



COUNTY AUDIT DEPARTMENT

REPORT # 411

December 9, 2022

An Audit of:

ARPA FOOD SERVICE AGREEMENTS

FY 2022



Cindy Stuart

CLERK OF COURT & COMPTROLLER
HILLSBOROUGH COUNTY

The Honorable Ken Hagan, Chair
The Honorable Donna Cameron Cepeda
The Honorable Harry Cohen
The Honorable Pat Kemp
The Honorable Gwen Myers
The Honorable Michael Owen
The Honorable Joshua Wostal

December 9, 2022

Dear Commissioners:

The Audit Team performed an audit of the ARPA Food Services Agreements (**Audit Report #411, dated December 9, 2022**). The Audit Team appreciates the assistance and support received from the Homeless and Community Services Department during the course of the audit.

The purpose of this Report is to furnish management with an 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

Heidi Pinner, CIA CISA CFE CRMA
Chief Audit Executive, Clerk of Court & Comptroller

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

On March 11, 2021, the President signed the American Rescue Plan Act (ARPA) into law, providing \$1.9 trillion in economic relief and recovery assistance in response to the COVID-19 pandemic. ARPA established a \$360 billion Coronavirus State and Local Fiscal Recovery Fund (SLFRF) to help state and local governments offset increased expenditures, recover lost revenues, and mitigate negative economic effects of the COVID-19 pandemic. Hillsborough County's ARPA allocation from the SLFRF is \$285,912,528.

On November 17, 2021, the Hillsborough County Board of County Commissioners (BOCC) approved food services agreements with four (4) non-profit sub-recipient agencies totaling \$5M to provide food relief services to Hillsborough County residents utilizing part of the County's allotment (Phase 1). On April 20, 2022, the BOCC approved modifications to extend the four (4) agreements and provide additional funding totaling \$5M for an additional six (6) months (Phase 2). The four (4) sub-recipients are:

- Metropolitan Ministries
- Feeding Tampa Bay
- East Tampa Business and Civic Association
- United Food Bank of Plant City

OBJECTIVE

The primary objective of the audit is to review and evaluate the effectiveness of management's system of internal control related to the ARPA Food Services Sub-Recipient Agreements. Specifically, the County Audit Department determined whether or not:

- The County's food relief sub-recipient agreements were in compliance with ARPA requirements and the related U. S. Treasury guidance.
- Each agreement included language to ensure compliance with ARPA and the U. S. Treasury guidance.
- Reimbursement payments from the County to the sub-recipients have proper supporting documentation and approvals with the correct dollar amounts.

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 all six (6) months of Phase 1 from October, 2021 through March, 2022 and the first three (3) months of Phase 2 from April, 2022 through June, 2022 for all four (4) sub-recipients.

OVERALL EVALUATION

The Board approved a total amount of \$10,000,000 for the ARPA Food Service Agreements project to fund nonprofit partners providing food to local residents associated with the impacts of the COVID-19 pandemic.

PROCESS STRENGTHS AND SUCCESSES

- Satisfactory supporting documentation was retained.
- Multiple reviews and approvals are performed before reimbursement payments are issued.
- A tracking spreadsheet is used to ensure sub-recipient payments do not go over budget.

CONTROL IMPROVEMENT OPPORTUNITIES/RISKS

- For certain performance requirements, the County must rely on some data that is provided by the sub-recipients without independent validation, for example, the number of meals delivered or pounds of food provided.

OPINION

Control Maturity Levels



The overall control environment relative to the management of ARPA Food Services Agreement is at a formal (defined) maturity level. This means that management has established mechanisms to ensure compliance with the ARPA U. S. Treasury guidance and the County agreements. There is some reliance on assertions made by the sub-recipients, however this is allowable within established program guidance and controls are in place to ensure total payments do not exceed Board-approved award amounts.

The exit conference was held with Hillsborough County Homeless and Community Services and County leadership on November 21, 2022.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive
 Ben Everett, CPA, CIA, CFE, CISA, Audit Manager
 Sarah Meredith, Internal Auditor

AUDIT COMMENT

AWARDED AMOUNTS

Metropolitan Ministries
\$2.3 M

Feeding Tampa Bay
\$3.9 M

East Tampa Business and Civic Association
\$2.2 M

United Food Bank of Plant City
\$1.2 M

9 Months of Invoices TESTED

NO EXCEPTIONS

Hillsborough County has agreements in place for each Food Servicing Sub Recipient with appropriate language and requirements included to ensure compliance with ARPA.

The objective was to determine whether or not:

- There are effective controls over reimbursement payments.
- The agreements include language to ensure compliance with ARPA.

Background

The ARPA U. S. Treasury guidance has four (4) eligible use categories. One of these categories is for supporting the COVID-19 public health and economic response, which allows SLFRF expenditures for food assistance in response to the COVID-19 pandemic.

The County’s food agreement funds are used for the reimbursement of increased food insecurity as a result of the pandemic. The four (4) sub-recipients have experienced significantly more demand for food assistance since the spread of the coronavirus. The pre-pandemic year of 2019 was used as a baseline to determine the difference between existing food insecurity as a result of the pandemic vs. food insecurity before the spread of the coronavirus. Reimbursement amounts paid to the sub-recipients only cover the difference in the amount of food currently provided in excess of the pre-pandemic amounts provided back in 2019.

The County’s agreements define a unit of service for each sub-recipient, which may be either the number of meals or pounds of food provided. The sub-recipients must provide data with their monthly reimbursement requests (invoices) showing their monthly units of service provided in 2019 and their monthly units of service provided in 2021/2022. The sub-recipients must also provide other reports with their reimbursement requests, such as their calculation methodology, number of individuals served, and number of households served. A tracking spreadsheet is used by Homeless and Community Services to ensure reimbursement

requests have accurate data and that payments do not exceed the total funds awarded by the Board.

Test Procedure

The Audit Team reviewed the related U. S. Treasury guidance publications known as the Treasury Final Rule and the Treasury Final Rule Overview to determine whether or not COVID-related food expenditures are allowable. The Audit Team also reviewed the four (4) sub-recipient agreements to ensure they included language requiring the sub-recipients to comply with the U. S. Treasury guidance.

Invoices and monthly Performance Reports submitted by the four (4) sub-recipients were re-calculated for accuracy and were reviewed for adequate supporting information. The tracking spreadsheet was reviewed and compared to the invoices for accuracy and completeness.

TESTING RESULTS

The Audit Team determined that food assistance is an allowable expenditure based on the U. S. Treasury guidance. The County sub-recipient agreements included satisfactory language in the SCOPE OF SERVICES section (EXHIBIT A) to ensure the sub-recipients' compliance with the Treasury guidance. The Feeding Tampa Bay agreement also includes funding for a monthly food storage warehouse rental, two forklifts for moving pallets of food, and to hire workers who were furloughed due to the pandemic. These expenditures also appear to align with the Treasury guidance of allowable uses of ARPA funding.

All monthly reimbursement requests and supporting documentation for the four (4) sub-recipients during the audit scope period from October, 2021 through June, 2022, were reviewed by the Audit Team and were determined to have:

- All required supporting documentation.
- Evidence of sufficient electronic approvals by Homeless and Community Services management.
- Accurate totals and dollar amounts that were able to be re-calculated by the Audit Team.
- Invoices that were adequately assessed and payment reimbursement amounts accurately calculated each month.
- A tracking spreadsheet with accurately calculated amounts and totals that matched the invoices.

Data provided on the invoices shows quantities of food provided by the sub-recipients and there does not appear to be a reasonable means for the County to independently verify the accuracy of those amounts provided. There is an inherent risk when relying on assertions by providers, however this is mitigated by the County's long-term and historically positive experience with these providers as well as the close partnership and vendor relationship maintained.

RECOMMENDATION

The Audit Team did not identify any material concerns that require management's corrective actions.