



OFFICE OF THE INSPECTOR GENERAL MONTGOMERY COUNTY MARYLAND

MEGAN DAVEY LIMARZI, ESQ.
INSPECTOR GENERAL

COVID-19 Rental Assistance Programs

Montgomery County Department of Health and Human Services (DHHS) and
Housing Opportunities Commission (HOC)

OIG Publication # 22-004

October 8, 2021

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Why We Did This Review

At the time we initiated this review, the Montgomery County Council had appropriated almost \$24 million through three separate resolutions to provide rental assistance to residents negatively impacted by the COVID-19 pandemic. The appropriations funded the COVID-19 Rental Assistance Program (RAP), administered by the Housing Opportunities Commission of Montgomery County (HOC) and the COVID-19 Rental Relief Program (CRRP) administered by the Department of Health and Human Services (DHHS). Since then, an additional \$59 million has been dedicated to the CRRP program.

We conducted this review to determine (1) if vulnerabilities exist in either program that create opportunities for fraud or abuse, and (2) if specific instances of fraud or abuse were committed by applicants or other program participants.

What We Found

1. Processing errors were made that resulted in duplicate CRRP payments.
2. CRRP files contained evidence of obvious discrepancies that were not documented as being addressed prior to funds being awarded.
3. Award files did not contain documentation showing awardees met CRRP eligibility criteria.
4. CRRP award amounts were inconsistent with program guidelines.
5. Written guidance regarding the CRRP did not fully define eligibility criteria, documentation requirements, and award calculations for those exiting homelessness.

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BACKGROUND

In 2020, Montgomery County established two programs designed to provide rental assistance to County residents impacted by the Coronavirus 19 (COVID-19) pandemic. The COVID-19 Rental Assistance Program (RAP) administered by the Housing Opportunities Commission of Montgomery County (HOC) and the COVID-19 Rent Relief Program (CRRP) administered by the Department of Health and Human Services (DHHS) together have provided County residents the opportunity to obtain approximately \$83 million in rental assistance. While the RAP program has ended, the third phase of CRRP is currently underway and includes \$59 million in funding which was announced following the initiation of our review.

Rental Assistance Program (RAP)

The \$1.3 million RAP program was administered between May 2020 and March 2021 and provided \$1,112,400 in rental assistance payments¹ to tenants impacted by the COVID-19 pandemic. The program was initially intended to be funded using federal Department of Housing and Urban Development (HUD), Community Development Block Grant coronavirus (CDBG-CV) funds.² These funds were awarded to the Montgomery County Department of Housing and Community Affairs (DHCA) to provide rental assistance to low-income County residents. As DHCA does not typically administer rental programs, the County entered into a memorandum of understanding (MOU) with HOC to manage the program.

The eligibility criteria outlined in the MOU required an applicant to have an active lease for a residence in the County, documentation of County residency for a minimum of six of the past 12 months, a gross household income of no more than 80 percent of the Washington Metropolitan Area Median Income (AMI), and a loss of income or unexpected increase in expenses due to the COVID-19 pandemic. Eligible households received up to \$600 per month³ for a maximum of three months.

DHCA determined that there were too few qualified applicants in the initial round of awards because documentation requirements, including proof of income and a financial impact relating to the pandemic, were overly burdensome. As a result, DHCA requested and received approval from HUD to allow applicants to self-certify these criteria and amended their MOU with HOC in August 2020 to reflect this change. DHCA subsequently received updated and conflicting guidance from HUD that contained more stringent documentation requirements. DHCA found these new requirements to be unworkable and decided to use the County's Housing Initiative Funds (HIF) to cover the costs of the program. This change in funding allowed DHCA to maintain self-certification by applicants for many of the eligibility requirements.

¹ The total program cost includes housing assistance payments plus an additional \$189,938 in administrative costs and management fees.

² Funded by the Coronavirus Aid, Relief, and Economic Security (CARES Act).

³ In Phase 1 of the HOC RAP Program, households were approved for up to \$500 per month for up to three months. In Phase 2, the monthly benefit increased to \$600.

The County is currently in the process of amending its *Housing and Community Development Annual Action Plan* and intends to repurpose the HUD CDBG-CV funds to build a shelter facility. The DHCA Deputy Director stated that the change is allowable under CDBG-CV funding guidelines, and DHCA expects that the amended plan will be accepted by HUD.

COVID-19 Rental Relief Program (CRRP)

The CRRP, administered by DHHS Services to End and Prevent Homelessness, was established to provide short-term rental subsidies to low and moderate-income households in response to the pandemic. Since April 2020, \$81 million has been dedicated to CRRP. CRRP is divided into three Phases: Phase 1 funded by a \$2 million appropriation from the County General Fund Reserves; Phase 2 funded by \$20 million from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act; and Phase 3 funded by a \$59 million grant from the U.S. Department of Treasury's Emergency Rental Assistance Program. The Funding for Phase 3 is comprised of a \$31 million direct allocation to the County from the federal treasury and \$28 million provided by the State of Maryland from its program allocation.

Our review primarily focused on CRRP Phase 1 and Phase 2. The County government announced the launch of CRRP Phase 3 on April 15, 2021, after we had begun our review. At the time Phase 3 was announced, over \$16 million in Phase 1 and Phase 2 funds had been awarded to more than 4,000 County households.

Eligibility criteria in the first two phases required CRRP program recipients already occupying rental units within the County to prove County residency since at least February 2020, a household income at or below 60 percent of AMI,⁴ at least 40 percent of household income was being spent on rent,⁵ arrears in housing-related payments, and a COVID-related loss of income. In Phases 1 and 2, the eligibility criteria for those working to exit homelessness was less stringent, as they were only required to be receiving assistance from a DHHS homeless continuum of care service provider and provide identification and documentation showing that they had secured housing.

During Phases 1 and 2, households already in rental agreements were eligible to receive up to \$4,000 in benefits. For those working to exit homelessness, Phase 2 awards were not capped at a specific amount and could cover first month's rent, a security deposit, and up to five months additional benefit, potentially resulting in an award greater than \$4,000.

⁴ Initial CRRP income limits were lower than 60% AMI.

⁵ This threshold was initially higher and required households to be spending at least 50% of household income on rent.

Objectives, Scope, and Methodology

Through this review we attempted to determine (1) if vulnerabilities existed in either program that created opportunities for fraud or abuse, and (2) if specific instances of fraud or abuse were committed by applicants or other program participants.

We reviewed the implementation, administration, and modifications to eligibility requirements associated with both programs. This included a review of applicable policies, procedures, training, and processes.⁶ After utilizing data analytics to identify a sample of awards with increased fraud risk, we reviewed select applications and supporting documentation looking for indications of fraud, as well as compliance with applicable law, policy, and procedures. Our scope included all CRRP and RAP awards made prior to the initiation of our review.⁷

DHHS provided a spreadsheet showing 3,034 payments totaling \$13 million. We utilized a data analytics program to identify specific transactions with commonly identified high-risk fraud indicators. We also included a separate random sample of ten clients as an added control. This resulted in an overall population of 95 line items, 85 of which displayed potential fraud indicators. For this population, we requested payment information, program applications, reviewer case notes, and supporting documentation submitted by clients and landlords. We analyzed the information provided to ensure each applicant met the required eligibility criteria and that each file was processed in accordance with policy and the guidance provided to application reviewers.

For the RAP program HOC provided the OIG with data indicating they received a total of 1,244 applications, of which 606 applicants were awarded funds. HOC awarded a total of \$1,090,800 to eligible County renters. We used the same data analytics program to identify specific applications presenting high-risk fraud indicators, including similar email addresses for different clients, non-Montgomery County addresses, and comparable tenant and landlord names. We also added a separate random sample of ten applications as a control. This resulted in a population of 20 applications, 10 of which displayed potential fraud indicators. We requested and reviewed available documentation and application reviewer case notes for all 20 applicants to ensure each file documented that the applicant met program eligibility criteria

Our review was conducted between January and July 2021 in accordance with the *Association of Inspectors General Principles and Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General* (May 2014).

⁶ While the scope of our review generally includes awards made prior to the start of our engagement, for the DHHS CRRP we extended our scope to include policies, procedures, and training materials through May 2021.

⁷ For CRRP, we utilized spreadsheets of program clients provided by DHHS on February 8, 2021. For RAP, we utilized spreadsheets provided by HOC on December 21, 2020.

FINDINGS AND RECOMMENDATIONS

The CRRP and RAP share similarities that can create program vulnerabilities and opportunities for fraud. Both programs were funded with considerable resources, allowed for thousands of dollars in payments to applicants, were actuated in a short period of time, and largely relied on unvetted information provided by applicants as the basis of awards. Our review sought to uncover fraud and whether vulnerabilities existed in the programs that allowed for fraud to occur. Accordingly, we evaluated the total population of unique awards against known fraud indicators and developed a list of suspect awards. We then reviewed information obtained by the County in support of the suspect awards to attempt to validate eligibility decisions.

We ultimately found no specific instances of fraud within our tested samples but are careful to note that both programs' reliance on applicant-provided (self-certified) information made it difficult to identify intentional misrepresentations. Therefore, we cannot definitively conclude that fraud did not occur in the relevant programs. The County's conscious decision to rely on self-certified information may have facilitated the expeditious processing of applications and made it easier for those without formal documentation to qualify for awards, however, this decision may have also allowed unscrupulous individuals to exploit the relaxed documentation requirements and commit fraud.

Our review found administrative issues with the management of both programs. In the RAP we found one file that was missing a document required to support an award. We presented our observation to HOC and were assured that the missing document was subsequently added to the file. We found issues with CRRP application processing, improper payments, and documentation of award criteria for recipients who were occupying housing. Additionally, in our review of CRRP awards, we found that DHHS' incomplete written guidance with respect to defining criteria, documentation requirements, and award calculations specifically for those exiting homelessness resulted in processing discrepancies. We presented our observations to DHHS and provided them the opportunity to produce additional support which did not resolve these issues.

Our observations lead us to conclude that DHHS did not maintain fundamental controls, such as upholding defined criteria and maintaining written policies, that would have reduced subjectivity in award processing and limited improper awards while minimizing the opportunity for fraud. We are mindful of DHHS' important role in expediting rental assistance to those in need, but DHHS also has a responsibility to prevent waste and abuse while administering assistance programs.

Our conclusions and recommendations related to the overall deficiencies with the administration of the CRRP are consistent with what we and the Council of Inspectors General on Integrity and Efficiency's (CIGIE) Pandemic Response Accountability Committee (PRAC) have observed in other COVID-19 related grant programs. In 2020, after examining the County's administration of the Public Health Emergency Grant Program (PHEG), we published a bulletin, *Lessons Learned from County COVID-19 Grant Programs*, in which we made five recommendations aimed at strengthening County grant programs. See Appendix B. Our recommendations included

suggestions to clearly define and communicate eligibility criteria and provide sufficient training to application processors.

In a report published by the PRAC in August of 2021 summarizing lessons learned in the oversight of Pandemic Relief Funds, they noted that pandemic related assistance programs are highly susceptible to fraud. They presented five lessons learned from the more than 275 oversight reports written from across the federal inspector general community. Among their observations was that self-certified information needs to be validated before payments are sent and that recipients need clear guidance to get benefits out efficiently and accurately. We are mindful of DHHS' important role in expediting rental assistance to those in need, but DHHS' policy shortcomings, processing errors, and application of less stringent documentation requirements, coupled with the acceptance of elevated risk, enhance program vulnerabilities and the potential for inequities in CRRP awards. This failure to maintain proper controls can lead to waste and mistrust in the County's stewardship of public funds.

DHHS CRRP Program Vulnerabilities

We identified 22 award recipients from our population whose CRRP benefits did not appear to be processed in accordance DHHS guidance. Specifically, we observed discrepancies with information provided by applicants that did not appear to have been addressed prior to award; approved awards that did not have evidence to support that awardees met award criteria; award amounts that were inconsistent with calculation guidelines; duplicate payments; and awards incorrectly charged to the CRRP program.

Finding 1: Processing errors were made that resulted in duplicate CRRP payments.

We identified two CRRP award recipients that appeared to receive duplicate awards. DHHS confirmed that the payments were made in error and escaped detection because both recipients had duplicate profiles in the DHHS enterprise case management system (eICM). The eICM system provides DHHS client history and concurrent service activity information and is used to process client awards for CRRP as well as other DHHS service areas. Each client should only have one unique profile in the system, as the existence of multiple eICM profiles for the same client can result in improper payments. Prior to creating a new client profile, staff is expected to verify whether the client already exists in the eICM system.

Despite this process, the two recipients identified by the OIG were each paid twice, totaling \$8,000 in overpayments. In one of the cases, DHHS reported that the applicant applied for assistance twice, once through MC311 and then completed an online application. For the other recipient, DHHS stated that the team matching applications to eICM profiles should have caught the duplicate record and therefore prevented the second payment.

Recommendation 1

We Recommend DHHS

- (a) Provide additional oversight of payments to ensure they are not making duplicative payments.
- (b) Seek recoupment of funds erroneously paid to CRRP awardees.

Finding 2: CRRP files contained evidence of obvious discrepancies that were not documented as being addressed prior to funds being awarded.

OIG staff found that three of the CRRP applicant files in our sample contained obvious discrepancies or conflicting information that did not appear to have been addressed by processors prior to awarding funds. All three applicants were awarded the maximum payment of \$4,000. The following describes the specific instances we discovered in our review:

1. For one applicant, the driver's license provided displayed a Howard County address and the rent ledger indicated a move-in date of April 2020. This conflicted with the applicant's self-certified statement that they had resided in Montgomery County since February 2020, a program requirement. Additionally, the applicant stated that they had no income, but then included a recent paystub showing employment. None of these discrepancies were addressed in the file documents or the reviewer case notes.
2. In another file we reviewed, there was no connection between the CRRP applicant and the rent ledger provided. We noted that the applicant submitted a rent ledger that did not have their name on it. Additionally, the landlord listed on the application did not match information included on the rent ledger.
3. For the third applicant, the applicant stated that their work hours were cut to part-time, but in the same application they claimed no income in the past 30 days. There was no indication application reviewers asked about the conflicting information.

These discrepancies should have been reconciled and documented in the file prior to making an award determination. Although not formalized in policy, CRRP application reviewers were told during training to not question the facts presented by an applicant unless the application materials themselves included a discrepancy or conflicting information. For example, application reviewers were specifically told that if an applicant presented information that was contradictory, such as listing two different incomes, the reviewer should take additional steps to verify the information and the applicant's eligibility.

In discussing these observations with DHHS they acknowledged that reviewers should have done more to address the discrepancies in the case file. As the discrepancies we identified do not appear

to have been addressed prior to award, we cannot conclude that these applicants were eligible for the funds received.

Recommendation 2

We Recommend DHHS

Develop written policy requiring that all reviewers document the resolution of any discrepancies prior to the awarding of funds.

Finding 3: Award files did not contain documentation showing awardees met CRRP eligibility criteria.

We found five CRRP awards whose corresponding files lacked documentation showing that awardees met the criteria required to receive an award. These included applications in which a self-certification was signed by someone other than the applicant; photographic identification was missing or included a name that did not match the application; residency requirements were not documented in accordance with the written guidance⁸; and a rent ledger did not indicate rental expenses that were in arrears. In discussing these specific findings, DHHS acknowledged that given the volume of applications processed it was likely that errors occurred and they did not provide documentation that refuted our observations. Without evidence that the awardees met eligibility criteria, we cannot conclude that these funds were properly awarded.

DHHS recently implemented a new application portal, Unqork Rental Relief Platform, to provide a better workflow process including (1) the direct receipt of applications and associated materials from both applicants and landlords, (2) prompts that guide reviewers through application criteria, checklists, and requirements, (3) an audit trail, and (4) the ability to produce reports required by the federal government. DHHS explained that the new system requires reviewers to proceed through the complete eligibility checklist prior to award and allows reviewers to input notes and flag applications as necessary. The accuracy of the information is still dependent on correct staff inputs and review. DHHS should continue to provide training and oversight to ensure that staff follow established procedures and are diligent in their processing of applications.

Recommendation 3

We Recommend DHHS

Ensure that all award criteria are met and the supporting evidence is documented prior to payment.

⁸ CRRP applicants currently in housing were required to self-certify or provide documentation demonstrating County residency since February 2020 to receive a CRRP benefit.

Finding 4: CRRP award amounts were inconsistent with program guidelines.

We identified 12 awards in our sample in which the amount paid was inconsistent with CRRP guidance. We specifically found that DHHS made a calculation error, incorrectly attributed awards to CRRP, awarded excessive funds based on a subjective interpretation of residency status, and offset awards with benefits received from other DHHS programs.

We identified one client for which DHHS made an error in calculating the total amount of the security deposit plus the first month's rent. It appears this client may have been entitled to an additional \$1,005 in funding.

We also observed that payments to five award recipients did not comport with applicable CRRP guidance. When we discussed these payments with DHHS, we learned that four of the five questioned payments were incorrectly charged to the CRRP program and one was credited to the correct program but mistakenly included on the payments spreadsheet provided to the OIG. DHHS reported that following the discussion with OIG staff, they started the process to reconcile the discrepancies for some of the payments.

We further determined that three households exiting homelessness obtained a full benefit⁹ even though records did not support that they met residency requirements for the level of benefit provided. To reach our conclusion, we utilized criteria articulated by DHHS as guidance regarding how to establish residency for those exiting homelessness since the process was not formally documented. According to DHHS, residency for this population may be confirmed through records showing receipt of services through the DHHS homeless continuum of care (length of time being served by homeless services partners), presence in the County shelter system, or alternatively through presentation of identification displaying a Montgomery County address, and/or proof of recent housing in Montgomery County (utility bill, entitlement benefits, address of record, etc.). We discussed our conclusions with DHHS who explained that documenting residency for this population is very challenging and the reviewers used the information available to them to determine residency as best they could. A lack of written guidance regarding determination of residency may have contributed to the difference between the OIG and DHHS conclusions.

Lastly, we observed that three households exiting homelessness received a CRRP benefit in addition to a housing subsidy from another DHHS program. DHHS reported this was done to leverage other available funding sources. In each case, the CRRP benefit awarded was less than expected as DHHS apparently reduced the benefit by the amount received through the other program. This appears to have been done so that landlords were not paid more rent than was owed for the benefit period. This method of reducing the CRRP benefit based on other DHHS

⁹ A full benefit for client's exiting homelessness includes a security deposit, first month's rent, plus an additional 5 month's rent not to exceed \$4,000. According to DHHS, clients exiting homelessness were eligible for a full benefit only if they could demonstrate County residency since at least February 2020.

subsidies provided was not addressed in the materials provided or the guidance articulated by DHHS.

Recommendation 4

We Recommend DHHS

Ensure that award calculation methodologies for all awardee populations are documented in written policy and updated when the methodology or criteria is changed.

DHHS CRRP Policy Deficiencies

In general, we found that DHHS lacked formal, written policy concerning the processing, awarding, and calculation of CRRP benefits for households working to exit homelessness. Written guidance provided to the OIG specifically described eligibility criteria, documentation requirements, and award calculations for those applicants already in housing, including identity, residency, COVID impact, income, and rental arrears. However, this was not always the case for those CRRP recipients working to exit homelessness.

Finding 5: Written guidance regarding the CRRP did not fully define eligibility criteria, documentation requirements, and award calculations for those exiting homelessness.

DHHS did not formally define all eligibility criteria, the documentation required to be retained in client files, or changes to award calculation methodologies for those exiting homelessness. For example, DHHS reported that households exiting homelessness were required to be receiving assistance from a DHHS homeless continuum of care service provider to be eligible for a CRRP program benefit.¹⁰ This requirement though was not discussed in any of the CRRP guidelines and policy documents.

Similarly, DHHS reported that less stringent documentation requirements applied to clients exiting homelessness. These documentation requirements were also not formalized in written policy or discussed during training. This appears to have resulted in a misunderstanding about what documentation was required to establish identity and whether proof of income was required. In an attempt to resolve the confusion, DHHS subsequently clarified these requirements through an email to staff stating that only photographic identification and evidence that the client had secured housing was required.

We also observed a failure to update policy regarding a change to how benefits were calculated for those exiting homelessness. Initially, the calculation of benefit was based on income, but later modified to be based solely on residency and rent amount. According to DHHS, the total benefit

¹⁰ According to DHHS management, those receiving services from homeless continuum of care service providers include households served in County shelters and those assisted by the DHHS street outreach team which provides case management and supportive services for individuals living on the street but not coming into shelter.

available to those exiting homelessness was dependent on a client's ability to demonstrate County residency since February 2020. Those that met this criteria were entitled to first month's rent, a security deposit, plus an added five month's rental assistance not to exceed an additional \$4,000. Those who could not demonstrate County residency since February 2020 were entitled only to first month's rent plus security deposit.

Specific guidance regarding how to establish County residency for those exiting homelessness was also not formally documented. In fact, DHHS's description of how benefits were calculated for those exiting homelessness conflicts with written policy which appears to prohibit CRRP grants to those who cannot provide appropriate evidence of County residency since at least February 2020. A lack of clearly defined criteria that explains how to verify residency for this population allows for the subjective application of policy and could lead to inequitable awards.

As noted above, our review focused on Phases 1 and 2, however we expanded the scope in this one area to determine if the noted concerns regarding documenting policy have already been addressed in the next iteration of the program. We found that although DHHS created a new policy to cover the receipt and processing of applications in Phase 3, the policy continues to lack complete and specific guidance related to those exiting homelessness. US Department of Treasury Emergency Rental Assistance (ERA) guidance governing Phase 3 funds requires that grantees (the County) document their policies and procedures for determining a household's eligibility for awards. While Phase 3 funds are not currently being used to provide benefits to those exiting homelessness,¹¹ we strongly caution DHHS to address policy shortcomings prior to utilizing ERA funds for this population.

In October 2020, the OIG published *Lessons Learned from County COVID-19 Grant Programs* which recommended that the County clearly define and communicate all eligibility criteria when establishing grant programs. We noted in our review that DHHS did not fully define and communicate all program requirements for those exiting homelessness. We again emphasize the point that all eligibility criteria must be clearly defined and communicated for all grant programs.

Recommendation 5

We Recommend DHHS

Ensure that written policy clearly delineates all requirements and processes used to determine eligibility and awards for those exiting homelessness.

¹¹ On July 27, 2021, a DHHS manager wrote that CRRP Phase 2 funding sources continue to be used to provide benefits for those exiting homelessness.

OIG COMMENTS TO CAO RESPONSE

The County Chief Administrative Officer's response to our report is included in its entirety in Appendix A. The response notes general concurrence with the OIG's recommendations. Nothing in the response caused us to alter our report.

It is important to reiterate that this OIG review examined awards, policies and processes in place for the administration of phases one and two of DHHS's rental assistance programs. In response to our observations and discussions with DHHS staff we examined whether initial policy changes enacted for Phase 3 would address our concerns about policy deficiencies relating to those exiting homelessness. At that time, we noted that DHHS policy lacked complete and specific guidance related to those exiting homelessness.

The CAO's response states that current policies and procedures address many of the concerns raised by the OIG. Pursuant to our request, the CAO provided copies of those materials. In assessing those updates, we observed many changes, including some reflecting discussions with OIG staff during the review. We also observed instances where further clarity and direction is still needed to close off vulnerabilities identified in our review. We ask that DHHS continue to revisit and update policy to increase accountability and reduce waste and inefficiency.

We will monitor DHHS's progress in addressing vulnerabilities with rental assistance programs through the Internal Auditor's report on corrective actions which, in accordance with County Code §2-25A, is expected in September of each year. We will also add a follow-up review to future project considerations.

APPENDIX A: CAO Response



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

October 6, 2021

TO: Megan Davey Limarzi, Esq., Inspector General

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

SUBJECT: OIG Confidential Draft Report – COVID-19 Rental Assistance Programs

Thank you for the opportunity to respond to the issues identified in the draft report. We are pleased that the review conducted by your office found no specific instances of fraud even among the group of cases examined, which OIG had specifically chosen as being at high risk of fraud. We recognize the risks inherent to any program where awards to program recipients relies on unvetted self-certified information provided by applicants. As further noted in the report, the decision to rely on such information enabled the programs – the intent of which was to provide rental assistance to low-income residents who might otherwise be at increased risk of homelessness – to provide timely assistance to such individuals without undue delays. The program has worked to balance expediting benefits to clients with accountability, the County's fiduciary responsibility, and the need to comply with Treasury guidelines to ensure we remain eligible for additional rounds of Federal funding. Since we have met our Federal target requiring for the spending down of funds, we will be able to access more Federal assistance to serve the residents of Montgomery County. While the programs were designed to minimize the associated risk, we acknowledge the potential risk exposure to the County in the review and award process, and appreciate the review and recommendations provided by your office.

Recommendation 1(a): We recommend DHHS provide additional oversight of payments to ensure they are not making duplicative payments.

CAO Response: We have already instituted additional oversight, as noted below. It is important to point out that the existing processes used by DHHS already check for duplicates at least three times. Since many County residents erroneously believed that this program was a lottery and that duplicate applications increased their odds of being chosen, we received a considerable number of duplicate applications. Therefore, the process used by the program starts with a deliberate search for duplicates to cull out the many duplicate

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applications. Second, before a case is assigned to a caseworker, a search of eICM is done to identify potential duplicate clients. This step is repeated prior to being submitted for final review and payment. Third, before a payment can be submitted for approval, we perform a check for duplicate payments on the same case. This third step of error checking was instituted during phase 3 of the program, which is after the sample that OIG examined. It is always a priority for DHHS that clients have a single, unified record since that helps us provide unified and coordinated services to residents. DHHS believes that we have instituted multiple error checking processes within the Rent Relief Program, and we already do periodic searches in eICM for duplicate clients. We can and have done periodic searches for duplicate payments for a single client, and DHHS will look at doing those searches more often.

Recommendation 1(b): We recommend DHHS seek recoupment of funds erroneously paid to CRRP awardees.

CAO Response: At this time, we do not believe that it is cost-effective to attempt to recoup these payments directly. The amount of resources that would be required to attempt recoupment outweighs the potential benefit. Second, to have qualified at all to receive benefits under this program, recipients had to have been under considerable financial strain. The amount of the duplicate payment is not enough to have resolved their financial challenges, and it is possible that they may qualify for additional benefits in later rounds of the program. We will take any duplicate payment into consideration as part of any subsequent payments for which the individual qualifies.

Recommendation 2: We recommend DHHS develop written policy requiring that all reviewers document the resolution of any discrepancies prior to the awarding of funds.

CAO Response: This requirement is already addressed in the written policies and procedures document used by staff during the current phase. We have reminded staff of the importance of documenting these matters. It is important to note that the parameters and guidance from Treasury for this program change frequently. The policies and procedures DHHS have developed for this program are also having to evolve constantly. Thus, the policy and procedure document OIG reviewed is not the most current version.

Recommendation 3: We recommend DHHS ensure that all award criteria are met, and the supporting evidence is documented prior to payment.

CAO Response: While we concur that having a complete record is important and that award criteria should be met, given the variety of literacy levels, cultural norms, poverty rates, and immigration status that exists among eligible residents, it is important for our processes and expectations to take these variations into account. This sometimes means that documentation may not be “perfect” or entirely clean. It is reasonable, however, to expect the case file to reflect the logic and reasoning that led to a determination of eligibility, and we will work to ensure the case files contain such documentation.

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Recommendation 4: We recommend DHHS ensure that award calculation methodologies for all awardee populations are documented in written policy and updated when the methodology or criteria is changed.

CAO Response: We concur with this recommendation, and as noted above, the policy and procedures for this program have been updated since the version examined by the OIG.

Recommendation 5: We recommend DHHS ensure that written policy clearly delineates all requirements and processes used to determine eligibility and awards for that exiting homelessness.

CAO Response: We concur with this recommendation, and as noted above, the policy and procedures for this program have been updated since the version examined by the OIG.

Thank you for bringing these matters to our attention.

cc: Fariba Kassiri, Deputy Chief Administrative Officer
Dr. Earl Stoddard, Assistant Chief Administrative Officer
Bill Broglie, Internal Audit Manager
Dr. Raymond Crowel, Director, DHHS
Vickie Buckland, Chief Operating Officer, DHHS
Amanda Harris, Chief of Services to End and Prevent Homelessness, DHHS

APPENDIX B: *Lessons Learned from County COVID-19 Grant Programs*



Office of the
INSPECTOR GENERAL
Montgomery County, Maryland

**COVID-19 SPENDING
OVERSIGHT**

LESSONS LEARNED FROM COUNTY COVID-19 GRANT PROGRAMS

COVID-19 ASSISTANCE EFFORTS

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To date, the CARES Act has provided \$183 million in aid to Montgomery County to assist with COVID-19 related relief programs.

As of September 18, 2020, Montgomery County has appropriated over \$163 million in response to the COVID-19 pandemic.

PHEG PROGRAM

Through the Public Health Emergency Grant (PHEG) Program, the County Council appropriated \$25 million from the general fund's undesignated reserve to assist local businesses that could demonstrate significant financial loss caused directly or indirectly by the public health emergency.

On April 15, 2020, the County Executive published temporary regulations for the PHEG. The regulations detailed eligibility criteria, funding limits, method for calculation of revenue loss, grant limits, and additional requirements.

PHEG Statistics:

Applications Received:	6,754
Approved applications:	2,345
Total funds Obligated:	\$20.95M

The Montgomery County Office of the Inspector General (OIG) initiated a review of Montgomery County's Public Health Emergency Grant (PHEG) Program to determine whether adequate policies, procedures, and controls were in place to efficiently and effectively manage the administration of PHEG awards. Though the review is still on-going, we noted several opportunities to help strengthen current and future County grant programs.

RECOMMENDED ENHANCEMENTS

- Clearly define and communicate eligibility criteria
- Avoid changes to eligibility criteria and processing methodology
- Provide sufficient training to application processors
- Consider implementing an application tracking system
- Require applicants to attest that information provided is true

CLEARLY DEFINE AND COMMUNICATE ELIGIBILITY CRITERIA

Grant administrators should clearly define eligibility criteria well in advance of accepting grant applications. Opening grant programs without clearly defining eligibility criteria will minimize the effectiveness of assistance efforts, lead to errors in processing applications, and potentially lead to eligible applicants being denied assistance.

Grant administrators should also make every effort to communicate eligibility criteria to as broad of a segment of the affected population as possible in order to ensure that all qualified applicants are given an equal opportunity to apply.

LESSONS LEARNED FROM COUNTY COVID-19 GRANT PROGRAMS

AVOID CHANGES TO ELIGIBILITY CRITERIA & PROCESSING METHODOLOGY

Grant administrators should avoid changing eligibility criteria and processing methodology after a program has started accepting applications. In progress changes can result in potentially qualified applicants missing the opportunity to apply, applicants failing to provide required documentation, and processors making errors in award decisions.

If modifications occur, they must be properly communicated to the affected population and to application processors. Grant administrators should also consider extending application deadlines or reopening applications, to ensure affected populations have time to adjust to the changes.

CONSIDER IMPLEMENTING AN APPLICATION TRACKING SYSTEM

Grant Administrators should consider implementing a real-time application tracking system to provide applicants with the status of their application. For varying reasons, applications can often take longer to process than anticipated by applicants. The perceived delay can be a source of stress for those suffering as a result of public emergencies. Presumably, many applicants desperately need the financial assistance provided by the grants. Providing a mechanism for applicants to check the status of their application may help alleviate some unease and allow them to formulate other plans.

PROVIDE SUFFICIENT TRAINING TO APPLICATION PROCESSORS

Grant administrators should provide application processors with sufficient training to allow them to make proper award/eligibility decisions. The training should include information about the purpose of the grant program; eligibility criteria; an explanation of required documentation and relevance, including where to find support for eligibility; a discussion of unique circumstances affecting eligibility; and direction to document all communications with applicants, including uploading all emails into the database used to process applications. To avoid personal bias from affecting award decisions, application processors should also be discouraged from using personal discretion when evaluating applications. Insufficient training for application processors and the allowance of personal discretion can lead to the utilization of inconsistent and improper evaluation methods and result in erroneous payments, improper denials, and biased decisions.

REQUIRE APPLICANTS TO ATTEST THAT INFORMATION PROVIDED IS TRUE

Grant administrators should require applicants to certify that the information they provide is true and correct. They should also advise applicants that they may be prosecuted, required to refund grant moneys, and or pay penalties as a result of any false statements. Both actions will help to discourage would-be fraudsters and enable the County to seek prosecution and restitution should intentional wrongdoing be discovered.

REPORT FRAUD, WASTE, AND ABUSE



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<http://montgomerycountymd.gov/oig/hotline.html>

