

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.023 EMERGENCY RENTAL ASSISTANCE PROGRAM****I. PROGRAM OBJECTIVES**

Note: This program is considered a “higher risk” program for 2024, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Two pieces of legislation authorized funding for Emergency Rental Assistance. The authorizations include some different legal requirements. Therefore, this Compliance Supplement addresses the requirements as “ERA 1” and “ERA 2.” ERA 1 was authorized by Division N, Title V, Section 501 of the Consolidated Appropriations Act, 2021 (the Act), Pub. L. No. 116-260 (December 27, 2020), codified at 15 USC 9058a. ERA 2 was authorized by Title III, Subtitle B, Section 3201 of the American Rescue Plan Act (ARPA), 2021, Pub. L. No. 117-2 (March 11, 2021), codified at 15 USC 9058c. Both ERA 1 and ERA 2 funding is defined as “other financial assistance” per 2 CFR Part 200.1 and both ERA 1 and ERA 2 are administered by Treasury as direct payments for specified use.

The purpose of ERA is to provide direct payments to eligible grantees to assist eligible households with financial assistance and to provide housing stability services and, in the case of ERA 2 as applicable, to cover the costs for other affordable rental housing and eviction prevention activities. ERA grantees may provide assistance directly to eligible landlords and utility providers on behalf of an eligible household or directly to an eligible household (See 15 USC 9058a(c)(2)(C)(i) and FAQ 12 for more detail on landlords and utility provider participation in the program). Financial assistance for eligible households may include payment of rent, rental arrears, utilities and home energy costs, utilities and home energy costs arrears, and other expenses related to housing. ERA grantees may also use funds to provide housing stability services as authorized by the respective statutes.

II. PROGRAM PROCEDURES**A. Overview**

ERA 1 provided \$25 billion for the US Department of the Treasury (Treasury) to make payments to States (defined to include the District of Columbia), US territories (Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Indian tribes or their tribally designated housing entities, as applicable, the Department of Hawaiian Home Lands, and certain local governments with more than 200,000 residents. These entities are collectively referred to as “eligible grantees” or “ERA 1 grantees.” ERA 1 award funds may be used to provide financial assistance and housing stability services to eligible households. All ERA 1 grantees that submitted the requested documentation to Treasury and executed a financial assistance agreement received their total ERA 1 award funds in one payment.

ERA 2 provided \$21.55 billion for Treasury to make payments to States (defined to include the District of Columbia), US Territories (Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), and local governments with more than 200,000 residents. These entities are collectively referred to as “eligible grantees” or “ERA 2 grantees.” ERA 2 award funds may be used to assist eligible households with financial assistance and to provide housing stability services and, as applicable, to cover the costs for other affordable rental housing and eviction prevention activities.

Pursuant to 15 USC 9058c (c)(1), Treasury made initial payments of 40 percent of an eligible grantee’s total award amount to each grantee under ERA 2 that submitted the required documentation and executed the financial assistance agreement. Through February 2022, Treasury made payments of the remaining 60 percent of ERA 2 grantees’ award funds after they certified that at least 75 percent of the initial ERA 2 payment had been obligated pursuant to 15 USC 9058c(c)(2). Beginning in February 2022, Treasury altered its ERA 2 payment tranche policy to allow grantees to receive the remainder of their ERA 2 award funds in two payments (half of the remaining balance, followed by the remaining balance), subject to potential reductions resulting from the implementation of a statutory reallocation requirement with each tranche payment only made after grantees certified that they have obligated at least 75 percent of the funds already disbursed pursuant to 15 USC 9058c(c)(2).

Additional information on statutory differences between ERA 1 and ERA 2 are described in the Emergency Rental Assistance Frequently Asked Questions (FAQs) posted [at: https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs](https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs).

15 USC 9058a(b)(1)(A) directs Treasury to use US Census Bureau data for the most recent year for which data is available for population calculations for determining the populations of state and local governments. Funds are distributed via a per capita formula allocation detailed on Treasury.gov that considers the minimum allocation of \$200 million for states and the District of Columbia. Allocation amounts can be found via the following link: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/allocations-and-payments>.

Source of Governing Requirements

Emergency Rental Assistance (“ERA 1”), Division N, Title V, Section 501 of the Consolidated appropriations Act, 2021 codified as 15 USC9058a.

Emergency Rental Assistance (“ERA 2”), Title III, Subtitle B, Section 3201 of the American Rescue Plan Act, 2021,) codified as 15 USC 9058c.

Section 15011 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. No. 116-136), codified by 15 USC 9058a, as amended by Title VIII, Section 801(b) of the Consolidated Appropriations Act, 2021 at 15 USC 9058c, on December 27, 2020.

Treasury's Frequently Asked Questions (FAQs) and related guidance available on Treasury.gov, including important version changes over time that can be found on the ERA website.

Availability of Other Program Information

General information for ERA is available on Treasury's website at <https://www.treasury.gov/ERA>. Information includes the following documents:

ERA 1 authorizing statute: <https://www.govinfo.gov/content/pkg/PLAW-116publ260/pdf/PLAW-116publ260.pdf> (See pages 889 - 899)

This document details information that is contained in the authorizing statute including funds appropriated for ERA 1.

ERA 2 authorizing statute: <https://www.govinfo.gov/content/pkg/PLAW-117publ2/pdf/PLAW-117publ2.pdf> (See pages 52 - 56)

This document details information that is contained in the authorizing statute including funds appropriated for ERA 2.

15 USC 9058a(g)(1) regarding ERA 1 reporting: <https://www.govinfo.gov/content/pkg/PLAW-116publ136/pdf/PLAW-116publ136.pdf> (See pages 260 - 262)

This document provides information on grantee reporting the use of funds.

ERA 1 Award Terms template: <https://home.treasury.gov/system/files/136/Emergency-rental-assistance-terms-FINAL.pdf> (See pages 1 - 5)

This document provides award terms as a condition to the receipt of payment from Treasury for ERA 1.

ERA 2 Award Terms template: https://home.treasury.gov/system/files/136/ERA2_Grantee_Award_Terms_572021.pdf (See pages 1 - 5)

This document provides award terms as a condition to the receipt of payment from Treasury for ERA 2.

Treasury's ERA Frequently Asked Questions (FAQs) and guidance are available at: <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf> (See pages 1-18)

Treasury released FAQs as guidance regarding ERA 1 and ERA 2 except where differences are specifically noted.

Treasury's ERA 1 Reallocation guidance:

<https://home.treasury.gov/system/files/136/UpdatedERA1ReallocationGuidanceSep6.pdf> (See pages 1 - 8)

The ERA 1 statute requires Treasury to identify “excess funds” for reallocation from amounts Grantees have “not obligated” from their initial ERA 1 allocations.

Treasury's ERA 2 Reallocation guidance: <https://home.treasury.gov/system/files/136/ERA2-Reallocation-Guidance-March-30-2022.pdf> (See pages 1 - 6)

The ERA 2 statute requires Treasury to identify funds for reallocation from amounts allocated to eligible Grantees, but not yet paid out to them.

ERA Compliance and Reporting guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/reporting> (See web page)

Treasury instituted a webpage that provides information and guidance on quarterly reporting and compliance.

ERA Reporting Guidance: Addendum for ERA1 Final Report:

<https://home.treasury.gov/system/files/136/ERA-Reporting-Guidance-Addendum-for-ERA1-Final-Report.pdf> (See pages 1-41)

This document describes requirements for the ERA1 Final Report “Final Report.”

Guidance from the Treasury Office of Inspector General (OIG) related to the reporting of ERA fraud, waste, and abuse and any future monitoring of funds requirements (where applicable):

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/fraud> (See web page)

Treasury OIG provided guidance to grantees on what to do if they suspect fraud, waste, and abuse.

ERA Promising Practices guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/promising-practices> (See web page)

This webpage describes examples of promising practices for ERA that identify program strategies that promise to speed up program implementation, more efficiently deliver program benefits, enhance program integrity, and improve tenant and landlord access to programs.

ERA Program and Service Design guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/service-design> (See web page)

Treasury provided guidance on considerations for good program design and delivery.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	Y	N	N	Y	N	Y

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. ERA 1 and ERA 2 funds may be used for administrative expenses, housing stability services, and financial assistance on behalf of an eligible household, as defined in the Treasury guidance. In the case of ERA 2, beginning on October 1, 2022, grantees that have obligated 75 percent of their allocations may choose to use up to 25 percent of their allocation for, “other affordable rental housing and eviction prevention purposes, as defined by the Secretary, serving very low-income families.” Treasury released guidance for these additional uses as FAQ 46 in July 2022.

Where applicable, the final ERA 1 payment amount distributed by Treasury to the ERA 1 grantee through an ERA 1 “redirect” and/or “reallocation” process, pursuant to Treasury’s Reallocation Guidance, is described on Treasury.gov. If a grantee receives redirected or reallocated funds, the funds are subject to the same requirements under the ERA 1

Award Terms previously accepted by the grantee in connection with their ERA 1 award with the addition that grantees receiving reallocated ERA 1 funds may request from Treasury an extension of their final obligation date from September 30, 2022, to December 29, 2022. All grantees that submitted a request for reallocated funds requested this extension as part of the request. Treasury subsequently granted all requests for extensions. Please see the ERA page at [Treasury.gov](https://www.treasury.gov) and [ERA FAQs](#) for the latest guidance regarding eligible uses under ERA 1 and ERA 2. (See FAQs 1, 4-7, 16-20, 26-28, 35 and 39-42)

- b. **Administrative Expenses:** The revised Award Terms for ERA 1 and ERA 2 awards issued by Treasury permits ERA grantees to use award funds provided to cover both direct and indirect administrative costs. The cost of a grantee contacting a landlord to encourage their participation and acceptance of ERA assistance is one of many examples of an eligible administrative cost. Under ERA 1, a grantee may use up to 10 percent of the total award amount for direct and indirect administrative costs and may use up to 10 percent of the total award amount for housing stability services. Under ERA 2, a grantee may use up to 15 percent of the total award amount for direct and indirect administrative costs and may use up to 10 percent of the total award amount for housing stability services as described below (See also FAQ 29).
- c. **Housing Stability Services:** Under ERA 1, housing stability services includes case management and other services related to the COVID-19 outbreak intended to help keep households stably housed. Under ERA 2, housing stability services do not have to be related to the COVID-19 outbreak. For ERA 1 and ERA 2, housing stability services include those that enable households to maintain or obtain housing. Such services may include, among other things, eviction prevention and eviction diversion programs; mediation between landlords and tenants; housing counseling; fair housing counseling; housing navigators or promoters that help households access programs or find housing; case management related to housing stability; housing-related services for survivors of domestic abuse or human trafficking; legal services or attorney's fees related to eviction proceedings and maintaining housing stability; and specialized services for individuals with disabilities or seniors that support their ability to access or maintain housing (See FAQ 23).
- d. **Financial Assistance:** Financial assistance to households includes payment of rent, rental arrears, utilities and home energy costs, utility and home energy costs arrears, and other expenses related to housing pursuant to 15 USC 9058a(c)(2)(A). Please note that under the ERA 1 program, award funds used for "other expenses" must be related to housing and "incurred due, directly or indirectly, to the novel coronavirus disease (COVID-19) outbreak" (See 15 USC 9058a(c)(2)(A)(v)). However, the ERA 2 statute

requires that “other expenses” be “related to housing” but does not require that they be incurred due to the COVID-19 outbreak (See 15 USC 9058a(d)(1)(A)(V)). The amount of financial assistance for prospective rent cannot exceed three months under a single household application (See FAQ 10). There is no maximum dollar amount for the cumulative financial assistance that may be provided on behalf of an eligible household beyond the requirements set forth in the ERA FAQs. These requirements include that amounts paid be based on documentation of household income, leases, and equivalent forms (or for applicants unable to present adequate documentation, a written attestation from the applicant up to a monthly maximum of 100 percent of the greater of the Fair Market Rent or the Small Area Fair Market Rent for the area in which the applicant resides) and that the amount of assistance provided to any household under ERA 1 and ERA 2, including assistance provided by other ERA 1 and ERA 2 grantees cannot exceed 18 months (See FAQ 10).

Financial assistance arrears may only cover household expenses accrued on or after March 13, 2020, up to a maximum of 15 months for ERA 1 and a maximum of 18 months, under ERA 1 and ERA 2 combined. For prospective rent assistance greater than three months up to the statutory maximum of 18 months under ERA 1 and ERA 2, the household must apply to the program again and the grantee must have sufficient funds. Households may receive up to 12 months of assistance under ERA 1 and an additional three months if necessary to ensure housing stability for the household for a total of three months. This means that for ERA 1, the maximum rental arrears monthly coverage period, where applicable, is 15 months where necessary for housing stability and households may only receive up to three months of prospective rent, where applicable and qualifying (See FAQ 10).

Examples of other costs for both ERA 1 and ERA 2 include relocation expenses (including prospective relocation expenses), rental security deposits, rental fees including application and screening fees, reasonable accrued late fees, Internet service to a given rental unit, and rental bonds where necessary to avoid an eviction order, as provided in the Treasury guidance and subject to certain conditions (for example, that Internet service expenses are eligible only if grantees establish policies governing the appropriate of use for this purpose).

- e. Other Affordable Rental Housing and Eviction Prevention Purposes: Treasury released FAQ 46 on July 2022 to define these uses.

B. Allowable Costs / Cost Principles

The cost principles in 2 CFR Part 200, Subpart E (Cost Principles) except for 2 CFR 200.418 and 2 CFR 200.419 apply to ERA 1 and ERA 2.

E. Eligibility

1. Eligibility for Individuals

To ensure eligibility requirements are met, household eligibility should be tested to focus on whether grantees established and adhered to reasonable policies for evaluating household applications within Treasury's framework providing for the use of self-attestation, categorical eligibility, and fact-specific proxies in qualifying circumstances. Specific eligibility requirement can be found in ERA FAQ 1 at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

This approach to eligibility was implemented in accordance with 15 USC 9058a, for ERA 1 in 15 USC 9058a(c)(2)(C)(ii) concerning documentation of payments to households, 15 USC 9058a(f)(2)(A) and (B) concerning signature requirements for applications and documentation required for tenants, 15 USC 9058a (k)(1) concerning area median income determinations, and 15 USC 9058a (k)(3)(A)(I) and (II) concerning eligible household determinations and attestation requirements. This treatment is further explained in the ERA FAQs; 15 USC 9058a; and Treasury, Department of Justice, and Department of Housing and Urban Development's joint letter issued August 27, 2021 that can be accessed at <https://home.treasury.gov/system/files/136/Eviction-Moratorium-Joint-Letter.pdf>.

To the extent that a grantee has established and consistently followed its own reasonable procedures for implementing an eligibility determination process, consistent with Treasury's guidance, it is not Treasury's expectation that grantees should seek additional documentation from a beneficiary after the initial determination of eligibility has been completed, including for those determined to be eligible using self-attestation, categorical eligibility, or fact-specific proxies in qualifying circumstances. Testing of individual household eligibility-related documentation should be limited to material already collected by the grantee during application as much as possible to avoid imposing undue burden on households that remain at risk of housing instability.

Treasury guidance related to determining where an applicant lives and the amount that they owe can be found in FAQ 5 <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>. Grantees must obtain, if available, a current lease, signed by the applicant and the landlord or sublessor, that identifies the unit where the applicant resides and establishes the rental payment amount. If a household does not have a signed lease, documentation of residence may include evidence of paying utilities for the residential unit, an attestation by a landlord who can be identified as the verified owner or management agent of the unit, or other reasonable documentation as determined by the grantee. In the absence of a signed lease, evidence of the amount of a rental payment may include bank statements, check stubs, or other documentation that reasonably establishes a pattern of paying rent, a written attestation by a landlord who can be verified as the legitimate owner or

management agent of the unit, or other reasonable documentation as defined by the grantee in its policies and procedures.

Additional Treasury guidance related to income determination can be found in FAQ 4 and related guidance

<https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>. ERA 2 builds on the eligibility criteria in ERA 1 and permits additional flexibilities.

The ERA FAQs document the full eligibility considerations for grantees to extend emergency assistance to vulnerable populations without imposing undue documentation burdens. As described, given the challenges presented by the COVID-19 pandemic, grantees may be flexible as to the particular form of documentation they require, including by permitting photocopies or digital photographs of documents, e-mails, or attestations from employers, landlords, caseworkers, or others with knowledge of the household's circumstances. Grantees must require all applications for assistance to include an attestation from the applicant household that all information included is correct and complete. In all cases, grantees must document their policies and procedures for determining household eligibility to include policies and procedures for determining the prioritization of households in compliance with the statute and maintain records of their determinations.

Grantees may rely on a written attestation without further documentation of household income from the applicant under three approaches:

- a. Self-attestation Alone – In order to provide assistance rapidly during the public health emergency related to COVID-19, the grantee may rely on a self-attestation of household income, financial hardship, and/or risk of homelessness and housing instability without further verification if the applicant confirms in their application or other document that they are unable to provide documentation, provided the other requirements detailed in Treasury guidance are satisfied. If an applicant is able to provide satisfactory evidence of residence but is unable to present adequate documentation of the amount of the rental obligation, grantees may accept a written attestation from the applicant to support the payment of assistance up to a monthly maximum of 100 percent of the greater of the Fair Market Rent or the Small Area Fair Market Rent for the area in which the applicant resides, as most recently determined by HUD and made available at <https://www.huduser.gov/portal/datasets/fmr.html>;
- b. Categorical Eligibility – If an applicant household income has been verified to be at or below 80 percent of the area median income (for ERA 1) or if an applicant household has been verified as a low-income family as defined in Section 3(b) of the United States Housing Act of 1937 (42 USC 1437a(b)) (for ERA 2) in connection with another local, state, or federal government assistance program, grantees are permitted to rely on a

determination letter from the government agency that verified the applicant's household income or status as a low-income family, provided that the determination for such program was made on or after January 1, 2020; and/or

- c. Fact-specific proxy – A grantee may rely on a written attestation from the applicant household as to household income if the grantee also uses any reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes in the household's geographic area. Grantees also have discretion to provide waivers or exceptions to this documentation requirement to accommodate disabilities, extenuating circumstances related to the pandemic, or a lack of technological access. In these cases, the grantee is still responsible for making the required determination regarding the applicant's household income and documenting that determination.

Grantees have discretion to provide waivers or exceptions to certain documentation requirements to accommodate disabilities, extenuating circumstances related to the pandemic, or a lack of technological access. In these cases, the grantee is still responsible for making the required determination regarding the applicant's household income and documenting that determination. Pursuant to 15 USC 9058a(k)(3)(B), and 2 CFR 200.403, when providing ERA 1 assistance, the grantee must review the household's income and sources of assistance to confirm that the ERA 1 assistance does not duplicate any other assistance, including federal, state, or local assistance provided for the same costs. Grantees may rely on an attestation from the applicant regarding non-duplication with other government assistance, and the duplication requirement does not apply to ERA 2; however, to maximize program efficacy, Treasury encourages grantees to minimize the provision of duplicative assistance.

Treasury strongly encourages grantees to rely on the self-certification of applicants with regard to whether their financial hardship meet statutory eligibility requirements. Similarly, with respect to determining whether one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability, Treasury indicates that a grantee may rely on a past due utility or rent notice or eviction notice, evidence of unsafe or unhealthy living conditions (which may include overcrowding) or any other evidence of risk, as determined by the grantee. Treasury clearly indicates that a grantee may rely on an applicant's self-certification identifying the applicable risk factor or factors, without further documentation, if other documentation is not immediately available.

Beginning October 1, 2022, grantees that have obligated 75 percent of their allocations, including funds received through reallocation, may choose to use up to 25 percent of their allocation for, "other affordable rental housing and eviction prevention purposes, as defined by the Secretary, serving very low-income

families.” Treasury is interested in understanding whether a grantee made payments to eligible beneficiaries at the point in time when the grantee made a payment. Treasury released guidance for these additional uses at FAQ 46 in July 2022. See page 20 of <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

In summary, eviction prevention purposes are those previously defined as housing stability uses. For affordable housing, the eligible uses include operation or development of affordable housing that utilizes another federal grant program for affordable housing development and has a 20-year affordability covenant.

2. Eligibility for Groups of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

Not Applicable

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

Under ERA 1, a grantee may use up to 10 percent of the total award amount for direct and indirect administrative costs. Under ERA 2, a grantee may use up to 15 percent of the total award amount for direct and indirect administrative costs and 10 percent of the total award amount for housing stability services. See FAQ 29 at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

H. Period of Performance

Under 15 USC 9058a(e)(1), the period of performance for ERA 1 awards began on the date that the grantee executed the ERA 1 Award Terms and ended on December 31, 2021. 15 USC 9058c editorial notes provides that section 3201(h) of the American Rescue Plan Act extended the award period of performance from December 31, 2021, to September 30, 2022. Pursuant to 15 USC 9058a(e)(2), Treasury extended the award period of performance to end on December 29, 2022 for ERA 1 grantees that receive [reallocated funds](#). A listing of recipients that received reallocation payments can be found at <https://home.treasury.gov/policy->

[issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/allocations-and-payments.](https://home.treasury.gov/system/files/136/ERACloseoutResource_1-5-23.pdf)

Under 15 USC 9058c(g), the period of performance for ERA 2 awards begins on the date that Treasury and the grantee executed the ERA 2 Award Terms and ends on September 30, 2025. All award funds not obligated or expended by the end of the period of performance date for ERA 1 and ERA 2 awards must be returned to Treasury as part of the award closeout process pursuant to 2 CFR 200.344(d), including amounts distributed through redirection and reallocation. See also the ERA 1 Closeout Resource at https://home.treasury.gov/system/files/136/ERACloseoutResource_1-5-23.pdf.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

Note: ERA recipients do not submit SF-425 Reports. They provide a subset of the data collected via the SF-425 in the ERA2 Compliance Report in the Federal Financial Reporting section of the report via Treasury's portal.

2. Performance Reporting

- a. Title of Report: ERA Compliance Report
PRA Number: 1505-0266 (ERA 1) and 1505-0270 (ERA 2)
Reporting Cycle: Quarterly
Authoritative Requirement: 15 USC 9058c; 2 CFR 200.328 (Financial report); and 2 CFR 200.329 (Performance report)
Blank Copy of the Report:
<https://home.treasury.gov/system/files/136/ERA-Treasury-Portal-User-Guide-v2.pdf> (see figures 3-7 for screenshots of user guide)
Report Instructions: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/reporting>

Report Corrections: ERA2 recipients that submit a report prior to the due date may recall a previously submitted report, make any edits, and resubmit the report by the due date. In addition, when authorized by Treasury staff, ERA2 recipients may revise submitted reports for the current quarter to address issues identified by Treasury's initial data quality/consistency validations. After the revision period

ends, the submitted report is final within ORP's reporting portal. Where the ERA2 recipient identifies an issue for revision after the revision period, recipients are required to ensure the revised information is incorporated into the next quarterly report.

Key Line Items-

1. *Administrative Costs Ratio-* Quantifiable Objective Criteria: Total obligations and/or expenditures for administrative costs does not exceed the relevant threshold of total allocation (10% across the prime and all subrecipients for ERA 1, not to exceed 15% for ERA 2 across the prime and all subrecipients), and the amounts reported for administrative costs are accurate.
(See [ERA Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 54 and for ERA2 see [ERA 2 Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 43)
2. *Housing Stability Services Ratio-* Quantifiable Objective Criteria: Total obligations and/or expenditures for housing stability services is not greater than 10% of the total amount allocated (For ERA1 see [ERA Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 54 and for ERA2 see [ERA2 Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 43). Examples of these services can be found in [FAQ 23](#) on page 12 of the July 27, 2022 FAQs located at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.
3. *System for Prioritizing Assistance-* Quantifiable Objective Criteria: The number of households with less than 50% Area Median Income (AMI) receiving financial assistance is greater than the number of households with greater than 50% AMI receiving assistance (For ERA1 see [ERA Reporting Guidance](#), Section E, Number of Unique Participant Households at Certain Income Levels, page 29 and for ERA2 see [ERA2 Reporting Guidance](#), Section E, *Cumulative Number of Unique Participant Households at Certain Income Levels*, page 23)

Participant Households at Certain Income Levels Eligibility- Quantifiable Objective Criteria: The total households receiving assistance is not greater than the sum of Area Median Income (AMI) banded eligible households with a 5 to 10% margin of error to avoid false positives for medium to large recipients. Treasury is aware of some limited temporary income data availability and reporting lag due to waterfall distribution models required within the statutory design framework and related administrative processing delays, as well as the use of fact-based proxies or assistance based on participation in other programs. Does not apply to tribal

recipients exempt from income reporting according to Treasury guidance and policy (For ERA1 see [ERA Reporting Guidance](#), Section E, *Number of Unique Participant Households at Certain Income Levels*, page 29 and for ERA2 see [ERA2 Reporting Guidance](#), Section E, *Cumulative Number of Unique Participant Households at Certain Income Levels*, page 23)

3. Special Reporting

Not applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

Although reporting on subaward information is applicable to ERA grantees pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the ERA 1 and ERA 2 Award Terms, ERA grantees' compliance with these reporting requirements is not subject to audit.

N. Special Tests and Provisions

1. ERA 1 Funds Redirection

Compliance Requirements

Pursuant to 15 USC 9058a(b)(1)(A) and Treasury's implementing instructions to requesting grantees, grantees are permitted to redirect ERA 1 funds when a locality receives an ERA 1 award and subsequently transfers 100 percent of the ERA 1 award funds received from Treasury to its eligible state and Treasury approves the transaction. The redirection of award funds is finalized when the locality has submitted the relevant redirection documentation to Treasury and Treasury has provided confirmation of acceptance. At that time, the locality's ERA 1 award is cancelled, and the locality has no further legal obligation to Treasury under the ERA 1 award.

Audit Objectives

The state's ERA 1 award is modified by the amount of the funds transferred from the local government to the state and the state is responsible as the grantee for reporting on the use of the transferred award funds that become subject to the requirements set forth in the Award Terms previously accepted by the state in connection with its ERA 1 award. A local government that has redirected 100 percent of its ERA 1 award funds to its state but has not submitted the relevant redirection documentation to Treasury or is still awaiting confirmation of acceptance of submitted documentation by Treasury, is still responsible for complying with the ERA 1 Award Terms, including submitting Monthly and Quarterly reports until their redirection forms were submitted and accepted by Treasury.

Suggested Audit Procedures

- a. Confirm that all voluntarily redirected ERA 1 award funds were approved by the grantee's authorizing official in accordance with Treasury guidance;
- b. Verify that all redirected ERA 1 award funds were deposited to the official, authorized bank account of the receiving grantee, as approved by Treasury; and
- c. Confirm that all ERA 1 award funds received through the redirection process are used in accordance with the ERA 1 Award Terms.

2. ERA Funds Reallocation

Compliance Requirements

Pursuant to 15 USC 9058a(d), Treasury is required to reallocate "excess" ERA 2 award funds. Treasury's objective in reallocations is to ensure ERA 2 award funds remain available to grantees in accordance with their jurisdictional needs and demonstrated capacity to deliver assistance while the ERA appropriations remain available. Treasury's ERA 2 reallocation guidance on Treasury.gov and previewed [here](#) describes how grantees that have expenditure ratios below designated thresholds as of March 31, 2022, were subject to involuntary reallocation, and had their calculated excess funds deducted from their undisbursed ERA2 allocations. Treasury periodically assessed expenditures using escalating expenditure benchmarks to identify excess funds for three quarterly assessments, as specified in the ERA2 Reallocation Guidance. The guidance also describes the voluntary reallocation process through which a grantee may request that Treasury reallocate its ERA 2 award funds to other ERA 2 grantees in the same state or to Treasury's general pool of reallocated funds. Unlike with ERA1, Treasury did not recapture any ERA2 funds paid out to a grantee; only undisbursed ERA2 funds were subject to reallocation. Auditors should refer to the ERA 2 reallocation guidance at <https://home.treasury.gov/system/files/136/UpdatedERA1ReallocationGuidanceSep6.pdf> (See pages 1 - 8) Guidance for ERA 2 reallocation can also be found on this site at <https://home.treasury.gov/system/files/136/ERA2-Reallocation-Guidance-March-30-2022.pdf> (See pages 1 - 6).

Updated information regarding ERA 2 reallocation was posted as an update to Reallocation Guidance in March 2022.

Audit Objectives

The reallocation expenditure ratio determines whether the grantee is subject to involuntary reallocation due to an insufficient ratio and the amount of excess funds subject to recapture by Treasury. Auditors should confirm the amounts reported as expended and obligated accurately capture the grantee's housing activity at the time of submission, as reflected in a grantee's award and/or financial systems, and that grantees receiving reallocated funds met the Treasury criteria.

Suggested Audit Procedures

- a. Confirm that financial information certified by grantees used by Treasury to make reallocation determinations is accurate and that excess funds that are subject to involuntary recapture are returned to Treasury in accordance with Treasury's confirmation letter.
- b. Auditors must confirm that financial information certified by grantees used by Treasury to make reallocation determinations are accurate which includes monthly expenditure and cumulative obligations levels, as described in the Treasury reallocation guidance.
- c. Confirm that ERA 2 expenditures reported quarterly by the grantee are inputs to Treasury's reallocation expenditure ratio are accurate.
- d. Confirm that ERA 2 obligations certified in the Request for Reallocated Funds form (1505-0266), included in the Request for Voluntarily Reallocated Funds, are inputs into determining eligibility to receive reallocated funds are accurate.

APPENDIX IV HIGHER RISK DESIGNATION

INTRODUCTION

This Appendix includes a listing of programs with a “higher risk” designation and describes how that designation impacts the major program determination process.

PROGRAMS WITH “HIGHER RISK” DESIGNATION

Uniform Guidance section 200.519(c)(2) states that “Federal agencies, with the concurrence of OMB, may identify Federal programs that are higher risk. It also states that OMB will provide this identification in the Compliance Supplement.”

As a result of the COVID-19 pandemic, many new federal programs were established and funding was added to existing federal programs from the following Acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

Funding arising from these sources is referred to as “COVID-19 funding,” or “COVID-19 programs”.

On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law. It established new programs and provided additional funding for existing programs. Funding arising from the IIJA is referred to as “IIJA funding” or “IIJA program”. The 2024 higher risk list includes one program that includes IIJA funding.

The following table includes a complete list of programs that have been identified as “higher risk” for audits subject to the 2024 Compliance Supplement either because of COVID-19 funding, IIJA funding, or because a Federal agency has identified the program to be higher risk.

Agency	Assistance Listing Number (ALN)	Title
HHS**	93.778/93.777/93.775	Medicaid Cluster
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds
Interior**	15.252	Abandoned Mine Land Reclamation (AMLR)

Note:

* These programs were created by one of the laws cited at the beginning of this section and are thus considered 100% COVID-19 funding.

** These programs were existing programs that received additional IIJA or COVID-19 funding from one or more of the laws cited at the beginning of this section.

Impact of “Higher Risk” Status on Major Program Determination

Type A Program Considerations

A “higher risk” designation will often result in a Type A program or other cluster being audited as a major program. However, an auditor is not precluded from determining that a “higher risk” Type A program or other cluster qualifies as a low risk Type A program if both of the following criteria are met:

1. the program otherwise meets the criteria for a low risk Type A program in section 200.518 of the Uniform Guidance; and
2. the percentage of COVID-19 funding or IIJA funding in the program or other cluster during the non-federal entity’s fiscal year is not material to the program or other cluster as a whole. For example, a recipient’s schedule of expenditures of federal awards may include the Medicaid Cluster but the expenditures relevant to COVID-19 funding included in the program during the June 30, 2024, fiscal year end is not material. Alternatively, a recipient’s schedule of expenditures of federal awards may include Emergency Rental Assistance expenditures for the June 30, 2024, fiscal year end, which would be considered material because COVID-19 funding comprises the entire program.

Note that the inclusion of COVID-19 funding or IIJA funding within the Research & Development (R&D) cluster does not create a “higher risk” designation for the R&D cluster.

Auditors should prepare audit documentation supporting the risk considerations and conclusions for “higher risk” programs.

Type B Program Considerations

Under section 200.518 of the Uniform Guidance, in certain circumstances the auditor must identify Type B programs that are high risk using professional judgment and the criteria in section 200.519 of the Uniform Guidance, which includes consideration of whether a program has been identified as “higher risk” by a Federal agency with the concurrence of OMB. Thus, there are no changes to the normal risk assessment process for Type B programs identified as “higher risk.” That is, the “higher risk” identification must be considered with the other factors in section 200.519.

Further, the auditor is not required to prioritize the assessment of risk for “higher risk” Type B programs over other Type B programs.