



COUNTY AUDIT DEPARTMENT

REPORT # 406

JUNE 13, 2022

An Audit of:

CARES ACT FUNDING

CITY OF TAMPA AGREEMENT



Cindy Stuart

CLERK OF COURT & COMPTROLLER
HILLSBOROUGH COUNTY

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

June 13, 2022

Dear Commissioners:

The Audit Team performed an audit of the CARES Act Agreement with the City of Tampa (**Audit Report # 406, dated June 13, 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 the City of Tampa as part of the County's approved Life/Safety Program.

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 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 jurisdiction.
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 and other County agencies for enumerated programs. Funding for the agreement with the City of Tampa 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 Tampa (Agreement)* for \$20,000,000 (Hillsborough County Document Number 20-0926) which established the City of Tampa (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 \$10,000,000 to a total of \$30,000,000 (Hillsborough County Document Number 20-1181).

With limited exceptions, the Agreement prohibits the City of Tampa 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 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 CARES eligibility period of March 1, 2020 to December 31, 2021 and covered the City's fiscal years 2020 and 2021. Testing was conducted on transactions as of September 6, 2021.

OVERALL CONCLUSION

The City of Tampa incurred eligible expenses related to the COVID-19 pandemic response including goods, services and payroll expenses.

Expenditures tested by the Audit Team complied with CARES Act criteria and available guidance. The Audit Team identified one minor exception/observation. 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 Council approved a series of resolutions approving the Agreement, and its modification, with Hillsborough County, authorizing the Mayor to take necessary actions to expend funds per the Agreement, and amending the 2020 and 2021 budgets 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 developed and implemented a tracking mechanism to monitor CARES expenditures.
- Adequate supporting documentation was retained.

Full testing results are included on page 4 of this Report.

The exit conference was held with the City and County leadership on June 9, 2022.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive

Margaret Brown, CIA, Audit Manager

Terrell Alston, Internal Auditor

AUDIT COMMENT

CITY OF TAMPA

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

**\$30 MILLION
ALLOCATED**

**\$30 MILLION
EXPENDED
AT TIME OF TESTING**

**Approximately
2,430
EXPENDITURES**

**84
EXPENDITURES
TESTED**

**70% of CARES
Dollars
TESTED**

**NO
EXCEPTIONS**

The City of Tampa 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 the CARES funding and identified several areas where funds were spent including, but not limited to, the following:

- Personnel – (*Payroll expenses for police officers and fire rescue personnel.*)
- Public health expenses.
- COVID-related health insurance expenses of insured employees.
- Personal protective equipment and supplies (PPE).
- Technology improvements.

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 100% of the CARES funding. The expenditures occurred in areas including, but not limited to, City Hall, Parks & Recreation, Solid Waste, City of Tampa Police and Fire Rescue Departments. 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-one (71) of the approximately 2,417 non-payroll expenditures for testing with a total value of \$2,569,715.79 or 8.5% of the City's expended CARES funds of \$30,000,000. Expenditures were selected with an emphasis on purchases of vehicles, software, hardware, office furniture, subscription-based payments and salary expenses.

The Audit Team also judgmentally selected thirteen (13) payroll-related expenditures, totaling \$18,403,045.53, or 61% of the City's expended CARES funds, for testing.

TESTING RESULTS

Based on the review of overall expenditure plans and through observation and interviews with responsible parties, the Audit Team concluded that the City was aware of applicable CARES expenditure requirements and had controls in place to ensure expenditures were consistent with these requirements.

The payroll expenditures were traced within the City's financial system, confirming the allocation of the expenditures to the CARES funding. It was also confirmed that the expenditures were for personnel who appropriately met the CARES criteria and had not been reimbursed by other dedicated funding sources.

All eighty-four 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.
- 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.

RECOMMENDATION

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