



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

February 2021

Performance Audit:

Controls Over CARES Act and FEMA Funding in Response to COVID-19

What We Found

The city has generally designed controls to ensure CARES Act funds and FEMA reimbursements are spent in accordance with federal law; however, we noted some gaps in the framework that could lead to errors. Due to the circumstances of the COVID-19 virus, the city was required to put a framework of controls in place quickly to manage related expenses to reasonably comply with federal funding guidelines.

The city hired Landmark Consulting, LLC to provide assistance and support to the city for federal grants and compliance management; however, the city is ultimately responsible for ensuring compliance with federal guidelines. Landmark supports the city and provides transparency by managing an online database of grant sources and by reviewing supporting documentation for compliance with federal guidance. The city has established a process to monitor and report the spending.

While the control design appears adequate to ensure compliance, there are potential risks. We identified a few weaknesses that had not been flagged by current controls. It is possible that ineligible city employees received hazard pay in error in July, August, and September 2020. Our analysis flagged 25 employees who appear to have received more than \$1,500 between July and September 2020. We also noted potential anomalies in positions of employees who received the payments, which were intended for mission critical employees who are unable to perform work remotely. Finally, uncorrected issues that we raised in our 2019 audit of citywide overtime could pose problems if the city seeks FEMA reimbursement of overtime costs related to the COVID-19 emergency.

Why We Did This Audit

We undertook this audit to review the controls in place related to CARES Act funding and FEMA Public Assistance reimbursement. The CARES Act was signed into law on March 27, 2020, creating the Coronavirus Relief Fund. The city received \$88 million from the Department of Treasury in Coronavirus Relief Funds and has the ability to apply for FEMA Public Assistance reimbursement for eligible expenditures. The audit will review the appropriateness, existence, and design of internal controls.

What We Recommended

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 who received over \$1,500 in hazard pay from July - September 2020.

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: 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.

Response & Proposed Action: The Chief Financial Officer will assign the Director of ERM to work with the Commissioner of Human Resources to develop a written document for the monthly review process for hazard pay. **Agree**

Timeframe: March 2021

Recommendation #2: 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.

Response & Proposed Action: The Chief Financial Officer will assign the Director of ERM to work with Commissioner of Human Resources to review the employee list provided by Internal Audit and take appropriate action as required. **Agree**

Timeframe: March 2021
