



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 5, 2026

OIG-27-010

**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 City of San Jose's Use of
Coronavirus Relief Fund Proceeds

On April 8, 2022, we initiated a desk review of the City of San Jose's (San Jose) 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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) Pandemic Response Accountability Committee (PRAC) Hotline.² The objective of our desk review was to evaluate San Jose's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions³ portal and to assess the risk of unallowable use of funds. The scope of our desk review covered San Jose's obligation and expenditure data for the period March 1, 2020, through March 31, 2022 (cycles 1-8), as reported in GrantSolutions.

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

- 1) reviewed San Jose's quarterly Financial Progress Reports (FPRs) submitted in GrantSolutions through March 31, 2022;

¹ P.L. 116-136 (March 27, 2020)

² Section 15010 of P.L. 116-136 established the PRAC within the CIGIE 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.

³ 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.

- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* (Guidance) as published in the Federal Register on January 15, 2021;⁴
- 3) reviewed Treasury's Office of Inspector General's (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁵
- 4) reviewed Treasury OIG's *Coronavirus Relief Fund Reporting and Record Retention Requirements*;
- 5) reviewed Treasury OIG's monitoring checklists⁶ of San Jose'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 San Jose's use of CRF proceeds;
- 7) reviewed Treasury OIG Office of Investigations, the CIGIE PRAC, and Treasury OIG Office of Counsel input on issues that may pose risk or impact to San Jose's use of CRF proceeds;
- 8) interviewed key personnel responsible for preparing and certifying San Jose'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, Aggregate Reporting less than \$50,000,⁷ and Aggregate Payments to Individuals⁸ data identified through GrantSolutions reporting; and
- 10) evaluated documentation and records used to support San Jose's quarterly FPRs.

⁴ 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

⁵ Treasury OIG, [*Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*](#) OIG-20-028R (March 2, 2021)

⁶ 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.

⁷ 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 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

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.

Based on the results of our desk review, San Jose's documentation supporting the uses of CRF proceeds complied with the CARES Act and Treasury's Guidance. Additionally, we determined that San Jose's risk of unallowable use of funds is low. Accordingly, we will not be conducting an audit of San Jose.

Non-Statistical Transaction Selection Methodology

Treasury issued a total of \$178,295,348 in CRF payments to San Jose. As of March 31, 2022, San Jose expended all of its CRF funds. We made a non-statistical selection of 27 transactions from Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Aggregate Reporting less than \$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 San Jose. 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 \$178,295,348 CRF payments to San Jose. 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 Treasury and the PRAC, no later than 10 days after the end of each calendar 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 San Jose timely filed quarterly FPRs for the period March 1, 2020, through March 31, 2022 (cycles 1-8), 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, Aggregate Reporting less than \$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.

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.

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 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	\$ 61,725,664	\$ 28,342,898	11	\$ -	\$ -	\$ -
Grants > = \$50,000	\$ 21,187,758	\$ 15,050,124	5	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 4,017,228	\$ 779	2	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 91,364,698	\$ 14,219	9	\$ -	\$ -	\$ -
Totals	\$178,295,348	\$ 43,408,020	27	\$ -	\$ -	\$ -

Source: Treasury OIG

Contracts Greater Than or Equal to \$50,000

We tested eleven transactions totaling \$28,342,898 without exception. Transactions tested included expenditures to design, build, and deliver Emergency Interim Housing for the homeless individuals who were affected by COVID-19; operate temporary emergency shelters for unhoused individuals who were at risk of contracting COVID-19; cover costs for sheltering and supporting eligible residents needing isolation or quarantine and could not safely isolate or quarantine in their own residential units; and prepare and distribute groceries to the residents experiencing food insecurity and other impacts due to the COVID-19.

Grants Greater Than or Equal to \$50,000

We tested five transactions totaling \$15,050,124 without exception. Transactions tested included expenditures for assistance to local small businesses; nonprofit organizations; licensed family childcare providers; and to provide meals and groceries to eligible residents affected by the COVID-19 pandemic.

Aggregate Reporting Less Than \$50,000

We tested two transactions totaling \$779 without exception. Transactions tested included expenditures for the heating and plumbing services provided at the shelters for the unhoused population; and for the purchase of faucet covers as a part of the materials needed to convert existing faucets at citywide facilities to touchless faucets in response to the COVID-19 pandemic.

Aggregate Payments to Individuals

We tested nine transactions totaling \$14,219 without exception. Transactions tested included payroll costs. Payroll costs were for public health and safety personnel and substantially dedicated personnel dedicated over 50 percent of their time to mitigating or responding to the COVID-19 public health emergency.

Conclusion

We determined that San Jose'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.

Based on our review, we determined that San Jose's risk of unallowable use of funds is low. As a result, we will not be conducting an audit.

City of San Jose Response

The City of San Jose concurred with our assessment. On August 20, 2026, the City of San Jose 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

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

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
Maria Oberg, Director of Finance, City of San Jose
Victor Lo, Deputy Director of Finance, City of San Jose



Finance Department

August 20, 2026

Pauletta P. Battle
Assistant Inspector General for Audit
Office of Inspector General
U.S. Department of the Treasury
Washington, D.C. 20220

Subject: City of San José Response to Draft Desk Review of the City's Use of Coronavirus Relief Fund Proceeds

Dear Ms. Battle:

The City of San José appreciates the opportunity to review the U.S. Department of the Treasury, Office of Inspector General's (OIG) draft *Desk Review of the City of San Jose's Use of Coronavirus Relief Fund Proceeds*.

The City has reviewed the draft report and appreciates Treasury OIG's conclusion that the City's documentation supporting its use of Coronavirus Relief Fund proceeds complied with the CARES Act and Treasury guidance, and that the City's risk of unallowable use of funds is low. We also acknowledge Treasury OIG's determination that no further audit of the City is warranted based on the results of the desk review.

The City also recognizes Treasury OIG staff's professionalism and collaboration throughout the review process. We also appreciate the efforts of City departments and staff who administered the Coronavirus Relief Fund programs, maintained supporting documentation, and assisted in responding to Treasury OIG's requests during the review.

The City remains committed to responsible stewardship of federal funds and to maintaining appropriate documentation, internal controls, and compliance with applicable federal requirements.

Thank you for the opportunity to provide our response and for the courtesies extended to City staff throughout the desk review.

Sincerely,

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Maria Öberg
Director of Finance
City of San José