



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 18, 2025

OIG-CA-25-055

MEMORANDUM FOR JEFFREY W. STOUT
ACTING CHIEF PROGRAM OFFICER, OFFICE OF CAPITAL
ACCESS

FROM: Marla A. Freedman /s/
Executive Advisor, Office of Audit
and
Robert A. Taylor, Jr. /s/
Executive Advisor, Office of Audit

SUBJECT: Emergency Rental Assistance Program (ERA1) – Notice of
Recoupment, City of Moreno Valley, California

In December 2022 and August 2023, the Department of the Treasury's (Treasury) Office of Inspector General (OIG) received reports from Inland Southern California 211 (ISC 211),¹ a subrecipient of the City of Moreno Valley, California (Moreno Valley), about four cases of potential improper payments made with Emergency Rental Assistance (ERA1)² award funds by the ERA1 grantee, the City of Moreno Valley (Moreno Valley). Based on our inquiry of ISC211 and Moreno Valley and review of documentation provided, we determined that the payments for two cases were eligible and the payments for the other two cases, totaling \$16,975, failed to comply with the Use of Funds requirements in the ERA1 statute.³

Moreno Valley informed us that as instructed by Treasury and OIG in a Joint Notice issued on October 4, 2024,⁴ they repaid the \$16,975, as part of a \$28,889 payment, to Treasury on December 10, 2024, from city funds. Moreno Valley's

¹ ISC211 is a subsidiary of Inland Southern California United Way.

² The ERA1 program is authorized by Division N, Title V, Subtitle A, § 501 of the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), Dec. 27, 2020, and codified at 15 U.S.C. § 9058a.

³ 15 U.S.C. § 9058a(c).

⁴ The Joint Notice was issued as a reminder to all ERA financial assistance award recipients of responsibilities and requirements for reporting fraud and reimbursing fraud losses and unallowable costs from non-ERA funds. The Joint Notice is available on OIG's website at <https://oig.treasury.gov/system/files/2024-10/ERA-Joint-Treasury-OIG-Notice.pdf> and Treasury's website at <https://home.treasury.gov/system/files/136/ERA-Joint-Treasury-OIG-Notice.docx>.

response and action addressed our recoupment finding. Accordingly, we make no recommendation in this memorandum.

Background/Legal Authority

Under the ERA1 statute at 15 U.S.C. § 9058a(c), Use of Funds, an eligible grantee shall only use ERA1 award funds to provide financial assistance and housing stability services to eligible households. The financial assistance includes: the payment of rent; rent arrears; utilities and home energy costs; utilities and home energy costs arrears; and other expenses related to housing incurred due, directly or indirectly, to the COVID-19 outbreak, as defined by the Secretary of the Department of the Treasury (Treasury). Such assistance shall be provided for a period not to exceed 12 months except that grantees may provide assistance for an additional 3 months to ensure housing stability (subject to availability of funds). The ERA1 statute at 15 U.S.C. § 9058a(c)(2)(B)(i) allows for up to 3 months (with exceptions) for prospective rent payments within the 12 or 15 months total assistance limitation.

The ERA1 statute at 15 U.S.C. § 9058a(k)(3)(A) defines eligible household as a household of one or more individuals who are obligated to pay rent on a residential dwelling and with respect to which the eligible grantee involved determines that (1) one or more individuals within the household has (a) qualified for unemployment benefits or (b) experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due, directly or indirectly, to the COVID-19 outbreak, which the applicant shall attest in writing; (2) that one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability, which may include, (a) a past due utility or rent notice or eviction notice; (b) unsafe or unhealthy living conditions; or (c) any other evidence of such risk, as determined by the eligible grantee involved; and (3) the household has a household income that is not more than 80 percent of the area median income for the household.

In accordance with the ERA1 statute at 15 U.S. C. § 9058a(k)(3)(B), the grantee must also ensure that, to the extent feasible, any rental assistance provided to an eligible household is not duplicative of any other federally funded rental assistance provided to such household.

Pursuant to the ERA1 statute at 15 U.S.C. § 9058a(e)(2), the last day of the period of performance for grantees that received ERA1 reallocated funds is December 29, 2022.

The ERA1 statute at 15 U.S.C. § 9058a(i) Inspector General Oversight; Recoupment, directs that the Treasury Office of Inspector General (OIG) conduct monitoring and oversight of the receipt, disbursement, and use of funds made available under the ERA1 program. As part of this authority, if OIG determines that a grantee failed to comply with the use of funds requirements in the ERA1

statute (15 U.S.C. § 9058a(c)), the amount equal to the amount of funds used in violation of 15 U.S.C. § 9058a(c) shall be booked as a debt of such entity owed to the Federal Government.

Facts and Analysis

In December 2022 and August 2023, we received reports from ISC 211, a subrecipient of Moreno Valley, about four cases of improper payments made with ERA1 funds awarded to Moreno Valley. ISC211 explained they detected the ineligible payments were made as they performed secondary (post-payment) reviews. We agreed with ISC211's conclusions on two of the four cases as follows:⁵

1. For application # (b) (6), ISC211 determined that the applicant used a deceased person's information to collect ERA1 assistance. ISC211 paid ERA1 assistance based on an application that lacked valid documentation to establish eligibility and therefore ISC211 cannot establish an eligible use of funds. Accordingly, we determined the rental arrears paid, in the amount of \$9,475, is an ineligible ERA1 expenditure that failed to comply with the ERA1 statute.
2. For application # (b) (6), ISC211 determined that the applicant used a deceased person's information to collect ERA1 assistance. ISC211 paid ERA1 assistance based on an application that lacked valid documentation to establish eligibility and therefore ISC211 cannot establish an eligible use of funds. Accordingly, we determined that the rental arrears paid, in the amount of \$7,500, is an ineligible ERA1 expenditure that failed to comply with the ERA1 statute.

Based on the information provided, we determined that Moreno Valley, through its subrecipient, ISC211, failed to comply with the use of funds requirements in the ERA1 statute (15 U.S.C. § 9058a(c)) when it paid out ERA1 award funds totaling \$16,975 to ineligible households.

Moreno Valley Response

We provided Moreno Valley with an opportunity to respond to a draft of this recoupment finding. In an email response dated April 7, 2025, Moreno Valley stated they repaid Treasury a total of \$16,975 on December 10, 2024, for the two applications which were found to be fraudulent. In a follow-up inquiry to its response, a Moreno Valley official informed us that the funds were repaid in response to the Joint Notice.

⁵ ISC211 provided additional support that two cases were in fact eligible payments and had been reported in error.

OIG Evaluation

Moreno Valley's response and action addressed our recoupment finding. We reviewed documents provided by Moreno Valley that showed the repayment was submitted through Treasury's Pay.gov system.⁶ Accordingly, we make no recommendation in this memorandum.

We also provided Treasury with an opportunity to review a draft of this memorandum. In an email dated August 1, 2025, Treasury stated that it agreed with OIG that any improper use of ERA1 funds should be reimbursed, and that Treasury received funds from Moreno Valley on December 10, 2024, for ERA1.

Methodology

We conducted our review of these cases from December 2022 to April 2025. We inquired of the grantee and other relevant parties, reviewed related documentation, and performed other appropriate procedures. We believe the evidence obtained is sufficient and appropriate to provide a reasonable basis for our findings and conclusions in this Notice.

In conducting our review, we followed the OIG's quality control procedures for ensuring that the information in this report is accurate and supported.

Additionally, CIGIE's *Quality Standards for Federal Offices of Inspector General* require that our work adheres to its general standard for integrity and related elements of integrity, objectivity, confidentiality, independence, and professional judgment, and to its general standard for receiving and reviewing allegations. We adhered to these standards in performing our work.

⁶ The documentation we reviewed showed that Moreno Valley paid Treasury a total of \$28,889.00 on December 10, 2024, for the two ineligible payments that were the subject of this Notice of Recoupment (\$9,475 and \$7,500, respectively) and other identified ERA1 "actual fraud/other unallowed cost" amounts.

Distribution

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City of Moreno Valley, Financial and Management Services

Inland Southern California 211