

Audit of
City of Longwood
Interlocal Agreement for CARES Act Funding

Report No. 122721

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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 the City of Longwood Interlocal CARES Act Funding Agreement with 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:
Tim Tschappat, CFE, CIA, CIGA

Table of Contents

Introduction

Executive Summary 2
Background 3
Audit Objectives 4
Methodology and Scope 4
Overall Evaluation 5

Opportunities for Improvement:

1. Invoice Reimbursement Issues

Recommendations 6
Management Response 7

2. Vendor Payments Were Outside the Term of Agreement

Recommendations 8
Management Response 8

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 the CARES Act into law. This provided funds to Seminole County (County) for distribution to municipalities within its jurisdiction for eligible COVID-19 expenditures. An interlocal reimbursement agreement was signed on September 21, 2020. The County and the City are required to adhere to the interlocal agreement and federal, state, and county guidelines.

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

What are the objectives for the audit?

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

What were the results of the audit?

The County's payments to the City were in accordance, with a few minor exceptions, with the terms and conditions of the interlocal agreement and federal, state, and county laws, regulations, and guidelines. Invoices were aligned with CARES Act criteria.

There are certain reimbursements that require management's attention.

These issues are discussed in greater detail in the report that follows.

Background

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law. Seminole County received an allocation of \$82 Million from Florida's Department of Emergency Management.

The County also entered into an interlocal reimbursement agreement (Agreement) for CARES Act related expenses with the City government on September 21, 2020, to provide economic relief.

To better serve and protect the community and its employees, the City requested reimbursements for COVID-19 expenses for:

- Purchasing personal protection equipment (PPE) supplies;
- Social distancing initiatives;
- Improvements for telework capabilities;
- Purchasing laptops for telework;
- HR costs related to COVID-19 for employees (e.g. payroll, emergency paid sick leave, and COVID sick leave); and
- The purchase of a decontamination system

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

- (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- (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 began on March 1, 2020 and ended on December 30, 2020.

In November 2020, the Board of County Commissioners approved the reallocation of CARES funds outlined by the US Department of Treasury supplemental guidance. Under this guidance, CARES funds could be used to offset the payroll cost of public health and public safety employees and other costs to administer expenses related to public health.

County's reimbursements to the City totaled \$117,990.66.

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

Audit Objective

The objective of the audit was to determine if payments to the City were in accordance with the interlocal agreement and the federal, state, and 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-eight (88) invoices valued at just under \$118,000.

Overall Evaluation

The County's payments to the City of Longwood, for the most part, are in accordance with the terms and conditions of the interlocal agreement and federal, state, and county laws, regulations, and guidelines. Invoices were aligned with CARES Act criteria.

There were two areas, noted below, that management needs to revisit:

- Invoice Reimbursement Issues; and
- Vendor Payments Were Outside the Term of Agreement

Opportunities for Improvement

1. Invoice Reimbursement Issues

A few invoices with issues were submitted for reimbursement to the County.

One invoice was submitted for \$2,480 more than the products that were received, another was submitted for a canceled order (\$350), three invoices were submitted twice (\$117.02, \$135.59, and \$237.10), and a requested reimbursement amount was \$129.44 less than the original invoice. Most of these invoices were submitted for reimbursement without evidence of supplier payment.

The six (6) invoices that resulted in a net over reimbursement of \$3,190.27 to the City are:

Supplier	Invoice #	Amount
Municipal Emergency Services	PO 20001226	\$2,480.00
CDW-G	ZCM2890	\$350.00
Lewis Janitorial	77214	\$117.02
Lou's Gloves	34128	\$135.59
Bound Tree Medical	83540454	\$237.10
Dade Paper	14431743	<\$129.44>
	TOTAL	\$3,190.27

The City confirmed that these invoices were over/under-reimbursed and that the net funds should be returned to the County, per Section 6(c) of the Agreement that states:

"If requested by COUNTY, all refunds, return of Improper Payments, or repayments due to County under this Agreement are to be made payable to the order of Seminole County and mailed directly to COUNTY pursuant to Section 13, Notice and this Agreement."

Recommendations

- 1) The City should process a refund to Seminole County for the reimbursement errors.
- 2) To enhance the system of internal administrative controls, municipalities should submit evidence of supplier payment to County for processing.

Management Response

We have had an opportunity to review the audit and concur. Mr. Kirby is working on facilitating returning the over-reimbursed funds identified in the audit to Seminole County.

2. Vendor Payments Were Outside the Term of Agreement

Some employee payments were outside the term of the agreement.

The following were paid to employees for expenses that were incurred in January 2021:

EXPENSE	ORIGINAL EXPENSE PAID DATE	AMOUNT
Payroll – Public Health and Safety	January 2021	\$9,240.01
Payroll – Public Health and Safety	January 2021	\$600.75
TOTAL		\$9,840.76

The term of the agreement was for the period of March 1, 2020 through December 30, 2020.

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.

The reimbursement requests were for expenses that were incurred and paid in 2021, and therefore not covered under the existing agreement.

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 Cities process amendments as required per the contract. This ensures for complete transparency.

Management Response

We have had an opportunity to review the audit and concur.