



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

May 14, 2026

OIG-CA-26-035

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

From: Julie Wong /s/
Acting Deputy Assistant Inspector General for Audit

Subject: Emergency Rental Assistance Program (ERA2) – Questioned
Cost Finding, Riverside County, California

During the coronavirus pandemic, Congress authorized and funded two Emergency Rental Assistance (ERA) programs administered by the Department of the Treasury (Treasury) to provide rental assistance to eligible households: (1) ERA1 - Division N, Title V, Subtitle A, § 501 of the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), Dec. 27, 2020, and codified as 15 USC § 9058a: and (2) ERA2 - Title III, Subtitle B, § 3201 of the American Rescue Plan Act (Pub. L. No. 117-2), Mar. 11, 2021, and codified as 15 USC § 9058c.

In July 2023, August 2023, and April 2024, we received reports from Inland Southern California 211 (ISC211);¹ a subrecipient of Riverside County, California, about 17 cases of ineligible payments it made with ERA2 funds.² After reviewing documentation provided by ISC211 and Riverside County, we agreed with ISC211's conclusions on five cases. ISC211 Paid \$82,815 on behalf of Riverside County for applications that lacked valid documentation to establish eligibility and therefore is in violation of the Use of Funds statute. Accordingly, we question these costs. In response to a draft of this questioned cost finding, Riverside County agreed it would repay the \$82,815. We are recommending that the

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

² Pursuant to 2 CFR § 200.113, Mandatory disclosures, under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in appendix XII to this part are required to report certain civil, criminal, or administrative proceedings to SAM (currently FAPIIS). Failure to make required disclosures can result in any of the remedies described in § 200.339. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

Treasury Office of Capital Access disallow these costs and direct Riverside County to reimburse the Federal Government \$82,815.

Background/Legal Authority

Under the ERA2 statute at 15 U.S.C. § 9058c(d)(1), Use of Funds, an eligible grantee shall use ERA2 award funds to provide eligible households with financial assistance, housing stability services, administrative costs, and as applicable, other affordable rental housing and eviction prevention activities. 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, as defined by the Secretary of the Department of the Treasury (Treasury). The aggregate amount of such financial assistance an eligible household may receive under an ERA2 award, when combined with financial assistance provided under an ERA1 award authorized by 15 USC § 9058a, shall not exceed 18 months. See 15 U.S.C. § 9058c(d)(1)(A)(ii).

The ERA2 statute at 15 U.S.C. § 9058c(f)(2) defines an 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 during or due, directly or indirectly, to the coronavirus pandemic; (2) one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and (3) the household income is not more than 80 percent of the area median income for the jurisdiction.

Pursuant to the ERA2 statute at 15 U.S.C. § 9058c(g), the last day of the period of performance for grantees was September 30, 2025.

Facts and Analysis

In July 2023, August 2023, and April 2024, we received reports from ISC211 a subrecipient of Riverside County, California, about 17 cases of ineligible payments it made with ERA2 funds. ISC211 explained they detected the ineligible payments when performing secondary (post-payment) reviews. While ISC211 identified 17 cases as ineligible, we agreed with ISC's determination on 5 of them. Of the other 12 cases, ISC211 considered 3 cases ineligible due to familial relationships between the landlord and tenant. The ERA1 statute at 15 U.S.C. § 9058a(k)(3) does not specifically exclude such familial relationships in the definition of an eligible household; therefore, we do not challenge payments made in these cases if the payments otherwise met ERA2 eligibility requirements. Accordingly, we determined that these three cases did meet eligibility requirements. In another case, ISC211 informed us that upon subsequent review, they could not substantiate a claim of fraud. Upon inquiry, for the other eight cases, ISC211

provided additional documentation that demonstrated the payments were eligible.

We agreed with ISC211's conclusions on 5 of 17 cases, as follows:

1. Application # **(b) (6)**: ISC211 determined that the applicant stole an individual's identity, purporting to be a landlord. ISC211 paid ERA2 assistance based on an application that contained fraudulent documentation; therefore, ISC211 cannot establish an eligible use of funds. ISC211 informed us that at the time of the application, all documents had been validated to determine eligibility. We reviewed the police report provided by ISC211, the landlord contact and bank information as presented in the application documents did not belong to the landlord. Accordingly, we determined that the rent and rental arrears paid, in the amount of \$29,900, is an ineligible ERA2 expenditure that failed to comply with the requirements of the ERA2 statute.
2. Application # **(b) (6)**: ISC211 determined that the applicant used a deceased person's information to collect ERA funds. ISC211 paid ERA2 assistance based on an application that lacked valid documentation to establish eligibility; therefore, ISC211 cannot establish an eligible use of funds. Accordingly, we determined that the rent and rental arrears paid, in the amount of \$17,055, is an ineligible ERA2 expenditure that failed to comply with the requirements of the ERA2 statute.
3. Application # **(b) (6)**: ISC211 determined that the applicant submitted altered unemployment and utility bill documents. ISC211 paid ERA2 assistance based on an application that lacked valid documentation to establish eligibility; therefore, ISC211 cannot establish an eligible use of funds. Accordingly, we determined that the rent and rental arrears paid, in the amount of \$14,100, is an ineligible ERA2 expenditure that failed to comply with the requirements of the ERA2 statute.
4. Application # **(b) (6)**: ISC211 determined that the applicant stole an individual's identity and submitted altered application documents purporting to be a landlord. ISC211 paid ERA2 assistance based on an application that lacked valid documentation to establish an obligation to pay rent; therefore, ISC211 cannot establish an eligible use of funds. Accordingly, we determined that the rent and rental arrears paid, in the

amount of \$11,760, is an ineligible ERA2 expenditure that failed to comply with the requirements of the ERA2 statute.

5. Application # **(b) (6)**: ISC211 determined that the applicant used a deceased person's information to collect ERA funds. ISC211 paid ERA2 assistance based on an application that lacked valid documentation to establish eligibility; therefore, ISC211 cannot establish an eligible use of funds. Accordingly, we determined that the rent and rental arrears paid, in the amount of \$10,000, is an ineligible ERA2 expenditure that failed to comply with the requirements of the ERA2 statute.

This table lists the total questioned cost identified for the 5 cases.

Case	Riverside County Application Number	Ineligible ERA2 Financial Assistance Payments
1	(b) (6)	29,900
2	(b) (6)	17,055
3	(b) (6)	14,100
4	(b) (6)	11,760
5	(b) (6)	10,000
Total		\$82,815

Based on the information provided in response to our inquiry, we determined that Riverside County, through its subrecipient ISC211, failed to comply with the ERA2 statute when it paid out ERA2 award funds totaling \$82,815 to ineligible households. Accordingly, OIG is questioning the cost of \$82,815 for the ERA2 financial assistance paid for these five cases.

Grantee Response

We provided Riverside County with an opportunity to respond to a draft of this questioned cost finding. On March 19, 2026, the Director, Housing and Workforce Solutions, Riverside County, provided written response by email, stating they concurred with OIG's conclusions. See Appendix 1 for the response in its entirety.

OIG Evaluation

Riverside County concurred with our questioned cost finding.

Recommendation

We recommend that Treasury's Office of Capital Access disallow the questioned cost amount of \$82,815 and instruct Riverside County to repay that amount to the Federal Government.

Methodology

We conducted our review of this ERA case from July 2023 to January 2026. 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 memorandum.

In conducting our review, we followed the OIG's system of quality management for ensuring that the information in this Notice is accurate. We also followed the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Federal Offices of Inspector General* which require that our work adheres to its general standards for integrity to include objectivity, independence, professional judgment, and confidentiality as well as its general standard for receiving and reviewing allegations.

Grantee Response



March 19, 2026

Randall K Williams, MPA, Audit Manager
Department of the Treasury, Office of Inspector General
875 15th Street NW, Washington, DC 20005

(b) (6)

Office: (b) (6)

RE: Notice of Recoupment

Mr. Williams,

County of Riverside Housing and Workforce Solutions (HWS) is in receipt of the draft Questioned Cost Findings for Federal Award ERAE0345. This notice identifies \$82,815 in questioned costs and provides background information on the five cases resulting in the total amount.

Below is our official Grantee Response to this notice:

County of Riverside Housing and Workforce Solutions (HWS) concurs with the above conclusions and resulting expenditures identified as ineligible. After a diligent review of all available case information, HWS does not have any additional documentation or information to add.

We appreciate the thorough and diligent work of your office in conducting this audit, and for your courtesy and professionalism in working with our staff and funding subrecipients.

Thank you

(b) (6)

Heidi Marshall
HWS Director

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Schedule of Monetary Benefits

According to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at Title 2 of the Code of Federal Regulations § 200.1 a “questioned cost” is an amount, expended or received from a Federal award, that in the auditor's judgment:

- (i) is noncompliant or suspected noncompliant with Federal statutes, regulations, or the terms and conditions of the Federal award;
- (ii) at the time of the audit, lacked adequate documentation to support compliance; or
- (iii) appeared unreasonable and did not reflect the actions a prudent person would take in the circumstances.

Questioned costs will be recorded in Treasury’s Joint Audit Management Enterprise System. The amount will also be included in the OIG Semiannual Report to Congress. It is Treasury management’s responsibility to report to Congress on the status of the agreed to recommendations with monetary benefits in accordance with 5 USC § 405(c) of the Inspector General Act of 1978, as amended.

<u>Recommendation</u>	<u>Questioned Costs</u>
Recommendation No. 1	\$82,815.00

The questioned costs represent ERA2 amounts provided by Treasury under the American Rescue Plan Act of 2021 that were paid by Riverside County to ineligible households in violation of the ERA2 statute at 15 U.S.C. § 9058c(d), Use of Funds.

Distribution

Department of the Treasury

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Riverside County

Inland Southern California 211