

**DEPARTMENT OF THE TREASURY
OFFICE OF INSPECTOR GENERAL**



**Coronavirus Relief Fund
Prime Recipient Desk Review Procedures
OIG-CA-21-004
October 26, 2020**

A. Coronavirus Relief Fund Overview

Title VI of the Social Security Act, as amended by Title V of Division A of the *Coronavirus Aid, Relief, and Economic Security Act* (Public Law 116-136)¹ established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion for making payments to States, Tribal governments, units of local government, the District of Columbia, and U.S. Territories. Payments were made in accordance with requirements outlined in Title V, of which \$3 billion was reserved for payments to the District of Columbia and U.S. Territories and \$8 billion was reserved for payments to Tribal governments. Further, no State received a payment of less than \$1.25 billion. The CARES Act assigned the Department of the Treasury (Treasury) Office of Inspector General (OIG) with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF payments. Treasury OIG also was assigned authority to recoup CRF proceeds in the event that it is determined a recipient of a CRF payment failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).

The CARES Act stipulates that CRF recipients shall use the funds provided under a payment made under Title V to cover only those costs that

- (1) are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred between March 1, 2020 and December 30, 2020.

B. CRF Prime Recipient Reporting

Each prime recipient must report COVID-19 related costs incurred during the covered period (the period beginning on March 1, 2020, and ending on December 30, 2020), into the GrantSolutions² portal, as outlined in the

¹ P.L. 116-136 (March 27,2020)

² GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services, developed a customized reporting solution to capture the use of CRF payments from prime recipients. Each prime recipient was required to designate two preparers to enter data into the portal and an authorizing official, who is responsible for certification and submission of the recipient's quarterly report. Preparers enter data and validate entries once completed. Authorizing officials are responsible for reviewing and certifying the information prior to submission within the portal. Prime recipient reported data will be provided to the Pandemic Response Accountability Committee, which will publish the data on its website in accordance with Section 15010 of the CARES Act.

Coronavirus Relief Fund Reporting Requirements Update (OIG-CA-20-025, July 31, 2020³) as follows.

Projects

The prime recipient must list all projects⁴ it plans to complete with CRF payments. For each project, the prime recipient will be required to enter the

1. project name,
2. identification number (created by the prime recipient),
3. description, and
4. status of completion.

Expenditure Categories

The prime recipient must select the specific expenditure category from the available options from a dropdown menu:

- a. Administrative Expenses
- b. Budgeted Personnel and Services Diverted to a Substantially Different Use
- c. COVID-19 Testing and Contact Tracing
- d. Economic Support (Other than Small Business, Housing, and Food Assistance)
- e. Expenses Associated with the Issuance of Tax Anticipation Notes
- f. Facilitating Distance Learning
- g. Food Programs
- h. Housing Support
- i. Improve Telework Capabilities of Public Employees
- j. Medical Expenses
- k. Nursing Home Assistance
- l. Payroll for Public Health and Safety Employees
- m. Personal Protective Equipment
- n. Public Health Expenses
- o. Small Business Assistance
- p. Unemployment Benefits
- q. Workers' Compensation
- r. Items Not Listed Above - to include other eligible expenses that are not captured in the available expenditure categories

³ The original prime recipient reporting requirements are contained in *Coronavirus Relief Fund Reporting and Record Retention Requirements* (OIG-CA-20-021; July 2, 2020).

⁴ Projects are a grouping of related activities that together are intended to achieve a specific goal.

Each prime recipient must also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the prime recipient that are greater than or equal to \$50,000 as follows.

Contracts Greater Than or Equal to \$50,000

- a. Contractor identifying and demographic information (e.g. DUNS number and location)
- b. Contract number
- c. Contract date, type, amount, and description
- d. Primary place of contract performance
- e. Related project name(s)
- f. Period of performance start date
- g. Period of performance end date
- h. Quarterly obligation amount
- i. Quarterly expenditure amount
- j. Expenditure categories (listed above)

Grants Greater Than or Equal to \$50,000

- a. Grantee identifying and demographic information (e.g. DUNS number and location)
- b. Award number
- c. Award date, amount, and description
- d. Award payment method (reimbursable or lump sum payment(s))
- e. Related project name(s)
- f. Period of performance start date
- g. Period of performance end date
- h. Primary place of performance
- i. Quarterly obligation amount
- j. Quarterly expenditure amount
- k. Expenditure categories (listed above)

Loans Greater Than or Equal to \$50,000

- a. Borrower identifying and demographic information (e.g. DUNS number and location)
- b. Loan number
- c. Loan amount, date (date when loan signed by prime recipient and borrower), and description
- d. Loan expiration date (date when loan expected to be paid in full)
- e. Purpose of loan
- f. Primary place of performance

- g. Related project(s)
- h. Quarterly obligation amount
- i. Quarterly payments on outstanding loans
- j. Recipient plans for reuse of Coronavirus Relief Fund loan repayments
- k. Loan/expenditure categories

Transfers to Other Government Entities Greater Than or Equal to \$50,000

- a. Transferee/government unit identifying and demographic information (e.g. DUNS number and location)
- b. Transfer date, amount, and description
- c. Related project(s)
- d. Quarterly obligation amount
- e. Quarterly expenditure information
- f. Expenditure categories (listed above)

Direct Payments Greater Than or Equal to \$50,000

- a. Payee identifying and demographic information (e.g. DUNS number and location)
- b. Direct Payments amount and date
- c. Related project(s)
- d. Quarterly obligation amount
- e. Quarterly expenditure amount
- f. Expenditure categories (listed above)

Aggregate reporting below \$50,000 and for payments to individuals

Aggregate reporting is required on contracts, grants, transfers made to other government entities, loans, and direct payments that are below \$50,000, and for all payments to individuals.

C. Prime Recipient Certification and Submission

Once the prime recipient preparer(s) has entered and validated data, the prime recipient's authorizing official is responsible for reviewing and certifying the information prior to submission within the GrantSolutions portal.

D. Treasury OIG Coronavirus Relief Fund Desk Review Overview

Purpose

The purpose of this desk review procedures guide is to assist Treasury OIG in performing compliance monitoring of the prime recipient's receipt, disbursements, and uses of CRF proceeds (hereinafter referred to collectively

as uses of CRF) as reported in GrantSolutions on a quarterly basis. Procedures for monitoring, reviewing, and approving prime recipient's quarterly GrantSolutions submissions are documented separately in the *Coronavirus Relief Fund: Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*.

Objective

The objective of the desk review is to evaluate the prime recipient's documentation supporting the uses of CRF proceeds as reported in GrantSolutions, and assess risk of unallowable use of funds. As part of the desk review, other publically available information, such as Single Audit or other State Auditor reports, will be used to identify internal control matters that may pose risk or impact the prime recipient's appropriate use of CRF proceeds. The desk review may result in a site visit to the prime recipient for a more in-depth review or a recommendation for audit.

Desk Review Scope and Methodology

The scope of the desk review will include a single quarter or multi-quarters, as deemed appropriate, during the prime recipient quarterly reporting period beginning with the first cycle submission (March 1- June 30, 2020) due September 21, 2020, through the quarter ending September 30, 2021.

The review methodology includes, but is not limited to, the following:

- review the prime recipient's quarterly GrantSolutions submission(s);
- review other audit reports (Single Audit, State Auditor, Government Accountability Office (GAO), and other applicable Federal agency OIG reports at Oversight.gov) for internal control or other deficiencies that may pose risk or impact the prime recipient's uses of CRF proceeds;
- review the National Association of State Auditors, Comptrollers, and Treasurers newsletter for issues that may pose risk or impact the prime recipient's uses of CRF proceeds;
- review Office of Investigations, Pandemic Response Accountability Committee (PRAC), and Office of Counsel leads on issues that may pose risk or impact the prime recipient's uses of CRF proceeds;
- select a judgmental sample of contracts, grants, loans, transfers to other governments, direct payments, and aggregate reporting (hereinafter referred to as payment types) based on risks identified in other audit reports, GrantSolutions reporting deficiencies identified by the monitoring/approval team, and anomalies identified by the Data Analytics manager. If necessary, consult with a statistician to identify

- a sampling methodology to determine the appropriate sample size for review of the prime recipient's reported obligations and expenditures;
- obtain and evaluate the prime recipient's documentation and records used to support the quarterly submission(s);
 - interview the prime recipient preparer(s) and certifier as deemed appropriate;
 - interview State Auditors and other applicable oversight agency personnel as deemed necessary; and
 - conduct site visits to the prime recipient, as deemed necessary.

E. Desk Review Procedures

These procedures do not exclude performing additional procedures or steps deemed necessary based on the prime recipient, the type of payment, and or other matters identified during the desk review and/or site visit.

- I. Identify a prime recipient for review and consider the following:
 - a. the prime recipient has exhibited a high degree of difficulty in the quarterly reporting process;
 - b. the prime recipient has submitted one or more late quarterly reports; or
 - c. the prime recipient has triggered a non-compliance status in one or more quarterly reports.
 - d. document the rationale for the selection of prime recipient for review.
- II. Notify the Prime Recipient of planned desk review.
 - a. Issue a notification or engagement memorandum to the prime recipient's authorized official explaining the purpose of the desk review. Copy Treasury, the State Auditor, or other oversight agency as appropriate.
 - b. Schedule a mutually agreeable date for an entrance conference with the appropriate management official(s) where details of the desk review will be provided.
 - c. Provide a document request list for records supporting sample selection of contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals

selected for review. See below for consultation with statistician procedure.

III. Perform Preliminary Desk Review Due Diligence

- a. Review the prime recipient's quarterly submission(s) in GrantSolutions to identify any unresolved reporting issues, variances between obligations and expenditures, insufficient descriptions provided for "Items Not Listed Above" expenditure category, or other anomalies needing further review.
- b. Review results of Single Audit(s) and other audits to identify internal control deficiencies that may pose a risk and/or impact the prime recipient's quarterly reporting and compliance with uses of CRF proceed requirements. Single Audit reports may be obtained from the recipient's website(s), or the Federal Audit Clearinghouse Database at <https://facweb.census.gov/>. Review reports for the following:
 1. the report's audit findings that could have a potential effect on the recipient's administration of CRF proceeds (e.g., cash management, segregation of duties, etc.). For Single Audit reports, pay particular attention to the Schedule of Expenditure and Questioned Costs and Summary Schedule of Prior Audit Findings. If the recipient's Single Audit report is not a separate report, review the Federal Program section of the State report for any findings, paying particular attention to the types of compliance requirements that caused problems for the recipient.
 2. If findings are identified, review the Management Response section of the finding and determine if a corrective action plan (CAP) has been identified. If there is a CAP, determine if any of the proposed actions may otherwise impact the recipient's management of CRF received. Also, note the status of corrective actions.
- c. Review audit reports related to the prime recipient that received Federal funding from other Federal agencies. Search websites to include:
 1. <https://www.oversight.gov/>
 2. [U.S. Government Accountability Office \(U.S. GAO\)](#)

3. <https://www.pandemicoversight.gov/>
4. Other Federal awarding agencies that provided Federal funds to the recipient (e.g., the top five Federal awarding agencies of the recipient, which can be collected from the Single Audit report).

Search for any reports on these websites relating to CRF/Federal grants to the recipient using the following terms: "CARES Act," "Coronavirus Relief Fund"

- d. Document reviews of other audit reports or evaluations, summarizing internal control or other deficiencies, recommendations, and conclusion as to risk and/or impact on the prime recipient's quarterly reporting and compliance with uses of CRF requirements. Include pertinent information about the report, including: name of report, link to report, name of auditor, name of government agency, and date of report.
- e. Perform and/or review results of data analytics of the prime recipient's GrantSolutions data to include but not limited to (1) analysis of projects completed using CRF proceeds; (2) analysis of the prime recipient's use of CRF by expenditure category to identify high dollar and unique expenditure types (as described in Other Category of GrantSolutions); (3) trend analysis by expenditure category, and (4) identification of anomalies within obligation and expenditure data, projects (if any), and sub-recipient population reported.

IV. Select Sample of Payment Types for Review

- a. Select a judgmental sample of payment types. Consider internal control deficiencies identified in other audit reports or GrantSolutions reporting deficiencies that may pose risk to and/or impact the prime recipient appropriate uses of CRF proceeds. If deemed necessary, consult with statistician to determine appropriate sample methodology and sample selection to review obligations and expenditures for payment types. Provide statistician

with GrantSolutions extracts and other information to determine approach to selecting sample records to review.

- b. Document the sample selection to include the methodology and/or rationale for the selection.
- c. If statistician is consulted, obtain statistician's documented sampling methodology to support sample selections or document the rationale for selection.

V. Review Prime Recipient Documents/Records

a. Contracts \geq \$50,000

- i. Record the dollar amount (\$) of selected contract's obligations and expenditures selected for review, contract date, period of performance, and associated project, if any.
- ii. Does the documentation sufficiently support the selected contract's obligations and expenditures, contract date, period of performance dates, and associated project, if any?
- iii. Does the documentation sufficiently support the selected expenditure category (noted above)?
- iv. Are there any internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for contracts? Document potential risk(s). Request and review applicable prime recipient policies and procedures as necessary.
- v. Summarize review results and the types of documents evaluated.

b. Grants \geq \$50,000

- i. Record the dollar amount (\$) of selected grant's obligations, expenditures, grant payment type (one-time payment or reimbursable), grant date, grantee compliance/noncompliance, and associated project, if any.
- ii. Does the documentation sufficiently support the selected grant's obligations and expenditures, and type of grant (one-time payment or reimbursable)?

- iii. For grantee noncompliance, does the documentation adequately describe circumstances for noncompliance? Follow up with the prime recipient if deemed appropriate (i.e. if noncompliance occurs over several quarterly GrantSolutions submissions).
 - iv. Does the documentation support the selected expenditure category (noted above)?
 - v. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for grants? Document potential risk(s). Request and review applicable prime recipient policies and procedures as necessary.
 - vi. Summarize review results and the types of documents evaluated.
- c. Loans \geq \$50,000
- i. Record dollar amount (\$) of selected loan's obligations, expenditures, loan date, and associated project, if any.
 - ii. Does the documentation sufficiently support the selected loan's obligation and expenditures, loan date, and project, if any?
 - iii. Does the documentation support the selected expenditure/payment category (noted above)?
 - iv. Are loan repayment proceeds used or plan to be used for other CRF allowable uses or returned to Treasury? If repayments are returned to Treasury, request documentation supporting the return. If not returned, document how the funds are used or plans for use by the prime recipient.
 - v. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for loans? Document potential risk(s). Request and review applicable prime recipient policies and procedures as necessary.
 - vi. Summarize review results and the types of documents evaluated.
- d. Transfers to Other Government Entities \geq \$50,000
- i. Record dollar amount (\$) of selected transfer obligations, expenditures, transfer date, and associated project, if any.

- ii. Record the of government to which the transfer was made?
 - iii. Does the documentation sufficiently support the selected transfer's obligations, expenditures, transfer date, and project, if any?
 - iv. Does the documentation support the selected expenditure category (noted above)?
 - v. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for transfers (i.e. cash management and disbursement deficiencies? Document potential risk(s). Request and review applicable prime recipient policies and procedures as necessary.
 - vi. Summarize review results and the types of documents evaluated.
- e. Direct Payments \geq \$50,000
- i. Record dollar amount (\$) of selected direct payment's obligations, expenditures, payment date, and associated project, if any.
 - ii. Does the documentation sufficiently support the selected direct payment's obligations, expenditures, payment date, and associated project, if any?
 - iii. Does the documentation support the selected expenditure category (noted above)?
 - iv. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for direct payments (i.e. cash management and disbursement deficiencies? Document potential risk(s). Request and review applicable prime recipient policies and procedures as necessary.
 - v. Summarize review results and the types of documents evaluated.
- f. Aggregate Reporting $<$ \$50,000
- i. Select a payment type (i.e. contract, grant, loan, direct payment, transfer) to review. Note: Expenditure categories are not selected for aggregate reporting.
 - ii. Record dollar amount (\$) of selected payment type's obligations and expenditures, and payment dates.

- iii. Does the documentation sufficiently support the selected payment type's obligations, expenditures, and payment dates?
 - iv. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for payment type? Document potential risk(s).
 - v. Summarize review results and the types of documents evaluated. Request and review applicable prime recipient policies and procedures as necessary.
- g. Aggregate Payments to Individuals (in any amount)**
- i. Record dollar amount (\$) of selected payment type's obligations and expenditures, and payment dates.
 - ii. Does the documentation sufficiently support the selected payment type's obligations, expenditures, and payment dates?
 - iii. Are there internal control deficiencies identified in Single Audit and other audit reports that pose a risk to the prime recipient's use of CRF proceeds for payment type? Document potential risk(s).
 - iv. Summarize review results and the types of documents evaluated. Request and review applicable prime recipient policies and procedures as necessary.
- h. Perform follow up with the prime recipient to resolve any variances and discrepancies identified in the reviews of above payment types.**
- i. Prepare a memorandum documenting desk review findings based on summary results for each payment type category and overall assessment of the prime recipient's compliance with GrantSolutions reporting and uses of CRF proceed requirements. Based on results of the overall desk review, determine whether to conduct a site visit to the prime recipient for a more in-depth review or refer for audit to the Treasury OIG CARES Act I team or the Office of Investigations (see attachment 1).**

VI. Site Visits

Site visits represent the highest level of prime recipient monitoring. Treasury OIG staff may initiate site visits based on information obtained during quarterly reviews and desk reviews. When an on-site field visit is not possible or practicable for either Treasury OIG staff or the prime recipient, a virtual site visit may be an option. Among other things, on-site visits should resolve desk review issues, allow the Treasury OIG to evaluate the status of projects and/or activities as selected, and apply the desk review procedures to an expanded scope for review.

During the on-site visit, Treasury OIG will perform additional procedures to include:

- a. conducting an entrance interview with the prime recipient's management officials, project personnel, or financial/accounting staff to set the tone and establish expectations for the on-site visit;
- b. interviewing key officials and staff to discuss any unresolved issues or problems that were noted during the desk review, and, if applicable and appropriate, conduct interviews with sub-recipients;
- c. performing desk review procedures above on expanded scope of obligations, expenditures, payment type, or expenditure categories as deemed necessary; and
- d. conducting an exit conference with the prime recipient to discuss results and next steps.

Following the site visit, Treasury OIG staff will document the analyses completed, conclusions drawn, and any next steps or recommended corrective actions. Based on results of the site review, determine whether to refer for audit to Treasury OIG CARES Act I Team (see attachment 1) or the Office of Investigations.

VII. Perform Post Desk Review Review/Site Visit Procedures

- a. Prepare memorandum to notify prime recipient of desk review results. Document next steps (i.e. audit, refer to Office of Investigations, or no other action).
- b. If site visit conducted, prepare memorandum to notify prime recipient of the site visit review results. Document next steps (i.e. audit, refer to Office of Investigations, or no further action).

CARES Act Coronavirus Relief Fund Desk Review Report Cover Sheet

Prime Recipient:	Name	
Location	Full Address	
Date of Desk Review	Date	
Reviewers:	Name(s)	
Audit Manager Signature & Date		
Audit Director Signature & Date		

Findings:

Recommendations:

Assistant Inspector General for Audit

Comments: _____

Approve: _____ Disapprove: _____ Date: _____