



Mayor's Office of Children and Family Success

Biennial Performance Audit for Fiscal
Years Ended June 30, 2022 and 2021

City Auditor, Josh Pasch
August 23, 2023



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Office of the Comptroller Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

The Department of Audits (Audits) conducted a *Biennial Performance Audit of the Mayor's Office of Children and Family Success for the Fiscal Years Ended June 30, 2022 and June 30, 2021*. The objective of our performance audit was to evaluate the effectiveness of the Rental Assistance: Eviction Prevention Program (Program).

Our audit concluded that the Mayor's Office of Children and Family Success (MOCFS) established and implemented policies and procedures for eligibility review and approval, as well as payment disbursement for the rental assistance program. Audits did not find any exceptions when evaluating the effectiveness and implementation of those policies and procedures.

Additionally, a security-related concern was communicated to the appropriate personnel in the *Confidential Management Comment Limited Use Letter: Mayor's Office of Children and Family Success Biennial Audit for Fiscal Years 2022 and 2021*. The security related concern was omitted from this public report. The decision to exclude this information was based on *Government Auditing Standards*, 2018 Revision Technical Update April 2021, Sections 9.64 - 9.66, Reporting Confidential or Sensitive Information.

There were no prior findings that required follow-up.

We wish to acknowledge MOCFS's cooperation extended to us during our audit.

Respectfully,

A handwritten signature in blue ink that reads 'Josh Pasch'.

Josh Pasch, CPA
City Auditor, City of Baltimore
August 23, 2023

BACKGROUND INFORMATION

During Fiscal 2020, the Mayor's Office of Human Services was reorganized between two new offices: MOCFS and the Mayor's Office of Homeless Services. The MOCFS incorporated existing City programs such as the Baltimore City Community Action Partnership (BCCAP) which oversees five Centers. The Centers provide programs for water, energy, and rental assistance. The COVID-19 pandemic onset began in early 2020. In December 2020, Congress enacted the Consolidated Appropriations Act of 2021 (see text box). In fiscal year (FY) 2021, MOCFS launched an eviction prevention program in direct response to the impacts of the COVID-19 pandemic. Funded by federal, state, and private grants, the program has administered approximately \$85 million from the following three grants:

Emergency Rental Assistance Program

"In December of 2020, Congress enacted the Consolidated Appropriations Act of 2021 and established a new program under the U.S. Treasury - the Emergency Rental Assistance Program (ERAP). ERAP provides direct financial assistance and housing stability services to renters who are struggling to make payments for their rent and utilities. Assistance can be used for rental arrears, prospective rental payments, utility and home energy cost arrears, prospective utility and home energy costs, and other expenses related to housing incurred due, directly, and indirectly, to the novel coronavirus disease (COVID-19) outbreak. "

Source: Emergency Rental Assistance Program – Grantee Policy Guide April 2021. Issued by the Maryland Department of Housing and Community Development.

- Corona Relief Fund (\$10 million);
- Emergency Rental Assistance Program (\$70 million); and
- Community Development Block Grant (\$5) million.

MOCFS approved:

- 2,468 applications in FY 2021; and
- 6,309 applications in FY 2022.

The MOCFS stopped taking new applications effective February 3, 2023.

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted our 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 conclusion based on our audit objective. The objective of our audit was to evaluate the effectiveness of the Rental Assistance: Evictions Prevention Program.

The scope of our audit is for the periods of FY 2022 and FY 2021. However, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

To accomplish our objective, we:

- Researched and reviewed Federal and State grant guidelines, rules and regulations (Code of Federal Regulations) and MOCFS standard operating procedures;
- Interviewed key individuals from MOCFS and conducted walkthroughs to obtain an understanding of: (i) application review and approval process; (ii) disbursement process; and (iii) reconciliation processes to make sure correct payments were made to approved tenants or landlords;
- Identified the related risks and evaluated the design of certain internal controls, processes and procedures to approve eligibility, and process payments to approved landlords or tenants;
- Judgmentally selected samples to: (i) review and analyze supporting documentation to validate only eligible applicants were approved by MOCFS; and (ii) validate that the correct landlord (tenants in some cases) was paid;
- Confirmed that duties are segregated; and
- Validated that only current and authorized personnel have access to MOCFS's Neighborly software, which is utilized to process applications and records payment information.

SECTION I: CURRENT FINDING AND RECOMMENDATION

None