



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

June 30, 2021

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

We have completed the enclosed audit of the CARES Act – Small Business Grants – (Phase II). Phase II of the program included financial awards to Small Businesses for the period from September 19th, 2020 to December 30, 2020. We would especially like to acknowledge Dana Carr, Business Development Manager with the Office of Economic Development & Community Relations, for her assistance with the audit.

Respectfully submitted,

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

William 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



Audit Report No. 061121
Audit of CARES Act - Small Business Grants – Phase II

HONORABLE GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

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

Auditor Assigned:
Timothy Tschappat, CFE, CIA, CIGA

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Executive Summary

The audit was conducted to ensure compliance with the Coronavirus Aid, Relief, and Economic Security Act (CARES) approved by Congress on March 27th 2020. This audit included the financial payments made to small businesses during Phase 2 of the program.

The objectives of this audit were to determine if:

- The administrative control procedures over payments and financial assistance to small businesses were adequate; and,
- The County was following the established Federal, State, and local policies and procedures, laws and regulations.

Ernst & Young LLP (EY) was contracted to provide operations support for Phase II businesses. This included the platform development, reviewing applications for funding requests, and providing completed review packages to County officials for funding decisions. EY approved applications for 1381 businesses totaling \$9.9 million.

Overall, more than 5,600 applications were received through the EY Application Portal: 1,381 (24%) were paid; 3,358 (59%) were inactive and did not complete the application process; and 925 (16%) were denied.

The audit included a statistical sample of applications processed from September 19, 2020 to December 30, 2020. Based on our testing of the applications, it is our opinion that Seminole County is in compliance with Federal, State, and County policies, procedures, and guidelines.

We noted just a few files that had some isolated documentation issues. These issues have been brought to the attention of County management for their review and to determine if any additional action is needed.

We commend County staff for successfully evaluating well over 5,600 small business applications and providing financial payments of over \$2.6 million to the small business community.

Background

On March 27th, 2020, the Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act (Act), was signed into law. The Act approved by Congress provided \$150 billion in assistance for state and local governments throughout the United States. Of this amount, Seminole County was allocated \$82,328,650.

At the June 23rd, 2020 BCC meeting, the County Manager's Office presented a detailed plan to the Commission for approval as to how the money would be disbursed to the community in a fair and equitable manner. The following allocation was approved by the board:

CATEGORY	ALLOCATION
SMALL BUSINESS ASSISTANCE	\$10,000,000.00
INDIVIDUAL AND NON-PROFIT	\$18,000,000.00
PUBLIC SAFETY, SERVICE, AND HEALTH	\$36,500,000.00
SPECIAL ECONOMIC RECOVERY	\$5,000,000.00
OTHER	\$12,500,000.00
TOTAL GRANT AWARD	\$82,000,000.00

Ernst & Young LLP (EY) was contracted to provide operations support for Phase II businesses. This included the platform development for documenting grant requirements, reviewing applications for funding requests, and providing completed review packages to County officials for funding decisions. EY approved assistance payments for 1381 businesses totaling \$9.9 million for those business that could demonstrate that their business was negatively impacted by the pandemic. Overall, more than 5,600 applications were received through the EY Application Portal: 1,381 (24%) were paid; 3,358 (59%) were inactive and did not complete the application process; and 925 (16%) were denied.

Funds received were required to be spent on business related expenses such as rent/mortgage, payroll, utilities, investments to meet reopening guidelines, remote access equipment, and Internet -based communications and service delivery technology.

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

Audit Objectives

The objectives of this audit were to determine if:

- The administrative control procedures over payments and financial assistance to small businesses were adequate; and,
- The County was following the established Federal, State, and local policies and procedures, laws and regulations.

Methodology and Scope

All CARES Act payments to Small Businesses for the period from September 19, 2020 through December 30, 2020 were subject to audit.

The audit included:

- Reviewing the CARES Act and the Federal, State, and County guidelines;
- Statistically testing applications and supporting documentation for compliance with approved guidelines; and,
- Other procedures considered necessary under the circumstances.

Overall Evaluation

It is our opinion that Seminole County is in compliance with Federal, State, and County policies, procedures, and guidelines. We commend EY and County staff for the successful evaluation of over 5,600 small business applications and providing economic support to the small business community.

There were a few businesses that did not completely qualify for assistance. This issue is addressed in the report that follows.

Opportunity for Improvement

A few businesses did not completely qualify for assistance.

There are certain rules that have been established by Seminole County in order to receive financial assistance. For example, applicants can only receive one award. If the applicant received individual assistance funds or funds from the Federal Payroll Protection Program than they wouldn't qualify for this program. Also, the business must be located within Seminole County.

With this being said, the Seminole County management team processed over 5,600 applications in a very short period of time and with the volume of applications there are opportunities for some applications to slip through the cracks. We met with County management to go over our notes on the files as a learning opportunity and to decide if any action is required.

We noted the following:

- One business owner had previously received funds for the individual assistance program;
- One business was located in Orange County;
- One business was incorrectly categorized as commercially zoned with 2 to 25 employees;
- Two business did not demonstrate a negative economic impact;
- One business had actually gone out of business prior to the application;
- Two businesses had received grant funds even though they received more than \$100,000 from the Federal Protection Program.
- Thirty-one businesses did not submit all of the required Business Tax Receipts (BTR)

The issues addressed above have been reviewed with County management and we are very satisfied that for future programs the team will continue to address lessons learned from this program. Well defined guidelines ensure continued success of the program. This management team is committed to excellence.

Recommendation

Continue to adhere to management's policies and procedures and update as necessary.