



CONTROLS OVER CARES ACT AND FEMA FUNDING IN RESPONSE TO COVID-19

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OBJECTIVES

- Is the design of controls appropriate to ensure CARES Act funding is spent in accordance with federal law?
- Are controls in place to ensure documentation is sufficient to support FEMA Public Assistance Grant requests for reimbursement?
- Are key controls operating as designed?

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITIES (CARES) ACT

- City Received \$88 Million in CARES Act Funding
- City Established a Team to Allocate COVID-19 Funds
- City Categorized CARES Act Expenses by Priority Area
- City Distributed a Portion of CARES Act Funds to External Partners
- City is Responsible for CARES Act Reporting and Compliance Monitoring

CITY CATEGORIZED CARES ACT EXPENSES BY PRIORITY AREA

Exhibit 2: City Planned Allocation of \$88 Million in CARES Act Funding

Category	Allocation
Provision of Economic Support	\$44,000,000
Public Health Measures	\$14,750,000
Payroll	\$13,184,611
Medical Expenses	\$8,000,000
Public Health	\$4,500,000
Other	\$4,000,000
Total	\$88,434,611

Source: Auditor's summary based on Ordinance 20-O-1362

FEMA PUBLIC ASSISTANCE GRANT FUNDS

- City Receives Additional Funding From FEMA
- City Is Responsible For Monitoring FEMA Public Assistance Grant Funds for Compliance

FINDINGS OVERVIEW

- Control Design Appears Adequate to Ensure Compliance with Federal Guidelines
- Controls Failed to Flag Hazard Pay Anomalies

THIRD-PARTY VENDOR REVIEWS TRANSACTIONS FOR COMPLIANCE

- Landmark Consulting provides cost recovery services to maximize the city's \$88 Million received in federal funding and maintains an online dashboard.
- The Department of Finance is responsible for managing CARES Act spending and FEMA reimbursements.
- The city must have processes to ensure that data reported is of sufficient quality for public reporting and internal decision-making purposes.

REPORTING ENHANCES TRANSPARENCY

- The city must have processes to ensure that data reported is of sufficient quality for public reporting and internal decision-making purposes.

CITY EMPLOYEES MAY HAVE RECEIVED HAZARD PAY IN ERROR

Exhibit 8: CARES Act Spending as of September 30, 2020

Funding Amount	Purchase Orders and Direct Pays	Hazard Pay
\$88,434,611	\$31,585,881	\$13,184,611

Source: Landmark Consulting Dashboard

CONTROLS FAILED TO FLAG HAZARD PAY ANOMALIES

Recommendations:

- We recommend the Chief Financial Officer work with the Commissioner of Human Resources to document their monthly review process for hazard pay and store the documentation on the SharePoint site.
- We recommend the Chief Financial Officer follow-up with the Commissioner of Human Resources to review the 25 employees that received over \$1500 in hazard pay from July – September 2020.

CITY TIMEKEEPING PRACTICES POSE RISK

- Our prior audit work on overtime identified risks related to poor timekeeping records across most city departments.
- We recommended in our 2019 report, *Citywide Overtime*, that the city enforce the FLSA and city policies by paying sworn officers for premium overtime after employees have worked 171 hours and that the overtime calculation should not include leave taken as hours worked.
- We also recommended the chief operating officer and the human resources commissioner compel departments to maintain documentation to support prior approval and justification of overtime hours. These recommendations have yet to be implemented.

QUESTIONS?

Full Report:

[Controls Over CARES Act and FEMA Funding in Response to COVID-19 - February 2021 - City of Atlanta, City Auditor's Office \(atlaudit.org\)](#)