



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

May 30, 2025

OIG-CA-25-049

**MEMORANDUM FOR GREGORY TILL, ACTING CHIEF PROGRAM OFFICER,
OFFICE OF CAPITAL ACCESS, DEPARTMENT OF THE
TREASURY**

FROM: Pauletta P. Battle /s/
Acting Assistant Inspector General for Audit

SUBJECT: Desk Review of the State of Oregon's Use of
Coronavirus Relief Fund Proceeds

On February 14, 2023, we initiated a desk review of the State of Oregon's (Oregon) 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 Oregon's documentation supporting the uses of its CRF proceeds for aggregate payments to individuals (API) as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our review included all obligation and expenditure data reported quarterly in the GrantSolutions portal from March 1, 2020 (cycle 1), through September 30, 2022 (cycle 10).

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

- 1) reviewed Oregon's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal for cycles 1 through 10;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* (Guidance) as published in the Federal Register on January 15, 2021;³
- 3) reviewed Treasury's Office of Inspector General (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* (FAQs);⁴

¹ P.L. 116-136 (March 27, 2020)

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

³ 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

⁴ 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).

- 4) reviewed Treasury OIG's monitoring checklists⁵ of Oregon's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit reports, 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 Oregon'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 (PRAC),⁶ and Treasury OIG Office of Counsel input on issues that may pose risk or impact Oregon's uses of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying the quarterly FPR submissions in Oregon's GrantSolutions portal, as well as officials responsible for obligating and expending CRF proceeds;
- 8) made a non-statistical selection of APIs⁷ identified through GrantSolutions reporting; and
- 9) evaluated documentation and records used to support Oregon's quarterly FPRs.

Based on the results of our desk review, Oregon's documentation supporting the uses of CRF proceeds complied with the CARES Act and Treasury's Guidance. Additionally, we determined that Oregon's risk of unallowable use of funds is low. As such, we will not be conducting an audit of Oregon.

Non-Statistical Transaction Selection Methodology

Treasury issued a \$1,388,506,837 CRF payment to Oregon. As of September 30, 2022, Oregon's cumulative obligations and expenditures for the API payment type as reported in GrantSolutions through Cycle 10 was \$191,531,154.

We made a non-statistical selection of 132 transactions related to individuals Oregon made payments to with its CRF proceeds. Selections were made using

⁵ The checklists are used by Treasury OIG personnel to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews are designed to identify material omissions and significant errors, and where necessary, include procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG follows the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide* to monitor the prime recipients quarterly (OIG-CA-20-029R; April 19, 2021).

⁶ 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 11 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.

⁷ Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

auditor judgment based on (1) noticeable outliers;⁸ (2) duplicate transactions; and (3) transactions with the highest obligation/payment amounts. We identified anomalies that resulted in the testing of 34 additional transactions, for a total of 166 transactions tested.

Background

The CARES Act appropriated \$150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States; eligible units of certain local governments; the District of Columbia; U.S. Territories, including the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments. Treasury issued a CRF payment to Oregon for \$1,388,506,837. The CARES Act stipulates that a 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 between March 1, 2020 and December 31, 2021.⁹

Section 15011 of the CARES Act required each covered recipient¹⁰ to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar quarter, a report that contained (1) the total amount of large covered funds^{11,12} 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 subcontracts or subgrants awarded by the covered recipient or its subcontractors or subgrantees.

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG

⁸ Outliers include transactions (1) that did not align with the CARES Act criteria; (2) with missing/inconsistent information; or (3) with obligations incurred outside of the period that began on March 1, 2020, and ended on December 31, 2021.

⁹ 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.

¹⁰ Section 15011 of P.L. 116-136 defines a covered recipient as any entity that receives large, covered funds and includes any State, the District of Columbia, and any territory or possession of the United States.

¹¹ Section 15010 of P.L. 116-136 defines covered funds as any funds, including loans, that are 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 makes appropriations for Coronavirus response and related activities.

¹² Section 15011 of P.L. 116-136 defines large covered funds as covered funds that amount to more than \$150,000.

also has authority to recoup funds in the event that it is determined a 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

Our review of Oregon's quarterly FPR submissions through September 30, 2022, found that FPR submissions were timely. Transactions selected for detailed review were supported by documentation and were allowable expenditures in accordance with the CARES Act and Treasury's Guidance. We noted that the tested API were necessary expenditures due to the COVID-19 public health emergency, were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the covered period of March 1, 2020, to December 31, 2021. The transactions selected for testing were not selected statistically, and therefore results cannot be extrapolated to the total universe of transactions.

Conclusion

Based on our review of Oregon's documentation supporting the uses of CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures complied with the CARES Act and Treasury's Guidance. Additionally, we determined Oregon's risk of unallowable use of funds is low. As such, we will not be conducting an audit of Oregon.

Other Matters of Concern

We reviewed two complaints related to Oregon's CRF payments. One complaint was about CRF relevant findings identified in Oregon's Statewide Single Audit Report for Fiscal Year 2021.¹³ We noted the issue was addressed and is currently being handled through Treasury's management decision process.

The second complaint was about CRF expenditures the State of Oregon provided to a sub-recipient, the City of Lakeside, Oregon. The City of Lakeside, Oregon, received \$51,442.75 in grants from the State of Oregon for eligible CRF expenditures. During our review, we found that the City of Lakeside, Oregon did not comply with the CARES Act and Treasury's Guidance as it failed to provide adequate justification or supporting documentation for CRF expenditures, including but not limited to payroll-related transactions, resulting in unsupported questioned costs totaling \$51,442.75. After our review, the City of Lakeside submitted supporting documentation. We reviewed the newly submitted supporting documentation and determined that \$18,888.75 of the \$51,442.75 in grant funds the City of Lakeside received from the State of Oregon, were spent in accordance with the CARES Act and Treasury's Guidance. Accordingly, we reduced the total

¹³ Oregon Secretary of State, *Statewide Single Audit Report for FY 2021* (Report 2022-18; July 2022) [Statewide Single Audit for Fiscal Year 2021 \(oregon.gov\)](https://www.oregon.gov/Secretary/Pages/Statewide-Single-Audit-for-Fiscal-Year-2021.aspx)

amount of unsupported questioned costs to \$32,554. We recommend that the Acting Chief Program Officer of the Treasury Office of Capital Access works with the OIG to ensure that the State of Oregon returns to Treasury the \$32,554 of CRF proceeds that were used by the City of Lakeside, Oregon in violation of subsection 601(d) of the Social Security Act, as amended (42 U.S.C. 801(d)), as well as Treasury's Guidance and FAQs. To the extent funds are not returned, Treasury OIG will seek recoupment under its authority assigned by the CARES Act.

* * * * *

All work completed 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.¹⁴ We appreciate the courtesies and cooperation provided to our staff during the desk review. If you have any questions or require further information, please contact me at (202) 927-5400, or a member of your staff may contact Virginia Shirley, Acting Deputy Assistant Inspector General for Audit, at (202) 246-0362.

Sincerely,

/s/

Pauletta P. Battle
Acting Assistant Inspector General for Audit

Attachment

cc: Danielle R. Christensen, Deputy Chief Program Officer for State and Local Programs, Office of Capital Access, Department of the Treasury
Michelle A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury
George M. Naughton, Chief Financial Officer, State of Oregon
Kip Memmott, Senior Statewide Coordinator, State of Oregon
Robert W. Hamilton, CPA, State Controller, State of Oregon

Attachment

¹⁴ <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>

Schedule of Monetary Benefits

According to the Code of Federal Regulations,¹⁵ a questioned cost is a cost that is questioned due to a finding:

(a) which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;

(b) where the costs, at the time of the review, are not supported by adequate documentation; or

(c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Questioned costs are to be recorded in the Department of the Treasury's (Treasury) Joint Audit Management Enterprise System (JAMES).¹⁶ The amount will also be included in the Office of Inspector General (OIG) Semiannual Report to Congress. It is Treasury management's responsibility to report to Congress on the status of the agreed to recommendations with monetary benefits in accordance with 5 USC 405.

<u>Recommendation</u>	<u>Questioned Costs</u>
Recommendation No. 1	\$32,554

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$32,554 is the City of Lakeside's total expenditures reported in the grant-reporting portal that lacked supporting documentation.

¹⁵ 2 CFR § 200.84 – Questioned Cost

¹⁶ JAMES is Treasury's audit recommendation tracking system.