



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 2, 2026

OIG-27-006

MEMORANDUM FOR **JEFFREY W. STOUT, ACTING CHIEF PROGRAM
OFFICER, OFFICE OF CAPITAL ACCESS, DEPARTMENT
OF THE TREASURY**

FROM: Pauletta P. Battle /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of the State of South Dakota's Use of
Coronavirus Relief Fund Proceeds

On December 1, 2020, we initiated a desk review of the State of South Dakota's (South Dakota) use of the Coronavirus Relief Fund (CRF) proceeds, 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).¹ This review was initiated in response to a complaint referral submitted to the Department of the Treasury (Treasury) Office of Inspector General (OIG), Office of Investigations. The objective of our desk review was to evaluate South Dakota's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our desk review covered South Dakota's obligation and expenditure data for the period March 1, 2020, through December 31, 2020 (cycles 1-3), as reported in GrantSolutions.

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

- 1) reviewed South Dakota's quarterly Financial Progress Reports (FPRs) submitted in GrantSolutions through December 31, 2020;
- 2) reviewed the Treasury's *Coronavirus Relief Fund Guidance* (Guidance) as published in the Federal Register on January 15, 2021;³

¹ P.L. 116-136 (March 27, 2020)

² GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from recipients.

³ 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

- 3) reviewed Treasury OIG's *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁴
- 4) reviewed Treasury OIG's *Coronavirus Relief Fund Reporting and Record Retention Requirements*;
- 5) reviewed Treasury OIG's monitoring checklists⁵ of South Dakota's quarterly FPR submissions for reporting deficiencies;
- 6) reviewed other audit reports issued, such as Single Audit Act reports, and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose a risk or impact to South Dakota's use of CRF proceeds;
- 7) reviewed Treasury OIG Office of Investigations, the Council of the Inspectors General on Integrity and Efficiency Pandemic Response Accountability Committee (PRAC),⁶ and Treasury OIG Office of Counsel input on issues that may pose risk or impact to South Dakota's use of CRF proceeds;
- 8) interviewed key personnel responsible for preparing and certifying South Dakota's quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;
- 9) made a non-statistical selection of Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000,⁷ Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals⁸ data identified through GrantSolutions reporting; and
- 10) evaluated documentation and records used to support South Dakota's quarterly FPRs.

Based on the results of our desk review, South Dakota's documentation supporting the uses of CRF proceeds complied with the CARES Act and Treasury's Guidance.

⁴ Treasury OIG, [*Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*](#) OIG-20-028R (March 2, 2021)

⁵ 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 follows 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.

⁶ Section 15010 of P.L. 116-136 established the PRAC within the Council of the 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.

⁷ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

⁸ 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.

Additionally, we determined that South Dakota’s risk of unallowable use of funds is low. Accordingly, we will not be conducting an audit of South Dakota.

Non-Statistical Transaction Selection Methodology

Treasury issued a total of \$1,250,000,000 in CRF payments to South Dakota. As of December 31, 2020, South Dakota reported cumulative expenditures totaling \$666,924,985. We made a non-statistical selection of 48 transactions totaling \$258,687,062 from 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, and Aggregate Payments to Individuals. We made selections using auditor judgment based on the total CRF award amount, amounts claimed within each payment type, and our overall risk assessment of South Dakota. Because the transactions tested were non-statistically selected, 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 total of \$1,250,000,000 CRF payments to South Dakota. The CARES Act stated that a prime recipient may only use the funds to cover costs that were—

1. necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
2. not accounted for in the budget most recently approved as of March 27, 2020; and
3. incurred during the period between March 1, 2020, and ended on December 31, 2021, for states, local governments, and territories. In the case of tribal governments, were incurred during the period that began on March 1, 2020, and ended on December 31, 2022 (covered period).

Section 15011 of the CARES Act, required each covered recipient⁹ to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar

⁹ 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.

quarter, a report that contained (1) the total amount of large covered funds^{10,11} 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.

Desk Review Results

We reviewed the GrantSolutions portal and found that South Dakota timely filed quarterly FPRs for the period March 1, 2020, through December 31, 2020 (cycles 1-3), as required under Treasury OIG's Guidance, *Coronavirus Relief Fund Reporting and Record Retention Requirements*.

We found that the transactions tested in 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, and Aggregate Payments to Individuals payment types were: (1) necessary expenditures incurred due to the public health emergency with respect to COVID-19, (2) not accounted for in the budget most recently approved as of March 27, 2020, and (3) incurred during the covered period. Table 1 shows a summary of expenditure totals and the results of our testing.

¹⁰ 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.

¹¹ Section 15011 of P.L. 116-136 defined large covered funds as covered funds that amounted to more than \$150,000.

Table 1 Summary of Non-Statistical Testing Results

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Number of Transactions Tested	Unsupported Questioned Costs	Ineligible Questioned Costs	Total Questioned Costs
Contracts > = \$50,000	\$52,024,373	\$35,072,664	9	\$ -	\$ -	\$ -
Grants > = \$50,000	\$304,261,860	\$73,530,021	18	\$ -	\$ -	\$ -
Transfers > = \$50,000	\$169,659,383	\$87,397,355	5	\$ -	\$ -	\$ -
Direct Payments > = \$50,000	\$21,632,997	\$17,037,485	15	\$ -	\$ -	\$ -
Loans > = \$50,000	\$ -	\$ -	-	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$27,599,527	\$ -	-	\$ -	\$ -	\$ -
Aggregate Payments to Individuals	\$91,746,845	\$45,649,537	1	\$ -	\$ -	\$ -
Totals	\$666,924,985	\$258,687,062	48	\$ -	\$ -	\$ -

Source: Treasury OIG

Contracts greater than or equal to \$50,000

We tested nine transactions totaling \$35,072,664 without exception. Transactions tested included expenditures for COVID-19 testing and contact tracing; marketing material to include paid advertisement outlining the steps taken by South Dakota to safely reopen and respond to COVID-19 public health emergency; computer equipment and accessories for public employees to improve telework capabilities; and administrative fees to manage South Dakota's COVID-19 Grants programs.

Grants greater than or equal to \$50,000

We tested 18 transactions totaling \$73,530,021 without exception. Transactions tested included expenditures for small business assistance to healthcare providers and acute care hospitals; assistance for school systems to purchase laptops to facilitate distance learning, acquire personal protective equipment, and cover costs related to meeting Centers for Disease Control social-distancing guidelines.

Transfers greater than or equal to \$50,000

We tested five transactions totaling \$87,397,355 without exception. Transactions tested included expenditures for municipalities public health and safety payroll expenses; public safety measures in response to COVID-19; and disinfection of public areas and other facilities.

Direct Payments greater than or equal to \$50,000

We tested 15 transactions totaling \$17,037,485 without exception. Transactions tested included expenditures for personal protective equipment; COVID-19 testing and contact tracing; public safety measures in response to COVID-19; and South Dakota's COVID-19 Housing Assistance Program and Medical Claims Program.

Aggregate Payments to Individuals

We tested one transaction totaling \$45,649,537 without exception. The transaction tested included expenditures for reimbursable unemployment insurance claims associated with record high unemployment, business closures, and shelter in place orders for non-essential workers during the COVID-19 public health emergency.

Conclusion

We determined that South Dakota's expenditures, as tested, 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 that began March 1, 2020, and ended on December 31, 2021.

Overall, we determined that South Dakota's risk of unallowable use of funds is low. As a result, we will not be conducting an audit.

South Dakota's Response

South Dakota concurred with our assessment. On September 1, 2026, South Dakota provided its written response which is included in its entirety as Appendix 1.

* * * * *

All work completed 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.¹²

We appreciate the courtesies and cooperation provided to our staff during the desk review. If you have any questions or require further information, please contact me at (202) 927-5400, or a member of your staff may contact Julie Wong, Acting Deputy Assistant Inspector General for Audit, at (202) 439-6354.

cc: Michelle A. Dickerman, Deputy Assistant General Counsel, Department of
the Treasury
Thao P. Tran, Acting Chief Operating Officer, Office of Capital Access,
Department of the Treasury
Keith Senger, Director, Department of Financial Reporting, South Dakota

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



**DEPARTMENT OF EXECUTIVE MANAGEMENT
BUREAU OF FINANCE AND MANAGEMENT**

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September 1, 2026

Oliva F Scott, CFE
Audit Manager
Department of The Treasury – OIG
875 15th Street, NW
Washington DC 20005

RE: Desk Review of the State of South Dakota's Use of Coronavirus Relief Fund Proceeds
Management Response

Dear Ms. Scott:

We have reviewed the draft memorandum for the Desk Review of the State of South Dakota's Use of Coronavirus Relief Fund Proceeds (Project Code: A-CM-21-004) and concur with its conclusions.

Sincerely,

_____, Commissioner/Chief Financial Officer
Bureau of Finance and Management