

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

December 18, 2025

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Wayne County Department of Economic Development, Emergency Rental Assistance Program (ERAP) Performance Audit. Our report is dated November 25, 2025; DAP No. 2023-57-002. The report was accepted by the Audit Committee at its meeting held on December 10, 2025, and formally received by the Wayne County Commission on December 18, 2025.

We are pleased to inform you that officials from the Department of Economic Development provided their full cooperation. If you have any questions, concerns, or desire to discuss the report in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose. Copies of all final reports of the Office of Legislative Auditor General can be found at our website at: [Legislative Auditor General Reports - Wayne County, Michigan](#)

Marcella Cora, CPA, CIA, CICA
Auditor General

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John Wallace, Chief Financial Officer

Betsy Laughlin, Deputy Chief Financial Officer

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Wayne County Executive

County of Wayne, Michigan
Wayne County Department of Economic Development
EMERGENCY RENTAL ASSISTANCE
PROGRAM
Performance Audit
November 25, 2025
DAP No. 2023-57-002

EXECUTIVE SUMMARY

Type of Engagement, Scope, and Methodology

The Office of Legislative Auditor General conducted a performance audit of the Wayne County Department of Economic Development, Emergency Rental Assistance Program (ERA Program). This type of engagement provides an objective analysis to assist management and those charged with governance and oversight. The information provided can help improve controls and processes by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.

Our engagement objectives were to: 1) Assess compliance with grant regulations, 2) Assess the effectiveness and efficiency in achieving the program's mission, and 3) Assess the county's on-site monitoring of sub-recipient activities.

The scope of our engagement covered the inception of the program (September 20, 2021 to March 24, 2025). The principal methodology used for this engagement included interviews with key members of management, inquiries, examination of documents, and analytical procedures. We also held discussions with officials of the third-party administrator.

Introduction

Due to the impact that Covid-19 pandemic had on renters and landlords, congress created a \$25 billion ERA Program. There were two programs made available to assist low-income households that were unable to pay for rent or utilities due to job loss and/or economic downturn.

- The first program ERA 1 provided \$25 billion dollars under the Consolidated Appropriation ACT, 2021, which was enacted on December 27, 2020.

- The second program ERA 2, provided up to \$21.55 billion under the American Rescue Plan Act of 2021, which was started on March 11, 2021. The Department of Treasury administered the funds to states, local governments and U.S. territories.

Wayne County's ERA Program was established to assist those renters and landlords that resided within the county and had been financially impacted by the Covid-19 pandemic and were experiencing housing instability. To qualify for the ERA Program, participants had to have income at or below 80% of the area medium. The types of assistance available included rent, utilities (which include home heating, water, sewage, and internet).

In addition, eligibility program requirements, included but were not limited to, providing the following documents: valid driver's license or government ID, passport, birth certificate, an executed lease agreement or mortgage document, and proof of income and dependents.

However, we noted the ERA program allowed applicants to "self-attest" to various eligibility requirements, such as income, employment and the tenant's landlord attesting to residency.

The county also contracted with a third-party administrator to support the Emergency Refugee Support Program (ERSP) by providing services to vulnerable refugee residents. The refugee support program was created to ensure safe, decent, and affordable temporary housing - ranging from three months up to fifteen months, in three-month payment increments—for refugees residing in Wayne County during the COVID-19 pandemic who were at risk of homelessness. To qualify, participants must have entered the United States as refugees after June 1, 2021.

SUMMARY OF ISSUES	
<u>AUDIT OBJECTIVE (1)</u>	
ASSESS COMPLIANCE WITH GRANT REGULATIONS	
Issue Identified	Types of Issue
2023-01 Inconsistent Practices for Eligibility and Approval	Control Deficiency
2023-02 Refugee Eligibility	Control Deficiency
<u>AUDIT OBJECTIVE (2)</u>	
ASSESS THE EFFECTIVENESS AND EFFICIENCY IN ACHIEVING THE PROGRAM'S MISSION	
Issue Identified	Types of Issue
2023-03 Multiple Payments to Applicant	Control Deficiency
<u>AUDIT OBJECTIVE (3)</u>	
ASSESS THE COUNTY'S ON-SITE MONITORING OF SUB-RECIPIENT ACTIVITIES	
Issue Identified	Types of Issue
2023-04 Inaccurate Program Database	Control Deficiency

Views of Responsible Officials

We shared the results of our audit with management within the Wayne County Economic Development and provided the above issues and recommendations from our assessment of the ERA Program. Management agreed with all four (4) of the recommendations.

Corrective Action Plan

A Corrective Action Plan (CAP) will not be requested 30 days after this report is formally received and filed by the Wayne County Commission, as the program is no longer being administered. However, on a go-forward basis, we assert the recommendations should be considered by senior county management in its establishment of internal controls over third-party administrators delegated authority to administer other county programs.

REPORT DETAILS

PURPOSE / OBJECTIVE

The Office of Legislative Auditor General conducted a performance audit of the Wayne County Department of Economic Development, Emergency Rental Assistance Program (ERA Program). This type of engagement provides objective analysis to assist management and those charged with governance and oversight. The information provided can help improve controls and processes by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.

Our engagement objectives were to: 1) assess compliance with grant regulations 2) assess the effectiveness and efficiency in achieving the program's mission, and 3) assess the county's on-site monitoring of sub-recipient activities.

SCOPE

We conducted this performance audit in accordance with Generally Accepted Governmental Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. The scope of our engagement covered the period September 20, 2021, through March 4, 2025.

METHODOLOGY

To achieve the objectives of this engagement and gain a thorough understanding of the operations of the Wayne County Department of Economic Development's Emergency Rental Assistance Program, we conducted inquiries, reviewed program documentation and computer systems, and performed analytical procedures. We also held discussions with both county officials within the department and program administrator personnel.

We reviewed the contract between the County and the contracted Program Administrator to identify key professional and operational program services outlined in the contract provisions. Furthermore, we examined the Emergency Rental Assistance Program's policies and procedures established by both the Program's Administrator and the Wayne County Department of Economic Development (EDD).

To assess the program's application process, we requested access to the database containing all applicant submissions and supporting documentation. We were granted auditor's read-only access

rights to the administrator's database system, which allowed us to review applications and assess supporting documentation for program participants.

BACKGROUND

Due to the impact of the Covid – 19 pandemic had on renters and landlords, Congress created a \$25 billion Emergency Rental Assistance Program. The two programs were made available to assist low-income households that were unable to pay for rent or utilities. The first program ERA 1 provided \$25 billion dollars under the Consolidated Appropriation ACT, 2021, which was enacted on December 27, 2020. The second program ERA 2, provided up to \$21.55 billion under the American Rescue Plan Act of 2021, which was started on March 11, 2021. The Department of Treasury administered the funds to states, local governments and U.S. territories.

From these comprehensive initiatives by Congress, Wayne County established within the Wayne County Economic Development Department (EDD) an Emergency Rental Assistance Program. The ERA Program was funded with a federal grant of \$32.6 million. In turn, management officials within EDD delegated authority to a contractor to administer and manage the county's Emergency Rental Assistance Program (Program).

The Program purpose was to aid renters and landlords that resided within Wayne County that had been financially impacted by the Pandemic and were experiencing housing instability. Eligible participants had to have income at or below 80% of the area medium income.

The county's ERA Program offered various forms of financial assistance, including rental support, utility aid (which included home heating, water, sewage), and internet stipends, ensuring that eligible residents could remain in their homes during this economic downturn.

To qualify, applicants needed to demonstrate and provide supporting documentation, which included:

- Financial hardship due to the pandemic;
- A risk of homelessness or housing instability;
- Meet income requirements set at or below 80% of the Area Median Income (AMI);
- A valid driver's license or government ID;
- Birth certificate(s);
- Passport;
- Proof of income and dependents, and
- An executed lease agreement or mortgage document;
- In addition, the program allowed eligible applicants to apply for future rental assistance up to 3 months after lease expiration.

Under the program guidelines, eligible applicants were allowed to “self-attest” when qualifying for the program. Those areas included: income, employment and a tenant’s landlord attesting to residency.

The county also contracted with a third-party administrator to support the Emergency Refugee Support Program (ERSP) by providing services to vulnerable refugee residents. The assistance services, which align with ERA2 eligibility requirements, included licensed hotel or motel stays and moving-related expenses.

The ERSP agreement term began in June 2023, with funding not to exceed \$216,697.00. The third-party administrator must deliver services in accordance with ERAP guidelines and all County directives, including requirements related to target populations, eligibility verification, documentation, and invoicing.

The ERA2 was intended to be used to provide temporary housing and eligible moving costs, such as hiring a moving company or renting a moving truck. The refugee support program was created to ensure safe, decent, and affordable temporary housing—ranging from three months up to fifteen months, in three-month increments—for refugees residing in Wayne County during the COVID-19 pandemic who were at risk of homelessness. To qualify, participants must have entered the United States as refugees after June 1, 2021.

OBJECTIVE (1) ASSESS COMPLIANCE WITH GRANT REGULATIONS

Our review of the Wayne County Economic Development Emergency Rental Assistance Program identified two key exceptions related to eligibility review and approval processes. First, we found inconsistencies in the application review process, where documentation requirements and approval decisions varied, leading to the appearance of potential inequities in assistance distribution. Second, we noted exceptions concerning the eligibility of refugees for rental assistance, where procedures for verifying and approving refugee applications were not consistently applied.

Inconsistent Practices when Reviewing Eligibility and Approval

A program administrator (Program Administrator or Administrator) had been contracted by the county’s Department of Economic Development (EDD) to manage their ERA Program, which was funded with a federal grant of \$32.6 million. From this amount, the Administrator received an approved and executed contract in the amount of \$3.2 million to administer the program.

One of the duties within the contract was for the Program Administrator to process the applications and obtain support documentation through the eligibility process, to determine the awarding or non-eligibility of a participant’s application. The Administrator utilized an application database (the database), that required each application and supporting documentation be reviewed by the administrator’s staff and submitted for approval to the county’s EDD.

To assess the program's activities, we selected 24 landlords (Landlords) and their tenants' applications for review. Our testing concluded that there was no consistency in the review and approval process by the administrator when awarding applicants' program funds. Specifically, we found the following exceptions were identified during our testing:

- **Applicant A** was awarded \$16,000 for 10 months of arrearage rent. The tenants and the Landlord had the same last name. In addition, no rental agreement was in place at the time of application; the tenants' (applicant) income was verified through self-attestation, which requires no supporting documentation. Further, we found no evidence in the database that an eviction notice was ever issued by Landlord to the Tenant. Finally, while the funds from the ERAP were awarded to the Landlord, it states within the Program's Guidebook, on page 6 (b)- Landlord Documents Needed - that a written lease/rental agreement is required in order to receive program funds.
- **Applicant B** submitted an application as well as the Landlord. According to Applicant B's application, the monthly rent was \$1,075. The signed and typed rental agreement reported the rent as \$1,025, however, the Landlord placed a line through the rental amount and place a handwritten \$1,175 per month. Moreover, the Landlord calculated award of program funds was based on the handwritten dollar amount of \$1,175.

Further, we noted the program guidebook on Rent Amount/Leasing Documentation states if Wayne County cannot verify the rental amount, you may only qualify for limited assistance. However, the program guidebook did not state what the limit would be. During the review of this application, the Landlord was awarded the full amount of the rental reimbursement request of \$7,306.

- **Advance of Future Rent Payments** - The program allowed for 3 months of future rent to be paid in addition to the months in arrears, only if the three months were within the active rental/lease period. During our review of the 25 applicants, we determined the program awarded \$8,875 in overpayments for future rent payments that did not fall within the lease/rental agreement period for applicants.
- **Inconsistency within System Reporting** - The database system listed the current and qualifying information of each applicant's application and amount awarded; however, we noted that several applicants' application statuses did not match the final disposition of the application. Specifically, we found that the database system indicated the applicant was denied, but we verified that a second application, which was a duplicate application, was on file. However, both applications "*appeared*" to have received a payment in the amount of \$11,800.
 - As an example, a Landlord received a payment in the amount of \$11,800. However, our review noted the application status within the database system showed the Landlord's application as being "denied". However, we determined a second application was submitted and should have been labeled "duplicate" and linked to the first application to comply with the program guidelines identifying duplicate applications.

- While the database listed inconsistent information, we determined the award was only given based on the second application. No secondary/duplicate payment was rendered.
- **Qualifying Information Questionable** - During our review, we also found 10 out of the 25 tenant applicants' addresses on their submitted identification (i.e., driver's license, state ID card, etc.) did not match the home address for which they were requesting rental assistance. Out of those 10 applicants, 5 or 50% submitted a utility bill or official mail to validate proof of residency in accordance with program guidelines; the other five did not. However, all 10 applicants were awarded program funds.
 - As an example, **Applicant C** (Tenant) submitted a driver's license ID with her application. The address on the ID did not match the home address on the application. During further review of the driver's license ID, we noted the applicant had recently renewed her driver's license ID and the address listed did not match the address of the home in which the rental assistance was given.
 - In addition to the applicant's ID not matching the home address, we found the tenant applicant (**Applicant C**) did not provide proof of income; therefore, self-attestation was used for verification of income, which requires no documentation. The rent amount was \$3,200 a month, but the program guidelines capped the rent at \$2,187, awarding arrearage from December 2020 through February 2022 (15 months). This applicant's Landlord received rental assistance funding in the amount of \$32,805 in arrearage and an additional \$400 in late fees.
 - While the program allowed the use of the rental agreement to be used as proof of residency, we assert the tenant applicant should have been requested to provide a more substantiating form of address verification, such as a utility bill, tax return, or official mail, given the fact that her recently renewed driver's license did not match the home address.

Based on the above examples, we found numerous inconsistent processes in validating applicants' information for the ERA Program, along with deviations from the Program's Guidebook of Rules and Practices to process and qualify the ERA Program applications.

Moreover, because we selected a limited sample of 48 applications (*24 tenant applications and 24 Landlord applications*) to assess, less than one (1%) percent of the total awardee population of 5,388, the noted conditions above could be more widespread.

Recommendation #2023-01 – Control Deficiency

We recommend, when contracting a third-party administrator to administer County programs, Economic Development management should ensure adequate and ongoing monitoring and review procedures are established for the contractor prior to the program's start date to ensure the control environment is working as intended and meeting program objectives.

Views of Responsible Officials

EDD officials agreed with the recommendation.

Refugee Eligibility

Wayne County Economic Development contracted with a third-party vendor to administer the ERAP Emergency Refugee Support Program (ERSP). The ERSP program was administered under the county's ERA 2 Program.

The refugee support program was established to provide safe, decent, and affordable rental housing, which can range from 3 months up to fifteen (15) months (in 3-month extensions) for refugees who resided in Wayne County during the COVID-19 pandemic and were facing homelessness.

- *To be eligible to receive program funds as a refugee, the participant must have been a refugee from another country and entered the United States after June 1, 2021.*

The contracted amount was not to exceed \$216,697. Program services consisted of hotel/motel costs and moving fees for refugee populations as allowable per the American Rescue Plan Act guidelines.

We requested to meet with the contractor administering the program funds to refugees through Economic Development Management; however, we were unable to speak with them to obtain an understanding of the program's eligibility assessment procedures and payment process to landlords that housed refugees.

Therefore, to determine if the participants met the ERA Program Refugee Support Program (ERSP) eligibility requirements, we randomly selected 10 of 92, or 11%, of participants who had received payments under ERSP. The program administrator's database contained applications from the various refugees applying for ERSP. We selected a limited sample of 10 participants, in which a total of 26 payments were issued in the amount of \$86,918.

We reviewed the initial third-party administrator's refugee applications in the program administrator's database along with the supporting documentation to verify if the awarded participants were eligible to receive funding assistance under the ERSP.

Based on the analysis, we determined from our sample of 10, three (3) participants were awarded \$19,470 in program funds, but did not meet the ERSP eligibility requirements related to refugee status. Specifically:

- **Participant A** presented a State of Michigan (SOM) driver's license, residing in Detroit, Michigan with no other documents supporting the refugee status claim, such as a Department of Homeland Security and/or U.S. Citizenship and Immigration Services document which approves refugee status and would be maintained within the Airtable system. Therefore, the presented documentation did not meet the eligibility

requirement that *you must be a refugee from another country to the United States after June 1, 2021*.

- Further, we determined Participant A was awarded two (2) program payments: one in the amount of \$3,000, on September 2, 2022, and another \$2,000 on February 9, 2023, which totaled \$5,000.
- Subsequent to our review of the database system, we were provided by ED management manual documentation to validate Participant A's eligibility. Economic Development management provided a U.S. Citizen and Immigration Services document. However, this document was not uploaded or viewable in the database system during the time of our initial fieldwork review.
- **Participant B** presented a Permanent Resident Card (Green Card) issued by the U.S. Citizenship and Immigration Services (USCIS) that indicated he has been a resident since Nov. 14, 2019. We also noted the participant provided a Verification Letter of Employment, dated May 9, 2022, stating the participant had been employed since May 4, 2021. To meet the eligibility requirement, you must have been a refugee from another country to the United States *after June 1, 2021*. Furthermore, according to the U.S. Department of Homeland Security website, "Refugees are required to apply for lawful permanent resident (Green Card) status one year after being admitted" into the U.S.
 - From our review, we found Participant B was awarded four (4) program payments in the amount of \$1,650 each, on May 24, 2022, June 8, 2022, November 2, 2022, and February 17, 2023; payments totaled \$6,600.
- **Participant C** also presented a State of Michigan (SOM) driver's license, residing in Lincoln Park, that was issued on April 22, 2022, along with a 12-month lease agreement. The lease agreement indicated his lease was expiring on June 30, 2021. Therefore, the execution date of the lease agreement would seemingly had to occur 12 months before June 30, 2021 (i.e., July 1, 2020). Therefore, the presented documentation does meet the eligibility requirement that you must be a refugee from another country to the United States *after June 1, 2021*. The program participant was paid 2,640
 - After our initial review of the database system, we were EDD management provided documentation to verify Participant C's eligibility. EDD management provided a "Department of Homeland Security Departure Record – Asylum Status granted indefinitely dated July 7, 2021."
 - Based on our research to determine how long it takes to be granted Asylum status, we determined the timeframe is from several months (8 months) up to one (1) year. Due to the date reported on the Asylum document, Participant C appears to have been in the U.S. prior to June 1, 2021. This date would therefore disqualify them as a refugee under the program's guidelines and eligibility process requirements.

We noted in our review that all three (3) participants were certified by the third-party administrator as a refugee in the initial application process when applying for program funds. In addition, we noted the applications were approved by Wayne County officials assigned to administer the program.

Recommendation #2023-02 – Control Deficiency

We recommend management within the Department of Economic Development establish adequate review, monitoring, and approval procedures when delegating third-party administrator(s) to administer county-funded programs to ensure:

- a) Established internal controls are implemented prior to the program’s inception, including but not limited to a sufficient review is conducted of the program participants’ documentation that are attempting to qualify for county programs; and the third-party’s management staff documents (i.e., checklist) their rationale for approving the initial assessment of eligibility.
- b) A documented secondary review is conducted by county officials prior to final approval to validate the third-party’s assessment to ensure only program funds are awarded to participants that meet “all” program eligibility requirements.
- c) Any discrepancies that may exist should be discussed and resolved in a timely manner prior to program awards.

Views of Responsible Officials

EDD officials agreed with the recommendation.

OBJECTIVE (2) ASSESS THE EFFECTIVENESS AND EFFICIENCY IN ACHIEVING THE PROGRAM’S MISSION

Our review of the Emergency Rental Assistance Program identified exceptions related to the recertification process and the awarding of multiple payments to applicants. Specifically, we found that not all eligible recipients received an invitation to recertify for additional assistance, while others received multiple recertification payments. These discrepancies indicate inconsistencies in the program's administration, potentially leading to an unequal distribution of funds and overpayments.

Multiple Payments to Applicant through Recertification Invitation

In accordance with the ERA Program guidelines, an application must be submitted to receive program funds. After an applicant receives an award, any new applications submitted for the same participant would automatically have the second application tagged as “Seeking a

Recertification”. The status of any awarded applications within the ERA Program’s database are labeled “Awarded.”

For our review of applicants awarded program funds for rental assistance and paid with a FISERV credit card, we statistically selected, utilizing TeamMate Analytics, 30 applicants from a pool of 296, or 10% of applications that received 2 or more payments. According to EDD management in a response dated August 25, 2023, the official stated an applicant cannot receive additional payments without an accompanied application for each payment request.

From the 30 applicants, we determined 22 applicants had received a second payment and, in some instances, a third payment through a “recertification process”. We noted the 22 applicants’ initial or first application status showed “Approved”. In addition, from this assessment, we then determined the second and third rental payments were in the amount of 3 months of future rental assistance for each of the applicants. According to program guidelines, applicants were entitled to one 3-month payment for future rental assistance. We determined the additional payments (2nd and 3rd payments only) that were processed totaled \$74,231.

Also, based on our assessment of the 22 initial applications submitted, we noted inconsistencies between the recording of rental payments in the county’s general ledger (G/L) and the program’s database. Specifically:

1. Three (3) applicants’ applications listed two (2) recertification payments; however, when traced to the G/L only one payment was processed.
2. One applicant’s application listed a 3rd payment amount under recertification; however, the payment was not recorded in G/L.
3. Another applicant’s application showed one recertification payment being awarded on the application, however, when traced to the G/L, the applicant received (2) two recertification payments.

As a result, we were unable to determine if a payment was processed and not posted to G/L, or the database application listed payments were not accurate.

Next, we assessed whether the 22 applicants had requested the 3-month Future Rental Assistance (FRA) payment with the submission of their initial application. For the 22 applicants, we determined the following:

- 16 - FRA was requested and included in their initial payment award; however, we found that these same applicants received one (1) or two (2) additional recertification payments that also equated to a 3-month payment amount for future rental assistance.
- 4 - FRA was requested and denied and the FRA was not included in their initial payment award; however, these applicants subsequently received one (1) recertification payment of the 3-month future rental assistance.
- 2 - FRA was not requested and therefore not included in their initial payment; however, we determined these applicants received one (1) or two (2) additional

recertification payments that equated to the 3-month future rental assistance payment amount.

In addition, we noted the 2nd or 3rd recertification payments were processed between 2 to 8 months after the initial payment awards.

Finally, based on our review of the applicants' initial applications, we noted a revision date of 10/17/2022 for 20 of the 22 applicants within a field labeled "Recertifications Invitation" on their applications; for the remaining two applicants, there was no date listed.

Recertification Invitation

As a result, subsequent to our assessment, we met with Economic Development management to discuss the noted conditions above. At the meeting, management stated a "recertification invitation" was sent to participants who had previously been awarded program funds because "additional program funds were available." According to EDD management, the invitation was sent by email and contained a "recertification application link" for each participant to complete and return to EDD. Based on this discussion, we requested the email list of those invited program participants to determine if the list matched the 22 applicants we identified as receiving multiple payments.

From our review, we were able to validate that 15 of the 22 applicants who received the additional payments, did receive the recertification invitation email from EDD and were selected to apply for recertification funds.

- However, for the remaining seven (7) applicants, we were unable to match the email list provided by EDD management to the listing of the 22 applicants that we identified as receiving additional payments. Therefore, we cannot determine why the seven (7) applicants received the additional recertification payment(s), which totaled \$21,375.

Approval Process

We found the County's sign-off or approval on the initial application only indicated "Approved" without the name of the county official nor did it indicate "the date of approval" on the ERA Program applications. We reviewed further to validate whether these additional recertification payments were reviewed and approved by Wayne County, as noted with the initial payment award. Our review of the recertification applications found no "secondary" sign-off and/or approval notation from the County for these additional payments.

Recommendation #2023-03 – Control Deficiency

In the near term, when contracting a third party to administer county programs, Wayne County Economic Development management should ensure the following:

- a) A proper internal control system, including, but not limited to, review, monitoring, and approval procedures, are established prior to the program's implementation by third-party administrators responsible for disbursing County program funds.

- b) Perform periodic reviews of third-party administrators' program activities to ensure performance and activities are carried out as intended.
- c) Establish a documented review and approval process, including noting the date of review, that is completed by county officials prior to signing off as the approver of program funds and third-party assessments.

Views of Responsible Officials

EDD management officials agreed with the recommendations.

OBJECTIVE (3) ASSESS THE COUNTY'S ON-SITE MONITORING OF SUB-RECIPIENT ACTIVITIES

Our review of the Economic Development Department Emergency Rental Assistance Program identified several exceptions related to inaccuracies within the contracted administrator's program database. We found that the disposition of applications did not always reflect the actual status, thus leading to potential misrepresentation of applications' progress, final determination, and the awarding of program funds. Additionally, the system contained instances of duplicate applications that were not properly identified and flagged in accordance with established policy. This could result in misleading information regarding the awarding of program funds.

Inaccurate Program Database Information

Management officials within EDD delegated authority to a Program Administrator to manage their Emergency Rental Assistance Program (the Program). The ERA Program was funded with a federal grant of \$32.6 million. The County executed a contract with the Program Administrator for \$3.2 million to oversee and administer the ERA Program.

The Program Administrator utilized a database program to process and house the applications for the Program, which also enabled county management officials' access to view applicants' information and approve all applications submitted. As reported by EDD management as of August 2023, information extracted from the program's database for the ERA Program was as follows:

- 23,368 applications were processed through the database system;
- 4,915 were approved and 17,331 were denied.
- However, we noted a difference of 1,122 applications that were not in the resolution categories above.

We reached out to management for an explanation and resolution for the identified difference in applications received and processed. As of the date of this report, management confirmed the above statistics. Therefore, our assessment of the noted difference remains.

The program database was designed to allow a reviewer to view each step of the application process, which included:

- The status of applications.
- Supporting documentation uploaded by applicants.
- Stages of review and sign off by the program administrator and county officials, and
- The final disposition (approved or denied) of applications, including awarded amounts.

Management within EDD delegated the authority to a Program Administrator to oversee the day-to-day operations of the ERA Program, including, but not limited to, awarding program funds to eligible participants, and adhering to program requirements. However, we did not find adequate monitoring of program activities by EDD officials of processes in place to ensure the program was meeting its stated objectives and purpose.

Specifically, during our review of the program application review process, we noted the database system reported the status of applications; however, our review of applications found the “noted status” did not always reflect the actual disposition of the application. As an example, we noted while the system status of an application was labeled “denied”, we found there were program funds awarded.

In another instance, we also noted a participant’s second application was denied due to the fact it was a duplication. However, according to the program's policy, all duplicate applications should be labeled accordingly within the status section of the application. During our review of two (2) applications for a program participant, it appeared “both” applications were awarded funds of \$11,800. However, we determined that only one payment in the amount \$11,800 was awarded with the second application and posted within the G/L.

We also noted that while several applicants’ statuses within the administrator’s system were labeled awarded, we were unable to trace the payment amounts to the county’s General Ledger. In addition, we also noted that the awarded amount in the system did not always reflect the dollar amount recorded within the county’s General Ledger.

Recommendation #2023-04 – Control Deficiency

We recommend management within the Economic Development Department develop and implement adequate monitoring procedures over the operations of third-parties administering county programs to ensure the administrator(s) have documented and established policies and procedures for:

- a) Meeting deadlines and program objectives in compliance with regulations.
- b) Establishing an effective system of internal controls to catch potential errors and irregularities in a timely manner, including, but not limited to, non-compliance issues.
- c) Ensuring computer systems’ database files contain reliable information and are supportive of management’s review and final approval decisions.
- d) Require reviewers of program applications to implement procedures to ensure periodic checks are performed to ensure the database system’s information is accurate and complete.

- e) Conduct periodic checks of the database files to ensure they reflect the applicants' application final disposition and management's review and approval/disapproval.

Views of Responsible Officials

EDD management officials agreed with the recommendations.

OAG OVERALL CONCLUSION

Overall, the Wayne County Department of Economic Development (EDD) has been successful in achieving its operational goals and objectives for the County. However, the department encountered challenges with the ERA Program's due to senior and staff turnovers, which created a learning curve for the new team responsible for the oversight and monitoring of the ERA Program.

As a result of our audit, we determined there were areas where the internal control environment could be strengthened. We identified multiple control deficiencies in the program's administration, particularly in eligibility review, approval processes, recertification procedures, and database accuracy. These inconsistencies resulted in potential inequities in assistance distribution, overpayments, and misrepresentation of application statuses.

Highlights of key exceptions in the report include:

1. **Inconsistent Eligibility and Approval Processes** – Application reviews lacked uniformity, with documentation requirements and decisions varying across cases. Several applicants received assistance without meeting program guidelines, leading to potential inequities in fund allocation.
2. **Refugee Eligibility Concerns** – Some recipients of the ERAP Refugee Support Program did not meet the required eligibility criteria, yet still received funding due to insufficient verification processes.
3. **Multiple Recertification Payments** – Some applicants received multiple payments without clear documentation, while others did not receive recertification invitations, indicating inconsistencies in fund distribution. Additionally, approvals for recertification payments lacked proper oversight from county officials.
4. **Database Inaccuracies and Duplicate Applications** – The Program Administrator's database system used for application tracking contained errors, including duplicate applications and discrepancies between recorded and actual funding allocations. These database issues hindered accurate reporting and oversight by third parties.

A Corrective Action Plan (CAP) will not be requested 30 days after this report is formally received and filed by the Wayne County Commission, as the program is no longer being administered. However, we recommend the recommendations be considered when delegating authority to third-

party administrators responsible for the administration and oversight of county programs going forward.

This report is intended solely for the information and use by management of the Wayne County Economic Development and the Wayne County Commission and is not intended to be and should not be used by another other than these specified parties. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

A handwritten signature in black ink that reads "Marcella Cora". The signature is fluid and cursive, with the first name "Marcella" being more prominent than the last name "Cora".

Marcella Cora, CPA, CIA, CICA
Auditor General

Appendix A

Definition of Internal Control Deficiencies

Control Deficiency (low risk)

A control deficiency exists when the internal control design or operation does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect or correct errors in assertions made by management on a timely basis. A deficiency in design exists when (1) a control necessary to meet the control objective is missing or (2) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not met.

A deficiency in operation exists when a properly designed control does not operate as intended, or when the person(s) performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Significant Deficiency (medium risk)

A matter that, in the auditor's judgment, represents either an opportunity for improvement or significant deficiency in management's ability to operate a program or department in an effective and efficient manner. A significant deficiency in internal control, or combination of deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process or report data reliably in accordance with applicable criteria or framework such that it is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected.

Material Weakness Deficiency (high risk)

A significant deficiency that could impair the ability of management to operate the department in an effective and efficient manner and/or affect the judgment of an interested person concerning the effectiveness and efficiency of the department. A significant or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of subject matter will not be prevented or detected.