



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

December 12, 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 Dallas County, Texas' Use of  
Coronavirus Relief Fund Proceeds  
(OIG-CA-25-014)

Please find the attached desk review memorandum<sup>1</sup> on Dallas County, Texas' (Dallas 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 23 transactions reported in the quarterly Financial Progress Reports (FPR) and identified unsupported questioned costs of \$16,423,761 (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 grant-reporting portal on a quarterly basis.

<sup>2</sup> Questioned costs consist of unsupported expenditures related to property acquisition, an emergency housing assistance program, payroll expenses, and other COVID-19 mitigation expenses.

Castro determined that the expenditures related to Transfers greater than or equal to \$50,000<sup>3</sup> and Aggregate Reporting less than \$50,000<sup>4</sup> payment types complied with the CARES Act and Department of the Treasury's (Treasury) Guidance. Castro determined that the expenditures related to the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals<sup>5</sup> payment types did not comply with the CARES Act and Treasury's Guidance. Additionally, Dallas County's risk of unallowable use of funds is moderate.

Castro recommends that Treasury Office of Inspector General (OIG) follow-up with Dallas County's management to confirm the transactions noted as unsupported or ineligible expenditures within the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types are recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance. Based on Dallas County management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation, Castro recommend Treasury OIG determine the feasibility of conducting an audit for the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.

Castro also identified other matters throughout the course of the desk review and recommends that Treasury OIG determine the feasibility of performing additional follow up with Dallas County to determine if there were other instances of unsupported balances with the untested amount of \$12,874,460 in the substantially dedicated payroll<sup>6</sup> portion of the Aggregate Payments to Individuals payment type.

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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 grant-reporting 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>5</sup> Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the grant-reporting portal to prevent inappropriate disclosure of personally identifiable information.

<sup>6</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 states: "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."

Treasury OIG and Castro met with Dallas County management to discuss the report. Dallas County management stated that 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 Dallas 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, Audit Director, at (202) 487-8371.

cc: 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  
Charles Reed, Assistant County Administrator for Government Affairs, County of Dallas

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,<sup>7</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>8</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	\$16,423,761

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$16,423,761 is Dallas County’s expenditures reported in the grant-reporting portal that lacked supporting documentation.

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<sup>7</sup> 2 CFR § 200.84 – Questioned Cost

<sup>8</sup> JAMES is Treasury’s audit recommendation tracking system.

Desk Review of Dallas County, Texas

December 12, 2024

OIG-CA-25-014

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

FROM: Wayne Ference  
Partner, Castro & Company, LLC

SUBJECT: Desk Review of Dallas County, Texas

On January 30, 2024, we initiated a desk review of Dallas County, Texas' (Dallas 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 Dallas 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, 2022<sup>3</sup> as reported in the GrantSolutions portal.

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

- 1) reviewed Dallas County's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through December 31, 2022;
- 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> Dallas County fully expended their total CRF proceeds as of December 31, 2022. Castro set the scope end date to December 31, 2022, which was the date of Dallas 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 Dallas County, Texas

- 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 Dallas 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 Dallas 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 Dallas County's uses of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Dallas County's GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;

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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 obtain an annual audit of those Federal funds. The law 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.

## Desk Review of Dallas County, Texas

- 8) made a non-statistical selection of Contracts, Grants, Transfers,<sup>9</sup> Direct Payments, Aggregate Reporting,<sup>10</sup> and Aggregate Payments to Individuals<sup>11</sup> data identified through GrantSolutions portal reporting; and
- 9) evaluated documentation and records used to support Dallas County's quarterly FPRs.

Based on our review of Dallas County's documentation supporting the uses of its CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures related to the Transfers greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000 payment types complied with the CARES Act and Treasury's Guidance. Additionally, we determined that the expenditures related to the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance.

We identified unsupported questioned costs of \$16,423,761. We also determined Dallas County's risk of unallowable use of funds is moderate.

Castro recommends that Treasury OIG follow-up with Dallas County's management to confirm if the \$16,423,761 noted as unsupported expenditures within the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types can be supported. If support is not provided, Treasury OIG should recoup the funds or request Dallas County management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

Further, based on Dallas County management'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, we recommend Treasury OIG determine the feasibility of conducting an audit for the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.

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<sup>9</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>10</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>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.

**Non-Statistical Transaction Selection Methodology**

Treasury issued a \$239,952,373 CRF payment to Dallas County. As of December 31, 2022, Dallas County expended all of its CRF proceeds. Dallas County’s cumulative obligations and expenditures by payment type are summarized below.

Payment Type	Cumulative Obligations	Cumulative Expenditures
Contracts >= \$50,000	\$ 70,339,417	\$ 70,339,417
Grants >= \$50,000	\$ 400,000	\$ 400,000
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 46,269,761	\$ 46,269,761
Direct Payments >= \$50,000	\$ 67,758,277	\$ 67,758,277
Aggregate Reporting < \$50,000	\$ 12,951,365	\$ 12,951,365
Aggregate Payments to Individuals (in any amount)	\$ 42,233,553	\$ 42,233,553
<b>Totals</b>	<b>\$ 239,952,373</b>	<b>\$ 239,952,373</b>

Castro made a non-statistical selection of payments in the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments 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 GrantSolutions portal reporting anomalies<sup>12</sup> identified by the Treasury OIG CRF monitoring team, and review of Dallas County’s FPR submissions. Dallas County did not obligate or expend CRF proceeds to the Loans greater than or equal to \$50,000 payment type; therefore, we did not make a selection of transactions from this payment type.

The number of transactions (23) we selected to test were based on Dallas County’s total CRF award amount and our overall risk assessment of Dallas County. To allocate the number of transactions (23) by payment type (Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals), we compared the payment type total dollar amounts as a percentage of cumulative obligations as of December 31, 2022. The transactions selected for testing were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

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<sup>12</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.



## **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 \$239,952,373 CRF payment to Dallas 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>

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 authority to recoup funds in the event that it is determined

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<sup>13</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>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 Dallas County, Texas

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 Dallas County's quarterly FPRs through December 31, 2022, and found that Dallas County timely filed quarterly FPRs in the GrantSolutions portal in compliance with Treasury OIG's reporting requirements for the periods ending June 30, 2020 through December 31, 2022.

#### Summary of Testing Results

We found that the Transfers greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000 payment types complied with the CARES Act and Treasury's Guidance. Additionally, we determined that the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$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 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 expenditures identified as questioned costs as a result of our detailed testing of transactions. The unsupported costs in Table 1 totaling \$16,299,761 are a portion of the total questioned costs of \$16,423,761. See Table 2 of this report for detail on the remaining \$124,000 in questioned costs. See the Desk Review Results section below table 2 for a detailed discussion of questioned costs and other issues identified throughout the course of our desk review.

**Table 1 - Summary of Expenditures Testing and Recommended Results  
As of December 31, 2022**

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Unsupported Tested Questioned Costs	Ineligible Tested Questioned Costs	Total Tested Questioned Costs
Contracts >= \$50,000	\$ 70,339,417	\$ 36,837,394	\$ 15,843,967	\$ -	\$ 15,843,967
Grants >= \$50,000	\$ 400,000	\$ 6,000	\$ -	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 46,269,761	\$ 9,808,481	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ 67,758,277	\$ 1,961,580	\$ 446,902	\$ -	\$ 446,902
Aggregate Reporting < \$50,000	\$ 12,951,365	\$ 2,289	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 42,233,553	\$ 13,241,212	\$ 8,892	\$ -	\$ 8,892
<b>Totals</b>	<b>\$ 239,952,373</b>	<b>\$ 61,856,956</b>	<b>\$ 16,299,761</b>	<b>\$ -</b>	<b>\$ 16,299,761</b>

## Desk Review of Dallas County, Texas

Castro also identified other matters throughout the course of our desk review, which we considered to be questioned costs, but which were not part of our judgmental transaction selections. The following table combines the tested questioned costs identified in Table 1 above with these other matters identified through our desk review. We have included a “Total Questioned Costs” column that summarizes the total amount of questioned costs identified throughout the course of our desk review. 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.

**Table 2 – Summary of Expenditures Tested and Other Matters and Recommended Results  
As of December 31, 2022**

Payment Type	(A) Unsupported Questioned Costs (Tested)	(B) Unsupported Questioned Costs (Other Matters)	(C=A+B) Total Unsupported Questioned Costs	(D) Ineligible Questioned Costs (Tested)	(E) Ineligible Questioned Costs (Other Matters)	(F=D+E) Total Ineligible Questioned Costs	(G=C+F) Total Questioned Costs
Contracts >= \$50,000	\$ 15,843,967	\$ -	\$ 15,843,967	\$ -	\$ -	\$ -	\$ 15,843,967
Grants >= \$50,000	\$ -	\$ 124,000	\$ 124,000	\$ -	\$ -	\$ -	\$ 124,000
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ 446,902	\$ -	\$ 446,902	\$ -	\$ -	\$ -	\$ 446,902
Aggregate Reporting < \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 8,892	\$ -	\$ 8,892	\$ -	\$ -	\$ -	\$ 8,892
<b>Totals</b>	<b>\$ 16,299,761</b>	<b>\$ 124,000</b>	<b>\$ 16,423,761</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,423,761</b>

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

We determined Dallas County's Contracts greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested six contracts totaling \$36,837,394. The contracts tested included expenditures for the acquisition of property for election activities; acquisition of property for housing assistance for placement of individuals that tested positive for COVID-19 and to serve as transitional housing to low-income residents; building modifications to incorporate COVID-19 safety measures; construction costs such as touch-free fixtures, updates to furniture to allow social distancing, and upgrades to improve air quality; a program to reimburse applicants for rent and mortgage payments; and a program for forgivable loans for operating costs for Dallas County businesses. We identified exceptions related to two contracts, which resulted in unsupported questioned costs of \$15,843,967 as detailed below.

Additionally, in the forgivable loan program discussed above, Dallas County contracted with a non-profit organization to administer CRF proceeds and provide oversight of Dallas County's Emergency Business Assistance Program. The Emergency Business Assistance Program was a forgivable loan program to provide assistance for small businesses that were adversely affected by the COVID-19 pandemic. Based on these details, we determined Dallas County should have initially reported these transactions in the Loans greater than or equal to \$50,000 payment type instead of the Contracts greater than or equal to \$50,000 payment type. In addition, since all the loans issued were forgiven, Dallas County should have made updates in the GrantSolutions portal to remove the transactions from the Loans greater than or equal to \$50,000 payment type and move them to the Grants greater than or equal to \$50,000 payment type. We determined this reporting misclassification was non-compliant with Treasury's Guidance. Other than the reporting misclassification, we did not identify any exceptions related to the loan program based on our testing procedures.

### **Contract Exception #1 - Acquisition of Property for Elections Warehouse Facility and Building Modifications**

We tested a contract totaling \$15,836,258 that Dallas County claimed for CRF expenditures related to the acquisition of an Elections Warehouse Facility at fair market value, including technical improvements, training of election staff personnel, warehouse storage, and building retrofits. Dallas County contracted with a development manager and escrow agency to hold the funds in escrow to receive draw-down requests for completed deliverables and milestones for the acquisition and construction costs. Dallas County's justification for the need to purchase the property was based on fundamental facility challenges encountered

## Desk Review of Dallas County, Texas

during the 2020 presidential election concurrent with the pandemic. In addition, Dallas County stated the site would be utilized to facilitate technological improvements in training the public and election personnel on the safe administration of elections to enable compliance with COVID-19 precautions.

Dallas County did not provide documentation of any considerations of other cost-effective alternatives, such as leasing property or improving property already owned, to support the \$15,836,258 purchase (including construction) of the election site property. Treasury's Guidance in the Federal Register Notice Volume 86, Number 10, for the CRF, FAQ #58,<sup>17</sup> states that "a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination." As a result, we questioned \$15,836,258 as unsupported costs.

### **Contract Exception #2 – Emergency Housing Assistance Program**

Dallas County entered into an agreement with a non-profit organization to administer the Dallas County Emergency Housing Assistance Program for a total CRF claimed amount of \$1 million issued in four \$250,000 installment payments. We selected one \$250,000 installment payment for testing; however, to make the selection, we obtained the full population for the Emergency Housing Assistance Program. We identified a total amount of \$992,291 in actual expenditures, generating a variance of \$7,709 in obligated CRF proceeds not used of the total \$1 million claimed. Dallas County provided evidence that the variance amount was reversed in the general ledger and allocated to other CRF eligible costs. However, we determined Dallas County did not make the necessary corrections in

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<sup>17</sup> Treasury's Guidance in the Federal Register Notice Volume 86, Number 10, for the CRF, FAQ #58, states: "May payments from the Fund be used for real property acquisition and improvements and to purchase equipment to address the COVID-19 public health emergency? The expenses of acquiring or improving real property and of acquiring equipment (e.g., vehicles) may be covered with payments from the Fund in certain cases. For example, Treasury's initial guidance referenced coverage of the costs of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs, as an eligible use of funds. Any such use must be consistent with the requirements of section 601(d) of the Social Security Act as added by the CARES Act. As with all uses of payments from the Fund, the use of payments to acquire or improve property is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of real estate and acquisitions of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination. Likewise, an improvement, such as the installation of modifications to permit social distancing, would need to be determined to be necessary to address the COVID-19 public health emergency."

## Desk Review of Dallas County, Texas

the GrantSolutions portal, resulting in an overstatement for the transaction. As a result, we questioned \$7,709 as unsupported costs.

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

We determined Dallas County's Grants greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested one grant awarded to a non-profit organization totaling \$6,000 and identified no testing exceptions. The grant tested included expenditures related to the Dallas County Childcare Provider Assistance Grant Program for reimbursements to childcare providers for rent, utilities, food, and personal protective equipment for essential workers.

However, we identified an Other Matter related to the underlying expenditures claimed within the GrantSolutions portal as of December 31, 2022, resulting in unsupported questioned costs of \$124,000. Dallas County reported total cumulative obligations and expenditures of \$400,000 in the GrantSolutions portal related to the Dallas County Childcare Provider Assistance Grant Program. Our review of the underlying supporting documentation noted that Dallas County awarded \$276,000 in childcare provider grant payments. Dallas County explained the variance of \$124,000 was reallocated to public health and safety payroll expenses, and we noted Dallas County's general ledger reflected the cumulative expenditure amount of \$400,000. However, we determined Dallas County did not make the necessary corrections in the GrantSolutions portal, resulting in an overstatement of \$124,000. We questioned the \$124,000 variance as Other Matter unsupported costs.

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

We determined Dallas County's Transfers greater than or equal to \$50,000 complied with the CARES Act and Treasury's Guidance. We tested four transfers totaling \$9,808,481 and identified no exceptions. The transfers tested included expenditures for payroll costs for public health and safety personnel; installation costs for infrared and touchless faucets; advertising costs to promote social distancing throughout the cities; and purchases of laptops and licenses to support distance learning.

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

We determined Dallas County's Direct Payments greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested seven direct payments totaling \$1,961,580. The direct payments tested included expenditures for the implementation of a contactless water meter program;



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disinfecting supplies; compliance management services for a temporary hospital to accommodate recovering COVID-19 patients; and cabling services to ensure a call center continued operating to track COVID-19 contact tracing activities. We identified exceptions related to three direct payment transactions, resulting in unsupported questioned costs of \$446,902 as detailed below.

Additionally, we identified one reporting misclassification related to Direct Payments greater than or equal to \$50,000 that should have been reported as a Contract greater than or equal to \$50,000 in the GrantSolutions portal that we determined was non-compliant with Treasury's Guidance.

### **Direct Payment Exception #1 – Contactless Water Meter Program**

We tested one transaction totaling \$422,090 claimed by the City of Glenn Heights, which contracted with a vendor to install and provide support services related to a Contactless Water Meter Program. Dallas County explained that the project was proposed as a technological tool to eliminate the need for city employees to physically access private property to read and monitor water meters during the pandemic. Additionally, Dallas County explained the contactless meters were intended to reduce physical interaction between city employees and the public at city hall locations and provide enhanced account management to consumers during the pandemic.

We noted that one invoice indicated the costs were related to a down payment to purchase 2,000 contactless water meters. We asked Dallas County for details on the project milestones and status, including how many contactless water meters were installed during the covered period, a listing of accumulated project costs, the reconciliation between these items, and the scope of work related to this program. Dallas County was unable to provide relevant and appropriate support to track the claimed expenditures related to the Contactless Water Meter Program. Based on our review, Dallas County did not adhere to the CRF Guidance as published in the Federal Register (January 15, 2021) FAQ #20.<sup>18</sup> Since Dallas County was unable to verify the costs identified in the invoice (water meters) were received and installed, we determined the support to be insufficient. As a result, we identified \$422,090 in unsupported questioned costs.

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<sup>18</sup> Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) FAQ #20 states: "For purposes of reporting in the GrantSolutions portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity)."

**Direct Payment Exception #2 – Management Contract for a Temporary Hospital**

We tested one transaction totaling \$34,835 in which Dallas County contracted with a vendor to provide compliance management services for a temporary hospital that served as a step-down facility to accommodate COVID-19 patients. We determined Dallas County did not provide adequate supporting documentation to evidence the claimed expenditures for contract management services complied with the CARES Act and Treasury’s Guidance, resulting in unsupported questioned costs of \$24,732, as detailed below. Additionally, the transaction was reported by Dallas County as a Direct Payment greater than or equal to \$50,000 but should have been reported as a Contract greater than or equal to \$50,000 in the GrantSolutions portal. We determined this reporting misclassification did not comply with Treasury’s Guidance.

We noted the contract used U.S. General Services Administration pricing schedules for each of the employees’ positions and hourly rates. We noted the invoice and labor reports provided did not agree with the scope of work and the contract’s General Services Administration pricing schedules. Specifically, we identified several positions and pay rates itemized on the invoice that were omitted from the pricing schedules. Of the seven employees contracted for \$34,835 to perform the services, only two employee positions and pay rates for a total of \$10,103 referenced in the invoice details matched the scope of work, creating a variance of \$24,732.

As a result, these selected expenditures did not comply with the contractual terms, which required all expenses to be appropriately tracked and invoiced to satisfy Federal program reimbursement requirements. Given this information, we identified unsupported questioned costs of \$24,732.

**Direct Payment Exception #3 - City of Wilmer COVID-19 Response Efforts**

We tested five invoices totaling \$925,406 that Dallas County allocated to the City of Wilmer for reimbursable costs related to mitigation efforts towards the impacts of the COVID-19 pandemic. These costs included expenses related to building renovations for COVID-19 related prevention and mitigation compliance, information technology services and equipment to enhance telecommuting capabilities, delivery services for senior residents, disinfection costs, and personal protective equipment.

For one of the five invoices tested, Dallas County could not provide an explanation for an \$80 variance within the supporting documentation for the annual website subscriptions invoiced between November 1, 2020, through October 1, 2021. We noted the transaction amount reported in the GrantSolutions portal was \$10,000;

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however, the invoice referenced a total subscription cost of \$9,920, which resulted in an \$80 variance. Dallas County could not determine the cause of the variance identified. As a result, we identified unsupported questioned costs of \$80.

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

We determined Dallas County's Aggregate Reporting less than \$50,000 complied with the CARES Act and Treasury's Guidance. We tested one transaction totaling \$2,289 and identified no exceptions. The aggregate reporting transaction tested included expenditures related to a hotel facility serving as temporary housing for isolation measures for individuals who tested positive for COVID-19.

### 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. The Aggregate Payments to Individuals payment type consists of four broad types of potential costs defined in Treasury's guidance as published in the Federal Register.<sup>19</sup> Prime recipients may or may not have claimed all these types of expenditures. The four types are as follows:

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<sup>19</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)

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- **Public Health and Safety Payroll**<sup>20</sup> – consisted of payroll costs for public health and safety department personnel.
- **Substantially Dedicated Payroll**<sup>21</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>22</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.

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<sup>20</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>21</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 states: “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>22</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.”

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The Dallas County Aggregate Payments to Individuals balance consisted of the following types of claimed costs.

Aggregate Payments to Individuals Category Types <sup>23</sup>	Total Expenses Claimed
Public Health and Safety Payroll	\$ 29,336,084
Substantially Dedicated Payroll	\$ 12,897,469
<b>Totals</b>	<b>\$ 42,233,553</b>

Castro noted that public health and safety payroll transactions were subject to Treasury's administrative accommodation,<sup>24</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. Substantially dedicated payroll balances were not subject to this administrative accommodation, and therefore, Castro tested these transactions by reviewing documentation provided by the prime recipient to confirm the "substantially dedicated" conclusion with respect to its employees.

We determined that Dallas County's Aggregate Payments to Individuals did not comply with the CARES Act and Treasury's Guidance. We tested four transactions totaling \$13,241,212. The Aggregate Payments to Individuals transactions tested included expenditures of \$13,218,203 for public health and safety payroll and \$23,009 in payroll costs for substantially dedicated personnel at the Dallas County Elections Department. We identified exceptions related to two transactions, resulting in \$8,892 of unsupported questioned costs, as detailed below.

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<sup>23</sup> Dallas County did not report any non-substantially dedicated payroll or non-payroll expenditures within its Aggregate Payments to Individuals payment type, and so these were not included within the Aggregate Payments to Individuals Category Types.

<sup>24</sup> Treasury's Federal Register guidance stated 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."

**Aggregate Payments to Individuals Exception #1- Substantially Dedicated Payroll Costs and Benefits: Sick Pay for Government Employees**

We tested one transaction for \$14,705 in expenditures that Dallas County claimed for substantially dedicated employees to cover payroll related costs, including sick pay due to the COVID-19 pandemic. We identified payroll related costs and benefits that were erroneously duplicated in Dallas County's payroll registers, resulting in unsupported questioned costs of \$588. The supporting documentation provided by Dallas County included timecards, statements of earnings, pay rate information, and payroll registers to substantiate the CARES Sick Pay provided. During a bi-weekly pay period, an employee would typically have a maximum of 80 hours charged to Sick Pay (40 hours \* 2 weeks). We noted the employee charged 144 hours of coded as CARES Sick Pay during the pay period of August 29, 2020 through September 11, 2020, resulting in an excess of 64 (144 – 80) hours of CARES Sick Pay.

We noted the employee was non-exempt and recalculated the pay rate information based on salary details and determined the excess of 64 hours amounted to \$588 charged in the pay period examined. We received clarification from Dallas County that the excess of 64 hours was earned in a prior pay period with the date range of August 15, 2020 through August 28, 2020. The 64 hours were subsequently realized as supplemental pay in the pay period ending September 11, 2020, and adjusted to reflect the actual hours incurred. However, Dallas County did not revise the payroll register used to report the CARES Sick Pay in the GrantSolutions portal. As a result, we identified \$588 in unsupported questioned costs.

**Aggregate Payments to Individuals Exception #2- Substantially Dedicated Payroll Related Costs for the Dallas County Elections Department**

We tested \$8,304 claimed for substantially dedicated payroll related costs incurred by the Dallas County Elections Department, where the employees were tasked with ensuring elections were accessible, secure, and safe for voters during the 2020 election cycle.

Dallas County provided timesheets and paystubs to corroborate the hourly rate for each individual. We asked Dallas County to provide documentation that supported the substantially dedicated conclusion for the selected personnel; however, Dallas County was unable to provide the supporting documentation to evidence the payroll related costs were in compliance with the CARES Act and Treasury's Guidance. Based on our assessment, we determined Dallas County did not provide documentation of the substantially dedicated conclusion with respect

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to these employees<sup>25</sup> to justify the use of CRF proceeds resulting in unsupported questioned costs of \$8,304.

Additionally, Castro tested \$23,009 out of \$12,897,469 of the reported Aggregate Payments to Individuals expenditures for Dallas employees considered to be substantially dedicated personnel to mitigating the COVID-19 pandemic. Based on the information provided, we determined Dallas County did not have proper controls to ensure the substantially dedicated conclusion was adequately documented as required by Treasury's Guidance. We identified unsupported questioned costs of \$8,892 out of the \$23,009 tested. Castro recommends Treasury OIG determine the feasibility of following up on the remaining untested portion of this balance of \$12,874,460 to determine if the remaining balance may be similarly unsupported.

### **Conclusion**

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

We identified unsupported questioned costs of \$16,423,761. Additionally, Dallas County's risk of unallowable use of funds is **moderate**.

Castro recommends that Treasury OIG follow-up with Dallas County's management to confirm if the \$16,423,761 noted as unsupported expenditures within the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types can be supported. If support is not provided, Treasury OIG should recoup the funds or request Dallas County management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

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<sup>25</sup> Treasury's Federal Register guidance indicates that: "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."

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Further, based on Dallas County management'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, we recommend Treasury OIG determine the feasibility of conducting an audit for the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.


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 Dallas County to determine if there were other instances of unsupported balances with the untested amount of \$12,874,460 in the substantially dedicated payroll portion of the Aggregate Payments to Individuals 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>26</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>26</sup> <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>