

AUDIT PROPOSAL

COVID Relief Funding Distribution

SOURCE

The audit proposal was requested by Senator Caryn Tyson and Representative Kristey Williams.

BACKGROUND

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, was a \$2.2 trillion economic stimulus bill passed by Congress and signed into law on March 27, 2020. When passed, the spending primarily included:

- \$300 billion in one-time cash payments to individual Americans
- \$260 billion in increased unemployment benefits
- \$350 billion in funding (later increased to \$669 billion by subsequent legislation) for the creation of the Paycheck Protection Program that provides forgivable loans to small businesses.
- \$500 billion in loans for corporations
- \$339.8 billion in aid to state and local governments.

The CARES Act aid to state and local government required that expenditures:

- were necessary and incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
- were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act)
- were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021

Subsequently in December 2020, Congress passed the Consolidated Appropriations Act. This act continued many of these programs by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic.

Governor Kelly formed the Strengthening People and Revitalizing Kansas (SPARK) Taskforce to lead the state's economic recovery. SPARK is responsible for the statewide distribution of CARES Act funding. A five-member executive committee oversees the process. The office has a steering committee with an additional 15 members who serve on three subcommittees. The three subcommittees focus on communication and engagement, finance and policy development, and implementation and accountability.

Legislators have questions regarding the distribution of CARES act funding. These questions about SPARK relate to how decisions are made, what criteria are used, and whether the distributions met the requirements.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: What is Kansas' process for distributing COVID relief funding? Our tentative methodology would include the following:

- Work with the Governor's office to develop an understanding of the SPARK committee, how members were selected, and how decisions regarding COVID relief fund distributions are made.
- Work with SPARK officials (such as the executive committee) and review documents or meeting minutes to understand the distribution process including timelines, priorities, criteria considered, and personnel involved.
- Interview or survey SPARK members about the effectiveness of the task force and any areas of concern or opportunities for improvement.

Objective 2: Have Kansas' distributions of COVID relief funding been appropriate? Our tentative methodology would include the following:

- Work with SPARK officials and other relevant stakeholders and review documentation showing whether planned distributions aligned with actual distributions. Follow up with officials for any variances noted.
- For a sample of distributions, review documentation and talk with stakeholders to ensure the distributions met the criteria in federal law, and if not, why not. Also, determine whether any distributions result in ongoing costs or liabilities for the state.
- Review the Governor's fraud hotline log for any allegations of improper distribution or use of CARES act monies. Follow up with SPARK officials as needed to determine how these situations were addressed.

ESTIMATED RESOURCES

We estimate this audit would require a team of **3 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).