



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 1, 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 Bucks County, Pennsylvania's Use of  
Coronavirus Relief Fund Proceeds  
(OIG-CA-24-019)

Please find the attached desk review memorandum<sup>1</sup> on Bucks County, Pennsylvania's (Bucks County) 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 15 transactions reported in the quarterly Financial Progress Reports (FPR) and identified a combination of unsupported and ineligible questioned costs of \$5,000 and \$106,423, respectively, with total questioned costs across all payment types of \$111,423 (see attached schedule of monetary benefits).<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> Questioned costs consist of ineligible subscription costs incurred outside of the covered period, ineligible indirect costs, unsupported costs related to the Bucks Back to Work grant program, and ineligible payroll expenses.

Castro determined that the expenditures related to Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000,<sup>3</sup> and Aggregate Payments to Individuals<sup>4</sup> payment types do not comply with CARES Act and Treasury's guidance. Additionally, Castro determined that Bucks County's risk of unallowable use of funds is moderate.

Castro recommends that the Department of the Treasury (Treasury) Office of Inspector General (OIG) follow-up with Bucks County's management to confirm the transactions noted as unsupported or ineligible expenditures within Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals are recouped or reallocated to other eligible uses. Castro also identified other matters throughout the course of the desk review and recommends that Treasury OIG follow-up with Bucks County's management to 1) perform an assessment over whether there were any additional indirect costs claimed within its Contracts greater than or equal to \$50,000 CRF submission above those questioned based on the specific transactions reviewed; 2) determine the feasibility of performing additional follow-up with Bucks County to determine if there were other instances of unsupported balances within the Bucks Back to Work grant program in addition to the costs specifically reviewed and questioned; 3) determine the feasibility of following up on the remaining balance of \$72,353 within Aggregate Payments to Individuals for specific departments identified with concerns, and determine if these departments have other ineligible expenditures; and 4) request Bucks County management to perform an assessment over claimed non-substantially dedicated payroll costs<sup>5</sup> to determine if there were any additional departments with employees with ineligible costs.

Treasury OIG and Castro met with Bucks County management to discuss the questioned costs. Bucks County management concurred with the findings of ineligible costs and will provide documentation to reallocate those funds to eligible expenditures. Bucks County management also stated they would provide additional documentation to Treasury OIG to support the questioned costs identified as unsupported by Castro.

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<sup>3</sup> Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the grants portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

<sup>4</sup> Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the grants portal to prevent inappropriate disclosure of personally identifiable information.

<sup>5</sup> Non-substantially dedicated payroll costs consist of payroll costs for non-public health and safety personnel who were not substantially dedicated to mitigating or responding to the COVID-19 public health emergency and only worked on COVID-19 tasks on a part-time basis.

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 Bucks County'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: Margaret McKeivitt, Chief Operating Officer, Bucks County Administration  
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  
David Morley, Director of Data and Reporting, Office of Capital Access, Department of the Treasury  
Katharine Richards, Senior Advisor, Department of the Treasury  
Wayne Ference, Partner, Castro & Company, LLC

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,<sup>6</sup> 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).<sup>7</sup> 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 Section 405(b) of the Inspector General Act of 1978.

<u>Recommendation</u>	<u>Questioned Costs</u>
Recommendation No. 1	\$ 111,423

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$111,423 is Bucks County's expenditures reported in the grant-reporting portal that were ineligible or lacked supporting documentation.

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<sup>6</sup> 2 CFR § 200.84 – Questioned Cost

<sup>7</sup> JAMES is Treasury's audit recommendation tracking system.

Desk Review of Bucks County, Pennsylvania

August 1, 2024

OIG-CA-24-019

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

FROM: Wayne Ference  
Partner, Castro & Company, LLC

SUBJECT: Desk Review of Bucks County, Pennsylvania

On September 11, 2023, we initiated a desk review of Bucks County, Pennsylvania's (Bucks County) 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).<sup>1</sup> The objective of our desk review was to evaluate Bucks County's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions<sup>2</sup> 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, 2021,<sup>3</sup> as reported in the GrantSolutions portal.

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

- 1) reviewed Bucks County's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through December 31, 2021;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;<sup>4</sup>

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<sup>1</sup> P.L. 116-136 (March 27, 2020).

<sup>2</sup> 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.

<sup>3</sup> Bucks County fully expended their total CRF proceeds as of December 31, 2021. Castro set the scope end date to December 31, 2021, which was the date of Bucks County's last reporting submission within the GrantSolutions portal.

<sup>4</sup> 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](https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf)

## Desk Review of Bucks County, Pennsylvania

- 3) reviewed Treasury Office of Inspector General's (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;<sup>5</sup>
- 4) reviewed Treasury OIG's monitoring checklists<sup>6</sup> of Bucks County's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit Act reports,<sup>7</sup> 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 Bucks County'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,<sup>8</sup> and Treasury OIG Office of Counsel input on issues that may pose risk or impact Bucks County's use of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Bucks County'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, Aggregate Reporting,<sup>9</sup> and Aggregate Payments to Individuals<sup>10</sup> data identified through GrantSolutions portal reporting; and

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<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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 undergo an annual audit of those Federal funds. The act was 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.

<sup>8</sup> 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 15 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.

<sup>9</sup> 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).

<sup>10</sup> 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 Bucks County, Pennsylvania

- 9) evaluated documentation and records used to support Bucks County's quarterly FPRs.

Based on our review of Bucks County'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, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance.

We identified unsupported and ineligible questioned costs of \$5,000 and \$106,423, respectively, with total questioned costs of \$111,423. We also determined Bucks County's risk of unallowable use of funds is moderate.

Castro recommends that Treasury OIG confirm the transactions noted as unsupported or ineligible expenditures within Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals are recouped or reallocated to other eligible uses by Bucks County in conformity with Treasury's Guidance. Based on Bucks County's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation, we recommend Treasury OIG determine the feasibility of conducting an audit for Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals.

### **Non-Statistical Transaction Selection Methodology**

Treasury issued a \$109,628,270 CRF payment to Bucks County. As of December 31, 2021, Bucks County expended all of its CRF funds. Bucks County's cumulative obligations and expenditures by payment type are summarized below.

Payment Type	Cumulative Obligations	Cumulative Expenditures
Contracts >= \$50,000	\$ 41,849,436	\$ 41,849,436
Grants >= \$50,000	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ -	\$ -
Direct Payments >= \$50,000	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 29,016,473	\$ 29,016,473
Aggregate Payments to Individuals (in any amount)	\$ 38,762,361	\$ 38,762,361
<b>Totals</b>	<b>\$ 109,628,270</b>	<b>\$ 109,628,270</b>

Castro made a non-statistical selection of payments in the Contracts 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 information and risks identified in reviewing audit reports, the

## Desk Review of Bucks County, Pennsylvania

GrantSolutions portal reporting anomalies<sup>11</sup> identified by the Treasury OIG CRF monitoring team, and review of Bucks County's FPR submissions. Bucks County did not obligate or expend CRF proceeds to Grants greater than or equal to \$50,000, Loans greater than or equal to \$50,000, Transfers<sup>12</sup> greater than or equal to \$50,000, or Direct Payments greater than or equal to \$50,000 payment types; therefore, we did not select transactions from these payment types.

The number of transactions (15) we selected to test were based on Bucks County's total CRF award amount and Castro's overall risk assessment of Bucks County. To allocate the number of transactions (15) by payment type (Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals), we compared the total payment type dollar amounts as a percentage of cumulative expenditures as of December 31, 2021. 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 \$109,628,270 CRF payment to Bucks County. 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.<sup>13</sup>

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<sup>11</sup> 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.

<sup>12</sup> A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

<sup>13</sup> 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 Bucks County, Pennsylvania

Section 15011 of the CARES Act required each covered recipient<sup>14</sup> 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<sup>15,16</sup> 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 Bucks County's quarterly FPRs through December 31, 2021, and found that Bucks County 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, 2021. Bucks County fully expended their total CRF proceeds as of December 31, 2021; however, Bucks County personnel did not mark their last FPR submission as final within the GrantSolutions portal.

#### Summary of Testing Results

We found that the Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance because we were unable to determine if all tested expenditures were necessary 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

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<sup>14</sup> 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.

<sup>15</sup> 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.

<sup>16</sup> Section 15011 of P.L. 116-136 defined large covered funds as covered funds that amounted to more than \$150,000.

## Desk Review of Bucks County, Pennsylvania

period. 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 unsupported and ineligible expenditures identified as questioned costs, which did not comply with the CARES Act and Treasury's Guidance. See the Desk Review Results section below this table for a detailed discussion of questioned costs and other issues identified throughout the course of our desk review.

### Summary of Expenditures Testing and Recommended Results As of December 31, 2021

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Unsupported Questioned Costs	Ineligible Questioned Costs	Total Questioned Costs
Contracts >= \$50,000	\$ 41,849,436	\$ 15,062,255	\$ -	\$ 94,172	\$ 94,172
Grants >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 29,016,473	\$ 81,979	\$ 5,000	\$ -	\$ 5,000
Aggregate Payments to Individuals (in any amount)	\$ 38,762,361	\$ 20,350,604	\$ -	\$ 12,251	\$ 12,251
<b>Totals</b>	<b>\$ 109,628,270</b>	<b>\$ 35,494,838</b>	<b>\$ 5,000</b>	<b>\$ 106,423</b>	<b>\$ 111,423</b>

#### Contracts Greater Than or Equal to \$50,000

We determined Bucks County's Contracts greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested 20 invoices related to six contracts, which amounted to \$15,062,255. The contracts tested included expenditures for the purchase of information technology equipment; personal protective equipment and sanitization products; costs related to a Bucks County grant program; advertisements that spoke to public safety to promote investment and the safe return to Bucks County; and transactions related to the purchase of postal, parcel, and e-commerce to promote a safe 2020 general election. We identified exceptions below related to three different contracts, which resulted in ineligible questioned costs of \$94,172.

Additionally, we identified misclassifications related to Contracts greater than or equal to \$50,000 that we determined should have been reported as Grants greater than or equal to \$50,000 in the GrantSolutions portal.

### **Contract 1 – Information Technology Improvements**

We tested all seven of the invoices totaling \$5,433,794 that Bucks County claimed under a contract for CRF expenditures related to information technology to improve telework capabilities of Bucks County employees, to include the purchase of items necessary to upgrade its phone systems, implementation of unified communications systems and the purchase of communication hardware and software necessary for Bucks County employees to work remotely during the COVID-19 pandemic.

For \$380,194 in costs related to one invoice claimed under this contract, Castro determined that one of Bucks County's sub-recipients purchased 5 & 10-year prepaid subscriptions during the CRF covered period, which required obligations to be made by December 31, 2021. Castro considered Bucks County to have obligated the funds for the contract within the covered period.

Castro noted that the subscriptions would be active through 2025 and 2030, which was outside Treasury's final period for Bucks County to expend obligated funds from the CRF, September 30, 2022.<sup>17</sup> For each subscription, we determined the amount of time that would fall after September 30, 2022, and utilized this to calculate the dollar amount associated with the portion of these prepaid subscriptions that was unused and therefore not fully expended prior to September 30, 2022.

Castro determined the ineligible portion of the total prepaid expenditures claimed by Bucks County was \$46,068, which consisted of questioned costs of \$41,491 for the 5-year subscription plan prepayments and questioned costs of \$4,577 for the 10-year subscription plan prepayments. Castro is questioning these costs as

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<sup>17</sup> Coronavirus Relief Fund Guidance as published in the Federal Register (December 14, 2021) CRF-Guidance\_Revision-Regarding-Cost-Incurred.pdf (Treasury.gov) states: "Costs incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021 (the "covered period"). A cost associated with a necessary expenditure incurred due to the public health emergency is considered to have been incurred by December 31, 2021, if the recipient has incurred an obligation with respect to such cost by December 31, 2021. Treasury defines obligation for this purpose as an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment. Recipients are required to expend their funds received from the CRF to cover these obligations by September 30, 2022."

ineligible since the amounts associated with the subscription time were outside of Treasury's period to expend funds received from the CRF.

**Contract 2 – Community Support for Education, Cleaning Supplies, and Personal Protective Equipment**

We tested two invoices totaling \$404,260 that Bucks County claimed under a \$5,000,000 contract for a sub-recipient to manage a grant program for community support related to primary, secondary, and technical school assistance. The costs were primarily related to the purchase of cleaning supplies and personal protective equipment to respond to the COVID-19 pandemic, as well as an upgrade to the Bucks County internet wireless fidelity (Wi-Fi) systems necessary to practice social distancing and remote learning.

For one of the two invoices totaling \$104,260, Castro determined that Bucks County's sub-recipient obligated CRF funds for a 5-year subscription during the covered period ending December 31, 2021. Castro noted that the subscription would be active through 2025, which was outside of Treasury's final period for Bucks County to expend obligated funds received from the CRF, September 30, 2022. Castro determined the ineligible questioned cost portion of the prepaid subscription expenditures was \$6,870.

**Contract 3 – Administrative and Indirect Costs, Bucks Back to Work Program**

We tested six invoices totaling \$3,385,278 that Bucks County claimed under a \$3,767,980 contract. For these invoices, Bucks County spent CRF proceeds for administrative costs and indirect programmatic costs for a sub-recipient running the Bucks Back to Work (BBTW) grant program.

For one out of the six invoices relating to the BBTW program totaling \$41,234, Bucks County expended CRF funds for administrative costs to support the BBTW grant program. Administrative expenses included tasks such as corresponding with county and program administrators on program guidelines, notifying businesses of program and application procedures through phone calls and electronic correspondence, fielding phone calls from prospective applicants, and reviewing and processing submitted applications for completeness and qualifications.

Bucks County provided us with a sub-recipient claim invoice that agreed to the expenditure amount claimed but showed these costs to be calculated using an indirect administrative cost estimate based on general and administrative expenses from the sub-recipient's financial statements, and applying a 10%

## Desk Review of Bucks County, Pennsylvania

estimate instead of direct administrative costs as required by Treasury's CRF guidance.

Bucks County and its sub-recipient claimed indirect cost rates by employing guidance from the Code of Federal Regulations (CFR), 2 CFR 200.414(f), *Grants and Agreements, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Direct and Indirect (F&A) Costs*.<sup>18</sup> This guidance defined indirect cost rates and sets forth the 10% de minimis<sup>19</sup> indirect cost rate that could be used indefinitely instead of charging the actual administrative costs.

However, Treasury's CRF guidance published in the Federal Register stated that this provision did not apply to the use of CRF funds and recipients could not apply their indirect costs rates to payments received from the CRF. Therefore, Bucks County, by applying the indirect cost rate, did not comply with Treasury's requirement, resulting in an unallowable use of CRF funding in the amount of \$41,234.

Furthermore, for this contract, Bucks County misclassified an expenditure involving a sub-recipient that received CRF funds for administrative expenses running a grant program. Since the sub-recipient was carrying out a public purpose as opposed to providing goods or services, Castro determined that this contract should have been classified in the GrantSolutions portal in the Grants greater than or equal to \$50,000 payment type instead of the Contracts greater than or equal to \$50,000 payment type. We considered this to be a reporting error and non-compliant with Treasury's reporting guidance.

### **Other Matter for Treasury OIG Consideration - Additional Potential Ineligible Indirect Costs Reported within Contracts greater than or equal to \$50,000**

Castro recommends Treasury OIG request Bucks County perform an assessment over whether there were any additional indirect costs claimed within its Contracts

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<sup>18</sup> Code of Federal Regulations (CFR), 2 CFR 200.414(f), *Grants and Agreements, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Direct and Indirect (F&A) Costs* states: "...any non-Federal entity that does not have a current negotiated (including provisional) rate...may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate. As described in § 200.403, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time."

<sup>19</sup> De minimis means lacking significance or importance: so minor as to merit disregard.

## Desk Review of Bucks County, Pennsylvania

greater than or equal to \$50,000 CRF submission, and identify those for removal and repayment to Treasury, as applicable.

### Aggregate Reporting Less Than \$50,000

We determined Bucks County's Aggregate Reporting less than \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested four transactions totaling \$81,979 and identified one exception, with total unsupported questioned costs of \$5,000, as detailed below. Transactions tested included expenditures associated with the issuance of tax anticipation notes (these sales were usually conducted in person, and therefore, Bucks County paid for an advertisement to publicize the virtual tax claim sale during the pandemic); and CRF awards made to grant recipients under the BBTW grant program for sub-grant award recipients' rent and utilities expenses.

### Unsupported Aggregate Reporting Expenditures

Bucks County management structured the BBTW grant program on a reimbursable basis and required small business applicants to submit evidence of expenses incurred prior to grant award. The Bucks County Commissioners carved out a multimillion-dollar budget originating from CRF funding to develop small business grants throughout Bucks County. The goal of these grants was to assist the economy of Bucks County and stimulate local businesses during the COVID-19 pandemic.

To be eligible, Bucks County required grant applicants to submit documentation with their grant application to corroborate that they suffered a loss due to the pandemic. Documentation included, but was not limited to receipts for payroll expenditures, rent and mortgage expenses for the business, and operational expenses such as lease payments and the cost of personal protective equipment.

Castro selected four beneficiary payments for testing totaling \$81,979. For one transaction totaling \$5,000 for the BBTW grant program, Castro reviewed the reimbursable expenditure support provided by the grant applicant, to include a grant applicant general ledger detail screenshot showing payments made, and check registers noting reasons for payments. The check registers detailed that the grant applicant paid for "April Rent," June Rent," and "Rent and Vehicle Maintenance." Castro did not consider this to be sufficiently reliable expenditure support as both documents were internally generated by the grant applicant. Without external expenditure support, Castro could not verify that the grant beneficiary incurred expenditures that were necessary due to the COVID-19 pandemic, or that the beneficiary incurred these expenditures during the covered period that began on March 1, 2020 and ended on December 31, 2021, or were not

## Desk Review of Bucks County, Pennsylvania

previously budgeted before March 27, 2020. Castro questioned \$5,000 as unsupported costs.

### **Other Matter for Treasury OIG Consideration – Additional Potential Unsupported BBTW Grant Program Costs**

Castro noted that Bucks County awarded 1,581 businesses a total of \$25,668,250 in granted funds within its BBTW grant program, including our reported Aggregate Reporting less than \$50,000 questioned costs of \$5,000. Since Castro identified unsupported questioned costs within the BBTW grant we tested, we recommend Treasury OIG determine the feasibility of performing additional follow-up with Bucks County to determine if there were other instances of unsupported balances within the BBTW grant program.

### **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. Castro notes that the Aggregate Payments to Individuals payment type consisted of the below broad types of potential costs, which we have defined from Treasury's guidance as published in the Federal Register.<sup>20</sup> Prime recipients may or may not have claimed all of these types of expenditures.

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<sup>20</sup> 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](https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf)

## Desk Review of Bucks County, Pennsylvania

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

The Bucks County Aggregate Payments to Individuals balance consisted only of payroll transactions from the following types of claimed costs.

Aggregate Payments to Individuals Category Types <sup>24</sup>	Total Expenses Claimed
Public Health and Safety Payroll	\$ 36,254,321
Non-Substantially Dedicated Payroll	\$ 2,508,040
<b>Totals</b>	<b>\$ 38,762,361</b>

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<sup>21</sup> Treasury’s Federal Register guidance provided 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.”

<sup>22</sup> Substantially dedicated payroll costs meant that personnel must 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.”

<sup>23</sup> 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.”

<sup>24</sup> Bucks County did not report any substantially dedicated payroll or non-payroll transactions within its Aggregate Payments to Individuals payment type, and so these were not included within the Aggregate Payments to Individuals Category Types.

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Castro noted that public health and safety payroll transactions were subject to Treasury's administrative accommodation,<sup>25</sup> 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. 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.

We determined that Bucks County's Aggregate Payments to Individuals did not comply with the CARES Act and Treasury's Guidance. We selected three public health and safety payroll transactions totaling \$20,338,353 and two non-substantially dedicated payroll transactions totaling \$12,251. In total, we tested \$20,350,604 in Aggregate Payments to Individuals transactions. Castro found that the public health and safety payroll expenditures complied with the CARES Act Treasury's Guidance. Castro is questioning total expenditures of \$12,251 for the tested non-substantially dedicated payroll transactions as ineligible, as detailed below.

### Ineligible Aggregate Payments to Individuals Expenditures

For all non-substantially dedicated payroll transactions tested in the amount of \$12,251, Bucks County claimed expenditures for payroll costs for Bucks County personnel who worked at two Bucks County departments: the Recorder of Deeds Department, and the Prothonotary Department.<sup>26</sup> Castro reviewed timesheets, which agreed to the CRF claimed expenditure amounts without exception. We requested activity logs elaborating on the tasks completed by these non-substantially dedicated employees, to include descriptions of how those tasks related to COVID-19. Bucks County management responded that the department heads approved this time but were unable to furnish any other documents tracking how the time worked was related to the COVID-19 pandemic.

Bucks County management also indicated that the Recorder of Deeds Department and Prothonotary Department employees working during the COVID-19 covered

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<sup>25</sup> Treasury's Federal Register guidance indicated that an administrative accommodation was, "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."

<sup>26</sup> Prothonotary means a chief clerk of any various courts of law.

## Desk Review of Bucks County, Pennsylvania

period were performing their normal work functions. For instance, the Recorder of Deeds Department employees were processing documents related to real estate transactions (e.g., deeds, mortgages, subdivision plans, etc.), paying invoices, and answering calls. The Prothonotary Department employees were docketing, scanning and processing civil and family court documents, and answering calls. Castro considered these CRF expenditures to be ineligible, as these employees were performing their regular work functions, and not tasks related to the COVID-19 pandemic. Castro questioned \$12,251 in tested expenditures as ineligible.

### **Other Matter for Treasury OIG Consideration - Additional Potential Ineligible Non-Substantially Dedicated Payroll Costs**

Although Castro only tested \$12,251 out of \$84,604 in CRF payroll expenses claimed for the Bucks County Recorder of Deeds and Prothonotary Departments, Castro recommends Treasury OIG determine the feasibility of following up on the remaining untested portion of this balance of \$72,353, as the remaining balance may be similarly ineligible. Additionally, Castro recommends Treasury OIG request Bucks County perform an assessment over claimed non-substantially dedicated payroll costs to determine if there were any additional departments with employees who were not working on COVID-19 related tasks and identify any potential ineligible costs.

### **Conclusion**

We determined that the expenditures related to the Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance.

We identified a combination of unsupported and ineligible questioned costs of \$5,000 and \$106,423, respectively, with total questioned costs across all payment types of \$111,423. Also, we identified GrantSolutions portal misclassification issues related to Contracts greater than or equal to \$50,000, which we considered to non-comply with Treasury's reporting guidance.

## Desk Review of Bucks County, Pennsylvania

Additionally, Bucks County's risk of unallowable use of funds is **moderate**. As a result of this desk review, we recommend Treasury OIG:

- Confirm the transactions noted as unsupported or ineligible expenditures within Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals are recouped or reallocated to other eligible uses by Bucks County in conformity with Treasury's Guidance. Based on Bucks County's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation, we recommend Treasury OIG determine the feasibility of conducting an audit for Contracts greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals.

Castro also identified other matters throughout the course of our desk review, which warrant recommendations to Treasury OIG for additional action. Castro recommends Treasury OIG:

- Request Bucks County perform an assessment over whether there were any additional indirect costs claimed within its Contracts greater than or equal to \$50,000 CRF submission, and identify those for removal and repayment to Treasury, as applicable.
- Castro noted that Bucks County awarded approximately 1,581 businesses a total of \$25,668,250 in granted funds within the BBTW grant program, including our reported Aggregate Reporting less than \$50,000 questioned costs of \$5,000. Since Castro identified unsupported questioned costs within the BBTW grant we tested, Castro recommends Treasury OIG determine the feasibility of performing additional follow-up with Bucks County to determine if there were other instances of unsupported balances within this grant program.
- Determine the feasibility of following up on the remaining balance of \$72,353 within Aggregate Payments to Individuals for the Recorder of Deeds and Prothonotary Departments, and determine if it is necessary to question that balance as ineligible as well.
- Request Bucks County perform an assessment over claimed non-substantially dedicated payroll costs to determine if there were any additional departments with employees who were not working on COVID-19 related tasks and identify any potential ineligible costs.

Desk Review of Bucks County, Pennsylvania

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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.<sup>27</sup> We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Ference".

Wayne Ference  
Partner, Castro & Company, LLC

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<sup>27</sup> <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>