

COUNTY AUDIT DEPARTMENT

REPORT # 392

QUARTERLY BOCC FOLLOW- UP REPORT

OCTOBER 23, 2020



Pat Frank INTEGRITY. TRANSPARENCY. ACCOUNTABILITY.

CLERK OF COURT & COMPTROLLER • HILLSBOROUGH COUNTY, FLORIDA



October 23, 2020

The Honorable Lesley “Les” Miller, Jr., Chairman
The Honorable Ken Hagan
The Honorable Pat Kemp
The Honorable Sandra L. Murman
The Honorable Kimberly Overman
The Honorable Mariella Smith
The Honorable Stacy R. White

Dear Chairman Miller and Commissioners:

The County Audit Department operates in compliance with the standards set forth in the International Professional Practices Framework as well as Government Auditing Standards. These standards require that County Audit communicate the results of audit engagements to the appropriate parties and monitor the action taken by management in response to any audit recommendation.

Attached is the quarterly report on the status of all management corrective action plans as of the end of the fourth quarter of fiscal year 2020. Addressing open recommendations will enhance the Board of County Commissioners’ overall operations and mitigate risks to the organization. For the quarter ended September 30, 2020, the County Audit Department monitored management action for seventeen (17) recommendations. One recommendation was implemented and tracking has been closed. The remaining sixteen (16) will carry forward to the first quarter of fiscal year 2021. *See Attachment 1*

The recommendations included in this follow-up report were issued via Audit Reports and presented to you for the routine audits conducted throughout the year. In addition to routine audits, the County Audit Department also performs risk assessments, management assistance projects and continuous monitoring. Unlike traditional audits, these projects do not result in formal audit recommendations and do not require a response from management. These projects are communicated via a Management Memorandum to the appropriate County Executive Team members.

As part of our quarterly reporting, we have also attached copies of the Management Memorandums issued to the County Administrator and staff during the fourth quarter of fiscal year 2020. *See Attachment 2.*

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

Heidi Pinner, CIA, CISA, CFE, CRMA
Director of County Audit

CC: Bonnie Wise, County Administrator
Greg Horwedel, Deputy County Administrator
Lucia Garsys, Deputy County Administrator, Development & Infrastructure
Ron Barton, Assistant County Administrator, Economic Prosperity
Tom Fesler, Interim County Financial Administrator
George Cassady, Assistant County Administrator, Public Utilities
Adam Gormly, Director, Development Services
Lindsey Kimball, Director, Economic Development
Ivey Martin, Director, Human Resources
Scott Stromer, Director, Procurement
Kimberly Byer, Director, Solid Waste Division
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance
Pat Frank, Clerk of Court & Comptroller
Dan Klein, Chief of Staff, Clerk of Court & Comptroller
Rick VanArsdall, Chief Deputy, Clerk to the Board

ATTACHMENT 1

STATUS OF AUDIT RECOMMENDATIONS as of September 30, 2020

Report # Project Name	Recommendation Title	Recommendation State	Entity	Estimated Implementation Date	Actual Implementation Date	Recommendation Close Date
372 Warranty Bond Release Process	Coordinate the release of all outstanding expired warranty bonds back to the corresponding developer by partnering with Board Records and County Finance.	Pending	Development Services	10/15/2020		
372 Warranty Bond Release Process	Create a formal policy for the complete process of warranty bonds, including all roles and responsibilities as well as the steps to be followed by each of the departments involved in the process.	Past Due - Started	Development Services	5/1/2020		
372 Warranty Bond Release Process	Establish a centralized system or repository of warranty bond information that is accessible to all those involved in the warranty inspection process prior to warranty bond expiration	Past Due - Started	Development Services	5/1/2020		
374 Economic Development Local Incentive Agreement Monitoring	1) Ensure that sufficient evidence is obtained and reviewed to confirm any contract employees used to meet compliance requirements and that contracts are valid for the compliance period being reviewed. 2) Ensure they are reviewing and validating the accuracy of the formulas used for full time equivalent (FTE) calculations prior to concluding on the compliance review results for the year. 3) Clarify the definition of FTE for programs or agreements of this nature to specifically indicate what is allowed. This includes defining whether partial FTE amounts are permitted and whether third party contractors are permitted to be included in the FTE calculation. 4) Ensure that all compliance criteria are included in the annual Compliance Analysis Memo and document what evidence was relied upon to reach the compliance conclusion. 5) Modify the HR Report to allow for FTE calculations to be done more effectively, once the definition for FTE and average annual employment is clarified. Future compliance periods should use pay periods versus monthly periods, and future governing documents such as ordinances should avoid the use of months versus pay periods.	Past Due - Pending	Economic Development	7/31/2020		
380 Dependents Benefits Eligibility	Review the remaining employee files for completeness and obtain supporting documentation for any dependents with missing documentation, including those enrolled prior to April of 1999.	Pending	Human Resources	4/30/2021		
380 Dependents Benefits Eligibility	Remove any dependents from the healthcare plan whose eligibility cannot be verified and supported.	Pending	Human Resources	4/30/2021		
380 Dependents Benefits Eligibility	Ensure that the verification, review and maintenance of dependent eligibility is performed consistently for all agencies within the County Healthcare Benefits Plan. This could be accomplished by formalizing a plan-wide process and procedure or through periodic monitoring of other agency records.	Pending	Human Resources	12/31/2020		
380 Dependents Benefits Eligibility	Consider performing periodic re-certifications of dependents eligibility. This process could be on a sample or rotational basis.	Pending	Human Resources	8/31/2022		
386 Contract Estimates & Modifications	To ensure that contracts and their associated modifications are monitored more closely: 1) Implement a process to periodically monitor and evaluate all contract modifications in the County for appropriateness; 2) Perform a periodic trend analysis to identify patterns or outliers in contract modifications; 3) Provide feedback to department Directors periodically on contracts that appear to be improperly estimated or frequently modified; 4) Ensure that the history of contract modifications is maintained and available for management decision making; and 5) Provide training to department managers on contract management best practices.	Pending	Procurement Services	6/30/2021		
386 Contract Estimates & Modifications	Formalize a contract estimation and monitoring process to ensure accurate estimates and avoid over-spending.	Pending	Procurement Services	10/1/2020		

ATTACHMENT 1

Report # Project Name	Recommendation Title	Recommendation State	Entity	Estimated Implementation Date	Actual Implementation Date	Recommendation Close Date
388 Use of Temporary Staffing	Clarify the Human Resources Policy Manual by differentiating between contracted employees hired and paid by the County and contracted employees hired and paid by a third-party and the expectations and/or limitations for the use of each type of employee	Closed	Human Resources	7/31/2020	7/30/2020	9/1/2020
388 Use of Temporary Staffing	Formalize the contract administration process by developing and implementing monitoring controls to assist in overseeing the agreements and to determine whether or not staffing providers are in compliance with the terms and conditions of agreements.	Pending	Human Resources	12/31/2020		
388 Use of Temporary Staffing	Seek legal remedy for providers who remain non-responsive or non-compliant with contract deliverables	Pending	Human Resources	12/31/2020		
388 Use of Temporary Staffing	To ensure that temporary staffing is utilized in a cost effective and prudent manner, management should ensure that a cost benefit analysis is performed on temporary staffed positions. This analysis should include both quantitative and qualitative criteria as applicable.	Pending	Human Resources	12/31/2020		
391 Solid Waste Scalehouse Operations	In an effort to strengthen controls over scalehouse operations, management should consider: 1) Enforcing the Solid Waste Management policies for customers on account; or determining if existing requirements are still compatible with operations and update the policies; 2) Working with the Information and Innovation Office (IIO) to implement credit card payment capabilities that are in compliance with Payment Card Industry (PCI) security standards; and 3) Gaining more technical understanding and assurances that the transponder system is able to detect when a transponder is swapped from one truck onto another.	Pending	Solid Waste	10/1/2021		
391 Solid Waste Scalehouse Operations	Solid Waste Management should: 1) Establish and implement a procedure to review all rates that have been updated in CompuWeigh prior to authorizing them for use within the scalehouses; 2) Implement controls to ensure that all terminated employee accounts are set to view-only mode in a timely manner; and 3) Periodically review all user accounts including third-party vendor accounts to ensure they're still current.	Pending	Solid Waste	10/1/2020		
391 Solid Waste Scalehouse Operations	Solid Waste Management and PUD should consider the following: 1) Review each account to determine whether or not the accounts and supporting documents are complete and accurate; 2) Periodically send confirmations to all customers on account informing them of the amount currently on deposit. Work with the customer to resolve any discrepancies; and 3) Develop a formal process and procedure for creating and maintaining customer accounts which includes change controls.	Pending	Solid Waste	12/31/2021		



DATE: August 5, 2020
TO: Scott Stromer, Director, Procurement Services
CC: Bonnie Wise, County Administrator
Executive Team, County Administration
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller
FROM: Heidi Pinner, Senior Director, County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #MM79 – PCard Continuous Auditing – FY20 Second Quarter

Attachment: *Detail of Transaction Testing & Analysis*

OBJECTIVE

The objective of the Purchasing Card (PCard) Continuous Auditing is to evaluate the appropriateness of PCard purchases made during each quarter of the fiscal year (FY) via analysis and sample testing. The program is designed to continuously evolve and adapt the types of testing and analysis performed, with input from management, to ensure that the program delivers timely and useful results and assurances. Second quarter testing included the basic analysis and review of transactions and account usages as well as an analysis related to the use of PCards for weekend purchases. All concerns and exceptions were referred to the PCard administrator for follow-up and corrective action. A summary of exceptions will also be provided to department directors as applicable.

SCOPE

PCard transaction testing included purchases made from January 1, 2020 through March 31, 2020, excluding transactions made on Library Services term accounts and any purchases made by independent agencies.

SUMMARY OF RESULTS

Total PCard spending was \$6,165,248.67 for the second quarter of FY 2020; however, Library Services is exempt from normal competitive procurement requirements for books and materials, so these transactions were excluded from testing along with all Independent Agency transactions. PCard spending for all other departments was \$4,940,917.16. Analytical review of the purchases and trends identified:

- Seven transactions for food purchases that did not include approval documentation.
- Three transactions that did not have protected information redacted.
- Seven transactions over \$5,000 that either lacked or had improper competitive quotes, one of which did not include accurate quotes based on the quantity ordered.
- One transaction that did not have appropriate justification entered in Oracle.
- One transaction that did not have a legible invoice.
- Four split transactions.
- Two transactions that did not include adequate invoice support for the purchases.
- One transaction that could result in a PCard being saved on a vendor's network.
- One transaction that included Florida sales tax on the purchase.



- Six PCards that were still listed as being active after employees were terminated.
- No instances of inappropriate weekend or big box retail purchases.

Please see the attachment for further testing details and analysis. Feel free to contact me at (813) 307-7000 with any questions, comments or suggestions.



DETAIL OF TRANSACTION TESTING & ANALYSIS

MERCHANT CATEGORY CODE (MCC) ANALYSIS

Purchases made during the second quarter of FY 2020 were analyzed based on the Merchant Category Code (MCC) and Procurement Procedures Manual restrictions. The table below identifies the top 5 MCCs based on the total spent for the second quarter of FY 2020.

MCC Number	MCC Description	Amount Spent	Number of Transactions
5047	LAB/MEDICAL/DENTAL/OPHTHALMIC HOSPITAL E (Examples include medical supplies and Covid-19 test kits)	\$502,639.86	208
5085	INDUSTRIAL SUPPLIES NOT ELSEWHERE CLASSI (Examples include maintenance, cleaning, and safety supplies)	\$419,382.07	396
5942	BOOK STORES (Items purchased from Amazon)	\$271,978.30	1,477
8999	PROFESSIONAL SERVICES NOT ELSEWHERE CLAS (Examples include cleaning supplies, subscriptions and repairs)	\$231,172.59	144
5046	COMMERCIAL EQUIPMENT, NOT ELSEWHERE CLAS (Examples include equipment repair & replacement parts)	\$183,465.61	128

The Audit Team judgmentally selected a sample of 58 transactions out of a total of 9,226 transactions based on unexpected or unusual MCC descriptions that appeared to be restricted, such as fast food restaurants, hotels, catering, and grocery stores. The transactions were evaluated for appropriate support and justification and several exceptions were identified.

- Six (6) transactions were identified for the purchase of food. The pre-approval of these food purchases were not attached as part of the supporting documentation on OnBase. Most of these purchases were made by departments which frequently make food purchases and are deemed acceptable; however, the current Procurement Procedures Manual does not include a provision for this exception.
- One (1) transaction did not include adequate justification in Oracle.
- Two (2) transactions did not include adequate invoice support in the form of an itemized invoice.
- One (1) transaction had an illegible invoice.
- One (1) transaction had sales tax charged.
- One (1) transaction was identified that could result in a PCard being saved on a vendor’s network.
- An additional 46 transactions that appeared to be unexpected or unusual based on MCC Codes were reviewed and no further exceptions were identified.

The Procurement Procedures Manual should be updated to address when food purchases are authorized on PCards without preapproval and when or if the use of vendor applications which store cards “on file” is allowable.



TESTING OF QUOTE REQUIREMENTS

The Audit Team tested a sample of 45 transactions out of a total of 124 transactions above \$4,900.00 to ensure that competitive quotes are being obtained as required by PCard policy. Six (6) transactions did not have supporting documents (3 quotes) in OnBase. One (1) of these transactions did not include accurate quotes based on the quantity ordered and one (1) did not have sensitive customer information redacted.

SPLIT PURCHASES

The Audit Team analyzed second quarter transactions to identify instances where multiple transactions for a single vendor on a single day were split to potentially circumvent transaction limits or competitive quote requirements. The Audit Team reviewed 362 transactions for this testing and identified the following exceptions:

- Four (4) instances were identified as possible split transactions.
- One (1) transaction where three quotes were not obtained.
- One (1) transaction that did not have sensitive information redacted and some pages were illegible.

TERMINATED CARDHOLDERS

The Audit Team analyzed whether or not PCards were used after an employee's termination date as identified by BOCC Human Resources (HR). Six (6) active PCards were identified for employees who had been terminated during the second quarter. No purchases were made on these card accounts subsequent to the employee's termination date.

PAYMENT SERVICES IN AN INDIVIDUAL'S NAME

The Audit Team analyzed transactions which were paid through a payment service provider (such as PayPal or Square) and included the name of an individual as the vendor to ensure that the vendor name matched the name listed on the invoice. There were no exceptions identified.

WEEKEND TRANSACTIONS

The Audit Team performed an analysis of transactions made during the weekend (Saturday or Sunday) by departments with regular business hours that do not include weekends. During quarter 2, there was a total of 585 purchases made on a Saturday or Sunday, and the Audit Team reviewed a sample of 57 of these transactions. The Audit Team also analyzed weekend purchases that were made from restaurants or big box retail stores (Walmart, Lowe's, Office Depot, etc.). The supporting documentation for a sample of these purchases was reviewed for appropriateness. The review did not identify any inappropriate transactions to big box stores or that appeared suspicious, however, the following exceptions were identified:

- One (1) transaction was identified that did not have sensitive information redacted.
- One (1) transaction was identified for the purchase of food. The pre-approval of this food purchase was not attached as part of the supporting documentation on OnBase.



DATE: August 6, 2020
TO: Bonnie Wise, County Administrator
CC: Tracy Gogichaishvili, Director, Aging Services
Terry McElroy, Director, Communications and Digital Media
Lindsey Kimball, Director, Economic Development
Stephan Gran, Director, Extension Services
Jacquelyn Jenkins, Director, Head Start
Kevin Kerrigan, Division Director, Infrastructure & Technical Support Services
Audrey Ziegler, Director, Social Services
FROM: Heidi Pinner, Senior Director, County Audit
SUBJECT: Management Memo # 81 –Miscellaneous Expenditure Review of Local Vicinity Mileage

As part of the Fiscal Year 2020 annual audit plan, the County Audit Department initiated a continuous monitoring effort for expenditures throughout the County. The objective of this continuous monitoring project is to periodically evaluate whether or not key controls are in place and functioning adequately for the various types of expenditures throughout the County.

As part of this continuous monitoring effort the Audit Team has completed a review of local vicinity mileage reimbursement expenditures. The review included vicinity mileage reimbursements paid during the first quarter of FY 2020 (October 1 – December 31, 2019).

POTENTIAL RISKS ASSOCIATED WITH THESE EXPENDITURES

- Improper payments to employees
- Inaccurate payments
- Lack of management approvals

WORK PERFORMED

The Audit Team identified 718 local vicinity mileage expenditure transactions for the review period and selected a sample of 15 for detailed testing. This testing included:

- Identified the policies and/or procedures in place (County-wide and departmental) for local vicinity mileage reimbursements. Including;
 - Administrative Directive #AD-09 titled *Travel on Hillsborough County Business*.
 - BOCC Policy # 03.01.01.00 titled *Board of County Commissioners' Policy for Authorization and Reimbursement for Travel*.
 - Policy 10.1, titled *Travel & Mileage Reimbursement*, found in the County Administrator's Policy Manual.



- Reviewed the supporting documentation for each reimbursement log in the selected sample of expenditures. The 15 expenditures selected for testing consisted of 41 IExpense Reports/Travel Reimbursement Logs. Testing was based on the following criteria:
 - Timely Submission
 - Completeness of Form
 - Management Approval
 - Correct Calculations
 - Destination mileage for each trip identified and accounted for properly.

SUMMARY OF RESULTS

1. Not all departments have a standard operating procedures for the mileage reimbursement process. Seven departments were included in our sample (Aging Services, Communication & Digital Media, Economic Development Extension Services, Head Start, IIO, and Social Services), only one (Social Services) had procedures in place addressing the mileage reimbursement process for its employees.
2. The following exceptions were identified for the 41 IExpense Reports/Travel Reimbursement logs reviewed:

Business Unit	Tested	Exceptions	Types of Exceptions
Aging Services	9	4	Omitted Departure/Arrival Times
Communications & Digital Media	4	0	
Economic Development	13	1	Submitted 7 months after travel
Extension Services	5	0	
Head Start	4	1	Omitted Departure/Arrival Times
IIO	2	0	
Social Services	4	0	
	41	6	

3. The Local Vicinity Travel Mileage Reimbursement Log was also used inconsistently within the seven departments in our sample. For example:
 - Some departments have modified the form to include the Oracle Cost Center while others do not identify the Cost Center.
 - The entire form is not consistently utilized. The portion of the form for management approval signature, IE Number, Accounting String and/or Supplier Number were at times blank. This information is captured elsewhere in the electronic transaction workflow therefore these were deemed inconsistencies and not considered exceptions.



CONTROL IMPROVEMENT OPPORTUNITES

Management could further enhance controls over vicinity mileage reimbursements by:

- Ensuring that the process is consistent across the organization and that the tools (forms) being utilized are appropriate for the existing process and workflows.
- Ensuring that all processes fully comply with established policies and administrative directives.

For any questions, comments or suggestion, feel free to contact Heidi Pinner at (813) 307-7000.



DATE: August 7, 2020
TO: Bonnie Wise, County Administrator
CC: Executive Team, County Administration
FROM: Heidi Pinner, Senior Director County Audit
SUBJECT: Management Memo # 82 — Miscellaneous Expenditure Reviews - Travel Voucher Expenditures

As part of the Fiscal Year 2020 annual audit plan, the County Audit Department initiated a continuous monitoring effort for expenditures throughout the County. The objective of this continuous monitoring project is to periodically evaluate whether or not key controls are in place and functioning adequately for the various types of expenditures throughout the County.

As part of this effort the Audit Team has completed a review of travel voucher expenditures. The review included travel voucher expenditures paid during the first quarter of FY 2020 (October 1 – December 31, 2019).

POTENTIAL RISKS ASSOCIATED WITH THESE EXPENDITURES

- Improper payments to employees
- Inaccurate payments
- Lack of management approvals

WORK PERFORMED

The Audit Team identified 287 travel vouchers for the review period and selected a sample of 16 expenditures for testing. This testing included:

1. Identified policies and/or procedures (County-wide and departmental) related to travel expenditures. This included:
 - Administrative Directive #AD-09 titled *Travel on Hillsborough County Business*.
 - BOCC Policy # 03.01.01.00 titled *Board of County Commissioners' Policy for Authorization and Reimbursement for Travel*.
 - Policy 10.1, titled *Travel & Mileage Reimbursement*, found in the County Administrator's Policy Manual.
2. Reviewed supporting documentation from OnBase for each travel voucher expenditure in the selected sample of expenditures.
3. Tested supporting documentation for the following attributes:
 - Timely Submission
 - Completeness of Form

- Management Approval
- Correct Calculations
- Reason for travel was proper and was for a valid public purpose (i.e., it was business-related and consistent with the employee's job duties.)

SUMMARY OF RESULTS

Out of the 16 travel voucher expenditures tested, the following results were identified:

- All of the travel vouchers were for proper and authorized business-related travel.
- All of the travel vouchers were calculated accurately.
- Fourteen (14) out of 16 travel vouchers reviewed (88%) had incomplete information on the Travel Authorization & Reimbursement Request Form. [NOTE: The missing information was identified and confirmed in either attached supporting documentation or found in Oracle IExpense module, OnBase, or ERP Supplier module.]
- Seven (7) of the travel vouchers reviewed (47%) were not submitted in Oracle within the 10 working days following completion of travel as required by Administrative Directive #AD-09.
- Two (2) of the travel vouchers reviewed lacked proper and/or sufficient supporting documentation, such as an agenda, itinerary, certificate of completion, etc., supporting the purpose of the travel.
- One of the travel vouchers contained an improper reimbursement of \$8.00 to the employee/traveler. This reimbursement was for a breakfast when, per supporting documentation, breakfast was provided as part of the conference registration.

CONTROL IMPROVEMENT OPPORTUNITIES

Management could further enhance controls over travel voucher reimbursements by ensuring that the process complies with established policies and the administrative directive. Including ensuring that reimbursement requests are:

- Prepared in a complete in a consistent manner.
- Submitted on time.
- Supported by proper/sufficient documentation.

Specific exceptions identified are communicated to departmental management.

For any questions, comments or suggestion, feel free to contact Heidi Pinner at (813) 307-7000.



DATE: August 28, 2020
TO: Tom Fesler, Interim Chief Financial Administrator
CC: Ron Barton, Assistant County Administrator, Economic Prosperity
Lindsey Kimball, Director, Economic Development
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance (ESQA)
FROM: Heidi Pinner, Senior Director, County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #83 – Economic Development CARES Act Compliance

Hillsborough County has received funding in the amount of \$257 million from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to aid against the economic hardships caused by the coronavirus (COVID-19). The CARES Act stipulates how the funds may be spent and the U.S. Department of the Treasury has published additional guidance documents describing appropriate allowable use of the funds. The County Audit Department is performing various continuous monitoring procedures in an advisory capacity to assist the County in ensuring CARES Act dollars are spent within the allowable guidelines.

SCOPE

As an initial step in the continuous monitoring effort, County Audit partnered with the Economic Development team to review the eligibility requirements and program format for the three economic recovering initiatives:

- Kickstart Small Business – Funding provided to Hillsborough County small businesses to cover operational & working capital expenses.
- Back to Work – An incentive for Hillsborough County businesses to hire workers.
- Safe at Work – Funding for COVID-19 related safety measures at Hillsborough County businesses.

The program overview and eligibility requirements for each program were compared to the language in the CARES Act and the U. S. Treasury guidance by the Audit Team to determine whether or not the overall structure of the programs appeared consistent with applicable compliance requirements and guidance.

RESULTS

The Audit Team determined that all three programs offer funding assistance with well-defined eligibility criteria and documentation requirements and appear to be in compliance with the CARES Act. The County Audit Department has also implemented a monitoring program to test samples of payment transactions. Future memos will be issued to summarize the results of that testing on a monthly basis.

Feel free to contact me at (813) 307-7000 with any questions, comments, or suggestions.



DATE: September 2, 2020
TO: Audrey Ziegler, Director, Social Services
CC: Bonnie Wise, County Administrator
Carl Harness, Chief Human Services Administrator
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance (ESQA)
FROM: Heidi Pinner, Senior Director, County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #84 – Housing & Utilities Program

Hillsborough County has received funding in the amount of \$257 million from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to aid against the economic hardships caused by the coronavirus (COVID-19). The CARES Act stipulates how the funds may be spent and the U.S. Department of the Treasury has published additional guidance documents describing appropriate allowable use of the funds. The County Audit Department is performing various continuous monitoring procedures in an advisory capacity to assist County Administration in ensuring CARES Act dollars are spent within the allowable guidelines.

The County's Rapid Response Recovery Assistance Program (R3) offers a variety of financial assistance to citizens of Hillsborough County who were economically injured due to the COVID-19 pandemic. As part of the R3 program, the Social Services department provides relief payments for rent, mortgage, and past-due utilities to qualifying residents.

SCOPE

During the month of May 2020, a total 1205 rental, mortgage, and utility assistance payments were made utilizing CARES funds. These payments totaled \$743,542.00 in assistance provided.

In order to gain familiarity with program criteria, departmental processes, and existing controls, the Audit Team performed a control review and very limited sample testing for this time period. This initial walkthrough included a sample of 12 rent/mortgage payments and 10 utility payments. For each sample, the Audit Team evaluated control processes and designed a continuous monitoring process to determine whether or not:

- Payments complied with the CARES Act (expense was incurred between March 1 – December 31, 2020 and was a necessary expenditure due to COVID-19).
- Payments had appropriate supporting documentation, including W-9 forms.
- The expenditure had an appropriate approval prior to payment.
- Rent and Mortgage payment amounts were reasonable based on local fair market rates.
- A residential property physically existed at the address, based on a Google Map street view.



SUMMARY OF RESULTS

Based on the review performed, the Audit team determined that overall the criteria and design of the Housing and Assistance program appears to be in compliance with the CARES Act and available guidance. Specifically, for the sample transactions reviewed:

- All payments were in compliance with the CARES Act.
- All payments had appropriate supporting documentation.
- All but 1 payment had an approval e-mail included in the supporting backup documentation in OnBase.
- All rent/mortgage payments were reasonable based on local fair market rates.
- All locations viewed on a Google Map street view appeared to be a legitimate residential property.

Other Observations

The Audit Team observed a utility bill payment that included past-due amounts which may have been incurred prior to March 1, 2020. Currently, the billing date for a utilities obligation is being used to determine the incurred date. However, the wording in the CARES Act and the U.S. Treasury guidance states that costs must have been incurred during the period that begins on March 1, 2020 and ends on December 30, 2020. There is a risk associated with utilizing the billing date as the incurred date for past due charges. Management should consider obtaining clarification on the definition of costs incurred and identifying the full risk exposure if formally accepting any risk associated with this practice.

The Audit Team acknowledges that the County's R3 program has and is rapidly evolving and that there has been limited guidance available related to the use of CARES funds to administer assistance payments. It is also clear that the Social Services staff has worked significant overtime on what appears to be a 24 hour basis to process payments timely and avoid utility interruptions, evictions, and any potential foreclosures.

The County Audit Department will continue to perform increased sample testing of transactions for the Housing and Utility assistance program utilizing CARES Act funds. Future memos will be issued to summarize the results of that testing on a monthly basis.

Feel free to contact me at (813) 307-7000 with any questions, comments, or suggestions.



DATE: September 24, 2020
TO: Lindsey Kimball, Director, Economic Development
CC: Tom Fesler, Interim Chief Financial Administrator
Ron Barton, Assistant County Administrator, Economic Prosperity
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance (ESQA)
FROM: Heidi Pinner, Senior Director, County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #85 – Economic Development July CARES Act Compliance

The County's Rapid Response Recovery Assistance Program (R3) includes a program called Economic Recovery Financial Assistance to support Hillsborough County businesses that were economically injured due to the COVID-19 pandemic. The Economic Development department provides relief payments to those businesses using Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds. The County Audit Department is performing continuous monitoring of these payments for compliance with the CARES Act, the U. S. Treasury guidance, and the County's eligibility criteria. This memo is being provided to share the results of our sample testing of payments made.

SCOPE

The County Audit Department obtained the population of all Economic Recovery Financial Assistance payments made to Hillsborough County businesses up through the end of July, 2020. The population consisted of a total of 169 payments totaling \$1,383,181.00. The Audit Team selected a sample of 20 payments and reviewed the supporting backup documentation for appropriateness to determine whether or not:

- The payment complied with the CARES Act (expense was incurred between March 1 – December 31, 2020 and was a necessary expenditure due to COVID-19).
- The business that received financial assistance met the qualifying criteria.
- The business was awarded the proper amount based on the number of employees.
- There was adequate supporting documentation in OnBase with consistent information.
- The expenditure had an appropriate approval prior to payment.
- An appropriate business property physically existed at the address, based on a Google Map street view.

RESULTS

Based on the review performed, the Audit Team determined that overall the Economic Recovery Financial Assistance program appears to be operating consistent with the established program framework and in compliance with the CARES Act and available guidance. Specifically, for the sample transactions reviewed:



- All payments were in compliance with the CARES Act.
- The businesses all met the qualifying criteria.
- The businesses were all awarded the proper amount based on the number of employees.
- There was adequate supporting documentation in OnBase for all transactions.
- All expenditures had an appropriate approval prior to payment.
 - The Audit Team did observe an instance where a non-county approver was listed on the downloaded application as the County Approver. Per the system provider, this was the result of a timing issue which caused the download to be inconsistent with the actual approvals in the system. The provider will be following up to determine if this exception has occurred for other applications in the system. The Audit Team was able to determine the actual approvals were appropriate and memorialized within the transaction's audit trail in the FASTER application.
- One transaction was observed in the CARES payment data for a P-Card charge of \$688.71. This charge was unrelated to Economic Development and Enterprise Solutions & Quality Assurance (ESQA) has advised that it is working on re-classing this expense to the appropriate Oracle accounting string.
- All business addresses appeared to have a physical presence principally located in Hillsborough County.

The County Audit Department will continue performing additional sample testing and will issue additional management memos each month as the program continues to evolve and adapt to the needs of the County.

Feel free to contact me at (813) 307-7000 with any questions, comments, or suggestions.



DATE: September 24, 2020
TO: Audrey Ziegler, Director, Social Services
CC: Bonnie Wise, County Administrator
Carl Harness, Chief Human Services Administrator
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance (ESQA)
FROM: Heidi Pinner, Senior Director, County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #86 – Housing & Utilities Program

The County's Rapid Response Recovery Assistance Program (R3) offers a variety of financial assistance options using Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds to the citizens of Hillsborough County who were economically injured due to the COVID-19 pandemic. As part of the R3 program, the Social Services department provides relief payments for rent, mortgage, and past-due utilities to qualifying residents. On September 2, 2020, the County Audit Department issued Management Memo #84(A) with the results of a control review and preliminary sample testing of 22 payments for appropriateness and compliance with the CARES Act for the month of May, 2020. This Management Memo is a continuation of the monitoring efforts over these payments.

SCOPE

During the months of June and July, 2020, 3,240 rental, mortgage, and utility assistance payments totaling \$2,337,574 were made utilizing CARES Act funds. The Audit Team selected a sample of 65 rent/mortgage payments and 35 utility payments for a total of 100 samples to determine whether or not:

- Payments complied with the CARES Act (expense was incurred between March 1 – December 31, 2020 and was a necessary expenditure due to COVID-19).
- Payments had appropriate supporting documentation, including W-9 forms.
- The expenditure had an appropriate approval prior to payment.
- Rent and mortgage payment amounts were reasonable based on local fair market rates.
- A residential property physically existed at the address, based on a Google Map street view.

SUMMARY OF RESULTS

Based on the review performed, the Audit Team determined that the Housing and Assistance program appears to be operating consistent with the established program framework and in compliance with the CARES Act and available guidance. Specifically, for the sample transactions reviewed:

- All payments were in compliance with the CARES Act.
- Ninety-nine percent (99%) of the payments had all appropriate supporting documentation.
- One (1) utility assistance payment had an address on the utility bill that was different than the address on the related landlord verification form for the same person. A Google Map review indicates the addresses are different buildings at the same apartment complex. This inconsistency was relayed to Social Services management.



- All rent/mortgage payments were reasonable based on local fair market rates.
- All locations appeared to be a legitimate residential property.

Feel free to contact me at (813) 307-7000 with any questions, comments, or suggestions.