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Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY



Inspector General
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“Enhancing Public Trust in Government”

Administrative Review

2021-10-0007

**Limited Scoped Reviews of
Businesses that Accepted
CARES Act Grants**

December 16, 2020



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ADMINISTRATIVE REVIEW 2021-10-0007

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LIMITED SCOPED REVIEWS OF BUSINESSES THAT ACCEPTED CARES ACT GRANTS

SUMMARY

WHAT WE DID

The Palm Beach County Office of Inspector General (OIG) conducted limited scope reviews of a sampling of businesses that accepted Palm Beach County (County) Restart Business Grants funded by the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. The OIG reviewed ten (10) businesses.

The County Department of Housing and Economic Sustainability (DHES) administers the Restart Business Grant Program (Restart Program) application process. The County Board of County Commissioners (BCC) allocated \$60 million of the \$261 million the County received from the federal CARES Act for this business grant program.

The objectives of these reviews were to provide reasonable assurance that CARES Act grant recipients were:

- Eligible in accordance with the established program criteria.
- Using, or have used CARES Act funds appropriately in accordance with grant requirements.



This was a limited scope review focused on a sampling of businesses that applied for and were approved for Restart Business Grants between May 22, 2020 and June 12, 2020.

WHAT WE FOUND

Based on our reviews, it appears that the businesses that received funds were eligible for and complied with the requirements of the County Restart Program.

WHAT WE RECOMMEND

We offered no recommendations to DHES as a result of our reviews of the businesses.

BACKGROUND**The CARES Act**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law. It allocated \$2.2 trillion in economic relief to individuals, businesses and governments affected by COVID-19.

**Restart Business Grants Program**

On May 15, 2020, the BCC approved the Restart Business Grants Program. The program used a portion of the \$261 million allocated to the County from the CARES Act, with \$50 million dedicated to businesses with 25 or fewer employees and \$10 million dedicated to businesses with more than 25 employees. Businesses in the County that met certain criteria were eligible to apply. The maximum award for the period relevant to this report was \$25,000. Eligible uses of the money included:

- Salaries/Payroll
- Inventories
- Commercial lease, mortgage, or rent payments
- Utilities

Between May 22, 2020 and June 12, 2020, DHES received grant applications and approved 2,985 totaling \$50,769,711.91 of funding to eligible businesses.

The County's Department of Information Services System created the Restart Program CARES For Business Application Portal (Portal) with input from DHES. Before accessing the County's online application, applicants were required to register with the Portal and answer a ten-question eligibility questionnaire. The application listed 11 certifications, affirmations, and acknowledgements. Applicants were required to acknowledge their understanding of these statements by checking a box next to each one. Included among those certifications was the following:

I affirm that due to the public health emergency with respect to COVID-19, this grant is necessary to support the ongoing operations for the applicant business. If funded, I affirm the applicant business will continue business operations in Palm Beach County.

I acknowledge that, if this grant application is approved, Palm Beach County shall have access to my business records, including business records to document expenditures from the time of grant award [through December 30, 2020](#), for the purpose of inspection or audit during normal business hours at my place of business. I further acknowledge that Palm Beach County has established the Office of the Inspector General in Palm Beach County Code, Section 2-421 - 2-440, as may be amended. The Inspector General's authority includes but is not limited to the power to review past, present and proposed County contracts,

transactions, accounts and records, to require the production of records, and to audit, investigate, monitor, and inspect the activities of my business, its officers, agents, employees, and lobbyists in order to ensure compliance with any and all requirements and to detect corruption and fraud. Failure to cooperate with the Inspector General or interfering with or impeding any investigation shall be in violation of Palm Beach County Code, Section 2-421 - 2-440, and punished pursuant to Section 125.69, Florida Statutes, in the same manner as a second degree misdemeanor.

Upon DHES approval, checks were issued and mailed by the Clerk & Comptroller's office to the approved business owner at the address provided in the application.

OBSERVATIONS AND ANALYSIS

Document Analysis and On-Site Reviews

OIG staff reviewed ten (10) businesses that received Restart Business Grants based on applications approved between May 22, 2020 and June 12, 2020.¹ The OIG chose a judgmental sample of the businesses that received grants based on applications that were re-submitted after first being denied by DHES. The businesses included retail sales, professional services, and food services located in various municipalities throughout Palm Beach County.

Businesses Reviewed

Business Category	Grant Funds Received	Location
Retail	\$15,049.00	West Palm Beach
Retail	\$25,000.00	Juno Beach
Retail	\$9,718.50	Delray Beach
Retail	\$20,625.00	West Palm Beach
Retail	\$17,220.50	Lake Park
Professional Services	\$12,500.00	Wellington
Professional Services	\$25,000.00	West Palm Beach
Professional Services	\$22,681.00	Boca Raton
Food Services	\$1,915.00	Palm Beach Gardens
Total	\$159,356.00	

The first part of our reviews included an examination of the grant application and the Florida Department of State's "SunBiz" records for each business to confirm the filing date with the Florida Division of Corporations; officers/directors; and/or authorized representative(s). Later, on-site visits were conducted. These on-site reviews consisted of an examination of records that would support expenses using grant funds. For example, we examined bank statements; credit card statements; check stubs; lease agreements; paid receipts for rent, utilities, or insurance; and payroll records. We also

¹ A small sample was selected to promptly commence these limited scoped reviews with OIG staff available to allocate time to this project. We anticipate further grant fund reviews as time and resources permit.

interviewed business owners or authorized representatives and made observations of the business location to assess whether the grant application and grant expenditures were consistent with actual business operations. The document reviews, interviews, and observations were conducted to determine whether it could be reasonably assessed that the businesses were eligible for and expending funds in compliance with the Restart Business Grants requirements.

Conclusion

Based on our observations and analysis, we conclude the evidence was relevant, valid, reliable (appropriate), and sufficient to have reasonable assurance that the select businesses reviewed were eligible for and complied with the requirements of the County Restart Business Grants. We offered no recommendations to DHES as a result of our reviews of the businesses.

ACKNOWLEDGEMENT

The Office of Inspector General would like to thank the Palm Beach County Department of Housing and Economic Sustainability and the businesses we reviewed for their cooperation throughout this review.

This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Contract Oversight Manager by email at inspector@pbcgov.org or by telephone at (561) 233-2350.