



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

REPORT ON THE AUDIT OF COVID-19 FUNDING COMPLIANCE

FEBRUARY 2023

EXECUTIVE SUMMARY

The General Land Office and Veterans' Land Board (GLO) received approximately \$101 million¹ in Coronavirus Disease 2019 (COVID-19²) relief funds to aid in its management of the impact of the global pandemic that was subject to the rules and regulations of multiple awarding federal agencies. The GLO utilized COVID-19 relief funds to respond to the effects of the pandemic on public employee safety and well-being by obtaining personal protective equipment (PPE), improving teleworking capabilities, and acquiring other necessary resources. The GLO used a significant portion of the COVID-19 relief funds to address the impact of the pandemic on the operations of nine Texas State Veterans Homes (TSVHs) by providing reimbursements to the Texas State Veterans Homes Operators (Operators) for operational expenses³ incurred due to COVID-19. Table 1 illustrates the GLO's COVID-19 funding expenditures through May 31, 2022, in different cost categories.

Texas State Veterans Homes and Operating Expenses

The General Land Office and Veterans' Land Board contracts with business entities for management and operations services for its Texas State Veterans Homes (TSVHs) that provide long-term skilled nursing care for qualified Texas veterans, their spouses, and eligible parents. At the time of this review, the GLO has contracts with three Operators to manage nine TSVHs.

Operating Expenses include all TSVH operation and management expenses except capital expenditures and depreciation. The Operators are paid a monthly operations fee which is the sum of the Variable Fee and the Fixed Fee (if applicable) components. The GLO reviews the monthly Operations Fee Invoice to ensure the figures submitted in the invoice match the Monthly Census Report.

¹ As of August 31, 2022, LBB COVID-19 Reporting.

² Coronavirus Disease 2019 is a disease caused by a virus named SARS-CoV-2 and was discovered in December 2019. The virus is very contagious and has quickly spread around the world causing a global health pandemic.

³ Operational expenses refer to all cost categories (Incremental Cost Increases, Eligible Costs, and Eligible Costs – COVID-19 Testing) included in the COVID-19 Reimbursement Agreements.

Table 1: GLO COVID-19 Funding Expenditures

Award Name	Cost Categories	Amount Expended
Coronavirus Relief Fund (CRF)	Public Employee Safety	\$ 380,700.89
	Improve Telework Activities	\$ 379,682.05
	Incremental Costs	\$ 15,616,859.00
	COVID-19 Costs (Non-Testing)	\$ 9,748,218.03
Provider Relief Fund (PRF)	COVID-19 Costs (Non-Testing)	\$ 2,153,797.42
	Lost Revenue	\$ 5,205,678.86
	Testing (Test Kits & Processing)	\$ 1,182,295.00
Public Assistance Grants (FEMA PA)	Testing (Test Kits & Processing)	\$ 3,473,713.00
VA One-time Emergency Payment to State Extended Care Facilities for Veterans (VA One Time Funding)	TSVH Operational Costs Due to COVID-19	\$ 4,951,923.65
Total Expenditures		\$ 43,092,867.90

Source: IA Review and Analysis of COVID-19 Expenditure Report

Each award was subject to specific compliance requirements set by the funding source. The GLO had controls in place to manage the use of the funds, including review and approval processes. However, the GLO followed agency procedures to administer and manage all COVID-19 activities. These procedures addressed some, but not all, compliance requirements to reasonably ensure the funds were used in accordance with relevant funding requirements. Specifically, the GLO procedures related to TSVHs Operating Expenses and Operations Fee Invoices that are limited to verifying the accuracy of monthly census and variable fee figures per the Management and Operations Agreements needed to be completely aligned with the funding guidelines.

There is an opportunity for the GLO to enhance the procedures to address the identified areas for improvement. Addressing these areas can also be beneficial to the GLO to effectively manage the American Rescue Plan Act (ARPA) COVID-19 relief funds which have not yet been spent. To ensure the effectiveness of the control environment, and adherence to funding guidelines and federal requirements, the GLO should:

1. Ensure that sufficient supporting documentation is maintained in accordance with the requirements of each funding source
2. Ensure compliance with reporting requirements of each funding source
3. Strengthen the expenditure review process

MANAGEMENTS' SUMMARY RESPONSE

Management generally concurs with the recommendations. The “Detailed Results” section of this report contains management’s response to each observation.

ACKNOWLEDGMENTS

We appreciate the assistance and cooperation provided by the management and staff of the Financial Management, Federal Finance section and the VLB-TSVH during this audit. For questions about this report, please contact Tracey Hall at (512)463-6078.



Tracey Hall, CPA, CISA
Chief Auditor

February 28, 2022
Date

TABLE OF CONTENTS

REPORT ON THE AUDIT OF	1
COVID-19 FUNDING COMPLIANCE	1
EXECUTIVE SUMMARY	1
MANAGEMENTS' SUMMARY RESPONSE.....	3
ACKNOWLEDGMENTS	3
OVERVIEW OF THE GLO COVID-19 RELIEF AWARDS AND.....	5
COMPLIANCE REQUIREMENTS	5
DETAILED RESULTS	7
CHAPTER 1: ENSURE ADEQUATE SUPPORTING RECORDS FOR COVID-19 FUNDING EXPENDITURES ARE OBTAINED AND MAINTAINED	9
CHAPTER 2: STRENGTHEN COVID-19 FUNDING EXPENDITURE REVIEW PROCESSES	14
OBJECTIVE	17
SCOPE & METHODOLOGY	17
BACKGROUND INFORMATION.....	19
DISTRIBUTION LIST	21

OVERVIEW OF THE GLO COVID-19 RELIEF AWARDS AND COMPLIANCE REQUIREMENTS

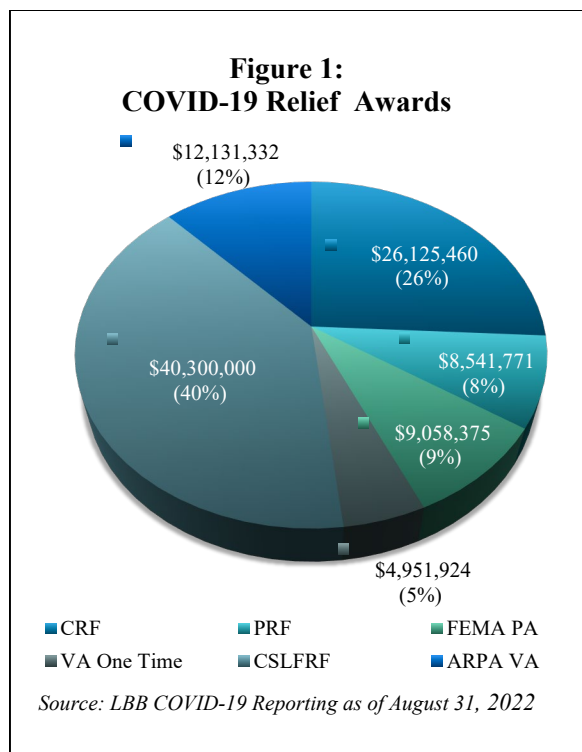
The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Coronavirus Relief Fund (CRF) and requires that the CRF payments may only be used for necessary expenditures to respond to the public health emergency within the period of performance of March 1, 2020, and December 31, 2021. CRF awards cannot be used for revenue replacement or ineligible expenses and must be used in accordance with section 601(d) of the Social Security Act. The GLO received \$26 million in CRF grants from the Office of the Governor (OOG) to address COVID-19-related costs at the TSVHs and cover supplies, computer systems, and technology costs for COVID-19 teleworking needs. At the time of this review, the GLO had reported that about \$25 million of CRF grants were expended in reimbursement payments to the TSVHs Operators for COVID-19-related incremental and eligible costs.

Allowable expenses under Provider Relief Fund (PRF) are costs used to prevent, prepare for, and respond to Coronavirus or lost revenues attributable to the pandemic. Health Resources and Services Administration (HRSA) requires that the PRF recipients maintain adequate documentation to substantiate that the funds were used for health care related expenses or lost revenues attributable to coronavirus and that those expenses or losses were not reimbursed from other sources and other sources were not obligated to reimburse them. The GLO received \$8.5 million in PRF payments which were used in reimbursement payments to the TSVHs Operators for COVID-19 testing and non-testing costs and lost revenue expenses.

The Federal Emergency Management Agency (FEMA) Public Assistance (PA) (FEMA PA) federal funding was provided on a reimbursement basis for emergency expenses. It was administered to the GLO by the Texas Department of Emergency Management (TDEM). The GLO reported that \$3.4 million in FEMA PA funds were used for COVID-19 testing costs at the TSVHs.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) PL 116-260 provided a One-time Emergency Payment to existing State Extended Care Facilities for Veterans (VA One Time Funding) to prevent, prepare for, and respond to Coronavirus. The GLO received \$4.9 million in VA One Time Funding that was provided as advance payments to the TSVH Operators for hiring and retention costs.

2 CFR § 200.303 requires that entities receiving federal awards establish and maintain internal control that provides reasonable assurance that federal awards are managed in compliance with federal statutes, regulations, and the terms and conditions of the awards. The GLO's processes for



COVID-19 relief funds administration and management addressed some of the compliance components. However, they were not always adequate to ensure all funding activities were in accordance with the applicable guidance.

DETAILED RESULTS

The GLO's COVID-19 administration and management processes were sufficient to reasonably demonstrate compliance with the relevant COVID-19 funding requirements in the following areas:

1. Federal Emergency Management Administration Public Assistance (FEMA PA) Funding Expenditures

The GLO received the FEMA PA award through the Texas Department of Emergency Management (TDEM) for TSVH COVID-19 testing costs which were paid on a reimbursement basis upon obligation by initiating a Request for Reimbursement (RFR). The GLO received reimbursement for the FEMA PA award, which was found to be used in accordance with the funding requirements as outlined in the TDEM Grant Terms and Conditions.

2. COVID-19 Contracts

2 CFR Part 200, Compliance Supplement, requires that recipients of federal funds must describe applicable compliance requirements and compliance responsibility if the funds are provided to other entities. COVID-19 Reimbursement Agreement and Coronavirus Prevention, Preparation & Response Agreement between the GLO and TSVH Operators included the applicable laws, rules, and regulations. They also established the Operator's compliance responsibility to the relevant funding requirements.

3. Vendor Performance

2 CFR Part 200, Compliance Supplement, requires that recipients of federal awards should monitor the activities of entities that receive the funds to ensure accountability and compliance with the terms and conditions of the award. The GLO followed agency contract and vendor monitoring procedures to ensure the vendors were performing in compliance with the terms of the contracts.

4. COVID-19 Funds Expenditure Tracking

2 CFR Part 200, Compliance Supplement describes maintaining detailed information and data related to federal awards to ensure proper review and monitoring of funding activities are conducted. The GLO maintained records of COVID-19 relief funds and associated expenditure activities to ensure awards were used in accordance with the applicable requirements.

5. Separation of Duties

2 CFR Part 200, Compliance Supplement requires adequate separation of duties between reviewer and approver of expenditures and reimbursement requests. The GLO maintained the separation of duties between the reviewer and approver of COVID-19 funding expenditures.

The urgency of response needed to address the uncertainty of the pandemic emergency combined with evolving or lack of federal guidance inherently presents challenges to effectively managing COVID-19 relief funds. Additionally, the procedures adopted by the GLO were not designed to address specific requirements of COVID-19 relief funds and, therefore, should be updated to mitigate the potential risks. While the GLO included required federal compliance requirements in COVID-19 Reimbursement Agreements with the Operators, these guidelines were not consistently incorporated in the GLO's COVID-19 relief funds administration and management procedures⁴ and should be strengthened to ensure the funding expenditures comply with the funding guidelines. The following chapters discuss these items.

⁴ FEMA PA funds were awarded to the agency on a reimbursement basis. The funds were used for COVID-19 testing costs at the TSVHs that were adequately reviewed with supporting documents, complied with FEMA requirements and were reimbursed.

CHAPTER 1: ENSURE ADEQUATE SUPPORTING RECORDS FOR COVID-19 FUNDING EXPENDITURES ARE OBTAINED AND MAINTAINED

Although the GLO maintained supporting records of the expenditures reviewed, some sampled transactions needed proper documentation to fully support the details or descriptions of the costs or how they were related to the COVID-19 response. A review of supporting records and documentation of sampled expenditures identified the following:

1. Coronavirus Relief Funding (CRF)

- a. 9 of 33 (27%) of sampled CRF payments did not have adequate support for the reimbursement amounts paid. The supporting records generally included purchase orders, reviews and approvals, and invoices for COVID-19-related operational expenses. These invoices, however, either needed more descriptions of the costs or were not fully supported with additional or proper documents to verify the details of the expenditures. Sampled CRF payments with insufficient supporting records totaled \$9,242,786.
- b. 7 of 33 (21%) of expenditures were agency purchases of technology items such as laptops and monitors. Although these expenditures had proper invoices and approvals, no documentation clearly supported how these items were related to COVID-19-related activities. The payments without clear supporting records totaled \$281,918.

Treasury Guidance OIG-CA-20-021 requires maintaining sufficient records of CRF payments to demonstrate compliance with section 601(d) of the Social Security Act that can include documents such as payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19; receipts of purchases made related to addressing the public health emergency due to COVID-19; and contracts and subcontracts entered into using CRF payments and all documents pertaining to such contracts. Texas Comptroller of Public Affairs, Guidelines for Accounting of Coronavirus Relief Funds also requires maintaining adequate, descriptive, and reliable documentation to support all actions with funds.

Furthermore, COVID-19 Reimbursement Agreements between the GLO and Operators require invoices to include an itemized and detailed breakdown of services performed, including documentation such as invoices, receipts, statements, stubs, tickets, time sheets, and other information that provides full substantiation of reimbursable costs incurred.

2. Provider Relief Funding (PRF)

- a. 15 of 27 (56%) of sampled expenditures were lost revenues costs ⁵that did not have proper documents to fully support the amounts allocated from TSVHs monthly operational costs. Monthly operations invoices and lost revenue worksheets provided by the program area to support the costs were reviewed; however, these documents did not have adequate details to follow and understand the allocation methodology.

For instance, supporting records for \$190,000 in PRF expenditure reported as lost revenues included invoices, purchase orders, and receipt and invoice approvals. The invoice totaled \$614,929, which included the fixed and variable fee components and Operators' expenses for TSVH operations for the month. The program communicated that \$190,000 of expenses from this invoice was moved to PRF, which was attributed to the lost revenues cost category. However, the amount did not match the (\$46,119) lost revenues calculated for the TSVH for the same month.

The sampled PRF lost revenues expenditures had supporting records to support the eligibility of expenses; however, the documentation did not provide a clear link between the expense amounts. 45 CFR § 75.302 - Financial management and 45 CFR § 75.361- 75.365 - Record Retention and Access require that appropriate records and cost documentation be maintained to substantiate the costs. PRF lost revenue costs that did not have proper supporting documents totaled \$1,890,000.

- b. 4 of 27 (15%) of sampled PRF expenditures were payments to TSVH Operators for COVID-19 non-testing categories that did not have sufficient support for incremental operational and payroll costs identified in the invoices. PRF reimbursement payments without supporting records totaled \$717,242.

Health Resources and Services Administration (HRSA) PRF FAQs require that PRF recipients maintain adequate supporting documentation that demonstrates that costs were incurred during the Period of Availability and substantiates that the funds were used for healthcare-related expenses or lost revenues attributable to coronavirus and that those expenses or losses were not reimbursed from other sources and other sources were not obligated to reimburse them.

3. VA One-Time Funding

- a. 9 of 10 (90%) of sampled expenditures were advance payments to TSVH Operators for COVID-19-related expenses and did not have sufficient documentation to substantiate

⁵ Lost Revenues are patient care (health care, services and supports, as provided in a medical setting) lost revenues, which is an allowable expense for PRF awards. The GLO used the alternate reasonable methodology to estimate the lost revenues and the PRF payments were allocated to TSVHs monthly operations costs. The amounts allocated did not match the lost revenues calculations.

expenditures. Nine payments were provided to four Operators with existing contracts with the agency to operate the nine TSVHs. The contractual agreement for VA One Time funding stipulated that the Operators were to submit quarterly expense reports and supporting documentation to substantiate the costs incurred.

None of the four operators submitted any of the required expense reports or supporting documents for the VA payments expended. Expense reports were provided during the audit but did not include supporting documentation for the expended amounts. VA One Time funding payments without sufficient records of expenditures totaled \$4,951,924.

2 CFR Part 200 Compliance Supplement requires that entities maintain supporting documents/schedules/reports to ensure accuracy and completeness to comply with the requirements. Additionally, Coronavirus Prevention, Preparation & Response Agreements between the GLO and Operators also requires sufficient documentation of expenditures to substantiate the costs incurred.

Without appropriate, complete, descriptive, and adequate supporting documentation, the GLO cannot conduct adequate expenditures reviews and validate the costs' eligibility and allowability. Additionally, the GLO cannot discern whether an expense is proper or improper and effectively manage funding activities to ensure compliance and monitor any potential fraud, waste, abuse, or payment of duplicative services. Furthermore, the GLO may not be able to establish compliance with the applicable funding guidelines.

RECOMMENDATIONS FOR MANAGEMENT

The VLB and Federal Finance should ensure that complete supporting records of expenditures are obtained, reviewed, and maintained in accordance with the funding requirements to effectively monitor COVID-19 funding expenses and activities.

MANAGEMENT'S RESPONSE

Financial Management has navigated a difficult process with multiple funding sources, with limited, evolving, and changing guidance in an effort to maximize funding sources available to the Texas State Veteran Homes. We recognize and understand the value of IA's recommendations for improving the documentation saved in the payment files. We will enhance our processes to include additional documentation to more clearly link expenditures to the Pandemic or a funding source's intended purpose. Specific actions include the following:

CRF:

Background: Internal Audits' observation was that expenditures increased significantly during COVID, but the documentation did not demonstrate that the increases were solely because of COVID as it related to the Increase in Incremental Costs (IIC).

Action: FinMan will prepare an analysis by cost category to demonstrate that the cost included in the calculation are COVID related. Cost types will be verified through an attestation statement from the operators.

Implementation date: February 28, 2023

Responsible Party: Elizabeth Ozuna –Director of Federal Finance.

PRF:

Background: Internal Audits' observation revolved around expenditure transfers associated with Lost Revenue. An analysis was performed to identify Maintenance and Operations costs under the M&O agreement that were in excess of costs that could be reimbursed from any other federal sources. In order to keep with the directive from the Comptroller's Office of retaining all activity in Fund 0325, these excess expenditures were transferred into the PRF funding source to make up for the revenue lost as allowed for in the PRF. This action resulted in additional funding being made available to the homes to supplement the M&O.

Action: FinMan will flowchart the process to identify the expenditures being transferred into Fund 0325 and map out a sample of the invoices to demonstrate how this process worked.

Implementation date: February 28, 2023

Responsible Party: Elizabeth Ozuna –Director of Federal Finance.

VA One-Time – First Distribution:

Background: The VA provided funding for COVID based on census information at a specified point in time. The funds were sent out to the operators of each home once received. The GLO initially requested that quarterly reporting be submitted as the funds were utilized. After the latest extension of the CRF funding source, the operators were verbally instructed to direct all allowable expenditures to the CRF funding source through December 31, 2021. The contracts that included the VA funding closed out on August 31, 2022. The operators submitted a final expenditure report

Action: A review of the report and required documentation should be completed by February 28, 2023, as part of the closeout process.

Implementation date: February 28, 2023

Responsible Party: Elizabeth Ozuna –Director of Federal Finance.

Finally, we plan to be more proactive in training staff across the agency, whether through contracted or internally developed training. For example, we envision developing a simple flowchart

of the path of an invoice, discussing the importance of each level of approval, discussing the nature of the audit process and what they will look for, and finally, how to make sure to complete the invoice packet with the appropriately identified documentation (IE checklists) and properly archive it.

Implementation Date: December 31, 2022, through June 30, 2023 (for the training)

Contact(s): Elizabeth Ozuna, Director of Federal Finance, and Eric Perales, Manager of Federal Finance

CHAPTER 2: STRENGTHEN COVID-19 FUNDING EXPENDITURE REVIEW PROCESSES

The GLO is responsible for ensuring compliance with all federal and state laws and using the funds only as allowed by the CRF as outlined in OOG CRF/CARES Act Request Letter. Similarly, as a recipient of the PRF awards, the GLO attested to the PRF payment terms and conditions in the Provider Relief Fund Application and Attestation Portal and is responsible for maintaining compliance with the guidelines. 2 CFR § 200.303 requires recipients of federal awards to establish effective internal controls that include procedures designed to address funding specific requirements.

The reviews of supporting records and documents for sampled COVID-19 funding expenses found evidence of review and approval in accordance with the GLO processes. However, some of those reviews needed to be more comprehensive to reasonably verify the accuracy and completeness of the funding expenditures to determine eligibility requirements. The reviews of CRF and PRF payments to TSVHs operational expense reimbursements did not provide evidence of procedures that could reasonably determine if the expenses were accurate, reasonable, and eligible per the applicable guidelines.

For instance, five sampled CRF expenses were reimbursement payments and supported the costs with invoices that had been submitted for reimbursements for “COVID expenses for eligible and incremental costs.” These sampled payments had evidence of review and approval. However, the reviews appeared to be limited to validating the receipt of invoices but did not provide reasonable assurance that the procedures would adequately determine if the expenses were in accordance with CRF and PRF guidelines. COVID-19 Reimbursement Agreements require that the invoices include an itemized statement of services performed, including appropriate documentation that fully substantiates reimbursable costs incurred. The five invoices alone were not detailed enough to determine the types, quantities, amounts, or dates of the expenses to validate the allowability and eligibility of the costs. During the audit, the program area did not provide additional support to substantiate the accuracy, completeness, and validity of reimbursements for these invoices. Despite the lack of detailed descriptions and supporting records for the expenses, all five invoices were reviewed and approved.

The program area did, however, perform a reasonableness check to review COVID-19 funding invoices from TSVHs Operators to determine the reasonableness of the expenses. This check was conducted by comparing the invoice amount to the projection amount to determine if the expenditure amount included in the invoice was reasonable.⁶ The program area further indicated that these reviews were conducted utilizing the same procedures used in the “Operations Fee Invoice” reviews and payments for Operator’s services, including all operating expenses. The audit did not perform additional test procedures to review the projection calculation or reasonableness check of

⁶ The projections were calculated using the historical operational costs reported by the operators on their financial summary reports and estimating the increased costs due to COVID-19. Historical operational costs were not reviewed and verified as part of the monthly invoice reviews and the same approach was applied for reviewing the COVID-19 funding expenses.

the sampled expenses, as this review procedure does not entail performing detailed reviews of invoices. Reasonableness checks of monthly expenditure amounts do not provide reasonable assurance that costs included in the invoices were accurate, complete, eligible, and allowable in accordance with the funding guidelines.

Coronavirus Prevention, Preparation & Response Agreements (Agreements) between the GLO and TSVHs Operators required submission of quarterly reports on the use of the VA One Time Funding.⁷ The GLO had yet to receive or review any of the required quarterly expense reports to ensure the Operators used the VA One Time Funding payments in accordance with the Agreements. The GLO administered VA One Time Funding to the Operators as advance payments. This makes the quarterly reporting and review of expenditures a crucial procedure to effectively monitor the use of funds and ensure compliance with the contractual requirements.

The GLO's expenditure review procedures were insufficient to determine if the funding activities were in accordance with the guidelines. Eligibility and allowability of payments and expenditures that were proper and in compliance with the guidelines could be questioned due to a lack of adequate review procedures. The GLO relied on reasonableness checks of operational expenses and did not implement additional review procedures that addressed the compliance requirements. Without adequate reviews, the GLO cannot effectively monitor and manage COVID-19 funding activities.

RECOMMENDATIONS FOR MANAGEMENT

VLB and Federal Finance should:

1. Strengthen the expenditure review process by developing and revising procedures to ensure expense reports and supporting documents are obtained and reviewed to validate that expenses are allowable, eligible, and adhere to funding requirements.
2. Provide periodic training on enhancements to the expenditures review process to staff conducting reviews.
3. Obtain and review the expense reports and supporting documents to ensure that VA One Time funds were expended in accordance with the contractual requirements.

⁷ VA One-time Emergency Payment to State Extended Care Facilities for Veterans.

MANAGEMENT'S RESPONSE

Federal Finance will become part of the approval path to ensure that all invoices meet the minimum requirements.

Federal Finance will coordinate with the program to clearly define review and approval responsibilities and what elements of the documentation need to be reviewed to support an adequate review process. These discussions could result in checklists used in the review process.

Additionally, we are in a year long process of converting to CAPPs, which is an upgrade over our current accounting system. We are working to design a chartfield structure with additional chartfields, which will allow for cleaner tracking of expenditures, which would facilitate an easier and more thorough review process.

Please see the training description above for review enhancements being envisioned.

Implementation Date: December 31, 2022, through June 30, 2023 (for the training)

Contact(s): Elizabeth Ozuna, Director of Federal Finance.

APPENDICES

APPENDIX A

OBJECTIVE

The objectives of the audit were based on the results of a risk assessment performed during the planning phase of the audit and were to:

1. Determine if COVID-19 relief funds were used for allowable expenditures in accordance with the funding guidelines, and
2. Assess the agency's controls over the administration and management of COVID-19 relief funds.

SCOPE & METHODOLOGY

The audit scope included an assessment of the agency's administration and management processes related to the allocation, distribution, monitoring, and reporting of COVID-19 relief funds. It consisted of a review of expenditures of the following COVID-19 funding from FY 2020 to FY 2022:

1. Coronavirus Relief Fund (CRF), CARES Act, Public Law 116-136
2. Provider Relief Fund (PRF), CARES Act, Public Law 116-136
3. Public Assistance Grants (FEMA PA), CARES Act, Public Law 116-136
4. VA One-time Emergency Payment to State Extended Care Facilities for Veterans (VA One Time Funding), CRRSA, Public Law 116-260

The audit did not include the agency's expenditures of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), ARPA, Public Law 117-2.

The methodology included procedures to understand the agency's processes for COVID-19 relief funding activities; reviewing applicable federal, state, and agency guidelines; performing detailed reviews of records and documents; and analyzing and evaluating information and results.

The criteria used to conduct the review were:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136
- Consolidated Relief and Response Appropriations Act (CRRSA), Public Law 116-260
- Office of Management and Budget (OMB) 2 CFR Part 200, Appendix XI Compliance Supplement
- OMB Memorandum 20-21 Implementation Guide for Supplemental Funding
- 45 CFR Subtitle A Subchapter A Part 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards
- 86 FR 4182 - Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments
- Treasury OIG CARES Act Reporting and Record Retention Guidance
- Health Resources & Services Administration (HRSA) Provider Relief Programs: Provider Relief Fund (PRF) and ARP Rural Payments FAQs

- FEMA Policies and Guidance on Disaster Grant – Public Assistance Funding
- Uniform Guidance Internal Control Requirements
- GAO-15-593SP, A Framework for Managing Fraud Risks in Federal Programs
- Office of the Governor (OOG) Communication
- Texas Division of Emergency Management (TDEM) Grant Terms and Conditions
- TX Comptroller Uniform Grant Management Standards
- GLO COVID-19 Funding High-Level SOP
- GLO Invoice Processing Procedures
- GLO and TSVH Operators Contract Agreements

The audit was conducted in accordance with *Government Auditing Standards* and *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B

BACKGROUND INFORMATION

In response to the COVID-19 pandemic, the federal government enacted six pandemic relief bills and appropriated nearly \$5 trillion in assistance to individuals, businesses, and state and local governments.⁸ The GLO received over \$83 million in COVID-19 relief funding across various federal pandemic legislation to address the effects of the pandemic.⁹ Several federal agencies administered these funds and were subject to different rules and regulations, including allowability, eligibility, performance period end dates, and the population the award was meant to serve.

The GLO formed a COVID-19 workgroup comprised of representatives from Federal Finance, Veterans Land Board (VLB), VLB Accounting, Procurement, Contract Management, and Legal to address the financial impacts of COVID-19 and to manage the agency's funding activities to ensure compliance with applicable requirements. The funds were primarily used to reimburse Operators for increased operational costs of the TSVHs and to procure goods and services to enhance employee safety and improve teleworking capabilities. Federal Finance, VLB, and VLB Accounting were responsible for various monitoring processes and procedures for COVID-19 funding activities and adopted existing processes and procedures to administer and manage relief funds.

⁸ *Funding Overview*, Pandemic Oversight, <https://www.pandemicoversight.gov/data-interactive-tools/funding-overview>

⁹ Coronavirus ARPA funds are included in the \$82 million calculation, however, ARPA funding activities were not included in this review.

APPENDIX C

Table 1: COVID-19 Federal Funding Awards

Award Name	Relief Bill	Award Amount
Coronavirus Relief Fund (CRF)	Coronavirus Aid, Relief, Economic Security Act (CARES Act), Public Law 116-136	\$ 26,125,460
Provider Relief Fund (PRF)	Coronavirus Aid, Relief, Economic Security Act (CARES Act)	\$ 8,541,771
Public Assistance Grants (FEMA PA)	Coronavirus Aid, Relief, Economic Security Act (CARES Act)	\$ 9,058,375
VA One-time Emergency Payment to State Extended Care Facilities for Veterans (VA One Time Funding)	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), Public Law 116-260	\$ 4,951,924
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	American Rescue Plan Act (ARPA), Public Law 117-2	\$ 40,300,000
COVID VA Federal Financial Assistance	American Rescue Plan Act (ARPA), Public Law 117-2	\$12,131,332
Total Funding		\$ 101,108,862

Source: LBB COVID-19 Reporting as of August 31, 2022, and GLO COVID Expenditure Report

Table 2: Population and Sampling Details

Award Name	Number of Transactions	Amount Expended	Sample Size	Sample Total
Coronavirus Relief Fund (CRF)	612	\$ 26,125,460	33	\$ 9,876,156
Provider Relief Fund (PRF)	117	\$ 8,541,771	27	\$ 2,933,427
Public Assistance Grants (FEMA PA)	217	\$ 3,473,713	30	\$ 810,247
VA One-time Emergency Payment to State Extended Care Facilities for Veterans (VA One Time Funding)	10	\$ 4,978,768	10	\$ 4,978,768
Total	956	\$ 43,119,713	100	\$ 18,598,598

Source: IA Review and Analysis of COVID-19 Expenditure Report as of May 31, 2022

DISTRIBUTION LIST

Texas General Land Office & Veterans Land Board

Dawn Buckingham, MD, Texas Land Commissioner

Mark Havens, Chief Clerk & Deputy Land Commissioner

Jeff Gordon, General Counsel

David Repp, Chief Financial Officer

Elizabeth Ozuna, Director of Federal Accounting

Eric Perales, Manager of Reporting, Analysis, & Grants

Sandra Meyers, Manager of VLB Accounting

Kathy Johannes, Interim Director of Texas State Veterans Homes

Texas Veterans Land Board

Governor's Office of Budget and Planning

Legislative Budget Board

Texas State Auditor's Office