



DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

November 15, 2022

To: The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed audit of the Emergency Rental Assistance 2 Program (Part 1) provided by the American Rescue Plan Act (ARPA). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Principles and Standards for the Offices of Inspector General.

The audit includes the emergency rental payments processed for the period from October 1, 2021 to June 6, 2022.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Bill Carroll".

Bill Carroll, CPA, CFE, CIG, CIGA
Inspector General
Division of the Inspector General

Approved by:

A handwritten signature in black ink, appearing to read "Grant Maloy".

Honorable Mr. Grant Maloy
Clerk of the Circuit Court and Comptroller
Seminole County

Audit of
American Rescue Plan Act (ARPA)
Emergency Rental Assistance – Part 1

Report No. 080522

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Audit of
American Rescue Plan Act (ARPA)
Emergency Rental Assistance 2
Part 1
Report No. 080522

HONORABLE GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

Bill Carroll, CPA, CFE, CIG, CIGA
Inspector General

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Executive Summary

The following Executive Summary provides a high-level synopsis of: 1) why the audit was performed; 2) the audit objectives, and; 3) the results of the audit.

Why was the audit performed?

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. This provided an additional \$11,273,071.80 to Seminole County for emergency rental assistance. The County is required to adhere to federal, state, and county guidelines.

What are the objectives for the audit?

The objectives of the audit were: 1) to determine if the system of internal administrative controls is adequate, and effective; and 2) to verify that the County was following federal, state, and county laws, regulations, policies, and procedures.

What were the results of the audit?

Seminole County is following federal, state, and county laws, regulations, and guidelines. The County is successfully implementing the rental assistance program. The County processed approximately \$4.2 million dollars in assistance between October 1, 2021 and June 6, 2022.

The audit included statistically testing applications for proper supporting documentation.

One applicant exceeded the maximum assistance guidelines. This issue is discussed in the report that follows.

Background

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law by President Biden. The Act provided nearly \$22 billion in assistance for state and local governments throughout the United States through the Emergency Rental Assistance Program (ERA2). This funding is to assist eligible households that have difficulty making payments of rent and utilities due to the COVID-19 pandemic. Seminole County was allocated \$11,273,071.80.

At least 85 percent of the \$11,273,071.80 in federal funds must be used for rent, rental arrears, utilities and home energy costs, utilities and home energy arrears, and other expenses related to housing incurred directly or indirectly due to the pandemic.

The remaining 15 percent of the funds (or \$1,690,960.77) may be used for housing stability services, including case management or other affordable rental housing and eviction prevention activities. This audit included the payments from October 1, 2021 through June 6, 2022.

<u>Purpose</u>	<u>Disbursed from October 1, 2021 through June 6, 2022</u>	<u>Total Fund Allocation (\$)</u>
Individual Assistance (ERA2)	≈\$4.20 million	>= \$9.58 million
Administrative Services	≈\$0.90 million	<= \$1.69 million
Total	≈\$5.10 million	\$11.27 million

The County contracted with Ernst & Young LLP (EY) to review applications for funding requests and to provide completed review packages to County officials for funding decisions. The contract for this ERAP is combined with ARPA mortgage and small business assistance.

Between October 1, 2021 and June 6, 2022, approximately \$4.2 million was paid to individuals for rental assistance. During this same period, more than four thousand individuals were either paid, denied, or had not completed the application process (drafts). The application status breakdown is noted below.

<u>Status</u>	<u>No. of Individuals – Part 1</u>
Paid	619
Denied	828
Drafts	2,737
Total	4,185

The results of the audit are included in the report that follows.

Audit Objectives

The objectives of the audit were: 1) to determine if the system of internal administrative controls is adequate and effective; and 2) to verify that the County was following federal, state, and county laws, regulations, policies, and procedures.

Methodology and Scope

All Emergency Rental Assistance payments for the period from October 1, 2021 through June 6, 2022 were subject to this audit.

The audit included reviewing:

- The terms and conditions of the American Rescue Plan Act;
- The Federal, State, and County laws, regulations, and guidelines;
- Applications and supporting documentation (statistically sampled) for compliance with approved guidelines;
- Responsibilities of EY and County personnel; and,
- Other procedures considered necessary under the circumstances.

Overall Evaluation

The administrative controls over the Emergency Rental Assistance 2 Program are adequate and effective. We also found that Seminole County is following Federal, State, and County laws, regulations, policies, and procedures.

For the period October 1, 2021 through June 6, 2022, the County processed payments totaling approximately \$4.2 million dollars in emergency rental assistance. Only one applicant exceeded the maximum assistance guidelines.

Opportunity for Improvement

1. One Applicant Exceeded the Maximum Assistance Guidelines

An applicant received twenty-two months of rental assistance, which is four months in excess of allowable federal limitations. The extra four months of rent at \$1,600/month totaled \$6,400.

The applicant initially received ten months of rental assistance funds in March 2021 stemming from the Consolidated Appropriations Act. This was paid under the rental assistance pilot program.

Then in March 2022, the applicant applied for additional rental assistance through the American Rescue Plan Act of 2021 and received another twelve months. Thus, in total, the applicant received twenty-two (22) months of assistance. This application was processed using the online application portal contracted with Ernst & Young. The application process did not identify that the applicant received funds from the pilot program.

The American Rescue Plan Act of 2021 (Title III, Subtitle B, Section 3201(d)(1)(A)(ii)) states:

“The aggregate amount of financial assistance an eligible household may receive under this section, when combined with financial assistance provided under section 501 of subtitle A of title V of division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260), shall not exceed 18 months.”

This was brought to the attention of Community Services and procedures were immediately adjusted to prevent any future occurrences.

Current Status

Correspondence received from Community Services indicated that procedures will be revised to review previous payment files. This action, in our opinion, is effective and will resolve future issues.