



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

OFFICE OF  
INSPECTOR GENERAL

January 9, 2023

Mr. John A. Mastromarino  
Town of Hempstead Comptroller  
1 Washington Street  
Hempstead, New York 11550

Re: Town of Hempstead Uses of Coronavirus Relief Fund Payment (OIG-CA-23-006)

Dear Mr. Mastromarino:

Please find the attached desk review memorandum<sup>1</sup> on the Town of Hempstead's 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*.

Based on a review of the Town of Hempstead's documentation supporting the uses of CRF proceeds, Castro determined that the expenditures comply with the CARES Act and Treasury's Guidance. Additionally, the Town of Hempstead's risk of unallowable use of funds is low. As such, Castro is not recommending Treasury OIG perform an audit of the Town of Hempstead.

In connection with the contract, 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 the Town of Hempstead's use of the 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 Inspector General.

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<sup>1</sup> The 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 CRF payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursements, and uses of CRF proceeds as reported in GrantSolutions portal on a quarterly basis.

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.

Sincerely,

/s/

Deborah L. Harker  
Assistant Inspector General for Audit

Attachment

cc: Michelle. A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury  
Victoria Collin, Chief Compliance & Finance Officer, Office of Recovery Programs, Department of the Treasury  
Wayne Ference, Partner, Castro & Company, LLC

Desk Review of the Town of Hempstead

January 9, 2023

OIG-CA-23-006

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

FROM: Wayne Ference  
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the Town of Hempstead, New York

On August 10, 2021, we initiated a desk review of the Town of Hempstead's 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 the Town of Hempstead'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 June 30, 2021 as reported in Cycles 1 through 5 in the GrantSolutions portal.

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

- 1) reviewed the Town of Hempstead's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through June 30, 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>3</sup>;
- 3) reviewed Treasury Office of Inspector General (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*<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 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.

<sup>3</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)

<sup>4</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

## Desk Review of the Town of Hempstead

- 4) reviewed Treasury OIG's monitoring checklists<sup>5</sup> of the Town of Hempstead's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit reports, and those issued by the U.S. Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact the Town of Hempstead'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)<sup>6</sup>, and Treasury OIG Office of Counsel input on issues that may pose risk or impact the Town of Hempstead's uses of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying the Town of Hempstead'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, aggregate reporting data<sup>7</sup>, aggregate payments to individuals<sup>8</sup>, and anomalies<sup>9</sup> identified through GrantSolutions reporting; and
- 9) evaluated documentation and records used to support the Town of Hempstead's quarterly FPRs.

Based on the results of our desk review, documentation supporting the uses of CRF proceeds comply with the CARES Act and Treasury's Guidance. Additionally, the Town of Hempstead's risk of unallowable use of funds is low. As such, Castro is not recommending Treasury OIG perform an audit of the Town of Hempstead.

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<sup>5</sup> The checklists are used by the Treasury OIG 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, OIG-CA-20-029R to monitor the prime recipients quarterly.

<sup>6</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 13 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>7</sup> Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions 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>8</sup> 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.

<sup>9</sup> Treasury OIG has a pre-defined list of risk indicators that are triggered based on data submitted by recipients in the FPR submissions that meet certain criteria. Castro reviewed these results provided by Treasury OIG for the Town of Hempstead.

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

Castro made a non-statistical selection of Contracts  $\geq$  \$50,000, Grants  $\geq$  \$50,000, Aggregate Reporting  $<$  \$50,000, and Aggregate Payments to Individuals. Selections were made using auditor judgment based on information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies identified by the Treasury OIG CRF monitoring team, and review of the Town of Hempstead's FPR submissions. Castro noted the Town of Hempstead did not obligate or expend CRF proceeds to Loans  $\geq$  \$50,000, Transfers  $\geq$  \$50,000<sup>10</sup>, or Direct Payments  $\geq$  \$50,000; therefore, we did not make a selection of transactions from these categories.

The number of transactions (21) we selected to test were based on the Town of Hempstead's total CRF award amount and our overall risk assessment of the Town of Hempstead. To allocate the number of transactions (21) by obligation type (Contracts  $\geq$  \$50,000, Grants  $\geq$  \$50,000, Aggregate Reporting  $<$  \$50,000, and Aggregate Payments to Individuals), we compared the obligation type dollar amounts as a percentage of cumulative obligations for Cycle 5. Additionally, Treasury OIG identified an anomaly transaction that resulted in one additional transaction, for a total of 22 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 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 the Town of Hempstead for \$133,832,095.50. The CARES Act stipulates that a recipient may only use the funds to cover costs that—

- (1) are 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

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<sup>10</sup> 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 Town of Hempstead

(3) were incurred between March 1, 2020 and December 31, 2021.<sup>11</sup>

Section 15011 of the CARES Act, requires each covered recipient<sup>12</sup> to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar quarter, a report that contains (1) the total amount of large covered funds<sup>13,14</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 subcontracts or subgrants awarded by the covered recipient or its subcontracts 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 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 the Town of Hempstead's quarterly FPR submissions through June 30, 2021 did not identify reporting issues or variances. 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 contracts, grants, aggregate reporting < \$50,000, aggregate payments to individuals, and anomalies 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. The transactions selected for testing were not selected statistically, and therefore results cannot be extrapolated to the total universe of transactions.

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<sup>11</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.

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> Section 15011 of P.L. 116-136 defines large covered funds as covered funds that amount to more than \$150,000.

## Desk Review of the Town of Hempstead

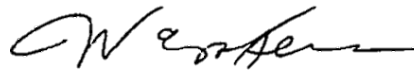
### Conclusion

Based on our review of the Town of Hempstead's documentation supporting the uses of CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures comply with the CARES Act and Treasury's Guidance. Additionally, the Town of Hempstead's risk of unallowable use of funds is low. As such, Castro is not recommending Treasury OIG perform an audit of the Town of Hempstead.

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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>15</sup>. We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,



Wayne Ference  
Partner, Castro & Company, LLC

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<sup>15</sup> <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>