RURAL HOUSING SERVICE

Updated Guidance and Additional Monitoring Needed for Rental Assistance Distribution Process

What GAO Found

RHS’s national office pays rental assistance funds to property owners through a variety of contracts and transfers of unused rental assistance from one property to another. RHS staff calculate the payment amounts using information provided by tenants and verified by property owners. The current system requires RHS staff to enter payment data into the agency’s database manually. However, RHS’s national office is upgrading two systems to streamline the payment process. But some local RHS staff are concerned that the new process may eliminate a layer of review.

RHS’s national, state, and local offices share responsibility for monitoring the rental assistance program, with the local offices performing the primary review every 3 years. The national office outlines the monitoring activities for the rental assistance program in its Rural Development Instructions and provides other guidance, such as administrative notices and unnumbered letters. We found that state and local offices follow this guidance inconsistently and sometimes consider it unclear. National office staff are planning a number of initiatives to increase monitoring of the rental assistance program, but a number of key management positions in the national office are unfilled, which could limit the effectiveness of program monitoring.

RHS’s internal controls do not provide adequate oversight of rental assistance funds because RHS guidance is inadequate and tenants’ incomes are not adequately verified. First, insufficient guidance on the transfer process limits RHS’s ability to move unused rental assistance to properties that have tenants with the greatest unmet need. Second, the triennial supervisory review does not provide reasonable assurance that tenants’ income and assets, and ultimately rental assistance payments, are adequately verified. Alternate methods of verifying tenant information also have limited effectiveness but could help improve internal control if properly designed and implemented.

How RHS Uses Information from Tenants to Determine Rental Subsidies

The Department of Agriculture generally agreed with GAO’s recommendations.


To view the full product, including the scope and methodology, click on the link above. To view the survey results, click on the following link www.gao.gov/cgi-bin/getrpt?GAO-04-978SP. For more information, contact William B. Shear at (202) 512-4325 or shearw@gao.gov.