The Social Services Department Resolved 4 of the 6 Findings from the Original CHAP Audit

Audit Department
Month 2026

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Background

In October 2024, we audited Clark County Social Service's CHAP Rental Assistance program and identified the following 6 findings:

- Cases flagged as potentially fraudulent were approved and paid (High Risk);
- Cases processed by Social Services staff were not reviewed prior to payment (High Risk);
- Non-renter households received utility assistance even though they were not eligible under applicable grants (High Risk)

Background

- Direct payments to CHAP clients did not include a fraud team referral and some direct-to-tenant payments were questionable (High Risk);

- Cases where the payment amount exceeded the average median rent and discrepancies were not resolved before approval (High Risk); and

- A contracted employee did not provide income documentation and received a direct CHAP payment (Medium Risk).

Objectives

We conducted this audit to determine whether Social Services implemented corrective actions to resolve the original audit findings.

Conclusion

We found 4 of the 6 findings from the original audit were fully resolved, while 2 were not sufficiently resolved.

Some of the implemented corrective action includes:

- The department formed a risk mitigation team.
- Policies & procedures were updated to indicate utilities may only be paid on behalf of renters.

Conclusion

- The Eviction Prevention Training Manual was updated to indicate payments must be made directly to landlords.

- A monthly report was created to compare employee/contracted vendor employee names to names on all approved cases (for all programs) so that management can review these cases for conformance with eligibility criteria.

Corrective Action Status

Original Audit Finding	Status
Cases Processed by Social Services Staff Were Not Reviewed Prior to Payment (High Risk) In the original audit, we found that cases processed by Social Services staff were not reviewed prior to payment. Social Services used internal staff and a contracted vendor to process CHAP applications between program launch and October 2022. Cases processed by internal staff did not include a secondary review.	Fully Resolved – This finding was fully resolved at the time audit was issued; effective October 17, 2022, management implemented a secondary review over cases processed by internal staff.

Corrective Action Status

Original Audit Finding	Status
Direct Payments to CHAP Clients Did Not Include a Fraud Team Referral – Some Direct to Tenant Payments Were Questionable (High Risk) In the original audit, Social Services did not cross-reference the log of suspicious payments when it paid CHAP clients directly (*which are inherently risky*). The log serves as the central repository of referrals to the fraud team and contains case details and reviewer notes that can help identify questionable applicants or landlords.	Fully Resolved – We reviewed the most recent Eviction Prevention Training manual, noting it indicates payments must be made directly to the landlord/property owner. We reviewed rental assistance general ledger entries for FY25 & FY26 (*first quarter*) and identified 195 rental assistance payments to individuals and found no payments were sent directly to tenants.

Corrective Action Status

Original Audit Finding	Status
Cases Where the Payment Amount Exceeded the Average Median Rent and Discrepancies Were Not Resolved Before Approval (High Risk) In the original audit we found 4 cases with discrepancies that were not resolved prior to case approval, with payouts totaling $188,490.	Fully Resolved - We reviewed the most recent copy of the Eviction Prevention Training manual, noting it includes guidance for landlord research techniques. Questionable cases identified in the original audit were added to the department's suspicious payment log. We tested 5 CHAP housing payments and confirmed correct landlord was paid and property owner documentation was obtained and reviewed prior to approval.

Corrective Action Status

Original Audit Finding	Status
A Contracted Employee Did Not Provide Income Documentation and Received a Direct CHAP Payment (Medium Risk) In the original audit, we identified one contracted employee who improperly received a direct CHAP payment of $8,450 on their own case. The employee provided a false landlord email address and reported zero income despite being employed by Robert Half.	Fully Resolved - Social Services created a monthly report that compares all departmental and contracted employee names to names on approved cases. Social Services reviews the report to determine whether any approved employee-associated cases met program criteria.

Corrective Action Status

Original Audit Finding	Status
Cases Flagged as Potentially Fraudulent Were Approved and Paid (High Risk) In the original audit, we found that Social Services had some anti-fraud measures in place, yet $3,196,697.94 in CHAP payments appeared on the department's log as of June 28, 2023. Under the Clark County Code of Ordinances, a Social Services applicant who willfully commits fraud commits a misdemeanor.	Partially resolved – Except for 3 cases, the department did not follow up with law enforcement to report suspected fraud. The department created a Risk Mitigation Team to focus on fraud identification and prevention, and the team is drafting Standard Operating Procedures that should include steps for referring suspected fraud to the District Attorney's Office or the U.S. Treasury.

Corrective Action Status

Original Audit Finding	Status
Cases Flagged as Potentially Fraudulent Were Approved and Paid (High Risk)	Although CHAP program funding has been exhausted, a newly proposed federal reporting requirement may prompt renewed review of the program's expenditures. On February 4, 2026 , the U.S. Department of the Treasury announced its intent to establish a separate reporting system for Treasury-administered financial assistance programs, including the Emergency Rental Assistance (ERA) program, which funded a significant portion of CHAP. The recommendation to address this finding is included with the finding below.

Corrective Action Status

Original Audit Finding	Status
Non-Renter Households Received Utility Assistance Even Though They Were Not Eligible Under Emergency Rental Assistance Rules (High Risk) We found 30 instances in the original audit (*totaling $33,427 for Fiscal Year 2022*) where the client was a homeowner/mortgage holder and received utility assistance for waste (*trash*) collection services.	Unresolved – We recommended that Social Services contact the US Treasury Department for information on repayment requirements. Until our follow up work, Social Services was unsuccessful in contacting Treasury and did not conduct any additional analysis of payments to determine the full extent of the error. As part of our follow up work, we reviewed the 30 previously identified cases for payments made to additional utility providers. We identified an additional $49,843 for those 30 cases.

Corrective Action Status

Original Audit Finding	Status
Non-Renter Households Received Utility Assistance Even Though They Were Not Eligible Under Emergency Rental Assistance Rules (High Risk)	While the original finding was an error during a time of high-volume activity, failing to correctly address the issue in a timely manner compounded the problem. If issues like this are not resolved promptly, there is the potential for County liability under federal law, which may include penalties and interest and limits to future grants. Recommendation – 1. Determine the extent of the errors or fraudulent payments in accordance with federal guidelines and repay the US Treasury.

Corrective Action Status

Original Audit Finding	Status
Non-Renter Households Received Utility Assistance Even Though They Were Not Eligible Under Emergency Rental Assistance Rules (High Risk)	2. Implement a comprehensive compliance program within the department. This should include the following: a. Designation of a compliance officer responsible for overseeing grant compliance. b. Training for management and staff involved with grants on compliance requirements and ramifications for noncompliance. c. A reporting structure for suspected fraud or noncompliance. d. Periodic monitoring procedures for grant compliance. e. Policies and procedures for responding to suspected fraud and reporting to appropriate authorities. f. Repayment policies and procedures for erroneous grant payments.

Management Action Plan (Social Services)

Determine the extent of the errors or fraudulent payments in accordance with federal guidelines and repay the U.S. Treasury.

Clark County Social Services (CCSS), Finance Department, and Comptrollers Office are in the active process of calculating errors and coordinating with the U.S. Treasury to submit repayment. It is projected this will be completed in July 2026. Additionally, Internal Audit is coordinating with CCSS and the Attorney General to determine whether any cases can be pursued for those involving alleged fraud.

Implement a comprehensive compliance program within the department. This should include the following:

Designation of a compliance officer responsible for overseeing grant compliance.

In January 2025, The Project Development Team (PDT) was integrated into Social Service's Operations Unit to centralize Grant Management. The roles and responsibilities of "compliance officer" align with the Operations Unit Manager position. Additionally, PDT program staff, Finance staff, and CCSS program subject matter experts collaboratively manage day-to-day compliance. This approach reduces reliance on a single point of contact, allowing for collaborative problem-solving and high-quality program implementation.

Management Action Plan

Training for management and staff involved with grants on compliance requirements and ramifications of compliance.
Two managers and one Deputy Director attended external Grant Management training July 2025. These staff subsequently coordinated trainings on Managing Subawards (03/05/2026) and Grant Management (03/3-4/2026 and 04/7-8/2026). These training opportunities were made available to the entire department, with a targeted focus on key staff assigned to manage federal grant awards.

CCSS contracts with Nevada Grant Lab and have a FY27 training planning meeting scheduled for 07/14/2026. Through this contracted agreement, specific training curriculum and credible training vendors will be identified to develop CCSS leadership and staff knowledge and skills competencies in grant compliance requirements and ramifications of compliance.

A reporting structure for suspected fraud or noncompliance.
By no later than 12/31/2026, CCSS will coordinate with assigned Department Deputy D.A., Finance Department, and the Comptroller to establish a policy and corresponding procedure for reporting suspected fraud and/or noncompliance.

Management Action Plan

Periodic monitoring procedures for grant compliance.
Policies and procedures for making awards to vendors and subrecipients guide this unit in their grant administration work. PDT maintains policies, procedures, and pre-award requirements (including department checks, risk assessments, and FFATA reporting). Finance manages fiscal compliance and drawdown submissions with built-in checks and balances. CCSS received $50K in the FY27 budget for a vendor for annual monitoring of vendors receiving over $1M in funds.

Policies and procedures for responding to suspected fraud and reporting to appropriate authorities.
By no later than 12/31/2026, CCSS will coordinate with assigned Department Deputy D.A., Finance Department, and the Comptroller to establish a policy and corresponding procedure for responding to suspected fraud and reporting to appropriate authorities.

Repayment policies and procedures for erroneous grant payments.
By no later than 12/31/2026, CCSS will coordinate with assigned Department Deputy D.A., Finance Department, and the Comptroller to establish a policy and corresponding procedure for repayment for erroneous grant payments.

Management Action Plan (Finance)

In an effort to exercise additional due diligence over the rental assistance program, the Department compiled a log of applications that required additional review of applications that could indicate errors and/or suspected fraudulent activity. Internally the Department titled the log “fraud log”; however, this should not be misinterpreted to indicate all applications included in the log indicated suspected fraudulent activity. We agree with the Auditor’s finding in that suspected fraudulent activity should have been forwarded to an investigatory agency timely and the staff assigned was not fully aware of this requirement and did not take adequate action. The Comptroller’s Office is in the process of providing additional oversight, guidance and training to departments receiving federal funding. To address this specific risk, the Comptroller will contact each department with direction to forward any suspicious activity related to federal funding to determine if follow up action is necessary.

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