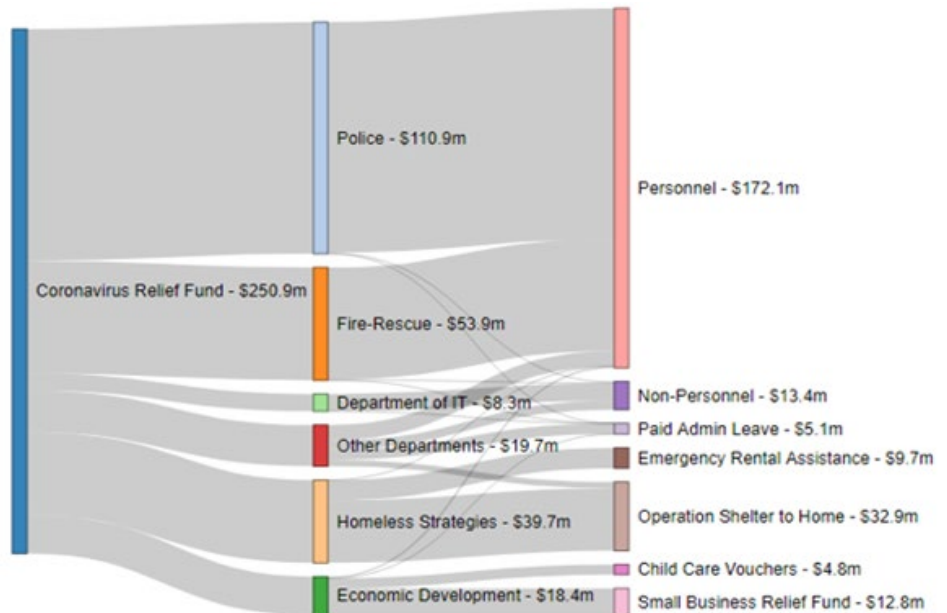


Performance Audit of the City’s Use of CARES Act Funding

What OCA Found

We found that the City developed a sound financial management process to ensure CARES Act funds were spent in accordance with the Act. The City spent over \$250 million from the Coronavirus Relief Fund (CRF) to mitigate pandemic effects by sheltering homeless individuals, providing grants to small businesses and rental relief to landlords and tenants. The CRF also provided funding to public safety departments to continue essential services, as well as other City department staff dedicated to responding to the effects of the pandemic—including personnel staffing Operation Shelter to Home.



We found instances where the need for expediency and the continuation of essential services led to some expenditures that we identified for further scrutiny to determine eligibility under the CARES Act.

Finding 1: The City’s financial management process generally followed best practice to provide reasonable assurance of compliance with CARES Act funding requirements and should be formalized.

Finding 2: For Operation Shelter to Home, the City paid \$1.118 million over its contracted rate for portable showers, and two contracts still need to be approved by City Council.

Finding 3: The City’s use of paid leave may not have been consistent with CARES Act regulations. In an early communication to management, we identified \$1.74 million in expenditures that may not have met the requirements, and the City took corrective action.

Finding 4: The Emergency Rental Assistance Program did not have sufficient documentation by San Diego Housing Commission staff to verify income eligibility for all potential household income.

Why OCA Did This Study

We conducted this study to determine if CARES Act money was spent in compliance with requirements, if programs were effective, and if the City had internal controls to mitigate waste, fraud, and abuse.

What OCA Recommends

We make 4 recommendations to retain institutional knowledge, fully comply with the City’s procurement procedures, and ensure eligibility for resident programs is fully documented.

Key recommendations include to:

- Formalize the process for documenting, reviewing, and submitting disaster-related costs in a City Standard Operating Procedure or Process Narrative;
- Determine if the City should pursue a refund from the vendor for up to \$1.118 million in payments made by the City above the contracted rate for the portable showers;
- Bring the portable shower and food service contracts to City Council for approval; and
- Update the SDHC procedure manual to require documentation of final determination of household size and income.

For more information, contact Andy Hanau, City Auditor at (619) 533-3165.