



May 25, 2022

## **Pandemic Housing Relief – Property Owner Preservation Program – Status Report**

Members of the Legislative Audit Committee:

Attached is the status report from the Division of Housing (Division) on the implementation of recommendations contained in the Office of the State Auditor's (OSA) October 2021 *Pandemic Housing Relief – Property Owner Preservation Program Performance Audit*.

### **OSA Review of Documentation**

As part of the status report process, we requested and received supporting documentation for each recommendation that the Division reported as having been implemented. Specifically, we reviewed the following documentation:

- The Division's written guidance to staff regarding fees allowed to be paid by the Emergency Rental Assistance Program.
- Documentation related to the Division's follow up on overpayments identified in the audit, including refund request letters, updated ledgers, and payment refunds.
- Documentation demonstrating periodic review of Emergency Housing Assistance Program files, to ensure staff obtained necessary documentation to substantiate payment requests and housing tenancy (e.g., lease or other documentation), and that tenants are notified of payment.
- The Division's written procedures outlining staff roles and responsibilities related to tenant notifications.

Based on our review, the supporting documentation substantiates the Division's reported implementation status.



May 16, 2022

Kerri L. Hunter, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

**RE: Response letter Pandemic Housing Relief - Property Owner Preservation Program**

Dear Auditor Hunter:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the Pandemic Housing Relief - Property Owner Preservation Program. The report provides a brief explanation of the actions taken by the Division of Housing in the Department of Local Affairs to implement each recommendation.

If you have any questions about this status report and the DOH/DOLA's efforts to implement the audit recommendations, please contact Alison George at 303.913.5920 or [alison.george@state.co.us](mailto:alison.george@state.co.us).

Sincerely,

Alison George  
Division Director



## Audit Recommendation Status Report

<b>Audit Name:</b>	Pandemic Housing Relief - Property Owner Preservation Program
<b>Audit Number:</b>	2153P
<b>Agency:</b>	Division of Housing – Department of Local Affairs
<b>Date of Status Report:</b>	May 16, 2022

### Section I: Summary

Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
1	Agree	February 2022	IMPLEMENTED	
2A	Agree	November 2021	IMPLEMENTED	
2B	Agree	November 2021	IMPLEMENTED	

## Section II: Narrative Detail

### Recommendation 1

The Division of Housing at the Department of Local Affairs should ensure that housing assistance funds are used as intended and payments are accurate by implementing sufficiently-detailed payment review procedures, including written guidance to staff on the appropriate methods to verify eligible expenses when processing applications. Additionally, the Division should follow-up on the overpayments identified during the audit and request that the funds be returned by property owners, as applicable.

**Current Implementation Status**

IMPLEMENTED

**Current Implementation Date****Status Update Narrative**

The POP program is no longer in operation. The Division of Housing (DOH) has implemented written guidance for staff regarding the eligibility of fees and verification of eligibility for the Emergency Rental Assistance (ERA) Program. The guidance can be found in three primary documents used in the ERA Program, United States Treasury FAQ's, Emergency Rental Assistance Guidelines, and the Application Review Policies and procedures. These documents specifically detail what are considered eligible fees in the program. In addition, all administrators of this program are subgrantees or contractors who are trained by the DOH staff on a weekly or biweekly basis via virtual meetings to relay all information. All subgrantees and contractors are contractually obligated to follow all procedures and are subject to monitoring to ensure full compliance.

The DOH researched and followed up with the vendors identified as having received an overpayment to request the funds be returned.

To date, all overpayments have been refunded or it was determined it was appropriately credited with the exception of three payments. For these three, demand letters have been sent, and until the outstanding payment is made, the landlord will not be able to participate in the DOH programs. Eventually any that remain will be sent to collections using one or more of the five collections services under contract with the State to do so according to DPA.

**Recommendation 2A**

The Division of Housing at the Department of Local Affairs should ensure that it has sufficient controls in place to reduce the risk of noncompliance with its rental assistance program requirements by:

- (a) Periodically monitoring approved payments to ensure that staff (i) obtain a signed rental agreement before approving rental assistance payments or (ii) follow applicable guidance on what documentation is needed to substantiate payment, if different.

**Current Implementation Status**

IMPLEMENTED

**Current Implementation Date****Status Update Narrative**

The POP program is no longer in operation. The Division of Housing (DOH) administers emergency rental assistance through the federally funded Emergency Rental Assistance (ERA) Program. The DOH conducts regular monitoring of files to ensure that staff reviews documentation content to confirm housing tenancy (lease or similar) and that the rental assistance requested by the tenant is consistent with the rental amount contained in the lease/tenancy agreement and rental ledger.

**Recommendation 2B**

The Division of Housing at the Department of Local Affairs should ensure that it has sufficient controls in place to reduce the risk of noncompliance with its rental assistance program requirements by:

- (b) Implementing written procedures outlining the Division’s process and staff roles and responsibilities for sending tenant notifications, and periodically monitoring to ensure that the notifications have been sent.

**Current Implementation Status**

IMPLEMENTED

**Current Implementation Date**

**Status Update Narrative**

The POP program is no longer in operation. The Division of Housing (DOH) administers emergency rental assistance through the federally funded Emergency Rental Assistance (ERA) Program. The DOH has implemented written procedures outlining process and staff roles and responsibilities for sending tenant and landlord notifications. Specifically, the Emergency Rental Assistance (ERAP) Guidelines require a minimum of three documented attempts by different communication methods with the landlord to encourage landlord participation.

For participating landlords, the landlord and tenant are both sent most communications (excluding communication that contains PII), including the approval email, outlining the months of assistance being provided. Many of these notifications are automatic and sent by the ERA Program software system, Neighborly. To ensure compliance with tenant and landlord notifications, the DOH conducts routine monitoring of files and any non-compliance with this requirement would be remedied. To date, there have been no known errors with tenant/landlord notification(s) sent either manually or automatically.

Most communication from the tenant and landlord is housed in the ERA Program software system, Neighborly. There is a certification page each reviewer must complete certifying the following, as outlined in the HR133 ERA Training and Monitoring Plan:

- 4. Confirmation that the property owner/landlord agreed to the terms and conditions of the Program (eviction limitations, release of judgments, correctness of information provided, information sharing, consequences of false statements, etc.)