

CINDY STUART



Clerk of Court & Comptroller
13th Judicial Circuit

An Audit of:

CARES ACT FUNDING AGREEMENT

CITY OF PLANT CITY

COUNTY AUDIT DEPARTMENT

REPORT # 402

JANUARY 19, 2022

The Honorable Kimberly Overman, Chair

The Honorable Harry Cohen

The Honorable Ken Hagan

The Honorable Pat Kemp

The Honorable Gwen Myers

The Honorable Mariella Smith

The Honorable Stacy R. White



JANUARY 19, 2022

Dear Commissioners:

The Audit Team performed an audit of the CARES Act Agreement with the City of Plant City (Audit Report # 402, dated January 19, 2022). As part of the *Coronavirus Relief Fund* pursuant to the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, the Board of County Commissioners (BOCC) approved a revision of allowable programs eligible for CARES Act funding to include assistance to cities as part of the County's approved Life/Safety Program.

The purpose of this Report is to furnish management independent, objective analysis, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

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

Together, we will get to YES!

Heidi Pinner, CIA CISA CFE CRMA

Chief Audit Executive

Clerk of Court & Comptroller

CC: Bonnie Wise, County Administrator

Tom Fesler, Chief Financial Administrator

Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance

Bill McDaniel, City Manager, City of Plant City

Diane Reichard, Chief Financial Officer, City of Plant City

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND INFORMATION	1
OBJECTIVE	2
SCOPE	2
OVERALL CONCLUSION	2
AUDITED BY	2
AUDIT COMMENT	3

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

On April 22, 2020, Hillsborough County (County) received \$256,847,065 from the *Coronavirus Relief Fund* pursuant to the *Coronavirus Aid, Relief, and Economic Security Act* (CARES). The United States Treasury has since issued multiple phases of guidance on the use of the funds. The CARES Act provides that payments from the Fund may only be used to cover costs that were:

1. Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).
2. Not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government.
3. Incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

On May 6, 2020, the Board of County Commissioners (BOCC) approved a budget amendment appropriating this \$256,847,065 CARES Act funding and establishing maximum funding levels for programing purposes.

On August 5, 2020, the BOCC approved an agenda item that revised allowable programs and funding maximums for CARES Act funding and provided assistance to Cities for enumerated programs. Funding for the agreement with the City of Plant City is an appropriate use of CARES Act funding in the Board approved Life/Safety Program.

On September 2, 2020, the BOCC approved the *CARES Act Funding Agreement Between Hillsborough County and the City of Plant City* (Agreement) for \$4,000,000 (Hillsborough County Document Number 20-0925) which established the City of Plant City as a sub-recipient of the County CARES allocation.

On October 21, 2020, the BOCC approved a modification to the Agreement, increasing the CARES funding by \$2,000,000 to a total of \$6,000,000 (Hillsborough County Document Number 20-1182).

With limited exceptions, the Agreement prohibits the City of Plant City from using funds to duplicate any countywide programs enacted by the County.

OBJECTIVE

The objective of the audit was to determine whether or not CARES funds were expended by the City of Plant City (City) in accordance with their Agreement and the CARES Act.

SCOPE

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

The audit period covered the City's fiscal years 2020 and 2021. Testing was conducted on transactions as of April 21, 2021.

OVERALL CONCLUSION

Reviewed expenditures appear to be in compliance with CARES Act criteria and available guidance. Only a minor exception/observation was identified by the Audit Team. Based on the testing performed, the Audit Team was able to conclude overall that the City expended CARES funds in accordance with the Agreement and the CARES Act criteria and has implemented controls to ensure compliance with the terms of the Agreement.

PROCESS STRENGTHS AND SUCCESSES

- The City's Commission issued a series of resolutions approving the Agreement with Hillsborough County, authorizing the City Manager to take necessary actions to expend funds per the Agreement, and amending the 2019-2020 budget to account for the receipt of the CARES funds and the anticipated use of these funds.]
- The City developed and documented a project plan on how CARES funds were to be spent.
- The City entered into a formal contract for CARES Act construction work.
- The City has a formal purchasing card policy.
- The City developed and implemented a tracking mechanism to monitor CARES expenditures.
- Adequate supporting documentation was retained.

Full testing results are included on page 3 of this Report.

The exit conference was held with City and County leadership on December 9, 2021.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive
Margaret Brown, CIA, Audit Manager
Sarah Meredith, Internal Auditor

AUDIT COMMENT

CITY OF PLANT CITY

Plant City designed and implemented effective controls to spend CARES funding for PPE, building improvements, technology improvements and personnel (City Police).

**\$6 MILLION
ALLOCATED**

**\$4.2 MILLION
EXPENDED**

**\$1.6 MILLION
ENCUMBERED**

**\$200K
REMAINING**

**286
EXPENDITURES**

**70
TESTED**

**NO
EXCEPTIONS**

The City of Plant City has expended CARES funds in accordance with the Agreement and the CARES Act requirements.

The Audit Team met with officials from the City to determine how the City expended, or intends to expend, the CARES funding and identified 4 main areas where funds were spent or are scheduled to be spent:

- Personal protective equipment and supplies (PPE).
- Building improvements.
- Technology improvements.
- Personnel – (*Salary costs for police officers assigned to the COVID testing site.*)

The Audit Team obtained the City’s financial data for fiscal years 2020 and 2021. At the time transaction data was used for testing, the City had expended approximately 52% of the CARES funding, or \$3,064,046.10. These 286 expenditures occurred in areas including, but not limited to, City Hall, Parks & Recreation, Solid Waste, and the Plant City Fire Department. Expenditures and controls were reviewed to determine whether or not they were appropriately used to cover costs that were:

- Incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).
- Not accounted for in the City budget most recently approved as of March 27, 2020.
- Incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.
- Not used to cover expenses for City programs that were the same or similar to countywide programs that began prior to the effective date of the Agreement.
- Not providing financial assistance, directly or indirectly, to benefit individuals or entities that have received financial assistance from a countywide COVID-19 related program.

The Audit Team judgmentally selected seventy (70) of the 286 expenditures (24%) for testing with a total value of \$770,008.24 or 25% of the City's expended CARES funds of \$3,064,046.10 at the time of testing.

As of the end of fiscal year 2021, the City had expended \$4,246,787.67 of the CARES funds with an additional \$1,571,794.68 encumbered.

TESTING RESULTS

All seventy expenditures (100%) tested by the Audit Team:

- Were fully supported with sufficient documentation.
- Were incurred as a result of the COVID-19 public health crisis, addressing a COVID-related need.
- Were not used to cover City programs that were similar or the same as County COVID-related programs.
- Did not provide financial assistance to individuals or entities that had received financial assistance from a COVID-19 related County program.
- Were associated with a correlating CARES project established by the City.

Sixty-nine of the 70 expenditures (99%) tested were incurred after March 1, 2020 and were not accounted for in the 2019-2020 budget:

- One expenditure was not incurred after March 1, 2020. An invoice in the amount of \$1,200 for the replacement of burned out UV lights was dated 02/26/2020. Also, since the expenditure was incurred prior to the pandemic (i.e., March 1, 2020), it can be inferred that light replacement was accounted for in the 2019-2020 budget as part of normal maintenance costs. This error appeared to be incidental, was acknowledged by the City and corrected during testing.

RECOMMENDATION

The Audit Team did not identify any material concerns that require corrective action by the City of Plant City.