

**Audit of  
City of Altamonte Springs  
Interlocal Agreement for CARES Act Funding**

**Report No. 102521**

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**DIVISION OF INSPECTOR GENERAL**  
**Grant Maloy, Clerk of the Circuit Court and Comptroller**  
**Seminole County, Florida**

February 28, 2022

To: The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed audit of CARES expenses of City of Altamonte Springs under the Interlocal CARES Act Funding agreement with the Seminole County.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Principles and Standards for the Offices of Inspector General.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bill Carroll".

Bill Carroll, CPA, CFE, CIG, CIGA  
Inspector General  
Division of the Inspector General

Approved by:

A handwritten signature in blue ink, appearing to read "Grant Maloy".

Honorable Mr. Grant Maloy  
Clerk of the Circuit Court and Comptroller  
Seminole County



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**HONORABLE GRANT MALOY**  
**CLERK OF THE CIRCUIT COURT AND COMPTROLLER**

William Carroll, CPA, CFE, CIG, CIGA  
Inspector General

Auditor Assigned:  
Viola Saine, CPA, MAFM, CIGA, CFE



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## *Executive Summary*

*The following Executive Summary provides a high-level synopsis of: 1) why the audit was performed; 2) the audit objectives, and; 3) the results of the audit.*

### **Why was the audit performed?**

On March 27, 2020, Congress signed into law the CARES Act. This provided funds to Seminole County (County) for distribution to municipalities within its jurisdiction for eligible COVID-19 expenditures. The County and the City of Altamonte Springs (City) are required to adhere to federal and state laws, county guidelines; and, the interlocal agreement.

The audit was performed to ensure compliance with CARES Act and the interlocal agreement.

### **What are the objectives for the audit?**

The objective of the audit was to determine if that reimbursement to the City was in accordance with the interlocal agreement, federal and state laws, and county policies and procedures.

### **What were the results of the audit?**

Reimbursement to the City, for the most part, is in accordance with the terms and conditions of the interlocal agreement, and federal, state and county laws, regulations, and guidelines.

There are a few reimbursement requests that management needs to revisit.

This issue is discussed in more details in the report that follows.



## Background

### History

- On March 27, 2020, the Corona Aid, Relief, and Economic Security Act (CARES Act) was signed into law. Seminole County received an allocation of \$82 Million from Florida's Department of Emergency Management.
- On June 30, 2020, the US Department of Treasury (Treasury) published Guidance for State, Territorial, Local and Tribal Governments interpreting the limitations on the use of CARES Fund.
- On September 2nd, 2020, Treasury published supplemental guidance for determining how CARES Fund could be utilized. The Treasury made an administrative accommodation to local governments so that they could use CARES Fund to offset the payroll cost of public health and public safety employees, and other costs to administer expenses related to public health.
- With the BCC's approval on November 2020, the County reallocated money paid for Public Safety and considered these expenses CARES related. Thus, money previously paid for Public Safety expenses were appropriated and moved to a Capital Projects Fund within the General Fund. In other words, payroll and benefits of public safety (Sheriff) employees were charged to CARES Act Fund (11935).
- The County also entered into an interlocal reimbursement agreement (agreement) for CARES Act related expenses with the City of Altamonte Springs on September 2020 to provide economic relief. COVID-19 assistance to various cities and organizations were charged to General Fund-BCC Major Project Fund (00112).

Under the interlocal agreement, payments to the City can only be used to cover expenses that:

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019;
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 for the State or local government; and,
- (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

County's payments to the City totaled of \$1,564,098.

The results of the audit are included in the report that follows.

## *Audit Objective*

The objective of the audit was to determine if reimbursement to the City was in accordance with the interlocal agreement, and federal, state, county laws, regulations, policies, and procedures.

## *Methodology and Scope*

The audit included all the County's reimbursement payments to the City under the interlocal agreement.

Our audit procedures included:

- Review the terms and conditions of the CARES Act and the interlocal agreement between the County and the City;
- Review of the Federal, State, and County laws, regulations, guidelines and procedures;
- Examine payment vouchers, invoices and its supporting documentation;
- Determine the responsibilities of the County and the City; and,
- Other procedures considered necessary under the circumstances.

We examined all three hundred twenty-one (321) invoices valued at One Million Five Hundred Sixty-Four Thousand and Ninety-Eight Dollars (\$1,564,098.00).



## *Overall Evaluation*

The County's reimbursement to the City of Altamonte Springs, for the most part, was in accordance with the terms and conditions of the interlocal agreement and federal, state, and county laws, regulations, and guidelines.

There are a few areas noted below that management needs to revisit:

- Three duplicate invoices were noted;
- Department of Treasury's Coronavirus Relief Fund program guidance; and,
- Reimbursement to the City was outside the term of agreement.



## Opportunities for Improvement

### 1. Three duplicate invoices were noted.

Invoices noted below were reimbursed by the County more than once.

Suppliers	Invoice No.	Amount
University of Arizona	West 047	\$413.00
Acuity/Zep	9005233214	\$2,847.00
Home Depot	558383345	\$1,587.50
Total		\$4,847.50

The above invoices were confirmed with the City as a duplicate payment.

Under Section 6 of the agreement, the overpayment should be refunded back to the County.

### Recommendation

City of Altamonte Springs should process a refund to Seminole County for the amount due.

### Management Response

We concur with this finding and will reimburse Seminole County. We appreciate you identifying this issue.

## 2. Department of Treasury's Coronavirus Relief Fund program guidance.

Under section 4(f)(1) of the interlocal agreement, the CARES Act requires that the Fund only to be used to cover expenses that are necessary expenditures incurred due to the public health emergency with respect to the COVID-19.

Department of the Treasury, Coronavirus Relief Fund program guidance<sup>1</sup> states:

*"The requirement that expenditures be incurred "due to" the public health emergency means that the expenditures must be used for actions taken to respond to the public health emergency... The statute also specifies that the expenditures using Fund payments must be "necessary".*

*In the context of acquisition of real property and acquisition of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination."*

As noted above, a government should if possible take certain steps such as considering leasing property and equipment or improve the property if already owned.

The City submitted a request for reimbursement for a 2019 Crane Carrier Let2-40 i.e. (Garbage Truck) for \$251,537.

According to the City, this cost was necessary to ensure that refuse employees are social distancing while in the truck since the City had to move to a two-man system per truck.

We believe that the City could have utilized other options for social distancing. This purchase, although beneficial to the City, might not be in full compliance with the Treasury Guidance.

Based on the Treasury's CRF program guidelines and the federal oversight of these programs, we believe that the County could be subjected to a claim of misuse of federal funds by this purchase.

More specifically, it should be noted that the Treasury's Office of Inspector General has overall responsibility for the management and oversight of the receipt, disbursement, and use of CARES Funds. Any expenses that fail to fully comply with the use-of-funds provisions, set forth in section 601(d) of the Social Security Act as added by section 5001 of the CARES Act, will be required to be returned to the federal government. Since the County is liable for any

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<sup>1</sup> Coronavirus Relief Fund for States, Tribal Government, and Certain Eligible Local Governments, Pages 4183 and 4193 (#58) Federal Register /Vol.86, No.10/Friday, 01/15/2021/Notices



questionable procurements made by the City that do not fully comply with Treasury guidelines, we recommend that management revisit the above-mentioned purchase paid to ensure full compliance with Treasury guidelines.

## **Recommendation**

County Management and City should reevaluate this purchase to determine compliance with the Treasury guidelines and document the reevaluation.

## **Management Response**

Thank you for sharing your opinion. We have re-reviewed the Treasury guidance. Our conclusion upon re-review is consistent with our initial review and conclusion; the purchase of the solid waste truck falls within the Treasury program guidelines as an eligible use of CARES Act Funds.

The City performs residential refuse collection twice each week. This is a vital City-provided service that continued uninterrupted even during the worst of the COVID-19 lockdown. During the pandemic, many people were forced to work from home, were quarantined in their home when exposed or infected, and many people became unemployed during that time due to business closures. Consequently, the amount of refuse increased resulting in an increase in the effort required to maintain sanitary conditions.

The CDC recommendations included distancing standards which require employees to maintain a distance of not less than six (6) feet away from other employees to combat the transmission of the SARS-CoV-2 virus. It is not safe to have two or more refuse collection employees riding inside the same enclosed cab with one another. For a period of time, it was not even safe to have two workers outside the truck to assist with trash pick-up at the same time. Therefore, since refuse workers are essential personnel and there was no alternative solution, it was necessary to purchase an additional solid waste vehicle to reduce the number of workers on a solid waste truck from three to two, in order to continue timely, safe, and efficient solid waste operations.

Lastly, this vehicle purchase was solely in response to the COVID-19 pandemic. The City did not have the cost of an additional solid waste vehicle in its fiscal year 2020 budget. The City chose to purchase rather than rent or lease the additional vehicle because the length of the pandemic was unknown at the time. Now, some two years later, the CDC continues to recommend staying six (6) feet away from each other. The City's decision to purchase rather than lease has proven to be the conservative financial choice.

### *3. Reimbursement to the City was outside the term of agreement.*

The interlocal agreement signed on September 16, 2020 was for expenses incurred for the period of March 1, 2020 through December 30, 2020<sup>2</sup>.

The agreement requires that the payments from the Fund only be used to cover expenses that were incurred during the period.

On April 13, 2021, we noted a check for \$103,505.90 was paid to the City for reimbursement of payroll for Public Health and Safety Employees. This consists of Emergency Leave Labor (Pay Code 311) for \$72,083.08 and Substantial Response Labor (Pay Code 147 - PT Custodians) for \$31,422.82. These expenses were actually incurred by the City during 2021. Thus, outside the term of the agreement.

Section 4(b) of the agreement states:

*"Eligible expenditures for goods and services authorized by the CARES Act and this Agreement must be received and paid for by SUBRECIPIENT [City] during the Term. Goods and services received or paid for outside of the Term and unauthorized goods and services incurred will not be reimbursed by the County."*

Also, under section 24(b), the Agreement states that any alterations, amendments, deletions or waivers of the provisions of this Agreement will be valid only when expressed in writing and signed by the parties.

By not having an amendment to the Interlocal Agreement, these expenses would not be allowed until a formal agreement is signed by the City and the County.

IG discussed this issue in detail with Fiscal Services. We were informed that the County Manager's Office was aware that there was some overlap in spending. County Manager authorized payment for these costs.

### **Recommendation**

Going forward, we recommend that the County and City process amendments as required per the contract. This ensures for complete transparency.

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<sup>2</sup> Interlocal Agreement Section 4(f)(3).



## Management Response

The City relied on direction provided in an email received on February 22, 2021, from Mr. Steve Fussell, Chief Administrator, Office of Organizational Excellence, Seminole County Government which stated:

*“Seminole County Government is in the process of reconciling and wrapping up our Seminole County CARES program. At this time, the only additional expense submissions allowed outside of what has already been approved are reimbursement for unanticipated paid leave and/or additional overtime related to COVID-19 response you incurred between 1/1/2021 and 2/28/2021.”*

A copy of Mr. Fussell’s email is enclosed for your reference. Seminole County has been an excellent partner. We anticipate Seminole County will amend the agreement with the City at some point to cover the reimbursements you noted. We will process that request once Seminole County has proposed the required amendment.

Thank you for providing us this opportunity to comment on your draft.