

Audit of
City of Sanford
Interlocal Agreement for CARES Act Funding

Report No. 120821

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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 Sanford 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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City of Sanford - Interlocal Agreement for CARES Act Funding
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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

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1. Duplicate invoices were submitted for reimbursement

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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 the CARES Act into law. This provided funds to Seminole County (County) for distribution to municipalities within its jurisdiction, like the City of Sanford (City), for eligible COVID-19 expenditures. An interlocal reimbursement agreement was signed on September 14, 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 reimbursement 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, for the most part, 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 14, 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;
- Economic Relief grants for small businesses;
- Social distancing initiatives;
- Improvements for telework capabilities;
- Hiring temporary work force;
- HR costs related to COVID-19 for employees (e.g. payroll, emergency paid sick leave, and COVID sick leave); and
- Room decontamination system/supplies

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 \$787,102.05.

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 two hundred sixty-eight (268) invoices valued at approximately \$787,100.

Overall Evaluation

The County's payments to the City of Sanford, 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 is one area, noted below, that management needs to revisit:

- Duplicate invoices were submitted for reimbursement

Opportunity for Improvement

1. Duplicate invoices were submitted for reimbursement

Two invoices, listed below and totaling \$1,709.82, were submitted for reimbursement twice.

| Suppliers | Invoice No. | Amount |
|------------------------|-------------|-------------------|
| Account Temps | 56900693 | \$1,584.00 |
| Zep Cleaning Solutions | 9005016706 | \$125.82 |
| Total | | \$1,709.82 |

Section 4(e) of the Agreement states that the subrecipient (City) "may not obtain or incur a duplication of benefits from any other governmental entity, including COUNTY."

The City confirmed that these invoices were double reimbursed. The 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."

Recommendation

The City should process a refund to Seminole County for the duplicate reimbursements.

Management Response (City Manager)

Ms. Lindsay has informed me that we did indeed double report two invoices. As such we will process a refund to Seminole County for the duplicate reimbursements.