



Oregon Housing and Community Services

OHCS Prioritized Providing Emergency Rental Assistance Funds to Oregonians in Crisis but Could Have Done More to Ensure Funds Were Properly Distributed

January 2024
Report 2024-01



Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott

Audit Highlights

Oregon Housing and Community Services

OHCS Prioritized Providing Emergency Rental Assistance Funds to Oregonians in Crisis but Could Have Done More to Ensure Funds Were Properly Distributed

The COVID-19 pandemic worsened Oregon's ongoing housing crisis, leaving many renters struggling to pay for housing. In response, the federal government sent Emergency Rental Assistance (ERA) funds to states. The Oregon Housing and Community Services Department (OHCS) administered the state's ERA program from May 2021 through June 2023 under incredibly challenging circumstances. The agency was tasked with creating and administering several multi-million-dollar state and federal pandemic programs, and public pressure to quickly distribute funds was intense. This audit reviewed the agency's oversight of emergency rental assistance funds. Included are findings from federal financial audits of the Oregon ERA program for fiscal year 2022.

Why this audit is important

- Through the Oregon ERA program, OHCS provided funding to help prevent evictions for households unable to pay rent or utilities as a result of the pandemic.
- While the Oregon ERA program has ended, OHCS continues to provide rental assistance through the Oregon Eviction Diversion Program. The program uses some COVID-era eligibility flexibilities like self-certifications of income.
- These findings are presented with an explicit acknowledgement of the difficulties the agency faced during the audit period and are intended to help strengthen controls and apply lessons learned as it serves a key role in addressing the state's homelessness emergency.

What we found

1. OHCS distributed \$426 million in emergency rental assistance as of June 2023. However, because of limited oversight and controls, OHCS cannot be certain spending met federal guidelines ([pg. 11](#)), or how much emergency funding went to eligible applicants. Also, the agency has not reliably determined how many total applications were paid, or households helped. ([pg. 12](#))
2. Material weaknesses regarding contract oversight and monitoring resulted in an adverse opinion for the program in the Statewide Single Audit — the first adverse opinion issued in more than 25 years by the Oregon Audits Division. ([pg. 11](#))
3. Renters and landlords experienced application processing delays because of rushed implementation of new software. ([pg. 18](#)) A fragmented customer service system resulted in communication challenges. ([pg. 19](#))
4. OHCS was not prepared to respond to disaster housing emergencies, despite its responsibility to do so under Oregon's emergency management framework. ([pg. 22](#))
5. OHCS took an equity-based approach to distributing funds. ([pg. 8](#)) In the wake of Oregon ERA, OHCS is moving toward outcome-based contracting, tracking outcomes, and has hired an ombudsperson to handle client complaints. ([pg. 19](#))

What we recommend

We made 16 recommendations to OHCS. OHCS agreed with eight of our recommendations, partially agreed with six, and disagreed with two. The response can be found at the end of the report.

Introduction

Oregon Housing and Community Services (OHCS), as the state's housing finance agency, has an important role in emergency response under the Oregon Disaster Recovery Plan. The agency is charged with supporting local partners in providing temporary, short- and long-term disaster housing, as well as supporting local governments and nongovernmental organizations' efforts to address housing.

This role was tested by the COVID-19 pandemic, which resulted in mass job layoffs and widespread economic hardship. According to one estimate, 176,000 Oregon renter households were at risk of eviction in September 2020. OHCS was charged with distributing hundreds of millions of dollars in federal emergency rental assistance (ERA) funds to renters and landlords impacted by the pandemic. Initially, the agency contracted with local community action agencies to provide most ERA services, including application and customer service support; midway through the program, OHCS decided to change its service delivery model by hiring an out-of-state contractor.

Throughout the program's duration, OHCS faced immense scrutiny, criticism, and pressure to quickly distribute money to prevent Oregonians from being evicted. A deadline set by the U.S. Treasury meant that unless OHCS could get the money out in time, the federal government might take it back. In December 2021, the Chairs of the Housing Committees in both the Oregon Senate and House sent a letter to the Oregon Secretary of State's Office requesting a performance audit of the program. Legislators were concerned by inconsistent results across counties, technical difficulties with the program delivery software, and a lack of communication to landlords and renters.

As of the time of this report, the Oregon ERA program has ended. OHCS is now focused on addressing the homelessness crisis across the state, in addition to the agency's core responsibilities. The agency created a new rental assistance program that uses some of the same eligibility flexibilities as Oregon ERA, which is intended to speed up application processing. Lessons learned from the ERA program could benefit this new rental assistance program, among other future efforts.

The COVID-19 pandemic intensified Oregon's ongoing housing crisis

For years, Oregon has faced a housing crisis driven by a range of factors: insufficient housing supply to meet demand, inadequate funding for development and preservation of affordable housing, and higher numbers of people who are homeless or at risk of homelessness. In 2023, an estimated 13,004 people experienced unsheltered homelessness and an additional 7,138 people experienced sheltered homelessness across Oregon on a single night.¹ Many people are struggling to stay in their homes as housing costs rise. The cost burden of housing, in which monthly housing costs exceed 30% of monthly income, is a daily insecurity for 44% of renters statewide.

With the onset of coronavirus in spring of 2020 came a domino effect. Governor Kate Brown signed executive orders to address the growing health crisis, to reduce person-to-person interaction, and slow transmission of the COVID-19 virus. Public health actions like stay-at-home orders led to mass

¹ These numbers come from the U.S. Department of Housing and Urban Development's 2023 Annual Homeless Assessment Report. They are based on Point in Time counts conducted each January by Continuums of Care — local homelessness planning bodies.

layoffs in multiple industries, triggering skyrocketing unemployment and economic hardship. As a result, many renters found themselves unable to afford rent and threatened with eviction.

The economic effects of the pandemic hit state and local economies at a time when unemployment rates were near record lows. In 2019, Oregon's annual unemployment rate was 3.8%. In just two months, the rate nearly quadrupled, rising from 3.4% in February 2020 to 13.3% by April 2020. According to the Oregon Employment Department, the job sectors most affected by the pandemic closures included leisure and hospitality, hair and nail salons, tattoo parlors, repair shops, and private education.²

Black and Latino renters, and renters with children, were disproportionately affected. Studies from cities throughout the country have shown people of color, particularly Black and Latino renters, constituted approximately 80% of people facing eviction during the pandemic.³

On March 22, 2020, Governor Brown issued Executive Order 20-11 ordering a 90-day halt on residential evictions for nonpayment. As the public health crisis lingered, federal, state, and local officials took additional measures to protect renters from evictions and landlords from economic losses. These efforts often overlapped and were confusing to renters and landlords.

OHCS was required to quickly implement new state and federal programs to address rental assistance needs during the pandemic

Both the federal government and the state of Oregon passed legislation to provide rental assistance to eligible households. In Oregon, OHCS was tasked with quickly delivering large influxes of state and federal rental assistance funds through programs such as Oregon Emergency Rental Assistance, the Landlord Compensation Fund, and the Supporting Tenants Accessing Rental Assistance Resources program.

Implementation of federal and state programs largely fell to local entities, who were on the front lines helping thousands of Oregonians impacted by COVID-19, the 2020 wildfires, and the 2021 ice storm. Along with the impact on state government, the effect of these emergencies was profound in county and city governments and other direct-service organizations. Stretched thin by multiple efforts, and uncertain how long each crisis was to last, some entities struggled to assess, hire, and retain the staff needed to address these emergencies. These responses were happening in parallel with Oregon's persistent affordable housing and homelessness crises.

OHCS's budget and staffing increased in recent years to administer federal and state housing programs

OHCS provides financing and program support for the development and preservation of affordable housing to low-income Oregonians, and administers federal and state anti-poverty, homeless, and energy assistance programs. The agency is governed by the Oregon Housing Stability Council. Members of the council are appointed by the Governor. The council guides OHCS's work by establishing its

² See OAD Report [No. 2022-21](#): The Pandemic's Effects on Oregonians Exposed Risks and Highlighted the Need to Modernize Oregon's Unemployment Insurance System.

³ *The Covid-19 Eviction Crisis: an Estimated 30-40 Million People in America Are at Risk*, Aspen Institute, August 7, 2020.

strategic direction and policy framework, setting policies and priorities to increase affordable housing, and providing input on the focus of community service housing programs.

As shown in Figure 1, OHCS’s budget more than doubled since the 2015-17 biennium, and General Fund support for the agency increased three-fold in that same period. This growth in General Funds corresponds with sharp increases in housing prices, which impacted affordability and housing stability for low-income Oregonians. It also corresponds with the Legislature’s authorization of general obligation bonds for affordable housing construction.⁴

Figure 1: OHCS’s adopted budget more than doubled in six years

	2015-17	2017-19	2019-21	2021-23
General Fund	\$15,679,188	\$54,438,010	\$106,468,486	\$501,765,128
Lottery Funds	\$11,676,469	\$16,357,282	\$21,789,335	\$25,224,730
Other Funds	\$212,088,734	\$289,274,996	\$554,281,275	\$848,189,272
Other Funds (nonlimited)	\$783,429,303	\$631,849,381	\$1,056,668,660	\$926,685,282
Federal Funds	\$119,926,854	\$122,692,797	\$126,659,025	\$437,638,180
Federal Funds (nonlimited)	\$112,320,000	\$121,165,609	\$152,131,628	\$176,472,688
Total Funds	\$1,255,120,548	\$1,235,778,075	\$2,017,998,409	\$2,915,975,280
Positions	130	164	224	350
FTE	126.17	152.65	216.71	327.84

Source: Legislatively Adopted Budgets for 2015-17, 2017-19, 2019-21, 2021-23

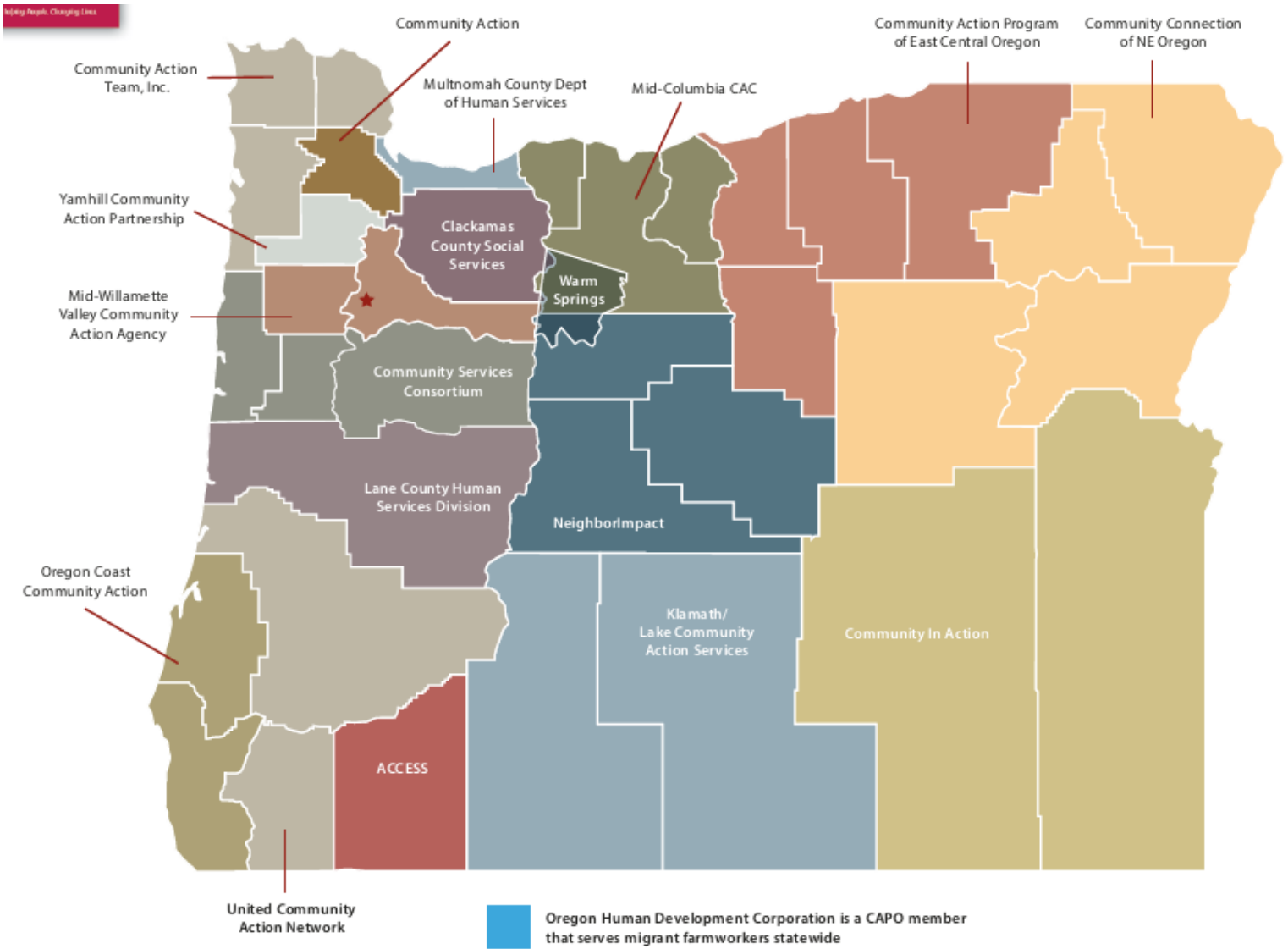
Since the agency’s inception in 1991, OHCS has acted as a federal and state pass-through for nearly all its programs, including those focused on eliminating poverty in Oregon. A pass-through agency receives a grant directly from a federal agency or through state legislation, and awards it to a subrecipient, like a local partner or contractor.

The agency has historically partnered with community action agencies: 18 community-based organizations located across Oregon that run anti-poverty programs. According to statute, community action agencies are the sole sub-grantees for federal self-sufficiency programs like the Community Services Block Grant, which seeks to address poverty at the community level, and other programs like Low-Income Home Energy Assistance.⁵ OHCS receives the money from the federal government and passes it on to the community action agencies. OHCS is responsible for monitoring sub-grantees for federal compliance and ensuring funds are accurately spent.

⁴ General obligation bonds are used when a state decides to launch a new project but lacks sufficient funds to finance it. The state can issue general obligation bonds for investors to purchase, providing the funds and a return on the investment for the bond holder.

⁵ House Bill 3377 (enrolled), 66th Oregon Legislative Assembly, 1991 Regular Session.

Figure 2: The Community Action Partnership of Oregon (CAPO) consists of 18 regional community action agencies



Source: Community Action Partnership of Oregon [website](#)

Oregon state legislators took action to help struggling landlords and renters

State legislators passed House Bill 4401 in December 2020, which extended the eviction moratorium established by Executive Order 20-11 and funded two key rental assistance programs: \$50 million for the Supporting Tenants Accessing Rental Relief program and \$150 million for the Landlord Compensation Fund. OHCS was designated as the program administrator for each of these programs.

The Supporting Tenants Accessing Rental Relief funds were distributed to the community action agencies, and the Landlord Compensation funds were distributed to Public Housing Authorities throughout Oregon.⁶ Both programs launched in February 2021 to assist renters. Landlords submitted the applications for each program. Landlords whose applications were accepted received 80% of

⁶ Public housing authorities are any state, county, municipality, or other government entity or public body, or agency or instrumentality of these entities that is authorized to engage or assist in the development or operations of low-income housing under the U.S. Housing Act of 1937.

unpaid rent they were owed by qualified renters, from April 2020 on, and were required to forgive the remaining 20% of unpaid rent. State legislation passed in June 2021 paid landlords 100% of unpaid rent.

In December 2020, Congress passed legislation providing states and other jurisdictions with funds for emergency rental assistance programs

In addition to Oregon’s legislature, the U.S. Congress acted in December 2020 to limit renter evictions by appropriating \$25 billion in funds for the first Emergency Rental Assistance Program (ERA 1). The U.S. Treasury Department allocated funds to states, Tribal communities, local governments, and U.S. territories for this purpose. The core intent of the program was to pay overdue rent and utilities for eligible, low-income renters dating to the beginning of the pandemic in spring 2020. Funds could be used to pay up to 12 months of overdue rent, with the option for renters to request up to three additional months for future rent payments.⁷ To be eligible for ERA 1:

- One or more individuals within the household had to have qualified for unemployment benefits or been financially impacted, either directly or indirectly, by the COVID-19 outbreak;
- One or more individuals within the household could demonstrate a risk of experiencing homelessness or housing instability; and
- The household had an income at or below 80% of area median income.

The U.S. Treasury introduced administrative flexibilities for grantees to expedite payments. One flexibility allowed renters to sign a statement self-attesting to their income and financial hardship instead of providing documentation. A second flexibility allowed processors to screen renters using average income in an applicant’s geographic location as a fact-based proxy. The federal agency also allowed grantees to pay renters directly when landlords chose not to participate in the program.

The legislation named as grantees states, Tribes, U.S. territories, and local governments (i.e., cities and counties with populations of 200,000 or more) and established a complicated distribution formula using 2019 and 2020 Census data. In addition to the State of Oregon, the City of Portland and Multnomah, Washington, Clackamas, and Marion counties received ERA 1 allocations directly from the U.S. Treasury, as did Oregon’s sovereign Tribes. Jackson County was offered an allocation but declined. The state of Oregon absorbed Jackson County’s allocation and, in January 2021, OHCS received the state’s ERA 1 allocation of approximately \$204 million.

Figure 3: All levels of government received federal rental assistance dollars in Oregon⁸

	ERA 1 Allocation	ERA 2 Allocation
State of Oregon (OHCS) ⁹	\$204,366,635	\$161,705,754
City of Portland	\$19,647,973	\$25,185,809
Washington County	\$17,999,261	\$19,558,404
Lane County	\$11,465,362	\$13,514,989
Clackamas County	\$12,522,541	\$9,909,500

⁷ The U.S. Treasury allowed for up to 18 months of rent paid if an applicant received both ERA 1 and ERA 2 funds. However, the Oregon ERA program only allowed for 12 months of rental arrears and an additional three months if needed to ensure housing stability.

⁸ The amounts shown are initial allocations. The actual amount may have changed over the course of the ERA program.

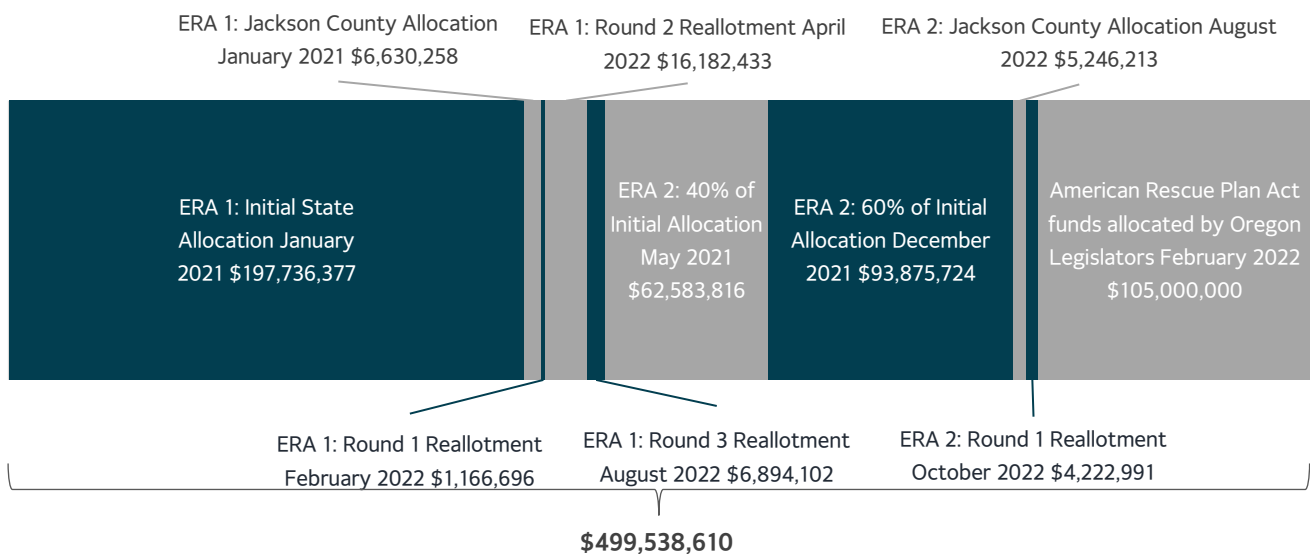
⁹ The State of Oregon’s initial allocation shown here includes the Jackson County allocations for ERA 1 and ERA 2.

	ERA 1 Allocation	ERA 2 Allocation
Marion County	\$10,437,591	\$8,258,777
Multnomah County	\$4,825,321	\$6,180,893
Confederated Tribes of Siletz Indians	\$5,099,505	N/A
Klamath Tribes	\$3,949,414	N/A
Confederated Tribes of Grand Ronde	\$3,910,098	N/A
Confederated Tribes of Umatilla Indian Reservation	\$2,524,576	N/A
Confederated Tribes of Warm Springs Reservations	\$1,894,103	N/A
Coquille Indian Housing Authority	\$1,415,490	N/A
Cow Creek Band of Umpqua Tribe of Indians	\$1,232,347	N/A
Confederated Tribes of Coos, Lower Umpqua & Siuslaw Indians	\$1,193,626	N/A
Burns Paiute Tribe	\$154,599	N/A
Total	\$302,638,442	\$244,313,126

Source: The U.S. Treasury website

Congress later passed the American Rescue Plan Act in spring 2021, which established a second wave of emergency rental assistance (ERA 2) with a similar construct and some additional flexibilities. Whereas ERA 1 included Tribes, ERA 2 did not. OHCS received an additional \$162 million of ERA 2 funding through this legislation. In December 2021, realizing the limits of ERA 1 and ERA 2, state legislators appropriated \$105 million of federal American Rescue Plan Act funds. In total, OHCS received nearly \$500 million in federal aid for renters and landlords.

Figure 4: Initial and additional assistance allocations totaled nearly half a billion dollars



Source: OHCS

One major tenet of ERA 1, written into federal legislation, was a rule that grantees must spend or obligate 65% of the funds by September 30, 2021, or funds could be recaptured by the federal government for use by other localities. This deadline contributed to the urgency agency leadership felt

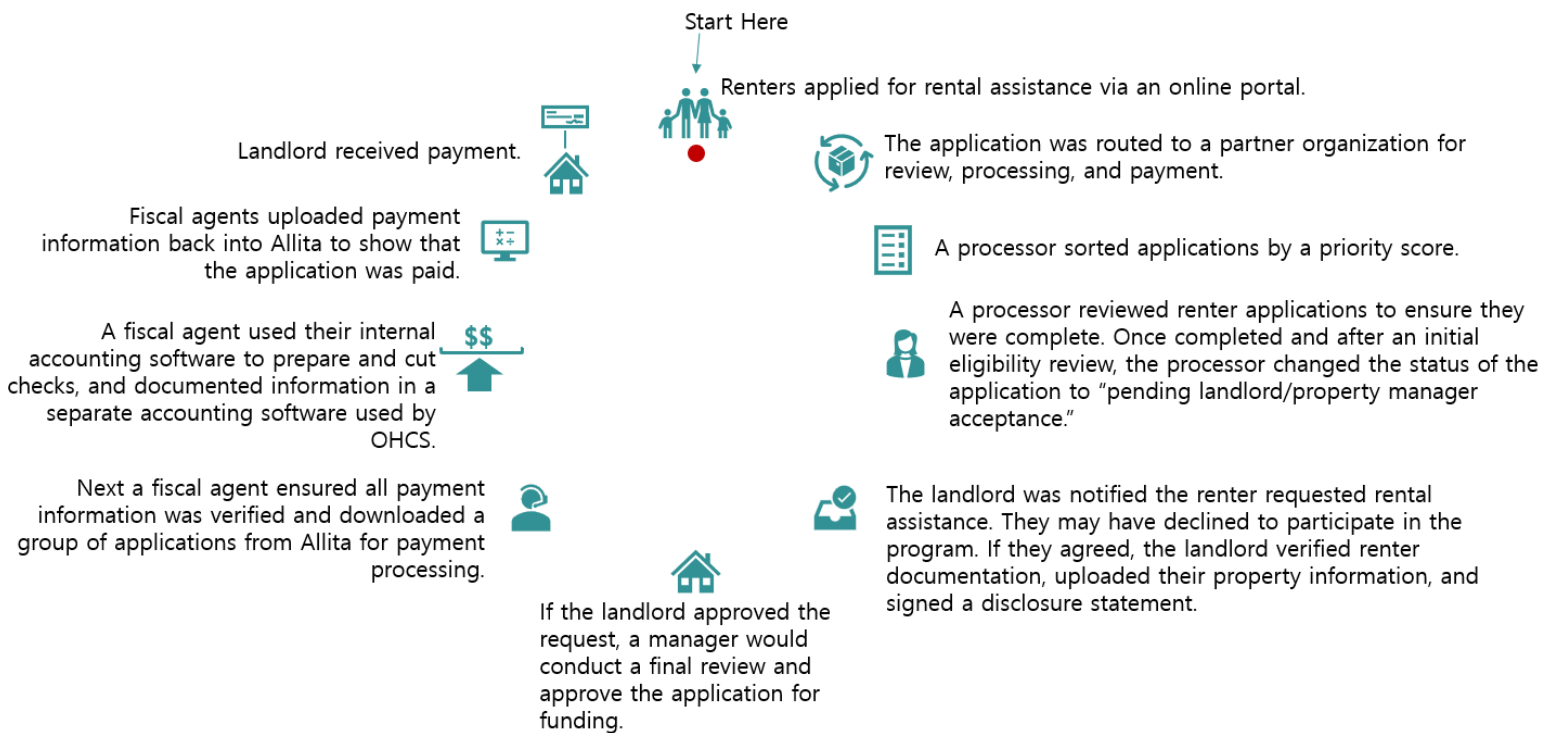
to distribute ERA 1 money quickly. The U.S. Treasury reallocated about \$3.1 billion in ERA 1 funds across the nation by the end of October 2022.

OHCS created the Oregon Emergency Rental Assistance Program to deliver ERA 1 and ERA 2 funds

The U.S. Treasury Department allowed grantees to use ERA funds for existing programs or create a new rental assistance program. OHCS leadership decided to create a new program: The Oregon Emergency Rental Assistance Program (Oregon ERA). The intent was for all program delivery to be outsourced using contractors. Program development and work on a new software solution, Allita, began in February 2021 and, three months later, on May 19, 2021, the Oregon ERA program officially launched.

Oregonians in need of rental assistance filled out an online application through the centralized Allita portal. Initially, OHCS partnered with community action agencies and a regional housing authority to determine who was eligible for the program, process applications, and make payments to landlords and renters.¹⁰ Applying, eligibility determinations, and application processing occurred within the Allita system. Figure 5 shows the Oregon ERA program process from the moment the renter applied to when the landlord was paid.

Figure 5: Oregon ERA application process includes landlords and renters¹¹



After a review of Allita data, OHCS staff became aware of a growing backlog of applications waiting to be processed in Clackamas, Multnomah, and Washington counties. In August 2021, the agency

¹⁰ Some community action agencies contracted with other local organizations to process applications.

¹¹ If a landlord declined to participate in the program or was unresponsive, a renter may have still received rental assistance. If qualified and approved, the check would be sent to the renter with the agreement they would pay the landlord the amount owed.

contracted with a Massachusetts-based company, Public Partnerships, LLC, to address the backlog and assist community action agencies with the application and payment process.

According to OHCS, they needed the capacity and speed Public Partnerships could provide to process and pay applications; in September 2021, OHCS leadership decided Public Partnerships would be the sole entity to process Oregon ERA 2 payments. Outstanding Oregon ERA applications were transferred from community action agencies to Public Partnerships. Community action agencies, and other community-based organizations, would continue to support local renters and landlords with the application process.

In the months following, OHCS staff opened and closed the online portal as federal money waned. In December 2022, the Oregon ERA application portal closed permanently, and in June 2023, OHCS's contract with Public Partnerships ended.

OHCS developed a process to identify and prioritize households most in need of assistance with a focus on racial equity

OHCS took several steps to reach groups that have been historically and systematically excluded from housing and economic opportunities, and who faced greater health and economic impacts from COVID-19. The agency developed a priority score to identify high-need households among applicants. This score allowed processors to prioritize applications using four factors in addition to the two required by federal guidance. The four factors were: household size, number of months behind on rent, 2020 wildfire impact, and whether the household resided in a census tract with a high prevalence of low-income renters at risk of experiencing housing instability and homelessness due to COVID-19. Applications with higher scores would be processed first.

OHCS contracted with the Oregon Human Development Corporation to reach individuals identifying as Latino and farmworkers. The Oregon Human Development Corporation provided a variety of services, including running a small call center and conducting direct community outreach. The agency also included a clause in the scope of work for contracts with community action agencies to hold them accountable for developing and implementing a timely and equitable plan for delivering resources to communities of color, people with disabilities, and other groups but did not include such a clause in the contract with Public Partnerships.

In August 2021, OHCS also contracted with 17 Community-Based Organizations (CBOs) through an inter-agency agreement with the Oregon Health Authority. CBOs were, in part, asked to create awareness about Oregon ERA and help people apply.¹² The CBOs worked in 17 counties and served a variety of communities: immigrants, refugees and the undocumented; people experiencing a disability, substance abuse disorders or mental health issues; those who were houseless; as well as the Latino community, African Americans, and Asian/Pacific Islanders. Services were provided in 13 languages.

¹² The Oregon Health Authority funded more than 170 community-based organizations to support culturally and linguistically responsive services as a part of the state's COVID-19 response.

Frequent updates to U.S. Treasury program guidance and additional state requirements challenged the agency's oversight and program administration efforts

Federal ERA program requirements were modified throughout the life of the program, making it difficult for OHCS to plan and administer. After the release of the first U.S. Treasury ERA guidance in January 2021 in the form of Frequently Asked Questions, the Treasury modified the guidance six times within the first eight months of 2021 and once again in 2022 when ERA 2 funds were distributed to grantees. Organizations like the National Low-Income Housing Coalition and the National Council of State Housing Agencies sent letters to the U.S. Treasury, on behalf of grantees, asking for clarification to guidance and to explain Treasury did not give grantees adequate time to review changes and make modifications to their processes and systems. The pressure to get the money out quickly, coupled with changing guidance, created uncertainty.

In addition to changing federal requirements, state legislators passed two key bills that impacted the ERA program and its delivery. In June 2021, the two primary rental assistance programs at the state level, the Supporting Tenants Accessing Rental Relief program, and the Landlord Compensation Fund, were winding down. The extension of the statewide eviction moratorium was set to expire on June 30, 2021. However, the need for rental assistance in Oregon continued, and there was a fear of an increase in evictions for nonpayment of rent.

Legislators passed Senate Bill 278, which prohibited landlords from pursuing eviction actions for nonpayment for a 60-day period from the time a renter provided their landlord with documentation of application for rental assistance.

Yet, because OHCS and its partners were not able to meet the 60-day deadline, in December 2021, legislators passed Senate Bill 891, which extended suspension of eviction for nonpayment of rent for those who had applied for assistance on or before June 30, 2022, and whose application was pending. It also directed OHCS and others to provide landlords with documentation of a pending application and outlined specific landlord and renter outreach requirements.

Also in December 2021, the Chairs of the Housing Committees in both the Oregon Senate and House sent a letter to the Oregon Audits Division requesting a performance audit of the Oregon ERA program, citing technical difficulties with the Allita software, an apparent lack of communication to renters and landlords, and the concern that over 8,000 applicants were facing eviction due to exceeding the 60-day deadline set in June 2021.

The Oregon Audits Division conducted two federal compliance audits of the Oregon ERA program as part of the 2022 Statewide Single Audit.¹³ The first audit looked at program activities associated with ERA 1 and ERA 2 funds received before June 30, 2022; the second audit looked at \$105 million of Coronavirus State and Local Fiscal Recovery Funds approved by state legislators for the Oregon ERA program. Auditors also conducted financial audits of the Emergency Solutions Grant and the Low-Income Home Energy Assistance Program, both of which are administered by OHCS. Relevant findings, evidence, and data from these financial audits have been incorporated into this performance audit.

¹³ [Statewide Single Audit Report](#), Fiscal Year 2022 (July 2023)

Oregon's housing crisis persists, increasing the need for OHCS to administer housing and rental programs effectively

OHCS ended the Oregon ERA program in June 2023. The agency is now working with local partners to implement an eviction prevention program, as well as other homeless prevention programs. As the agency shifts to the next housing emergency, it is essential OHCS has the ability to effectively administer housing and rental programs.

In early 2023, Governor Tina Kotek declared a state of emergency related to homelessness

The day after she was sworn into office, in January 2023, Governor Tina Kotek issued an executive order naming homelessness in Oregon as an emergency. According to the Oregon Department of Land Conservation and Development and OHCS, over the next 20 years, Oregon communities need to add more than 550,000 housing units, over 30 percent of which will house Oregon's lowest-income residents and will likely require public funding or subsidy. The Governor has said in public remarks she will seek additional resources to address two of the primary issues fueling the homelessness crisis: behavioral health and addiction.

Governor Kotek further ordered state agencies to prioritize reducing homelessness in all areas of the state and directed OHCS and the Oregon Department of Emergency Management to work together to address the crisis. To address homelessness, the state Legislature passed SB 5511, which will make substantial financial investments in programs OHCS will create and administer. The agency will have to balance speed and effective stewardship of public funds to create positive outcomes. Implementing the recommendations outlined in this audit, as well as recommendations in financial audits conducted by the Oregon Audits Division, will be critical.

Audit Results

OHCS faced severe legislative and public pressure to quickly allocate emergency rental assistance funds, as many Oregonians struggled to keep housing for themselves and their families during the pandemic. For this reason, OHCS leadership prioritized speed. While moving quickly comes with inherent risks, these risks can be mitigated.

However, we found OHCS did not implement many essential, foundational internal controls in the Oregon Emergency Rental Assistance program. Specifically, the agency struggled with deficient financial accounting controls, poor contract administrative practices, shifting oversight, inadequate program staffing, and a rushed and reactive planning and response approach. Oregon state agencies were not fully prepared to respond to the unique challenges of the pandemic, yet OHCS's role in Oregon's emergency management framework should have helped the agency be better prepared to respond to large-scale housing-related emergencies.

As a result, OHCS was unable to adequately track funds and verify program outcomes, making it difficult to assess the program's effectiveness and ensure transparency. The agency cannot provide reasonable assurance that approximately \$426 million was distributed and used in accordance with federal guidance, and whether these public monies ultimately went to eligible landlords and renters. Oregon is not alone in some of these challenges, as other states struggled to implement their ERA programs. However, the findings of a 2016 audit suggest many of the agency's challenges with internal controls pre-dated the pandemic.¹⁴ Coupled with the results of the 2022 Statewide Single Audit, this suggests the pandemic was not the sole cause of the present audit findings, but rather an exacerbating factor to existing issues.¹⁵ This is cause for concern because the agency is continuing Oregon ERA administrative practices that prioritize speed in a new rental assistant program.

OHCS is working toward outcomes-based contracting to hold providers accountable to specific goals and tracking those outcomes. The agency has also hired an ombudsperson to address client complaints. These improvements are a step in the right direction in accountability and improved customer service. Yet there is more work to be done. Fully addressing the audit's recommendations will help OHCS succeed in its current and future programs, including the state's efforts to end homelessness.

OHCS and partners distributed \$426 million in rental assistance, but the agency conducted little oversight of these funds

OHCS management is responsible for ensuring plans, methods, policies, and procedures used to fulfill the agency's objectives are effectively designed, implemented, and monitored. For the Oregon ERA program, OHCS relied on local partners and Public Partnerships to design fraud controls and implement

¹⁴ Oregon Housing and Community Services: Critical improvements needed to help ensure preservation of affordable housing for low-income Oregonians, December 2016, report number 2016-31. Auditors found OHCS should improve its affordable housing preservation efforts, strategic planning, and data management. They also recommended OHCS address organizational challenges, which included poor communication, inconsistent staffing levels, and inadequate contracting policies and procedures.

¹⁵ [Statewide Single Audit Report](#), Fiscal Year 2022 (July 2023)

eligibility and financial controls that met federal requirements to ensure fiscal accountability — but did little to monitor these contractors to ensure compliance.

In addition, the agency itself did not comply with federal reporting requirements. OHCS submitted inaccurate reports to the U.S. Treasury and failed to accurately track how much money was spent in administrative costs. The severity of the control weaknesses resulted in an adverse opinion reported for the program in the Statewide Single Audit — according to financial audit staff, the first in more than 25 years by the Oregon Audits Division.¹⁶

Without adequate internal accounting controls, OHCS was unable to demonstrate whether rental assistance money was spent in accordance with federal funding requirements

OHCS conducts financial compliance reviews of community action agencies once a year. These reviews include a sample of expenditures of grants received and are intended to ensure all documentation is accounted for and costs are allowable. OHCS compliance staff reviewed expenditures from July 1, 2020, to June 30, 2021, at five of the 18 community action agencies. OHCS did not perform any compliance reviews beyond following up on previous monitoring performance during fiscal year 2022 due, in part, to staff turnover in early 2022.¹⁷

In the absence of these reviews, auditors attempted to reconcile detailed ledgers of community action agencies with the intent of selecting and testing sample transactions at each individual entity. However, due to issues identified at two individual community action agencies, auditors were unable to perform testing procedures for over \$21 million in program expenditures.¹⁸

While OHCS has since hired new compliance personnel, training staff will take time. As a result, the agency has outsourced financial compliance reviews for fiscal year 2023 to an external firm.

Part of federal financial compliance is ensuring administrative costs are within guidelines and reporting is accurate. To track administrative costs, OHCS financial staff periodically created spreadsheets. However, some of the spreadsheets lacked sufficient details, and the agency did not consistently track administrative cost spending. This increased the risk that OHCS exceeded allowable administrative cost limits: 10% of total ERA 1 dollars and 15% of ERA 2 dollars.

Auditors also found inaccuracies in the agency's reporting to the U.S. Treasury and numerous inconsistencies between the online OHCS Oregon ERA data dashboard, reports to U.S. Treasury, and data from the Allita system. These included:

- Multiple instances of data reported on the dashboard that did not match. For example, in May 2022 there were three different numbers of applications received on the OHCS ERA Dashboard: 104,278; 118,124; and 49,289.
- Discrepancies between the online data dashboard, reports OHCS sent to U.S. Treasury, and the data download auditors received from OHCS. For example, data on the

¹⁶ [The Statewide Single Audit](#) reports opinions by auditors regarding the State's compliance with federal programs. An adverse opinion indicates noncompliance is both material and pervasive; full details are reported in the Statewide Single Audit.

¹⁷ The 2022 fiscal year is from July 1, 2021, to June 30, 2022.

¹⁸ For the first community action agency, auditors did not obtain sufficiently detailed data to select individual transactions to test and the second was not responsive to documentation requests.

dashboard shows an ERA payment made in the month of May 2021; however, reports to Treasury did not include the May payment. According to OHCS financial staff, no payment was made in May 2021.

The Federal Funding Accountability and Transparency Act (FFATA) requires OHCS to submit information for any sub-award grant that equals or exceeds \$30,000. OHCS staff did not submit this form, saying the federal submission website did not have the necessary grant information available for reporting subawards.

Due to its minimal monitoring of funding, OHCS cannot quantify the amount of ERA funds distributed, both properly and in error, the number of applicants that received monies, or the number of households helped

Due to limited staff, OHCS focused on updating policies and procedures to address systemic issues and reach the agency's goal of getting funds out quickly to landlords and renters. The agency's approach resulted in reactionary steps to address potential fraud and other problematic applications. That is, the agency did not implement predefined, systemic program monitoring of its partners to ensure payments were paid only to eligible clients and only for allowable and supported amounts during fiscal year 2022. In fiscal year 2023, the agency conducted limited quality assurance reviews. As a result, the agency has no way of knowing how much of the \$426 million went to eligible Oregon recipients and how much was sent to landlords, renters, and non-eligible recipients in error. The lack of verification also undermines the agency's attempts to determine whether its equity-centered approach for Oregon ERA was successful in reaching people who have been historically and systematically excluded from housing opportunities.

Since January 2023, OHCS reported several different numbers as program outcomes. The number of total applications paid has been reported as 56,320, 65,020 or over 67,500; the number of households assisted has been reported to be 51,320 or 51,744. When asked in November 2023 for the exact number, OHCS personnel indicated the final figures had not been calculated.

To better address program monitoring, OHCS should have conducted a risk assessment of the Oregon ERA program. Such an assessment would have shown the program was at high risk of noncompliance and provided an avenue for the agency to respond to those risks and to ensure public reporting on the use of these funds was accurate and transparent. Also, the exercise would have given staff an opportunity to think through and document their risk tolerance and establish controls to match.

Specific risks included:

- Extensive pressure from the U.S. Treasury, state legislators, and the public;
- A short five-month development timeline for the Oregon ERA program;
- A short timeline for the procurement, development, testing, and training of the software used to process applications;
- Use of self-attestations by renters to show eligibility; and
- Contracting with over 20 partners to deliver services.

Additionally, OHCS paid Public Partnerships more to process applications deemed qualified for rental assistance than applications that were denied. This may have created a financial incentive for the

company to process and approve as many applications as possible, raising the risk of paying ineligible applicants.

OHCS did include multiple layers of application reviews in its processing procedures but did not develop processes that identified and addressed potential fraud until funds had already been disbursed. For example, OHCS created an email address through which community action agencies could notify OHCS of potentially fraudulent applications to help the agency identify trends for such applications. After OHCS hired Public Partnerships in August 2021, this contractor developed quality assurance procedures for potentially fraudulent applications. Six months after the program began, OHCS created a fraud score within Allita to flag suspicious applications for further review, but OHCS staff and partners said it proved to be too strict and not useful. By 2022, Public Partnerships was using a detailed fraud algorithm of its own creation.

Of the 15 community action agencies auditors spoke with, seven told us they denied approximately \$37 million dollars requested through 1,813 potentially fraudulent applications.¹⁹ According to community action agencies representatives, it is easier for them as local organizations to identify fraud than an out-of-state company because they know the communities and many landlords and renters.

To determine whether direct payments were paid to eligible renters for allowable activities, auditors reviewed a sample of 62 paid applications at 16 community action agencies totaling \$183,515. One organization did not respond to requests for documentation and another organization could not obtain documentation to support a lease agreement. Auditors tested 61 randomly selected payments totaling \$374,274 made by Public Partnerships to landlords and renters. Within this small sample size, the testing identified errors with 17 payments, close to a 30% error rate. One payment was made to an incorrect landlord in the amount of \$2,700, while the remaining 16 resulted in overpayments totaling \$12,787. Attempts to recover the \$2,700 payment had been unsuccessful as of June 2023.

Estimates made by auditors on ERA 1 and ERA 2 funding for fiscal year 2022 (\$318 million) show that, when extrapolated to the total population of payments made, the errors would likely result in \$11 million in questioned costs.²⁰

OHCS contracted with a private company, Epiq, to conduct a limited quality assurance review of applications. From August 1, 2022, to September 1, 2022, more than one year after the program was launched, Epiq reviewed 850 applications that were denied payment to determine if program eligibility criteria were applied correctly and whether outreach to the renter and landlord was in line with Senate Bill 891 requirements.

According to OHCS staff, of the 850 applications reviewed, Epiq identified 95 applications with potential issues. After further OHCS review, 62 of these applications were found to be eligible for additional review and possible reinstatement.

¹⁹ Examples of potentially fraudulent applications included those stating high rents, incorrect spellings of locations on official government documents, and ID photos that looked to be of models or were photoshopped.

²⁰ This excludes the \$105 million in Coronavirus State and Local Fiscal Recovery Funds authorized by the American Rescue Plan Act, which was the subject of a separate audit.

Figure 6: Of the 850 applications reviewed by an independent reviewer, 15 were eligible for reconsideration and 47 were deemed ineligible

Number of Applications	Results of Review
8	Withdrawn Status: These applications were eligible for reinstatement but, through outreach, the renters’ confirmed rent was already paid, or they no longer needed assistance.
6	Payment Sent: These applications were either eligible for reinstatement and were processed and paid, or were placed in Denied by Senate Bill 891 in error
47	Denied by Program Senate Bill 891: Public Partnerships’ Quality Assurance Review audit team reviewed for program non-compliance
1	Application Closed (Funding Not Available): Notes show this application was set to be paid and then fiscal corrections and additional landlord outreach were required. In November 2022, all pending applications were placed in this status because funding was no longer available.

While well-intentioned, reviewing only 850 denied applications out of over 120,000 received by OHCS was a minimal level of review. There has been no systemic review of applications deemed eligible by OHCS staff, or its partners.

Nearly a year into the administration of Oregon ERA, OHCS formalized a set of procedures to investigate and recapture funds reported by legislators, community action agency staff members, and Public Partnerships suspected of being paid in error. OHCS staff would review the payment or refer it to Epiq for review. If the payment was made in error, the application would be routed through the internal auditor and possibly on to the Oregon Department of Justice or local authorities. According to OHCS staff, as of December 2022, nine applications were sent to agencies outside OHCS for follow-up. However, because of inconsistent tracking by the agency, it is unclear how many total applications were routed through this process.

OHCS is implementing changes to the way it administers contracts and with whom. Agency staff have said they struggle within their current framework to hold partners accountable to program outcomes and moving towards outcome-based contracting. Additionally, past and present agency leadership have expressed frustration working solely with the Community Action Agency network to deliver community services. House Bill 2100 (2021), which passed while OHCS and the community action agencies were implementing Oregon ERA, allowed OHCS more flexibility in their choice of local partners.

One Oregon ERA practice is continuing. OHCS is allowing the use of self-attestations for proof of income and housing status in the Oregon Eviction Diversion and Prevention Program (ORE-DAP). The program was created at the beginning of 2022 and has seen an influx of money due to the Governor’s Executive Order 23-02 to assist low-income Oregonians at risk of eviction.

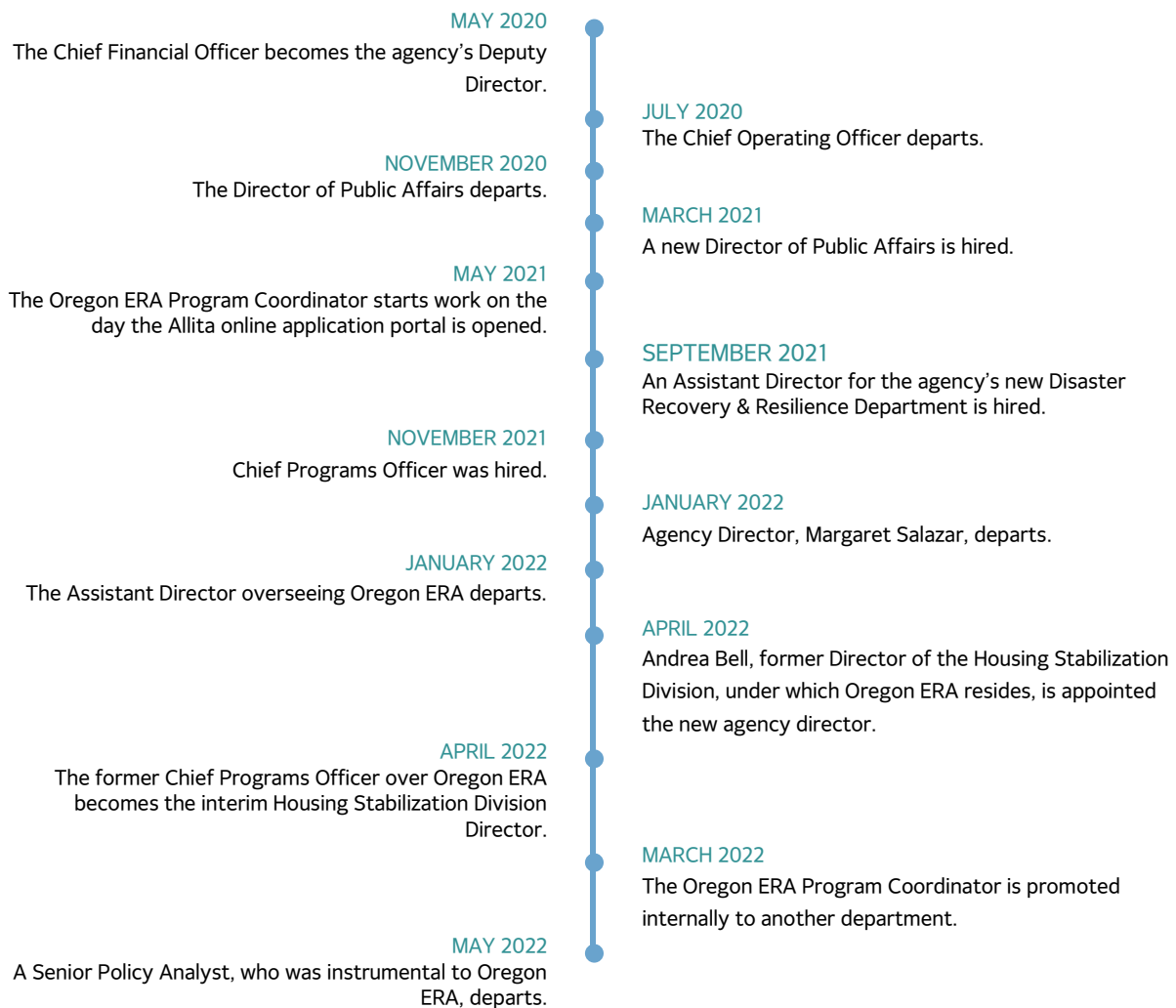
Like Oregon ERA, the pressure to spend ORE-DAP funds is acute. Program partners must spend \$85 million in funds by January 10, 2024, just over eight months after funds were received. OHCS leadership told auditors they hope key contract provisions, like performance measures and the ability to withhold or return funding from contractors that do not meet those measures, will hold contractors accountable to the deadline. Yet the agency still does not have access to real-time data. Agency staff will have to review partner reports to determine progress.

Responding to two declared emergencies back-to-back can stress an agency, its staff, and its processes. As OHCS moves forward, it is vital that the agency fully develops and tests its contracting and monitoring controls and staff programs appropriately to ensure integrity in public spending and achieve intended outcomes.

Oregon ERA lacked stable management oversight and was inadequately staffed, undermining the program despite the urgent need for rental assistance

Over the course of Oregon ERA, the agency lost personnel in key positions, resulting in shifting oversight for the program. As shown in Figure 7, these changes included an assistant director and a senior policy analyst, both of whom oversaw the program. The latter was also instrumental in the program’s design and implementation.

Figure 7: From 2020 to 2022, movement occurred in key leadership positions



In addition, despite a 51% increase in Full-Time Equivalent (FTE) positions from the 2019-21 to 2021-23 biennia, the agency did not allocate enough internal staff for Oregon ERA to administer and monitor the

program.²¹ Agency personnel told auditors Oregon ERA work was not prioritized over their other responsibilities.

Initially, agency leadership had not planned to hire any staff for the program because they wanted to contract out all the work. After the need for internal staff became evident, the agency hired a core team, beginning in March 2021, that varied in size from two to 5.5 FTE over the course of the program. The core team for this \$426 million program included a program coordinator, a part-time IT help desk technician, and five program specialists, three of whom worked on the project for a year or less. Three members of this team were also new to housing, having joined Oregon ERA on job rotations from other agencies.²²

Personnel from other agency programs (e.g., research, procurement, accounting, public affairs) did assist the Oregon ERA team, and beginning in February 2021, staff and leaders from across the agency held daily huddles. After the program was launched in May 2021, these meetings were held twice a week. An IT project manager was assigned in early 2021 to help with deploying Allita and doing post-production work on the system. However, this role ended in fall 2021 when responsibility for the system was turned over to the IT help desk and program staff.²³

Some agency personnel said hiring was challenging. However, the agency employed 21 temporary internal staff, over the summer of 2021, to assist renters in completing and submitting their applications. Some of these staff could have been retained to expand the core team, but only one person was kept on.

The program specialists were hired to provide technical and program support to partners and develop Oregon ERA program policies and procedures. However, because the Allita software was still in development, these staff spent most of their early days testing the software, developing and delivering trainings for the system, and creating the software's instructional manual because the contractor did not produce one.

Program management and staff asked agency leadership for more personnel to address program needs, but staff levels dwindled before the program's end in June 2023. In November and December 2022, only two people worked on the Oregon ERA program full-time, even though the agency was required to meet ongoing federal reporting requirements, including a final ERA 1 report that was due April 28, 2023.

Low program staffing, shuffling of agency personnel, and vacancies in key leadership and management positions likely contributed to reports of worker stress and delays in addressing some program challenges, such as public and partner communications, policy and procedure development for potential fraud, and oversight of the community action agencies and other contractors.

A 2016 Secretary of State audit had also raised concerns about staffing and organizational challenges that impeded the agency. While the pandemic exacerbated staffing and management stability risks, it was not the cause of them. With increased and consistent program staffing, the agency could have

²¹ As shown in Figure 1, the FTE rose from 216.71 to 327.84 FTE across the two biennia.

²² As of August 2023, fifty percent of staff within the Housing Stabilization Division, in which Oregon ERA resided, have been with the agency for less than two years.

²³ A Project Management Office was established during the Oregon ERA program.

redistributed the work, ensuring tasks were completed timely and to the level needed for program integrity.

OHCS's lack of established internal controls and a current emergency housing plan led to rushed and reactive decision-making

There was intense legislative and public pressure to distribute ERA dollars quickly and efficiently to landlords and renters. OHCS had never before administered a program of this scale and with this level of urgency. Throughout the program, the agency struggled with significant challenges with software and lack of staffing.

As a result, the agency made critical decisions about system processes and solutions throughout program implementation that caused delays in processing and frustration among partners. Prior emergency management planning would have identified these gaps and allowed agency leadership and staff to mitigate these risks to ensure more seamless service delivery.

Rushed adoption and implementation of Allita software contributed to persistent technical problems

Early in Oregon's ERA program development, OHCS leadership believed they had two problems: limited access to real-time data and a fragmented program delivery system created by their partners. To address these issues, agency leadership decided to create a centralized online portal where renters could apply for rental assistance, partners could process applications, and program staff could collect and use data to make decisions and report to the U.S. Treasury. The result was the purchase of a new software solution, Allita, from Ohio-based Greenwood 360. However, the new software caused problems that were partly responsible for delays in getting money out to renters and landlords early in the program and led to checks being sent to the wrong addresses.

Under a normal procurement process, the purchase of the Allita software would likely have qualified for Stage Gate because the contract exceeded \$150,000 and included the collection of protected personal information. Stage Gate is a process developed for incremental review and endorsement of significant state IT projects intended to prevent failure of these projects.²⁴

The Governor's State of Emergency Declaration allowed OHCS to procure the Allita software in a noncompetitive process and bypass the Stage Gate process.²⁵ As a result, and due to time constraints, the agency decided to expand its existing contract with Greenwood 360, which was already working on software for the Landlord Compensation Fund, to include software for the Oregon ERA program. This benefited the agency by allowing it to procure and implement the Oregon ERA portal within a three-month timeframe, whereas a project of this size could typically take up to two years to complete through the Stage Gate process.

The new software was launched with critical pieces still in development. For example, OHCS staff told partners during an Allita training they were working on finalizing some administrative functions, such as

²⁴ Stage Gate was developed by the Legislative Fiscal Office and Enterprise Information Services in the Office of the State Chief Information Officer.

²⁵ OAR 813-006-0200 (6)(b)

steps for issuing payments. System testing and user training took place up to and after the launch date of the online application portal.

Deploying a system that was not fully developed and tested caused early problems for users, including nonresponsive screens and problems uploading documents, and lost information. According to OHCS staff, Greenwood 360 did not initially appear to have the capacity to develop and maintain the software and handle all the emerging issues. In addition to servicing Oregon's ERA program, Greenwood 360 was also servicing Minnesota's ERA program. On occasion, OHCS leadership urged the company to speed up solutions. Eventually, OHCS personnel said Allita improved over time.

Several system glitches took weeks or months to effectively diagnose and fix. During this time, local community action agencies worked together and with the agency to implement workarounds. The process for extracting payment information from Allita was particularly problematic. Not all applications approved for payment were included in an extraction, or in some cases, included incomplete payment amounts. A workaround was developed in August 2021, but a systemwide fix did not occur until October 2021. Another key fix, related to landlords' and others' contact information, took longer and likely contributed to payments going to the wrong individuals.

Despite the rocky implementation, community action agency partners said they were able to process applications relatively smoothly once workarounds were established and glitches minimized. However, OHCS leadership had made the decision to move the work of processing and paying out applications to Public Partnerships.

Application processing time could not be determined

According to OHCS staff, it was difficult to measure the average time it took to process an application from the date it was submitted to when payment was issued because of problems with several data elements.

The date the application was submitted was not initially captured by the Allita software system. Every time a processor would change the status of an application, the date in the date submitted field changed. After the program began, an additional data field was created to capture the initial submission date. The fix was intended to be retroactive; however, auditors found 2,720 paid applications without an initial submission date.

OHCS staff also reported uncertainty about the application paid date. Payments were completed outside of Allita. The most closely tied data point was the batch paid date, which was manually entered by partners when payment information was uploaded into the Allita system. However, data was not always entered timely. OHCS staff began using the date the payment application was downloaded from Allita as a proxy for the date paid.

Limited OHCS collaboration and ineffective communications with key partners reduced program effectiveness, transparency, and accountability

The COVID-19 pandemic has been described as unprecedented and unpredictable. Government agencies, in general, were caught off guard. Despite its role within Oregon's emergency response framework, the ongoing housing issues in Oregon, and having provided approximately \$26 million annually in rental assistance, including program costs, before the pandemic, OHCS and its local partners were surprised by the level of emergency rental assistance sought by Oregonians. While it was difficult

for any state entity to anticipate the devastating impact of the pandemic, OHCS should have been better prepared than most because of its key responsibility in the state emergency management system.

OHCS had an established model it could draw from: the agency has partnered with the community action agency network for over 30 years to deliver federally funded housing-related services, and OHCS partnered with them for other pandemic-related programs. However, OHCS missed a critical opportunity to engage with these local partners early in the planning process and better leverage available data to forecast potential levels of need and determine how to meet that need. The result was a program being developed as it was being implemented: a fragmented system that caused confusion and frustration among partners, legislators, landlords, and renters.

“Public services also mean customer service, and that must be the focus of everything we do at the state. Public service is about getting Oregonians what they need.”

- Governor Tina Kotek, OPB, December 12, 2022

An important element of any government program is customer service. At the beginning of the program, community action agencies were the primary source of support for renters and landlords because they were processing and paying out applications. As the program evolved, so did the level of support required to serve renters and landlords. In response, OHCS:

- Contracted with the Oregon Human Development Corporation, a nonprofit community action agency, to run a small call center to assist Spanish speakers;
- Amended its contract with Greenwood 360 in May 2021 to run an online chat specifically for landlords;
- Amended its contract with Public Partnerships in August 2021 to provide increased call center staffing for renters and landlords, including texting support;
- Hired 21 temporary internal staff over the summer of 2021 to assist renters in completing and submitting applications;
- Contracted with the Oregon Health Authority in August 2021 to fund community-based organizations providing application assistance; and
- Contracted with Epiq in January 2022 to run call center services for renters and landlords.

The addition of different supports shows the agency responded to the needs of the program at the time; however, it also shows how the agency did not adequately coordinate program operations, including contingencies, from the onset.

For example, OHCS hired temporary staff to help renters complete their applications. These staff provided a limited scope of assistance and directed renters to contact their local community action agency for anything that went beyond that scope. Staff did not directly connect renters to community action agencies but could make notes in Allita to inform community action agencies when they took over processing an application.

OHCS staff believed the source of the support did not matter so much as whether the renter or landlord was being helped under the umbrella of the Oregon ERA program, but the resulting fragmentation did little to provide assurance to those receiving the support. Landlords and renters were confused about which organization was helping them and how they were supposed to help. This

became most apparent when OHCS transitioned processing and application payout from local community partners to Public Partnerships. Auditors heard instances of Allita chat, Public Partnerships, and OHCS staff referring renters' and landlords' questions to each other instead of addressing questions themselves.

Once Public Partnerships was chosen as the primary application processor, open applications were transferred to them from community action agencies — but not uniformly. Auditors heard instances of renters reaching out to these organizations, thinking those agencies might help because they could not reach Public Partnerships. OHCS staff told community action agencies to continue to provide renter and landlord support after the transition to Public Partnerships, but the local agencies no longer had the same level of access to application information; they were only allowed to see the renter's contact information and the status of their application. As a result, community action agencies struggled to assist clients who had questions about their applications and, like renters and landlords, had difficulty reaching Public Partnerships to resolve clients' problems.²⁶

In November 2022, the agency hired for the first time an ombudsperson to resolve complaints from individuals eligible to apply for — or currently receiving — OHCS programs and services. While similar to other ombuds positions across the state, according to an OHCS staff member, theirs does not have the same autonomy afforded to legislatively mandated ombuds positions.

Miscommunications and application status changes frustrate a renter in need

Amira lost her job and applied for rental assistance through the Oregon ERA program. Her experience, described below, is an example of the “time tax” (i.e., wasted hours) imposed on individuals when they access assistance from government programs that have, for example, onerous application processes or information requirements.

Amira submitted her application on November 17, 2021. Her application came close to being approved in December, but the program notified her it was missing information. Over the next several months, Amira received multiple messages about missing documents from different program staff. The status of her original application changed several times, which resulted in more messages.

Amira attempted to communicate with the program about missing documents and to learn about the status of her application, but told auditors the chat function did not work, staff hung up on her, or her calls were dropped or disconnected.

Amira applied to the program for reconsideration for funding in May 2022 when her original application came close to being denied. During this time, she also received an eviction notice but worked out a payment plan with her landlord for the rent owed. Amira's reconsidered application was approved for payment in August 2022, over eight months after she had originally applied.

In December 2022, the online portal closed, and OHCS's contract with Public Partnerships ended in June 2023. According to OHCS, from December 2022 to August 2023, 14 Oregon ERA complaints came to the ombudsperson for resolution. As of the time of this report, it appears the ombuds' policies and

²⁶ One staff member from a community action agency told the audit team it took three weeks to coordinate a phone call between an elderly renter, Public Partnerships, and the community action agency. On the call, they learned the reason the application had not moved forward was because the renter had sent a black-and-white photo of his driver's license, instead of a color photo.

procedures have mostly been developed, although the agency has yet to finalize a constituent complaint process.

OHCS was not prepared to respond to emergencies, exacerbating financial management, decision-making, staffing, and customer service challenges

Oregon ERA program challenges could have been eased had the agency been better prepared for housing emergencies. The COVID-19 pandemic and 2020 wildfires introduced new and competing priorities that revealed the agency's lack of planning. Housing-related emergencies are not expected to abate anytime soon: homelessness in Oregon was declared an emergency in 2023, and agencies have been urged to prepare for the Cascadia Subduction Zone earthquake and tsunami, an event predicted to displace between 16,800 and 257,000 people in the Portland tri-county region alone.²⁷ The agency's success in responding to the current homelessness crisis and future emergencies depends upon its commitment to evaluating its recent actions and implementing needed improvements.

The Oregon Disaster Housing Strategy, a plan for how to respond to housing emergencies, is 11 years out of date. Oregon's 2020 assessment of the state's ability to manage emergencies found housing had the second-lowest readiness estimate of 32 core capabilities, indicating the state has not implemented local housing solutions effectively.²⁸ OHCS only recently established, in 2021, its Disaster Recovery and Resilience Department to focus on recovery from the 2020 wildfires.

Had OHCS spent time planning for housing emergencies, it could have:

- Incorporated federal procurement standards into its financial policies and procedures, as recommended by FEMA, prior to the pandemic.²⁹ Had this been an emergency where Oregon could have sought reimbursement from the federal government for its response expenditures, reimbursement may have been delayed or not approved because of issues identified by financial auditors (e.g., lack of documentation and missed steps);
- Established a disaster financial management team responsible for financial and grant management policies. Such a team may have implemented emergency contracting mechanisms. Pre-existing and pre-qualified contracts with vendors expedite response and recovery efforts;³⁰
- Identified the need for, and begun building, a centralized client screening system to collect basic demographic and service data, thereby avoiding the last-minute purchase of an Allita-type software; and
- Better estimated the level of need for emergency rental assistance among Oregonians to help determine capacity requirements.

²⁷ The Cascadia Subduction Zone is a 600-mile fault that runs from northern California to British Columbia about 70 to 100 miles off the Pacific coast shoreline. Oregon has the potential for a 9.0+ magnitude earthquake caused by this zone and a resulting tsunami of up to 100 feet in height. Currently, scientists predict there is a 37% chance an earthquake of 7.1+ magnitude will occur in this zone in the next 50 years.

²⁸ Every year, the Oregon Department of Emergency Management collects information from county, city, Tribal, and state partners to assess the state's progress in developing 32 core capabilities for responding to emergencies, including housing.

²⁹ The standards reside in Title 2, Part 200, of the Code of Federal Regulations (2 CFR Part 200).

³⁰ The need for such contracts and contract oversight were lessons learned by the Oregon Department of Transportation for the 2020 wildfires.

Through emergency planning and training, OHCS may have also learned how to run Oregon ERA under the Incident Command System, a standardized tool for managing emergencies.³¹ Use of this tool would have allowed the agency to be nimbler, shifting from its everyday management structure to one that is flexible, standardized, and focused on unity of effort across responding organizations. The Incident Command System would have improved the program's daily planning, coordination, and communications. Under this system,

- Clear roles and responsibilities and reporting relationships would have been established within the agency and between local, state, and federal partners. The agency and its partners may have chosen to activate a Multi-Agency Coordination Group (MAC) to aid decision-making; Executive Order 23-02 has directed Oregon Emergency Management to establish a MAC for the state's homelessness emergency.
- Agency personnel would have better understood how to obtain and use resources. To rectify Oregon ERA's low staffing, agency leadership could have reassigned staff from lower priority tasks to the Oregon ERA program or state leadership could have mobilized personnel from other state agencies to assist OHCS since the state was under a declared emergency for COVID-19.
- Customer service activities across the agency's partners, contractors, and subrecipients would have been better coordinated, likely preventing frustration among renters, landlords, and other partners.
- Public information officers from local and state agencies could have coordinated messaging to the public, renters, and landlords about emergency rental assistance resources through a Joint Information System.

OHCS was responding to a statewide emergency on a scale not seen before, as with many state agencies. The pressure to communicate immediate data and deliver results was intense. The agency has also seen tremendous growth over recent years in personnel and programmatic responsibilities due, in part, to legislative investments to build affordable housing and address homelessness. Delivering services under these conditions was stressful, but OHCS staff worked together to create the Oregon ERA program. As problems arose or guidance changed, staff adapted and made choices to address the problems at hand. In the end, the agency distributed \$426 million in Oregon ERA rental assistance.

However, the fact remains OHCS cannot be certain spending met federal guidelines, or if the emergency funding went to eligible applicants. Neither the agency nor auditors can determine the effectiveness of the Oregon ERA program because it is unknown how many total applications were paid and how many households were helped. As a mission-driven organization, accountable to the public, these answers are vital in knowing if public investments in the community are helping people. Oversight of public funds is necessary to ensure limited resources are used as effectively, efficiently, and equitably as possible.

³¹ The Incident Command System is a tool within the National Incident Management System, which is used by governments, businesses, and nonprofit entities to manage emergencies. The National Incident Management System provides entities with a shared vocabulary, systems, and processes for responding to emergencies.

OHCS leadership has told us on multiple occasions they view the program and any challenges it had as a one-time, emergency-only related occurrence. We disagree with this perspective. The Governor's plans to address homelessness continue to add pressure on OHCS to ensure outcomes in a short amount of time. OHCS will rely on many long-standing partnerships to get the work done but will also be working with new partners. New homelessness programs and initiatives are being implemented. Half of the staff in the agency's homelessness division have been at the agency two years or less. The COVID pandemic tested the agency's financial and contracting controls and highlighted weaknesses, offering lessons that can be applied as ongoing pressures will continue to test controls.

Other state agencies and their partners have produced after-action reports to evaluate their response to the pandemic and the 2020 wildfires.³² OHCS and its partners must also evaluate their response and implement corrective actions given the importance of the agency's mission and the Governor's intent to invest hundreds of millions of dollars into housing and homelessness.

³² For example, Senate Bill 1554, passed in 2022, requires after-actions reports for the Oregon Health Authority and its partners' response to COVID-19. This bill could serve as a template on how to evaluate Oregon ERA given the similar challenges faced by the two agencies (e.g., coordination of funding, clarifying partner roles, messaging).

Recommendations

In addition to the recommendations from the federal ERA audit, OHCS should:

1. Develop, document, and implement real-time contract monitoring procedures to ensure intended outcomes, deliverables, and milestones will be met.
2. Develop, document, and implement data analysis, reliability and validity procedures to transform data into quality information that ensures transparency and accurate reporting for program outcomes.
3. Use the data analysis, reliability, and validity procedures to determine program outcomes for Oregon ERA, including number of applications paid, number of households assisted, and demographic characteristics of fund recipients.
4. Continue efforts to gain access to locally sourced housing data to better understand the state's housing needs.
5. Work with agency partners to identify solutions for obtaining access to timely client data.
6. Create and implement internal policies and procedures to detect fraud in federal and state programs to supplement and support those of partners. Monitor partners' contracts to ensure program compliance.
7. Ensure customer service standards and diversity, equity, and inclusion practices are in all service-related contracts and are incorporated into contract monitoring procedures.
8. Finalize all Ombudsperson policies and procedures related to handling customer complaints.
9. Ensure OHCS staff receive regular training on the Ombudsperson policy, and ensure procedures are known to all providers and consumers of housing-related services.
10. Pursue efforts to create a permanent ombudsperson with the independence and investigative powers of other ombudspersons in other state agencies.

To better prepare for future housing emergencies, we recommend OHCS:

11. Conduct after-action review meetings about Oregon ERA with community action agencies, community-based organizations, and other response partners. The product of these reviews will be an after-action report and improvement plan that identifies strengths, areas for improvement, corrective actions, and responsible parties to inform future policies and procedures around emergency response, communications, contract audit and monitoring, and joint decision-making.
12. Include, in the above after-action process, an evaluation of the agency's policies and procedures for information systems oversight from the initial conceptualization stage through benefits measurement and reporting to ensure systems are functioning to expectations and to inform contracting decisions about vendors.

13. Create emergency response and recovery operations plans for housing based on the findings of the after-action report and improvement plan and according to FEMA planning guidance. These plans will outline roles and responsibilities and reporting relationships for responding personnel and key partners as well as a coordinated joint approach for delivering timely, accurate, accessible, and consistent messaging to the public, legislators, and other stakeholders.
14. Incorporate coordination for the agency's emergency planning, response, and recovery responsibilities into the work of the OHCS Disaster Recovery and Resilience Division.
15. Train OHCS leadership and personnel on the Incident Command System and the agency's emergency operations plans.
16. Establish a disaster financial management team responsible for financial and grant management policies. This team should develop proper financial and grant management policies, procedures, and systems for emergencies.

Objective, Scope, and Methodology

Objective

The objective of this audit was to examine how OHCS can learn from the administration of the Oregon ERA program and apply those lessons to better serve Oregonians with future rental assistance needs.

Scope

The audit focused on ERA program development and delivery, partner communications, contracting, equity, and potential fraud.

Methodology

To address the audit's objective, we used a methodology that included conducting interviews, reviewing documentation, and evaluating the reliability of Oregon ERA applicant data. We interviewed the following individuals:

- OHCS leadership, assistant directors, other senior personnel, and staff;
- Oregon legislators;
- The former director of the Oregon Department of Emergency Management;
- Representatives from 15 of the 18 community action agencies and two subrecipients;
- Portland State University researchers;
- Representatives from community-based organizations;
- Representatives from advocacy groups: the Oregon Law Center, Multifamily NW, Community Alliance of Renters; and
- Renters, landlords, and callers to the Secretary of State's Government Accountability Hotline.

We reviewed laws, administrative rules, contracts, and manuals. We examined U.S. Treasury Frequently Asked Question documents, budget information, data documents, after-action reports, and other states' practices. We studied emergency management plans and leading practices. We watched online program training videos and legislative testimonies related to Oregon ERA. We examined applicant data from the Allita platform and found it to be of undetermined reliability.

Internal control review

We determined that the following internal controls were relevant to our audit objective.³³

Risk Assessment

- We reviewed emergency management plans, the Statewide Housing Plan, county housing profiles, and other data reports to determine whether management identified and assessed housing risks.

³³ Auditors relied on standards for internal controls from the U.S. Government Accountability Office, report [GAO-14-704G](#).

Control activities

- We reviewed manuals and policies and procedures related to noncompliance, quality control, contract management, and Diversity, Equity, and Inclusion to evaluate whether management designed control activities to achieve objectives and respond to risks.

Information and communication

- We watched trainings and testimonies and interviewed partners to determine whether management externally communicated the necessary information to achieve the entity's objectives.

Monitoring activities

- We reviewed the Oregon ERA program manual, contracts, and interviewed agency staff and representatives from community action agencies to evaluate whether management had established and operated activities to monitor the internal control system and evaluate the results.

We also relied on evidence from the ERA 1 and ERA 2 financial audits associated with the single statewide audit for the federal fiscal year ending June 30, 2022. Financial auditors reviewed and tested financial, reporting, and program monitoring controls for federal compliance.

Deficiencies with these internal controls were documented in the results section of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of OHCS during the course of this audit.

Audit team

Andrew Love, MBA, Audit Manager
Danielle Moreau, MPA, Senior Auditor
Kathryn Scott, DrPH, Staff Auditor
Denise Brock, M.Ed, Staff Auditor

About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.



Dec. 29, 2023

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 180
Salem, OR 97310

Dear Mr. Memmott,

Thank you for setting forth an audit process that sought to understand the unique conditions and circumstances associated with administering a program of historic scale during the global COVID-19 Pandemic. This letter provides a written response to the Audits Division's final draft audit report titled, "OHCS Prioritized Providing Emergency Rental Assistance Funds to Oregonians in Crisis but Could Have Done More to Ensure Funds Were Properly Distributed."

OHCS fully accepts the audit as not an accusation of wrongdoing but an opportunity for the agency to learn and grow. We are committed to continuous improvement, are accountable to the decisions made which are evaluated through this audit and are focused on providing the best possible service to agency partners and the community.

The pandemic had a shocking impact—from human loss to significant economic and social disruption. The full accounting of this crisis will take considerable time to reveal itself. At the time OERAP launched, an [unprecedented number of Oregonians were at risk of losing their home during the global pandemic](#). This reality created a mandate for OHCS from the federal government and the Oregon Legislature to prioritize assistance for at-risk landlords and tenants to prevent homelessness. In pursuing this mission, we were clear-eyed that this would require a transformational impact on how we, as a government agency, needed to reshape our operations and mindset in service to the people of Oregon. This approach prioritized humanity ahead of traditional program development rigor, such as pre-establishing robust internal controls, thoroughly testing new IT systems, and prolonged decision-making when initial delivery systems didn't achieve the required outcomes.

OERAP was a one-of-a-kind program that the agency stood up in less than four months during a global pandemic. The agency distributed more than \$426 million to 67,522 households, helping tens of thousands of Oregonians get back on their feet while likely preventing thousands of evictions. Throughout two years of administering OERAP, OHCS allocated more rental assistance than in the previous decade. Additionally, 97% of those funds were delivered successfully, and the U.S. Department of the Treasury's multiple reallocations of tens of millions



of dollars from non-performing states to OERAP, which far exceeded auditors estimates of questioned costs, was a vote of confidence in the agency and our partners' work. OHCS staff set up call centers, phone trees, emergency procurements, outreach strategies, and many other behind-the-scenes tasks to ensure that families and individuals had their needs met. The agency's effort did not go unnoticed; we were consistently ranked nationally among the top five performers for distributing funds. Furthermore, OHCS sought to prioritize low-income communities, with 85% of those served at or below 50% Area Median Income (AMI) and Black, Indigenous and people of color (BIPOC) households, with at least 25% of those served being BIPOC Oregonians.

OHCS agrees with auditors that, like many other government and non-governmental organizations, the agency was unprepared for the magnitude and scale of multiple emergencies in 2020. If OHCS had established a robust infrastructure before 2020, it would have improved the experience of both renters and landlords. However, the applicability of such an infrastructure, due to the federal government’s mandate that the program be “low barrier and remove as many pre-conditions to apply as possible to ensure keeping as many people housed during the public health emergency”, would’ve been challenged.

It is important to note that some of the recommendations below may not be applicable as they were based in assessing a single program that was established during a public health emergency, which has now ended. Therefore, many of the recommendations are already occurring in ongoing programs and are part of standard operating business procedures.

OHCS remains focused on solutions to keep Oregonians stably housed before they experience homelessness and is committed to continual improvement across all our programs. To better serve and stabilize families and be prepared for future emergencies, the agency is taking steps to incorporate all that has been learned from operating this program towards continual improvement in partnership with Secretary of State.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1		
Develop, document, and implement real-time contract monitoring procedures to ensure intended outcomes, deliverables, and milestones will be met.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 31, 2024	Sarah Roth 503-569-3144



Narrative for Recommendation 1

OHCS is undergoing an independent organizational assessment of its procurement processes and procedures. That assessment will ensure greater clarity on roles and responsibilities to monitoring contracts to ensure consistency in processes agency wide.

Of note, the most comparable contracts to this audit have to do with existing eviction prevention programs, including the programs created in response to Emergency Order 2023-02. Those contracts, initiated under EO2023-02, demonstrated a significant advancement of contract language and procedures to monitor outcomes, deliverables, and milestones. Goals for number of shelter beds added, number of households re-housed, number of evictions prevented, and implementation plans/milestones to achieve those were all required prior to funding release and are part of the contract documents. Where outcomes are not achieved, funding is reduced.

RECOMMENDATION 2 Develop, document, and implement data analysis, reliability, and validity procedures to transform data into quality information that ensures transparency and accurate reporting for program outcomes.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	June 30, 2025	Jill Smith 503-580-6233

Narrative for Recommendation 2

OHCS agrees that the implementation of the application and reporting system was challenged by the required pace of implementation based on the timeline needed for Oregonians at risk of losing their homes. This ultimately led to challenges for tenants and landlords and community-based organizations serving applicants, and challenges in data reporting and associated analysis. Simultaneously, it acted as a catalyst to expedited system fixes that enabled the scale of program delivery required, allowing OHCS to provide over twenty times the amount of rental assistance OHCS historically provided in a year.

OHCS is not using this data system for ongoing programs beyond OERAP. However, the most comparable data system is the Homeless Management Information System (HMIS), which is used nationally by HUD and homeless providers to document funding and services for homeless prevention systems. This system is not used to make rental assistance payments, as was needed for OERAP, but is a utilization and data management tool that OHCS is fully adopting in alignment with other homeless program requirements. HMIS is a required system of most OHCS Homeless Services funding, and OHCS will leverage data management procedures within



HMIS to align with contractual expectations associated with the implementation of system changes derived from HB2100.

RECOMMENDATION 3		
Use the data analysis, reliability, and validity procedures to determine program outcomes for Oregon ERA, including number of applications paid, number of households assisted, and demographic characteristics of fund recipients.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Complete	Jill Smith 503-580-6233

Narrative for Recommendation 3

Data integrity is of the utmost importance to the agency, and OHCS performed extensive data validity procedures to complete the quarterly reporting to US Treasury. Unfortunately auditors chose to report on unvalidated data queries requested from staff not responsible for reporting to emphasize the associated finding and recommendation. The agency would prefer that auditors use the data included in that official U.S. Treasury reporting, as that data utilized the same data validation procedures this recommendation references.

From OERAP’s inception and throughout the duration of the program, OHCS submitted monthly and quarterly reports to the U.S. Department of the Treasury (USDT) that included program and fiscal information. The USDT provided templates that OHCS and all ERA grantee agencies were to use for reporting. These templates changed several times throughout the program, and OHCS responded to the change every time. One key change was the inclusion of the number of households paid cumulatively throughout the life of the program versus paid that month or that quarter. Because of that change to USDT reporting, the agency had to change the system of counting households midway, which was partially difficult because of how the ERA1, ERA2, and ERA3 programs were separated within the Allita system. It also became a challenge to pull a single report from the system as the program went on. This doesn’t mean the total number of households served is unknown; it simply means that the way of counting households was not standardized between teams within OHCS. That is why, as mentioned above, OHCS would prefer that the SOS use data from the official USDT reports for this recommendation. The agency has taken steps to ensure data integrity and records retention moving forward and will store future compilations of the application tracking system data to support the point-in-time reconciliations and figures reported to the U.S. Treasury. Finally, the agency is working on a final report to measure the program’s efficacy, administration, and delivery. It is expected to have this finished and available by Summer 2024.



RECOMMENDATION 4 Continue efforts to gain access to locally sourced housing data to better understand the state’s housing needs.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Ongoing – but significant milestone date is June 30, 2025	Jill Smith 503-580-6233

Narrative for Recommendation 4

The collection of quality data within OHCS’ authority as Oregon’s Housing Finance Agency is something the agency has prioritized significantly in recent years. From a broad scale, such as the [Oregon Housing Needs Analysis](#), to a targeted scale, like a [shelter funding](#) analysis, locally sourced data is critical to making effective policy decisions for the agency’s programs. Regarding the target date to complete activities, OHCS references the HMIS improvement mentioned in response to recommendation number two. Specifically, to prepare for changes to the way OHCS funds homeless services, the agency is working with local homeless services and housing providers, including culturally specific and rural providers who haven’t traditionally been recipients of agency funding, to support their adoption/fidelity to data usage and management standards in the statewide HMIS. OHCS is also working with the HMIS vendor to sync data into a cloud-based single data repository. For the first time, this will enable visibility for all people interacting with homeless providers, regardless of region or funding, leading to more informed, locally sourced, data-based solutions.

RECOMMENDATION 5 Work with agency partners to identify solutions for obtaining access to timely client data.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Ongoing – but significant milestone date is June 30, 2025	Jill Smith 503-580-6233

Narrative for Recommendation 5

OHCS assumes this recommendation is specific to the data issues cited in this report. However, it is important to note that OERAP was a one-time program, and its data system is being phased out and will not be utilized for ongoing programs.



That said, OHCS is prioritizing efforts to achieve timely access to client-level data more broadly. The target date to complete implementation activities provided for these recommendations is in reference to OHCS' work to strengthen HMIS. To improve access to timely client data, Oregon homeless services providers must commit to and adopt standards of utilization and share data within HMIS to have a single database that is constantly updated and accessible. This is currently a contractual requirement for most OHCS homeless services funding, as OHCS and providers across the state need access to all HMIS data, not just data associated with specific funding sources, such as state, local, or federal funding.

RECOMMENDATION 6 Create and implement internal policies and procedures to detect fraud in federal and state programs to supplement and support those of partners. Monitor partners' contracts to ensure program compliance.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	Portion agreed with is complete	Christian Kelly 503-502-8615

Narrative for Recommendation 6

OHCS created fraud monitoring procedures for OERAP, an internal control that was not prioritized prior to program implementation but was a priority after rents began to be paid at scale. Additionally, monitoring of subrecipient contractual agreements to ensure program compliance has always been prioritized, and now due to staff augmentation contracts to assist in times of significant staff attrition, is being consistently performed.

It's important to note that OHCS is typically not a direct service provider. Therefore, most fraud controls are contractually required by OHCS to funding recipients and are evaluated as part of OHCS compliance monitoring of recipients' internal controls.

RECOMMENDATION 7 Ensure customer service standards and diversity, equity, and inclusion practices are in all service-related contracts and are incorporated into contract monitoring procedures.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	Complete	Jill Smith 503-580-6233



Narrative for Recommendation 7

OHCS agrees with including standards in contracts. OHCS' contractual agreements, including the Master Grant Agreement, which represents most grant resources administered, require providers to create criteria for customer service standards inclusive of response times, a procedure for resolving grievances, and other standards. These requirements were in place prior to and throughout this audit. Similarly, those agreements include procedures and strategies for furthering diversity, equity, and inclusion practices.

OHCS does not agree that contract monitoring procedures should single out specific standards as referenced in this recommendation. Contract monitoring must be risk-based and flexible and should enable, but not require, a variety of standards and expectations to be evaluated.

RECOMMENDATION 8		
Finalize all Ombudsperson policies and procedures related to handling customer complaints.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	March 2024	Amy Nehl 971-720-3774

Narrative for Recommendation 8

OHCS created an Ombudsperson role in the 2021-23 biennium to improve customer service as part of a complaint and grievance process for OHCS grantees. Due to increased public inquiries following the implementation of emergency programs that began because of the global COVID-19 pandemic and the 2020 wildfires, OHCS expedited the creation and hiring. The role of OHCS' Ombudsperson is very limited as OHCS is typically not a direct client-serving agency. The OHCS Ombudsperson is available for general complaints and grievances, not for program participants accessing local program funding who disagree with a local decision. Should OHCS take on direct service work in the future, we will create policies and procedures for the internal Ombudsperson role. OHCS is also creating procedures for general agency inquiries that will be shared agency-wide.

RECOMMENDATION 9		
Ensure OHCS staff receive regular training on the Ombudsperson policy, and ensure procedures are known to all providers and consumers of housing-related services.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	N/A	Emily Alexander 971-273-9886



Narrative for Recommendation 9

As described in recommendation 8, the role of the Ombudsperson at OHCS is limited compared to other state agency Ombudspersons as OHCS is not typically a direct client-serving agency. The OHCS Ombudsperson is available for general complaints and grievances from grantees, not for program participants accessing local program funding who disagree with the decision of a local service provider. Subject to unknown needs of future emergency response programs, OHCS staff do not regularly work on direct client-facing programs; therefore, training specific to direct services is not applicable. However, the OHCS Ombudsperson is already training staff about the Ombudsperson role, limitations due to the non-direct service nature of the agency's work, and how/when to recommend services to constituents. Additionally, the ombuds role and contact information is outlined in relevant agency contractual agreements and available on the OHCS website.

RECOMMENDATION 10 Pursue efforts to create a permanent ombudsman with the independence and investigative powers of other ombudsman in other state agencies.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Disagree	N/A	N/A

Narrative for Recommendation 10

OHCS obtained a permanent Ombudsperson position in the 2021-23 biennium. This role was created to enhance customer service due to the increase in public inquiries about agency funded programs. The increase in inquiries was due in large part to the direct service nature of OERAP and other emergency response programs. However, unlike many state agencies that provide direct service, OHCS does not anticipate providing direct services in the future. The grievance management process is appropriately a contractual requirement of OHCS program grantees.

RECOMMENDATION 11 Conduct after-action review meetings about Oregon ERA with community action agencies, community-based organizations, and other response partners. The product of these reviews will be an after-action report and improvement plan that identifies strengths, areas for improvement, corrective actions, and responsible parties to inform future policies and procedures around emergency response, communications, contract audit and monitoring, and joint decision-making.
--



Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2024	Megan Bolton 503-586-6995

Narrative for Recommendation 11

OHCS completed an after-action report for OERAP as part of the project manager’s role in overseeing the IT system and program implementation. Additionally, OHCS’s research team will conduct an evaluation and produce a report that will include interviews with community action agencies, community-based organizations, and Public Partnerships to document strengths and opportunities, and provide program evaluation to inform future decision-making.

RECOMMENDATION 12 Include, in the above after-action process, an evaluation of the agency’s policies and procedures for information systems oversight from the initial conceptualization stage through benefits measurement and reporting to ensure systems are functioning to expectations and to inform contracting decisions about vendors.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Disagree	N/A	N/A

Narrative for Recommendation 12

OHCS is committed to engaging with community partners to complete a robust evaluation report on OERAP. That report will include strengths, opportunities, and lessons learned from the expeditious implementation of the OERAP system of record. An evaluation of agency policies and procedures for IT system oversight is out of scope with this evaluation, considering OHCS did not follow standard procedures in procuring and implementing the IT system, given the emergent humanitarian crises demanded swifter action. OHCS is committed to engaging with grantees on IT systems decisions to ensure the functionality and future vendor selections are informed by all user’s needs. An example of this commitment will be through the future procurement of a Grants Management Solution, an investment that was prioritized in OHCS’s 2021-23 Legislatively Adopted Budget.

RECOMMENDATION 13 Create emergency response and recovery operations plans for housing based on the findings of the after-action report and improvement plan and according to FEMA planning guidance. These plans will outline roles and responsibilities and reporting relationships for responding personnel and key partners as well as a coordinated joint		
---	--	--



approach for delivering timely, accurate, accessible, and consistent messaging to the public, legislators, and other stakeholders.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2025	Caleb Yant 971-304-5487

Narrative for Recommendation 13

OHCS agrees that an updated disaster housing recovery plan is needed and should be informed by the after-action report. OHCS also agrees with many benefits of coordinated control and decision-making structures, such as Multi-Agency Coordination groups, to ensure that roles, responsibilities, decision-making, communication, and other response and recovery structures are coordinated. The timeline above is aligned with the OERAP program evaluation report and reflective of OHCS’s prioritization of recovery from current emergencies, including [ReOregon](#) programs for wildfire recovery and implementation of needed changes and investments under Emergency Orders 2023-02, 2023-03, and 2023-04.

RECOMMENDATION 14 Incorporate coordination for the agency’s emergency planning, response, and recovery responsibilities into the work of the OHCS Disaster Recovery and Resilience Division.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	N/A	N/A

Narrative for Recommendation 14

OHCS agrees that the Disaster Recovery and Resilience Division should coordinate emergency planning but only agrees that some emergency response and recovery responsibilities should be incorporated within that division.

OHCS created the Disaster Recovery and Resilience Division to focus on two things prioritized in this order:

1. Recovery from the Labor Day 2020 fires, including the administration of a new Federal Community Development Block Grant-Disaster Recovery, which will continue through 2029, and
2. Emergency planning and preparedness.

OHCS recognizes the importance of flexibility when planning administrative structures for potential future emergencies and therefore believes that assigning this role to a pre-



determined division may not be the most prudent approach. Subject matter expertise and leveraging trusted relationships are critical to emergency response and recovery success. For example, with Emergency Order 2023-02, OHCS created a Special Initiatives Division, comprised of existing OHCS leaders with deep experience and relationships in homeless services, to lead our response to the emergent unsheltered homelessness crisis. The agency will continue this protocol during emergency situations to ensure the best possible outcomes and agrees that coordination of planning should be done by the Disaster Recovery and Resilience Division but does not agree all emergency response and recovery responsibilities should be incorporated within that division.

RECOMMENDATION 15 Train OHCS leadership and personnel on the Incident Command System and the agency’s emergency operations plans.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Partially Agree	December 2025	Sarah Roth 971-208-2865

Narrative for Recommendation 15

OHCS recently updated its agency emergency operations plan to ensure clarity on roles, responsibilities, and procedures are in place to maintain operations during an emergency. OHCS also sees value in Incident Command Structures for immediate response, however OHCS statutory responsibility in Oregon’s comprehensive emergency plan is focused on recovery not response. OHCS will evaluate the applicability of an incident Command System as a potential component of an updated version of emergency operations plan.

RECOMMENDATION 16 Establish a disaster financial management team responsible for financial and grant management policies. This team should develop proper financial and grant management policies, procedures, and systems for emergencies.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2025	Caleb Yant 971-304-5487

Narrative for Recommendation 16

OHCS agrees that a disaster financial management team, including policies and procedures for procurement activities in preparedness for and during disasters, is beneficial. OHCS has partially completed this by establishing procurement-specific authorities within the Disaster, Recovery,



and Resiliency division. Broadening that to include specific procedures for financial management and administration, as well as vetting the benefits of and the ability to establish lists of pre-existing and pre-qualified vendors prepared to support this work, is also in alignment with OHCS planning. Similar to recommendation number 13, the timeline to implement this recommendation is aligned with the OERAP program evaluation report and reflective of OHCS's prioritization of recovery from current emergencies, including [ReOregon](#) programs for wildfire recovery and implementation of needed changes and investments under Emergency Orders 2023-02, 2023-03, and 2023-04.

Please contact Delia Hernandez at 971-720-8621 with any questions.

Sincerely,



Andrea Bell, OHCS Executive Director





Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott

This report is intended to promote the best possible management of public resources.
Copies may be obtained from:

Oregon Audits Division
255 Capitol St NE, Suite 180
Salem OR 97310

(503) 986-2255

audits.sos@oregon.gov
sos.oregon.gov/audits