



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 4, 2024

**MEMORANDUM FOR JESSICA MILANO, CHIEF PROGRAM OFFICER, OFFICE OF
CAPITAL ACCESS, DEPARTMENT OF THE TREASURY**

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of the State of Georgia's Use of
Coronavirus Relief Fund Proceeds
(OIG-CA-25-002)

Please find the attached desk review memorandum¹ on the State of Georgia's (Georgia) use of Coronavirus Relief Fund (CRF) proceeds. The CRF is authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under a contract monitored by our office, Castro & Company, LLC (Castro), a certified independent public accounting firm, performed the desk review. Castro performed the desk review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General* standards of independence, due professional care, and quality assurance.

In its desk review, Castro personnel reviewed documentation for a non-statistical selection of 25 transactions reported in the quarterly Financial Progress Reports and did not report any questioned costs.

Castro determined that the expenditures related to the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000,² and Aggregate

¹ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) assigned the Department of the Treasury Office of Inspector General with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund (CRF) payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursement, and use of CRF proceeds as reported in the grants portal on a quarterly basis.

² Prime recipients were required to report CRF transactions greater than or equal to \$50,000 in detail in the grants portal. Transactions less than \$50,000 could be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

Payments to Individuals³ payment types complied with the CARES Act but not with Department of the Treasury's (Treasury) Guidance. Additionally, Castro determined that the Transfers⁴ greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury's Guidance. Castro determined Georgia's risk of unallowable use of funds is low and did not identify any follow-up items for the Treasury Office of Inspector General.

In connection with our contract with Castro, we reviewed Castro's desk review memorandum and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on Georgia's use of CRF proceeds. Castro is responsible for the attached desk review memorandum and the conclusions expressed therein. Our review found no instances in which Castro did not comply in all material respects with *Quality Standards for Federal Offices of Inspectors General*.

We appreciate the courtesies and cooperation provided to Castro and our staff during the desk review. If you have any questions or require further information, please contact me at (202) 486-1420, or a member of your staff may contact Lisa DeAngelis, Deputy Assistant Inspector General for Audit, at (202) 487-8371.

cc: Trey Bennett, Grants Division Director, Governor's Office of Planning and Budget
Stephanie Beck, Deputy Director, Governor's Office of Planning and Budget
Michelle. A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury
Danielle Christensen, Deputy Chief Program Officer, Office of Capital Access, Department of the Treasury
Wayne Ference, Partner, Castro & Company, LLC

³ Obligations and expenditures for payments made to individuals, regardless of amount, were required to be reported in the aggregate in the grants portal to prevent inappropriate disclosure of personally identifiable information.

⁴ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

Desk Review of the State of Georgia

October 4, 2024

OIG-CA-25-002

MEMORANDUM FOR DEBORAH L. HARKER,
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Wayne Ference
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the State of Georgia

On September 19, 2023, we initiated a desk review of the State of Georgia's (Georgia) use of the Coronavirus Relief Fund (CRF) authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The objective of our desk review was to evaluate Georgia's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our desk review was limited to obligation and expenditure data for the period of March 1, 2020 through December 31, 2022,³ as reported in the GrantSolutions portal.

As part of our desk review, we performed the following:

- 1) reviewed Georgia's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through December 31, 2022;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;⁴
- 3) reviewed Treasury Office of Inspector General's (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁵

¹ P.L. 116-136 (March 27, 2020).

² GrantSolutions, a grant and program management Federal shared service provider under the United States (U.S.) Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from prime recipients.

³ Georgia fully expended their total CRF proceeds as of December 31, 2022. Castro set the scope end date to December 31, 2022, which was the date of Georgia's last reporting submission within the GrantSolutions portal.

⁴ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021).
https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

⁵ Department of the Treasury Office of Inspector General *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* OIG-20-028R; March 2, 2021.

Desk Review of the State of Georgia

- 4) reviewed Treasury OIG's monitoring checklists⁶ of Georgia's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit Act reports,⁷ and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact Georgia's uses of CRF proceeds;
- 6) reviewed Treasury OIG Office of Investigations, the Council of the Inspectors General on Integrity and Efficiency Pandemic Response Accountability Committee,⁸ and Treasury OIG Office of Counsel input on issues that may pose risk or impact Georgia's use of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Georgia's GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;
- 8) made a non-statistical selection of Contracts, Grants, Transfers,⁹ Direct Payments, Aggregate Reporting,¹⁰ and Aggregate Payments to Individuals¹¹ data identified through GrantSolutions portal reporting; and
- 9) evaluated documentation and records used to support Georgia's quarterly FPRs.

⁶ The checklists were used by Treasury OIG personnel to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews were designed to identify material omissions and significant errors, and where necessary, included procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG followed the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029R to monitor the prime recipients on a quarterly basis.

⁷ P. L. 104-156 (July 5, 1996) The Single Audit Act of 1984, as amended in 1996, requires entities who receive federal funds in excess of \$750,000 to an annual audit of those Federal funds. Enacted for the purpose of promoting sound financial management, including effective internal controls, with respect to Federal awards administered by non-Federal entities and to establish uniform requirements for audits. This prime recipient was subject to those audit requirements, and Castro reviewed applicable prior year single audit reports as part of our desk review risk assessment procedures.

⁸ Section 15010 of P.L. 116-136 established the Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight of covered funds (see Footnote 16 for a definition of covered funds) and the coronavirus response to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

⁹ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

¹⁰ Prime recipients were required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions portal. Transactions less than \$50,000 could be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

¹¹ Obligations and expenditures for payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

Desk Review of the State of Georgia

Based on our review of Georgia’s documentation supporting the uses of its CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures related to the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types complied with the CARES Act but not with Treasury’s Guidance. We also found that Transfers greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury’s Guidance. We also determined Georgia’s risk of unallowable use of funds is low.

Non-Statistical Transaction Selection Methodology

Treasury issued a \$3,502,871,330 CRF payment to Georgia. As of December 31, 2022, Georgia expended all of its CRF funds, which included a return of \$632,477 of CRF proceeds to the U.S. Treasury. Georgia’s cumulative obligations and expenditures by payment type are summarized below.

Payment Type	Cumulative Obligations	Cumulative Expenditures
Contracts >= \$50,000	\$ 765,426,362	\$ 765,426,362
Grants >= \$50,000	\$ 58,707,581	\$ 58,707,581
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 358,513,139	\$ 358,513,139
Direct Payments >= \$50,000	\$ 2,169,574,161	\$ 2,169,574,161
Aggregate Reporting < \$50,000	\$ 150,017,610	\$ 150,017,610
Aggregate Payments to Individuals (in any amount) ¹²	\$ -	\$ -
Totals	\$ 3,502,238,853	\$ 3,502,238,853

Castro made a non-statistical selection of payments in the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types. Selections were made using auditor judgment based on

¹² See **Reconciling GrantSolutions to Georgia’s General Ledger Detail and Related Financial Reporting Control Issues** within the Desk Review Results section below for misclassifications identified in Direct Payments greater than or equal to \$50,000 and Aggregate Payments to Individuals in Georgia’s December 31, 2022 GrantSolutions portal submission. Georgia reported \$150,017,610 in Aggregate Reporting less than \$50,000 but corrected this balance to \$149,911,245 within its offline general ledger population to GrantSolutions portal reconciliation. Georgia reported \$0 in Aggregate Payments to Individuals, but corrected this balance to \$1,917,428,596 within its offline general ledger reconciliation. Castro considered these to be reporting errors that did not comply with Treasury’s Guidance. Since Georgia had a significant number of expenditures that should have been reported in the Aggregate Payments to Individuals payment type as of our scope period of December 31, 2022, we subjected the balance in this payment type from the general ledger as part of our transaction selections. A table reflecting the revised balances is included later in this report.

Desk Review of the State of Georgia

information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies¹³ identified by the Treasury OIG CRF monitoring team, and review of Georgia's FPR submissions. Georgia did not obligate or expend CRF proceeds to Loans greater than or equal to \$50,000; therefore, we did not select transactions from this payment type.

The number of transactions (25) we selected to test were based on Georgia's total CRF award amount and Castro's overall risk assessment of Georgia. To allocate the number of transactions (25) by payment type (Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types), we compared the total payment type dollar amounts as a percentage of cumulative expenditures as of December 31, 2022. The transactions tested were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

Background

The CARES Act appropriated \$150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories, including the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments (collectively referred to as "prime recipients"). Treasury issued a \$3,502,871,330 CRF payment to Georgia. The CARES Act stipulates that a prime recipient may only use the funds to cover costs that —

- (1) were necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred during the covered period between March 1, 2020 and December 31, 2021.¹⁴

¹³ Treasury OIG had a pre-defined list of risk indicators that were triggered based on data submitted by prime recipients in the FPR submissions that met certain criteria. Castro reviewed these results provided by Treasury OIG for the prime recipient.

¹⁴ P.L. 116-260 (December 27, 2020). The period of performance end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The period of performance end date for tribal entities was further extended to December 31, 2022 by the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, Division LL of the Consolidated Appropriations Act, 2023, P.L. 117-328, December 29, 2022, 136 Stat. 4459.

Desk Review of the State of Georgia

Section 15011 of the CARES Act required each covered recipient¹⁵ to submit to Treasury and the Pandemic Response Accountability Committee, no later than 10 days after the end of each calendar quarter, a report that contained (1) the total amount of large covered funds^{16,17} received from Treasury; (2) the amount of large covered funds received that were expended or obligated for each project or activity; (3) a detailed list of all projects or activities for which large covered funds were expended or obligated; and (4) detailed information on any level of sub-contracts or sub-grants awarded by the covered recipient or its sub-recipients.

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG also has the authority to recoup funds in the event it is determined a prime recipient failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).

Desk Review Results

Financial Progress Reports

We reviewed Georgia's quarterly FPRs through December 31, 2022, and found that Georgia timely filed quarterly FPRs in the GrantSolutions portal in compliance with Treasury OIG's reporting requirements for the period of June 30, 2020 through December 31, 2022.

Reconciling GrantSolutions to Georgia's General Ledger Detail and Related Financial Reporting Control Issues

Castro's review of Georgia's underlying general ledger (GL) detail resulted in identification of two GrantSolutions portal reconciling errors that we deemed to be reporting misclassifications that did not comply with Treasury's Guidance, as detailed below.

- The Direct Payments greater than or equal to \$50,000 payment type included a misclassification of \$1,917,428,596, which should have been reported in the Aggregate Payments to Individuals payment type. This was primarily related to a \$1,805,299,880 payment to replenish Georgia's Unemployment Trust Fund.

¹⁵ Section 15011 of P.L. 116-136 defined a covered recipient as any entity that received large covered funds and included any State, the District of Columbia, and any territory or possession of the United States.

¹⁶ Section 15010 of P.L. 116-136 defined covered funds as any funds, including loans, that were made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily made appropriations for Coronavirus response and related activities.

¹⁷ Section 15011 of P.L. 116-136 defined large covered funds as covered funds that amounted to more than \$150,000.

Desk Review of the State of Georgia

See Aggregate Payments to Individuals Desk Review Results section below for further detail.

- We also identified a second instance where the Aggregate Reporting less than \$50,000 payment type included a reporting misclassification of \$106,365. The \$106,365 should have been reported in the Grants greater than or equal to \$50,000 payment type because the transaction was greater than \$50,000.

See below for a summary of these offline classification changes that Georgia made within the general ledger detail reconciliations.

Payment Type	Cumulative Expenditures per FPR	Corrected Expenditures per General Ledger Detail Population	Difference
Contracts >= \$50,000	\$ 765,426,362	\$ 765,426,362	\$ -
Grants >= \$50,000	\$ 58,707,581	\$ 58,813,946	\$ (106,365)
Loans >= \$50,000	\$ -	\$ -	\$ -
Transfers to Other Government Agencies >= \$50,000	\$ 358,513,139	\$ 358,513,139	\$ -
Direct Payments >= \$50,000	\$2,169,574,161	\$ 252,145,565	\$ 1,917,428,596
Aggregate Reporting < \$50,000	\$ 150,017,610	\$ 149,911,245	\$ 106,365
Aggregate Payments to Individuals (in any amounts)	\$ -	\$ 1,917,428,596	\$ (1,917,428,596)
Totals	\$3,502,238,853	\$ 3,502,238,853	\$ -

Castro noted that these changes did not result in a change to the total expenditures claimed. Even after Georgia's offline classification changes, which we have summarized in the table above, Castro identified additional classification errors within the Georgia reported values within our testing results. For instance, we identified that Georgia incorrectly classified a negative reversal amount within an aggregate payment type when it should have been reported to Contracts greater than or equal to \$50,000.

Summary of Testing Results

We found that the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types complied with the CARES Act but not with Treasury's Guidance due to the misclassification errors. We also found that Transfers greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury's Guidance. The transactions selected for testing were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

Within the table below, we have included a summary of tested amounts. Castro did not identify any questioned costs through our desk review.

Desk Review of the State of Georgia

Payment Type ¹⁸	Corrected Expenditures per General Ledger Detail Population	Cumulative Expenditure Tested Amount	Unsupported Questioned Costs	Ineligible Questioned Costs	Total Questioned Costs
Contracts >= \$50,000	\$ 765,426,362	\$ 38,803,148	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ 58,813,946	\$ 423,700.00	\$ -	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 358,513,139	\$ 7,803,706	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ 252,145,565	\$ 1,550,315	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 149,911,245	\$ 10,600	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount) ¹⁹	\$1,917,428,596	\$ 1,911,093,794	\$ -	\$ -	\$ -
Totals	\$3,502,238,853	\$ 1,959,685,263	\$ -	\$ -	\$ -

Contracts Greater Than or Equal to \$50,000

We determined Georgia's Contracts greater than or equal to \$50,000 complied with the CARES Act but did not comply with Treasury's Guidance. We tested 23 invoices totaling \$38,803,148 that Georgia claimed under 12 contracts totaling \$647,869,173, and identified no testing exceptions. Transactions tested included expenditures for staffing and consulting services at healthcare facilities identified by the Georgia Department of Community Health, in consultation with the Georgia Emergency Management Agency and other relevant state entities; expenditures to establish a temporary alternative medical site at the Georgia World Congress

¹⁸ Castro also tested six potential duplicate payments totaling \$3,114,552 for Contracts greater than or equal to \$50,000 and eight potential duplicate payments for Direct Payments greater than or equal to \$50,000 totaling \$4,308,880. We found no errors. We excluded these duplicate payment amounts from our testing results table above.

¹⁹ Castro's review of Georgia's underlying general ledger (GL) detail resulted in identification of reconciling errors that Castro deemed to be misclassifications that did not comply with Treasury's reporting guidance. Specifically, the Direct Payments greater than or equal to \$50,000 expenditure category included a misclassification of \$1,917,428,596. The \$1,917,428,596 should have been reported in Aggregate Payments to Individuals. The Aggregate Reporting less than \$50,000 expenditure category included a misclassification of \$106,365. The \$106,365 should have been reported in Grants greater than or equal to \$50,000. These amounts were misclassifications and not considered questioned costs for the table above. See the [Reconciling Grant Solutions to Georgia's General Ledger Detail and Related Financial Reporting Control Issues](#) section of this report for details.

Desk Review of the State of Georgia

Center to treat COVID-19 patients; and expenditures for information technology support services for Georgia state agencies.

Related to the expenditures for information technology support services for Georgia state agencies, with the onset of the pandemic and sudden shift to fully remote work for the Georgia Department of Human Services, thousands of employees from the Georgia Department of Human Services were working remotely and so Georgia paid for information technology contractors to make system modifications to its various client benefit systems and to provide wireless and remote access devices for staff to continue working. In addition, Georgia incurred expenses for licenses for a platform to allow for Georgia Division of Family and Children Services staff to access voice services via state-issued laptops while working remotely due to COVID-19.

Castro identified a misclassification error where Georgia included downward adjusting entries within the Aggregate Reporting less than \$50,000 payment type, when it should have reported those downward adjusting entries to the Contracts greater than or equal to \$50,000 payment type. This resulted in understating the Aggregate Reporting less than \$50,000 and overstating the Contracts greater than or equal to \$50,000 payment types. Castro confirmed this was a net zero reporting error that impacted reporting by payment type and Georgia's reported sub-recipients' expenditure amounts, which did not impact the overall expenditure amounts reported. This reporting error also did not result in any questioned costs within the related tested balances. Castro considers this a reporting error that did not comply with Treasury's Guidance.

Grants Greater Than or Equal to \$50,000

We determined Georgia's Grants greater than or equal to \$50,000 complied with the CARES Act but not with Treasury's Guidance. We tested one grant totaling \$423,700 and identified no exceptions. The transactions tested included expenditures incurred to enhance efforts to keep COVID-19 from entering and spreading through nursing homes, and testing residents and staff based on parameters and a frequency set forth by the U.S. Department of Health and Human Services Secretary. Also, Georgia provided this nursing home grant to a senior care center to reimburse the entity for its costs associated with administering COVID-19 test kits to facility staff for processing through an external commercial vendor or in-person at a commercial laboratory.

Castro's review of Georgia's underlying general ledger detail resulted in identification of GrantSolutions portal reconciling errors that we deemed to be reporting misclassifications that did not comply with Treasury's Guidance.

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Transfers Greater Than or Equal to \$50,000

We determined Georgia's Transfers greater than or equal to \$50,000 complied with the CARES Act and Treasury's Guidance. We tested six transactions totaling \$7,803,706 for transfers to three different counties totaling \$9,791,247 and identified no exceptions. The transactions tested related to public health and safety police and fire department's payroll claims, and a Forsyth County payment for a small business grant program to assist with businesses who suffered a loss due to the COVID-19 pandemic. The grant reimbursed the small businesses for weekly rent expenses incurred.

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

We determined Georgia's Direct Payments greater than or equal to \$50,000 complied with the CARES Act but not with Treasury's Guidance. We tested five COVID-19 medical claims made under Georgia's self-insurance program totaling \$1,498,742 out of \$198,866,377 in self-insurance claims. Additionally, we tested all 29 invoices totaling \$51,573 made to a vendor who provided meals to a Georgia state prison. During the pandemic, to reduce the mixing of prison populations and prevent the spread of COVID-19, use of the prison store and other shared facilities was curtailed. The total tested value was \$1,550,315. All transactions were tested without exception.

Castro's review of Georgia's underlying general ledger detail resulted in identification of GrantSolutions portal reconciling errors that we deemed to be reporting misclassifications that did not comply with Treasury's Guidance.

Georgia's Self-Insurance Program

The Georgia Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) insurance risk pool for the State. The DCH Board has the authority to establish a health insurance plan; provide rules and regulations; and general provisions of the plan. The plan is managed as an enterprise fund and is used to manage and pay for health care expenses incurred by the state for its employees and certain county government/local education agency employees responsible for executing state programs paid through state funded allocations to their counties for that purpose. The SHBP is the plan administrator for approximately 450 organizations (state, county, and local education agencies) and provides health coverage to more than 600,000 employees, teachers, retirees, and their dependents. All SHBP financial activity is reported entirely within the state's Annual Comprehensive Financial Report, as it is wholly a fund of the State of Georgia. Castro noted the following key points with respect to this insurance risk pool.

Desk Review of the State of Georgia

State of Georgia's Federal funding awards used to pay for claims: Georgia confirmed that CRF proceeds were the only Federal funds used to pay for excess claims experienced due to COVID-19. All other excess COVID-19 claim expenses were paid from the regular employer and employee payroll contributions made to the fund.

Members of the insurance risk pool: Georgia confirmed that all payroll locations were Georgia based. There were no out-of-state employer entities in the SHBP. With regards to the COVID-19 claim expenses provided to the state from the third-party administrators (TPAs) administering benefit plans offered by SHBP to plan members, documentation of claim expenses provided to the state did not contain individual employer information. Expenses were paid on behalf of plan members through the state contracted TPAs. The TPAs invoiced the state for all claims paid for a given period, not on an individual claim by claim basis. These invoices cover all SHBP members, both active and retirees, and from all payroll locations (i.e. individual employers) with members in the Plan. As the State directly funds the majority of the employer contributions made through payroll through appropriations to state agencies, county public health offices, and local education agencies, increasing employer payroll contributions to maintain the health of the Fund due to an unexpected and unbudgeted surge in claims caused by the COVID-19 pandemic would have had an additional direct negative impact on state appropriations. As a result, Georgia used \$198,866,377 of CRF proceeds to offset COVID-19 specific claim expenses of \$278,418,726 that were claimed within the covered period, approximately 71 percent of costs incurred to the fund on behalf of participating members.

Aggregate Reporting Less Than \$50,000

We determined Georgia's Aggregate Reporting less than \$50,000 complied with the CARES Act but not with Treasury's Guidance. We tested one transaction totaling \$10,600 and identified no exceptions. The one transaction tested was for a grant from Georgia to the town of Alapaha for the reimbursement of public safety payroll expenses for direct law enforcement staff responsible for enforcing shelter in place and other state and federal safety measures during the pandemic. Treasury encouraged state governments to provide CRF proceeds to smaller cities and counties who did not receive CRF funding directly.

Castro's review of Georgia's underlying general ledger detail resulted in identification of GrantSolutions portal reconciling errors that we deemed to be reporting misclassifications that did not comply with Treasury's Guidance.

Desk Review of the State of Georgia

Aggregate Payments to Individuals

CRF payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information. The Aggregate Payments to Individuals payment type includes four broad types of potential costs, which are discussed below and are defined in Treasury's guidance as published in the Federal Register.²⁰ Prime recipients may or may not have claimed all these types of expenditures.

- **Public Health and Safety Payroll**²¹ – consists of payroll costs for public health and safety department personnel.
- **Substantially Dedicated Payroll**²² – consists of payroll costs for non-public health and safety personnel who were substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- **Non-Substantially Dedicated Payroll**²³ – consists of payroll costs for personnel who performed COVID-19 related tasks on a part-time basis.
- **Non-Payroll Expenditures** – consists of financial assistance payments to citizens due to hardship or loss of income, unemployment claims, and other non-payroll related expenditures made to individuals.

²⁰ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

²¹ Treasury's Federal Register guidance provides the following examples of public health and safety employees: "police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel...employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel."

²² Substantially dedicated payroll costs include when personnel have dedicated over 50 percent of their time to responding or mitigating COVID-19. Treasury's Federal Register guidance indicated: "The full amount of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund. Treasury has not developed a precise definition of what "substantially dedicated" means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the "substantially dedicated" conclusion with respect to its employees."

²³ Payroll costs that were not substantially dedicated were payroll costs that were not public health and safety, and which were not substantially dedicated to performing COVID-19 related tasks. Treasury's Federal Register guidance defined more stringent tracking requirements for these types of payroll costs. Specifically, Treasury's Federal Register stated: "track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department. This means, for example, that a government could cover payroll expenses allocated on an hourly basis to employees' time dedicated to mitigating or responding to the COVID-19 public health emergency."

Desk Review of the State of Georgia

The Georgia Aggregate Payments to Individuals balance consisted of payroll and non-payroll transactions from the following types of claimed costs.

Aggregate Payments to Individuals Category Types	Population Amount
Public Health and Safety Payroll	\$ 108,400,649
Substantially Dedicated Payroll	\$ 3,724,793
Non-Substantially Dedicated Payroll	\$ 3,274
Non-Payroll Expenditures ²⁴	\$ 1,805,299,880
Total Aggregate Payments to Individuals Per Population	\$ 1,917,428,596

Castro noted that public health and safety payroll transactions were subject to Treasury's administrative accommodation,²⁵ and therefore, were subject to less detailed documentation requirements. Castro tested public health and safety payroll transactions by reviewing itemized payroll distribution reports to support these balances. Substantially dedicated and non-substantially dedicated payroll balances were not subject to this administrative accommodation, and therefore, Castro tested these transactions by reviewing payroll distribution files and by performing tests over specific employee timesheet submissions and other documentation.

We determined Georgia's Aggregate Payments to Individuals complied with the CARES Act but not with Treasury's Guidance. We selected three transactions for public health and safety payroll, ten transactions for substantially dedicated payroll, and one transaction for non-payroll. This resulted in a total tested value of \$1,911,093,794, with no exceptions identified.

Castro's review of Georgia's underlying general ledger detail resulted in identification of GrantSolutions portal reconciling errors that we deemed to be reporting misclassifications that did not comply with Treasury's Guidance.

²⁴ Castro tested this balance without exception within our Aggregate Payments to Individuals testing selections. Castro tested a \$1,805,299,880 payment to replenish Georgia's Unemployment Trust Fund. See below for additional information.

²⁵ Treasury's Federal Register guidance states the following about the administrative accommodation "In recognition of the particular importance of public health and public safety workers to State, local, and tribal government responses to the public health emergency, Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test...This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020, and ends on December 31, 2021."

Unemployment Trust Fund Replenishment Analysis

The non-payroll transaction tested consisted of \$1,805,299,880 in payments from November 2020 through December 2021 to replenish Georgia's Unemployment Trust Fund. The Georgia Department of Labor (DOL) performed unemployment claim analysis supporting how it determined that the change in this balance (unemployment claims paid) occurred due to the COVID-19 pandemic and not due to unemployment claims that would have been paid regardless of the pandemic.

Castro obtained and inspected the bank statements to support key Unemployment Trust Fund balances included within Georgia's unemployment replenishment trend analyses and which were needed to justify the eligibility of unemployment expenditures claimed as CRF expenditures. Castro also obtained a written confirmation from the DOL personnel responsible for managing the Unemployment Trust Fund, which stated that Georgia did not claim unemployment claims for reimbursement under any other Federal program.

Castro concluded that Georgia's CRF replenishment payment consisted of an Unemployment Trust Fund replenishment payment and not an augmentation to the Unemployment Trust Fund. Additionally, Castro determined these payments were necessary due to the COVID-19 pandemic and did not represent unemployment claims that would have been paid regardless of the pandemic.

Conclusion

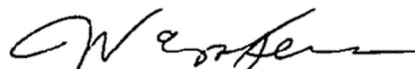
We found that the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types complied with the CARES Act but not with Treasury's Guidance. We also found that Transfers greater than or equal to \$50,000 complied with the CARES Act and Treasury's Guidance.

Additionally, we identified GrantSolutions portal misclassification reporting errors within Contracts greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals, which we considered to be non-compliant with Treasury's Guidance. Georgia's risk of unallowable use of funds is low. As a result of this desk review, Castro has no further recommendations for follow-up for Treasury OIG.

Desk Review of the State of Georgia

All work completed with this letter complies with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*, which require that the work adheres to the professional standards of independence, due professional care, and quality assurance to ensure the accuracy of the information presented.²⁶ We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,



Wayne Ference
Partner, Castro & Company, LLC

²⁶ <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>