

Audit of
City of Casselberry
Interlocal Agreement for CARES Act Funding

Report No. 122821

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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 Casselberry 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 blue 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

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

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

Table of Contents

Introduction

Executive Summary 2

Background.....3

Audit Objective4

Methodology and Scope.....4

Overall Evaluation.....5

Opportunity for Improvement:

- 1. *Payment was outside the term of agreement.*

Recommendation 6

Management Response 7

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 Casselberry (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 is a reimbursement request 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 Casselberry 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 \$236,964.

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 Eighty-Two (82) invoices valued at Two Hundred Thirty-Six Thousand Nine Hundred Sixty-Four Dollars (\$236,964.00).

Overall Evaluation

The County's reimbursement to the City of Casselberry, 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 is a reimbursement request noted below that management needs to revisit:

- Payment was outside the term of agreement.

Opportunity for Improvement

1. Payment was outside the term of agreement.

The interlocal agreement signed on September 14, 2020 was for expenses incurred during the period that begins on March 1, 2020, and ends on December 30, 2020¹.

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

On March 23, 2021, a check for \$12,584.07 was paid to the City for reimbursement of payroll related to paid leave and/or additional overtime due to COVID-19 response. These expenses were actually incurred by the City between the period of January 1, 2021 and February 28, 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.

Recommendations

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

¹ Interlocal Agreement Section 4(f)(3).

Management Response

Thanks for sharing. The City has reviewed the draft report and there is no disagreement with the findings or the recommendation. The City will endeavor to make sure that in the future amendments are processed as required by the contract. Please let me know if anything else is required of the City of Casselberry. Thanks for your efforts.