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CLERK OF THE CIRCUIT COURT AND COMPTROLLER
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DIVISION OF INTERNAL AUDITING

21SP-01
CARES Act, Individual Assistance Program
Disbursement Review

01/25/2022

EXECUTIVE SUMMARY

What We Did

The objective of this engagement was to identify the CARES Act, Individual Assistance program's disbursements associated with rental assistance recipients whose addresses were also used to claim homestead exemptions coupled with the review of duplicate names and addresses to determine whether inappropriate payments were made. To evaluate this process, the Division of Internal Auditing (IA) requested the CARES's reconciliation which consisted of 4,153 records containing the program's disbursement data.

IA conducted this review using the guidelines and requirements of the U.S. Department of Treasury, applicable Florida Statutes, the program's Manual developed by the Florida Housing Corporation, and criteria developed by Leon County's Administration and Ernst & Young. IA also interviewed another county's Inspector General's Office to gain familiarity with the controls implemented during their disbursement process.

What We Observed

IA cross-referenced the disbursement data with Leon County Property Appraiser's database to narrow the scope of our review to 301 records and noted:

- There were 132 records where rental assistance recipients' addresses were used for homestead exemption claims. IA reported these instances to the Property Appraiser's Office to proceed under its statutory purview.
- Duplicate names in 68 records. Upon review of these files, IA identified one instance where a tenant was awarded rental assistance through two applications with different addresses.
- Duplicate addresses in 101 records. Upon further review, IA identified 27 questionable disbursements associated with:
 - Related party transactions,
 - Multiple leases linked to one address,
 - Subletting of premises with questionable sub-lease agreements,
 - An instance of an unsupported mortgage assistance disbursement, and
 - An instance where an applicant was awarded rental assistance for a property she owned.

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What We Recommend

As the County has already implemented additional controls in the 2021 Emergency Rental Assistance Program to mitigate the risk of potential fraud associated with homesteaded properties, the following recommendations are tailored to the twenty-seven instances identified during the review of potential duplicate payments. To exercise due diligence over these questionable disbursements, IA recommends:

- Requesting third-party documentary evidence from the recipients identified in this report to adequately justify the funds disbursed to them. This evidence may include bank statements, cashed checks, or any other useful documents to validate the amounts claimed in the rental agreements and past-due letters submitted.
- Requesting funds be returned to the County for those instances lacking documentary evidence to support their attestations.
- Reporting instances of false or unsupported claims, as the instance where the property owner processed an application as a tenant to benefit from the rental assistance program to the State Attorney's Office.
- Maintaining and sharing a list of flagged addresses and/or questionable applicants with pertinent employees involved in the disbursement process to reduce likelihood of inappropriate future disbursements.

Additionally, to optimize the organization's risk management processes over future disbursements, IA recommends strengthening its data analytics program including:

- Periodic identification of duplicate names and addresses for further review.
- Utilization of unique identifiers -social security numbers- to analyze potential duplicates.
- Identification of related-party transactions for further analysis.
- Joining data bases (Example: rental assistance seekers and recipients of other housing benefits) to identify and mitigate potential duplicate of benefits through different programs.
- Trend analysis for further review:
 - Historical trends to mitigate potential rental overlaps through different programs.
 - Multiple addresses associated with one recipient, tenant, landlord, or property manager for further review.

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BACKGROUND AND INTRODUCTION

The United States Department of Treasury, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020) implemented a variety of programs to address issues related to the onset of the COVID-19 pandemic. Florida counties below 500,000 in population received these funds through the Florida Division of Emergency Management (FDEM) in proportion to their population. These funds were to be depleted by December 30, 2020. Leon County received \$51.23 million and allocated it as follows:

- Public Health, Safety, and Compliance, \$18.2 million (35%)
- Individual, Community, and Small Business Assistance, \$24.4 million (48%), and
- Reserve/Replenishment Account, \$8.5 million (17%)

The focus of this report is on the Leon CARES Individual Assistance Program created to provide up to \$5,000 in financial assistance for past-due rent, mortgage, and utility bills to Leon County residents experiencing economic hardship due to COVID-19. The funds allocated to this program were for approximately \$11.5 million.

The County and the Application Process

The County, through the Leon CARES program, received over 7,500 applications and managed to approve and process payments for over 4,100 applicants within a limited timeframe. It retained Ernst and Young’s (EY) services to assist in establishing the infrastructure to administer the full life cycle of the program.¹ EY’s participation included the Funds Application Status Tracker for Emergency Relief (FASTER) platform which facilitated the application, review, and approval processes. Approved applications were paid in two rounds of disbursements.

First Round of Disbursements

During the first round, funds were disbursed directly to landlords, property managers, mortgage companies, or utility companies on behalf of eligible applicants. The documentation to satisfy eligibility depended heavily on an attestation form labeled “Proof of Past Due Rent or Mortgage” which included the amount of past-due rent, mortgage, or utilities, the last month the rent was paid, and the signature from the landlord. Disbursements during this round required less documentation than the second round.

Second Round of Disbursements

During the second round of disbursements, to ensure depletion of the funds met the deadline established by Treasury, past-due rent was paid directly to tenants; however, eligibility criteria required additional documentation not requested during the first round (e.g., lease agreements, past-due letters, overdue rent statements, etc.). See **Appendix A** for the list of documents required during the first and second rounds of disbursements.

It is worth noting Treasury guidelines changed towards the end of 2020, allowing 100 percent of payroll and benefit expenses for public safety, public health, health care, and human services, enabling Leon County to disburse all \$51.23 million received within the established deadline.

¹ Leon County Board of County Commissioners Meeting Minutes, July 14, 2020.

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RESULTS OF THE ENGAGEMENT

The Division of Internal Auditing (IA) first grouped the disbursement data provided by management as presented in **Table 1** and utilized the Property Appraiser’s Website and Excel Analytics Tools to define the scope of the review.

Table 1 - Individual Assistance Program Disbursement Data

Description	Round 1	Round 2	Total
Rental Assistance	\$1,509,650	\$7,071,412	\$8,581,062
Mortgage Assistance	\$87,123	\$1,084,082	\$1,171,205
Utilities	\$11,071	\$1,000,894	\$1,011,965
Total	\$1,607,844	\$9,156,388	\$10,764,232

Homestead Exemption Identification

IA identified 132 instances where rental assistance recipients’ addresses were used to claim Homestead Exemption. Some of the homestead properties were associated with up to four leases. Homestead exemption claims were not a factor to determine eligibility to the Individual Assistance Program. However, it is a statutory requirement² that homeowners permanently reside at the address claiming the tax exemption. Therefore, IA reported the potential statutory violations (132) to the Property Appraiser’s Office, an independent Constitutional Office, to proceed under its statutory purview.

Duplicate Names

IA identified 68 records where applicant’s names were repeated. We used the social security number to determine duplicity and noted one instance where an applicant was the primary tenant of two different leases and benefited from the program by applying and receiving rental assistance for each of the two leases.

The applicant, cited above, presented two rental agreements with reputable management companies. The first rental agreement is for a shared lease between the applicant and another tenant. In the second lease, the applicant is listed as the primary tenant. The underlying documentation submitted for each of these applications appears in good order, but the uncommon circumstance is worth reporting for consideration in future disbursements for similar programs.

Duplicate Addresses

IA identified and reviewed 101 files containing duplicate addresses and flagged 27 questionable records. We developed concepts to group cases with similar occurrences and summarized these instances as presented in **Table 2**. A description of the concepts is presented below highlighting the most relevant details associated with each case.

² Section 196.031 (1)(a), Florida Statutes (F.A.) (2020) state “A person who, on January 1, has the legal title or beneficial title in equity to real property in this state and who in good faith makes the property his or her **permanent residence or the permanent residence** of another or others legally or naturally dependent upon him or her, is entitled to an exemption from all taxation...”

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Table 2 - Duplicate Addresses Summary

Questionable Records - Concept	No. of Leases	No. of Properties	Assistance Type	Amount Claimed
Related Party	10	4	Rental	\$34,680
Questionable Sub-Leases	5	3	Rental	\$21,250
Questionable Duplicate Leases	8	5	Rental	\$37,324
Questionable Renewals	2	1	Rental	\$8,200
1 Questionable Lease	1	1	Rental	\$5,000
1 Unsupported Disbursement	1	1	Mortgage	\$5,000
Total	27	15		\$111,454

Related Party.- Two cases of related party rental agreements were noted.

Case 1

- It involves three properties and nine leases.
- One of the family’s property owners listed herself as a tenant of a property she owns to qualify for the rental assistance program.
- Family owns several not-for-profit organizations. One organization is listed as the property manager of two of the three properties and three other organizations are listed as former employers of five of the family’s tenants.
- Documentation reviewed revealed two tenants received unemployment benefits from the State of Texas. This challenges the Leon County residency requirement.
- The three properties received a total of \$29,000 in rental assistance.

Case 2

- It involves a rental agreement between brothers.
- Applicant provided a lease dated July 1, 2015 which includes a monthly rental fee of \$380. However, the applicant also submitted a renewal lease, dated April 1, 2020, a month after the start of the rental assistance program. The renewal included monthly rent for \$710.
- This applicant received \$5,680 in rental assistance.

Questionable Sub-Leases.- IA noted three cases involving three properties and seven leases. The original lease for each of the three listed cases seems legitimate and it is generally signed by the property owner or a property manager and the primary tenant. However, tenants entered into unauthorized questionable sub-leases as described below.

Case 1

- It involves an original agreement between the property owner and the primary tenant. The tenant applied for and received \$5,000 for past-due rent.
- The primary tenant signed the lease using her first, middle initial, and last name. This is a month-to-month agreement and article three of the lease specifically prohibits subletting the property.

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- The primary tenant listed on the original lease is subsequently listed as the owner on the two sub-leases found for the same address. She signed the sub-leases using her middle and last name only.
- Each of these sub-leases received \$5,000 in rental assistance.

Cases 2 and 3

- The original leases on these two cases are signed by the primary tenant and the property management companies. The original agreements list the occupants authorized to dwell in the rental properties.
- In both cases, one of the tenants listed as authorized occupants on the original lease, appeared as primary tenants of another lease on the same property and both the original and sub-leases applied for, and received, rental assistance.
- The sub-leases associated with cases 2 and 3 received \$5,000 and \$1,250 respectively.

Questionable Duplicate Leases.- We noted five cases involving five properties where two leases existed for each property address.

Cases 1-5

- In the first case, the tenant(s) provided the same documentation in support of two applications. The name of the primary tenant, for instance, is the same on both leases. The County has already reached out to both landlord and tenant, but has yet to receive a response. This case received a total of \$8,024.
- The second case includes two lease agreements with the same terms including the description of the property being rented. The last page of one lease is a copy of the other lease, this includes same names, signatures, and dates. Each applicant received \$5,000 in rental assistance.
- The third case involves two lease agreements for the same property. One lease seems legitimate. It is signed by the homeowner and the tenant. The other lease; however, is drafted and signed by a property management company on a poorly written document where the tenant is assigned as the agent of the property. This applicant collected \$4,800.
- The fourth case involves two leases associated with the rental of a small mobile home. One of the leases started April 17, 2021, but the past-due letter claims rent owed since March of 2020. This applicant collected \$4,800.
- The last case involves two rental agreements for the same address, including the same apartment number. The start date, monthly rental fee, overdue rent, and other terms of the agreement are the same for both tenants. Another particularity of this case is the address on the licenses of both tenants is the same address as the landlord's residence. Each applicant received \$4,850.

The County's Administration agreed on all five cases and as per the date of the review it was in the process of reaching out to seek clarification from the recipients of the assistance.

Questionable Renewals. – This is a situation involving two leases for one property. Both agreements are for two years beginning February 28, 2020, through February 28, 2022. Past-due letters issued to

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tenants include a monthly rental fee of \$550 and an increase to \$750 in August 2020. This is due to an unexplainable renewal of both agreements in August of 2020. This renewal also included charges for the first and last month of rent in the amount of \$1,500 for each tenant. One applicant received \$4,850, and the other applicant received \$3,350.

One Questionable Lease. – This case includes an address used to request and receive both mortgage and rental assistance. The property was purchased on April 30, 2020. The property owner experienced financial hardship and applied for the mortgage assistance program. However, we noted another applicant used the same property address to request rental assistance. This applicant submitted a two-year lease starting on February of 2019, for a monthly fee of \$2,000, and a past-due letter dated October 1, 2020, containing the former property owner’s digital signature (PDF Signature) even though six months had passed since the purchase of the property by the new owner. This applicant received \$5,000.

One Unsupported Disbursement. – This case involves an applicant who submitted a mortgage assistance request for \$5,000. This applicant provided several utility bills totaling \$1,901. The documentary evidence falls short to justify the amount requested. Furthermore, the underlying document to support the mortgage assistance request appears to be a Home Equity line of credit as opposed to a mortgage.

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OBSERVATION 1 – Questionable Disbursements

Risk Score: Medium

Issue:

The Individual Assistance Program’s objective was to assist Leon County residents experiencing financial hardship due to the COVID-19 pandemic. While the County succeeded in meeting this objective by disbursing the program’s allotted funds within the established deadline, the Office processed payments with broad eligibility criteria which under the limited scope of this review resulted in 164 questionable instances requiring additional follow up.

Condition:

Upon identification of homestead exemption claims and review of duplicate names and addresses, we identified 164 reportable instances requiring additional follow up or opportunities for improvement for future disbursements.

Homestead Exemptions: The CARES Act Disbursement Excel file provided by management included 4,153 records. The large majority, 2,598, were associated with rental assistance recipients. We used the Property Appraiser’s website to verify the addresses listed and noted 132 were homesteaded properties. Homesteaded properties used as rentals may violate statutory requirements (See Homestead Exemption Criteria). Thus, IA reported these instances to the Property Appraiser’s Office to proceed under its statutory purview.

Duplicate Names: We identified and reviewed 68 records with duplicate names. Utilizing the social security number, we noted 1 instance where the same applicant requested and received rental assistance for properties located at two different addresses totaling \$6,622. Each application was adequately supported and in compliance with the program. However, as this is an uncommon circumstance, we deemed it reportable for management to determine allowability during the disbursement of similar future programs.

Duplicate Addresses: We identified 101 records with duplicate addresses, reviewed each corresponding application, and noted 27 questionable disbursements. The most relevant details are described under the Section **Results of the Engagement – Duplicate Addresses**. However, it is worth noting additional documentary evidence (bank statements, copies of cashed checks, etc.) is needed and recommended to conclusively determine whether the recipients identified in this report were entitled to the assistance received.

Criteria:

Homestead Exemption: Section 196.031 (1)(a), Florida Statutes (F.A.) (2020) state “A person who, on January 1, has the legal title or beneficial title in equity to real property in this state and who in good faith makes the property his or her permanent residence or the permanent residence of another or others legally or naturally dependent upon him or her, is entitled to an exemption from all taxation...”

FHFC-CRF Manual: Fraud is a risk with any program. As part of the application process, applicants are required to sign a statement attesting to the fact that falsifying information for the purpose of

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receiving assistance is a first-degree misdemeanor. **Local governments should protect against fraud by exercising due diligence.** This means that the local government ensures the applicant attests under penalty of law that their information is correct, the local government reviews the information thoroughly to assess eligibility, and the local government affirms hardship and/or income eligibility. If an applicant is found to have lied on the application, **the local government can exercise due diligence by bringing legal action against the applicant to recoup funds** (Pg. 14).

Committee of Sponsoring Organizations of the Treadway Commission (COSO): COSO's Mission is to provide thought leadership through the development of comprehensive frameworks and guidance on enterprise risk management, internal control, and fraud deterrence designed to improve organizational performance and governance and to reduce the extent of fraud in organizations. COSO's fundamental principal is that good risk management and internal control are necessary for long term success of all organizations.

There are five Components to the framework proposed in the COSO model: **governance**, strategy, performance, **review and revision**, and information, **communication**, and reporting.

Risks should be assessed at every level of the organization. Any potential risk should be communicated and reported to those charged with governance to address it.

Cause:

Homestead Exemptions were not included in the program's criteria to determine eligibility.

Reliance on the USDOT's broad eligibility criteria particularly during the first round of disbursements.

A more robust data analytics program for timely detection and follow up of higher risk applicants.

Effect:

While the program's main purpose to assist Leon County residents impacted by the COVID-19 pandemic was successfully accomplished, utilization of broad eligibility criteria may have inadvertently benefited violators of Homestead Exemption statutes.

Additionally, lack of data analytics during the review process, may have resulted in some inappropriate disbursements.

Recommendations:

The County has implemented additional controls in the 2021 Emergency Rental Assistance Program which includes evaluation of homesteaded properties to mitigate the risk of potential fraud.

To address the 27 disbursements which this report has labeled questionable, we recommend:

- Requesting third-party documentary evidence from the recipients identified in this report to adequately justify the funds disbursed to them. This evidence may include bank statements, cashed checks, or any other useful documents to validate the amounts claimed in the rental agreements and past-due letters submitted.
- Requesting funds be returned to the County for those instances lacking documentary evidence to support their attestations.
- Reporting instances of false or unsupported claims, as the instance where the property owner processed an application as a tenant to benefit from the rental assistance program to the State Attorney's Office.

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- Maintaining and sharing a list of flagged addresses and/or questionable applicants with pertinent employees involved in the disbursement process to reduce likelihood of inappropriate future disbursements.

Additionally, to optimize the organization's risk management processes over future disbursements, IA recommends strengthening its data analytics program including:

- Periodic identification of duplicate names and addresses for further review
- Utilization of unique identifiers -social security numbers- to analyze potential duplicates
- Identification of related-party transactions for further analysis
- Joining data bases (Example: rental assistance seekers and recipients of other housing benefits) to identify and mitigate potential duplicate of benefits through different programs
- Trend analysis for further review:
 - Historical trends to mitigate potential rental overlaps through different programs
 - Multiple addresses associated with one recipient, tenant, landlord, or property manager for further review

Management Response:

The County's responses to the specific recommendations in this report are provided below. In addition, a separate memo is enclosed which provides additional background information, context, and detail regarding the information discussed in this report and the County's response thereto.

Overall, each of the special programs that the County has implemented over approximately the past 18 months providing housing and utility assistance in response to the COVID-19 pandemic (e.g., the Leon CARES Individual Assistance Program, Emergency Rental Assistance Programs, etc.) has been unique with respect to federal program requirements, applicants' eligibility criteria, documentation that the implementing agency (i.e., Leon County) is required to collect, and even documentation that the implementing agency is specifically discouraged from collecting in order to accelerate the distribution of awards to eligible recipients. As such, in the planning and implementation of any future special programs, the County will evaluate and consider each of the recommendations below from the Internal Audit Division and will include these recommendations as the County determines to be required, appropriate, and feasible with respect to the specific requirements of such special programs

Recommendation #1: Request third-party documentary evidence from the recipients identified in this report to adequately justify the funds disbursed to them. This evidence may include bank statements, cashed checks, or any other useful documents to validate the amounts claimed in the rental agreements and past-due letters submitted.

Management Comments: In general, the County agrees that follow-up with some of the applicants identified in this report is warranted. This report references 27 applications which it lists as "questionable records" and are the subject of this recommendation. The enclosed memo discusses each of these applications in detail, together with a narrative discussion of the County's review process and intended follow-up actions regarding each case. In addition to the above, and as

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discussed in more detail in the enclosed memo, the County will ensure that future special programs that provide economic assistance to individuals and families include a clear definition of what constitutes a “household” for the purposes of determining eligibility. This action will be ongoing.

Recommendation #2: Request funds be returned to the County for those instances lacking documentary evidence to support their attestations.

Management Comments: The County agrees with this recommended course of action. As indicated in the attached memo, the County has previously reached out to ten of these applicants and requested that additional documentation be provided by October 1, 2021. The County is currently seeking to recover any funds awarded through this program from applicants who failed to provide the requested documentation.

Recommendation #3: Report instances of false or unsupported claims, as the instance where the property owner processed an application as a tenant to benefit from the rental assistance program to the State Attorney’s Office.

Management Comments: In the absence of a formal investigation, the County is not in a position to determine whether an applicant made false or unsupported claims. Notwithstanding this, should the Internal Audit Division suspect that an applicant knowingly attempted to commit fraud, the County will fully support the Clerk’s office in referring such applications to the State Attorney’s Office for investigation.

Recommendation #4: Maintain and share a list of flagged addresses and/or questionable applicants with pertinent employees involved in the disbursement process to reduce likelihood of inappropriate future disbursements.

Management Comments: The County agrees with this recommended course of action and will coordinate with the Internal Audit Division and the Finance Department to develop this list. It is anticipated that this will be completed by October 15, 2021.

Additionally, this draft report recommends implementing the following data analysis tools and methods to optimize the organization’s risk management processes over disbursements made through similar special programs in the future. As above, the County’s responses are provided below each recommendation.

Recommendation #5: [Implement data analytics involving] periodic identification of duplicate names and addresses for further review.

Management Comments: The County agrees with and has implemented this recommendation. As discussed in detail in the enclosed memo, the County’s application review process for the Leon CARES Individual Assistance Program did in fact include checking for duplicate names, addresses,

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and e-mail addresses. In addition, subsequent assistance programs such as the County's Emergency Rental Assistance Program included similar checks for duplicate applicants.

Recommendation #6: [Implement data analytics involving] utilization of unique identifiers, such as social security numbers, to analyze potential duplicates.

Management Comments: The County agrees with and has implemented this recommendation. The online application system and review process for the County's Emergency Rental Assistance Program included checking applicants' Social Security Numbers for potential duplicates.

Recommendation #7: [Implement data analytics involving] identification of related-party transactions for further analysis.

Management Comments: There is no practical method to accurately identify all potential related-party transactions during the review process. For example, related family members often have different last names; in these instances, there is no practical way to prove that a familial relationship exists. Notwithstanding this, in its implementation of both the Leon CARES Individual Assistance and Emergency Rental Assistance Programs the County did follow up to request more information from applicants in all cases of suspected familial relationships. In future programs, the County will evaluate including an application question asking applicants to self-report whether they are related to any other household members.

Recommendation #8: [Implement data analytics involving] joining data bases (e.g., rental assistance seekers and recipients of other housing benefits) to identify and mitigate potential duplication of benefits through different programs.

Management Comments: The County agrees with this recommendation and has implemented it in its Emergency Rental Assistance Program. As discussed above at the beginning of this Management Response section, the special assistance programs recently funded by the federal government have all been unique with respect to documentation requirements. In both the Leon CARES Individual Assistance Program and the Emergency Rental Assistance Program, applicants were allowed to attest to several statements in the application process related to their eligibility. The U.S. Treasury's purpose in allowing these attestations was to accelerate the distribution of funds to eligible households. Notwithstanding this, the design of County's Emergency Rental Assistance Program included checking each application against the Leon CARES database to ensure that applicants were not awarded rent or utility assistance for months already covered through the Leon CARES program. The County will continue to include similar duplication of benefits checks in future special programs to the extent that they are required, appropriate, and feasible with respect to the specific requirements of such programs.

Recommendation #9: [Implement data analytics involving] trend analysis for further review; specifically including (1) historical trends to mitigate potential rental overlaps through different

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programs and (2) multiple addresses associated with one recipient, tenant, landlord, or property manager.

Management Comments: As with the response to Recommendation #8 above, the County will evaluate and consider this recommendation in the development of future special programs. The County will include trend analyses in the application review process to the extent that they are required, appropriate, and feasible with respect to the specific requirements of such programs.

Auditor's Final Comments:

The Leon County Clerk of Court and Comptroller's Division of Internal Auditing thanks both the Clerk and Comptroller's staff and County Administration for their active participation during this review. The questionable items listed in this report are the result of constant communication between the auditor and management where each individual case was discussed in detail. We greatly appreciate management involvement from the early stages of this review, their detailed comments, documentation, and explanations which helped us narrow our concerns to the number of cases indicated in this report.

We value and appreciate the County's commitment to continue enhancing its risk management program as represented in their comments to our recommendations.

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APPENDIX A – Individual Assistance Program Eligibility Criteria

LEON CARES INDIVIDUAL ASSISTANCE PROGRAM

Program Eligibility

- A full-time Leon County resident for each of the past twelve (12) consecutive months
- 18 years old or older
- Verify loss of income of at least 25% between March and December 2020 due to COVID-19 by at least one member of the household. Examples: Unemployment benefits, Company layoff letter, or Certification of income loss from the employer
- Worked an average of at least 30 hours/week between March 1, 2020, and the application date, or prior to being laid off, furloughed, or experiencing reduced work hours due to COVID-19
- Verify financial difficulty with rent, mortgage, and/or utility payments
- Have a household income that is at or below 80% of the area median income, based on household size as shown in the chart below.

Documentation Requirements – First Round – County Administration

- Proof of Residency and Age
 - The applicant’s State-issued ID (Driver’s License, Florida ID, Passport, or U.S. Military ID)
- Proof of Income
 - 2019 Federal Income Tax Return Document, OR
- All household income from the most recent 60-day period, including:
 - Pay stubs
 - Unemployment benefits
 - Social Security benefits (most recent 30-day period)
 - Child support
 - Self-employment income
- Proof of Household Size
 - Proof not required if you submit your 2019 Federal Income Tax Return Document
 - If you do not submit your 2019 Federal Income Tax, then a State-issued ID (Driver’s License, Florida ID, Passport, or U.S. Military ID) is required for each adult in the household and a birth certificate for each minor in the household
 - Proof of Loss of Income
 - Layoff letter on company letterhead
 - Unemployment Benefit Letter, OR
 - Verification of Employment and Loss of Income Form

Documentation Requirements – Second Round – EY

- Identity
 - The front of a valid Florida driver’s license or learner’s permit
 - Florida ID card

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- Passport
- Military ID
- Proof of Income
 - Self-Certification of income form
 - Proof of current enrollment in SNAP, Medicaid, or with Tallahassee Housing Authority for Section 8 Housing
- Proof of Past Due Mortgage
 - Current mortgage statement showing past-due amount
- Proof of Homestead Exemption
 - Proof of Homestead Exemption – Only for mortgage assistance
- Proof of past due rent
 - Current statement or notification of past-due rent amount
- Proof of Rental Agreement/lease
 - Current copy of rental agreement or lease
- Proof of past due utilities
 - Current statement showing total balance due for utilities
- Substitute W-9 for
 - Leon County Substitute W-9 form completed by the applicant

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APPENDIX B – Management Response



Leon County Government

INTEROFFICE MEMO

DATE: October 7, 2021

TO: Luis Camejo, Internal Audit Manager

FROM: Alan Rosenzweig, Deputy County Administrator
Andy Johnson, Assistant to the County Administrator

SUBJECT: Response to Draft Audit Report No. 21SP-01, "CARES Act, Individual Assistance Program Disbursement Review"

We are pleased to provide this memorandum in response to the draft copy of Audit Report No. 21SP-01, "CARES Act, Individual Assistance Program Disbursement Review" dated September 30, 2021. As you are aware, the County received and processed more than 7,500 completed applications for assistance through the Leon CARES Individual Assistance program in 2020, and in a matter of weeks approved more than 4,900 of these applications totaling approximately \$11.5 million in assistance to Leon County citizens experiencing economic hardship due to the COVID-19 pandemic. We are extremely pleased with the results of this program, which helped thousands of Leon County families to avoid homelessness and housing instability during this once-in-a-generation crisis and was implemented in full compliance with all applicable local, state, and federal requirements.

The purpose of this memo is to provide Leon County's formal response to the nine specific recommendations presented in the draft audit report. Each of these recommendations is discussed in detail below, together with management comments and a discussion of actions taken by the County to strengthen internal controls and minimize risk to the organization.

As a general overview, the Leon County Board of County Commissioners approved the creation of the Leon CARES Individual Assistance Program during the July 14, 2020 Budget Workshop. The program was approved as part of a broader expenditure plan for the distribution of \$51.2 million in federal Coronavirus Relief Funds allocated to the County under the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act," H.R. 748) in 2020. The County's project team conducted extensive research and analysis throughout the development phase of the program to ensure that it was fully compliant with the requirements of the CARES Act and programmatic guidance issued by the U.S. Department of the Treasury. In addition, the County engaged Ernst & Young, an internationally acclaimed tax, accounting, and business consultancy, to assist with the final development and administration of the program, establish strong internal controls to minimize programmatic risk, and ensure the County's full compliance with all applicable requirements for the use of Coronavirus Relief Funds.

The CARES Act provided Coronavirus Relief Fund recipients with broad latitude to distribute these funds to meet the unique needs of their community. With respect to

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using these funds to provide rent, mortgage, and utility assistance, guidance issued by the U.S. Department of the Treasury indicated that “if a government determines such assistance to be a necessary expenditure.... [a government may establish] a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.” Beyond this, the Treasury did not provide any guidance regarding program eligibility, maximum awards that may be made under such a program, or other criteria as to how a program like the Leon CARES Individual Assistance Program should be structured. As a result, local governments established COVID-19 economic relief programs with a wide range of program and eligibility criteria. Leon County’s project team surveyed other Florida counties throughout the development and implementation phase of the program to determine how their programs were structured; some counties restricted a household’s income eligibility to 80% of the Area Median Income (AMI) or below, while others allowed households of up to 140% of AMI to apply. Some counties’ programs provided a maximum award of \$1,000, while others provided up to \$10,000. Several other significant variances in program criteria and eligibility were identified as well.

As approved by the Board in July 2020, the program provided assistance to low-income Leon County households earning below 80% of the Area Median Income (as defined by the U.S. Department of Housing and Urban Development); applicants were generally required to demonstrate their household income status, Leon County residency, and loss of income of at least 25% directly related to COVID-19. A full description of the program’s eligibility criteria is provided in the attachments to this memo. Eligible applicants were provided up to \$3,000 per household for past-due rent, mortgage, and/or utility payments, and awards were made directly to the applicant’s landlord, mortgage holder, or utility provider, as appropriate.

In order to more efficiently distribute this emergency assistance to eligible applicants, the Board of County Commissioners approved several modifications to the Leon CARES Individual Assistance Program during its September 29, 2020 meeting. Specifically, the Board authorized increasing the program’s income eligibility threshold from 80% of the Area Median Income to 120%; increased the maximum award from \$3,000 per household to \$5,000; and authorized the County to make awards directly to the applicant rather than to the applicant’s landlord, mortgage holder, or utility provider. From this time onward, the County’s project team and the Clerk’s Finance Department team used the terms “Round 1” and “Round 2” to describe the program parameters as approved by the Board in June 2020 and in September 2020, respectively. The draft audit report also makes references to “Round 1” and “Round 2” of the program.

The Round 2 changes necessitated several modifications to the program’s application and review process. Specifically, applicants who were awarded under Round 1 were encouraged to re-apply under Round 2 if they were still experiencing financial hardship due to COVID-19; applicants were required to provide certain documents that were previously provided by the landlord or mortgage provider (such as lease or mortgage documents and a W-9 form); and finally, acknowledging the risk that recipients may not

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use awarded funds for their intended purpose, the application process was updated to require each Round 2 applicant to attest and certify that she/he would use all funded awarded for rent, mortgage, and/or utility payments as required by the program. In total, the Round 2 changes substantially simplified the required documentation and were successful in accelerating payments to eligible applicants.

The County enjoyed a successful partnership with the Clerk's Finance Department team as well as the Ernst & Young project team throughout all phases of the development and implementation of this program. This strong partnership facilitated regular open dialogue regarding the application review and payment processes, timely adjustments to these processes as needs were identified throughout the course of the program, and active learning to capture best practices and lessons learned. Many of these lessons learned were incorporated, in partnership with the Finance Department team, into the development of Leon County's Emergency Rental Assistance Program in 2021, which similarly provided rent and utility assistance to low-income Leon County households experiencing economic hardship.

We appreciate the opportunity to provide feedback regarding this draft audit report and we understand that the purpose of the report is to identify opportunities to further protect the organization from risk by enhancing financial controls. Leon County Government shares with the Clerk's office an identical commitment to fiscal stewardship, responsibility to the taxpayers of Leon County, and providing the highest standard of public service to our citizens. To that end, in addition to the management responses provided in this memo, we have included several attachments for the benefit of the Internal Audit Division and the members of the Audit Advisory Committee which provide important background information, context, and clarifications regarding the Leon CARES Individual Assistance Program that are not fully explored in the draft audit report. This additional information is directly relevant to the material observations and recommendations made in the audit report, and we believe it is essential to fully understanding the development, implementation, and evolution of the program.

Discussion of Recommendations

Recommendation #1: Request third-party documentary evidence from the recipients identified in the draft audit report to adequately justify the funds disbursed to them. This evidence may include bank statements, cashed checks, or any other useful documents to validate the amounts claimed in the rental agreements and past-due letters submitted.

Management Comments: The report identifies three groups of applications awarded through the Leon CARES Individual Assistance Program which it describes as "questionable disbursements." It should be noted that Recommendation #1 above is intended to apply only to the third group of 27 applications; however, the following discussion of each of these three groups is provided in response to the observations made in the draft audit report. This additional background and context is important in fully understanding the complexities of this program's implementation.

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- *132 applications where rental assistance recipients' addresses were also used for homestead exemption claims*

The report indicates that "it is a statutory requirement that homeowners permanently reside at the address claiming the tax exemption. Therefore, [the Internal Audit Division] reported the potential statutory violations to the Property Appraiser's Office, an independent Constitutional Office, to proceed under its statutory purview." In follow-up discussions related to this draft report, Internal Audit Division staff clarified that Recommendation #1 is not intended to apply to these cases and that no specific response from the County is required related to these cases. However, because the draft audit report makes references to these cases, the County would like to provide the following information for the benefit of the Audit Advisory Committee.

We respectfully disagree with the implication in the draft audit report that disbursements made under the Leon CARES Individual Assistance Program to applicants living in homesteaded properties were improper. The fact that a property qualified for a homestead exemption at the time of application does not, and should not have, automatically disqualified a tenant applicant from receiving rental assistance through the Leon CARES Individual Assistance Program. The draft audit report cites Sec. 196.031, F.S. for the purpose of demonstrating that a person is eligible for a homestead exemption for "his or her permanent residence or the permanent residence of another or others legally or naturally dependent upon him or her." However, the report fails to also acknowledge that it is not uncommon for property owners to lease one or more rooms in their primary residence while continuing to reside there. Further, as provided in the statute cited above, a person may receive a homestead exemption for property they own which is the permanent residence of a dependent – such as a college-aged child. Nothing in the statute precludes a person from leasing one or more rooms in such a residence, as long as it remains the primary residence of the property owner or a dependent. In addition, Sec. 196.061, F.S. affirmatively provides that members of the U.S. Armed Forces may rent all or a portion of a homesteaded property under certain circumstances without forfeiting their homestead exemption.

The draft audit report correctly notes that homestead exemption claims were not included as a factor in determining an applicant's eligibility for rental assistance under the Individual Assistance Program. The potential circumstances under which a tenant applicant may lawfully reside in a homesteaded property are innumerable; in order to confirm with 100% certainty whether any of the circumstances described above lawfully applied prior to recommending awards, the County's review team would have had to investigate each individual case involving a homesteaded property. The time and resources involved in conducting such investigations would have precluded the County from achieving the objectives of the program, which were to distribute financial assistance as quickly and accurately as possible to prevent homelessness and housing instability resulting from the economic

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effects of the COVID-19 pandemic. Ultimately, the presence of a valid homestead exemption was immaterial to the objectives of the program vis-à-vis preventing homelessness and housing instability. In each of these cases, a valid lease between a landlord and a tenant was provided as part of the application for rental assistance; because tenants can be evicted for nonpayment of rent, as long as the applicant met all of the other program eligibility criteria, no further examination of property tax records or exemptions was warranted.

Notwithstanding this, the County and the Finance Department did identify an opportunity to incorporate additional controls in the County's Emergency Rental Assistance Program in 2021 to further protect against potential fraud involving homesteaded properties. The review process for the Emergency Rental Assistance Program included checking the Property Appraiser's database to discern whether a homestead exemption applies to the property. In each instance where this occurred, the County's review team requested additional information from the applicant to demonstrate that the landlord or a dependent did, in fact, also permanently reside at the address before recommending the application to the Clerk's Finance Department for award. All applications where the County's review team could not confirm this were denied by the County or withdrawn by the applicant.

- *One instance in which an applicant was awarded rental assistance through two applications with different addresses*

This observation in the draft audit report refers to applicant "D.M." The report indicates that D.M. was awarded funding under two separate applications for a total of \$6,622, which is in excess of the maximum allowable total of \$5,000 under the program. For the reasons discussed below, we believe both applications were correctly awarded under the program criteria; however, we also acknowledge the need to further clarify the definition of "household" in future special programs which provide economic assistance to individuals and families.

D.M. submitted separate applications in Round 1 and in Round 2 of the program. Following is a summary of circumstances relevant to both applications:

- Application #LC100798 (Round 1)
Address: Pullen Road
Household members: D.M., V.M.
Award amount: \$2,213
- Application #LC115588 (Round 2)
Address: Mission Road
Household members: D.M., E.T., O.S. (one of these household members may be a minor child; the application indicates that two of the three household members earn an income)
Award amount: \$5,000

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Both of these applications met the program's eligibility criteria, and the reviewers' comments in both applications indicate that the review team correctly identified the fact that D.M. had two active applications. Although the primary applicant was the same, the County considered these to be two separate households, as the members and addresses of each household were different. As such, the pro rata share of the financial benefit to D.M. was approximately \$1,107 in Round 1 of the program (i.e., 50% of the \$2,213 award amount) and \$2,500 in Round 2 (50% of the \$5,000 award amount, assuming that one of the three household members was a minor child), for a total of \$3,607 – below the maximum award allowed in both Round 1 and Round 2 of the program. Sufficient documentation was provided in both applications to warrant these payments.

In this case, appropriate controls and processes were in place to identify and resolve the duplicate application. As discussed above, however, we acknowledge the need to better clarify the definition of what constitutes a "household" in future special programs for the benefit of applicants, the County's review team, and the Finance Department.

- *27 applications involving duplicate addresses and related party transactions, multiple leases linked to one address, subletting of premises with questionable sub-lease agreements, one instance of an unsupported mortgage assistance disbursement, and one instance where an applicant was awarded rental assistance for a property she owns*

The following detailed discussion is provided of each of the 27 cases identified in Table 2 of the draft audit report, together with a narrative discussion of the County's review process and intended follow-up actions regarding each case. A summary table is also provided at the end of this subsection.

Nine of these applications were associated with properties owned by S.R. or by businesses/nonprofit organizations that S.R. operates. Tenants of S.R.'s properties also applied to the County's Emergency Rental Assistance Program in 2021, and the County has recently coordinated with the Clerk's office and S.R. to seek additional documentation related to these applications to validate their legitimacy. The County will fully support the Clerk of Court should the Clerk determine that additional documentation is required for these applications or that the return of awarded funds is warranted.

Two applications (LC110736, funded in Round 1 of the program; LC119992, funded in Round 2 of the program) resulted in payments totaling \$5,680 to applicant "S.B." Both applications were determined to be eligible, and the reviewers' comments in both applications indicate that the review team identified the duplicate applications. In this case, appropriate controls and processes were in place to identify and resolve the duplicate application, but excess funds were awarded as a result of human error – the review team did not recognize that the applicant had been awarded funds in Round 1 of the program. Because the error was not related to documentation provided by the

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applicant but was rather an oversight on the part of the review team, the County does not intend to pursue recovery of the \$680 that was awarded in excess of the \$5,000 maximum award. However, the County has incorporated improvements to the application system and review process for its Emergency Rental Assistance Program to prevent this type of mistake from occurring and will continue to do so for similar special programs in the future.

Three applications (LC112586, LC117037, and LC118155) are associated with a parcel located on Bob Ellis Road, which is listed as a mobile home in the Property Appraiser's database. In this case, a tenant applied for and received \$5,000 through the program. The tenant also sublet the property to two other tenants, under separate leases, and both of those sublessees also applied for and received \$5,000 each through the program. Documents in the application indicate that at least one of these subleases was for a "camper lot." The draft audit report raises concerns that multiple awards were made to separate tenants on the same property. The audit report also observes that the primary tenant's lease with the property owner includes a clause that prohibits subletting the property. The review process for the Individual Assistance Program did not include evaluating specific lease provisions other than the names of tenants, monthly rental amount due, and term of the lease. Similar to the discussion above regarding homesteaded properties, the time and resources involved in conducting a detailed legal analysis of each lease in each application would have precluded the County from achieving the objectives of the program, which were to distribute financial assistance as quickly and accurately as possible to prevent homelessness and housing instability resulting from the economic effects of the COVID-19 pandemic. In this case, the applicants provided the documents that were required by the program (identification, income documentation, valid leases and subleases, etc.). If the County denied cases such as these that were otherwise eligible, sublessees could remain at risk of homelessness or housing instability, as the primary tenant could ostensibly have evicted the sublessees for nonpayment of rent. Notwithstanding this, as with the applications above related to properties owned by S.R., the County will fully support the Clerk of Court should the Clerk determine that additional documentation is required for these applications or that the return of awarded funds is warranted.

The report identifies one case (LC116428) in which an applicant provided documentation evidencing a \$500 monthly payment obligation on a home equity loan/line of credit. The applicant is a disabled widow and her income was determined eligible on the basis of qualifying for SNAP benefits. The County considered the home equity loan to be a valid housing-related expense, as the applicant's default could have resulted in foreclosure.

With respect to the remaining cases cited in the report involving questionable leases, the County has previously provided feedback expressing our agreement and indicating that we will reach out to these applicants to seek additional clarification. The County identified the discrepancy related to two of these applications in February 2021 and reached out to the applicants

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seeking additional documentation; the County reached out to the applicants in the remaining eight cases on September 20, 2021. These applicants were requested to provide this additional documentation by October 1, 2021 and reminded that the County may seek to recover awarded funds should they fail to comply. Finally, as indicated in the summary table provided below, there are three cases wherein two tenants at the same address applied for and were separately awarded funds through the program. In each of these cases, applications were correctly processed and awarded for one tenant; only the subsequent award to the second tenant was made in error. The County has reached out to these applicants as discussed above and will follow the recommended course of action discussed in Recommendations #1 and #2.

Management Action Plan: The County will take the following actions related to these cases:

- The County has reached out to ten applicants cited in the report involving questionable leases seeking additional documentation (listed below). This outreach was completed in February 2021 and September 2021.
 - LC120435 ○ LC121569
 - LC119790 ○ LC115520
 - LC111070 ○ LC121822
 - LC115613 ○ LC119979
 - LC114246 ○ LC116296

- The County will fully support the Clerk of Courts Finance Department should it determine that additional documentation is required or that the return of awarded funds is warranted from the nine applicants associated with properties owned by S.R. or the three applicants from the parcel on Bob Ellis Road. These application numbers are as follows:
 - LC101097 ○ LC110145
 - LC110575 ○ LC110085
 - LC108328 ○ LC108336
 - LC108365 ○ LC112586
 - LC108412 ○ LC117037
 - LC108375 ○ LC118155

- In addition to the above, the County will ensure that future special programs that provide economic assistance to individuals and families include a clear definition of what constitutes a "household" for the purposes of determining eligibility. This action will be ongoing.

A summary table is provided on the following page; applicants' names and addresses are abbreviated.

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Application Number	IA Division Category	Name	Address	County Action
LC101097	Related Party	T.R.	Pine Forest Drive	Support Clerk Finance if additional documentation or return of funds is required
LC110575	Related Party	A.M.	Pine Forest Drive	Support Clerk Finance if additional documentation or return of funds is required
LC108328	Related Party	C.R.	Valley Road	Support Clerk Finance if additional documentation or return of funds is required
LC108365	Related Party	B.W.	Valley Road	Support Clerk Finance if additional documentation or return of funds is required
LC108412	Related Party	T.O.	Valley Road	Support Clerk Finance if additional documentation or return of funds is required
LC108375	Related Party	L.C.	Valley Road	Support Clerk Finance if additional documentation or return of funds is required
LC110145	Related Party	T.B.	Lynndale Street	Support Clerk Finance if additional documentation or return of funds is required
LC110085	Related Party	S.N.	Lynndale Street	Support Clerk Finance if additional documentation or return of funds is required
LC108336	Related Party	A.D.	Lynndale Street	Support Clerk Finance if additional documentation or return of funds is required
LC110736	Related Party	S.B.	Bannerman Road	No action needed; improvements already made
LC112586	Questionable Subleases	Y.A.	Bob Ellis Road	Support Clerk Finance if additional documentation or return of funds is required
LC117037	Questionable Subleases	D.C.	Bob Ellis Road	Support Clerk Finance if additional documentation or return of funds is required
LC118155	Questionable Subleases	K.A.	Bob Ellis Road	Support Clerk Finance if additional documentation or return of funds is required
LC120435	Questionable Subleases	J.A.	Graphene Lane	The County has reached out to this applicant seeking additional documentation

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LC119790	Questionable Subleases	W.R.	W. 7th Avenue	The County has reached out to this applicant seeking additional documentation
LC111070	Questionable Duplicate Leases	A.H.	Nena Hills Drive	The County identified this duplicate application prior to this audit and previously reached out to the applicant seeking additional documentation
LC115613	Questionable Duplicate Leases	E.S.	Nena Hills Drive	The County identified this duplicate application prior to this audit and previously reached out to the applicant seeking additional documentation
LC110106	Questionable Duplicate Leases	L.H.	Sawtooth Drive	No action needed; this application was correctly awarded on 11/16/20. Application #LC114246 below was inadvertently awarded subsequent to this application
LC114246	Questionable Duplicate Leases	S.G.	Sawtooth Drive	The County has reached out to this applicant seeking additional documentation
LC121569	Questionable Duplicate Leases	T.H.	Estates Road	The County has reached out to this applicant seeking additional documentation
LC115520	Questionable Duplicate Leases	L.W.	Deese Lane	The County has reached out to this applicant seeking additional documentation
LC121822	Questionable Duplicate Leases	T.F.	W. Virginia Street	The County has reached out to this applicant seeking additional documentation
LC121875	Questionable Duplicate Leases	G.W.	W. Virginia Street	No action needed; this application was correctly awarded on 11/24/20. Application #LC121822 above was inadvertently awarded subsequent to this application
LC119655	Questionable Renewals	E.H.	Putnam Drive	No action needed; this application was correctly awarded on 11/24/20. Application #LC119979 below was inadvertently awarded subsequent to this application
LC119979	Questionable Renewals	A.S.	Putnam Drive	The County has reached out to this applicant seeking additional documentation
LC116296	Questionable Lease	S.S.	Granada Blvd.	The County has reached out to this applicant seeking additional documentation
LC116428	Unsupported Disbursement	J.R.	Jim Lee Road	No action needed; the County considered this applicant's home equity loan to be a valid housing-related expense

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Recommendation #2: Request funds be returned to the County for those instances lacking documentary evidence to support their attestations.

Management Comments: We agree with this recommended course of action.

Management Action Plan: With respect to the ten applicants indicated in the report involving questionable leases to whom the County has reached out seeking additional documentation, applicants have been requested to provide this documentation by October 1, 2021. The County is currently seeking to recover any funds awarded through this program from applicants who failed to provide the requested documentation.

Recommendation #3: Report instances of false or unsupported claims, as the instance where the property owner processed an application as a tenant to benefit from the rental assistance program to the State Attorney's Office.

Management Comments: In the absence of a formal investigation, the County is not in a position to determine whether an applicant made false or unsupported claims. However, should the Internal Audit Division suspect that an applicant knowingly attempted to commit fraud, the County would support the Clerk's office in referring such applications to the State Attorney's Office for investigation.

Management Action Plan: The County will support the Clerk's office in referring suspected instances of fraud or attempted fraud to the State Attorney's Office for investigation.

Recommendation #4: Maintain and share a list of flagged addresses and/or questionable applicants with pertinent employees involved in the disbursement process to reduce likelihood of inappropriate future disbursements.

Management Comments: We agree with this recommended course of action.

Management Action Plan: The County will coordinate with the Internal Audit Division and the Finance Department to develop this list. It is anticipated that this will be completed by October 15, 2021.

Recommendation #5: [Implement data analytics involving] periodic identification of duplicate names and addresses for further review.

Management Comments: The County agrees with and has implemented this recommendation. The application review process for the Leon CARES Individual Assistance Program did in fact include checking for duplicate names, addresses, and e-mail addresses. In addition, subsequent assistance programs such as the County's Emergency Rental Assistance Program included similar checks for duplicate applicants.

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Recommendation #6: [Implement data analytics involving] utilization of unique identifiers, such as social security numbers, to analyze potential duplicates.

Management Comments: The County agrees with and has implemented this recommendation. The online application system and review process for the County's Emergency Rental Assistance Program included checking applicants' Social Security Numbers for potential duplicates.

Recommendation #7: [Implement data analytics involving] identification of related-party transactions for further analysis.

Management Comments: There is no practical method to accurately identify all potential related-party transactions during the review process. For example, related family members often have different last names; in these instances, there is no practical way to prove that a familial relationship exists. Notwithstanding this, in its implementation of both the Leon CARES Individual Assistance and Emergency Rental Assistance Programs the County did follow up to request more information from applicants in all cases of suspected familial relationships. In future programs, the County will evaluate including an application question asking applicants to self-report whether they are related to any other household members.

Recommendation #8: [Implement data analytics involving] joining data bases (e.g., rental assistance seekers and recipients of other housing benefits) to identify and mitigate potential duplication of benefits through different programs.

Management Comments: The County agrees with this recommendation and has implemented it in its Emergency Rental Assistance Program. As discussed above at the beginning of this Management Response section, the special assistance programs recently funded by the federal government have all been unique with respect to documentation requirements. In both the Leon CARES Individual Assistance Program and the Emergency Rental Assistance Program, applicants were allowed to attest to several statements in the application process related to their eligibility. The U.S. Treasury's purpose in allowing these attestations was to accelerate the distribution of funds to eligible households. Notwithstanding this, the design of County's Emergency Rental Assistance Program included checking each application against the Leon CARES database to ensure that applicants were not awarded rent or utility assistance for months already covered through the Leon CARES program. The County will continue to include similar duplication of benefits checks in future special programs to the extent that they are required, appropriate, and feasible with respect to the specific requirements of such programs.

Recommendation #9: [Implement data analytics involving] trend analysis for further review; specifically including (1) historical trends to mitigate potential rental overlaps through different programs and (2) multiple addresses associated with one recipient, tenant, landlord, or property manager.

Management Comments: As with the response to Recommendation #8 above, the County will evaluate and consider this recommendation in the development of future special programs. The County will include trend analyses in the application review

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process to the extent that they are required, appropriate, and feasible with respect to the specific requirements of such programs.

Conclusion

Leon County received and processed 7,525 applications for emergency rent, mortgage, and utility relief through the Leon CARES Individual Assistance Program in 2020. Approximately two thirds of these applications were approved, providing critical assistance to more than 4,900 low-income households in Leon County experiencing economic hardship due to the COVID-19 pandemic. **Conversely, more than 2,600 applications were denied for myriad reasons such as income ineligibility, lack of demonstrated financial hardship, inability to demonstrate a verifiable landlord-tenant relationship, and many others.**

An excerpt from the document "Standards for Internal Control in the Federal Government" published by the United States Government Accountability Office (the "Green Book") describes an internal control system as "a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved." Given the size and scope of the Leon CARES Individual Assistance Program, it is not unexpected that some cases were identified for further evaluation. As the passage above indicates, programs such as these are not expected to be perfectly accurate, as the people who operate them are not always perfectly accurate. But we believe that the internal controls built into this program performed as strongly as any CARES Act program implemented by any other local government in the nation, and at the same time, as an organization that continuously strives to set the highest standard in public service, we also acknowledge and welcome every opportunity to improve. To that end, we sincerely appreciate the opportunity to participate in this review.

We are extremely proud to have worked with the Finance Department team throughout each phase of this program, and as always, we look forward to continuing to do so in the future. If we can be of any further assistance in this matter, please do not hesitate to let us know.

cc: Honorable Gwen Marshall, Clerk of the Circuit Court and Comptroller
Edward Burke, Finance Director, Leon County Clerk of Courts
Shington Lamy, Director, Office of Human Services and Community Partnerships

Attachments:

1. Excerpt from the *Coronavirus Aid, Relief, and Economic Security Act* (the "CARES Act," H.R. 748); Sec. 5001. Coronavirus Relief Fund
2. U.S. Department of the Treasury, Coronavirus Relief Fund Guidance and Frequently Asked Questions, consisting of:
 - a. Guidance document issued April 22, 2020
 - b. Frequently Asked Questions document issued May 28, 2020
 - c. Frequently Asked Questions document issued June 24, 2020
 - d. Guidance document issued June 30, 2020
 - e. Frequently Asked Questions document issued July 8, 2020
 - f. Guidance document issued September 2, 2020
 - g. Frequently Asked Questions document issued September 2, 2020
 - h. Frequently Asked Questions document issued October 19, 2020
3. Leon County Board of County Commissioners July 14, 2020 Budget Workshop; Agenda Item #6
4. Leon County Board of County Commissioners September 29, 2020 Regular Meeting; Agenda Item #13

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PROJECT TEAM

Engagement was conducted by:
Natalie Hill, Auditor

Under the supervision of:
Luis Camejo, CIA, Internal Audit Manager

STATEMENT OF ACCORDANCE

The Clerk and Comptroller's mission is to inspire public trust and bring credit and esteem to the organization through integrity, excellence in customer service, financial oversight, and the utilization of technology to ensure accessibility to justice.

The Division's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight to the Clerk and Comptroller and the Board of County Commissioners.

This review was performed in accordance with the International Standards for the Professional Practices of Internal Auditing, promulgated by The Institute of Internal Auditors. As this engagement is specific to identifying potential duplicates, the evaluation of the adequacy and effectiveness of governance, risk management, and controls over the disbursement process are specific to the files reviewed which are not representative of the entire Individual Assistance program.

Please address inquiries regarding this report to the Division of Internal Auditing at (850) 606-4019.