DEPARTMENT OF THE TREASURY

OFFICE OF INSPECTOR GENERAL

Coronavirus Relief Fund

Risk Analytics Dashboard Procedures

OIG-CA-22-012

March 7, 2022

A. Coronavirus Relief Fund Overview

Title VI of the Social Security Act, as amended by Title V of Division A of the *Coronavirus Aid, Relief, and Economic Security Act*[1] (CARES Act) established the Coronavirus Relief Fund (CRF) and appropriated $150 billion for making payments to States, Tribal governments, units of local government, the District of Columbia, and U.S. Territories. Payments were made in accordance with requirements outlined in Title V, of which $3 billion was reserved for payments to the District of Columbia and U.S. Territories and $8 billion was reserved for payments to Tribal governments. Further, no State received a payment of less than $1.25 billion. The CARES Act assigned the Department of the Treasury (Treasury) Office of Inspector General (OIG) with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF payments. Treasury OIG also was assigned authority to recoup CRF proceeds in the event that it is determined a recipient of a CRF payment failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)). The *Consolidated Appropriations Act, 2021*[2] extended the covered period for recipients of CRF payments to use proceeds from March 1, 2020 through December 31, 2021.

The CARES Act stipulates that CRF recipients shall use the funds provided under a payment made under Title V to cover only those costs that:
(1) are necessary expenditures incurred due to the public health emergency with respect to 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.

B. Prime Recipient Reporting Requirements

Beginning in September, 2020, each Prime recipient was required to report COVID-19 related obligations and expenditures incurred during the covered period, beginning March 1, 2020, and ending on December 31, 2021, as outlined in the *Coronavirus Relief Fund Reporting Requirements Update* (OIG-CA-20-025; July 31, 2020)[3]. GrantSolutions, a grant and program

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[1] P.L. 116-136 (March 27,2020)

[2] P.L. 116-260 (December 27, 2020)

[3] The original prime recipient reporting requirements are contained in *Coronavirus Relief Fund Reporting and Record Retention Requirements* (OIG-CA-20-021; July 2, 2020), https://oig.treasury.gov/sites/oig/files/2021-01/OIG-CA-20-025.pdf.

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.[4] The GrantSolutions portal was prepopulated with prime recipient data to include CRF payment amount(s), date(s), recipient Dun & Bradstreet unique identification number (DUNS number),[5] and contact information.

On a quarterly basis, Treasury OIG's CARES Act Monitoring Directorate reviews each prime recipient's *Financial Progress Report* in GrantSolutions following the *Coronavirus Relief Fund Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide* (OIG-CA-20-029R; April 19, 2021). The objective of the quarterly monitoring and review is to monitor the progress of prime recipient reporting in the portal and determine whether direct follow up/outreach is needed; and for certified submissions, determine whether prime recipients' submissions were timely submitted in accordance with the GrantSolutions portal instructions prior to Treasury OIG approval. Once the quarterly reviews are completed, the Treasury OIG approved *Financial Progress Report* is extracted from GrantSolutions and sent to the Pandemic Response Accountability Committee (PRAC) for publication on its website (www.pandemicoversight.gov) in accordance with Section 15010 of the CARES Act.[6]

C. CRF Risk Analytics Dashboard Overview

Treasury OIG worked with the PRAC to develop a risk scoring model to prioritize the risk associated with recipients of CRF payments at the prime

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[4] Prime recipients include all 50 States, units of local governments, the District of Columbia, U.S. Territories, and Tribal Governments that received a direct Coronavirus Relief Fund payment from Treasury in accordance with the CARES Act.

[5] The Federal Government will stop using a DUNS number to uniquely identify entities on April 4, 2022. Entities doing business with the Federal Government will begin using a Unique Entity Identifier (UEI) generated in the System for Award Management (SAM.gov).

[6] Section 15010 of the CARES Act established the PRAC within the Council of Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight 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.

recipient and subrecipient[7] levels. The risk scoring model is displayed in the CRF Risk Analytics Dashboard that will assist Treasury OIG in identifying which prime recipients and subrecipients are at a higher risk for fraud, waste, abuse, and unallowable uses of CRF payments. High risk prime recipients and prime recipients with high risk subrecipients will be elevated for desk reviews and/or audits.

<u>Purpose</u>

The purpose of the CRF Risk Analytics Dashboard procedures is to aid Treasury OIG in analyzing reporting deficiencies, data anomalies, and unallowable uses of CRF payments from the GrantSolutions portal identified by the (1) quarterly reviews monitoring/approval team, (2) desk review engagement team, and/or (3) data analytics team. In addition, the CRF Risk Analytics Dashboard procedures will be used to select higher risk prime recipients and related subrecipients for audit or desk review. Procedures for monitoring, reviewing, and approving prime recipient's quarterly GrantSolutions submissions are documented separately in the *Coronavirus Relief Fund: Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*. Procedures for desk reviews of the prime recipient's receipt, disbursements, and uses of CRF proceeds are documented separately in the *Coronavirus Relief Fund: Prime Recipient Desk Review Procedures Guide (OIG-CA-21-004R; March 22, 2021)*.

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[7] Per the *Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised)*(OIG-CA-20-028R; March 2, 2021) question 3: "Treasury has provided guidance on the applicability of Single Audit and 2 C.F.R. Part 200, Subpart F in response to question B.13 of its Coronavirus Relief Fund Frequently Asked Questions (FAQs).6 According to Treasury's FAQ, "the Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements apply to any non-federal entity, as defined in 2 C.F.R. 200.69, that receives payments from the Fund in the amount of $750,000 or more. Non-federal entities include subrecipients of payments from the Fund, including recipients of transfers from a State, territory, local government, or tribal government that received a payment directly from Treasury. However, sub-recipients would not include individuals and organizations (e.g., businesses, non-profits, or educational institutions) that are beneficiaries of an assistance program established using payments from the Fund. The Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements do not apply to beneficiaries." While the Treasury definition above is used for Single Audit Act purposes, Treasury OIG requires that the prime recipient report on both a beneficiary and a sub-recipient in the GrantSolutions portal. Since there is no separate category to capture a beneficiary's data in the portal, the prime recipient must report on the beneficiary in the sub-recipient data fields. As such, for GrantSolutions reporting, a subrecipient/beneficiary is any entity to which a prime recipient issues a contract, grant, loan, direct payment, or transfer to another government entity of $50,000 or more."

D. CRF Risk Analytics Dashboard Procedures

The following procedures will be used by Treasury OIG to prioritize the risk associated with entities receiving CRF funds at the prime and subrecipient level. These procedures are to be used at the discretion of the reviewer and do not exclude other reviews and analysis of prime recipient data as deemed appropriate.

CARES Act : CRF Risk Analytics Dashboard Procedures

Objective: To identify which prime recipients should be selected for desk review and/or audit based on their risk scores and other known factors such as complaints received or congressional interest.

Pre-Assessment of Prime Recipients

1. Access the *Risk Score* page on the CRF Risk Analytics BI Dashboard. The *Risk Score* page provides summary level data for prime and subrecipients to include the PRAC entity ID, entity name, recipient type, risk scores, and expenditures. It also includes functionality to sort, filter, and export data for additional analysis outside of the Dashboard.

2. On the *Risk Score* page, filter the "Prime or Sub" category to display prime recipients only by selecting the "Prime Recipient" and "Prime Type" options.

3. Analyze prime recipient data to identify prime recipients to be selected for desk review and/or audit. Data analysis may be performed within the *Risk Score* page. Alternatively, the data may be exported to Microsoft Excel for analysis by selecting "More Options", the three dots icon located at the top right, and then selecting "Export data".

   a. Coordinate with the CARES Act Monitoring Directorate Audit Director or Audit Manager to determine which prime recipients have desk reviews and/or audits in progress/completed. Prime recipients previously selected for a desk review and/or audit should be removed from the population.

4. The *Risk Score* page also identifies four risk scores that may be considered when prioritizing prime recipients for a desk review and/or audit.

a. The risk composite score is the overall risk associated with prime recipients. The risk composite score includes the:
  i. Risk Indicator Score which determines how risk-prone an entity is. Twenty-seven risk metrics were consolidated into 18 risk indicators, weighted by risk level, and used to calculate the Risk Indicator Score;
  ii. Sub Propagation Score which determines how risk-prone a prime's subrecipients are; and
  iii. Risk Amount Score which determines how much money is associated with an entity.

While the Composite Risk Score provides an overall gauge of risk, consider the impact of all risk scores along with the below risk metrics/indicators and other reviews and analyses when determining priority of prime recipients for a desk review and/or audit.

Priority of Prime Recipients Selected for Desk Review and/or Audit

5. A desk review and/or audit will be performed on the following prime recipients with priority based on the risk composite score and other known factors including:

   a. All prime recipients whose risk indicator score is 100;
   b. All prime recipients who reported all of their obligation and expenditure data in the aggregate in the GrantSolutions portal;
   c. All 50 states;
   d. All territories;
   e. Select local units of government whose risk composite score is at least 70 percent;
   f. Select tribal governments whose risk composite score is at least 70 percent.
   g. Select prime recipients as a result of a CRF complaint; and
   h. Select prime recipients as a result of Congressional interest.

Assessment of Selected Prime Recipient

6. Drill through the selected prime recipient's transaction page to analyze detailed information about the recipient related to the following:
   a. Subrecipient count
   b. Transaction count
   c. Transaction amount
   d. Expenditure Amounts
   e. Expenditure Categories
   f. Prime to Subrecipient transaction

7. Select the Entity Risk Summary tab to drill through risk indicators associated with the selected prime recipient including the following:
   a. The subrecipient's name
   b. Amount of CRF awarded
   c. Risk scores associated with the prime
   d. Entity address information
   e. Risk flags triggered

Assessment of Selected Prime Recipient Risk Indicator Flags

8. Individual risk details for risk flags may be analyzed by right clicking on the entity's name on the *Risk Score* page and selecting the 'Options' drop down then "Drill Through" and "Entity Risk Summary". Pay close attention to the available options in the "Drill Through" menu and select the corresponding risk details pages for more information. Risk flags are summarized and explained below.

9. If Risk Indicator 1a, 1b, 1c, and/or 1d: Single Audit is populated, then the prime is matched to the Single Audit database from the Federal Audit Clearinghouse to identify prime recipients that were associated with any of following 4 issues within the past 3 years:

   a. Going Concern (1a)
   b. Material Weakness (1b)
   c. Reportable Condition (1c)
   d. Material Non Compliance (1d)

   The engagement team should review the single audit reports for internal control or other deficiencies that may pose risk or impact the prime recipient's uses of CRF proceeds.

10. If Risk Indicator 2a, 2b - SAM Sensitive File is populated, prime and/or subrecipients matched the SAM Sensitive File (containing sensitive data elements that are not available in the public file) to identify entities that were associated with the following 2 issues:

    a. Federal Delinquent Debt flag (2a)
    b. Shared Bank Accounts (2b)

    The SAM Sensitive File includes data collected from prospective Federal awardees required for conducting business with the Government, annual representations and certifications, and identification of those parties excluded from receiving Federal contracts.

11. If <u>Risk Indicator 3 –SAM Debarments</u> is populated, the prime and/or subrecipients matched to the publicly available SAM exclusions dataset. Both suspension and debarment data is displayed where there was a match on DUNS (not utilizing the DUNS connector table in this iteration) or Name/State.

    The engagement team should determine if the prime recipient awarded contracts to subrecipients who are suspended and/or debarred from doing business with the Government for a specified period of time. If selected for a desk review of audit, the engagement team should assess the prime's efforts to provide oversight of the subrecipient's use of CRF proceeds.

12. If <u>Risk Indicator 4 - FAPIIS Terminations</u> is populated, prime and/or subrecipients matched to the Federal Awardee Performance and Integrity Information System (FAPIIS) that contains Federal contractor criminal, civil, and administrative proceedings in connection with Federal awards; suspensions and debarments; administrative agreements issued in lieu of suspension or debarment; non-responsibility determinations; contract terminations for cause or default; and defective pricing determinations. If selected for a desk review of audit, the engagement team should assess the prime's efforts to provide oversight of the subrecipient's use of CRF proceeds.

13. If <u>Risk Indicator 5 – Treasury OIG Hotline</u> is populated, the prime and/or subrecipients matched to the Treasury OIG Hotline data for hotline complaints. The engagement team should coordinate with the Office of Investigation and the CARES Act II audit director for results of any investigations and/or inquiries performed on the prime recipient.

14. If <u>Risk Indicator 6a, 6b – IRS Form 990</u> is populated, the prime and/or subrecipients matched to the Internal Revenue Service Form 990 dataset to identify entities that were associated with the following 2 issues:

    a. Significant Diversion of Assets (6a)
    b. Excess Benefit Transactions (6b)

    A diversion of assets includes any unauthorized conversion or use of the organization's assets other than for the organization's authorized purposes, including but not limited to embezzlement or theft. Excess benefit generally means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person.

15. If <u>Risk Indicator 7 - SBIR/STTR</u> is populated, the prime and/or subrecipient matched to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs to identify entities that received SBIR/STTR funding.

16. If <u>Risk Indicator 8 - Multi-Dipping</u> is populated, the prime and/or subrecipient is matched to the COVID-19/pandemic programs extract on USAspending.gov.

17. If <u>Risk Indicator 9 - Circular Relationships</u> is populated, prime and subrecipient pairs where one entity serves as the other entity's prime recipient in some transactions, and in other transactions, the same entity was the subrecipient to the other entity is identified.

18. If <u>Risk Indicator 10a, 10b - CMRA/PO Box Address</u> is populated, the addresses for all prime and subrecipients were analyzed to identify the following 2 conditions:
    a. CMRA Address Match (10a) - Identify CRF entities whose addresses match with the Commercial Mail Receiving Agency (CMRA) private mailbox data set. CMRA is a private business that accepts mail from the Postal Service on behalf of third parties. A CMRA may also be known as a mail drop (e.g., mailboxes at a UPS store).
    b. PO Box Address (10b) – Identifies CRF entities with a PO Box address.

19. If <u>Risk Indicator 11 – Benford's Law</u> is populated, prime recipients whose transactions differed significantly from what was expected were flagged. Benford's Law describes the expected distribution of leading digits in many naturally occurring sets of numbers such as financial records. An entity is flagged if the total deviance score surpasses the defined threshold score of 20.090, which represents the chi-squared distribution cut point for .01 with 8 degrees of freedom.

20. If <u>Risk Indicator 12 – Duplicate Payments</u> is populated, transactions were identified as duplicate if they were disbursed from the same prime to the same subrecipient for the same expenditure category on the same start date and for the same amount after excluding reversal pairs.

21. If <u>Risk Indicator 13 – Round Dollar Payments</u> is populated, transactions were identified that do not report exact cents. In this case, the risk is attributed to the subrecipient for not reporting exact expenditure details.

22. If <u>Risk Indicator 14 – Statistical Modeling</u> is populated, transactions were identified as high relative to transactions at similar time points, similar award descriptions, and that were disbursed by the same prime recipient. Factors are accounted for simultaneously using a statistical (mixed effects) model with a threshold of 3 standard deviations.

23. If <u>Risk Indicator 15 – Duplicate Address</u> is populated, subrecipients that share the same full address are identified. This output also includes subrecipients that share the same PO Box.

24. If <u>Risk Indicator 16a, 16b, 16c, 16d: Expenditures</u> are populated, the following applies:

    a. Aggregate subrecipient expenditure percentage analysis (16a) - identifies top 10% of prime recipients when ranked in terms of percent of award or obligated or expended that is disbursed to aggregate recipients and when ranked in terms of magnitude of award that is disbursed to aggregate recipients
    b. Individual subrecipient expenditure percentage analysis (16b) - identifies top 10% of prime recipients when ranked in terms of percent of award or obligated or expended that is disbursed to <u>individual recipients</u> and when ranked in terms of magnitude of award that is disbursed to <u>individual recipients</u>
    c. Small business assistance expenditure (16c) – identifies top 10% of prime recipients when ranked in terms of percent of award or obligated or expended that is disbursed to subrecipients for "<u>small business assistance</u>" expenditure category and when ranked in terms of magnitude of award that is disbursed for the "<u>small business assistance</u>" expenditure category
    d. "Items not listed above" expenditure ratio (16d) – identifies top 10% of prime recipients when ranked in terms of percent of award or obligated or expended that is disbursed to subrecipients for <u>"Items Not Listed Above"</u> expenditure category and when ranked in terms of magnitude of award that is disbursed for the <u>"Items Not Listed Above"</u> expenditure category

25. If <u>Risk Indicator 17 - Foreign Address</u> is populated, prime and/or subrecipients were identified where the country is not the "US". Three country code fields were used:

    a. Sub-country code
    b. Primary place of performance country code
    c. Recipient country code

26. If <u>Risk Indicator 18 - Vague Language</u> is populated, subrecipients with expenditure category of "Item Not Listed Above" and the description contains one or more of keywords:

   a. miscellaneous, various, n/a, null, payroll,
   b. hazard pay, tourism, construction, renovations, infrastructure,
   c. patrol, security, vehicle, truck, FEMA, acquisitions, financial assistance