



**Internal Audit Committee of  
Brevard County, Florida**

**Internal Audit of  
The American Rescue Plan Act Grant**

**Prepared By:  
Internal Auditors**



## Table of Contents

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Transmittal Letter .....	1
Executive Summary .....	2
Background .....	3 - 4
Objectives and Approach .....	5
Observations Matrix .....	6 - 7
TABLE I – Cumulative Approved Project Totals .....	8



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Transmittal Letter

September 6, 2023

The Audit Committee of  
 Brevard County, Florida  
 2725 Judge Fran Jamieson Way  
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Pursuant to the approved 2022/2023 internal audit plan, we hereby submit our internal audit of the American Rescue Plan Act (“ARPA”) Grant. We will be presenting this report to the Audit Committee at the next scheduled meeting on September 20, 2023.

Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a summary of the observations and testing results related to our internal audit of the ARPA grant.
<b>Background</b>	This provides a general overview of the ARPA grant.
<b>Objectives Approach and Results</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.
<b>Table I – Cumulative Approved Project Totals</b>	Total cumulative amounts for approved projects allocated by category from the quarterly report through June 30, 2023.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the ARPA grant.

Respectfully Submitted,

*Carr, Riggs & Ingram, L.L.C.*

**INTERNAL AUDITORS**

# Executive Summary

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## Overview

The American Rescue Plan Act of 2021 is a \$1.9 trillion coronavirus rescue package designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic. Brevard County was allocated \$116,920,177, and received its initial tranche of funding in the amount of \$58,460,088.50 on May 18, 2021 and the remainder of the funding was received on June 9, 2022.

These funds may be used for four categories:

1. Public health emergency with respect to Coronavirus Disease or its negative economic impacts
2. Premium pay to eligible workers
3. Revenue replacement for the provision of government services to the extent of the reduction in revenue of the county
4. Investments in water, sewer, or broadband infrastructure

The Treasury's final ruling detailing the final compliance requirements was published on January 6, 2022.

## Objective, Approach and Results

The primary purpose of the internal audit of the ARPA grant function was to test the accuracy and compliance of the recovery plan and the quarterly project and expenditure report due July 31, 2023.

We obtained the draft recovery plan and quarterly project expenditure reports and reviewed the reports prior to the submission date for compliance with reporting guidelines, and that all projects budgeted for had descriptions for allowable activities. See results noted below.

We obtained support for the lost revenues calculation and recalculated the lost revenue based on the formula and other grant specifications. See results noted below.

Additionally, we noted that the County has expended funds during this quarter (April 1, 2023 - June 30, 2023) under seventeen projects, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling \$14,178,747.

Summary of Results (See within for expanded results)			
Quarterly Project and Expenditure Report (April 1, 2023 - June 30, 2023) Submitted: July 28, 2023	Project Allocations	Lost Revenues Calculation (October 1, 2021 – September 30, 2022) Submitted on the Quarterly report in July 2023	Recovery Plan 2023 (Updated annually) Submitted July 28, 2023
The report was reviewed and submitted on time.	All of the proposed projects approved through June 30, 2023 were allowable projects based upon the category assignment.	All aspects of the calculation appeared accurate.	The report was reviewed and submitted on time.

# Background

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## Overview:

ARPA activities are initiated and developed at the local level to support a community's response to and recovery from the COVID-19 public health emergency. Each entitlement grantee receiving ARPA funds may determine what activities it will fund as long as certain requirements are met.

## Allowable Activities and Unallowable Activities:

Allowable activities fall under one of four categories:

1. Public Health and Negative Economic Impacts caused by the Public Health Emergency
2. Premium Pay for Essential Workers
3. Water and Sewer and Broadband Infrastructure Improvements
4. Replace lost public sector revenues

Unallowable activities include:

1. Contributions to Pension Plans
2. Debt Payments
3. Contributions for Reserve Funds
4. Paying Settlements of Judgments
5. Programs with requirements that undermine CDC Guidance

## Lost Revenues

The lost revenues calculation is detailed in the interim final ruling, and expanded options were allowed for by Treasury's final ruling issued January 6, 2022.

The rate of growth is determined as the higher of either 5.2% standard rate or the actual rate of the county. The actual growth rate is calculated using the average annual revenue growth in the last full three fiscal years prior to COVID -19 public health emergency.

The counterfactual revenue is then calculated for each year utilizing either a fiscal or calendar year for 2020, 2021, 2022, and 2023, utilizing the formula below.

$$\text{base year revenue} \times (1 + \text{growth adjustment})^{\frac{n}{12}}$$

The counterfactual revenue is then compared to the actual revenue, and the difference is the lost revenues for the period.

## Background – continued

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### Schedule of Funding and Period of Performance:

The County received \$58,460,088.50 on May 18, 2021, and received the remaining \$58,460,088.50 on June 9, 2022. The funds can be used for expenditures from March 3, 2021 through December 31, 2026. Any funds expended January 1, 2025 - December 31, 2026 must be obligated by December 31, 2024 and can only be spent on what was obligated. Any funds not spent on what was obligated by December 31, 2026 must be returned to the U.S. Department of Treasury.

### Procurement:

The procurement guidelines are the same as all other federal grants. Purchases must be made following the requirements in 2 CFR §200.318 through 200.327. Purchases above the simplified acquisition threshold (currently at \$250,000), must be bid or noncompetitive procurement methods should be documented. Quotes should be obtained for small purchases (purchases between the simplified acquisition threshold and the micro-purchases threshold (currently at \$10,000)).

Prior to entering in to subawards or contracts with award funds, the County must verify that contractors and/ or subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR §19.300.

### Reporting:

The County has a population that exceeds 250,000 residents; therefore, is subject to the following reporting requirements.

- 1) Interim Report - due August 31, 2021
- 2) Recovery Plan Performance Report - due August 31, 2021, and then annually by July 31<sup>st</sup>.
- 3) Project and Expenditure reports - due quarterly 30 days after the end of each quarter, beginning with January 31, 2022
- 4) FFATA reporting is being done by the Treasury on behalf of all recipients. The threshold is increased to \$50,000 for subawards, and this information is included in the Project and Expenditure reports for the Treasury to perform the reporting.

The Recovery Plan Performance report is required to be publicly accessible.

### Subrecipient Monitoring:

Subrecipients need to be monitored to ensure they are in compliance with the terms and conditions of the subaward and use the funds for authorized purposes. For any subaward agreements, the County would need all the required information in the contracts pursuant to 2 CFR §200.332. Currently, the County does not have any subrecipients for the ARPA grant.

### Staffing

Key personnel involved the ARPA grant include:

Name	Title
Jill Hayes	Budget Director
Kathy Wall	Central Services Director
Anthony Hagan	Grant Manager

# Objectives and Approach

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## Objectives

The objectives of this internal audit included the following:

- Test the accuracy and compliance of the quarterly project and expenditure report, due July 31, 2023.
- Determine if approved projects are allowable.

## Approach

Our internal audit approach consisted of three phases:

### **Planning**

During the first phase, Management provided their preliminary planned projects for ARPA spending which consisted of the vaccine incentive program, water and sewer infrastructure, affordable housing, and revenue replacement projects, and drafts of the quarterly project and expenditure report.

### **Testing**

Our procedures included reviewing a draft of the project and expenditure report and the recovery plan due on July 31, 2023 prior to submission for completeness of the required information as defined by the US Department of Treasury. We agreed the expenditure and obligation amounts to underlying general ledger detail. We reviewed if the new projects met the criteria for their applicable categories.

### **Reporting**

At the conclusion of our analysis, we summarized the results of our procedures into a report and conducted exit interviews with the Budget Office and the County Manager to discuss the details of our results.

# Results

Procedures and Results	Resolution
<b>1. Quarterly Reporting and Expenditures</b>	
<p>Management prepared the project and expenditure report that was due July 31, 2023 prior to the due date. The County has expended funds under seventeen projects during the quarter, and we agreed the expenditure amount for the quarter ended June 30, 2023 in the report to the general ledger detail without exception, and recalculated the cumulative expenditure amounts reported for each project. All projects listed in the report were in the proper category based upon their descriptions. We agreed the obligated amounts to what was budgeted in SAP.</p> <p>During our initial review of the project expenditure report, we noted that one project did not have an additional payment application that came in for the current expenditures.</p> <p>There was a new column added to the report for completion status. There were 6 projects that needed their status updated. All remaining items in the report were correct.</p> <p>The report was prepared by the Grant Manager and then reviewed and submitted by the Budget Director, ensuring proper internal controls over the compliance for reporting.</p>	<p>Management updated the amount for the expenditure, and updated the completion status for the 6 projects.</p> <p>See Table I for Cumulative Approved Project Totals.</p>



Procedures and Results		Resolution
<b>2. Project Allocations</b>		
<p>We reviewed all of the projects that were approved by the Brevard County Board of Commissioners (“BOCC”) at various BOCC meetings through June 30, 2023. All of the proposed projects were allowable projects based upon the category assignment. There were two new projects listed in the project expenditure report submitted on July 28, 2023.</p> <p>See the table below for approved projects as of June 30, 2023. Funds can be obligated through December 31, 2024.</p>		Two projects, which had no expenditures, were allowable under the lost revenue category and infrastructure category.
Category	Budgeted Project Totals	
1. Public Health and Negative Economic Impacts caused by the Public Health Emergency	\$8.8M approved. See Table I.	
2. Premium Pay for Essential Workers	\$0 No projects have been approved for this category.	
3. Water and Sewer and Broadband Infrastructure Improvements	\$63.7M for 75 water sewer infrastructure projects	
4. Replace lost public sector revenues 2020 lost revenue - \$21,735,842 2021 lost revenue - \$26,760,639 2022 lost revenue - \$26,626,502	\$41.9M approved. See Table I.	
<b>3. Lost Revenues Calculation</b>		
All aspects of the calculation appeared accurate.		None needed.
<b>4. Recovery Plan</b>		
The Recovery Plan report was prepared with all of the required elements. Some of the budgetary and expenditure amount totals did not agree to the cumulative amounts on the quarterly report.		The budgetary and expenditure amounts were updated to agree to the cumulative quarterly report prior to submission.

**Table I – CUMULATIVE APPROVED PROJECT TOTALS**  
 Total amounts by category allocation from the quarterly report through June 30, 2023

<b>Category</b>	<b>Budgeted</b>	<b>Cumulative Obligations</b>	<b>Cumulative Expenditures</b>
<b>Public Health and Negative Economic Impacts caused by the Public Health Emergency:</b>			
Affordable Housing	\$2,000,000	\$0	\$0
COVID-19 Medical Claims Reimbursement	3,596,298	3,596,298	3,596,298
P25 Backbone Equipment at EOC	1,200,000	0	0
Employee Vaccine Incentive Program	2,000,000	1,997,086	1,997,086
<b>Subtotal - Public Health and Negative Economic Impacts caused by the Public Health Emergency</b>	<b>\$8,796,298</b>	<b>\$5,593,384</b>	<b>\$5,593,384</b>
<b>Water and Sewer and Broadband Infrastructure Improvements</b>			
75 various projects	\$63,727,793	\$27,000,208	\$12,874,784
<b>Replace lost public sector revenues: (current max \$75,122,983)</b>			
Animal Hospital	\$1,000,000	\$0	\$0
Capital Improvement for Parks in South Brevard	3,500,000	0	0
Cocoa Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Merritt Island Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Mosquito Control Entomology Lab Equipment	300,000	202,389	174,351
Fleet Maintenance Facility Modifications	2,847,000	0	0
Beach Re-Nourishment	6,442,628	6,442,628	0
Merritt Island Feasibility	40,000	40,000	15,250
Property Appraiser GIS System Upgrades	1,866,000	1,654,171	211,829
District 5 Community Agencies	2,000,000	2,000,000	1,645,380
Parrish Park Trailhead	737,000	682,782	54,218
New EOC building	12,200,000	12,200,000	12,200,000
Fire Rescue Revenue Replacement	8,479,003	460,643	460,643
Devonshire Stormwater	422,788	357,001	161,868
Capital Improvements	1,533,193	0	0
<b>Subtotal - Replace lost public sector revenues</b>	<b>\$41,867,612</b>	<b>\$24,039,614</b>	<b>\$14,923,539</b>
<b>Total</b>	<b>\$114,391,703</b>	<b>\$56,633,206</b>	<b>\$33,391,706</b>