



Inspector General Insights

Background: On Wednesday, June 16, 2020, Governor Ron DeSantis announced Florida's plan to distribute \$1.275 billion in Coronavirus Aid Relief and Economic Security (CARES) Act funds to counties with a population below 500,000. Collier County's \$67 million in funds were divided into five broad initiatives:

- \$30 million for community health and services initiatives. This includes nonprofits, community health and public safety providers as well as 501(c)(19) veteran's organizations, food banks/pantries and childcare providers that fall under 501(c)(3) nonprofit status.
- \$15 million for individual assistance. These funds will be distributed to qualified residents for assistance with past due rent, mortgage, childcare, and utility payments.
- \$10 million for small business relaunch and rehire grants. This includes hospitality marketing efforts for those in that sector.
- \$5 million for personal protective equipment (PPE). This involves providing kits to small businesses, health and public safety and nonprofits in Collier County that are heavily involved with public interaction.
- \$7 million in reserve.

CARES payroll reimbursements for first responders allowed budgetary funds to be reallocated, resulting in an additional \$25 million in local financial aid made available to CARES applicants. Applications for various individual and small business CARES funding was open through the Neighborly (federal grant application) and Collier Community Assistance Program (local funding) portals from July 27, 2020 to December 31, 2021.

On September 3rd, 2020, Collier County entered into an agreement with Community Foundation of Collier County to administer the CARES ACT Food Bank/Pantry Assistance Program. Community Foundation of Collier County, Inc. provided funding to Collier County food banks and pantries through the reimbursement of cost for personnel, food, storage, delivery, and distribution incurred between March 1, 2020 and December 30, 2020 related to COVID-19.

Due to the risk of fraud, the Office of Inspector General (OIG) provided an additional level of review and analysis, ranging from analytical procedures on the universe of applications, to reviews of specific grant applications.

Objective: Our objective was to ensure adequate procedures and processes are in place to properly screen CARES applicants for payment, and to ensure CARES payments were made to individuals and small business with legitimate funding needs as prescribed in the grant funding guidelines. Our analytic procedures were designed to detect noncompliant or potentially fraudulent activity, ideally prior to funds disbursement.

Scope: The OIG performed specific procedures to detect ineligible individual and small business applications on all CARES payments issued from September 30, 2020 to April 27, 2021, which were issued via the Collier CARES application process through the Neighborly portal. This review included 30 analytical and manual audit tests, which examined over \$10 million dollars issued to the community through the federal CARES grant and local CARES funding.

We also temporarily assigned two auditors to process 346 small business grant applications totaling \$4.9 million, and we tested a sample of food bank and pantry claims totaling \$5.5 million. These auditors did not assist in the analytical testing during or after this temporary assignment.

Observations: In our review of individual and small business grants, we noticed a number of items for further review:

1. Thirteen duplicate payment requests were made for the same payee to be reimbursed (including applicants and landlords).
2. Two duplicate payment requests were made for individuals with the same address.
3. Four rent payments were requested for individuals where there was a homestead exemption on the property (which was inconsistent with the CARES agreement terms).
4. There was one duplicate Employer Federal Tax Identification number noted on two different payment requests, and one similar business name on two payment requests.
5. Four small businesses showed unsatisfied liens, and 46 small businesses had already received compensation from the Small Business Administration (SBA).
6. There were two payments exceeding the \$5,000 maximum amount for the small business “hardest hit” assistance.

Some observations were resolved with additional review, such as landlords scheduled for rental payments on more than one property, divorced spouses naming the same children in the application, small businesses who properly disclosed their SBA payments, etc. Five cases were already detected by County Community and Human Services (CHS) staff or the Clerk’s Finance staff. Some grant applications may have had more than one irregularity, and we edited these to single cases to be reviewed. Ultimately, **four** remaining observations were referred to either CHS staff, the Clerk’s Finance staff, or both.

One grant application for rental assistance was paid, as there was no conclusive evidence to support denial of the claim. The OIG continues to monitor the case to ensure the propriety of usage; grant payments are subject to denial and repayment by the recipient, if not used as intended.

Conclusion: Overall, based on the results of our audit, the CHS and Grant Management staff have complied with the requirements of the CARES Act. The results of our audit were Satisfactory.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations / Recommendations
1,472	\$ 16,758,759.04	\$ 1,622,718.52	\$ 19,700.00	4