



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

September 30, 2021

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

We have completed the enclosed audit of Ernst & Young, LLP. The company has 2 contracts that support the administration of CARES and Emergency Rental Assistance Program (ERAP). The audit was performed to determine compliance with the terms and conditions of the contract.

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 "William Carroll".

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

Approved by:

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

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

**Audit of**  
**Ernst & Young, LLP**

**Report No. 080221**

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Audit of  
Ernst & Young, LLP  
Report No. 080221

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

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

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



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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?**

Seminole County awarded approximately \$3.8 million dollars to Ernst & Young, LLP (EY) to establish application portals; and, also to assist the County with implementing the CARES and Emergency Rental Assistance Programs.

The audit was performed to ensure compliance with contract requirements.

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

The objective was to determine if that payments to EY were in accordance with the terms and conditions of the contracts, and established federal, state, and local laws, regulations, policies and procedures.

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

Payments to EY are in accordance with the terms and conditions of the both contracts. The contract is designed with a fixed monthly fee schedule and based on EY completing certain deliverables.

We found that County management has satisfactorily attested to the completion of the scheduled deliverables and has approved the invoices for payment. Invoices submitted by EY were properly supported and in agreement with the terms and conditions of the contract.

EY is required by the contract to provide insurance certificates to Seminole County as proof of coverage. EY had not been furnishing the certificates. This issue is discussed in more detail in the report that follows.



## Contract History

On March 27th, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES) was signed into law. Florida received \$8.32 billion in funding and large counties with population of at least 500,000 citizens received their allocation of funds directly from the United States Treasury Department.

Smaller counties like Seminole County, received their allocation of funds through the State of Florida's Department of Emergency Management. County officials did not know the exact amount of money, if any, they were to be allocated until officially notified by the State.

The County was officially notified that it was being allocated \$82 million by the State for CARES related expenditures. The first installment was received on July 1, 2020 for \$20,582,500. The second was received on September 2020 for \$16,466,000 and the remaining \$45 Million was received on reimbursement basis by five (5) installments during the 1<sup>st</sup> quarter of 2021.

With that, the County management team, when all's said and done, only had about a 6-month window to develop a plan, get the plan approved by the BCC, and process all CARES related expenses no later than December 31, 2020.

To implement this program, management signed a contract with Ernst & Young, LLP (EY) to customize an application portal that met all of the CARES requirements for both individuals and small businesses that applied for assistance. The contract also required EY to provide technical assistance with processing the applications. The contract was awarded for \$2,600,000.

Later on, because of the success that the County had with EY, another contract was awarded on February 4<sup>th</sup>, 2021 to also establish an application portal for the Emergency Rental Assistance Program (ERAP); and, to manage the application data and consult with County staff on the requirements for the program. Both contracts have fixed fees assigned and payment is based on completion of deliverables.

### SUMMARY OF EY CONTRACTS

Federal Program	Contract Date	Fixed Fee	Expiration	% of Completion
CARES Act	07/29/2020	\$2,874,500 <sup>1</sup>	06/30/2021	100%
ERAP	02/04/2021	\$910,000	11/30/2021	60%
Total		<u>\$3,784,500</u>		

The results of the audit are included in the following report.

<sup>1</sup> 1<sup>st</sup> Amendment on November 13, 2020, provided an additional 1,500 hours for Call Center for \$274,500.

## *Objectives*

The objective was to determine if that payments to EY were in accordance with the terms and conditions of the contracts, and established federal, state, and local laws, regulations, policies and procedures.

## *Scope and Methodology*

The audit included the payments to EY from September 22, 2020 to July 31, 2021.

Our audit procedures included:

- Review of the CARES Act and Consolidated Appropriation Act of 2021, and, other applicable laws and regulations;
- County's policies and procedures;
- Review the terms and conditions of the contract;
- Examine payment vouchers, purchase orders, and its supporting documentation;
- Interviews of County personnel; and,
- Other procedures considered necessary.



## *Overall Evaluation*

Payments to EY are in accordance with the terms and conditions of the both contracts. The contract is designed with a fixed monthly fee schedule and based on EY completing certain deliverables.

We found that County management has satisfactorily attested to the completion of the scheduled deliverables and has approved the invoices for payment. Invoices submitted by EY were properly supported and in agreement with the terms and conditions of the contract.

EY is required by the contract to provide insurance certificates to Seminole County as proof of coverage. EY had not been furnishing the certificates. This issue is discussed in more detail in the report that follows.



## *Audit Recommendations*

### *Certain insurance coverage is required.*

The contract(s) with EY require certain insurance coverage. EY had not furnished the County with the required insurance certificates.

On August 2<sup>nd</sup>, Purchasing and Contracts Division requested from EY an up to date insurance certificates; and, on August 10<sup>th</sup>, EY provided copies of insurance certificates.

The certificates furnished to the County, however, did not make any reference to:

- ***Requirement (F) Commercial Crime (Employee Dishonesty Liability) for \$5 Million coverage.***

This additional insurance coverage was required by the County most likely because EY staff was involved with financial transactions. The certificate not being identified, Commercial Crime coverage should be evaluated by the management to ascertain if EY met their contractual obligation.

As a matter of practice, by having contractors submit up to date insurance certificates ensures that the County is protected from financial loss.

### **Recommendation #1**

EY should be required to furnish a proof of Commercial Crime (Employee Dishonesty Liability) coverage.

### **Management Response to #1**

EY has provided proof of Commercial Crime (Employee Dishonesty Liability) coverage. Coverage is provided by EY's E&O policy (U5Z00003221B) disclosed in their 08/10/2021 Certificate of Liability Insurance; however, the Description of Operations failed to annotate the inclusion of Employee Dishonesty within this policy and the oversight remedied.

**IG Comment:**

Please note that there is no evidence of Commercial Crime (Employee Dishonesty Liability) coverage on the Certificate of Insurance received by the County. We are not sure if these types of liabilities would be covered without specifically included within the underlying policies.

If the insurance carrier has certified that there is coverage for Commercial Crime (Employee Dishonesty Liability), please provide us the written certification from the carrier to update our records.

**Recommendation #2**

Future contracts should include date specific time when contractor must furnish County with proof of insurance.

**Management Response to #2**

Current typical contract language requires certificates to be provided "before commencing work." County will consider adding language specifying a certificate will be provided within a set timeframe after contract execution or before commencing work: whichever is sooner.

**Recommendation #3**

Formal notification should be sent by County of any insurance delinquencies.

**Management Response to #3**

Agreed, and is standard practice when insurance delinquencies are noted.

This Office appreciates the work and special review of the Inspector General and agree the County is doing an effective job of ensuring all contracts have appropriate insurance to protect citizens from financial loss.

**IG Comment:**

Staff is continuously making enhancements and we appreciate their commitment to protecting the taxpayers from financial loss.