



**An Audit of FEMA Expenditures Related to Onondaga
County's Response to the COVID-19 Pandemic
January 7, 2022**

By Onondaga County Comptroller Martin D. Masterpole

Report Index

Report Section	Section Name	Page Number
I	Preface	2
II	Executive Summary	3
III	Scope and Methodology	7
IV	Background	8
V	Findings and Recommendations	11
VI	Exhibits	23
VII	Administrative Response	26

I: PREFACE

All audits performed by the Onondaga County Comptroller's Office serve as a tool to make process improvements, when needed, and ensure compliance with laws and regulations to assist with maintaining accurate and transparent financial reporting.

The Coronavirus Disease of 2019 certainly had an enormous impact on Onondaga County residents and continues to affect the community as the County strives to re-open. The County has acknowledged receiving pandemic response funding from more than a dozen sources.

The following report is meant to serve as a snapshot in time during this prolonged event. It provides data collected and reviewed related to expenditures made during the first nine and a half months (mid-March to December 31, 2020) of this unprecedented time and has been charged to funding from the Federal Emergency Management Agency (FEMA). Between the completion of audit activity and publication of this report some data may change due to a number of factors including, but not limited to, changes in federal regulations and the post-audit work performed by County Financial Operations.

It is the intent of the Comptroller's Office of Onondaga County to release future reports tied to some or all of the other relief effort funding sources. I want to personally acknowledge the efforts made by all County Departments, including both staff and volunteers, for quickly implementing a crisis plan for ensuring County programs, services and critical functions continued throughout the pandemic.

II: EXECUTIVE SUMMARY

Coronavirus Disease of 2019 (COVID-19), is an infectious disease caused by a new variant of coronavirus called SARS-CoV-2. The first documented case of this new coronavirus was in Wuhan, People’s Republic of China in December 2019 following aggregated cases of viral pneumonia. The first confirmed case of COVID-19 in the United States was on January 21, 2020 in the state of Washington believed to be associated with a person’s trip to Wuhan. By January 31, 2020, the World Health Organization issued a public health emergency as deaths and confirmed cases of COVID-19 exponentially were on the rise and declared it a global pandemic on March 11, 2020.

President Trump followed suit on March 13, 2020 with a declaration of a National Emergency and invoked the Stafford Act. This law is designed to bring an orderly and systematic means of federal natural disaster relief to State, Local and Tribal governments to assist them in supporting the public health response and establish a foundation for a strong economic recovery. Additionally, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the \$150 billion Coronavirus Relief Fund and provided payments to State, Local and Tribal governments that are impacted by this unprecedented pandemic.

Funding associated with the CARES Act was based on population and as a result, the Department of the Treasury was directed to use the U.S. Census Bureau data to determine payments made to State, Local and Tribal governments. It should be noted all counties with a population over 500,000 received direct funding. Notably, Onondaga County fell short of this threshold with approximately 465,000 County residents.

COVID-19 Pandemic Timeline	
December 2019	First documented case of the new Coronavirus identified in China
January 21, 2020	First U.S. case of COVID-19 reported
March 1, 2020	First case of COVID-19 in New York State confirmed
March 7, 2020	Governor Cuomo declares State of Emergency in New York
March 11, 2020	World Health Organization officially declares COVID-19 a global pandemic
March 13, 2020	President of U.S. declares a national State of Emergency and invokes Stafford act
March 14, 2020	Onondaga County Executive declares State of Emergency
March 27, 2020	CARES Act enacted

New York State's (NYS) overall population of 19,453,561 enabled the State to receive more than \$7.5 billion of the \$150 billion designated CARES Act funding, of which seven counties received a proportional share in advanced funding from NY allotment. As a consequence of being below the population threshold, New York State government did not provide direct Federal Funding to Onondaga County but rather provided large amounts of personal protective equipment (PPE) and supplies. As a result, the County was compelled to initially fund relief efforts and apply for reimbursement from various funding sources discounting the CARES Act. In March of 2020, Onondaga County applied for funding from the Federal Emergency Management Agency (FEMA). The County also applied for and received funding from more than a dozen additional sources.

This report provides an outline of the County's strategies for funding and executing the relief efforts as related to FEMA funding only. \$7,007,575 for actual and/or projected expenditures was approved by FEMA in the County's application. Actual and/or projected expenditures in the amount of \$528,340.35 were denied.

During the audit period, more than 1,200 expenditures were made and charged to the FEMA grant. A review of 40 diverse expenditures from those indicated the following:

- 70 ventilators totaling \$173,000 were purchased for area hospitals and were never used or distributed. They remain in storage. Finding #1 (p.15)
- An expenditure totaling \$13,061.07 for "HVAC Filters" and a second totaling \$5,887.08 for "Adult Underwear" were posted as FEMA-related purchases. However, these expenditures were not approved for reimbursement by FEMA. Finding #3 (p.15)
- The County paid over \$5,000 in costs related to sales tax, tips and misc. restaurant charges. These are not reimbursable by FEMA. Findings #4,5 (p.16) Finding #15 (p.19)
- Expenditures totaling over \$10,800 were missing documents and/or information and proper notation on provided documents. Findings #6,7,12 (p.17) Finding #14 (p.18) Finding #16 (p.19)
- More than \$3,200 in expenditures for entertainment-related equipment was denied by FEMA but remain attached to the FEMA grant in PeopleSoft. Finding #8 (p.17)
- The merchandise for an expenditure of more than \$3,000 did not have paperwork documenting its delivery. Finding #9 (p.17)

- More than \$34,600 in expenditures charged to the purchase cards were not made by the proper account holder. Finding #10 (p.17)
- Expenditures in the amount of more than \$3,200 were put on purchase cards for individual meals (i.e. not bulk-ordered boxed lunches) during regular work hours for County office employees who were not working at testing, vaccination or other pandemic response sites. Individual meals are not reimbursable by FEMA. Finding #13 (p.18)
- Payroll-related expenditures exceeded the FEMA-approved amount by \$106,220.60. Finding #17 (p.19)
- There were differences in test counts as compared to internal records by approximately 3%. Finding #18 (p.21)
- The County was still owed \$138,457.53 as of 12/31/2020 from entities provided with PPE supplies. Finding #20 (p.22)

Given the nature of a pandemic and the need to act expeditiously and efficiently, County Administration should be commended for their valiant efforts in responding to COVID-19. Acknowledging this, recommendations related to the audit include:

- *County Financial Operations should review FEMA PeopleSoft Project # 745137019 to ensure all reimbursable costs are posted, and to remove all costs not reimbursable through this grant to another grant (funding source) to ensure proper accounting policies.*
- *Sales tax, tips and miscellaneous costs should never be included in any County purchase transactions.*
- *No individual meals should be purchased as a part of this, or any, relief effort unless the funding agency specifically allows for them.*
- *Only the County employee that a purchase card has been assigned to should make purchases using a County purchase card.*
- *County Administration should seek other funding sources to cover the \$106,220.60 in payroll-related expenditures that were not approved by FEMA.*
- *County Administration should continue to seek reimbursement from area organizations that they made purchases for after 6/1/20.*

- *County Administration should seek reimbursement from other funding sources for reimbursement of the actual expenditures that were a part of the \$528,340.35 denied by FEMA.*

III: SCOPE AND METHODOLOGY

Scope and Objectives

The Comptroller's Office performed an audit of Onondaga County's COVID-19 pandemic-related expenditures incurred during the time period of March 14, 2020 through December 31, 2020. This audit includes only expenditures to be submitted for reimbursement to the Federal Emergency Management Agency (FEMA) Public Assistance Program for disaster assistance funding (County PeopleSoft Project # 745137019). Subsequent audits of expenditures related to the pandemic directed to other funding sources will be conducted at a future date.

The objectives of this audit were to:

- Review expenditures incurred in response to the COVID-19 pandemic posted only to the FEMA Grant Project in PeopleSoft.
- Determine if expenditures complied with Executive Orders established for this pandemic.
- Determine if expenditures met the FEMA guidelines for reimbursement.
- Evaluate the effectiveness of internal controls relating to COVID-19 assets and inventory.
- Provide county officials as well as county residents with information related to COVID-19 in the areas listed below:
 - Expenditures
 - Inventory Control
 - Reimbursement of Purchases for Non-County Entities
 - Reimbursement from FEMA

Methodology

In order to complete these objectives, Internal Audit:

- Reviewed laws, policies, procedures and regulations in relation to COVID-19 expenditures.
- Reviewed FEMA reimbursement guidelines.
- Conducted interviews and utilized questionnaires with managers and staff relating to COVID-19 purchases.
- Reviewed internal controls and tested those controls deemed relevant.

IV: BACKGROUND

The declaration of a national State of Emergency by former President Trump on March 13, 2020 in response to the COVID-19 global pandemic authorized Congress to provide funding to multiple federal agencies under what was called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act established a COVID-19 relief fund of \$150 billion. Federal officials decided the disbursement of the funds would be based on county population to determine a proportional sharing of the funding.

The Department of the Treasury was directed to use the U.S. Census Bureau county population data to determine payments to be made to State, Local and Tribal governments. Counties in the U.S. with a population of 500,000 or higher would receive CARES Act funding directly from the federal government. CARES Act funding for counties with population less than 500,000 (including Onondaga County with a population of approximately 465,000) would go to state governments for distribution to those counties. How that funding was to be distributed to those smaller counties would be up to those individual state governments.

New York State’s population of approximately 19.5 million ¹ qualified it to receive in excess of \$7.5 billion in CARES Act funding. Seven counties in New York State with populations over 500,000 received a total of \$2.4 billion in advanced funding (see table below).

CARES Act Funding	
Total New York State Allocation	\$7,543,325,288.30
Erie County	\$160,306,414.50
Hempstead Town	\$133,832,095.50
Monroe County	\$129,433,144.90
Nassau County	\$102,940,678.70
New York City	\$1,454,710,277.70
Suffolk County	\$257,655,487.80
Westchester County	\$168,822,336.10
Total Provided to Large Counties	\$2,407,700,435.20
Remaining Funds Sent to NYS Gov’t	\$5,135,624,853.10

The remaining \$5.1 billion in New York State CARES Act funding was directed from the federal government to New York State government. That funding was to be used and distributed at the Governor’s discretion. Ultimately, Governor Cuomo did not redirect CARES Act funds to the 55

¹ Census Data & Methodology, US Treasury

smaller counties. Instead, he sent large amounts of personal protective equipment (PPE) to these counties. Per County Administration, in April and May of 2020 Onondaga received approximately 2.7 million dollars' worth of PPE donations from the State.

A consequence of the Governor's decision to not provide federal funding directly to smaller New York counties was placing those counties in a position where they would have to pay for their relief efforts initially and then apply for reimbursement from non-CARES Act funding sources. Having not qualified for direct federal funding from the CARES Act, Onondaga County applied for disaster assistance funding to the Federal Emergency Management Agency (FEMA) Public Assistance Program in April 2021.

County Administration submitted a projected claim to FEMA that included actual as well as anticipated expenses in the amount of \$7,535,946.14. The projection included building and staffing multiple testing sites in addition to purchasing large amounts of personal protective equipment (PPE), medical supplies and equipment to help support the healthcare community. All purchases, regardless of whether being made with a County purchase card or by other means, were to be guided by Onondaga County Administrative Code Section 6.17A, parts 2 & 3 and New York State Municipal Law 103, part 4 (Exhibit A). Both allow for purchases to be made under emergency circumstances such as the COVID-19 pandemic.

The initial review and award notification by FEMA indicated it would reimburse allowable expenditures in the amount of \$7,007,605.79. This included reimbursement for purchases not to exceed \$6,956,638.98 in goods and services and \$579,307.16 in payroll and fringe benefits costs.

COVID-19 EXPENDITURES SUBMITTED TO FEMA FOR REIMBURSEMENT		
Expenditure	Amount	Percentage of Overall Claim
PPE Supplies	\$5,511,570.68	73%
Contracts	\$191,732.50	3%
Labor	\$579,307.16	8%
Equipment	\$245,861.89	3%
Other	\$1,007,473.91	13%
Total Submitted	\$7,535,946.14	100%
Eligible for Reimbursement	\$7,007,605.79	
Expenses Not Qualified	(\$528,340.35)	

FEMA denied \$528,340.35² in actual (to that point) and projected expenditures that were included in the County's application. Some of the denied expenditures included: \$330,300.00 in costs associated with providing daycare for children of essential employees, \$15,356.05 in costs associated with acrylic panel shields to protect County employees' workspaces, \$72,574.79 in costs associated with information technology equipment, laptops, Chromebooks and accessories.

² FEMA – Project # 137225 & Eligibility Determination Memorandum for Onondaga County, 1/19/2021

FEMA also denied \$79,008.23 in costs associated with replacing HVAC filters at various County facilities.

On March 14, 2020, the day after former President Trump declared a national State of Emergency, Onondaga County Executive J. Ryan McMahon II signed an Executive Order declaring a Proclamation of Emergency for Onondaga County (Exhibit B). The order provided the County Executive the power to exercise his authority to “use any and all facilities, equipment, supplies, personnel and other resources of the County in such a manner as may be deemed necessary or appropriate to cope with the disaster or emergency.”

On the same day, the County Executive also issued Local Emergency Order No. 1 (Exhibit C). This action temporarily suspended or modified any restrictions regarding the use of County purchase cards so as to allow the acquisition of large quantities of goods and/or services without having to adhere to standard procurement processes and timelines. Per County Administration, the purchasing plan crafted by County Administration was done through the lens of trying to respond to a once in a lifetime occurrence and ensuring that all of the community’s residents, particularly the most vulnerable, had their basic needs met during the pandemic.

Per County Administration, individual departments were charged with making purchases specific to their department’s needs and the Department of Emergency Management was charged with making purchases that would affect all County departments. The County Executive’s Emergency Order also allowed purchases to be made on behalf of private and public entities including--but not limited to--physicians and dentist offices, hospitals, long term care facilities and school districts.

Also per County Administration, expenses were either charged directly to one of the grants if funding source had been predetermined or coded with FOCO20 in PeopleSoft to be reviewed by Financial Operation to determine FEMA eligibility.

Regardless of the funding source, County Administration should account for all COVID related expenditures in a manner to readily determine the actual costs incurred as a result of the pandemic.

V: FINDINGS & RECOMMENDATIONS

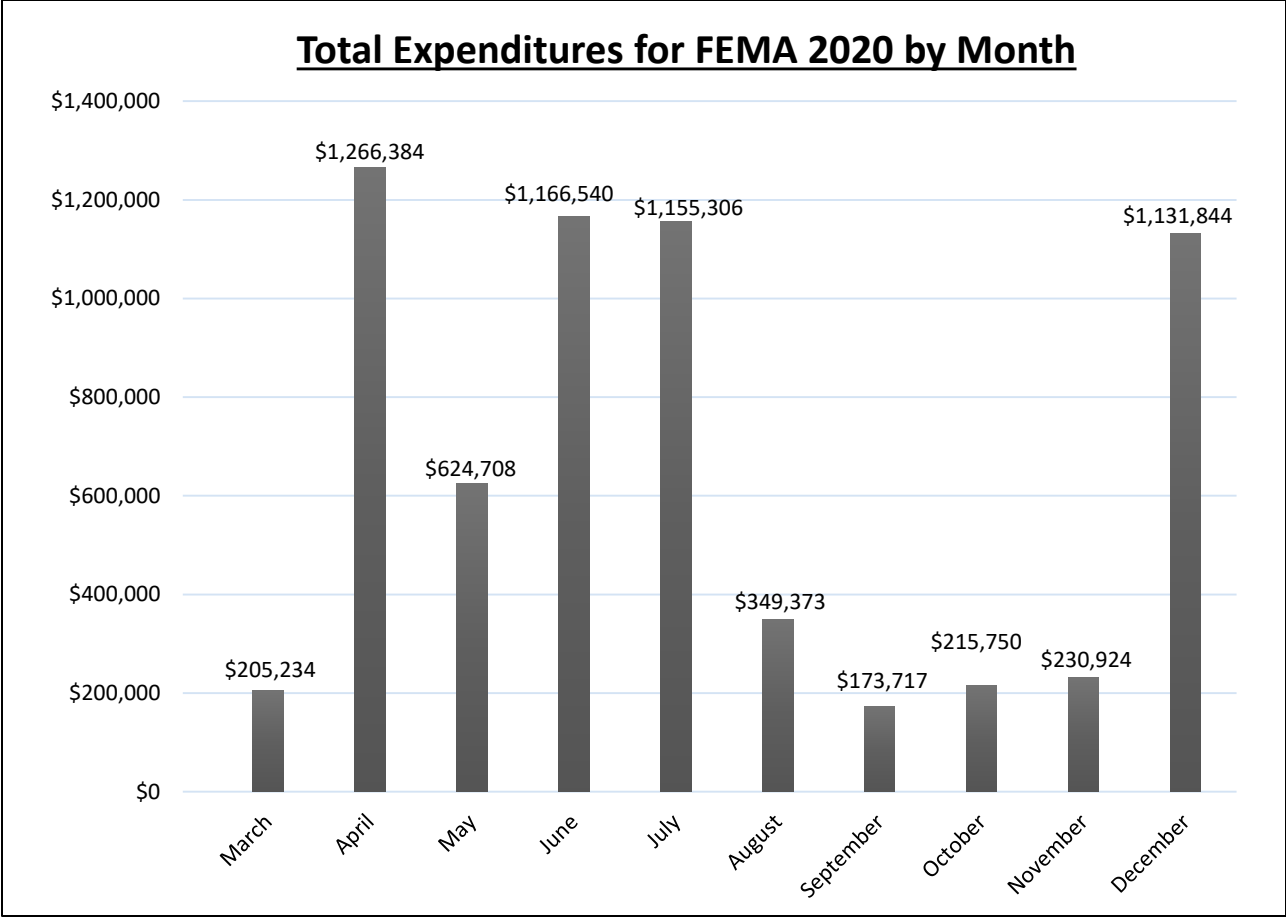
I. EXPENDITURES

As of August 2, 2021, PeopleSoft reflected that the County spent just over \$6.5 million of the approved \$7+ million in FEMA funding. Those expenditures took place between March 14, 2020 and December 31, 2020 and include expenditures in the amount of \$5,834,252.20 on goods and services and \$685,527.76 on payroll and fringe benefits costs.

Sub Category	Expenditures Mar - Dec 2020	Amount	Total
PPE & Supplies	Food, H-hold, Medical & App	\$3,790,350.77	\$3,794,060.60
	Program Supplies & Materials	\$ 3,709.83	
Contracts	Maintenance & Repairs	\$ 307,443.42	\$ 771,909.56
	Contractual Expenses	\$ 241,650.00	
	Fees for Services	\$ 133,210.51	
	Rents	\$ 89,605.63	
Equipment	Capitalized Furnish & Equip	\$ 258,114.12	\$ 266,614.12
	Automotive Equipment	\$ 8,500.00	
Other	All Other Expenses	\$ 849,948.80	\$1,001,667.92
	All Other Supplies & Materials	\$ 8,372.94	
	Construction Supplies	\$ 143,346.18	
Labor	Employee Salaries	\$ 60,191.31	\$ 685,527.76
	OT Wages	\$ 572,845.58	
	Fringe Benefits	\$ 52,490.87	
		TOTAL	\$6,519,779.96

Balances per query ran 8/2/2021

The County's purchasing trend was most pronounced during the initial days of the pandemic from April 2020 through June 2020. During that time period, more than \$3 million of the total of \$6.5 million for the audited period was depleted. Gradually, as pandemic case numbers stabilized, the number of expenditures and the monthly value of those expenditures lessened from averaging \$1 million per month to between \$200,000 - \$450,000 per month. An increase in COVID cases in the late fall of 2020 was likely responsible for an increase in expenditures at the end of the audit period in December 2020. The following chart depicts the monthly costs incurred by the County during the audit period.



FEMA-related County expenditures included vast amounts of face masks, gloves, gowns, hand sanitizers, facial shields, sanitary wipes, thermometers and goggles for the County as well as for some local organizations and hospitals. Ventilators were purchased and rented for use in local hospitals and medical facilities. UV lights were installed in the Courthouse and the Justice Center. Equipment for test sites was purchased and the County’s Emergency Management Center was activated after not having been used for several years. Many County facilities, and some community sites were sanitized and barriers, shields and signs were installed. Food was purchased and provided to volunteers & medical staff who worked COVID testing sites. Occasionally, people were quarantined in area hotels and for some components of the effort, security had to be provided.

From the more than 1,200 transactions posted to the FEMA funding source that were made during the audit period of March 14 through December 31, 2020, Internal Audit selected a random sample of 40 expenditures for testing. This sample represents approximately 2% of the total number of transactions. Of these test purchases, 31 were expenditures for items ordered and paid for by voucher. Five expenditures were monthly statements from County purchase cards and the remaining four were payroll-related.

Combined, the 40 expenditures selected for testing totaled \$2,135,246.18 and equated to approximately 33% of the more than \$6.5 million spent on the relief effort during the audit period.

Single Line Transactions Tested Per Type		
Type	Number Tested	Total of Tested
Vouchers	31	\$ 1,941,835.71
Purchase Cards	5	\$ 100,822.82
Payroll Adjustments	4	\$ 92,587.65
Total Tested	40	\$ 2,135,246.18

Test questions that Internal Audit asked when testing the 40 expenditures included:

- Was the expenditure incurred due to the COVID-19 public health emergency?
- Was the expenditure a non-routine maintenance purchase and not accounted for in the approved Onondaga County 2020 budget as of January 20, 2020?
- Were the invoice, receipt and applicable supporting documentation provided?
- Was the purchase approved?
- Related to expenditures via purchase card--was the purchase made by an authorized, active, approved purchase card holder?
- Did the purchase exclude sales tax?
- Was the purchase made within the valid timeframe for reimbursement from FEMA (March 14 – December 31, 2020)?
- Is the reimbursement for this expense received and/or is it expected from FEMA?

A summary of findings related to the tested expenditures follows by category – Vouchers, Purchase Cards and Payroll Adjustments:

Voucher Expenditures

The following table outlines the 31 voucher/invoice-based transactions selected for testing. The \$1,941,835.71 total is approximately 91% of the 40 tested expenditures.

Voucher Expenditures Tested

Item(s)	Amount
Gowns	\$975,000.00
Masks	\$194,688.00
Philips Respironics Ventilators - BiPAP Non-Invasive Classification	\$150,000.00
Electrostatic Disinfection - touchless service that kills COVID on contact	\$86,625.00
Compact Air Purifiers	\$61,048.80
Encompass Workstation – Cayuga Med	\$50,000.00
Medical Isolation Masks	\$47,400.00
Cleaning-Community Health Ctr w/Air scrubbing equipment	\$38,633.00
Faceshields	\$37,500.00
Cleaning-Community Health Ctr w/Air scrubbing equipment	\$34,522.00
Masks	\$30,020.00
Large Nitrile Exam Gloves	\$25,485.00
Faceshields	\$25,000.00
Philips Respironics Ventilators - BiPAP Non-Invasive Classification	\$23,000.00
PSC#WES200001 DSS-ES PROFESSIONAL SECURITY	\$21,780.00
Coveralls	\$19,195.00
Labor to install UV Lighting various locations	\$17,500.00
UV lighting materials-Facilities	\$15,074.50
Medical Isolation Masks	\$14,220.00
HVAC Filters	\$13,061.07
N95 Masks	\$9,950.40
Ambulance (used)	\$8,500.00
Digital Infrared Thermometer	\$7,499.99
Sign Language Presenters for Press Briefings	\$7,199.16
N95 Masks	\$6,675.75
Adult Underwear	\$5,887.08
Rental of Ventilator(s) - Invasive Classification	\$5,200.00
Rental of Ventilator(s) - Invasive Classification	\$5,200.00
Paper Towels	\$2,899.26
Security Team - Hotel Stays	\$1,860.00
Material to Install UV Lighting	\$1,211.00
TOTAL	\$1,941,835.71

Findings include:

- 1) Two of the transactions tested were related to the purchase of Philips Respironics BIPAP Visions Ventilators from Omnicor Biomedical Services, Inc. These were “non-invasive” ventilators for use via a face mask. The two invoices, totaling \$173,000.00, were for 70 ventilators sold in “as is working condition, as discussed” per the vendor invoice.
 - There is no Purchase Order in PeopleSoft to document this purchase so it is unclear who ordered the ventilators or who discussed the terms, prices and/or the “as is per discussed” condition of them as noted on the vendor invoice.
 - A representative of the Department of Emergency Management stated that the ventilators were not ordered for any particular County department. They stated that area hospitals were the intended recipients.
 - The ventilators were never used and remain in storage.
 - The month following the invoice date for the unused purchased ventilators, the County began paying the same vendor for rentals of what are called “invasive” ventilators. Rent paid from April 10, 2020 through July 6, 2020 totaled \$30,600.00.

- 2) When comparing the two transactions in PeopleSoft related to the rented ventilators, the internal accounting was inconsistent.
 - One bill was charged to Acct 66500 (All Other Expenses) and the other charged to Acct 663470 (Rents).
 - One bill was charged to 4395300000 (Health Promotional Grants) and the other charged to 4395100000 (Admin).
 - One bill had an accompanying Purchase Order in PeopleSoft, the other one did not. The Comptroller allowed for an EFT payment for the bill that did not have an accompanying Purchase Order in PeopleSoft as we knew the department made an error on finalizing the Purchase Order before all amounts had been invoiced and accounted for.

- 3) In PeopleSoft, an expenditure totaling \$13,061.07 for “HVAC Filters” and a second totaling \$5,887.08 for “Adult Underwear” were coded as FEMA-related purchases. These expenditures were previously denied by FEMA.

Recommendation: *County Financial Operations should review FEMA PeopleSoft Project # 745137019 to ensure all reimbursable costs are posted, and to remove all costs not reimbursable through this grant to another grant (funding source) to ensure proper accounting policies.*

Purchase Card Expenditures

Local Emergency Order # 1 (Exhibit C) was issued March 14, 2020. This order temporarily modified or suspended “any restrictions regarding the use of Onondaga County purchase cards in order to authorize the use of such cards to the maximum extent necessary to allow the purchase of necessary goods, commodities, services, technology, equipment, materials, supplies, or services, without standard procurement processes”. The order increased each card’s monthly spending limit and single transaction amount. The monthly limit increases are as follows:

Card Holder	Old Limit	New Limit
Director of Purchase	\$ 5,000	\$ 100,000
Director of Emergency Management	\$ 5,000	\$ 100,000
Office of the Onondaga County Executive	\$ 5,000	\$ 100,000
All Other Purchase Card Holders	\$ 5,000	\$ 10,000

Local Emergency Order # 1 was renewed from its start date and expired on June 12, 2021 per Exhibit C. Upon the expiration date, the new COVID limits should have been reduced to the pre-COVID limits.

It is ambiguous if this Order also allowed for a change in the maximum allowable amount for a single purchase card purchase. Prior to the pandemic, the maximum amount was \$200.00 however, during the timeframe covered by this audit; there was a single transaction for approximately \$35,000.00. It appears the single transaction limit amount may only be limited by the total credit limit per month for the card holder.

The five tested expenditures affiliated with purchase cards were from different months in 2020 and representative of four different departments. Together the five cards contained 161 separate COVID-related expenditures that were potentially reimbursable by FEMA. The expenditures totaled \$100,822.82 and equate to roughly 5% of the 40 tested expenditures.

Findings include:

- 4) 39 expenditures included paid sales tax totaling \$1,161.07. Sales tax should not have been charged and is not reimbursable by FEMA.

- 5) 1 expenditure included sales tax of \$60.00 on a bill totaling \$860.00. The invoice was altered to remove sales tax but, the restaurant charged the purchase card for the full amount. Sales tax is not reimbursable by FEMA. Based on information provided by

County Financial Operations, it could not be determined if the County was reimbursed. The individual using the purchase card did not adhere to the Onondaga County Purchase Card Guide (updated January 2011) as all purchase cards include the Federal ID number to allow the merchant to not charge sales tax and also indicates the card holder is responsible for requesting the refund or reimbursing the County.

- 6) 6 expenditures totaling \$1,545.61 were missing receipts and the proper paperwork was not completed and attached. Failure to provide this information may disqualify this for reimbursement by FEMA.
- 7) 1 expenditure totaling \$233.20 had a receipt that did not reflect what or who the payment was for. Failure to provide this information may disqualify this for reimbursement by FEMA.
- 8) 15 expenditures totaling \$3,286.57 were already denied by FEMA because costs were associated with entertainment (console, controllers, gift cards) and are not reimbursable. These costs should be moved to a different PeopleSoft project number funding source for reimbursement if local dollars are not expected to cover them.
- 9) 1 expenditure in the amount of \$3,036.00 had a scanned copy of an Amazon.com order with “not received yet” hand written on it. There was no packing slip attached to prove the item was ever received. Payment was taken by vendor 5/22/2020 and refunded 7/23/2020.
- 10) 58 expenditures totaling \$34,693.88 did not appear to be made by the proper account card holder. The assignment or transfer of an individual card to an unauthorized individual is considered a misuse of the card.
- 11) 3 expenditures totaling \$642.45 did not have receipts but paperwork was attached noting the lost receipts. These documents were not filled out and signed by the proper card holder.
- 12) 1 expenditure for \$39.97 was for a 45-quart chest cooler from Lowe’s. The paperwork did not state who this was for or what location it went to.

A number of the expenditures on purchase cards were related to food and meals. Per FEMA’s *Public Assistance Program and Policy Guide*, certain conditions must be in place for food purchases. Per page 117 of the guide, “Applicants often provide meals for emergency workers. Provision of meals, including beverages and meal supplies, for employees and volunteers engaged in eligible emergency work, including those at EOCs, is eligible provided the individuals are not receiving per diem and one of the following circumstances apply:

- Meals are required based on a labor policy or written agreement that meets the requirements of Chapter 6. *Cost Eligibility*;
- Conditions constitute a level of severity that requires employees to work abnormal, extended work hours without a reasonable amount of time to provide for their own meals;
- Food or water is not reasonably available for employees to purchase.”

Additionally, FEMA only reimburses the “cost of meals that are brought to the work location and purchased in a cost-effective and reasonable manner, such as bulk meals. FEMA does not reimburse costs related to group outings at restaurants or individual meals.” During the audit period 43% of all expenditures on the County purchase cards that were tested were food/meal related.

PURCHASE CARDS TRANSACTIONS TESTED			
NUMBER OF TRANSACTIONS		TOTAL OF TRANSACTIONS	
FOOD	NON-FOOD	FOOD	NON-FOOD
94	67	\$ 43,724.57	\$ 57,098.25
161		\$100,822.82	

TOTAL MEALS PURCHASED FOR EMPLOYEES ON THE ONONDAGA COUNTY PURCHASE CARDS FOR THE 5 ENTRIES SELECTED			
DEPARTMENT	MONTH	COVID FOOD AMOUNT	% OF TOTAL COVID PURCHASE CARD COSTS FOR THAT MONTH AND DEPARTMENT FOR FOOD ONLY
PURCHASE DIVISION	Apr-20	\$ -	0%
EMERGENCY MGMT	May-20	\$ 33,590.99	71%
EMERGENCY MGMT	Jun-20	\$ 8,809.38	49%
HILLBROOK	Mar-20	\$ -	0%
COUNTY EXEC	Mar-20	\$ 1,324.20	100%
		\$ 43,724.57	

Findings related to food expenditures (on Purchase Cards):

- 13) 26 expenditures totaling \$3,273.35 were charges for individual meals, not bulk ordered meals. Individual meals are not reimbursable by FEMA per their guidelines as this is not a cost-effective and reasonable purchase.
- 14) 10 expenditures totaling \$5,197.80 had receipts that combined both bulk and individual meals and the receipts did not separate out the different costs. Individual meals are not

reimbursable by FEMA per their guidelines as this is not a cost-effective and reasonable purchase.

15) 62 expenditures had added tips and/or misc. charges added to the bill resulting in a total of \$3,806.15 for these extra charges. Those costs are not reimbursable by FEMA per their guidelines as these are not the cost of the meals.

16) 9 expenditures totaling \$3,807.86 had receipts for food charges that either did not identify where the food was delivered, to whom the food was for and/or had receipts that were illegible. Failure to provide this information makes these costs ineligible for reimbursement by FEMA.

Recommendation: *Sales tax, tips and miscellaneous costs should never be included in any County purchase transactions.*

Recommendation: *No individual meals should be purchased as a part of this, or any, relief effort unless the funding agency specifically allows for them.*

Recommendation: *Only the County employee that a purchase card has been assigned to should make purchases using a County purchase card.*

Payroll-Related Expenditures

During the audit period a total of \$685,527.76 was paid for COVID-related wages to County employees. This included \$60,191.31 in standard wages, \$572,845.58 in overtime wages and \$52,490.87 in fringe benefits and equated to about 15% of the tested purchases.

17) The County was only pre-approved by FEMA for payroll-related expenditures in the amount of \$579,307.16. This indicates an overage in the amount of \$106,220.60 was not reimbursable by FEMA.

Recommendation: *County Administration should seek other funding sources to cover the \$106,220.60 in payroll-related expenditures that were not approved by FEMA.*

II. INVENTORY CONTROL

Employees of the Department of Emergency Management have provided oversight, management and security for all COVID-related inventories that needed to be stored. In the beginning of the pandemic inventory was stored at multiple sites. In March 2020, as large numbers of items were distributed and inventory levels lowered, almost everything remaining was combined into a single site. Internal Audit visited that single site, consisting of a large building with several storage trailers outside, and verified it is a secure location with limited access.

Internal Audit was able to interview representatives of the Department of Emergency Management who stated that whether operating multiple sites, or just the single site, the system/process for tracking incoming and outgoing inventory was described as follows:

- Three employees have access to the PPE Inventory and they use a shared Excel file to track the inventory tallies.
- Inventory Receipt:
 - Inventory is physically received by Emergency Management.
 - A Program Assistant adds the items to the inventory and notifies Financial Operations of its arrival and to process payment.
- Inventory Distribution:
 - The requesting entity completes a resource request for indicating what items are required.
 - Inventory required is pulled and sorted by Program Assistant.
 - Program Assistant notifies the requesting entity when their items are eligible for pickup.
 - The items are signed for by an agency representative from the requesting entity. After items are picked up, items are marked as issued to the requesting entity and removed from the available inventory tallies.
 - A list of items issued to each agency is provided to Financial Operations to issue invoices, as necessary.

When consolidating inventory from multiple sites to the one site, the system/process for tracking incoming and outgoing inventory appeared to be the same. As the records provided did not include the moved items as additions to the single site's inventory records, it was not determined if all inventory stored in the previous locations was actually moved and combined into a single site. An on-site inventory count was performed on 4/22/21. The test consisted of counting the number of boxes/containers on pallets or in piles and the number of items per box and extrapolating. On that day there were 33 different inventory items being tracked per Emergency Management. Three items were selected for a test count. These were gowns, KN95 masks and goggles. The results of the test count are outlined below:

Gowns – In total we estimated there were 440,000 gowns stored in four different locations:

Two trucks located outside – 2,592 boxes x 100 gowns per box = 259,200 gowns

Two areas within the Warehouse – 1,808 boxes x 100 gowns per box = 180,800 gowns

KN95 Masks – In total we estimated there were 76,240 KN95 masks stored in two locations, both within the warehouse.

Area 1 - 69 boxes x 960 per box = 66,240 masks

Area 2 - 10 boxes x 1,000 per box = 10,000 masks

Goggles – In total we estimated there were 1,704 goggles stored in two locations, both within the warehouse.

Area 1 - 4 boxes x 144 per box = 576 goggles

Area 2 - 7 boxes x 144 per box = 1,008 goggles + 1 open box w/120 goggles

The number of items in the sample differed from the numbers in the inventory lists for the day. See the following chart for a summary:

Inventory			
Inventory Selection	Onsite	Active Inventory List	Difference
Gowns	440,000	452,887	12,887
KN95 Masks	76,240	75,985	(255)
Goggles	1,704	5,792	4,088
<i>Active Inventory List provided 4/22/2021</i>			

18) All three items chosen in the test count of inventory differed from the amount in the active inventory list provided by Emergency Management. There were fewer gowns and goggles and a surplus of KN95 respiratory masks.

19) The inventory list and tallies from Emergency Management on the day of Audit’s physical count showed two (non-tested) items listed with a negative inventory tally:

Active Inventory Count Provided by Emergency Management on 4/22/2021			
Item	Active Inventory	Amount Distributed	Total Current Active Inventory
Hand Sanitizer (16 oz bottles)	(536)	0	(536)
Thermometer	(94)	32	(126)
Negative inventory counts could be an indication of various mistakes in the inventory system and/or the process.			

Most of the inventory that has not been distributed remains at the storage location. It consists of gowns, respirators, masks, gloves, goggles, several types of cleaners, disinfectants and hand sanitizers. An ambulance that was purchased is also being stored at this location. Per County Administration, the items will be maintained for future emergencies. It should be noted that both the respirators and masks have finite shelf lives and can only be used safely until a certain date before the materials start to break down.

Per County Administration, the only other unused inventory items are the Philips Respironics Vision (non-invasive) BiPAP Ventilators purchased for \$173,000.00. They are currently being stored at the Civic Center. The County Administration intends to hold onto the equipment until the pandemic has concluded at which point a plan will be developed to remove them from County inventory and an emergency supply will be maintained for future emergencies.

III. REIMBURSEMENT OF PURCHASES FOR NON-COUNTY ENTITIES

All PPE billing to outside entities have been overseen by staff of the County's Office of Financial Operations. A review of the Account Receivable procedures was completed and Internal Audit confirms there is adequate monitoring of outstanding receivables and follow up controls in place. As of June 1, 2020 any outside entity, agency, school or hospital requesting PPE Inventory, were charged at cost.

- 20) The accounts receivable balance at December 31, 2020 was \$138,457.53. Revenue from distributed PPE has been collected from 175 different entities in the amount of \$287,392.62.

Recommendation: County Administration should continue to seek reimbursement from area organizations that they made purchases for after 6/1/20.

IV. REIMBURSEMENT FROM FEMA

As of August 2, 2021 the County has received \$6,029,481.03 from FEMA in reimbursement of eligible expenditures as per the original submitted claims. To date, the County's quarterly progress reports have been filed timely according to the FEMA requirements. County Administration has stated they would seek reimbursement from non-FEMA funding sources for expenditures that were part of the \$528,340.35 denied by FEMA in the County's application. No specifics were given as to what funding source would be pursued.

Recommendation: County Administration should seek reimbursement from other funding sources for reimbursement of the expenditures that were a part of the \$528,340.35 denied by FEMA.

VI: EXHIBITS

Exhibit A

Onondaga County Administrative Code Section 6.17A (2 & 3):

(2) Perishables, Drugs and Medical Supplies. Public advertisement shall not be required with respect to the procurement of food stuffs, drugs, medical supplies unless required by resolution of the County Legislature.

(3) Emergencies. Supplies, materials, equipment and services to be rendered by contract may be procured without advertisement upon the declaration by the County Executive or other authorized officer of a public emergency arising out of an accident or other unforeseen condition effecting the life, health or safety of persons within the County and requiring immediate action.

New York State General Municipal Law 103 (4):

Notwithstanding the provisions of subdivision one of this section, in case of a public emergency arising out of an accident or other unforeseen occurrence or condition whereby the circumstances affecting public buildings, public property or the life, health, safety or property of the inhabitants of a political subdivision or district therein, require immediate action which cannot await competitive bidding or competitive offering, contracts for public work or the purchase of supplies, material or equipment may be let by the appropriate officer, board, or agency of a political subdivision or district therein.

Exhibit B

Executive Order declaring a Proclamation of Emergency for Onondaga County



County of Onondaga
Office of the County Executive

John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street, Syracuse, New York 13202
Phone: 315.435.3516 Fax: 315.435.8582

www.ongov.net

J. Ryan McMahon II
County Executive
Ann Rooney
Deputy County Executive, Human Services

Brian J. Donnelly
Deputy County Executive
Mary Beth Primo
Deputy County Executive, Physical Services

**PROCLAMATION OF EMERGENCY IN AND FOR ONONDAGA COUNTY
REGARDING THE COVID-19 PANDEMIC
BY THE ONONDAGA COUNTY EXECUTIVE
AUGUST 6, 2021 – SEPTEMBER 5, 2021**

BY THIS PROCLAMATION, I, J. RYAN MCMAHON, II, ONONDAGA COUNTY EXECUTIVE, HEREBY EXTEND MY PROCLAMATION OF THE LOCAL STATE OF EMERGENCY WITHIN THE TERRITORIAL LIMITS OF ONONDAGA COUNTY FOR AN ADDITIONAL THIRTY DAY PERIOD

WHEREAS, on March 14, 2020, by the authority vested in me by the Onondaga County Charter and Administrative Code, local home rule powers, and the laws of the State of New York, I determined, pursuant to Section 24 of Article 2-B of the New York State Executive Law, that the public safety was sufficiently imperiled by the COVID-19 pandemic such that a Proclamation of Emergency was declared within the territorial limits of Onondaga County; and

WHEREAS, the Proclamation of Emergency was renewed successively on April 13, 2020; May 13, 2020; June 12, 2020; July 12, 2020; August 11, 2020; September 10, 2020, October 10, 2020, November 9, 2020, December 8, 2020, January 8, 2021, February 7, 2021, March 9, 2021, April 8, 2021, May 8, 2021, June 7, 2021, July 7, 2021 for additional thirty day periods; and

WHEREAS, the COVID-19 pandemic continues to imperil the public safety, such that it is necessary to extend the Proclamation of Emergency for an additional thirty day period.

NOW, THEREFORE, as Onondaga County Executive, pursuant to the powers vested in me, I hereby extend the Proclamation of Emergency within the territorial limits of Onondaga County for an additional thirty (30) day period through September 5, 2021, which may be extended beyond that date by subsequent act of the County Executive.

As the County Executive of Onondaga County, I continue to exercise the authority given me under state law, including New York State Executive Law §25 to use any and all facilities, equipment, supplies, personnel and other resources of the County in such manner as may be necessary or appropriate to cope with this disaster or emergency resulting therefrom.


COUNTY OF ONONDAGA

By:

J. Ryan McMahon, II
County Executive

Exhibit C

Local Emergency Order No. 1 -- temporarily suspended or modified any restrictions regarding the use of County purchase cards (which states in effect “through June 12, 2021”


County of Onondaga
Office of the County Executive
John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street, Syracuse, New York 13202
Phone: 315.435.3516 Fax: 315.435.8582
www.ongov.net

J. Ryan McMahon II
County Executive
Ann Rooney
Deputy County Executive, Human Services

Brian J. Donnelly
Deputy County Executive
Mary Beth Primo
Deputy County Executive, Physical Services

**LOCAL EMERGENCY ORDER OF THE ONONDAGA COUNTY EXECUTIVE
ISSUED PURSUANT TO PROCLAMATION OF EMERGENCY
ORDER NO. 1-LLLL ISSUED JUNE 7, 2021
PERTAINING TO PURCHASE CARDS**

WHEREAS, on March 14, 2020, I, J. Ryan McMahon, II, Onondaga County Executive, by the authority vested in me by the Onondaga County Charter, the Onondaga County Administrative Code, and the laws of the State of New York, declared, pursuant to Section 24 of Article 2-B of the New York State Executive Law, that the public safety was sufficiently imperiled and issued a Proclamation of Emergency within the territorial limits of Onondaga County;


WHEREAS, on March 14, 2020, I issued Local Emergency Order No. 1, temporarily suspending or modifying any restrictions regarding the use of Onondaga County Purchase Cards, in order to authorize the use of such cards to the maximum extent necessary to allow the purchase of necessary goods, commodities, services, technology, equipment, materials, supplies, or services, without standard procurement processes, and it is necessary to extend and renew that Order.

NOW, THEREFORE, in accordance with the authority vested in me by the Onondaga County Charter and Code, local home rule powers conferred upon local governments, and New York State Executive Law §24, I hereby extend and renew Local Emergency Order No. 1 to temporarily suspend and modify, for the duration of this Local Order, any restrictions regarding the use of Onondaga County Purchase Cards. As a result, the Purchase Card limits remain \$100,000 for the Director of Purchase, the Director of Emergency Management, and the Office of the Onondaga County Executive. All other Purchase Card limits continue to be \$10,000 for Departments. Department Heads and Unit Heads will continue to provide oversight.

To that end, this Local Order continues to temporarily suspend or modify, for the term of this Local Order, purchasing restrictions within the following provisions of law: Onondaga County Charter 502; Onondaga County Administrative Code 2.15, 3.06, 5.01 – 5.03, & 6.13; and Resolution No. 223- 2000 to the extent applicable.

This order is necessary to safeguard the public health and welfare, and necessary to assist in the disaster effort. This Order is intended to comply with all laws and regulations, state and federal, and shall be read and interpreted in such manner.

As the law requires a Local Emergency Order not to exceed 5 days, this Order shall remain in effect for 5 days through June 12, 2021, and will be formally renewed by the issuance of successive 5-day Orders.

COUNTY OF ONONDAGA
By: 
J. Ryan McMahon, II
County Executive

VII: ADMINISTRATIVE RESPONSE



COUNTY OF ONONDAGA

DEPARTMENT OF FINANCE

DIVISION OF MANAGEMENT & BUDGET

John H. Mulroy Civic Center, 14th Floor

421 Montgomery Street

Syracuse, New York 13202-2989

(315) 435-3346 Fax (315) 435-3439

www.ongov.net

J. RYAN MCMAHON II

County Executive

STEVEN P. MORGAN

Chief Fiscal Officer

TARA VENDITTI

*Deputy Director of
Management & Budget*

January 14, 2022

Martin D. Masterpole
Onondaga County Comptroller
John H. Mulroy Civic Center, 14th Floor
421 Montgomery St
Syracuse, NY 13202

Dear Comptroller Masterpole:

The Covid-19 pandemic continues to challenge our community's way of life and well-being. The county's response to the pandemic has been and continues to be based on the safety and basic needs of the community we serve. All of the county's investments including testing, PPE, medical equipment, food security, vaccination distribution, and much more have been focused on those basic principles. Those investments have been procured and implemented in a very uncertain time by a professional and competent county team. We responsibly procured the resources to respond to a once in a lifetime pandemic to help mitigate the impact on our community. In addition, we have worked with FEMA to draw down a substantial amount of reimbursement for the investments made in our response. We commend you and your team for the work you've done to confirm the county's response was fiscally responsible and free from misappropriation of county funds. Please find below detailed responses to the specific findings in the audit report.

Finding #1

Response: The purchase of ventilators was an emergency purchase and does not require a purchase order.

Finding #2

Response: All invoices were tied to the purchase orders for rented ventilators. The purchase order was inadvertently closed prior to the final invoice and the Comptroller's Office allowed it to be processed by straight claim voucher with a note in the voucher referencing the original purchase order.

Finding #3

Response: These costs would have been incurred regardless of reimbursement and were charged appropriately to a COVID project not a FEMA project.

Finding #4

Response: Upon review of actual receipts, management identified only \$269.64 in paid sales tax.

Finding #5

Response: A credit was later issued for the sales tax on this purchase.

Finding #7

Response: The receipt for this expense does list the vendor the payment was made to.

Finding #8

Response: These costs would have been incurred regardless of reimbursement and were charged appropriately to a COVID project not a FEMA project.

Finding #9

Response: The item was not received and a credit was issued on 7/23/20.

Finding #10

Response: Upon review of the purchase card receipts, many listed a contact person, other than the purchase card holder, who was responsible for the coordination and dissemination of these items.

Finding #12

Response: Vouchers do not require proof of receipt or location of product delivery. When departments submit receipts/invoices they are verifying receipt of delivery.

Findings #13-17

Response: These costs would have been incurred regardless of reimbursement and were charged appropriately to a COVID project not a FEMA project.

Finding #17

Response: In working with FEMA, it is management's understanding that all overtime and part time salaries will be reimbursed as they were an approved category of expense.

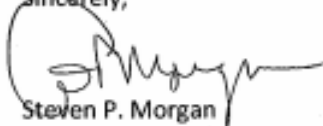
Finding #18

Response: As mentioned, all physical items were not counted, but extrapolated based on pallets and boxes that could be seen in trailer and warehouse. This could lead to inaccuracies in counts.

Finding #20

Response: In 2021, the county has collected over \$165,000 in additional revenue for distributed PPE.

Sincerely,



Steven P. Morgan

Chief Fiscal Officer

Cc: J. Ryan McMahon
Brian Donnelly
Ann Rooney
Kristi Smiley