

# HUD's Assistance and Grantee Challenges With the Office of Native American Programs' COVID-19 Recovery Programs

Audit Report Number: 2023-LA-0005 July 28, 2023 Date: July 28, 2023

To: Heidi J. Frechette Deputy Assistant Secretary, Office of Native American Programs, PN

#### //signed//

From: Kilah S. White Assistant Inspector General for Audit, GA

Subject: HUD Assisted Grantees in Navigating the ONAP COVID-19 Recovery Programs, but Grantees Reported Challenges

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of HUD's assistance and grantee challenges with the Office of Native American Programs' coronavirus disease of 2019 (COVID-19) recovery programs.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <u>https://www.hudoig.gov</u>.

If you have any questions or comments about this report, please do not hesitate to call Tanya E. Schulze, Audit Director, at (213) 534-2471.

## Highlights

## HUD Assisted Grantees in Navigating the ONAP COVID-19 Recovery Programs, but Grantees Reported Challenges |2023-LA-0005

## What We Audited and Why

We audited the U.S. Department of Housing and Urban Development (HUD), Office of Native American Programs' (ONAP) coronavirus disease of 2019 (COVID-19) recovery programs.

Our audit objectives were to identify 1) the information, guidance, and training HUD provided to the grantees for the ONAP COVID-19 recovery programs and 2) the challenges that grantees faced in implementing and using program-provided funding. We used a survey questionnaire and conducted interviews to gather feedback and insight from grantees that received funding for the ONAP COVID-19 recovery programs.

We performed this audit to provide HUD with insight and a nationwide perspective on the challenges that grantees experienced with those programs. The information presented in this report is based solely on the results of the surveys and interviews conducted and is not intended to indicate HUD OIG's position on the effectiveness of HUD's administration of the ONAP COVID-19 recovery programs.

## What We Found

HUD provided information, guidance, and training to assist grantees in navigating the ONAP COVID-19 recovery programs soon after the funding was appropriated through the Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act in 2020 and 2021 to prevent, prepare for, and respond to COVID-19. Most grantees reported that they were satisfied with the resources and assistance HUD provided. Despite HUD's efforts, ONAP COVID-19 recovery program grantees reported facing challenges in using funds that were primarily outside of HUD's control, including a lack of supplies (and increased cost of supplies), contractors, and capacity. These challenges occurred in part due to many factors, such as the worldwide supply chain problems; the influx of Federal funding; and existing systemic problems, including the lack of affordable housing. As a result, approximately \$531.5 million of the \$1.03 billion that Congress authorized for the ONAP COVID-19 recovery programs remained available to be drawn by grantees (approximately 52 percent) approximately 2 years after the funding was appropriated.

In addition, we noted less significant matters, which we will communicate to ONAP in a separate memorandum.

### What We Recommend

We recommend that the Deputy Assistant Secretary for ONAP consider grantee feedback on the challenges they faced as part of ONAP's planning for technical assistance and training of ONAP COVID-19 recovery program grantees.

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## **Background and Objective**

HUD's Office of Native American Programs (ONAP) administers housing and community development programs that benefit American Indian and Alaska Native tribal governments, tribal members, the Department of Hawaiian Home Lands (DHHL), Native Hawaiians, and other Native American organizations. ONAP has six area offices that provide local administration of the programs: (1) Alaska, (2) Eastern - Woodlands, (3) Northern Plains, (4) Northwest, (5) Southern Plains, and (6) Southwest.

ONAP receives annual funding under the Native American Housing Block Grants program, which includes the Indian Housing Block Grant (IHBG), Native Hawaiian Housing Block Grant (NHHBG), and Indian Community Development Block Grant (ICDBG).

Congress allocated supplemental funding for these programs through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law March 27, 2020, and the American Rescue Plan (ARP) Act, which was signed into law March 11, 2021. Congress passed these laws to prevent, prepare for, and respond to the coronavirus disease of 2019 (COVID-19). The CARES Act funds are to remain available for allocation until September 30, 2024, and the ARP Act funds are to remain available for allocation until September 30, 2025. The supplemental funding types for these programs are listed in the table below and are referred to collectively in this report as the ONAP COVID-19 recovery programs.

Funding type	Amount	Funding type	Amount
IHBG-CARES	\$ 200 million	IHBG-ARP	\$ 450 million
ICDBG-CARES	100 million	ICDBG-ARP	280 million
NHHBG-CARES	-	NHHBG-ARP	5 million
Technical assistance	-	Technical assistance	10 million
Other costs (administrative)	-	Other costs (administrative)	5 million
Total ONAP-CARES funding	300 million	Total ONAP-ARP funding	750 million
Total funding combined			1.05 billion

Grantees are allowed to use these funds to maintain normal operations and support other eligible Native American Housing Assistance and Self Determination Act (NAHASDA) activities (IHBG-CARES and -ARP and NHHBG-ARP); cover or reimburse incurred costs that were otherwise eligible under the CARES or ARP Act (all ONAP CARES and ARP block grants); and reduce or mitigate short-, medium-, and long-term risks and vulnerabilities of tribal or Native Hawaiian communities to COVID-19 (all ONAP CARES and ARP block grants).

In addition, the CARES Act and ARP Act allow the HUD Secretary to waive or specify alternative requirements to expedite or facilitate the use of funds to prevent, prepare for, and respond to COVID-19.<sup>1</sup> ONAP implemented various waivers for all COVID-19 funds.

<sup>&</sup>lt;sup>1</sup> Except for requirements related to fair housing, nondiscrimination, labor standards, and the environment.

Grantees use HUD's Line of Credit Control System (LOCCS) when grant agreements are executed and approved to access the funding.<sup>2</sup> The process that grantees follow to receive funding for each grant is shown in figure 1 below.

IHBG-CARES and IHBG-ARP	NHHBG-ARP	ICDBG-CARES	ICDBG-ARP
<ul> <li>Grantees are required to submit an abbreviated Indian housing plan (IHP), regardless of whether they had a previously approved IHP.</li> <li>ONAP reviews the abbreviated IHP and, if in compliance, emails the grantee an award letter and grant agreement package to sign and return via email.</li> <li>Grants are made available to draw down from LOCCS as soon as a fully executed grant agreement is returned and processed.</li> </ul>	<ul> <li>The sole grantee, DHHL, was required to submit an abbreviated Native Hawaiian Housing Plan (NHHP) to ONAP.</li> <li>ONAP reviewed the abbreviated NHHP and, if found in compliance, emailed the grantee an award letter and grant agreement package to sign and return via email.</li> <li>Grants were made available to draw down from LOCCS as soon as a fully executed grant agreement was returned and processed.</li> </ul>	<ul> <li>ONAP began accepting applications on June 1, 2020, via the ICDBGCARES@hud.gov email.</li> <li>ONAP reviews completed applications and determines whether to fund the application. It awards grants on a first-come, first-served basis. If approved, ONAP sends an approval letter and grant agreement by email.</li> <li>Grants are made available to draw down from LOCCS as soon as a fully executed grant agreement is returned and processed.</li> </ul>	<ul> <li>ICDBG-ARP was awarded in three phases:</li> <li><i>Phase one</i> included awards to unfunded ICDBG-CARES applicants.</li> <li><i>For phase two,</i> ONAP considered applicants that did not receive an ICDBG-CARES award and were not a "phase one priority." It then accepted applications from September 3 to October 18, 2021, from grantees that received an ICDBG-CARES award.</li> <li><i>Phase three</i> included awarding the remaining funding to grantees that applied after the phase two application deadline.</li> <li>For approved applications, ONAP sends an approval letter and grant agreement by email. Grants are made available to draw down from LOCCS when a grant agreement is returned and processed.</li> </ul>

#### Figure 1 – ONAP CARES and ARP grant award process

Source: Office of Inspector General (OIG) analysis of Notice Public and Indian Housing (PIH) 2020-06, Notice PIH 2020-11, Notice PIH 2021-11, Notice 2021-13, and Notice PIH 2021-22

Our audit objectives were to identify 1) the information, guidance, and training HUD provided to the grantees for the ONAP COVID-19 recovery programs and 2) the challenges that grantees faced in implementing and using the program-provided funding.

<sup>&</sup>lt;sup>2</sup> LOCCS is HUD's primary grant disbursement system, handling disbursement for most HUD programs.

## **Results of Audit**

## HUD Assisted Grantees in Navigating the ONAP COVID-19 Recovery Programs, but Grantees Reported Challenges

HUD provided information, guidance, and training to assist grantees in navigating the ONAP COVID-19 recovery programs soon after the funding was appropriated through the CARES Act and ARP Act in 2020 and 2021. Congress passed these laws to prevent, prepare for, and respond to COVID-19. Most grantees that responded to our survey questionnaire reported that they were satisfied with the resources and assistance HUD provided. However, grantees reported facing challenges in spending the funds for reasons that were primarily outside of HUD's control. The top challenges they reported were a lack of supplies (and increased cost of supplies), contractors, and capacity. These challenges occurred in part due to many factors, such as the supply chain problems, which were experienced worldwide; the influx of Federal funding; and existing systemic problems, including a lack of affordable housing. While grantees had drawn 83 percent of ONAP CARES program funds, they only drew down 35 percent of ONAP ARP program funds approximately 2 years after Congress appropriated the funding. As of June 21, 2023, \$531.5 million of the \$1.03 billion authorized for the ONAP COVID-19 recovery programs remained available to be drawn by grantees (52 percent).

### **Funding Allocations and Guidance**

After the CARES Act and ARP Act were signed on March 27, 2020, and March 11, 2021, respectively, HUD reacted quickly to provide information and guidance to the grantees. For example, HUD notified grantees of the allocations for the IHBG-CARES program 1 week after the President signed the CARES Act into law. The first grant agreement for the IHBG-CARES program was signed on April 30, 2020, and 78 percent of the eligible grantees that were allocated funding had signed grant agreements by July 30, 2020, approximately 4 months after the allocations were published by HUD. See the charts below, which show HUD's timely communication to the grantees.

		CARES Act		
03/27/2020	04/03/2020	04/10/2020	04/22/2020	05/15/2020
CARES Act was	Allocation for	Waivers available	IHBG-CARES	ICDBG-CARES
signed	IHBG-CARES	for COVID-19	guidance issued	guidance issued
ARP Act				
03/11/2021	03/25/2021	04/13/2021	04/26/2021	07/20/2021
ARP Act was	Allocation for	IHBG-ARP	NHHBG-ARP	ICDBG-ARP
signed	IHBG-ARP	guidance issued	guidance issued	guidance issued

In addition, most of the grantees that responded to our survey questionnaire were satisfied with HUD's communication of new or updated guidance for the COVID-19 recovery programs. (See appendix B, question 7.)

The guidance issued by HUD for the ONAP COVID-19 recovery programs provided waivers, alternative requirements, and instructions to apply for the grants. HUD determined that the waivers and alternative requirements, authorized through the CARES Act and ARP Act, were necessary to expedite or facilitate the use of the funds to prevent, prepare for, and respond to COVID-19. For example, HUD established alternative requirements for the application requirements for the IHBG program. Instead of the regular Indian Housing Plan (IHP), used to apply for the regular annual IHBG program, HUD implemented a streamlined version of the IHP, containing fewer sections for grantees to complete. Most of the grantees that responded to the survey questionnaire were satisfied with the clarity of the guidance and waivers for the COVID-19 recovery programs. (See appendix B, question 5.)

### **Training and Technical Assistance Provided By HUD**

HUD provided many trainings, webinars and national calls at the headquarters level to help grantees with the ONAP COVID-19 recovery programs. For the ARP Act, HUD was provided \$10 million that funded six training and technical assistance providers who administered additional training to grantees. They provided training on the ONAP COVID-19 programs and were assigned by HUD to provide technical assistance to 235 grantees. Most of the grantees were satisfied with the webinars and training for the COVID-19 recovery programs. (See appendix B, question 6.)

In addition to the training and technical assistance that was provided to the grantees, each area ONAP office had grants management specialists and grants evaluation specialists who were assigned to each grantee to provide assistance with the ONAP COVID-19 recovery programs. We interviewed 11 grantees, and the majority stated that they were helpful and responsive during the pandemic. For example, one grantee stated that the grants management specialist stepped up, was helpful, and helped the grantee get through the most difficult times.

## Grantee Survey Responses Indicated that Additional Support from HUD Is Needed

The top survey questionnaire responses regarding additional support from HUD that would help meet the ONAP COVID-19 recovery objectives were training and technical assistance (24 percent and 14 percent, respectively). ONAP stated that the training and technical assistance providers had planned training that would be offered as well as planned technical assistance for grantees. A Dear Tribal Leader Letter was issued on April 8, 2022, and stated that an ARP Recovery Training and Technical Assistance Initiative had been started to assist grantees with their ARP projects. This initiative included an individual needs assessment, targeted training and technical assistance, and national implementation trainings.

## **Grantee Challenges in Spending Grant Funds**

We surveyed all 474 ONAP COVID-19 recovery program grantees, receiving 229 responses (48 percent). We also interviewed 11 grantees that did not respond to the survey questionnaire. When asked about challenges in spending funds, 152 of 202 grantees responding to the question reported challenges they faced. The top challenges reported were a lack of supplies (and increased cost of supplies), contractors, and capacity. ONAP stated that it had received 145 requests from grantees to amend their grant agreements for ICDBG-CARES and ICDBG-ARP due to the challenges they faced. The amendments were to either extend the period of performance or revise the scope or budget for the planned projects.

#### Lack of Supplies and Increased Cost of Supplies

Of the 152 grantees reporting challenges in spending the funds in the survey questionnaire, 112 identified the lack of supplies and increased cost of supplies as a top challenge. Another 4 of 11 grantees interviewed identified the lack of supplies and increased costs of supplies as an issue they faced. However, this was a nationwide issue and not specific to the ONAP COVID-19 recovery programs.<sup>3</sup>

The lack of supplies and increased cost of supplies caused some projects to go overbudget, and grantees had to revise their original plans for the grants. For example, one grantee planned to install a new water storage tank with ICDBG-CARES grant funds. However, that grantee stated that the costs for the water storage tank had significantly increased from when HUD awarded the grant more than 2 years ago. Therefore, the grantee stated that the project would go overbudget, and needed to find a way to cover the shortfall. Another grantee submitted plans to purchase 26 "tiny home" kits for its ICDBG-ARP grant; however, these kits were discontinued by the vendor due to increased prices for lumber. This grantee submitted revisions for its project to build seven modular homes instead, resulting in fewer benefits for the community. However, this grantee noted that the ONAP COVID-19 recovery programs had a huge benefit for the community because new homes had not been developed in the past 10 years.

#### Lack of Contractors

The lack of contractors was the second most frequently identified challenge by grantees (46 of 152) in the survey questionnaire, and 3 of 11 grantees interviewed identified contractor issues they faced as a challenge. Grantees noted that there was a lack of contractors willing to bid on their projects because contractors were in high demand and were dealing with staffing shortages. One grantee stated that there was an influx of Federal funding in the area so contractors were busy with other projects. Grantees indicated that the lack of contractors delayed the start of projects because they had to either readvertise the project or revise their plans. As with the lack of supplies and increased cost of supplies, this was a nationwide issue and not specific to the ONAP COVID-19 recovery programs.

<sup>&</sup>lt;sup>3</sup> Why the Pandemic Has Disrupted Supply Chains, published by the White House's Council of Economic Advisers, June 17, 2021

#### Lack of Capacity

The lack of capacity was the third most frequently reported challenge for surveyed grantees (22 of 152), and 5 of 11 grantees interviewed identified capacity issues they faced. For example,

- One grantee stated that before the pandemic, many of the directors and managers in the organization had left. The remaining staff members who filled these positions were learning their new roles while also training the employees who filled their old positions.
- Two grantees reported not yet starting the projects for their IHBG-ARP grants because of staffing vacancies. One of the grantees was waiting to fill a director position, and the other grantee had a history of turnover in its housing director position.
- One grantee stated that it previously had 11 staff members but was now down to 2. The two employees were also new to their positions and did not know about the availability of their IHBG-ARP grant until notification from ONAP.

A U.S. Government Accountability Office (GAO) report from 2014 also identified the lack of administrative capacity as one of the most common internal challenges for IHBG grantees.<sup>4</sup> Grantees noted the influx of Federal funding during the COVID-19 pandemic and the lack of available and affordable housing contributed to existing challenges with the lack of capacity.

#### Influx of Federal Funding

The influx of Federal funding to address the pandemic contributed to the challenges associated with a lack of capacity. The CARES Act, ARP Act, and Consolidated Appropriations Act for 2021, provided grantees with significantly more funding than they would normally receive. For some grantees, capacity issues were worsened by the added workload that resulted from the pandemic and influx of Federal funding. For example, one grantee responded that its largest challenge throughout the pandemic was the lack of capacity. Before COVID-19, many staff members were covering the work of at least two positions. The COVID-19 pandemic and the additional funding and projects for the ONAP COVID-19 recovery programs and the U.S. Department of the Treasury programs (such as emergency rental assistance) put additional strain on the staff.

For fiscal years (FY) 2017 to 2021, between \$645 million and \$647 million was annually appropriated for the IHBG program. However, additional funding was appropriated for these grantees in FY 2020 and FY 2021 in response to the coronavirus pandemic. In FY 2020, an additional \$200 million was appropriated for the IHBG-CARES program. In FY 2021, an additional \$1.7 billion was appropriated for grantees from the ARP Act and the FY 2021 Consolidated Appropriations Act through HUD and the U.S. Department of the Treasury. This was 270 percent more than the FY 2021 annual IHBG funding.<sup>5</sup> Figure 2 below shows the appropriation amounts for IHBG program grantees for FY 2017 to FY 2021.

<sup>&</sup>lt;sup>4</sup> GAO report 14-255 (Native American Housing: Additional Actions Needed to Better Support Tribal Efforts), issued March 2014

<sup>&</sup>lt;sup>5</sup> The additional funding of \$1.7 billion included \$450 million for IHBG-ARP, \$797.6 million for the U.S. Department of the Treasury Emergency Rental Assistance (ERA) program, and \$496.6 million for the U.S. Department of the Treasury Homeowner Assistance Fund (HAF). The ERA and HAF program funds were allocated to grantees based on the FY 2020 IHBG formulation allocation.



Figure 2. Funding for IHBG grantees for FY 2017 to FY 2021

Source: FY 2017 through FY 2021 Consolidated Appropriations Act, CARES Act, and ARP Act

#### Systemic Issues Related to Availability of Affordable Housing

Grantees noted that the lack of available and affordable housing was related to their lack of capacity. For example, one grantee stated that it was hard to fill its executive director position because of the lack of housing for people to move to the area so it had to look at only the local labor pool, which did not have the experience they were looking for. Most grantees surveyed (198 of 227) noted that lack of available housing was a factor that made addressing COVID-19 difficult. In one instance, a grantee stated that the last time homes were developed was 10 years ago so the homes it was able to develop with the ONAP COVID-19 funding would have a huge impact. However, one grantee noted that it was difficult to develop new homes because its annual IHBG funding did not historically grow with inflation so it also needed to maintain and operate any new units that were developed.

#### **Drawdown Levels for ONAP COVID-19 Recovery Programs**

As a result of these challenges and other systemic issues, grantees had not been able to spend about half of the funds that had been authorized approximately 2 years after they were appropriated. The OIG's prior audit report on the review of drawdown levels for the ONAP CARES Act and ARP Act block grants determined that, as of October 4, 2022, \$367.5 million (36 percent) had been drawn.<sup>6</sup> As of June 21, 2023, approximately \$499.8 million (48 percent) of the \$1.03 billion authorized for the ONAP COVID-19 recovery programs had been drawn by grantees, with the remaining amount yet to be disbursed primarily coming from the ONAP-ARP funding. See the table below.

<sup>&</sup>lt;sup>6</sup> HUD OIG audit report 2023-LA-0003

Funding type	Amount authorized <sup>7</sup> (millions)	Amount disbursed (millions)	Percentage disbursed
Total ONAP- CARES	296.5	245.6	83 percent
Total ONAP- ARP	734.8	254.2	35 percent
Total combined	1,031.3	499.8	48 percent

ONAP identified grantees that had slow expenditure rates for the ONAP ARP program, and they were selected for technical assistance. The period of performance for the ICDBG-ARP grants was generally 12 months when the grant was awarded, unless a justification for a longer period was provided. These grants were awarded in multiple phases, and the agreements were from November 2021 to March 2022.

ONAP stated that the period of performance for the IHBG-ARP grants ends on September 30, 2026. The funds for these grants were available in April 2021, and the agreements were signed between May 2021 and August 2022.

#### **Positive Impact of the ONAP COVID-19 Recovery Programs**

Despite the reported challenges, grantees also pointed to the ONAP COVID-19 recovery programs' positive impact. Some grantees stated that they used their grant funds to address more immediate needs due to COVID-19, such as vouchers for food and supplies or remodeling a vacant motel to be used as isolation units. Other grantees planned to develop homes to alleviate the lack of available housing, which also addressed the impacts of COVID-19 by reducing overcrowding in homes. Data from ONAP showed that 145 of the 465 planned projects or activities for the ICDBG-CARES and ICDBG-ARP programs were for construction of new housing, while 1,086 of the 2,371 planned projects or activities for the IHBG-CARES and IHBG-ARP programs were for COVID-19 activities that were authorized by the waivers issued by HUD.<sup>8</sup>

### Conclusion

HUD provided grantees with assistance and support in managing their ONAP COVID-19 Recovery program funding. However, the COVID-19 pandemic disrupted the supply chain and worsened existing staffing

<sup>&</sup>lt;sup>7</sup> The authorized amount was obtained from HUD's Financial Data Mart (FDM) as of June 21, 2023. FDM is a warehouse of data extracted from various HUD systems, such as LOCCS. Funds for the ONAP COVID-19 recovery programs are available to grantees as authorized amounts when grant agreements are executed and approved. As noted in HUD, Office of Inspector General (OIG), audit report 2023-LA-0003, issued January 20, 2023, funds may be unauthorized because grantees opted not to apply for funding, declined to accept funding after it was awarded, or were still in the approval process.

<sup>&</sup>lt;sup>8</sup> Notice PIH 2020-05 waived and established alternative requirements for a number of statutory and regulatory requirements for the IHBG and ICDBG programs. For example, HUD waived section 202(3) of NAHASDA and established an alternative requirement to the extent necessary to allow IHBG funds to be used to carry out a wide range of public health services, such as paying for necessary equipment, supplies, and materials, including personal protective equipment.

and capacity issues of ONAP's grantees. Further, the influx of funding during COVID-19 flooded the market with demand despite a more finite pool of contractors' being available to do the work. Grantees have been working to overcome these challenges, but much of the available CARES Act and ARP Act funding remain. Continued technical assistance and training from ONAP could help grantees in overcoming the challenges in spending the ONAP COVID-19 recovery program funds.

### Recommendation

We recommend that HUD's Deputy Assistant Secretary for the Office of Native American Programs

1A. Consider grantee feedback on the challenges they faced as part of ONAP's planning for technical assistance and training of ONAP COVID-19 recovery program grantees.

## **Scope and Methodology**

We conducted the audit remotely from September 2022 through February 2023. Our audit covered the period March 27, 2020, to August 1, 2022.

To accomplish our audit, we

- Developed and sent a survey questionnaire to grantees.
- Interviewed a sample of grantees that did not respond to the survey questionnaire.
- Interviewed the National American Indian Housing Council.
- Reviewed ONAP's website for actions to help grantees with the ONAP COVID-19 recovery programs.
- Interviewed appropriate ONAP officials.

The survey questionnaire was sent to all grantees that had received funding from one of the ONAP COVID-19 recovery programs as of August 1, 2022, according to HUD's Financial Data Mart (FDM).<sup>9</sup> The audit universe consisted of 474 grantees that received a combined total of \$988.4 million for the ONAP COVID-19 recovery programs. We used Microsoft Forms to create the survey questionnaire for grantees to complete. HUD ONAP provided the contact information for the grantees. We sent an email with a hyperlink to enable the grantees to access the survey questionnaire online. Based on a 4-week period from September 21 to October 20, 2022, we received responses from 229 of the 474 grantees, or a 48 percent response rate.<sup>10</sup> We included the survey questionnaire results in appendix B for additional reference.

The grantees were asked questions related to (1) their overall experience concerning the COVID-19 pandemic, (2) access to the ONAP COVID-19 recovery programs, (3) support from ONAP for the ONAP COVID-19 recovery programs, (4) their experience using the ONAP COVID-19 recovery program funds, and (5) other funding sources received to address COVID-19. We determined that a 100 percent selection method was appropriate since the online survey questionnaire is an effective and efficient method of data collection. Specifically, we relied on the information obtained through Microsoft Forms to collect responses from the grantees. As a result, we determined that the information from the program was sufficient to meet the objectives of our audit.

We also selected a nonstatistical random sample of 20 grantees that did not respond to the survey questionnaire to interview. There were 251 grantees that had not responded to the survey when we selected our interview sample.<sup>11</sup> The purpose for the interviews was to gain further insight into the challenges faced in implementing and using the funding provided by the ONAP COVID-19 recovery

<sup>&</sup>lt;sup>9</sup> FDM is a warehouse of data extracted from various HUD systems and is supported by several query tools for improved financial and program data reporting. FDM receives records from other HUD information systems, such as LOCCS.

<sup>&</sup>lt;sup>10</sup> The initial deadline for the survey questionnaire was October 5, 2022, but the deadline was extended an additional 2 weeks, from October 6 to October 20, 2022, to help get more responses. We also included 12 responses received after the deadline and 5 responses received from the interviews. The remaining 6 of the 11 grantees interviewed did not respond to the survey questionnaire.

<sup>&</sup>lt;sup>11</sup> We received an additional 6 grantee responses after we selected our interview sample. A total of 245 grantees did not respond to the survey.

programs and provide an opportunity for the grantees to complete the survey questionnaire. We interviewed 11 of the 20 grantees. We were unable to schedule interviews with the other nine grantees because they were not responsive.

We conducted the 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 objective(s). We believe that the evidence obtained provides a reasonable basis for our conclusions based on our objective.

## Appendixes

## APPENDIX A - AUDITEE COMMENTS AND OIG'S EVALUATION Ref to OIG Evaluation – Auditee Comments

	U	S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WASHINGTON, DC 20410-5000
	OFFICE OF PUBLIC AND INDIAN HOUSING	
		June 23, 2023
	MEMORANDUM FOR:	Tanya E. Schulze, Audit Director, 9DGA
		Huidi J. Freekute
	FROM:	Heidi J. Frechette, Deputy Assistant Secretary, Office of Native American Programs, PN
	SUBJECT:	Office of Native American Programs Response to the HUD Office of Inspector General discussion draft audit entitled: "HUD Assistance and Grantee Challenges with the Office of Native American Programs' COVID-19 Recovery Programs," (2023-LA- 000X)"
Comment 1 >	"HUD Assistance and Grant COVID-19 Recovery Progra (OIG) for the draft report an grantees are facing in expen-	portunity to review the discussion draft memorandum entitled ee Challenges with the Office of Native American Programs' uns." Our office would like to thank the Office of Inspector General d the detailed information it provided regarding the challenges ding funding appropriated through the Coronavirus Aid, Relief, and American Rescue Plan Act in 2020 and 2021.
Comment 2 >	confirmed what the Office o six Area ONAPs. During th increases and tight competit as generally throughout the l American communities, the difficult time. As you know and Area ONAPs to address grantees with additional sup	ducted with follow-up interviews was very informative and f Native American Programs (ONAP) had been hearing through its e pandemic and even now, supply chain issues, significant price ion for contractors were experienced by most HUD grantees, as well Nation's economy. Given the impact the pandemic had on Native influx of Federal funding severely tested grantee capacity at a very , ONAP is already working with its technical assistance providers the challenges reported by our grantees. We intend to provide port through technical assistance and training to help grantees meet ery objectives, expend more of the available funding, and improve mes.
Comment 3 >	information, guidance, and t recovery programs soon afte the grantees responding to C communication of new or up with the many trainings, wel- help grantees. We are conti- representatives. For exampl established weekly calls bet	tes the positive response to our efforts to provide grantees with raining to assist the grantees in navigating the ONAP COVID-19 r the funding was appropriated. We were happy to see that most of DIG's survey questionnaire were satisfied with ONAP's oldeted guidance for the COVID-19 recovery programs, as well as binars and national calls at the headquarters and regional level to nuing with our efforts to communicate with our grantees and their e, when the pandemic first hit Indian Country in early 2020, we ween the Deputy Assistant Secretary and ONAP Directors in tives of regional Indian housing associations across the Nation,

including the National American Indian Housing Council. The calls were to disseminate important information about pandemic relief and to get feedback on the needs in Indian Country. Even though the immediate crisis is over, ONAP continues those calls today to share information on funding and upcoming events and to address issues that arise in Indian housing.

In addition, HUD created a standing Tribal Intergovernmental Advisory Committee (TIAC) comprised of 15 duly elected Tribal leaders from across the country. The TIAC meets to advise HUD senior leadership on the impact of HUD policies in Indian Country and serves as a forum for Tribal leaders to share their views with HUD as new policies are developed across the agency. Further, ONAP regularly schedules Tribal consultation and roundtable sessions in Tribal communities and at Tribal gatherings in an ongoing effort to get Tribal feedback from Tribal leaders and housing practitioners. Through these efforts, ONAP maintains a vigorous dialogue with Tribal Leaders and their representatives as we strive to improve the delivery of our Indian housing programs.

Finally, with respect to the draft audit report, ONAP's only comment is for OIG to consider updating the COVID-19 Recovery Programs' expenditure rates. The draft currently refers to expenditures as of March 29, 2023, almost three months ago. Those rates have changed since that time as construction in Indian Country generally picks up in the spring and summer and grantees have drawn more funding down over the past few months. Otherwise, ONAP has no further comment and appreciates the information provided in the report.

Thank you again for affording ONAP the opportunity to comment and for your continued partnership. If you have any questions, please do not hesitate to contact Gary A. Nemec, Director of the Office of Grants Evaluation at 202.402.2988.

Comment 3 >

Comment 4 >

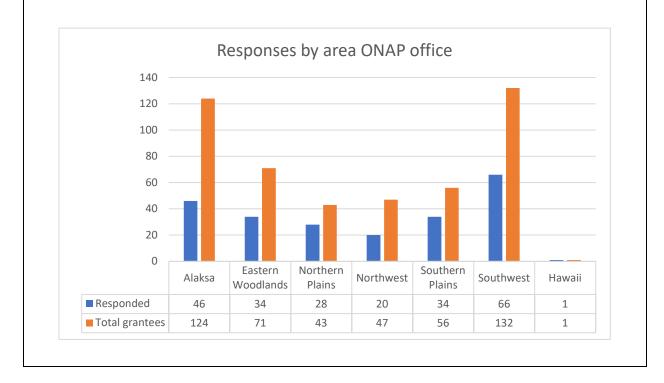
## **OIG Evaluation of Auditee Comments**

Comment 1	We appreciate HUD's cooperation and collaboration with our office as we conducted the audit.
Comment 2	We commend HUD for the steps it has taken to address the audit report recommendation before the issuance of the audit report. HUD provided a separate document outlining the actions it will take to address the challenges identified in the audit report as part of the planning for technical assistance and training of ONAP COVID-19 recovery program grantees. Therefore, the recommendation will be closed concurrently with the issuance of the audit report.
Comment 3	We commend HUD for the continued communication with grantees and their representatives to provide information and receive feedback.
Comment 4	We agreed with HUD's request to update the COVID-19 recovery programs' expenditures rates. We updated the expenditure rates from March 29, 2023 to June 21, 2023 in the final audit report.

## **APPENDIX B – SURVEY QUESTIONNAIRE RESULTS**

## **Survey Questionnaire Response Rate**

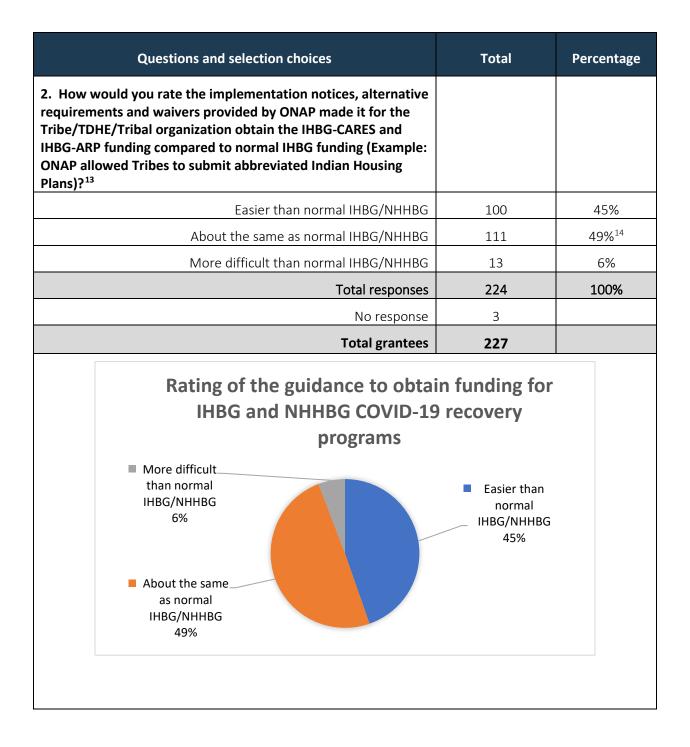
Of the 474 grantees we surveyed, 229 grantees, or 48 percent, responded, and 245 grantees, or 52 percent, did not respond to our survey questionnaire. Two of the grantees responded that they did not receive ONAP COVID-19 funding so they did not have the option to respond to the questions listed in this appendix. The chart below shows the response rates of grantees by area ONAP office.



## **Survey Questionnaire Results**

Questions and selection choices	Total	Percentage
<b>1.</b> What factors made addressing the impact of the COVID-19 pandemic the most difficult for your Tribal community? Select all that apply. <sup>12</sup>		
Lack of available housing	198	87%
Overcrowding in housing	174	77%
Lack of emergency shelters	148	65%
Inability to adequately quarantine	143	63%
Homelessness	135	59%
Substandard housing	129	57%
Poverty	124	55%
Lack of funding	95	42%
Lack of access to internet	92	41%
Lack of access to food	57	25%
Other	37	16%
Lack of access to healthcare	33	15%
Lack of potable water	31	14%
Lack of access to COVID-19 testing	31	14%
Lack of access to COVID-19 vaccines	21	9%
None	3	1%

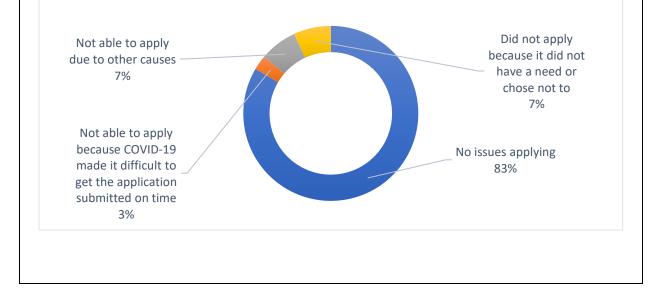
<sup>&</sup>lt;sup>12</sup> The question for the survey questionnaire sent to DHHL was "What factors have made addressing the impact of the COVID-19 pandemic the most difficult? Select all that apply."



<sup>&</sup>lt;sup>13</sup> The question for the survey questionnaire sent to DHHL was "How would you rate the implementation notices, alternative requirements and waivers provided by ONAP to obtain the NHHBG-ARP funding compared to normal NHHBG funding (Example: ONAP allowed DHHL to submit an abbreviated Native Hawaiian Housing Plan)?"

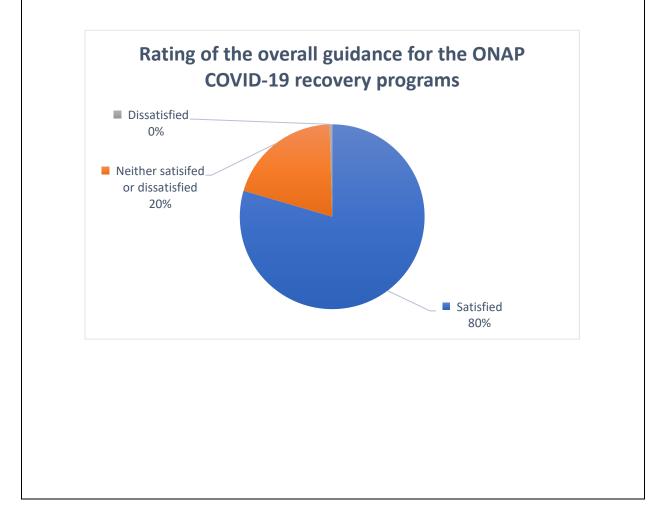
<sup>&</sup>lt;sup>14</sup> Rounded down from 49.55 percent to 49 percent so the total would equal 100 percent.

Questions and selection choices	Total	Percentage
3. The application process for the ICDBG-CARES and ICDBG- ARP funding was awarded without competition generally on a first come, first serve basis. Based on the process:		
The Tribe/TDHE/Tribal organization had no issues applying	182	83%
The Tribe/TDHE/Tribal organization was not able to apply because COVID-19 made it difficult to get the application submitted on time	6	3%
The Tribe/TDHE/Tribal organization was not able to apply due to other causes	15	7%
The Tribe/TDHE/Tribal organization did not apply because it did not have a need or chose not to	15	7%
Total responses	218	100%
No response	8	
Total grantees	<b>226</b> <sup>15</sup>	
Application process for ICDBG-CAR ARP	ES and ICDBG	-



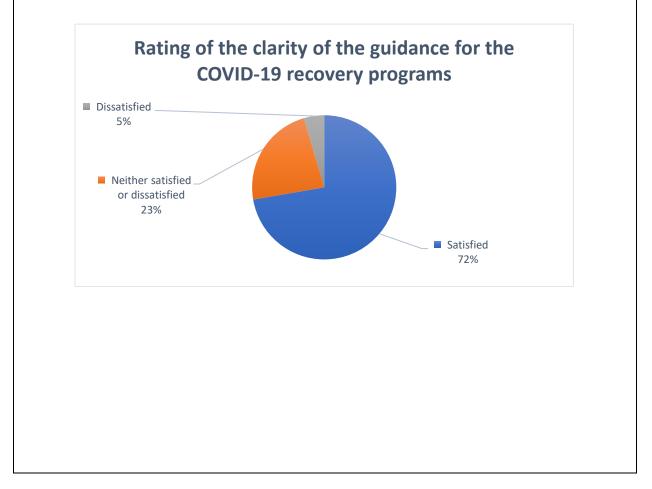
<sup>&</sup>lt;sup>15</sup> There was no ICDBG COVID-19 program for DHHL. Therefore, the total number of grantees is 226 instead of 227.

Questions and selection choices	Total	Percentage
4. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Overall guidance?		
Satisfied	175	80%
Neither satisfied or dissatisfied	44	20%
Dissatisfied	1	0% <sup>16</sup>
Total	220	100%
No response	7	
Total grantees	227	



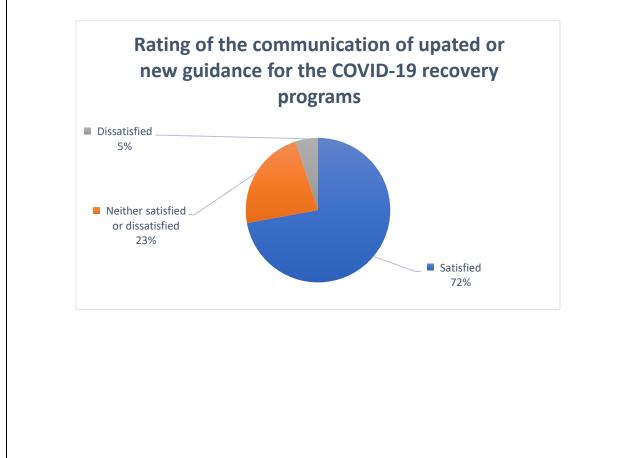
<sup>&</sup>lt;sup>16</sup> Rounded down because number was less than a full percent. Specifically, it was 0.45 percent.

Questions and selection choices	Total	Percentage
5. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Clarity of program implementation notices and waivers?		
Satisfied	159	72%
Neither satisfied or dissatisfied	51	23%
Dissatisfied	10	5%
Total responses	220	100%
No response	7	
Total grantees	227	

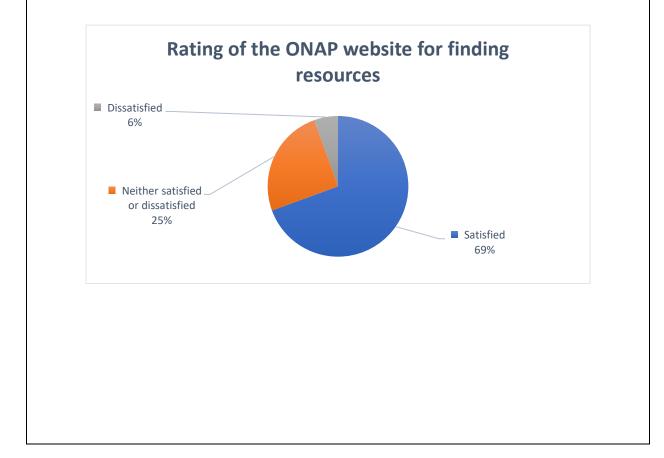


Questions and selection choices	Total	Percentage
6. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Webinar or other training materials?		
Satisfied	144	66%
Neither satisfied or dissatisfied	65	30%
Dissatisfied	9	4%
Total responses	218	100%
No response	9	
Total grantees	227	
Rating of the webinars or othe materials for the COVID-19 re programs		
Dissatisfied		
Neither satisfied		
Neither satisfied or dissatisfied 30%	Satisfied 66%	
or dissatisfied		

Questions and selection choices	Total	Percentage
7. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Communication of updated or new FAQs, notices, guidance, or waivers?		
Satisfied	158	72%
Neither satisfied or dissatisfied	50	23%
Dissatisfied	11	5%
Total responses	219	100%
No response	8	
Total grantees	227	

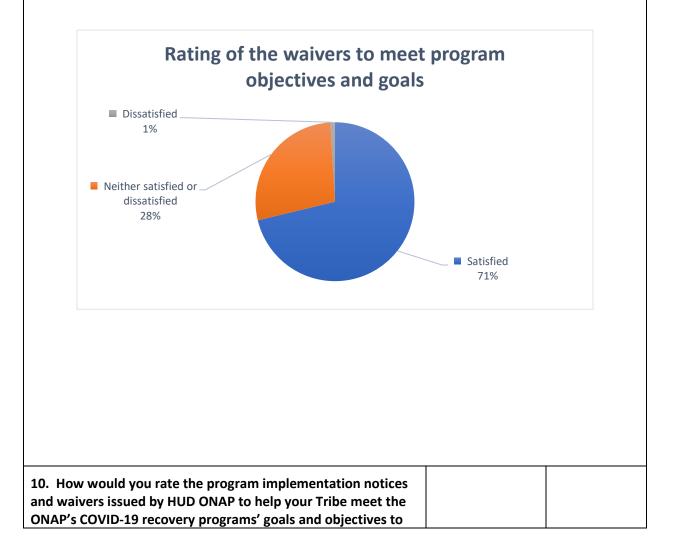


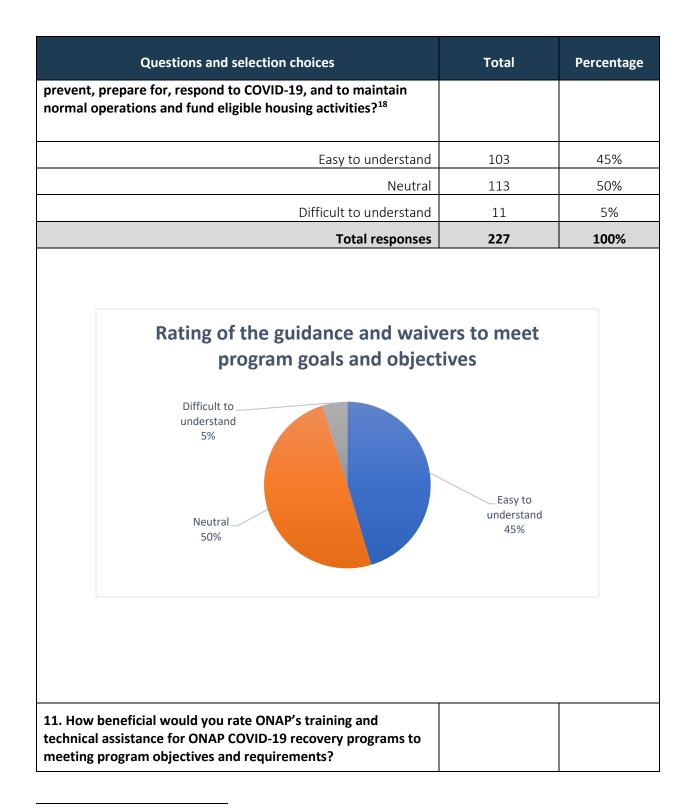
Questions and selection choices	Total	Percentage
8. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Website for locating program resources, such as FAQs, notices, guidance, or waivers?		
Satisfied	152	69%
Neither satisfied or dissatisfied	55	25%
Dissatisfied	12	5%
Total responses	219	<b>100%</b> <sup>17</sup>
No response	8	
Total grantees	227	



<sup>&</sup>lt;sup>17</sup> There was a 1 percent difference due to rounding.

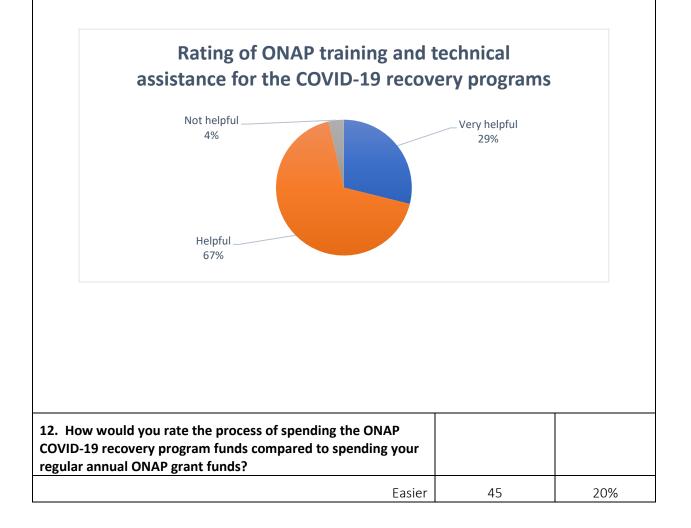
Questions and selection choices	Total	Percentage
9. How satisfied are you with the following related to ONAP's COVID-19 recovery programs: Waivers made to meet program objectives and goals?		
Satisfied	156	71%
Neither satisfied or dissatisfied	61	28%
Dissatisfied	2	1%
Total responses	219	100%
No response	8	
Total grantees	227	



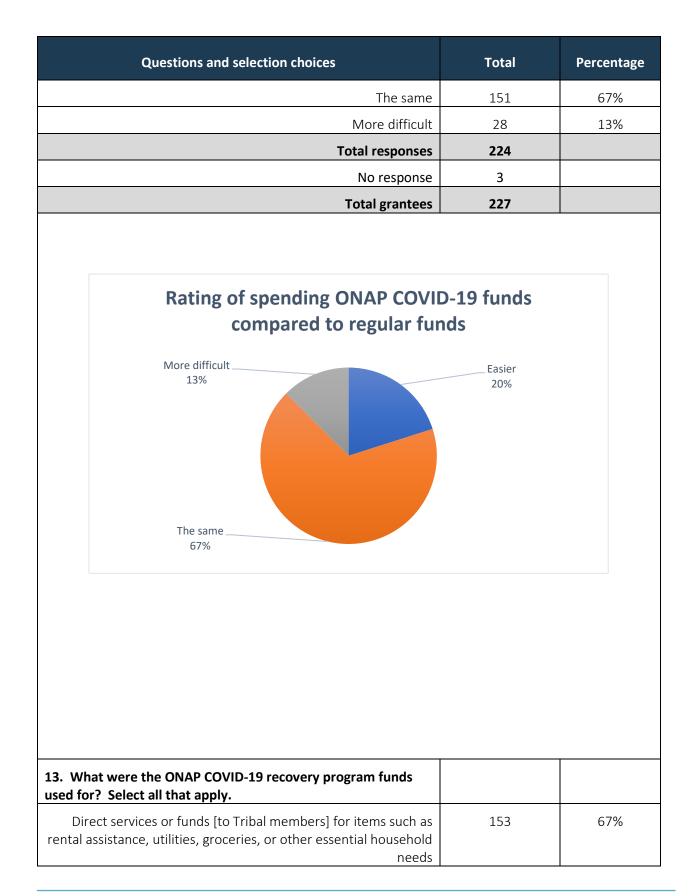


<sup>&</sup>lt;sup>18</sup> The question for the survey questionnaire sent to DHHL was "How would you rate the program implementation notices and waivers issued by HUD ONAP to help meet the ONAP's COVID-19 recovery programs' goals and objectives to prevent, prepare for, respond to COVID-19, and to maintain normal operations and fund eligible housing activities?"

Questions and selection choices	Total	Percentage
Very helpful	56	29%
Helpful	131	67% <sup>19</sup>
Not helpful	7	4%
Total responses that used training or technical assistance	194	100%
Did not use HUD's training and technical assistance for ONAP COVID-19 recovery programs	27	
Did not know about HUD's training and technical assistance for ONAP COVID-19 recovery programs	6	
Total responses	227	



<sup>&</sup>lt;sup>19</sup> Rounded down from 67.53 percent to 67 percent so the total would equal 100 percent.



Questions and selection choices	Total	Percentage
Acquiring, constructing, converting, or rehabilitating structures to reduce and prevent the spread of COVID-19 (such as emergency shelters or quarantine sites)	136	60%
Equipment or supplies related to the prevention of COVID-19, such as Personal Protective Equipment or lock boxes	163	72%
Equipment or supplies to facilitate remote work	127	56%
Operating expenses such as hazards pay or salaries to those that must shelter in place	95	42%
Other	32	14%
14. Did the Tribe/TDHE/Tribal organization you represent receive other sources of funding to address the impact of		

Questions and selection choices	Total	Percentage
COVID-19, such as other HUD offices (other than ONAP) or other federal, state, local agencies or private entities? <sup>20</sup>		
Yes	139	62%
No	51	23%
Note sure	35	16%
Total responses	225	100% <sup>21</sup>
No response	2	
Total grantees	227	
No 23%	Yes 62%	
15 What other sources of funding did the Tribe/TDHE/Tribal		
15. What other sources of funding did the Tribe/TDHE/Tribal organization receive to address the impact of COVID-19? Select all that apply. <sup>22</sup>		

<sup>&</sup>lt;sup>20</sup> The question for the survey questionnaire sent to DHHL was "Did DHHL receive other sources of funding to address the impact of COVID-19, such as other HUD offices (other than ONAP) or other federal, state, local agencies or private entities?"

<sup>&</sup>lt;sup>21</sup> There was a 1 percent difference due to rounding.

<sup>&</sup>lt;sup>22</sup> The question for the survey questionnaire sent to DHHL was "What other sources of funding did DHHL receive to address the impact of COVID-19? Select all that apply."

Questions and selection choices	Total	Percentage
Other federal agencies (other than HUD)	121	53%
State	38	17%
Local (city and county)	8	4%
Private	16	7%
Non-profit	14	6%
Not sure	35	15%
None	1	0% <sup>23</sup>
16. Did the Tribe/TDHE/Tribal organization find it challenging to manage multiple funding streams in response to COVID-19? <sup>24</sup>		
Very challenging	38	22%
Challenging	79	47% <sup>25</sup>
Not challenging	53	31%

<sup>&</sup>lt;sup>23</sup> Rounded down because number was less than a full percent. Specifically, it was 0.44 percent.

<sup>&</sup>lt;sup>24</sup> The question for the survey questionnaire sent to DHHL was "Did DHHL find it challenging to manage multiple funding streams in response to COVID-19?"

<sup>&</sup>lt;sup>25</sup> Rounded up from 46.47 percent to 47 percent so the total would equal 100 percent.

Questions and selection choices	Total	Percentage
Total responses	170	100%
No response	57	
Total grantees	227	
Managing multiple funding str COVID-19	Very challenging	5
	Challenging 47%	
17. How would you rate the process for implementing the ONAP COVID-19 recovery programs compared to other COVID- 19 recovery funding sources?		
Easier	52	30%
The same	100	59% <sup>26</sup>
More difficult	19	11%
Total responses	171	100%
No response	56	
Total grantees	227	

<sup>&</sup>lt;sup>26</sup> Rounded up from 58.48 percent to 59 percent so the total would equal 100 percent.

