions Grant program funds projects to address homelessness, including those related to emergency shelters, rapid re-housing assistance, and homelessness prevention. In July 2020, DOA was awarded \$32.5 million in CARES Act funds for the program. From July 2020 through December 2021, these CARES Act funds supported projects that served 19,013 individuals from 12,001 households.

We make recommendations for DOA to improve how it administers the Emergency Rental Assistance program, including by improving the program's application process, modifying the process for prioritizing applications for program benefits, and improving how it monitors the program. We also make recommendations for DOA to improve how it monitors the Emergency Solutions Grant program.

We appreciate the courtesy and cooperation extended to us by DOA. A response from DOA follows the appendices.

Respectfully submitted,



Joe Chrisman
State Auditor

JC/DS/ss

Introduction

The Department of Administration administers the Emergency Rental Assistance and the Emergency Solutions Grant programs.

The Department of Administration (DOA) administers programs that provide housing assistance and emergency shelter assistance to individuals in need. The Emergency Rental Assistance program helps to cover the cost of rent and utilities for individuals affected by the public health emergency. The Emergency Solutions Grant program funds projects to address homelessness, including those related to emergency shelters, rapid re-housing assistance, and homelessness prevention.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 provided federal funds for emergency rental assistance, which helps eligible individuals to pay for past-due and ongoing rent, past-due and ongoing utility bills, and other housing costs related to the public health emergency. In response to these funds being provided to the State, DOA administers the newly created Emergency Rental Assistance program. The two federal acts also provided funds directly to six local governments in Wisconsin with populations greater than 200,000. These six local governments administer their funds separately from DOA and, therefore, are excluded from our analysis.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act awarded additional federal funds for the Emergency Solutions Grant program, which was created in 1991. The CARES Act awarded funds to the State as well as directly to Dane, Milwaukee, and Racine counties. These three counties administer their funds separately from DOA and, therefore, are excluded from our analysis.

Questions have been raised about the two programs, including the amount of federal funds that were spent, the types of projects funded

by the programs, and the numbers of individuals who received program assistance. Questions have also been raised about DOA's administration of the two programs.

To complete this evaluation, we interviewed DOA, 10 entities that help administer the Emergency Rental Assistance program, and the U.S. Department of Treasury. We reviewed statutes, federal laws, and guidance establishing the requirements for both programs. We analyzed various program data, including on the households that received Emergency Rental Assistance program benefits and Emergency Solutions Grant program funds that DOA awarded to entities that provide services to address homelessness.

■ ■ ■ ■

Emergency Rental Assistance Program

From March 2021 through September 2021, the Emergency Rental Assistance program provided \$64.0 million in benefits for 15,968 households.

Emergency Rental Assistance program benefits were first provided in March 2021. The program provided \$64.0 million in benefits for 15,968 households from March 2021 through September 2021. Payments for program benefits are typically made to landlords and utility companies, rather than to individuals in the program. We assessed DOA's administration of the program, in part, by analyzing program application data and information submitted by 40 individuals we randomly selected. We make recommendations for DOA to improve how it administers the program, including by improving the program's application process, modifying the process for prioritizing applications for program benefits, and improving how it monitors the program.

Program Expenditures

Through June 2021, DOA received \$434.7 million in federal funds for the program, including:

- \$322.2 million in funding that was provided through the Consolidated Appropriations Act and must be obligated no later than September 2022; and
- \$112.5 million in funding that was provided through the American Rescue Plan Act and that must be obligated no later than September 2025.

The cities of Madison and Milwaukee, as well as Brown, Dane, Milwaukee, and Waukesha counties, received directly from the federal government a total of \$131.8 million in program funds to assist households in their jurisdictions. We did not include these six local

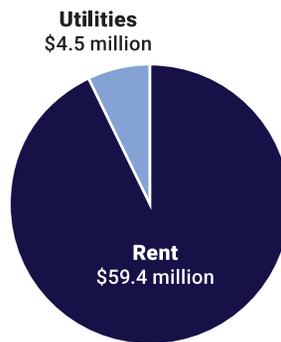
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governments in our analysis because they administer their funds separately from DOA. DOA's program aims to assist households everywhere else in the state, although federal law does not prohibit DOA from using its program funds to assist households in the jurisdictions of these six local governments.

Program expenditures totaled \$64.0 million from March 2021 through September 2021. As shown in Figure 1, \$59.4 million, or 92.8 percent of the total, was for rental assistance. A total of 15,968 households received program benefits.

Figure 1

Emergency Rental Assistance Program Expenditures, by Type¹ March 2021 through September 2021



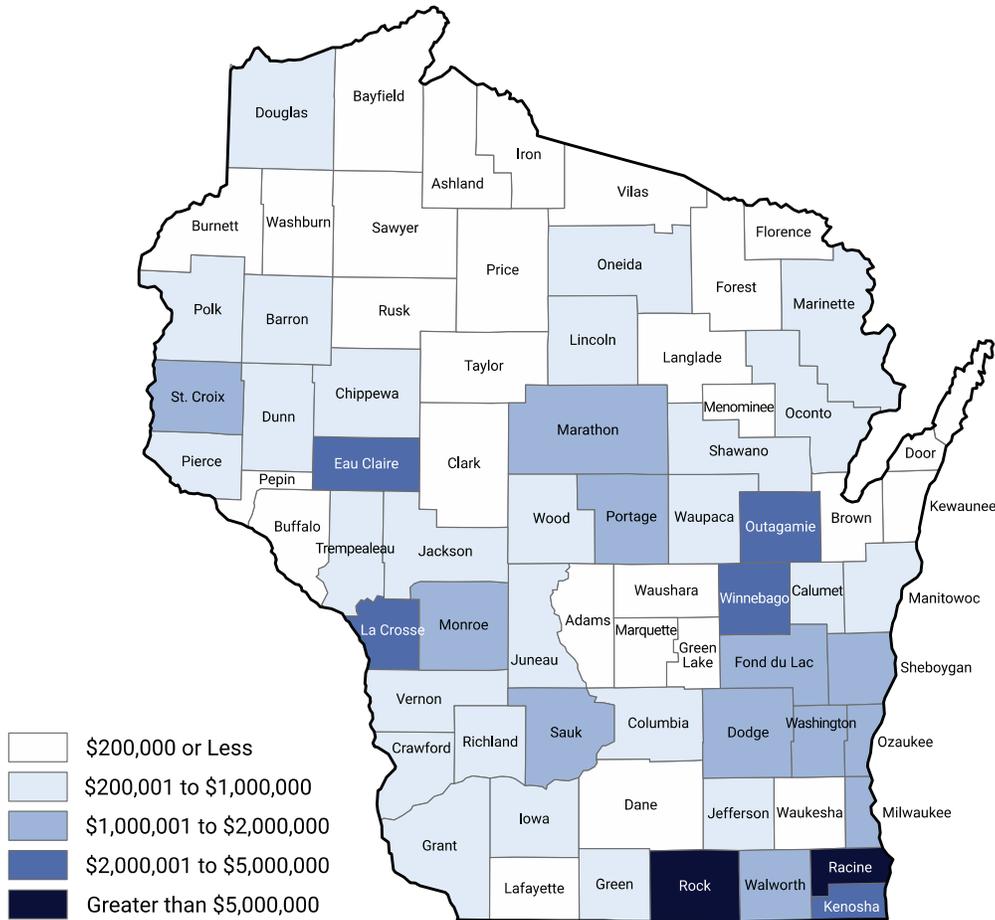
¹ Excludes administrative expenditures and \$12.9 million that Milwaukee County spent under a May 2021 contract with DOA.

From March 2021 through September 2021, program expenditures ranged from \$4,500 in Florence County to \$8.9 million in Racine County.

From March 2021 through September 2021, program expenditures by county ranged from \$4,500 in Florence County to \$8.9 million in Racine County. Figure 2 shows program expenditures in each county.

Figure 2

Emergency Rental Assistance Program Expenditures, by County^{1, 2}
 March 2021 through September 2021



¹ Excludes administrative expenditures and \$12.9 million that Milwaukee County spent under a May 2021 contract with DOA.

² Excludes the funding the cities of Madison and Milwaukee, as well as Brown, Dane, Milwaukee, and Waukesha counties received directly from the federal government.

Program Administration

DOA contracted with various entities that provided program services.

DOA did not provide program services directly but instead contracted with various entities that provided the services. From February 2021 through September 2021, DOA executed contracts totaling \$6.0 million with 16 organizations, including:

- 14 community action agencies, 13 of which processed program applications and determined program eligibility in the areas of the state served by

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a given agency and 1 of which provided program outreach to individuals;

- Energy Services, Inc., which is a Madison-based firm that processed program applications and determined program eligibility statewide, as well as operated a customer service center and toll-free statewide telephone number for the program; and
- the Wisconsin Community Action Program Association, which is the statewide association of the community action agencies and which provided program promotional materials, training, and technical assistance to the community action agencies.

Appendix 1 lists the counties served by each of the 14 community action agencies and Energy Services, Inc., which also served as the primary entity that provided program services in three counties.

Program Applications

To be eligible for the program, an individual must be either a Wisconsin resident or have a signed or pending lease in the state, must be at least 18 years old, and must live in a household that meets all of the following criteria:

- at least one individual qualifies for unemployment benefits or has experienced a reduction in income, incurred significant costs, or experienced other financial hardship because of the public health emergency;
- at least one individual is at risk of experiencing homelessness or housing instability; and
- the total household income is 80.0 percent or less of the median income in the county where the household is located.

To apply for program benefits, an individual must complete the application DOA uses for the Wisconsin Home Energy Assistance Program.

To apply for program benefits on behalf of a household, an individual must complete the application DOA uses for the Wisconsin Home Energy Assistance Program. In doing so, an individual must provide information about each household member—gender, date of birth, and citizenship and disability status—and the sources of household income in the month before completing the application. Community action agencies and Energy Services, Inc., enter the application information into an electronic system DOA maintains. DOA indicated that it uses the Wisconsin Home Energy Assistance Program’s application, in part, because many individuals are eligible for both that program and the Emergency Rental Assistance program.

Income eligibility criteria differ between the Wisconsin Home Energy Assistance Program and the Emergency Rental Assistance program. Under the Wisconsin Home Energy Assistance Program, a household's income must be no more than 60.0 percent of the statewide median income. Under the Emergency Rental Assistance program, a household's total income must be no more than 80.0 percent of the median income in the county where the household is located. In 62 counties, a household's income could make it eligible for the Wisconsin Home Energy Assistance Program but not for the Emergency Rental Assistance program, depending on the household size.

DOA and the Wisconsin Community Action Program Association conduct ongoing reviews to determine whether individuals initially found to be eligible for the Emergency Rental Assistance program lived in households with incomes that exceeded the limits for eligibility. As of February 2022, DOA found that seven individuals who had received a total of \$38,400 in program benefits, in fact, had incomes that exceeded the limits for eligibility. DOA indicated that it adjusts future payments to landlords and utility companies or requires repayment of program benefits.

Although individuals must provide documentation of their household incomes when applying for the Wisconsin Home Energy Assistance Program, this information may no longer be up-to-date if they later apply for the Emergency Rental Assistance program. On average, we found that individuals applied for the two programs 96.8 days apart. During this time period, household incomes may change considerably. If an individual applies for Emergency Rental Assistance program benefits three months or more after having previously provided information about monthly household income, the Department of Treasury requires states to re-determine household income.

DOA's program manual provided application guidance that did not comply with guidance the Department of Treasury provided to states in February 2021.

We found that DOA's program manual provided application guidance that did not comply with guidance the Department of Treasury provided to states in February 2021. As shown in Table 1, Treasury's guidance required states to obtain current, signed leases and documentation of household income from individuals who apply for program benefits. Only if such information was unavailable did Treasury's guidance indicate that individuals could provide written attestations. In contrast, DOA's program manual indicated that individuals could provide either leases or written attestations, and that they could provide either income documentation or written attestations.

Table 1

Comparison of Emergency Rental Assistance Program Guidance
Program Application Requirements

Department of Treasury ¹	Department of Administration ²
<p>Lease</p> <p>A current, signed lease must be provided if it is available.</p> <p>If a lease is unavailable, written attestation of the lease may be provided.</p>	<p>Lease</p> <p>Either a current, signed lease or written attestation of the lease may be provided.</p>
<p>Household Income</p> <p>Documentation of household income must be provided if it is available.</p> <p>If such documentation is unavailable, written attestation of household income may be provided.</p>	<p>Household Income</p> <p>Either documentation of household income or written attestation of household income may be provided.</p>

¹ According to guidance provided to states in February 2021.

² According to DOA's program manual.

DOA's program manual allowed an individual to provide either a signed lease or a rental attestation form signed by an individual and a landlord. This form specifies the rent amount, total rent past due, and total amount of assistance requested. DOA indicated that rental attestation forms rather than signed leases are provided with most applications. The program manual allowed an individual to provide either income documentation, such as a pay stub, or an income attestation form. In September 2021, DOA updated its program manual to indicate that if individuals applied for program benefits three months or more after having previously applied for them, individuals needed to provide updated income documentation or income attestation forms. Before this date, the program manual required updated income documentation, but did not mention updated income attestation forms.

We selected a random sample of 40 individuals who received program benefits in fiscal year 2020-21, and we reviewed in DOA's electronic system the documents these individuals provided when they applied for program benefits. The electronic system indicated that:

- 29 individuals provided signed rental attestation forms but not leases;
- 8 individuals did not provide signed rental attestation forms or leases, which indicates the applications may have been noncompliant with Treasury's guidance and DOA's program manual; and
- 3 individuals provided leases.

We found that 14 of the 40 individuals each applied only for Emergency Rental Assistance program benefits within three months after having applied for Wisconsin Home Energy Assistance Program benefits. As a result, their income documentation was considered to be up-to-date. Documentation in DOA's electronic system for the remaining 26 individuals indicated that:

- 15 individuals provided new income attestation forms completed every three months while receiving program benefits, including 1 individual who also provided income documentation; and
- 11 individuals did not provide either income documentation or new income attestation forms every three months while receiving program benefits, which indicates the applications may have been noncompliant with Treasury's guidance and DOA's program manual.

DOA should improve the program's application process.

DOA should improve the program's application process. DOA should modify its program manual to require individuals to provide a signed lease and income documentation whenever that information is available. DOA should instruct community action agencies and Energy Services, Inc., to require individuals to provide signed leases and income documentation whenever that information is available. In addition, DOA should instruct community action agencies and Energy Services, Inc., to obtain up-to-date income documentation or income attestation forms, including when individuals apply for program benefits three months or more after having previously applied for them. DOA should modify the rental attestation form to require individuals to attest in writing that they are unable to provide signed leases, if leases are unavailable. Similarly, DOA should modify the income attestation form to require individuals to attest in writing that they are unable provide income documentation, if such documentation is unavailable. Requiring individuals to provide such attestations will provide greater assurances that individuals meet the program's eligibility criteria.

Recommendation

We recommend the Department of Administration:

- *modify the Emergency Rental Assistance program's manual to require individuals to provide a signed lease and income documentation whenever that information is available;*
- *instruct community action agencies and Energy Services, Inc., to require individuals to provide signed leases and income documentation whenever that information is available;*

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- *instruct community action agencies and Energy Services, Inc., to obtain up-to-date income documentation or income attestation forms;*
- *modify the rental attestation form to require individuals to attest in writing that they are unable to provide signed leases, if leases are unavailable;*
- *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; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on its efforts to implement these recommendations.*

DOA's program manual did not comply with federal requirements for prioritizing lower-income individuals who apply for program benefits.

We found that DOA's program manual did not comply with federal requirements for prioritizing lower-income individuals who apply for program benefits. The Consolidated Appropriations Act requires states to prioritize the applications of individuals who live in households that have incomes no more than 50.0 percent of the county median income or include one or more individuals who have been unemployed for 90 days. In contrast, DOA's program manual indicated that applications should be processed in the order received. The 10 entities we contacted, including 9 community action agencies and Energy Services, Inc., indicated they typically considered applications in the order received. However, 8 of the 10 entities indicated they prioritized applications from individuals with pending eviction notices or court summonses for eviction.

We found that 3,218 individuals were waiting to apply to the program at the 10 entities at some point in time from February 2022 through March 2022. The entities indicated that waiting lists existed for a number of reasons, including shortages of staff to consider the applications and of adequate housing. Appendix 2 provides additional information about the number of individuals waiting to apply at each of the 10 entities, as well as the number who were in the process of completing applications.

DOA should modify the process for prioritizing applications for program benefits.

DOA should modify the process for prioritizing applications for program benefits. DOA should modify its program manual to indicate that applications should be prioritized for individuals who live in households that have incomes no more than 50.0 percent of the county median income or include one or more individuals who have been unemployed for 90 days. In addition, DOA should inform community action agencies and Energy Services, Inc., about these modifications. Taking these steps will help to ensure that the program prioritizes program applications according to federal requirements.

☑ Recommendation

We recommend the Department of Administration:

- *modify the Emergency Rental Assistance program's manual to indicate that applications should be prioritized for individuals who live in households that have incomes no more than 50.0 percent of the county median income or that include one or more individuals who have been unemployed for 90 days;*
- *inform community action agencies and Energy Services, Inc., about these modifications; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on its efforts to implement these recommendations.*

Program Participation

DOA's electronic system generates payments for program benefits, which may cover multiple months of assistance. Payments are typically made to landlords and utility companies, rather than to individuals.

DOA's electronic system indicated that individuals residing in the jurisdictions of the six local governments that received funds directly from the federal government received \$1.8 million in benefits under DOA's program through September 2021. This system did not contain information about benefits that the six local governments may have provided to these individuals, who could have also received program benefits from the State for the same rental and utilities costs, which is not permitted by federal law. Early in 2022, DOA indicated that it updated its system to prevent individuals residing in the six jurisdictions from receiving benefits under its program.

DOA should determine whether individuals received program benefits for the same rental and utilities costs that six local governments covered with their emergency rental assistance funds. DOA should then report to the Joint Legislative Audit Committee on the extent to which individuals received program benefits for rental and utilities costs that were also covered by the six local governments and the status of its efforts to recoup such program benefits.

Recommendation

We recommend the Department of Administration:

- *determine whether individuals received Emergency Rental Assistance program benefits for the same rental and utilities costs that six local governments covered with their emergency rental assistance funds; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on the extent to which individuals received program benefits for rental and utilities costs that were also covered by the six local governments and the status of its efforts to recoup such program benefits.*

The Department of Treasury requires states to submit monthly and quarterly reports that contain programmatic information, such as the number of households assisted and the amount of program funds spent. We reviewed DOA's reports for 2021.

The number of households that received program benefits ranged from 2,314 in June 2021 to 5,139 in December 2021.

As shown in Table 2, the number of households that received program benefits ranged from 2,314 in June 2021 to 5,139 in December 2021, according to DOA's monthly reports to the Department of Treasury. In a given application, a household could receive program benefits covering up to 15 months, including past-due and ongoing rent. A given household can receive program benefits in multiple months.

Table 2

Emergency Rental Assistance Program Benefits in 2021, by Month¹

Month	Program Benefits ²		Number of Households
	Amount (in millions)	Average per Household	
April	\$ 9.3	\$3,744	2,482
May	8.5	3,610	2,347
June	8.9	3,861	2,314
July	8.1	2,277	3,550
August	10.4	2,866	3,613
September	11.2	2,618	4,263
October	11.6	4,696	2,464
November	12.5	4,562	2,733
December	14.9	2,902	5,139

¹ According to information DOA reported to the Department of Treasury. Treasury first required monthly reports for April 2021.

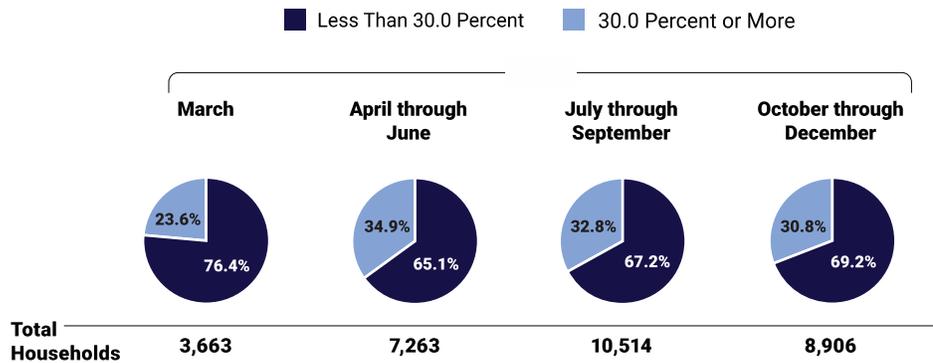
² A given household can receive program benefits in multiple months.

Households with incomes less than 30.0 percent of the county median income made up the largest proportion of all households that received program benefits in 2021.

As shown in Figure 3, households with incomes less than 30.0 percent of the county median income made up the largest proportion of all households that received program benefits in 2021.

Figure 3

Proportion of Emergency Rental Assistance Program Benefits Provided to Households with Incomes Less than 30.0 Percent of the County Median Income^{1, 2}



¹ According to information DOA reported to the Department of Treasury, beginning in March 2021.

² A given household can receive program benefits in multiple months.

Reallocating Program Funding

Beginning on September 30, 2021, federal law requires the Department of Treasury to reallocate program funds not obligated by states. Treasury indicated it would consider reallocating funds if a state had spent less than 30.0 percent of its funding through September 2021, excluding administrative expenditures. DOA reported that it had spent 22.6 percent of its funding through that month, excluding administrative expenditures. This proportion ranked 28th among all states.

In January 2022, Treasury allowed DOA to transfer \$163.2 million in program funds to certain local governments.

The Department of Treasury allowed a given state to request to transfer a portion of its program funds to local governments that administered programs in that state, as long as those local governments had obligated or spent at least 65.0 percent of their emergency rental assistance funding through September 2021, excluding administrative expenditures. In Wisconsin, five of the six local governments had spent at least this proportion, but Waukesha County had not done so. As shown in Table 3, \$163.2 million in program funds were transferred from DOA to the five local governments in January 2022.

Table 3

**Emergency Rental Assistance Program Funds
Transferred from DOA to Local Governments in January 2022**
(in millions)

Local Government	Amount
City of Milwaukee	\$ 61.0
Milwaukee County	50.0
City of Madison	35.0
Dane County	10.2
Brown County	7.0
Total	\$163.2

Monitoring

The Department of Treasury required states to follow federal monitoring requirements if states contracted with other entities to help administer their programs. Such monitoring helps to ensure that program funds are spent appropriately.

DOA's program manual indicated that the Wisconsin Community Action Program Association monitored the 13 community action agencies that processed program applications. We reviewed program monitoring efforts, including efforts undertaken by DOA and the Association. Effective program monitoring requires complete documentation to be in DOA's electronic system.

Case File Reviews

DOA indicated that the Association planned to review the case files associated with a sample of 4.0 percent of all program benefit payments facilitated by each community action agency each week, starting in April 2021. These reviews were intended to determine whether community action agencies had obtained the required documentation when individuals applied for program benefits.

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The Wisconsin Community Action Program Association did not review case files from each community action agency throughout 2021.

We found that the Association did not review case files from each community action agency throughout 2021. Although the Association reviewed a total of 541 case files from April 2021 through October 2021, it did not review case files from each community action agency over time but instead reviewed files for:

- 13 community action agencies from April 2021 through July 2021;
- 11 of the 13 agencies in August 2021;
- 3 of the 13 agencies in September 2021;
- 2 of the 13 agencies in October 2021; and
- 0 of the 13 agencies in November 2021.

The Association's reviews of 37 of the 541 case files (6.8 percent) found that rental attestation forms were not provided or were unsigned. We reviewed documents in DOA's electronic system for these 37 case files in order to determine whether any corrective actions were taken after the reviews. We found that:

- 30 case files indicated that corrective actions were taken, such as by obtaining signed rental attestation forms; and
- 7 case files did not include signed rental attestation forms.

Beginning in December 2021, DOA conducted the program monitoring. DOA's documentation indicates it randomly selected and reviewed case files for approximately 4.0 percent of payments to individuals each week. We reviewed documentation of DOA's reviews, which indicated that 70 of the 528 case files (13.3 percent) that DOA reviewed from December 2021 through February 2022 did not contain rental attestation forms, income attestation forms, or both, or that one or both of these forms was unsigned.

Corrective Action

In February 2022, DOA requested that community action agencies take corrective action for 34 case files that were missing rental attestation forms, income attestation forms, or signatures on these forms. DOA provided us information indicating it verified that the corrective actions had occurred for these 34 cases. However, we reviewed the 34 case files in DOA's electronic system and found that:

- 26 case files indicated that the corrective actions had occurred;
- 4 case files did not contain rental attestation forms;

- 2 case files contained unsigned rental attestation forms; and
- 2 case files had income attestation forms that were three months or more old. Department of Treasury guidance and DOA's program manual indicate that these forms should be updated every three months.

Program Data Review

Our review of DOA's program data found that some landlords received considerable amounts of program benefits from March 2021 through September 2021. In total, more than 6,000 landlords received program benefits, including 9 landlords that each received more than \$200,000 in program benefits. In addition, we found that two landlords each rented to more than 100 households with an individual who received program benefits. Landlords received a median of \$4,900 in program benefits and rented to a median of one household with individuals who received program benefits.

Based on the information in a given application, program benefits can be provided for multiple months. For example, the program could provide six months of past-due rent and three months of ongoing rent. In that instance, nine months of program benefits would be provided.

Some individuals received program benefits for longer than the 15 months permitted by federal law.

We found that some individuals received program benefits for longer than the 15 months permitted by federal law. Summary information in DOA's electronic system indicated that 203 individuals each requested 15 months of program benefits in a single application. We found that 97 of these 203 individuals (47.8 percent) subsequently applied and were approved for additional program benefits. Because the summary information could have been entered incorrectly by community action agencies or Energy Services, Inc., we reviewed case notes and other information in the system for the 97 individuals. This more-detailed review found that 7 of these 97 individuals (7.2 percent) each received program benefits for more than 15 months. We reviewed information for only those individuals who requested 15 months of program benefits in a single application. Additional individuals may have received more than 15 months of program benefits based on multiple applications that were each for less than 15 months of program benefits.

Conflicts of Interest

Questions have been raised about the potential for community action agencies to show preference for providing program funds to individuals who owe rent on properties the agencies own. DOA's program manual indicates that unless DOA grants exceptions, the agencies and Energy Services, Inc., must repay any program funds disbursed on behalf of individuals with whom these entities have conflicts of interest. However, the program manual does not define conflicts of interest or

specify a process for reporting them to DOA. Four of the 10 entities we contacted indicated they owned at least one rental property with a tenant receiving program benefits. In addition, 2 of the 10 entities indicated their employees had applied for program benefits. DOA indicated it did not receive any information about possible conflicts of interest from the entities.

DOA should improve how it monitors the Energy Rental Assistance program.

DOA should improve how it monitors the program. DOA should ensure that community action agencies take the corrective actions that DOA had identified from its reviews of case files. DOA should 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. DOA should 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. Finally, DOA should require community action agencies and Energy Services, Inc., either to provide it with information on possible conflicts of interest or to attest in writing each month that they had no conflicts of interest.

☑ Recommendation

We recommend the Department of Administration:

- *ensure that community action agencies take the corrective actions that it had identified from its reviews of case files;*
- *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;*
- *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;*
- *require community action agencies and Energy Services, Inc., either to provide it with information on possible conflicts of interest or attest in writing each month that they had no conflicts of interest; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on its efforts to implement these recommendations.*

■ ■ ■ ■

Emergency Solutions Grant Program

From July 2020 through December 2021, CARES Act funds supported Emergency Solutions Grant program projects that served 19,013 individuals from 12,001 households.

DOA has administered the Emergency Solutions Grant program since 1991 and receives ongoing federal funds for the program. In July 2020, DOA was awarded \$32.5 million in CARES Act funds for the program. The program that has existed since 1991 is referred to as the “regular program” in order to distinguish it from the modified program supported by the CARES Act funds that were provided in response to the public health emergency. From July 2020 through December 2021, the CARES Act funds supported projects that served 19,013 individuals from 12,001 households. We assessed DOA’s program administration and monitoring efforts and make recommendations for improvements.

Program Expenditures

Regular program funds may be spent on five types of projects:

- emergency shelter, which includes providing services in emergency shelters, renovating buildings to be used as emergency shelters, and operating emergency shelters;
- rapid re-housing assistance, which includes helping homeless individuals move into permanent housing;
- homelessness prevention, which includes providing housing relocation and stabilization services as well as rental assistance;

- the Homeless Management Information System, which is the data base entities use to report on the program-funded services they provided; and
- street outreach, which includes connecting homeless individuals with emergency shelter, housing, and other services.

In April 2021, DOA was awarded \$3.7 million in federal funds to operate the regular program in federal fiscal year (FFY) 2020-21, which lasted from October 2020 through September 2021. DOA must spend these funds no later than March 2023. Up to 7.5 percent of these funds may be used for program administration. The State was required to match all but \$100,000 of the federal funds. Dane, Milwaukee, and Racine counties were awarded a total of \$1.7 million directly from the federal government to operate their programs, although DOA’s program funds may be used to support projects in these three counties.

From April 2021 through September 2021, regular program expenditures of federal funds totaled \$3.6 million.

As shown in Table 4, regular program expenditures of federal funds totaled \$3.6 million from April 2021 through September 2021. Emergency shelter and rapid re-housing assistance projects accounted for 79.7 percent of all expenditures.

Table 4

Emergency Solutions Grant Program Expenditures: Regular Program¹
 April 2021 through September 2021

	Amount	Percentage of Total
Project Type		
Emergency Shelter	\$1,566,100	43.3%
Rapid Re-Housing Assistance	1,316,200	36.4
Homelessness Prevention	176,500	4.9
Homeless Management Information System	167,300	4.6
Street Outreach	126,800	3.5
Program Administration²	267,600	7.4
Total	\$3,620,500	100.0%

¹ Federal funds awarded to DOA for FFY 2020-21. Funds must be spent no later than March 2023.

² Includes \$166,000 retained by DOA and \$101,600 spent by entities that provided program services.

In July 2020, DOA was awarded \$32.5 million in CARES Act funds for the program. Federal guidance requires DOA to spend most of these funds no later than September 2023, but it allows DOA to spend funds for the Homeless Management Information System and for program administration through December 2023. The funds can be spent on the five types of projects allowed by the regular program, as well as on temporary emergency shelter projects. Up to 10.0 percent of the funds may be used for program administration. No state funds were required to match the CARES Act funds. Dane, Milwaukee, and Racine counties were awarded a total of \$14.7 million in CARES Act funds directly from the federal government to operate their programs.

From July 2020 through December 2021, CARES Act-funded program expenditures totaled \$19.9 million.

As shown in Table 5, CARES Act-funded program expenditures totaled \$19.9 million from July 2020 through December 2021. Emergency shelter projects accounted for more than one-half of all expenditures.

Table 5

Emergency Solutions Grant Program Expenditures: CARES Act Funds¹
July 2020 through December 2021

	Amount	Percentage of Total
Project Type		
Emergency Shelter	\$10,460,100	52.4%
Homelessness Prevention	2,696,400	13.5
Rapid Re-Housing Assistance	2,412,400	12.1
Temporary Emergency Shelter	1,769,700	8.9
Street Outreach	434,000	2.2
Homeless Management Information System	173,800	0.9
Program Administration²	1,997,400	10.0
Total	\$19,943,800	100.0%

¹ Most funds must be spent no later than September 2023.

² Includes \$974,500 retained by DOA and \$1,022,800 spent by entities that provided program services.

Program Administration

Groups of nonprofits and local governments, which are referred to as continuums of care, provide services for homeless individuals. Wisconsin has three continuums of care that operate in Dane, Milwaukee, and Racine counties, as well as a fourth that operates in the remainder of the state. Federal law requires DOA to consult with the continuums of care to determine the annual allocation of regular program funds among the entities that belong to the continuums of care and provide the services. To allocate the funds, DOA uses a formula developed in consultation with the continuums of care. This formula considers the need for services throughout the state and performance measures indicating the past success that entities had in moving individuals into permanent housing.

DOA awarded \$24.4 million in CARES Act funds to 24 coalitions of entities.

DOA awarded \$24.4 million of the \$32.5 million in CARES Act funds to 24 coalitions of entities that each used the funds for multiple projects. Each coalition included a lead agency that accepted the funds and distributed them to other entities within that coalition. DOA awarded the funds in two rounds. In the first round, DOA used the regular program's funding formula to award \$12.3 million. In the second round, DOA used a new formula to award \$12.0 million for needs related to the public health emergency. In each round, DOA awarded funds to all 24 coalitions.

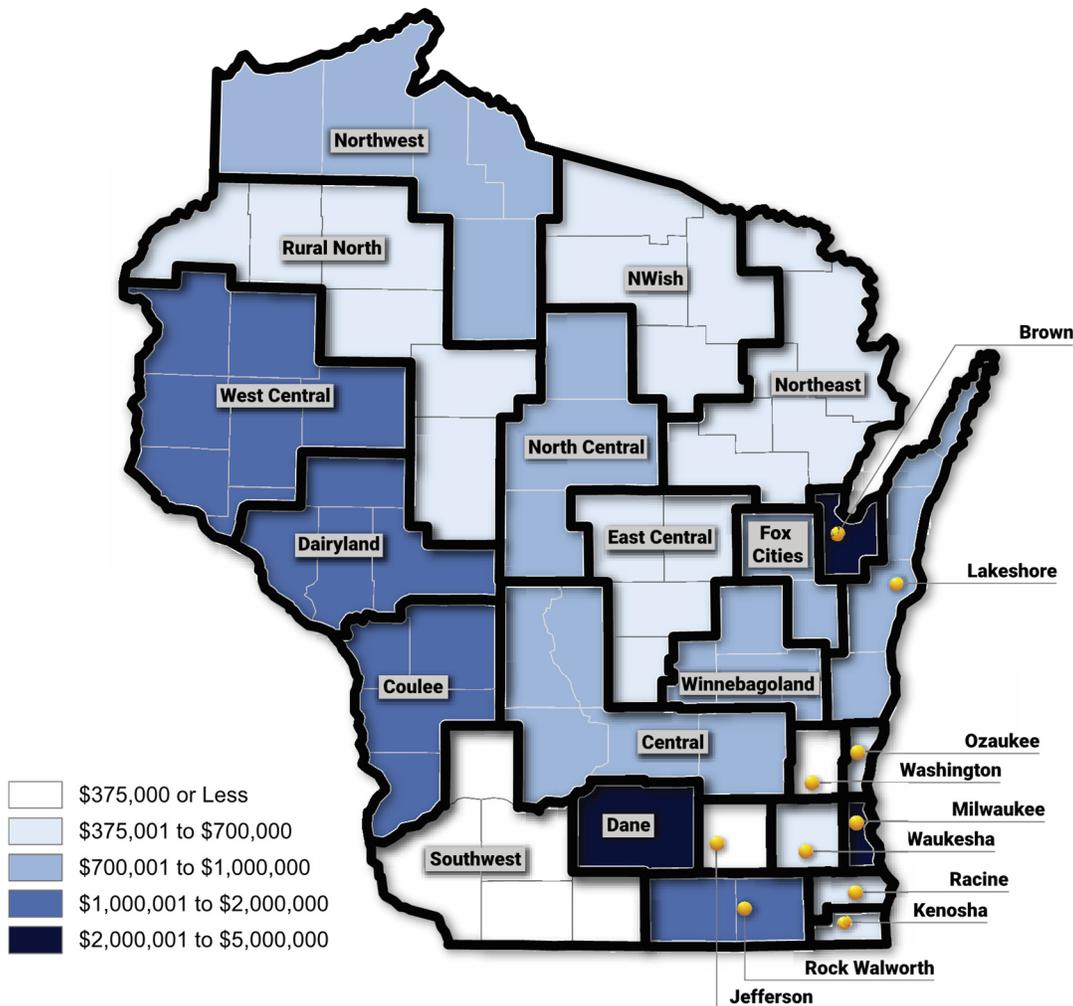
Figure 4 shows the 24 coalitions that received CARES Act funds. The amounts awarded ranged from \$329,700 for the Southwest coalition to \$3,387,300 for the Dane coalition. Appendix 3 lists the amounts of CARES Act funds awarded to the 24 coalitions.

DOA awarded \$7.0 million in CARES Act funds through competitive grants to 21 entities.

DOA awarded the remaining \$7.0 million in CARES Act funds through competitive grants to 21 entities in March 2021 and April 2021. These entities contractually agreed to complete projects that federal law permits to be funded by the modified program. These entities typically participated in the coalitions that receive program funding. Appendix 3 lists the amounts of CARES Act funds awarded to the 21 entities.

Figure 4

Emergency Solutions Grant Program Awards: CARES Act Funds^{1,2}



¹ Includes \$24.4 million that DOA awarded to 24 coalitions.

² Excludes funding Dane, Milwaukee, and Racine counties received directly from the federal government.

Federal law requires written policies to be developed for using program funds, and the law permits the continuums of care or the entities in the continuums of care to develop these policies. The continuums of care in Dane, Milwaukee, and Racine counties developed complete written policies. The continuum of care in the remainder of the state did not develop written policies for street outreach or emergency shelter projects, but it did develop them for the other project types. At the time of our review, DOA indicated that this continuum of care was in the process of developing complete written policies. DOA required all 60 entities in this continuum of care that were involved in street outreach or emergency shelter projects to answer a written questionnaire describing their program policies. However, DOA did not require the entities to submit their written policies. All 60 entities

responded to the questionnaire, and 11 entities also submitted their written policies.

DOA should obtain complete written program policies from all continuums of care or, as necessary, from entities. Doing so will help to ensure that program funds are spent according to federal law.

☑ Recommendation

We recommend the Department of Administration:

- *obtain complete written Emergency Solutions Grant program policies from all continuums of care or, as necessary, from entities; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on its efforts to implement this recommendation.*

Program Participation

We determined the projects supported by the program’s CARES Act funds, including those awarded through competitive grants. As shown in Table 6, 191 projects served a total of 19,013 individuals from 12,001 households through December 2021.

Table 6

Projects Funded by the Emergency Solutions Grant Program: CARES Act Funds
July 2020 through December 2021¹

Project Type	Number of Projects	Individuals Served	Households Served
Emergency Shelter ²	119	16,052	10,470
Homelessness Prevention	40	1,955	923
Rapid Re-Housing	27	735	361
Street Outreach	5	271	247
Total	191	19,013	12,001

¹ The funds supported projects that began as early as April 2020.

² Includes temporary emergency shelter projects.

Through December 2021, entities had spent varying proportions of the CARES Act funds they had been awarded.

Through December 2021, entities had spent varying proportions of the CARES Act funds they had been awarded. Ten entities had spent three-fourths or more of their funds. In contrast, four entities had spent less than one-fourth of their funds, including one entity that had spent none of its \$350,000 award. At the time of our review, DOA was in the process of developing a method for reallocating such funds. As noted, most of the funds must be spent no later than September 2023.

DOA should report to the Joint Legislative Audit Committee on the extent to which CARES Act funds for the program have been spent through June 2022, as well as the numbers of individuals and households served through the program by these CARES Act funds. Doing so will provide the Legislature with updated information about the projects funded by the program.

☑ Recommendation

We recommend the Department of Administration report to the Joint Legislative Audit Committee by August 26, 2022, on:

- *the extent to which Coronavirus Aid, Relief, and Economic Security Act funds for the Emergency Solutions Grant program have been spent through June 2022; and*
- *the numbers of individuals and households served through the Emergency Solutions Grant program by Coronavirus Aid, Relief, and Economic Security Act funds through June 2022.*

Monitoring

To help ensure regular and modified program funds are used only for purposes allowed by federal law, DOA conducted monitoring, including by:

- annually reviewing information in three case files for each entity that received program funds; and
- reviewing documentation that supports the reimbursement requests that each of the 24 lead agencies had submitted for one month each year.

We assessed DOA's monitoring efforts in 2021. In addition, we reviewed the reimbursement requests that 10 of the 24 lead agencies made to DOA in August 2021. These requests included all expenditures of the entities in a given coalition.

Case File Reviews

An entity's case files document the eligibility of individuals for program benefits, as well as the amounts and types of program services the individuals received. If DOA's case file reviews identify an issue, such as missing documentation or documentation indicating that program funds were used for unallowable purposes, DOA requires the lead agency to respond within 30 days with the proposed implementation of corrective action. Corrective action may include requiring an entity's staff to attend training, requiring an entity to submit a plan to ensure future compliance, and requiring an entity's lead agency to review additional case files.

In 2021, entities selected all of the case files that DOA reviewed.

If DOA conducts on-site monitoring at an entity, it indicated that it randomly selects the three case files for its review. If DOA conducts remote monitoring, it allows an entity to select the three case files. DOA indicated that it conducted approximately one-half of monitoring remotely before the public health emergency but that it has conducted all monitoring remotely since the public health emergency began. As a result, entities selected all of the case files that DOA reviewed in 2021.

The case files typically contain confidential information, such as Social Security numbers, personal health information, and personal addresses for individuals fleeing domestic violence. DOA indicated that some entities email their case files to be reviewed and that approximately one-half of these entities redact confidential information before emailing the case files. We found that 2 of the 10 lead agencies for which we reviewed information had emailed case files, and that the case files from both lead agencies contained un-redacted confidential information. DOA indicated that it is currently in the process of creating a secure method by which case files can be provided, and that it expects this secure method to be established later in 2022.

Reimbursement Documentation

DOA's program manual indicates that lead agencies must complete a payment request form in order to be reimbursed for eligible expenditures incurred in the prior month. The forms require lead agencies to specify the expenditures for which they request reimbursement in broad categories, such as "rapid re-housing rental assistance." A completed form is typically the only documentation required for reimbursement.

DOA allowed each lead agency to select the month for which DOA requested supporting documentation for reimbursement requests.

Each year, DOA requires lead agencies to submit supporting documentation, including payroll records and invoices, for one month of program expenditures. DOA reviews this documentation in order to identify any unallowable expenditures that should not have been reimbursed. We found that DOA did not select the month for which it requested supporting documentation. Instead, DOA allowed each lead agency to select the month.

DOA indicated that most unallowable expenditures resulted from lead agencies and entities not fully understanding program requirements. As a result, when DOA's reviews identified an unallowable expenditure, DOA indicated that it instructed the given lead agency or entity to review its case files for similar expenditures that may have been made in prior months and then reduce their future reimbursement requests by an amount equivalent to the total unallowable expenditures that a lead agency or entity identified. DOA indicated that it did not request any documentation of these unallowable expenditures or require future reimbursement requests to identify the extent to which the requested reimbursement amount was reduced. Our review of the August 2021 reimbursement requests submitted by the 10 lead agencies did not find any information that indicated reductions in reimbursement requests.

DOA should improve its program monitoring efforts.

DOA should improve its program monitoring efforts. DOA should always select the case files to review at each entity, rather than allow the entities to select the case files. DOA should require lead agencies and entities to redact confidential information before emailing such information. In addition, DOA should randomly select the month of program expenditures for which it requests supporting documentation, rather than allow lead agencies to select the month. Finally, DOA should 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. Taking these actions will help to ensure that program funds are spent appropriately.

☑ Recommendation

We recommend the Department of Administration:

- *always select the Emergency Solutions Grant program case files to review at each entity;*
- *require lead agencies and entities to redact confidential information before emailing such information;*
- *randomly select the month of program expenditures for which it requests supporting documentation;*
- *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; and*
- *report to the Joint Legislative Audit Committee by August 26, 2022, on its efforts to implement these recommendations.*

Appendices

Appendix 1

Entities That Helped Administer the Emergency Rental Assistance Program

Entity	Counties Served
ADVOCAP, Inc.	Calumet, Fond du Lac, Green Lake, Winnebago
CAP Services	Marquette, Outagamie, Portage, Waupaca, Waushara
Central Wisconsin Community Action Council, Inc.	Adams, Columbia, Dodge, Juneau, Sauk
Community Action, Inc.	Rock, Walworth
Couleecap, Inc.	Crawford, La Crosse, Monroe, Vernon
Lakeshore CAP, Inc.	Door, Kewaunee, Manitowoc, Sheboygan
NEWCAP, Inc.	Florence, Forest, Langlade, Marinette, Menominee, Oconto, Oneida, Shawano, Vilas
North Central Community Action Program, Inc.	Lincoln, Marathon, Rusk, Sawyer, Taylor, Wood
Northwest Wisconsin Community Services Agency, Inc.	Ashland, Bayfield, Douglas, Iron, Price
Racine Kenosha CAA	Kenosha, Racine
Southwestern Wisconsin Community Action Program, Inc.	Grant, Green, Iowa, Lafayette, Richland
West CAP	Barron, Burnett, Chippewa, Dunn, Pepin, Pierce, Polk, St. Croix, Washburn
Western Dairyland Economic Opportunity Council, Inc.	Buffalo, Clark, Eau Claire, Jackson, Trempealeau
UMOS ¹	Adams, Barron, Calumet, Columbia, Crawford, Dodge, Door, Eau Claire, Fond du Lac, Green Lake, Iowa, Jefferson, Manitowoc, Marathon, Marquette, Polk, Portage, Richland, Rock, Sheboygan, St. Croix, Walworth, Washington, Waupaca, Waushara, Winnebago, Wood
Energy Services, Inc. ²	Jefferson, Ozaukee, Washington

¹ DOA contracted with UMOS to provide outreach to approximately 2,500 farmworkers and educate them about program benefits and eligibility. UMOS did not award program funds.

² Energy Services, Inc., served as the primary entity that administered program services in three counties, and it provided certain program services statewide.

Appendix 2

Number of Individuals Waiting to Apply or in the Process of Completing Applications for the Emergency Rental Assistance Program, by Entity¹
 At Some Point in Time from February 2022 through March 2022

Entity	Number of Individuals		Total
	Waiting to Apply	In the Process of Completing Applications	
Energy Services, Inc.	700	5,681	6,381
ADVOCAP, Inc.	1,000	675	1,675
Racine Kenosha CAA	95	829	924
Lakeshore CAP, Inc.	776	49	825
Community Action, Inc.	0	781	781
Western Dairyland Economic Opportunity Council, Inc.	0	620	620
CAP Services	447	99	546
West CAP	151	72	223
NEWCAP, Inc.	42	77	119
Central Wisconsin Community Action Council, Inc.	7	63	70
Total	3,218	8,946	12,164

¹ Among the 10 entities we contacted, including 9 community action agencies and Energy Services, Inc.

Appendix 3

Emergency Solutions Grant Program Awards: CARES Act Funds

\$24.4 Million Awarded to 24 Coalitions

	Participating Entities	Counties Served	Amount Awarded
Balance of State Continuum of Care			
Brown	NEWCAP, Inc. (lead agency) Golden House House of Hope Green Bay, Inc. NEW Community Shelter Wise Women Gathering Place	Brown	\$ 2,166,100
Central	Renewal Unlimited, Inc. (lead agency) Central Wisconsin Community Action Council, Inc. Hope House of South Central Wisconsin, Inc. People Against a Violent Environment, Inc. Riven Haven Homeless Shelter	Adams, Columbia, Dodge, Juneau, Sauk	813,600
Coulee	Coulee Region YWCA (lead agency) Catholic Charities of the Diocese of La Crosse, Inc. Couleecap, Inc. Families First of Monroe County, Inc. Independent Living Resources The Salvation Army of La Crosse County	Crawford, La Crosse, Monroe, Vernon	1,073,800
Dairyland	Western Dairyland Economic Opportunity Council, Inc. (lead agency) Catholic Charities of the Diocese of La Crosse, Inc. Family Promise of the Chippewa Valley, Inc. Lutheran Social Services of Wisconsin and Upper Michigan, Inc.	Buffalo, Eau Claire, Jackson, Trempealeau	1,278,600
East Central	The Salvation Army of Stevens Point (lead agency) Mission of Hope House of Wisconsin, Inc.	Marquette, Portage, Waushara, Waupaca	604,000
Fox Cities	City of Appleton (lead agency) Pillars, Inc.	Calumet, Outagamie, Winnebago	793,900

	Participating Entities	Counties Served	Amount Awarded
Balance of State Continuum of Care <i>(continued)</i>			
Jefferson	Community Action Coalition for South Central Wisconsin, Inc. (lead agency)	Jefferson	\$ 375,000
Kenosha	Kenosha Human Development Services, Inc. (lead agency) Shalom Center Women and Children's Horizons	Kenosha	699,200
Lakeshore	Lakeshore CAP, Inc. (lead agency) The Haven of Manitowoc County, Inc. Lakeshore Interfaith Hospitality Network Lighthouse Recovery Community Center Manitowoc County Domestic Violence Center The Salvation Army Sheboygan County	Door, Kewaunee, Manitowoc, Sheboygan	888,400
North Central	North Central Community Action Program, Inc. (lead agency) Catholic Charities of the Diocese of La Crosse, Inc. HAVEN, Inc. The Salvation Army of Marathon County Wisconsin Rapids Family Center	Lincoln, Marathon, Wood	760,300
Northeast	NEWCAP, Inc. (lead agency) Safe Haven Shawano Area Matthew 25	Florence, Marinette, Menominee, Oconto, Shawano	629,000
Northwest	Northwest Wisconsin Community Services Agency, Inc. (lead agency) Harbor House Crisis Shelter Center Against Sexual and Domestic Assault Northwood Women	Ashland, Bayfield, Douglas, Iron, Price	753,600
NWish	NEWCAP, Inc. (lead agency) AVAIL, Inc. Northwoods Alliance for Temporary Housing, Inc.	Forest, Langlade, Oneida, Vilas	638,700
Ozaukee	Family Promise of Ozaukee County, Inc. (lead agency)	Ozaukee	572,000

	Participating Entities	Counties Served	Amount Awarded
Balance of State			
Continuum of Care <i>(continued)</i>			
Rock Walworth	YWCA of Rock County (lead agency) Community Action Inc. of Rock and Walworth Counties Family Promise of Greater Beloit Family Services of Southern Wisconsin and Northern Illinois, Inc. Legal Action of Wisconsin Mercy Health Walworth County Housing Authority	Rock, Walworth	\$ 1,782,400
Rural North	The Salvation Army of Burnett County (lead agency) Rusk County Lighthouse The Salvation Army of Rusk County Taylor County Supportive Housing	Burnett, Clark, Rusk, Sawyer, Taylor, Washburn	604,100
Southwest	Southwestern Wisconsin Community Action Program, Inc. (lead agency) Family Advocates, Inc.	Grant, Green, Iowa, Lafayette, Richland	329,700
Washington	Family Promise of Washington County, Inc. (lead agency) FRIENDS, Inc.	Washington	359,600
Waukesha	Housing Action Coalition of Waukesha County, Inc. (lead agency) Hebron House of Hospitality, Inc. Lutheran Social Services of Wisconsin and Upper Michigan, Inc.	Waukesha	614,900
West Central	West Central Wisconsin Community Action Agency, Inc. (lead agency) Benjamin's House The Bridge to Hope Family House L.E. Phillips Career Development The Salvation Army of Polk County The Salvation Army of St. Croix County Stepping Stones of Dunn County Turningpoint for Victims of Domestic and Sexual Violence	Barron, Chippewa, Dunn, Pepin, Pierce, Polk, St. Croix	1,359,600
Winnebago	ADVOCAP, Inc. (lead agency) Solutions Center	Fond du Lac, Green Lake, Winnebago	733,700

	Participating Entities	Counties Served	Amount Awarded
Dane Continuum of Care	City of Madison (lead agency) Briarpatch Youth Services, Inc. Lutheran Social Services of Wisconsin and Upper Michigan, Inc. Madison Area Care for the Homeless OneHealth Porchlight, Inc. The Salvation Army of Dane County Sankofa Educational Leadership United Tenant Resource Center Urban Triage YWCA Madison, Inc.	Dane	\$ 3,387,300
Milwaukee Continuum of Care	City of Milwaukee (lead agency) Cathedral Center, Inc. Community Advocates, Inc. Guest House of Milwaukee, Inc. Hope House of Milwaukee, Inc. Outreach Community Health Centers, Inc. Pathfinders Milwaukee, Inc. The Salvation Army of Milwaukee Sojourner Family Peace Center	Milwaukee	2,481,400
Racine Continuum of Care	Homeless Assistance Leadership Organization, Inc. (lead agency) Burlington Transitional Living Center HOPES Center of Racine County Legal Action of Wisconsin SAFE Haven of Racine Women's Resource Center	Racine	683,800
Total			\$24,382,600

Emergency Solutions Grant Program Awards: CARES Act Funds

\$7.0 Million Awarded to 21 Entities

Recipient	Counties Served	Award
Coulee Region YWCA	Jackson, La Crosse, Monroe	\$1,400,000
The Salvation Army of Dane County	Dane	700,000
Porchlight, Inc.	Dane	500,000
Wise Women Gathering Place	Brown	500,000
NEWCAP, Inc.	Brown	450,000
Renewal Unlimited, Inc.	Adams, Columbia, Dodge, Juneau, Sauk	450,000
Hope House of Milwaukee, Inc.	Milwaukee	400,000
The Salvation Army of Barron County	Barron, Polk, Rusk, Sawyer, Burnett	350,000
City of Appleton	Calumet, Outagamie, Winnebago	300,000
Family Promise of Greater Beloit	Rock, Walworth	300,000
Milwaukee County Housing Division	Milwaukee	300,000
Outreach Community Health Centers, Inc.	Milwaukee	300,000
Central Wisconsin Community Action Council, Inc.	Adams, Columbia, Dodge, Juneau, Sauk	200,000
Family Promise of Ozaukee County, Inc.	Ozaukee	150,000
House of Hope Green Bay, Inc.	Brown	150,000
Family Advocates, Inc.	Grant, Iowa, Lafayette	100,000
Family Services of Southern Wisconsin and Northern Illinois, Inc.	Rock	100,000
Lakeshore CAP, Inc.	Door, Kewaunee, Manitowoc, Sheboygan	100,000
Madison Area Care for the Homeless OneHealth	Dane	100,000
Manitowoc County Domestic Violence Center	Door, Kewaunee, Manitowoc, Sheboygan	75,000
Turningpoint for Victims of Domestic and Sexual Violence	Pierce, St. Croix	75,000
Total		\$7,000,000

Response



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary-designee

April 27, 2022

Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman:

On behalf of the Department of Administration (DOA), I would like to thank the Legislative Audit Bureau for its evaluation of the Wisconsin Emergency Rental Assistance Program (WERA) funded under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 and, the Emergency Solutions Grant-Coronavirus Program (ESG-CV) funded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The Department remains committed to our goal of quickly and efficiently providing assistance to eligible Wisconsin families in need while ensuring compliance with federal program rules. Steps have already been taken to address some of the recommendations identified in the report. Additionally, two recommendations involve details material to the report that were omitted prior to publication.

Page 14-15 – Self Attestations

As identified in the guidance promulgated by Treasury on February 22, 2021, May 7, 2021, June 24, 2021, and August 25, 2021, and in compliance with the Department's Treasury-approved program improvement plan, agencies are permitted to accept self-attestations of income and rental arrangements. Agencies are encouraged by Treasury to procure documentation of income and leases whenever possible. In the cases where a household is unable to procure a copy of income verification or a lease due to exigent circumstances, Treasury has allowed households to attest to their income and that they have entered into a legally binding lease agreement. The Department will add additional clarifying language regarding income and lease documentation to the program manual to clarify these requirements.

Page 18 – Assistance to Households in Entitlement Communities

Between March and July of 2021, in collaboration with the six local governments that received their own emergency rental assistance funds, the Department issued approximately \$1.7 million in benefits to address utilities arrearages. The Department provided detailed information regarding the households that received this benefit to each local government to enable each entity to avoid making duplicate payments for the same benefit and so households did not receive payments for longer than permitted by federal law.

Page 26 – Length of Payment Assistance

WERA eligible households may have received assistance from other state run and federally sponsored rental and/or energy assistance programs. For example, households may have been eligible for additional monthly payments under the WERA2 or LIHEAP programs. The Department is in the process of reviewing the Legislative Audit Bureau's findings on this topic and will ensure that payments were appropriate or will adjust future payments or require repayments as necessary. Additionally, in September of 2021, the Department implemented additional changes to the Home Energy Plus System consistent with the LAB's recommendation to ensure eligible households do not receive payments for longer than permitted by federal law.

The Department will implement the remaining recommendations made by the Legislative Audit Bureau to improve how WERA is administered, including by improving the program's application process, modifying the process for prioritizing applications for program benefits, and improving how the program is monitored. The Department will also implement the recommendations made to improve monitoring the ESG-CV grant recipients. Actions necessary to comply with the accepted recommendations will begin immediately. The Department will report to the Joint Legislative Audit Committee by August 26, 2022, on the efforts to implement the recommendations, will report the extent to which CARES Act funds for the ESG-CV program have been spent through June 2022, and will report the numbers of individuals and households served under ESG-CV through 2022.

Thank you again for your time and consideration in completing this report. I appreciate the opportunity to comment on your recommendations.

Sincerely,

A handwritten signature in black ink that reads "Kathy Blumenfeld". The signature is written in a cursive, flowing style.

Kathy Blumenfeld
Secretary-designee