Bloomberg Federal Assistance e311 Content Workshop:

Revisiting Federal Funding Oversight

Bloomberg Philanthropies

THE UNITED STATES CONFERENCE OF MAYORS

e311 Workshop | Panelists

Michael Horowitz
Chair of the Pandemic Response Accountability Committee ("PRAC") and Inspector General of the Department of Justice

Tyrone "Tye" Gillins
National Program Manager for Investigations of the PRAC

Pamela Van Dort
Senior Advisor to the Assistant Inspector General for Investigation, Department of Housing and Urban Development, Office of the Inspector General

e311 Workshop | Panelists (continued)

Jerry L. De Loach
Chief Risk Officer, City of Atlanta – Department of Finance, Office of Enterprise Risk Management

Agenda

Michael Horowitz   Overview of PRAC

Tyrone "Tye" Gillins   PRAC Coordination, Oversight, and Accountability

Pamela Van Dort   Pandemic Grant Fraud

Elaine Howle   State and Local Oversight

Richard Delmar   Treasury Oversight and Compliance
Deborah Harker

Jerry L. De Loach   City Spotlight: Lessons Learned: Operational Perspective

Overview of PRAC
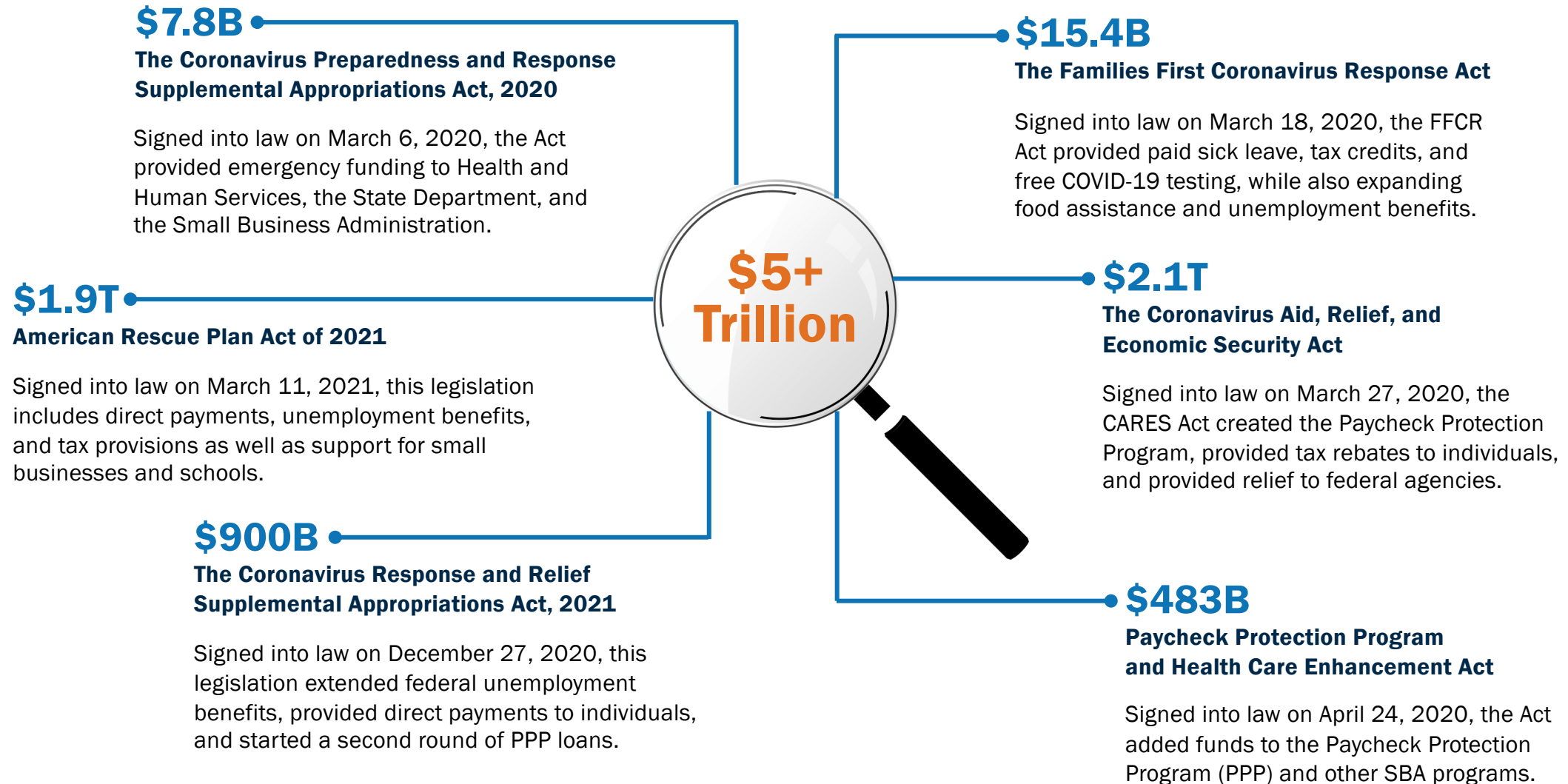
Michael Horowitz
Chair of the PRAC and Inspector General of the Department of Justice

What is the PRAC?

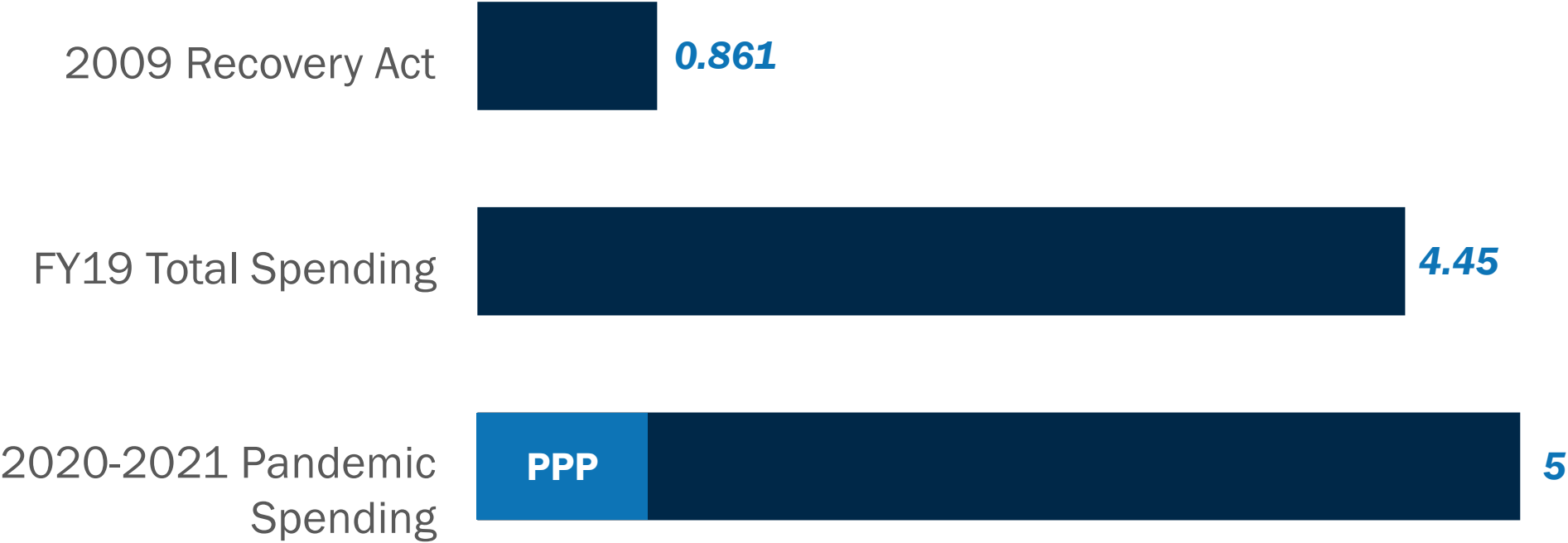

- March 2020 — the CARES Act created the Pandemic Response Accountability Committee to conduct independent oversight of the more than $5 trillion in pandemic relief.

- Comprised of 20 federal Inspectors General

- Supports a community of 10,000 auditors and 3,400 investigators.

- Mitigates fraud risks that cut across program and agency boundaries.

The PRAC Oversees $5T in Pandemic Relief

$5+ Trillion

$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.

$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.

$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.

$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.

$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.

U.S. Pandemic Relief Spending in Context

2009 Recovery Act   **0.861**

FY19 Total Spending   **4.45**

2020-2021 Pandemic Spending   **PPP**   **5**
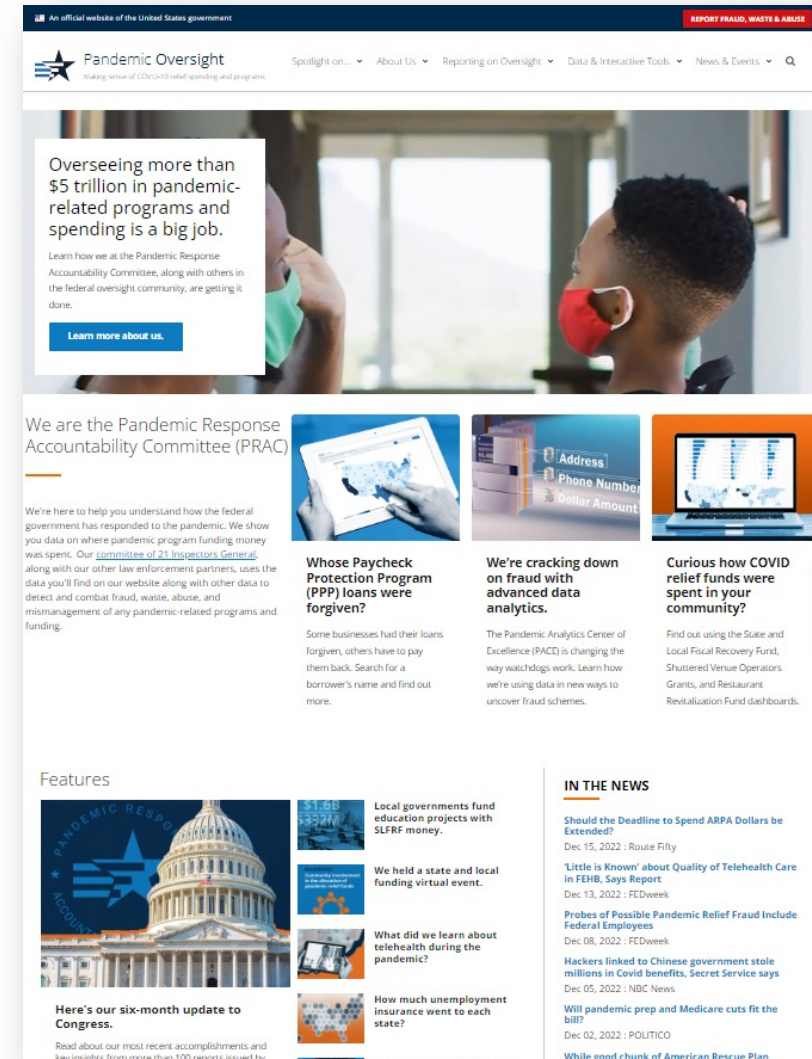
$ in Trillions

PRAC's Transparency Efforts
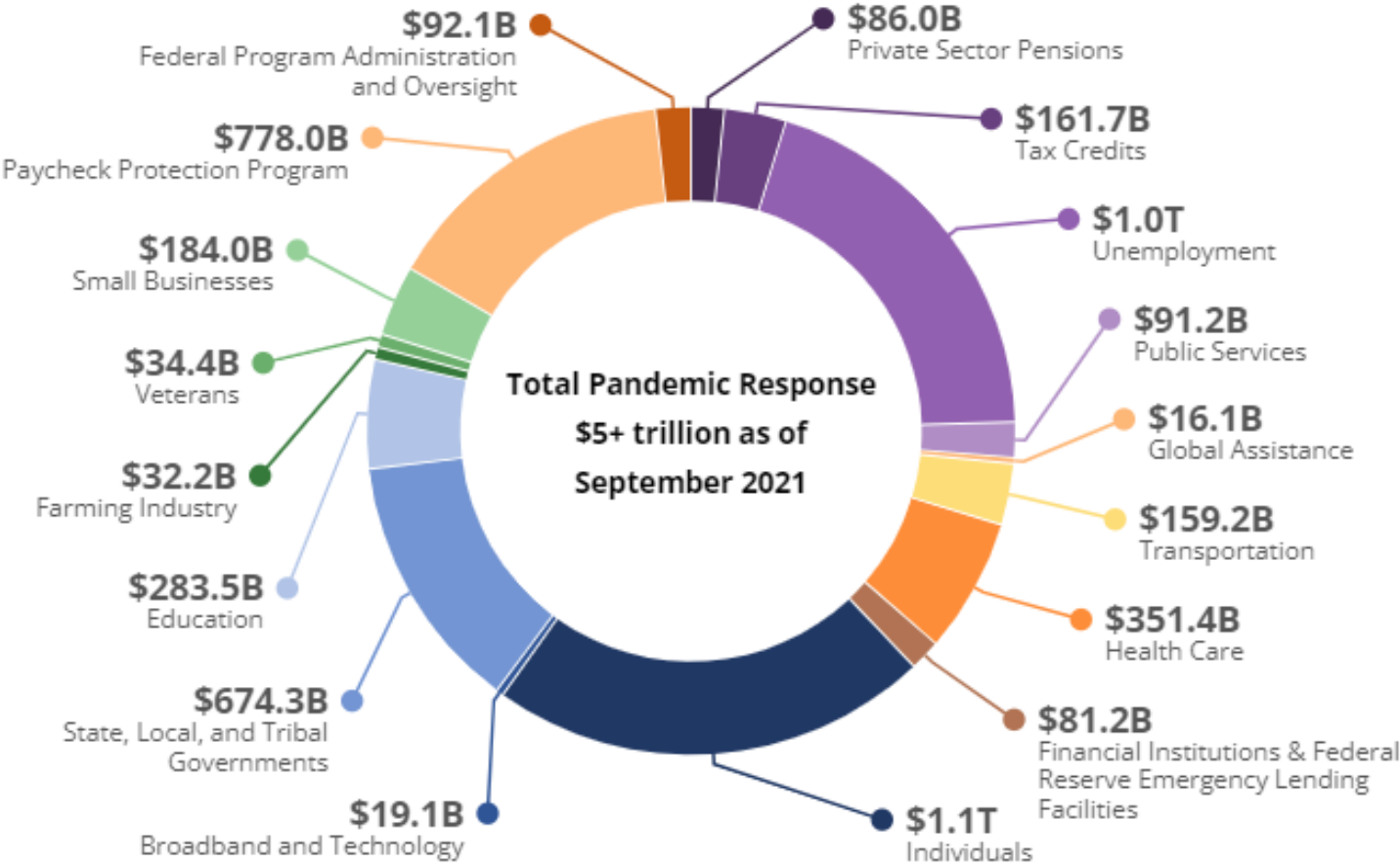
Tracking the Money on PandemicOversight.gov

Our website enables the public to track pandemic spending multiple ways.

- Explore nearly 22 million awards, like grants and contracts, that went to **individuals**.

- See all the relief programs that **federal agencies**, like the Dept. of Health & Human Services, are responsible for administering.

- Dig into dashboards for **specific programs**, like the Restaurant Revitalization Fund.

How Were Pandemic Relief Funds Spent?

Total Pandemic Response
$5+ trillion as of
September 2021

$92.1B
Federal Program Administration and Oversight

$86.0B
Private Sector Pensions

$161.7B
Tax Credits

$778.0B
Paycheck Protection Program

$1.0T
Unemployment

$184.0B
Small Businesses

$91.2B
Public Services

$34.4B
Veterans

$16.1B
Global Assistance

$32.2B
Farming Industry

$159.2B
Transportation

$283.5B
Education

$351.4B
Health Care

$674.3B
State, Local, and Tribal Governments

$81.2B
Financial Institutions & Federal Reserve Emergency Lending Facilities

$19.1B
Broadband and Technology

$1.1T
Individuals

Federal, state, and local oversight reports

523+
Federal IG Reports

265+
State & Local Reports

Tracking Fraud on PandemicOversight.gov

PRAC Coordination with Oversight Partners and Executive Branch Leadership

Connecting Federal, State, and Local Auditors

- 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"

State Auditor-in-Residence Program

In September 2022, we welcomed our first two state auditors-in-residence from the Tennessee State Comptroller, Office of Audit

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
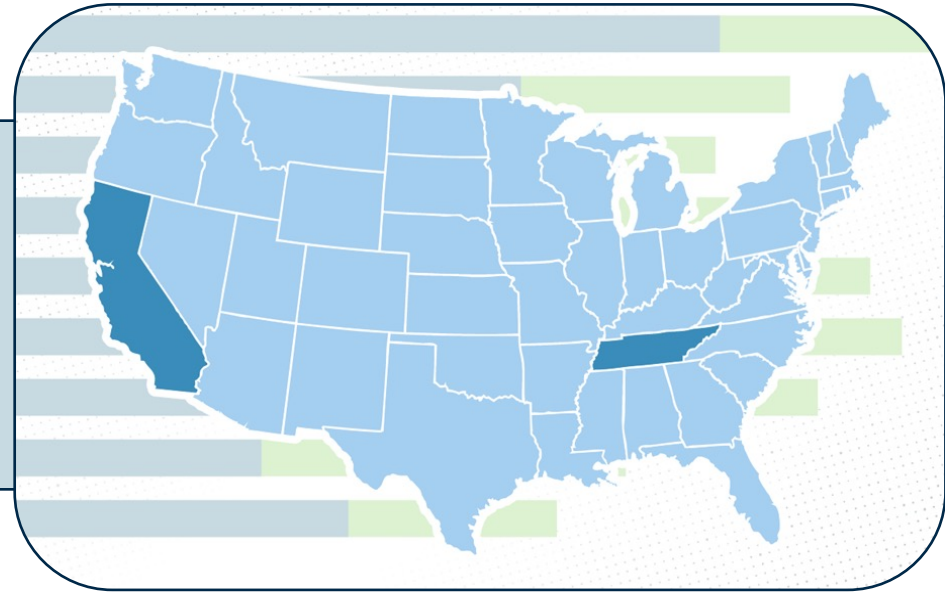
PRAC Engagement with Executive Branch Leadership

- Since early 2021, the White House implementation team (headed by Gene Sperling) has held weekly meetings with PRAC and OMB leadership to address oversight issues that have arisen.

- Also created "gold standard meetings" -- before implementing new program or spending pandemic funds on existing program, agency officials must present planned implementation controls to PRAC, WH implementation team, OMB, and agency IG.

  - Almost 30 meetings since early 2021
  - OMB issued guidance institutionalizing meetings (OMB Memorandum 22-12).

- PRAC and IG leaders met with President Biden on April 29, 2022, where he expressed his support for independent oversight and Inspectors General

Identifying & Sharing Lessons Learned

- Capping report that aggregates common findings and lessons across multiple relief programs.

- Initial report released in September 2021, with an update issued in June 2022.

- A quick, high-level read that shares opportunities to prevent fraud and improve how programs are designed.

What we've learned overseeing $5 trillion in pandemic relief funds

Stakeholder Listening Sessions

We regularly convene experts from academia, non-profits, state and local officials to discuss pandemic response programs.
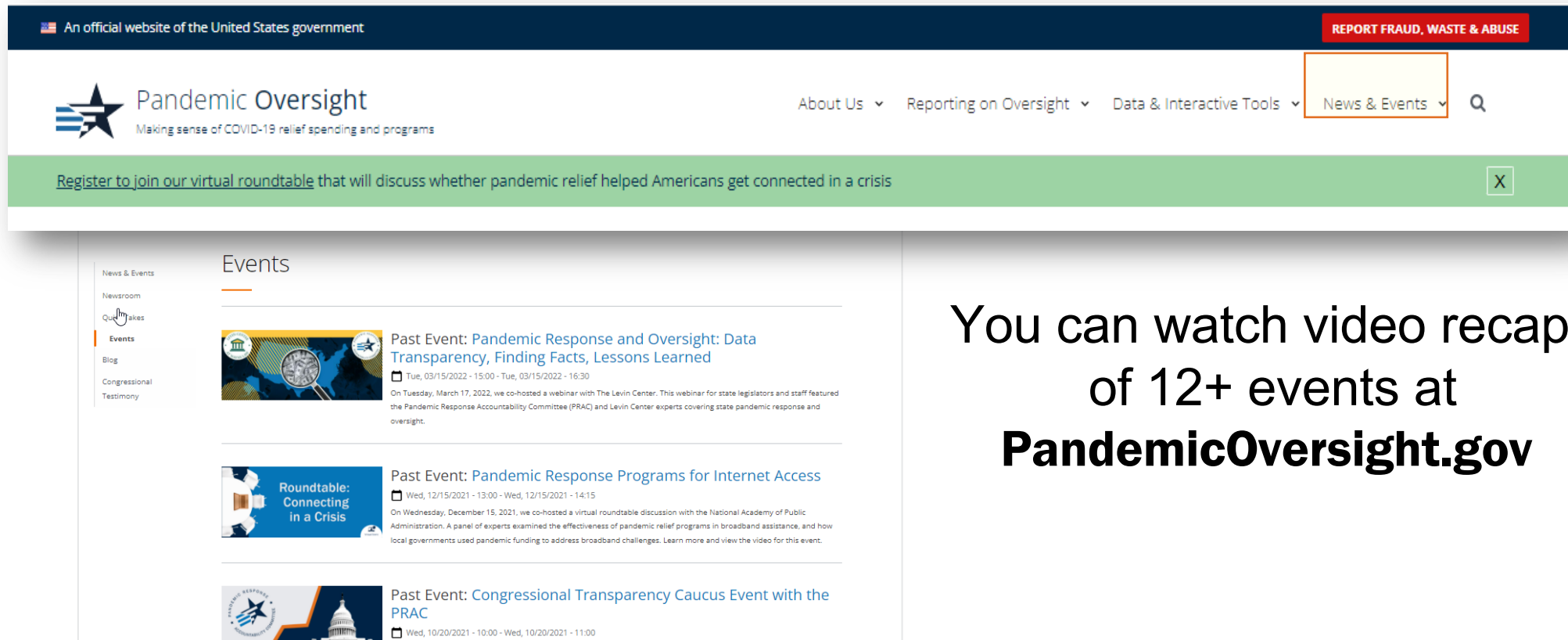
You can watch video recaps of 12+ events at **PandemicOversight.gov**

Connect with the PRAC

[Sign up for our emails](#) and follow us on Twitter

PRAC Coordination, Oversight, and Accountability

Tye Gillins
National Program Manager for Investigations of the PRAC

PRAC Coordination with Oversight Partners

PRAC Investigative Briefing with State/Local Partners: Designed to share information with state and local officials about fraud, waste, and abuse in pandemic programs and discuss best practices

QUARTERLY INVESTIGATIVE BRIEFING

TOPIC: Challenges in pursuing program oversight in the HRSA/ Pandemic Frauds space

HOSTED BY: PRAC

TIME: 2:30 PM – 3:30 PM EST

DATE: Wednesday, October 26, 2022

LOCATION: Zoom Meeting (Virtual)

REGISTER IN ADVANCE FOR THIS WEBINAR:

https://www.zoomgov.com/webinar/register/WN_F1UR2WoNS3WWhxBPWbaVeQ

After registering, you will receive a confirmation email containing information about joining the webinar.

To register, email Lisa Reijula at **Lisa.Reijula@cigie.gov**

Accountability: PRAC and IG Response to Pandemic Fraud

Investigations Data: Most of the investigations deal with two SBA programs – the Paycheck Protection Program and the Economic Injury Disaster Loan Program

Percentage of Cases by Program (April 1, 2022, through September 30, 2022)

Program Area	Percentage of Cases by Program
Paycheck Protection Program	50%
Pandemic Unemployment	32%
Economic Injury Disaster Loans	24%
Health & Safety (Vaccination, Testing, PPE, Bio)	3%
Other (Coronavirus Food Assistance Program, Price Gouging, Economic Impact Payments)	4%

Source: Assembled by the PRAC from DOJ RSS feed.

Fighting pandemic-related fraud

**Pandemic Analytics
Center of Excellence**
(PACE)

Fraud Task Force
50+ Agents
15 OIGs

Using Data to Identify Potential Fraud

- Our data scientists are sorting through more than **150,000,000 lines of data** in both public and non-public federal spending data sets.

- We also share datasets with **39 law enforcement partners**, granting access to information they otherwise wouldn't have.

The PRAC's Fraud Task Force

After our data scientists collect, mine, and analyze data for potential fraud, the PRAC Fraud Task Force takes over.

- We started the **PRAC Fraud Task Force** to help law enforcement pursue investigations and criminal enforcement related to pandemic relief fraud. The Task Force does this by focusing resources where they're needed the most.

- In August 2022, President Biden signed two bills into law that give the Department of Justice and other federal agencies more time to investigate and prosecute PPP and EIDL fraud extending the statute of limitations to ten years.

Experienced investigators across the watchdog community volunteer to join the Task Force. We provide additional training, specific to investigating pandemic relief fraud cases.

PRAC Fraud Task Force – a Whole of Government Effort

- Brings together OIG special agents to **address high-risk areas,** like PPP and EIDL fraud.

- **Innovative virtual task force structure**, extending PRAC's pandemic-wide jurisdiction and authorities to task force members.

- Task force member OIGs remain responsible for **case supervision** and **management**.

- Task force members are **supported by a Joint Operations Center** which provides lead and supports investigations.

- JOC **provides training** for investigating pandemic relief fraud, and **coordinates with the DOJ COVID Fraud Enforcement Task Force**.

- About **50 task force** agents from **15 OIGs**.

Task Force Members
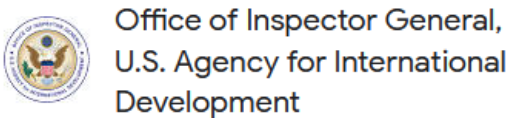
Fraud Trends

- Shell/shelf companies
- Shuttered businesses
- Recent incorporations
- Corporate identity theft
- Inflated employees / payroll
- Large loan amounts
- Newly created bank accounts
- Quick money movement
- Cash withdrawals / Cash Apps
- Luxury purchases

Case Examples

State Contractor Gets 5 years in Prison for UI Fraud

Defendant worked with outside actors who submitted numerous false claims daily, many of which were filed using stolen identities.

The defendant was a contract employee

Defendant:
- Contract employee for a state unemployment agency.
- Duties included reviewing, processing, and verifying the legitimacy of unemployment insurance claims.

Issued 700 claims totaling $3.8 million in federal and state unemployment benefits.

Source

Lab Owner Pleads Guilty to $7M Testing Scam

Defendant worked with outside actors who submitted numerous false claims daily, many of which were filed using stolen identities.

Lab owner bribed patient brokers to authorize medically unnecessary genetic testing.

Defendant:

- Lab owner exploited patients' fears of COVID-19 by bundling COVID-19 tests with more expensive, medically unnecessary testing.

Lab submitted over $6.9 million in false and fraudulent claims to Medicare for medically unnecessary tests.

Source

Criminal Case Highlight

Former Executive Director of state Commission Sentenced for Embezzling from Americorps and Offering a Bribe in Return for CARES Act Grant

- Defendant was former Councilman and Mayoral candidate.

- Offered financial benefits to co-conspirator, who administered pandemic relief funds for that state.

- Pled guilty to embezzlement & **sentenced to 46 months incarceration**.

Pandemic Grant Fraud

Pamela Van Dort
Senior Advisor to the Assistant Inspector General for Investigation, Department of Housing and Urban Development, Office of the Inspector General

Agenda

- Grants 101
- Case study
- Red flags
- What you can do to prevent and detect grant fraud

Grants 101: Grants By the Numbers

>$600 Billion

Pandemic Grants Obligated

(CARES Act / ARP)

Source: All Pandemic Awards | Pandemic Oversight

>$730 Billion

Infrastructure Grants Anticipated

Source: Building a Better America | The White House

>$50 Billion

Inflation Reduction Act Grants

Source: Text - H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022

Federal Agency

$$$$

Grantee

$$$$

Subgrantee

$$$$ $$$$ $$$$

Subrecipient   Subrecipient   Contractor

benefits   benefits   benefits

Beneficiaries   Beneficiaries   Beneficiaries

Beneficiaries
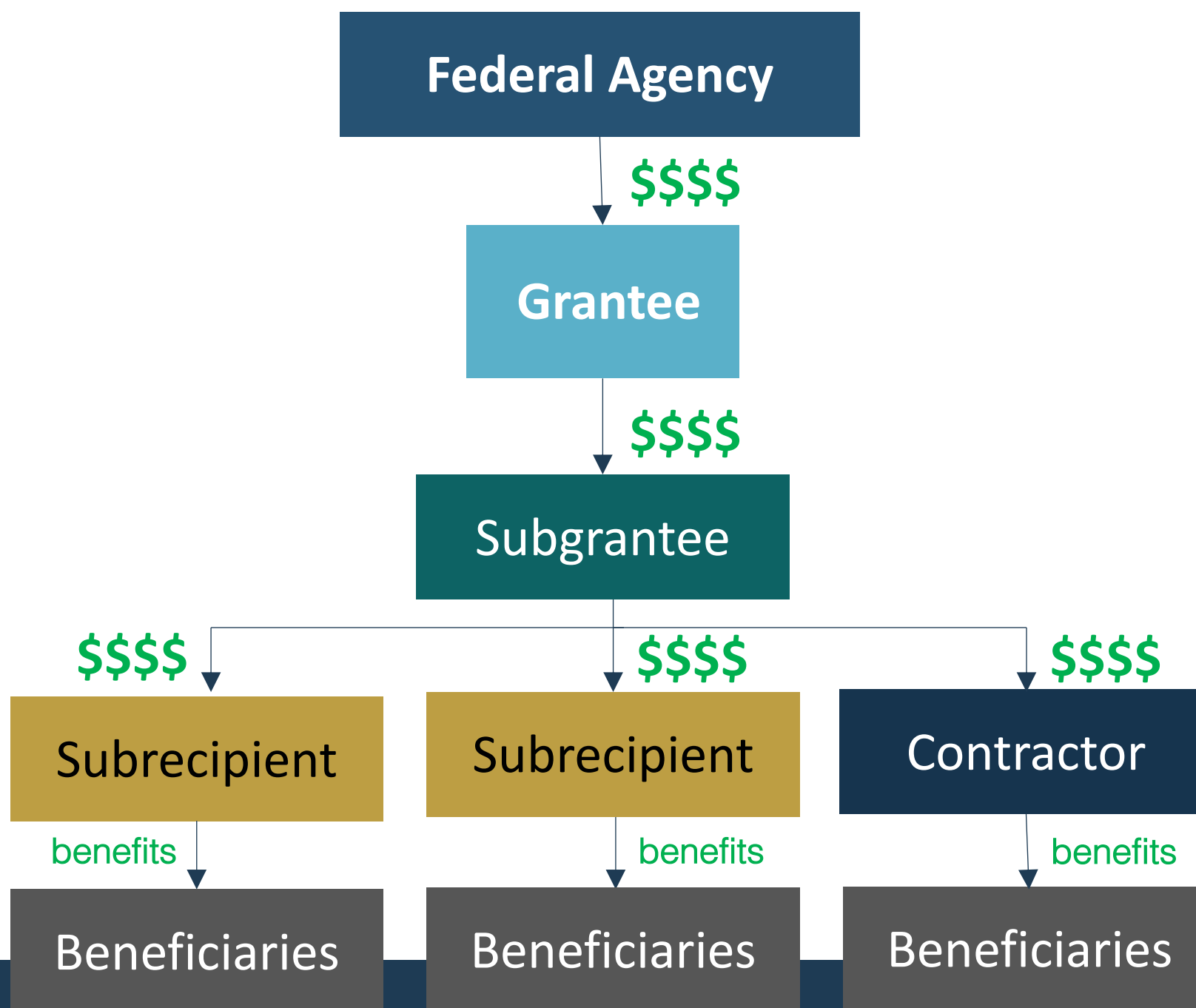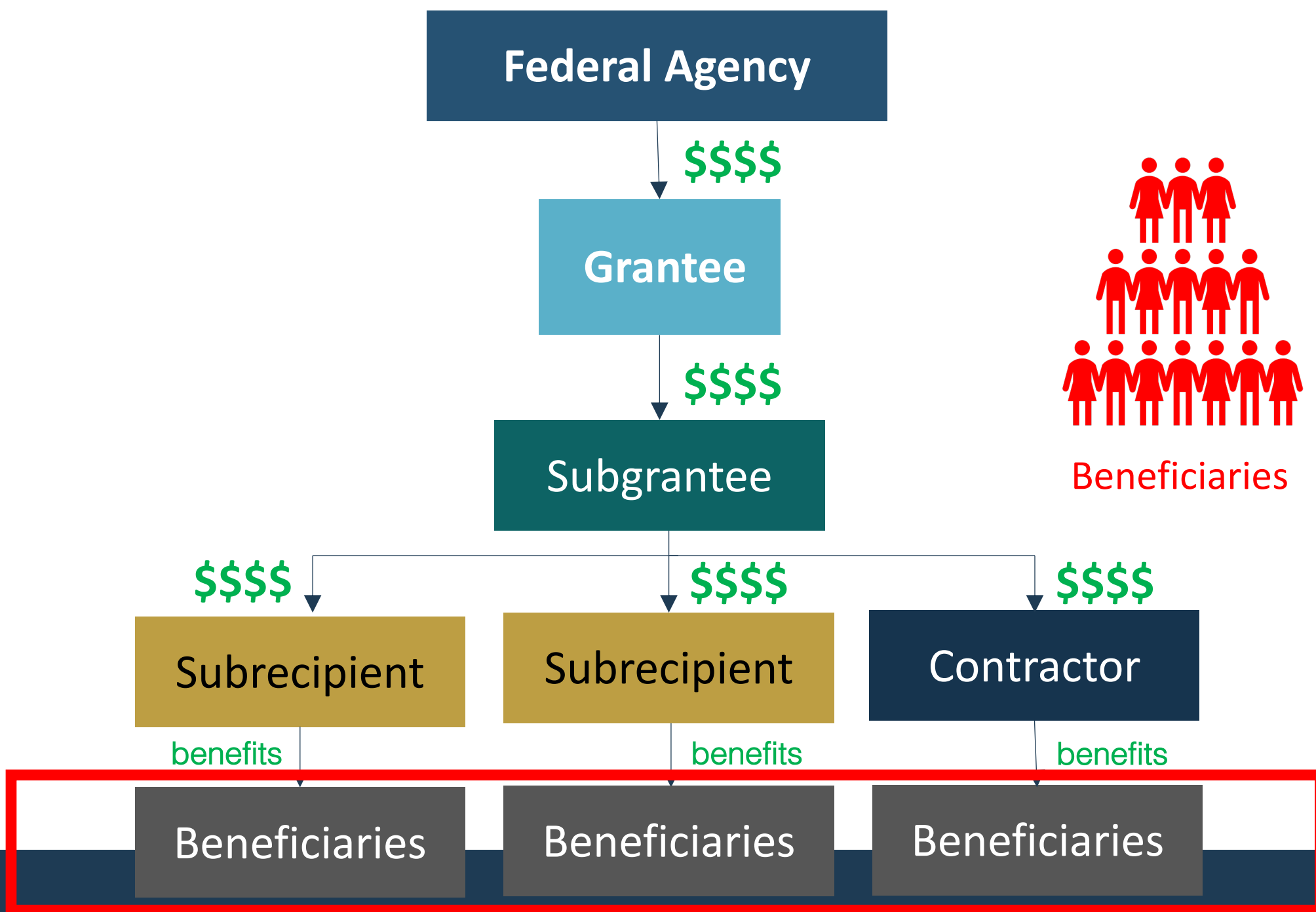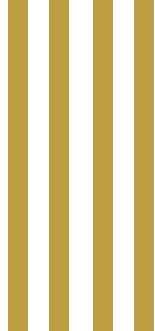
Governing Rules

Authorizing Legislation

↓

Uniform Grant Guidance

↓

Agency Grant Conditions & Program Requirements

What is Pandemic Grant Fraud?

- Grant Fraud = Lying, cheating, and stealing

- Criminal
- Civil
- Administrative

Case Example: Conspiracy, Theft, False Invoices

- City received >$1 million from Coronavirus Relief Fund (U.S. Treasury) and Community Development Block Grant – CARES Act (HUD)

- Conspiracy
  - Two city employees:
    - City Council
    - Community Development
  - Employee's wife
  - Fourth individual

- Scheme 1: False Invoices from Shell Company
  - Two city employees formed LLC that billed city for consulting services that were never performed
  - City paid LLC more than $600,000

Case Example Cont.

- Scheme 2: False Invoices from Wife
  - Employee and wife conspired to submit false invoices for services regarding youth violence prevention programs
  - City paid nearly $150,000 to wife for services that were never performed

- Scheme 3: Fraudulent Invoices from Conspirator's Companies
  - Employee and fourth co-conspirator submitted fraudulent invoices from 2 of co-conspirator's companies to the city for PPE, supplies, and other services for municipal and school buildings
  - City paid about $430,000 to co-conspirator's companies for services that were never performed and supplies that were never provided

Case Example Cont.

- City Council Employee:
  - Pled guilty to 3 counts of wire fraud
  - Admitted he defrauded city out of more than $1.2 million

- City Council Employee's Wife:
  - Pled guilty to 1 count of conspiracy to commit wire fraud

- Community Development Employee:
  - Pled guilty to 1 count of conspiracy to commit wire fraud

- Co-Conspirator:
  - Convicted after trial of 1 count of conspiracy to commit wire fraud and 1 count of wire fraud

Red Flags: Pre-Award

- Undisclosed conflicts of interest
- Sole-source or no-bid contracts
- Excessive or illogical use of "Consultants"
- Duplicate funding/similar sounding titles and abstracts
- Sham websites, emails / lack of a website
- Identical values or sequence in bids, quotes and/or proposals
- Entities on the SAM excluded party list included in proposal/plan

Red Flags: During the Award

- Large, early expenditure report(s)/draw down(s)
- Non-payment of subcontractors or consultants
- Drawing down all or most of the funds in the last few months of the award
- Cost transfers to spend down expiring awards
- Inventories/invoices and financial records that do not reconcile
- Duplicate or inflated charges
- Inadequate, missing, or altered records
- Unsupported, unauthorized, non-reconcilable drawdowns
- Even dollar values, identical values, and/or a repeating sequence in expenses or invoices

Red Flags: Post Award

- Requests made after award period ends
- Late/no final reports
- Grants with unliquidated funds at the end of the award

Red Flags: Organizational

- High turnover
- Complex structure
- Lack of clear job descriptions
- Lack of segregation of duties / one person in control
- Insufficient staffing / lacking capacity

Red Flags: Policies and Procedures

- Lacking or nonexistent
- Conflicting, contradictory, or confusing
- Exist but not followed
- Outdated
- Lack of separation of duties
- Unsupervised use of checking accounts, cash, debit or credit cards
- Commingling

Red Flags: Auditing and Monitoring

- No prior audits / lack of monitoring

- Management does not address findings or concludes findings do not need to be corrected

- Management agrees to correct findings but fails to follow through or take action

What can you do?

- Read the rules

- Understand the rules

- Follow the rules

- Document that you're following the rules

What can you do?

- Read the rules

- Understand the rules

- Follow the rules

- Document that you're following the rules

- If you are unsure, ask the agency/prime

What else can you do?

- Train your staff to look for red flags

- Be truthful

- Strengthen your forms

  - Include certifications throughout the life cycle of your programs

- Trust, but verify

Certifications

Grant Lifecycle Certifications Hold Grantees Accountable At Each Phase

Certifications Mandated at All Grant Stages

- Application
- Interim and Final Progress Reports
- Drawdown of Funds
- Financial Reporting

Types of Information To Be Certified

- Eligibility Criteria
- Current and Pending Support
- Disclosure of Conflicts/Related Party Transactions
- Pending Applications and Overlapping Funding
- Present Responsibility and Prior Convictions
- Reversionary Interest in Unexpended Funds
- Expense Reports and/or Milestone Charts

SF-424 Application for Federal Assistance

Application for Federal Assistance SF-424

* 1. Type of Submission:
- Preapplication
- Application
- Changed/Corrected Application

* 2. Type of Application:
- New
- Continuation
- Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

[Add Attachment] [Delete Attachment] [View Attachment]

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding ($):

* a. Federal

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21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

---

* Zip / Postal Code:

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

* First Name:

Middle Name:

* Last Name:

Suffix:

Title:

Organizational Affiliation:

* Telephone Number:

Fax Number:

* Email:

herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix:

* First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

What *else* can you do?

- Report violations of the rules

HUD OIG HOTLINE
1-800-347-3735
OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PANDEMIC RESPONSE ACCOUNTABILITY COMMITTEE

Hotline

https://www.hudoig.gov/hotline/hotline-form

https://www.pandemicoversight.gov/contact/about-hotline

When *must* you disclose violations?

- Uniform Guidance Mandatory Disclosure Requirement
  - Grantees and applicants "**must disclose**, in a **timely** manner, **in writing** to the Federal awarding agency or pass-through entity **all violations of Federal criminal law involving fraud, bribery, or gratuity violations** potentially affecting the Federal award…"
    - 2 CFR § 200.113 (emphasis added)

Employees of grantees and subgrantees are protected from retaliation!

- Federal law prohibits retaliation against employees of grantees, subgrantees, contractors, and subcontractors for providing information reasonably believed to evidence:
  - A violation of law, rules, or regulation
  - Gross mismanagement
  - A gross waste of funds
  - An abuse of authority, or
  - A substantial and specific danger to public health or safety

Employees of grantees and subgrantees are protected from retaliation!

- Employees of federal grantees, subgrantees, contractors, and subcontractors are protected from retaliation if they make a whistleblower disclosure to:
  - Their management
  - OIG
  - An official responsible for investigating misconduct
  - Congress
  - GAO
  - DOJ, Court or grand jury

Whistleblower Protection

- Relevant Statute: 41 U.S.C. § 4712

- More information: https://www.hudoig.gov/fraud/whistleblower-rights/federal-contractor-grantee-protections

- To file a complaint: https://www.hudoig.gov/hotline/whistleblower-retaliation-complaint-form

Additional Resources

- **CIGIE Report: Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse** https://www.ignet.gov/sites/default/files/files/CIGIEGrantOversightCapstoneReport(Jan2021)Final1-28-21x.pdf

- **Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program to Consider in Managing Risks for Pandemic Programs:** https://www.hudoig.gov/sites/default/files/2021-11/2022-FW-0801.pdf

- **Semiannual Reports to Congress**
  - HUD OIG SARs: https://www.hudoig.gov/library/semiannual-reports

- **HUD OIG Fraud Bulletins and Alerts** https://www.hudoig.gov/fraud/notices-alerts

- **Press Releases** https://www.hudoig.gov/news-congressional/press-releases

State and Local Oversight

Elaine Howle
Special Advisor for State, Local, Tribal, and Territorial Oversight of the PRAC and former California State Auditor

State High Risk Program

- Designated California's Management of Pandemic Relief Funds as a High-Risk Statewide Issue

- Used Risk-Based Approach to Identify Programs to Audit

- Exercised Statutory Authority to Conduct High-Risk and Follow-Up Audits

Factors Used for Risk Assessment

- Significant Amount of Funding

- Expansion or Changes to Programs' Eligibility

- Program Changes that Could Necessitate Outreach/Education

- Past Audit Findings on Management of Federal Funds

- Rapid Nature of Allocation and Urgent Need of Funding

Report Designating Receipt of Federal Pandemic Relief Funds as High Risk

Report 2020-602 Issued in August 2020

- Identified 18 State Agencies **Receiving $71 Billion**

- Identified 18 Agencies Responsible for **Managing 35 Programs**

- **Conducted 12 Audits** During Calendar Year 2021

Common Issues Noted in Programs

Eligibility

- Agencies Not Following Federal Guidance

- Suspension of Controls to Verify Identity

- Allowing Individuals to Self-Certify Impact

Common Issues Noted in Programs

Monitoring

- Not Occurring or Not Robust

- Limited Resources Devoted to Oversight

- Timeliness of Oversight

Common Issues Noted in Programs

Improper/Fraudulent Payments

- Duplicate Payments

- Payments to Ineligible Claimants

- Impostor Fraud via Stolen Identity

Best Practices for Program Success

- Identify Risks Associated with Receipt and Use of Funds

- Assess Controls and Modify if Necessary

- Communicate and Coordinate with State and Local Entities

- Continuously Monitor and Reassess Performance

Treasury Oversight and Compliance

Rich Delmar
Deputy Inspector General of the Department of the Treasury

Debbie Harker
Assistant Inspector General for Audit of the Department of the Treasury Office of Inspector General

Agenda

- Coronavirus Relief Fund (CRF)
- State and Local Fiscal Recovery Funds (SLFRF)

Treasury OIG Authority

- Responsible for monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund payments

- Recouping funds if Treasury OIG determines that a State, Tribal government, or unit of local government has failed to comply with "Uses of Funds" under subsection 601(d) of the Social Security Act, as amended by the CARES Act

CRF Uses of Funds

- 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. The period of performance end date for Tribal entities is extended to December 31, 2022.

CRF Data Collection

- Prime recipients have been required to submit quarterly financial progress reports in the GrantSolutions portal

- Closeout is in process with last reporting period under way currently for period ended December 31, 2022 for all non-tribal entities.

- For Tribal entities costs should be incurred/obligated by December 31, 2022 and expenditures recorded by March 31, 2023. Closeout reports completed by July 10, 2023 for the period ended June 30, 2023.

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

- Review referrals from Treasury OIG's Office of Investigations and Office of Counsel, the Pandemic Response Accountability Committee, and other external sources

CRF Desk Reviews

- 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

Risks Identified through Desk Reviews and Single Audit Findings

- Loans with repayment terms extending past the period of performance.

- Supporting documentation for expenditures.

- Payroll expenses – Documentation that expenses are related to public safety or substantially dedicated to COVID-19 response.

- Transfers to other government entities – Documentation and the accuracy of reporting funds transfers to another governmental entity and within the recipients' own government.

- Aggregate reporting – This should be used only for single transactions less than $50,000.

Recoupment

If there is a determination of non-compliance by Treasury or Treasury OIG

- Treasury OIG may:

  - seek recoupment of funds; or

  - allow the prime recipient to demonstrate that other eligible expenses incurred during the covered period of March 1, 2020 through December 31, 2021, would qualify as allowable

- If there is a determination to recoup funds, Treasury OIG will attempt to collect those funds from the prime recipient through Treasury's Bureau of the Fiscal Service – Centralized Receivable Service.

Guidance

Treasury	Treasury OIG
Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments (re-published on January 15, 2021) (https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf) **Coronavirus Relief Fund Frequently Asked Questions (re-published on January 15, 2021)** (https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf)	**The following resource materials for CRF reporting compliance can be located on Treasury OIG's website at https://oig.treasury.gov/cares-act-reporting-and-record-keeping-information** • *Coronavirus Relief Fund Reporting and Record Retention Requirements* (OIG-CA-20-021; July 2, 2020) • *Coronavirus Relief Fund Reporting Requirements Update* (OIG-CA-20-025; July 30, 2020) • *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* (Revised) (OIG-CA-20-028R; March 2, 2021) • *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide* (OIG-CA-20-029R; April 19, 2021) • *Prime Recipient Desk Review Procedures* (OIG-CA-21-004R; March 22, 2021) • *Prime Recipient Quarterly GrantSolutions Submissions Closeout Procedures Guide* (OIG-CA-22-010; February 14, 2022)

Treasury's State and Local Fiscal Recovery Fund

Section 602 Coronavirus State Fiscal Recovery Fund

- $219.8 billion available through December 31, 2024 for payments to States, territories, and Tribal governments to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19

  - $4.5 billion reserved for U.S. Territories

  - $20 billion reserved for Tribal Governments

  - $195.3 billion to the 50 states and District of Columbia

State and Local Fiscal Recovery Fund

Section 603 Coronavirus Local Fiscal Recovery Fund

- $130.2 billion to remain available through December 31, 2024 for making payments to metropolitan cities, non-entitlement units of local government, and counties to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19.

  - $45.57 billion to metropolitan cities

  - $19.53 billion to non-entitlement units of local government

  - $65.1 billion to counties

Potential Risk Areas in SLFRF Eligible Use Categories

- Replacing Lost Public Sector Revenue

  - Errors in calculations of revenue loss

  - No support for and transparency of standard allowance of up to $10 million

- Responding to Public Health and Economic Impacts of COVID-19

  - Unsupported and/or misrepresentation of assistance to households, small businesses, nonprofits, and industries, and capital expenditures

- Premium Pay

  - Improper and unsupported premium pay (i.e. overtime, hazard pay)

- Water & Sewer Infrastructure

  - Unsupported and/or misrepresentation of project employment for all infrastructure projects over $10 million.

Potential Risk Areas in
SLFRF Eligible Use Categories

- Broadband Infrastructure

  - Projects not complying with download/upload speeds (100/20 Mbps)

  - Duplicate spending/lack of coordination with other Federal Broadband funding

  - Projects not completing "last-mile" networks

- Program Administration

  - Period of Performance-funds not used within covered period:

    (1) funds must be used for costs incurred on or after March 3, 2021

    (2) costs must be obligated by December 31, 2024, and expended by December 31, 2026

  - Funds used for Federal program matches or cost-shares that do not comply with other program waivers that disallow or exclude such use

  - Reporting and Compliance

    - Inaccurate and/or untimely reporting may result in recipient non-compliance going undetected

      (1) P&E Reports

      (2) Recovery Plans/Performance Reports

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SLFRF Cannot be Used For:

- Offsets – Reduction in net tax revenue

- Pension fund deposits

- Debt service or replenishing financial reserves

- Satisfaction of settlements and judgments.

- Projects that conflict with the purpose of the American Rescue Plan Act

Risks Identified in Single Audits

- Expenditures outside period of performance (services or purchases before/after the allowable periods to obligate funds)

- Lack of supporting documentation

- Non-compliance with Procurement policies and procedures to include verifying vendor Suspension and Debarment status

- Inadequate Sub-recipient monitoring

- Inaccuracies in the Schedule of Federal Expenditure Awards

Treasury Guidance

- Interim Final Rule implements the provisions of SLFRF program (https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf)

- The Final Rule (released on January 6, 2022) provides flexibilities and simplicity for recipients (https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf).

- Treasury issued compliance requirements & guidance that includes the *recipients Recovery Plan Performance Report Template*, *Project and Expenditure Report User Guides, and Compliance and Reporting Guidance SLFRF* that can be found at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities

- Treasury established SLFRF Self-Service Resources at *https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/slfrf-self-service-resources* for program recipients. Resources include FAQs, and access to IT assistance for questions related to reporting, technical issues, and eligible uses of funds. Questions may be sent to covidreliefitsupport@treasury.gov

- General program questions may also be sent to Treasury at SLFRP@treasury.gov

Setting the Stage for Good Internal Controls

- ❖ **Preliminary Preparation in Anticipation of Major Unplanned Loss/Event**

  - Identify Executive Advocate/Executive Leadership, Identify an Internal Team Lead, and Establish a Working Group

- ❖ **Establish a Cost Recovery Team**

  - Core Working Group/Transition

  - Governance Committee/Senior Leadership

  - Division of Responsibilities: Programmatic & Compliance and Reporting

- ❖ **Identify Resources for Execution of Programs**

  - Internal and External Partners

- ❖ **Internal & External Communication**

  - Example: Within the core working group and with external partners

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Examples of Cost Recovery/Savings

❖ Single Audit – No Findings

❖ Reconciliation of Fund Balances – Ability to re-allocate early

❖ Accountability – External and Internal Partners

❖ Collaboration Across Disciplines and Departments

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Resources

For more information and to contact e311 experts visit:

- https://bloombergcities.jhu.edu/program/e311

Connect with today's panelists online to learn more:

- https://www.pandemicoversight.gov/

- https://www.hudoig.gov/

- https://home.treasury.gov/
- pracinformation@cigie.gov

- CARES@oig.treas.gov

- covidreliefitsupport@treasury.gov

- SLFRP@treasury.gov

Connect with additional online resources to learn more:

- https://www.hudoig.gov/fraud/notices-alerts

- https://www.hudoig.gov/news-congressional/press-releases

- https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf

- https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf

- https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities

- https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/slrrf-self-service-resources

- https://www.ignet.gov/sites/default/files/files/CIGIEGrantOversightCapstoneReport(Jan2021)Final1-28-21x.pdf

- https://www.hudoig.gov/sites/default/files/2021-11/2022-FW-0801.pdf

- https://www.hudoig.gov/library/semiannual-reports

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Questions?

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