Review of Expenditures Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Program

Office of the County Auditor

Review

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County Auditor

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Report No. 21-13
May 10, 2021
May 10, 2021

Honorable Mayor and Board of County Commissioners:

Pursuant to our Annual Audit Plan, we have conducted a review of Expenditures Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Program.

The objective of our review was to determine whether the County’s reported use of CARES Act funding was in accordance with United States Department of the Treasury (Treasury) requirements and supported by sufficient and allowable expenditures.

We conclude the County’s reported use of CARES Act funding was in accordance with Treasury requirements and supported by sufficient and allowable expenditures.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

We appreciate the cooperation and assistance provided by County Administration and the Broward’s Sheriff Office throughout our review process.

Respectfully submitted,

Bob Melton
County Auditor

cc: Bertha Henry, County Administrator
    Andrew Meyers, County Attorney
    Monica Cepero, Deputy County Administrator
    Kevin Kelleher, Assistant County Administrator
    Norman Foster, Director, Office of Management and Budget
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INTRODUCTION

Scope and Methodology

The Office of County Auditor conducts audits of Broward County’s entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County’s residents, County management, and other stakeholders unbiased, timely and relevant information for use in promoting government accountability and stewardship and improving government operations.

The objective of our review was to determine whether the County’s reported use of $340.7 million Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding was in accordance with United States Department of the Treasury (Treasury) requirements and supported by sufficient and allowable expenditures.

We conclude County’s reported use of CARES Act funding was in accordance with Treasury requirements and supported by sufficient and allowable expenditures.

To determine whether the County’s reported use of CARES Act funding was in accordance with Treasury requirements and supported by sufficient and allowable expenditures, we reviewed the County’s Financial Progress Report to the Treasury’s Office of Inspector General (OIG) for the period of October 1, 2020 to December 31, 2020, various Treasury guidance statements, Broward Sheriff’s Office (BSO) payroll registers and general ledger expenditure reports, and interviewed staff from various agencies.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our review included such tests of records and other review procedures, as we considered necessary in the circumstances. The review scope was the $340.7 million received into the CARES Act Grant Fund as authorized by the Board of County Commissioners (Board) approved budget resolution No. 2020-295 on June 2, 2020. The review period was March 1, 2020 to December 31, 2020. However, transactions, processes, and situations reviewed were not limited by the review period.
Overall Conclusion

We conclude the County’s reported use of CARES Act funding was in accordance with Treasury requirements and supported by sufficient and allowable expenditures.

Background

Broward County (County) received $340.7 million from the U.S. Department of Treasury (Treasury) for the Coronavirus Aid, Relief and Economic Security Act (CARES Act) federal stimulus package. On June 2, 2020, the Board of County Commissioners (Board) approved budget resolution No. 2020-295 authorizing receipt of $340,744,702 into in the CARES Act Grant Fund.

On June 16, 2020, the Board approved a motion authorizing the County Administrator to develop and implement procedures to disperse funds consistent with the approved spending priorities; further, authorizing the County Administrator to take all necessary administrative and budgetary actions, including transfer of funds between County funds and departments, and appropriating unspent funds from Fiscal Year 2020 to Fiscal Year 2021 on or after October 1st, 2020, to facilitate dispersing funds prior to the expenditure deadline of December 30, 2020.

CARES Act

The CARES Act provided, in part, for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The amounts provided were based on population.

The Treasury Office of Inspector General (OIG) is responsible for the monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund payments. The OIG has the authority to recover funds in the event that it is determined a recipient of a payment failed to comply with requirements of the CARES Act.

The County, as a prime recipient of payments, was required to report to the Treasury, the Coronavirus Disease 2019 (COVID-19) related costs incurred during the covered period, beginning on March 1, 2020, and ending on December 30, 2020. On December 27, 2020, the deadline was extended until December 31, 2021.

Use of Funds Reported to the Treasury

The County’s Financial Progress Report to the Treasury’s OIG for the period of October 1, 2020 to December 31, 2020 reported a Cumulative Expenditure of $340,744,702 in payroll costs, in accordance with Treasury guidance, as “Aggregate of Direct Payment to Individuals”. According to County management, the entirety of payroll costs reflects disbursements to the Broward Sheriff’s Office for public safety payroll costs.
The CARES Act provides that payments from the Coronavirus Relief Fund (Fund) must be used only to cover costs that were not accounted for in the County’s budget most recently approved as of March 27, 2020. However, previously budgeted costs that were subsequently expended for a “substantially different use” are allowable.

Within the category of “substantially different use,” the United States Department of the Treasury has included payroll and benefits expenses for public safety, public health, health care, human services, and similar employees whose services are “substantially dedicated” to mitigating or responding to the COVID-19 public health emergency. The full amount of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund.

In recognition of the particular importance of public health and public safety workers to local government responses to the public health emergency, the Treasury has provided, as an administrative accommodation, that a local government may ‘presume’ that public health and public safety employees meet the “substantially dedicated” test. This means that, under this assumption, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020 and ends on December 30, 2021.

Public safety employees would include police officers, sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

The entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2021.
Covered benefits include, but are not limited to, the costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).
We obtained accounting records from the Broward Sheriff’s Office (BSO) to identify public safety personnel costs incurred during the 10-month period of March 1, 2020 to December 30, 2020 and that are considered eligible COVID-19 related costs in accordance with United States Department of the Treasury (Treasury) regulations. Based on the accounting records received, BSO personnel costs totaled $628 million, of which $547.7 million appears allowable as eligible COVID-19 related costs in accordance with Treasury regulations, as shown in Figure 1.

![Figure 1 - BSO Personnel Costs Supported by BSO Payroll Registers](image)

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<th>COVID Eligible</th>
<th>Non-COVID Eligible</th>
<th>Total</th>
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<td>Salaries</td>
<td>$371,510,627</td>
<td>$57,571,652</td>
<td>$429,082,279</td>
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<td>Fringe Benefits</td>
<td>$176,213,464</td>
<td>$22,930,352</td>
<td>$199,143,816</td>
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<tr>
<td>Total</td>
<td>$547,724,091</td>
<td>$80,502,004</td>
<td>$628,226,095</td>
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Source: Compiled by Office of County Auditor using data provided by BSO.

We identified COVID eligible costs as personnel costs reported within the following BSO departments: Law Enforcement, Contract Cities, Airport, Port, and Fire Rescue. Although these departments also include some potentially ineligible administrative personnel costs and other costs such as vacation payouts, these were not further identified and are determined to be immaterial for this purpose. We identified non-COVID eligible costs as those personnel costs pertaining to BSO Departments such as: Administration, Courthouse, Projects and Grants, and Special Detail. Additional review and identification of additional eligible costs is not necessary at this time, as the $547.7 million identified COVID eligible costs is substantially more than the $340.7 million received from the Treasury. We further agreed the total $429 million in Salaries to BSO payroll registers to verify that adequate underlying supporting documentation existed for the expenses.

Based on our review, we conclude the County’s reported use of CARES Act funding was in accordance with Treasury requirements and supported by sufficient and allowable expenditures.
OPPORTUNITIES FOR IMPROVEMENT

Our review did not disclose any policies, procedures, or practices that could be improved. Our review was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, there may be areas where improvement may be needed.