Compliance and Reporting for COVID Response and Recovery

January 6, 2022
Pandemic Response Accountability Committee (PRAC)
The PRAC oversees $5 trillion in pandemic relief

$7.8B
The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
Signed into law on March 6, 2020, the Act provided emergency funding to Health and Human Services, the State Department, and the Small Business Administration.

$15.4B
The Families First Coronavirus Response Act
Signed into law on March 18, 2020, the FFCR Act provided paid sick leave, tax credits, and free COVID-19 testing, while also expanding food assistance and unemployment benefits.

$2.1T
The Coronavirus Aid, Relief, and Economic Security Act
Signed into law on March 27, 2020, the CARES Act created the Paycheck Protection Program, provided tax rebates to individuals, and provided relief to federal agencies.

$1.9T
American Rescue Plan Act of 2021
Signed into law on March 11, 2021, this legislation includes direct payments, unemployment benefits, and tax provisions as well as support for small businesses and schools.

$483B
Paycheck Protection Program and Health Care Enhancement Act
Signed into law on April 24, 2020, the Act added funds to the Paycheck Protection Program (PPP) and other SBA programs.

$900B
The Coronavirus Response and Relief Supplemental Appropriations Act, 2021
Signed into law on December 27, 2020, this legislation extended federal unemployment benefits, provided direct payments to individuals, and started a second round of PPP loans.
U.S. pandemic relief spending in context

- **2009 Recovery Act**: $0.861 trillion
- **FY19 Total Spending**: $4.45 trillion
- **2020-2021 Pandemic**: $5 trillion

$ in Trillions
The pandemic by the numbers

53M+ Cases in US
819K+ Deaths in US
44 Federal agencies involved
$3.5T Dollars spent

14.7M Award recipients
$793B PPP loans
$840B Economic Impact Payments
$860B UI Benefits
Tracking the money on PandemicOversight.gov

As of November 24th, 2021, the Small Business Administration provided 11.48M loans totaling $762.8B. The intent of the program is to provide incentives for small businesses to keep their workers on the payroll. Nationally, small businesses reported retaining 89.9M jobs.

State totals

County totals
Federal, state, and local oversight reports

325+ Federal IG Reports
173+ State and Local Reports
Fighting pandemic-related fraud

Pandemic Analytics Center of Excellence (PACE)

Fraud Task Force

Identity Fraud Reduction & Redress Working Group

1194 Indictments

818 Arrests

391 Convictions
Connecting federal, state, and local oversight entities

- Regular listening posts meet monthly

- Participants include:
  - PRAC
  - State Auditors
  - Local Auditors
  - NASACT
  - GAO
  - Federal OIG Staffs
  - AICPA
  - OMB
  - Auditors for Tribes

- Discuss key issues or areas of priority
  - Single Audit Requirements
  - OMB Guidance
  - Fraud Alerts and “Early Warnings”
Connecting with State Auditors: State Auditor-in-Residence

**WHAT:** 6- to 12-month detail with the PRAC

*Work on cross-cutting projects*

*Network with federal OIG staff*

*Participate in subcommittee and other coordination meetings*

**WHO:** Piloting with 1 or 2 mid-level or senior auditor staff from state auditors’ offices on rotation
Identifying lessons learned and risks that cross agency and program boundaries

The PRAC and its members have issued 325+ oversight reports. We've covered a lot and recommended a lot.

Our new report breaks it all down to five basics.

1. Verify eligibility before sending money
2. Give underserved communities better access to relief funds
3. Use existing data to prevent fraud
4. Get guidance out quickly and accurately
5. Let the public see who got grants and loans
Resources: Stakeholder Listening Sessions

Did pandemic relief reach the underserved?

We're holding a roundtable on the impact of pandemic response programs and spending to find out.

What

A panel event examining the impact of pandemic response programs and spending on underserved communities. Since COVID-19 hit the country (along with the emergency relief money) it became clear that health and economic struggles were not experienced equally among Americans. For example, minority-owned and women-owned businesses had trouble accessing emergency business loans, and people in rural areas faced challenges accessing testing and vaccination sites.

You can watch video recaps of 9+ events at PandemicOversight.gov

Receive invites right in your inbox by signing up for our email newsletters.
Connect with the PRAC | Newsletter and Social Media

Sign up for our emails and follow us on Twitter

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Twitter: Pandemic Response Accountability Committee (PRAC)
Speakers

• Richard Delmar, Deputy Inspector General, Department of the Treasury Office of Inspector General
• Deborah Harker, Assistant Inspector General for Audit, Department of the Treasury Office of Inspector General
Agenda

• Coronavirus Relief Fund
• Emergency Rental Assistance Programs
• State and Local Fiscal Recovery Funds (ARPA)
CRF Uses of Funds

- Consolidated Appropriations Act, 2021 extended the covered period for CRF recipients to use proceeds through December 31, 2021.

- Accordingly subsection 601(d) requires that recipients of CRF proceeds must use funds for costs that:
  - are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);
  - were not accounted for in the budget most recently approved as of March 27, 2020; and
  - were incurred between March 1, 2020 and December 31, 2021.
Treasury Reporting Timeline for CRF

- Quarterly reporting due no later than 10 days after the end of each calendar quarter.
- Period of Performance Ended December 31, 2021. On December 14, 2021, the definition of costs “incurred” was changed to obligations made as of December 31, 2021.
CRF Desk Reviews

- Review of prime recipient’s quarterly financial progress report submissions
- Review other audit reports (i.e. Single Audit, Oversight.gov., PandemicOversight.gov) to identify internal control deficiencies or other noncompliance matters, including CRF Risk Model
- Review referrals from Treasury OIG’s Office of Investigations and Office of Counsel, the Pandemic Response Accountability Committee, and other external sources
- Selecting a sample of contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals
- Reviewing prime recipients’ documentation to sufficiently support selected contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals
Treasury’s Emergency Rental Assistance Program (ERA)

- ERA 1, Division N, Title V of the *Consolidated Appropriations Act, 2021* authorized Treasury to make Emergency Rental Assistance payments to eligible recipients (States, U.S. Territories, Units of Local Government, and Tribal Governments)
  - Provides $25 billion in assistance for households that are unable to pay rent and utilities due to COVID-19. ALN (CFDA) 21.023
- ERA 2, American Rescue Plan Title III, Subtitle B - Housing Provisions
  - Section 3201 authorizes $21.55 billion of Emergency Rental Assistance to eligible recipients. ALN (CFDA) 21.023
ERA Reporting Requirements

• Division N, Title V, Section 501(g) of the *Consolidated Appropriations Act, 2021* requires Treasury to report demographic information quarterly on the use of Emergency Rental Assistance funds.

• CARES Act Requirements:
  • Sections 15010 and 15011 require the PRAC to publicly display obligations and expenditures of covered funds by project or activity and other detailed information each quarter at PandemicOversight.gov.
Treasury

ERA Reporting Timeline

• Quarterly reporting due no later than 15 days after the end of each calendar quarter.
• Full reports for Q1, 2, and 3 were due October 29, 2021
State and Local Fiscal Recovery Fund

Title IX, Subtitle M, Section 9901, *Coronavirus State and Local Fiscal Recovery Funds* amends Title VI of the Social Security Act (42 U.S.C. 801 et seq) by adding the following:

- Section 602 *Coronavirus State Fiscal Recovery Fund*
- Section 603 *Coronavirus Local Fiscal Recovery Fund*
Treasury SLFRF Reporting

- States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents.
- Metropolitan cities and counties with a population below 250,000 residents which received more than $10 million in SLFRF funding.
- Project and Expenditure Reports due January 31, 2022, and 30 days after the end of the quarter thereafter.
Treasury SLFRF Reporting

- Metropolitan cities and counties with a population below 250,000 residents which received less than $10 million in SLFRF funding.
- NEUs
- Project and Expenditure Report due by April 30, 2022, and annually thereafter.
Reporting Issues

• Subrecipient and Beneficiary Definitions
• FEMA Cost Share Reporting Under CRF
• Definition of Incurred Costs for CRF
• Lost Revenue Under SLFRF
Department of Homeland Security
OIG’s Oversight of FEMA Disaster Management
Overview

- Important Questions – FEMA COVID Funding Reimbursement
- Tips to Ensure FEMA COVID Funding Compliance
- Recent DHS OIG Audits and Investigations
- DHS/FEMA COVID Funding Sources
- Fraud Indicators
- Hotline Information
Important Questions – FEMA COVID Funding Reimbursement

- Are claimed costs COVID-related?
- Was work authorized under the project scope?
- Are costs adequately supported by documentation, such as canceled checks, payroll, contracts?
- Are costs reasonable and necessary?
- Are costs reduced by credits, such as insurance, salvage value, and refunds?
- Does the contract meet all Federal Procurement Regulations?
- Are there any signs of fraud by the applicant or contractor?
  - “If you see something, say something”
  - Report potential fraud to my office
FEMA COVID Funding Compliance Tips

1. Designate a person or team to coordinate the accumulation of records.

2. Establish a separate and distinct account for recording revenue and expenditures, and a unique identifier for each distinct FEMA project. **Remember you may be receiving Federal assistance from other Federal agencies.**

3. Ensure that the final claim for each project is supported by amounts recorded in the accounting system.

4. Ensure each expenditure is recorded in the accounting books and is referenced to supporting source documentation (e.g., checks and invoices).

5. Ensure that expenditures claimed under the FEMA project are reasonable and necessary, are authorized under the scope of work, and directly benefit the project.

6. Ensure proper grant administration is established and enforced throughout the duration of the grant.

*Disclaimer: This list does not constitute legal advice. It is merely a resource. It is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law by any party or litigant.*
“Inadequate Management and Oversight Jeopardized $187.3 Million in FEMA Grant Funds Expended by Joplin Schools, Missouri” (OIG-20-41)
“Harris County, Texas, Needs Continued Assistance and Monitoring to Ensure Proper Management of Its FEMA Grant” (OIG-20-27)

Figure 1: Storm Debris from Hurricane Harvey in Harris County, TX
Source: Harris County, Budget Management Department (left) and Department of Homeland Security Office of Inspector General (OIG) (right)
DHS OIG Investigation of FEMA COVID Fraud
FEMA COVID Funding Sources

- Coronavirus Aid, Relief, and Economic Security (CARES) Act (March 2020)
  - $45B FEMA/Disaster Relief Fund ($44B Lost Wages Assistance)

- Consolidated Appropriations Act, 2021 (December 2020)
  - $2B FEMA/Disaster Relief Fund – Funeral Assistance

- American Rescue Plan (March 2021)
  - $50B FEMA/Disaster Relief Fund (Includes a Provision for Funeral Assistance)
Report to DHS OIG Signs of FEMA COVID Fraud:

- Citizens contacted regarding benefits for which they did not apply.
- Unusual or unknown credit report notifications.
- Multiple unemployment benefit requests from the same IP address or concealed IP addresses.
- Multiple benefit debit cards mailed to the same address.
- Unemployment benefits sent to out-of-state recipients, sometimes from multiple states.
- Benefits being paid to virtual wallets, e.g., Cash App, Venmo, PayPal, or Green Dot.
OIG HOTLINE

Reporting allegations of fraud, waste, abuse, mismanagement, or misconduct by phone, fax, online, or by mail.

- OIG Hotline can be reached by:
  - Phone (800) 323-8603
  - Fax (202) 254-4292
  - www.oig.dhs.gov
  - Mail - DHS OIG HOTLINE, Mail Stop 2600
    245 Murray Drive, SW, Building 410,
    Washington, DC 20528

OIG protects the identity of referrals, consistent with the law