



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

September 20, 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 Bergen County, New Jersey's Use of  
Coronavirus Relief Fund Proceeds  
(OIG-CA-24-028)

Please find the attached desk review memorandum<sup>1</sup> on Bergen County, New Jersey's (Bergen 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 20 transactions reported in the quarterly Financial Progress Reports (FPR) and identified unsupported questioned costs of \$57,000 (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 unsupported payroll expenses related to extra duty pay awarded to county employees who were unable to use compensatory time off earned for the extra hours spent working on COVID-19 related tasks.

Castro determined that the expenditures related to Contracts greater than or equal to \$50,000 and Transfers greater than or equal to \$50,000<sup>3</sup> complied with the CARES Act and Department of the Treasury's (Treasury) Guidance. Castro also found that Direct Payments greater than or equal to \$50,000 complied with the CARES Act but did not comply with Treasury's Guidance. Additionally, Castro determined Aggregate Reporting less than \$50,000<sup>4</sup> did not comply with CARES Act and Treasury's guidance. Castro determined that Bergen County's risk of unallowable use of funds is moderate.

Castro recommends that Treasury Office of Inspector General (OIG) follow-up with Bergen County's management to confirm if the transactions noted as unsupported expenditures within Aggregate Reporting less than \$50,000 can be supported. If support is not provided, Treasury OIG should recoup the funds or request Bergen County management provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance. Further, based on Bergen County's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation and/or replace unsupported transactions charged to CRF with valid expenditures, Castro recommends Treasury OIG determine the feasibility of conducting an audit for the Aggregate Reporting less than \$50,000 payment type.

Treasury OIG and Castro met with Bergen County management to discuss the questioned costs. Bergen County management stated they would provide additional documentation to Treasury OIG to support the questioned costs.

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 Bergen 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,

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<sup>3</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>4</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).

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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: Melissa Howard, Bergen County Treasurer  
Michelle. A. Dickerman, Deputy Assistant General Counsel, Department of  
the Treasury  
Danielle Christensen, Deputy Chief Program Officer, Office of Capital  
Access, Department of the Treasury  
Wayne Ference, Partner, Castro & Company, LLC

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,<sup>5</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 Treasury’s Joint Audit Management Enterprise System (JAMES).<sup>6</sup> The amount will also be included in the 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	\$ 57,000

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$57,000 is Bergen County’s expenditures reported in the grant-reporting portal that lacked supporting documentation.

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<sup>5</sup> 2 CFR § 200.84 – Questioned Cost

<sup>6</sup> JAMES is Treasury’s audit recommendation tracking system.

Desk Review of Bergen County, New Jersey

September 20, 2024

OIG-CA-24-028

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

FROM: Wayne Ference  
Partner, Castro & Company, LLC

SUBJECT: Desk Review of Bergen County, New Jersey

On September 13, 2023, we initiated a desk review of Bergen County, New Jersey's (Bergen 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 Bergen 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 September 30, 2023, as reported in the GrantSolutions portal.

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

- 1) reviewed Bergen County's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through September 30, 2023;
- 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's 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 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> 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 Bergen County, New Jersey

- 4) reviewed Treasury OIG's monitoring checklists<sup>5</sup> of Bergen County's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit Act reports<sup>6</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 Bergen 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>7</sup> and Treasury OIG Office of Counsel input on issues that may pose risk or impact Bergen County's uses of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Bergen 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, Transfers,<sup>8</sup> Direct Payments, and Aggregate Reporting<sup>9</sup> data identified through GrantSolutions reporting; and
- 9) evaluated documentation and records used to support Bergen County's quarterly FPRs.

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<sup>5</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>6</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>7</sup> Section 15010 of P.L. 116-136, the CARES Act, 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 14 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>8</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>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).

## Desk Review of Bergen County, New Jersey

Based on our review of Bergen 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 and Transfers greater than or equal to \$50,000 payment types complied with the CARES Act and Treasury's Guidance. We also found that the Direct Payments greater than or equal to \$50,000 payment type complied with the CARES Act but did not comply with Treasury's Guidance. Additionally, we found that the Aggregate Reporting less than \$50,000 payment type did not comply with the CARES Act and Treasury's Guidance. We identified unsupported questioned costs of \$57,000 within the Aggregate Reporting less than \$50,000 payment type. We also determined Bergen County's risk of unallowable use of funds is moderate.

Castro recommends that Treasury OIG follow up with Bergen County management to confirm if the transactions noted as unsupported expenditures within Aggregate Reporting less than \$50,000 can be supported. If support is not provided, Treasury OIG should recoup the funds or request that Bergen County management provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance. Further, based on Bergen County's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation and/or replace unsupported transactions charged to the CRF with valid expenditures, we recommend Treasury OIG determine the feasibility of conducting an audit for the Aggregate Reporting less than \$50,000 payment type.

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

Treasury issued a \$162,662,060 CRF payment to Bergen County. As of September 30, 2023, Bergen County's cumulative obligations and expenditures were both \$162,483,300. Bergen County returned a total of \$178,760 in CRF proceeds to Treasury. Bergen County's cumulative obligations and expenditures by payment type are summarized below.

<b>Payment Type</b>	<b>Cumulative Obligations</b>	<b>Cumulative Expenditures</b>
Contracts >= \$50,000	\$ 36,483,896	\$ 36,483,896
Grants >= \$50,000	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 44,071,742	\$ 44,071,742
Direct Payments >= \$50,000	\$ 1,656,206	\$ 1,656,206
Aggregate Reporting < \$50,000	\$ 80,271,456	\$ 80,271,456
Aggregate Payments to Individuals (in any amount)	\$ -	\$ -
<b>Totals</b>	<b>\$ 162,483,300</b>	<b>\$ 162,483,300</b>

## Desk Review of Bergen County, New Jersey

Castro made a non-statistical selection of Contracts greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Reporting less than \$50,000 payment types. Selections were made using auditor judgment based on information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies<sup>10</sup> identified by the Treasury OIG CRF monitoring team, and review of Bergen County's FPR submissions. Bergen County did not obligate or expend CRF proceeds to the Grants greater than or equal to \$50,000, Loans greater than or equal to \$50,000, and Aggregate Payments to Individuals<sup>11</sup> payment types; therefore, we did not make a selection of transactions from these payment types.

The number of transactions (20) we selected to test was based on Bergen County's total CRF award amount and our overall risk assessment of Bergen County. To allocate the number of transactions (20) by payment type (Contracts greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Reporting less than \$50,000), we compared the payment type dollar amounts as a percentage of cumulative expenditures as of September 30, 2023. The transactions selected for testing 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 \$162,662,060 CRF payment to Bergen 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

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<sup>10</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>11</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 Bergen County, New Jersey

(3) were incurred during the covered period between March 1, 2020 and December 31, 2021.<sup>12</sup>

Section 15011 of the CARES Act required each covered recipient<sup>13</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>14,15</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 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**

#### Financial Progress Reports

We reviewed Bergen County's quarterly FPRs through September 30, 2023, and found that Bergen County failed to submit quarterly FPRs in the GrantSolutions portal for the reporting period ending June 30, 2021, and the reporting periods ending September 30, 2022 through June 30, 2023, resulting in non-compliance with Treasury OIG's reporting requirements for those reporting periods. Bergen County fully expended their total CRF proceeds as of December 31, 2021; however, Bergen County returned \$178,760 in its September 30, 2023 GrantSolutions portal submission.

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<sup>12</sup> P.L. 116-260 (December 27, 2020). The covered period end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The covered period 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>13</sup> Section 15011 of P.L. 116-136, the CARES Act, 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>14</sup> Section 15010 of P.L. 116-136, the CARES Act, 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>15</sup> Section 15011 of P.L. 116-136 defined large covered funds as covered funds that amounted to more than \$150,000.

Summary of Testing Results

We found that the Contracts greater than or equal to \$50,000 and Transfers greater than or equal to \$50,000 payment types complied with the CARES Act and Treasury's Guidance. We also found that the Direct Payments greater than or equal to \$50,000 payment type complied with the CARES Act but did not comply with Treasury's Guidance. Additionally, we found that the Aggregate Reporting less than \$50,000 payment type 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 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 September 30, 2023**

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Unsupported Questioned Costs	Ineligible Questioned Costs	Total Questioned Costs
Contracts >= \$50,000	\$ 36,483,896	\$ 4,584,890	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 44,071,742	\$ 20,274,460	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ 1,656,206	\$ 1,656,206	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 80,271,456	\$ 393,501	\$ 57,000	\$ -	\$ 57,000
Aggregate Payments to Individuals (in any amount)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>	<b>\$ 162,483,300</b>	<b>\$ 26,909,057</b>	<b>\$ 57,000</b>	<b>\$ -</b>	<b>\$ 57,000</b>

Contracts Greater Than or Equal to \$50,000

We determined Bergen County’s Contracts greater than or equal to \$50,000 complied with the CARES Act and Treasury’s Guidance. We tested four contracts totaling \$4,584,890 and identified no exceptions. The contracts tested included expenditures for the purchase of upgrading the heating, ventilation, and air conditioning systems in Bergen County’s government facilities in response to COVID-19; improving private fiber networks to ensure sufficient bandwidth was accessible for Bergen County employees working remotely during the pandemic; and a contract with a credit union for processing and reviewing applications for pandemic related small business grants.

Transfers to Other Government Entities Greater Than or Equal to \$50,000

We determined Bergen County’s Transfers to Other Government Entities greater than or equal to \$50,000 complied with the CARES Act and Treasury’s Guidance. We tested five transfers totaling \$20,274,460 and identified no exceptions. The transfers tested included expenditures for the reimbursement of payroll costs for medical facilities and public health and safety personnel; purchase of computer equipment for distance learning; purchase of medical equipment for municipalities’ ambulances; and the purchase of tablets to promote remote

## Desk Review of Bergen County, New Jersey

learning for Bergen County's technical school's student population due to pandemic related school closures.

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

We determined Bergen County's Direct Payments greater than or equal to \$50,000 complied with the CARES Act but did not comply with Treasury's Guidance. We tested one direct payment totaling \$1,656,206 and identified no exceptions. The direct payment tested included expenditures for the purchase of COVID-19 health insurance claims overages for Bergen County employees.

However, we did note a GrantSolutions portal reporting error related to the one Direct Payment transaction we tested, which did not impact the eligibility or allowability of the CRF proceeds claimed for reimbursement. Bergen County made a payment to an outside entity using general funds, which demonstrated an arms-length transaction. After the payment was made, Bergen County reviewed the transaction details and determined the expenditure was eligible for reimbursement with CRF proceeds. In the GrantSolutions portal, Bergen County incorrectly reported the reimbursement to Bergen County and not the outside entity that was ultimately paid. As a result of listing Bergen County as the payee, we identified this as a reporting error that did not comply with Treasury's Guidance.<sup>16</sup>

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<sup>16</sup> Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised) OIG-CA-20-028R Section #5 states, "If the prime recipient distributes funds to an agency or department within the prime recipient's government, is the agency or department considered the prime recipient or a sub-recipient when funds obligated are \$50,000 or more? The agency or department is considered part of the prime recipient as they are all part of the same legal entity that received a direct CRF payment from Treasury. Obligations and expenditures that the agency or department incurs with the CRF proceeds must be collected by and reported in the GrantSolutions portal by the prime recipient as if they were obligated or expended by the prime recipient."

Aggregate Reporting Less Than \$50,000

We determined Bergen County's Aggregate Reporting less than \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested 10 aggregate reporting transactions totaling \$393,501 and identified five exceptions, resulting in unsupported questioned costs totaling \$57,000. The aggregate reporting transactions tested included expenditures for the purchase of medical supplies; improving the fiber optic network to enhance remote learning capabilities for schools due to pandemic related school closures; purchase to enhance telework capabilities; reimbursement of payroll costs for public health and safety employees due to pandemic related office closures; reimbursement of payroll costs for substantially dedicated<sup>17</sup> personnel; reimbursement of sick pay for county employees performing tasks in response to COVID-19; and COVID-19 extra duty pay for unused compensatory time off.

For five of the transactions tested, Bergen County's management was unable to provide adequate supporting documentation to determine if the expenditures were eligible. Specifically, Bergen County used CRF proceeds to cover extra duty pay awarded to county employees who were unable to use compensatory time off earned for the extra hours spent working on COVID-19 related tasks.

Based on the support reviewed, Bergen County was unable to justify how the extra duty pay was assigned to each employee. Bergen County confirmed the extra duty pay expenditures were distributed by lump sum payments awarded to employees and Bergen County did not properly maintain relevant or appropriate supporting documentation of how the lump sum payment amounts were determined for each employee or the accumulated compensatory hours employees earned for which the extra duty payments were made. As a result, we identified unsupported questioned costs totaling \$57,000.

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<sup>17</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."

**Other Matter for Treasury OIG Consideration – Additional Potential Unsupported Extra Duty Pay Expenditures**

Castro tested \$57,000 out of the \$243,000 extra duty pay CRF expenditures reported by Bergen County. The fact that Bergen County did not maintain and document payroll related expenditures for extra duty pay inherently increases the risk of potential unsupported costs for the remaining \$186,000 of extra duty pay untested by Castro. We recommend Treasury OIG determine the feasibility of performing additional follow-up with Bergen County to determine if there were other instances of unsupported balances within the within the compensatory time off - extra duty pay portion of the Aggregate Reporting less than \$50,000 payment type.

**Conclusion**

We determined the expenditures related to the Contracts greater than or equal to \$50,000 and Transfers greater than or equal to \$50,000 payment types complied with the CARES Act and Treasury's Guidance. We also found that the Direct Payments greater than or equal to \$50,000 payment type complied with the CARES Act but did not comply with Treasury's Guidance. Additionally, we found that the Aggregate Reporting less than \$50,000 payment type did not comply with the CARES Act and Treasury's Guidance, resulting in unsupported questioned costs totaling \$57,000.

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

- Confirm if the transactions noted as unsupported expenditures within Aggregate Reporting less than \$50,000 can be supported. If support is not provided, Treasury OIG should recoup the funds or request that Bergen County management provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance. Further, based on Bergen County's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation and/or replace unsupported transactions charged to the CRF with valid expenditures, we recommend Treasury OIG determine the feasibility of conducting an audit for the Aggregate Reporting less than \$50,000 payment type.

## Desk Review of Bergen County, New Jersey

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:

- Determine the feasibility of performing additional follow-up with Bergen County to determine if there were other instances of unsupported balances within the compensatory time off - extra duty pay portion of the Aggregate Reporting less than \$50,000 payment type.

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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>18</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>18</sup> <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>