



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
The American Rescue Plan Act Grant**

**Prepared By:
Internal Auditors**



Table of Contents

Transmittal Letter	1
Executive Summary	2
Background	3 - 4
Objectives and Approach	5
Observations Matrix	6



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

321.255.0088
321.259.8648 (fax)
CRIcpa.com

Transmittal Letter

May 10, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2021/2022 internal audit plan, we hereby submit our internal audit of the American Rescue Plan Act (“ARPA”) Grant. We will be presenting this report to the Audit Committee at the next scheduled meeting on May 24, 2023.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of the ARPA grant.
Background	This provides a general overview of the ARPA grant.
Objectives Approach and Results	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the ARPA grant.

Respectfully Submitted,

Carr, Riggs & Ingram, L.L.C.

INTERNAL AUDITORS

Executive Summary

Overview

The American Rescue Plan Act of 2021 is a \$1.9 trillion coronavirus rescue package designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic. Brevard County was allocated \$116,920,177, and received its initial tranche of funding in the amount of \$58,460,088.50 on May 18, 2021 and the remainder of the funding was received on June 9, 2022.

These funds may be used for four categories:

1. Public health emergency with respect to Coronavirus Disease or its negative economic impacts
2. Premium pay to eligible workers
3. Revenue replacement for the provision of government services to the extent of the reduction in revenue of the county
4. Investments in water, sewer, or broadband infrastructure

The Treasury's final ruling detailing the final compliance requirements was published on January 6, 2022.

Objective, Approach and Results

The primary purpose of the internal audit of the ARPA grant function was to test the accuracy and compliance of the recovery plan and the quarterly project and expenditure report due October 31, 2022.

We obtained the draft recovery plan and quarterly project expenditure reports and reviewed the reports prior to the submission date for compliance with reporting guidelines, and that all projects budgeted for had descriptions for allowable activities.

We selected a sample of expenditures for fiscal year 2022 and tested for compliance. See results noted below.

Additionally, we noted that the County has expended funds during this quarter under one clean water project, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling \$327,423.

Summary of Results (See within for expanded results)		
Expenditure Testing (October 1, 2021- September 30, 2022)	Quarterly Project and Expenditure Report (July 1, 2022- September 30, 2022) Submitted: October 27, 2022	Project Allocations
A sample of expenditures incurred during fiscal year 2022 were tested. All expenditures tested were allowable costs under the grant, and vendors for these expenditures were chosen in compliance with the County's procurement policy.	The report was reviewed and submitted on time.	All of the proposed projects approved through September 30, 2022 were allowable projects based upon the category assignment.

Background

Overview:

ARPA activities are initiated and developed at the local level to support a community's response to and recovery from the COVID-19 public health emergency. Each entitlement grantee receiving ARPA funds may determine what activities it will fund as long as certain requirements are met.

Allowable Activities and Unallowable Activities:

Allowable activities fall under one of four categories:

1. Public Health and Negative Economic Impacts caused by the Public Health Emergency
2. Premium Pay for Essential Workers
3. Water and Sewer and Broadband Infrastructure Improvements
4. Replace lost public sector revenues

Unallowable activities include:

1. Contributions to Pension Plans
2. Debt Payments
3. Contributions for Reserve Funds
4. Paying Settlements of Judgments
5. Programs with requirements that undermine CDC Guidance

Lost Revenues

The lost revenues calculation is detailed in the interim final ruling, and expanded options were allowed for by Treasury's final ruling issued January 6, 2022.

The rate of growth is determined as the higher of either 5.2% standard rate or the actual rate of the county. The actual growth rate is calculated using the average annual revenue growth in the last full three fiscal years prior to COVID -19 public health emergency.

The counterfactual revenue is then calculated for each year utilizing either a fiscal or calendar year for 2020, 2021, 2022, and 2023, utilizing the formula below.

$$\text{base year revenue} \times (1 + \text{growth adjustment})^{\frac{n}{12}}$$

The counterfactual revenue is then compared to the actual revenue, and the difference is the lost revenues for the period.

Background – continued

Schedule of Funding and Period of Performance:

The County received \$58,460,088.50 on May 18, 2021, and received the remaining \$58,460,088.50 on June 9, 2022. The funds can be used for expenditures from March 3, 2021 through December 31, 2026. Any funds expended January 1, 2025 - December 31, 2026 must be obligated by December 31, 2024 and can only be spent on what was obligated. Any funds not spent on what was obligated by December 31, 2026 must be returned to the U.S. Department of Treasury.

Procurement:

The procurement guidelines are the same as all other federal grants. Purchases must be made following the requirements in 2 CFR §200.318 through 200.327. Purchases above the simplified acquisition threshold (currently at \$250,000), must be bid or noncompetitive procurement methods should be documented. Quotes should be obtained for small purchases (purchases between the simplified acquisition threshold and the micro-purchases threshold (currently at \$10,000)).

Prior to entering in to subawards or contracts with award funds, the County must verify that contractors and/ or subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR §19.300.

Reporting:

The County has a population that exceeds 250,000 residents; therefore, is subject to the following reporting requirements.

- 1) Interim Report - due August 31, 2021
- 2) Recovery Plan Performance Report - due August 31, 2021, and then annually by July 31st.
- 3) Project and Expenditure reports - due quarterly 30 days after the end of each quarter, beginning with January 31, 2022
- 4) FFATA reporting is being done by the Treasury on behalf of all recipients. The threshold is increased to \$50,000 for subawards, and this information is included in the Project and Expenditure reports for the Treasury to perform the reporting.

The Recovery Plan Performance report is required to be publicly accessible.

Subrecipient Monitoring:

Subrecipients need to be monitored to ensure they are in compliance with the terms and conditions of the subaward and use the funds for authorized purposes. For any subaward agreements, the County would need all the required information in the contracts pursuant to 2 CFR §200.332. Currently, the County does not have any subrecipients for the ARPA grant.

Staffing

Key personnel involved the ARPA grant include:

Name	Title
Jill Hayes	Budget Director
Kathy Wall	Central Services Director
Anthony Hagan	Grant Manager

Objectives and Approach

Objectives

The objectives of this internal audit included the following:

- Test the compliance of a sample of the ARPA expenditures for October 1, 2022- September 30, 2022 for the allowability of costs, and procurement of those vendors.
- Test the accuracy and compliance of the quarterly project and expenditure report, due October 31, 2022.
- Determine if approved projects are allowable.

Approach

Our internal audit approach consisted of three phases:

Planning

During the first phase, Management provided their preliminary planned projects for ARPA spending which consisted of the vaccine incentive program, water and sewer infrastructure, and revenue replacement projects, and drafts of the quarterly project and expenditure report.

Testing

Our procedures included reviewing a draft of the project and expenditure report and the recovery plan due on October 31, 2022 prior to submission for completeness of the required information as defined by the US Department of Treasury. We agreed the expenditure and obligation amounts to underlying general ledger detail. We reviewed if the new projects met the criteria for their applicable categories. CRI selected one expenditure per vendor from each ARPA project (total population was 30 expenditures and CRI selected 17). CRI agreed the amounts to the invoices, contracts, or other support and reviewed proper approval of the expenditure. For each vendor selected, CRI reviewed the vendor selection for compliance with the County's procurement policy.

Reporting

At the conclusion of our analysis, we summarized the results of our procedures into a report and conducted exit interviews with the Budget Office and the County Manager to discuss the details of our results.

Results

Procedures and Results	Resolution
1. Expenditure Testing	
<p>CRI selected one expenditure per vendor from each ARPA project (total population was 30 expenditures, and CRI selected 17 expenditures). CRI agreed the amounts to the invoices, contracts, or other supporting documentation and noted that the expenditures were approved. For the same sample selection above, CRI noted that all contracts requiring a competitive procurement process were done in accordance with the County's procurement policy.</p>	<p>None needed.</p>
2. Quarterly Reporting and Expenditures	
<p>Management prepared the fourth project and expenditure report that was due October 31, 2022 prior to the due date. The County has expended funds under six projects during the quarter, and we agreed the expenditure amount for the quarter ended September 30, 2022 in the report to the general ledger detail without exception, and recalculated the cumulative expenditure amounts reported for each project. All projects listed in the report were in the proper category based upon their descriptions. We agreed the obligated amounts to what was budgeted in SAP.</p> <p>During the initial review of the project expenditure report, three projects did not have obligation amounts that agreed to SAP, and two projects under the revenue replacement category were missing expenditures. The two projects under the revenue replacement category are being managed by departments other than the Budget department.</p> <p>The report was prepared by the Grant Manager and then reviewed and submitted by the Budget Director, ensuring proper internal controls over the compliance for reporting.</p>	<p>Management updated the amounts for the obligations, and for the actual expenditures for the two projects under the revenue replacement category prior to submission.</p>

Procedures and Results		Resolution
3. Project Allocations		
<p>We reviewed all of the projects that were approved by the Commission at various meetings through September 30, 2022. All of the proposed projects were allowable projects based upon the category assignment. There was five new projects listed in the project expenditure report submitted on October 27, 2022.</p> <p>See the table below for approved projects as of September 30, 2022. Funds can be obligated through December 31, 2024.</p>		None needed.
Category	Budgeted Project Totals	
1. Public Health and Negative Economic Impacts caused by the Public Health Emergency	\$2 million for vaccine incentive, \$3.6 million for COVID-19 related medical claims, and \$1.2 million for 800Mhz public safety radios.	
2. Premium Pay for Essential Workers	\$0 No projects have been approved for this category.	
3. Water and Sewer and Broadband Infrastructure Improvements	\$45.6 million for various water sewer infrastructure projects	
4. Replace lost public sector revenues	\$8.5 million for Fire Rescue operations and equipment, \$12.2 million for the EOC building, \$.7 million for Parrish Park Trailhead, \$1.7 million for Community Agencies Aid, and \$1.9M for Property Appraiser's GIS software.	