



Joseph M. Centorino, Inspector General

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General

DATE: October 14, 2020
PROJECT: Covid-19 Rent Assistance Inspection
OIG Audit No. 21-03

Utilizing a variety of funding sources, the City created several distinct pools of assistance funds that began serving residents in May 2020, including Community Development Block Grant - Coronavirus funds and HOME Investment Partnership (HOME) funds. The first tranche yielded 159 processed files from 502 appointments and provided \$311,829 in direct assistance. These federal funds required that beneficiaries meet specific income eligibility guidelines and that beneficiaries document direct impact by COVID as well as initially limiting CDBG assistance to a maximum of three month's rent assistance.

The second tranche of funds provided \$336,000 in housing and utility assistance that was distributed utilizing a lottery process that yielded 562 applicants. Since this tranche utilizes federal funds, the income eligibility criteria also applied.

While the eligibility of the grant applicants in the second tranche was being examined, the Office of Housing and Community Development staff sent an email to the Office of the Inspector General (OIG) on June 23, 2020, stating that a Miami Beach resident had manipulated her bank statements to show substantially lower assets in an effort to qualify for rent assistance. This attempted deception, detected by crosschecking totals to conduct an income certification, is in direct violation of the terms of consent that was executed on June 5, 2020 which includes the following statement: *"Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under §775.082 or §775.83 or §775.084."*

The possible fraud was referred by the Inspector General to the State Attorney's Office for review. The Assistant State Attorney who reviewed the issue declined prosecution on the basis that the individual involved did not actually receive any funds. Concerned about the possibility of further attempted fraud by others, OIG staff met with the Housing and Community Development Director on June 30, 2020 to review the evaluation process. The Director explained some of the red flags that they look for in financial information provided by applicants, and gave examples of findings that have led them to reject some applicants. The forms that must be completed by all applicants and an internally created Excel spreadsheet containing each applicant's financial information were also reviewed.

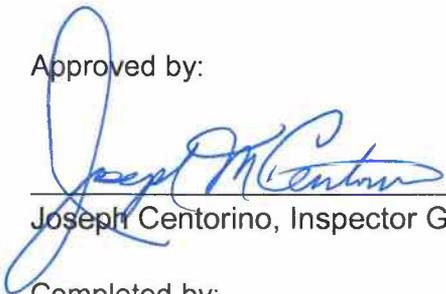
Next, Director Ruiz mentioned that they had been trying to utilize the FinClear software, which would allow staff to search for bank checking accounts that could reveal whether an applicant is not reporting all assets. She said that her office had been offered a six-month trial at no charge for use of the software in November 2019, but approval of the agreement had not yet been received from the City Attorney's Office.

OIG staff determined that the internal controls implemented to review data submitted by applicants were satisfactory, but that the Excel spreadsheet in use could be enhanced to expedite the grant approval process. Consequently, OIG staff added drop-down menus, formulas and conditional formatting to facilitate an automatic determination of eligibility once all the information is entered into the spreadsheet by Office of Housing and Community Development staff. This revised spreadsheet is now being used by staff to provide stronger oversight over the grant process.

Furthermore, the City's Inspector General contacted the City Attorney's Office concerning the status of the FinClear software agreement. After some revisions of terms, the agreement with All Clear Decisioning was approved in form on August 12, 2020 and then signed on August 20, 2020 giving the Office of Housing and Community Development authorization to use the software, now called FinCertify.

A training on the FinCertify software will be scheduled in the near future, and will be attended by staff from both Housing and Community Development and OIG. Once completed and access to the software is secured, financial information from both prior grant recipients and new grant applicants will be vetted. All information concerning any identified individuals who may have fraudulently received grant monies will be forwarded to the State Attorney's Office for possible prosecution. The OIG will also monitor instances of possible attempted fraud not subject to criminal prosecution for further evaluation of existing controls. Additional future reports will be drafted that memorialize the results of this testing.

Approved by:



Joseph Centorino, Inspector General

10/14/2020
Date

Completed by:



Mark Coolidge, Chief Auditor

10/14/2020
Date

cc: Jimmy L. Morales, City Manager
Maria Ruiz, Housing and Community Development Director

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