

Measuring Pandemic Funding Performance in California

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Responsibilities of the CSA

Single Audit of California

Performance audits directed by the Legislature and State Law

State High Risk list performance audits

Local High Risk Dashboard and performance audits

Federal COVID-19 Funding for California Agencies

- CARES Act and related acts—\$196 billion
- CRRSA—\$33 billion
- ARPA—\$90 billion

Source: California Department of Finance's estimates of the amounts that California state agencies will receive.

CSA's State High Risk Program

- CSA can determine an issue as high risk to the State
- Risk of waste, fraud, abuse, mismanagement, or challenges with economy, efficiency, effectiveness
- CSA can self initiate performance audits from the State High Risk list

Decision to Monitor COVID Funding

Authority

Expertise

Opportunity

High Risk Factors Considered

- **Covid-19 funding is significant**
- **Programs expanded/changed**
- **New programs/limited guidance**
- **Past audit findings at departments**
- **Urgency to spend funds**

Other Considerations

- Question of compliance
- Waste, fraud, and abuse
- Operational risk
 - Missed opportunities
 - Long-term harm to state economy

State High Risk Assessment

- Likelihood of mismanagement of COVID-19 funds**
- A substantial risk of serious detriment to State and its residents**
- Issue placed on our State High Risk list in August 2020**

Performance Audits Completed

- **Coronavirus Relief Fund for cities and counties—
\$1.8 B**
- **Epidemiology and Laboratory Capacity—\$555 M**
- **Emergency Solutions Grant—\$316 M**
- **Elementary and Secondary School Emergency
Relief Fund and Governor’s Emergency Education
Relief—\$24 B**

Audits Completed (cont.)

- **Coronavirus Emergency Supplemental Funds—\$59 M**
- **SNAP Emergency Allotments and Pandemic Electronic Benefit Transfer—\$9.4 B**
- **Emergency Rental Assistance—\$1.8 B**
- **Higher Education Emergency Relief Fund—\$4.4 B**

Case Example

Emergency Services Grant (ESG)

- **Directed at individuals at risk of or experiencing homelessness**
- **Funding almost 30 times normal amount**



Case Example

(ESG)

- **Funding moves from state to grantees and sub-grantees**
- **Significant delays in awarding funds**
- **Insufficient oversight and monitoring**



Case Example

K-12 and Higher Education emergency funding (ESSER, GEER, HERF)



Case Example

(Education funding)

- **\$24 billion allocated to CA for K-12 education**
- **\$7.4 billion for higher education**
- **Address effects of pandemic, assist return to in-person instruction**



Case Example

(ESSER and GEER)

- **Role of oversight entities**
- **Concerns about spending rates, efficiency, and consistency**
- **Insufficient monitoring**



Case Example

Unemployment Insurance (UI) COVID Relief Funds



UI Performance Audits

Weak controls allowed for widespread UI fraud, up to \$20 billion lost

Backlogs and delayed payment of UI benefits

State was unprepared for the high volume of UI claims

Extensive UI Fraud

- Identity theft was rampant
- Multiple UI payments to persons living at the same address—up to 80 claims at one address
- Over \$800 million paid to UI claims filed under the names of inmates

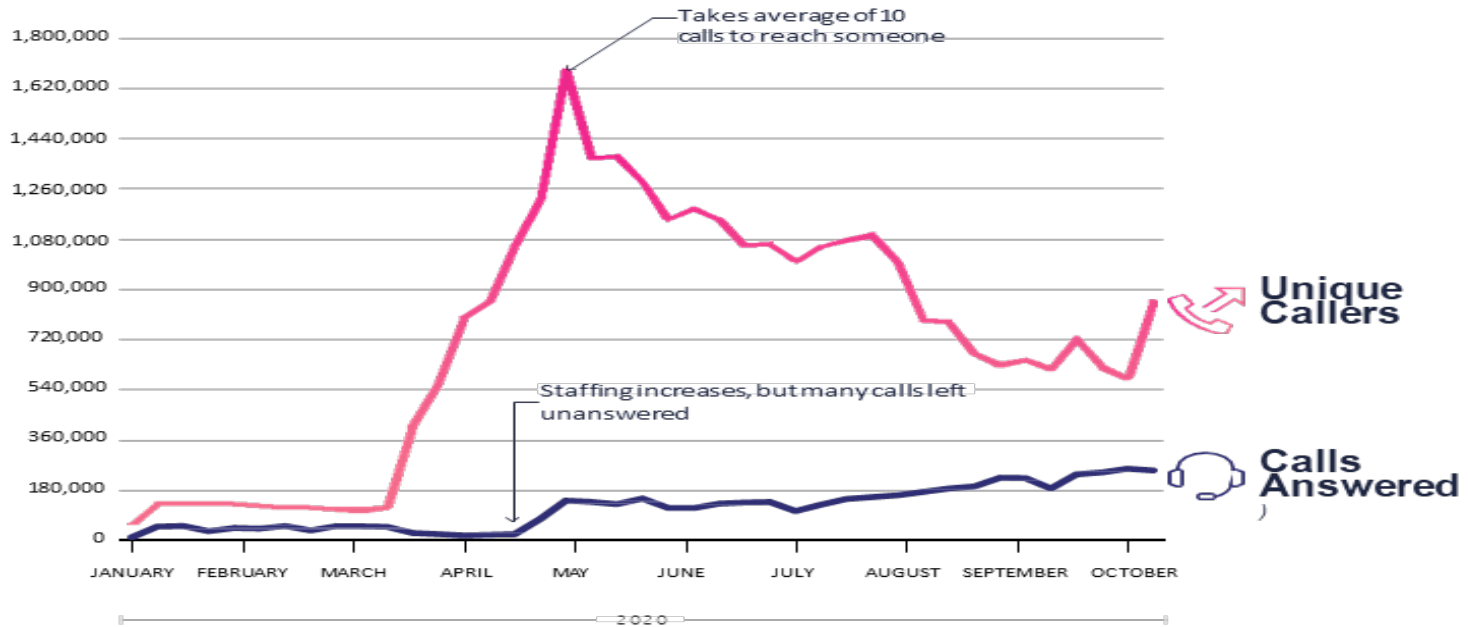
Delayed UI Payments

- **700,000 UI claims in backlog as of December 2020**
- **40% of all claims paid were paid late**
- **Staff needed to manually work 50% of UI claims to verify identity or employment**

California was Unprepared for the Volume of UI Claims

- **No plan to ramp up services for a recession or other emergency**
- **Adding staff was difficult because of lengthy training period**
- **Call center was already dysfunctional, answering less than 7% of calls—falling to 1% in the pandemic**

UI Call Center Woes



❑ Californians needed to call up to 10 times to reach a live person for assistance

Common Themes

- State departments unprepared for the large inflow of federal COVID-19 funding
- Slow distribution of funds despite urgency and short deadlines to spend
- Weak state oversight of local government spending

CSA Ongoing Monitoring

- State departments must provide updates on recommendations every 90 days
- Continued analysis and risk assessment of CRRSA and ARPA funding
 - **State Fiscal Relief Fund (\$27 billion) and local equivalents**
- Possible future audits of federal COVID-19 funding

For more information visit the
CSA's website

www.auditor.ca.gov

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