

OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE



REPORT OF MANAGEMENT REVIEW

MORTGAGE, RENT, AND UTILITIES PROGRAM

MATTHEW J. LASCELL
INSPECTOR GENERAL

MARCH 22, 2023

DATE ISSUED

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”



OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE

MANAGEMENT REVIEW REPORT CASE NUMBER: 2022-0026MR

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Inspector General

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”

EXECUTIVE SUMMARY

While reviewing payment records for Office of Inspector General (OIG) Limited Review Number 2022-0021LR, the OIG observed that individuals and members of the same households appeared to receive more than one payment through the City of Jacksonville (COJ) Mortgage, Rent, and Utilities (MRU) Program which was prohibited by the enacting legislation, COJ Ordinance Number 2020-235. In September 2022, the OIG initiated a management review to determine if any ineligible applicants received payments through the COJ MRU Program.

After reviewing a selected sample of 245 MRU applications, the OIG determined that **56** payments totaling **\$56,000** were made to individuals and members of the same households who previously received an MRU Program payment.

BACKGROUND

The City of Jacksonville (COJ) Mortgage, Rent, and Utilities (MRU) Program¹ was enacted in April 2020 to assist individuals and families whose incomes had been negatively impacted by the historic Coronavirus-19 (COVID-19) pandemic with oversight to be provided by the Finance and Administration Department (Finance and Accounting). According to COJ Ordinance Number 2020-235, applicants were eligible for a one-time \$1,000 payment, provided via a pre-paid card, if they met the certain criteria, including:

- All applicants had to reside in Duval County.
- If more than one adult lived in a household together, then only one adult could qualify for a payment.
- All applicants had to sign certifications that they met all eligibility requirements and received a pre-paid card.

The OIG met with members of Finance and Accounting, including the Chief Financial Officer (CFO),² and was told that applicants scheduled an appointment via a dedicated web portal. Upon arrival for their appointment, the applicant’s provided address was checked by a COJ employee against the pre-paid card database to verify whether a payment had been previously made to this

¹ The funding used to establish the COJ MRU Program came from Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided to COJ by the United States Department of Treasury (United States Treasury).

² It must be noted that according to the CFO and other individuals who met with OIG that the process used to disburse the MRU payments was created and implemented within a few days to expedite aid to individuals in need.

address. The applicant would be issued a pre-paid card if no prior payment was made to the provided address.

Applicants had to provide proof they resided at the provided address by showing their State of Florida Driver's License or other documentation (e.g., a utility bill). Also, applicants had to sign the *COVID-19 Mortgage, Rent, and Utility Relief Program Certification*, where the applicant certified the following information:

- The applicant's address.
- The applicant was the only person in their household requesting the payment.
- The applicant understood COJ would undertake any actions to recover payments if it was determined the applicant's application was fraudulent or more than one person in the applicant's household received a payment.³

According to COJ MRU payment records, 39,723 payments were made through the COJ MRU Program, which totaled \$39,723,000.

FINDINGS

The OIG initially reviewed 1,047 combined payment records for the COJ Senior and Disabled Financial Assistance (SDFA) and MRU Programs for OIG Limited Review Number 2022-0021.⁴ During this review, 149 MRU payment records appeared to show that individuals and households may have received more than one payment.

In addition, the OIG searched MRU payment records for instances where three or more payments were made to individuals who reported the same e-mail address and telephone numbers and found 96 such payments. These 245 MRU payments were used as the OIG's selected sample, and each relevant MRU application was obtained and reviewed.

After reviewing the relevant 245 MRU applications, the OIG determined 56 payments, or 23% of the selected sample, were made to applicants who had previously received or whose household member previously received an MRU payment for the same or similarly reported address, with a total amount of \$56,000.⁵

RECOMMENDED CORRECTIVE ACTIONS

- Determine the feasibility of recovering the funds from the ineligible applicants and take appropriate action.

³ Applicants were also required to certify they understood the payments were funded by the United States Treasury through COJ and any attempts to commit fraud to obtain payments could subject the applicant to potential criminal and/or civil penalties. After consultation with the Office of the State Attorney for the Fourth Judicial Circuit, the OIG decided to only pursue investigations into applicants who had appeared to have taken deliberate steps to fraudulently obtain MRU payments, such as submitting false or altered documentation in support of their application. As of this report's date, those investigations are ongoing.

⁴ In June 2022, the OIG initiated this limited review to determine if any ineligible applicants received SDFA payments. This limited review was closed in October 2022 and the findings were provided to Finance and Accounting.

⁵ A list of the relevant payments is attached to this report for review and use by Finance and Accounting, but it will not be attached to any reports released to the public as it contains personally identifiable information.

MANAGEMENT'S RESPONSE

The OIG provided the Finance and Administration Department an opportunity to submit a written explanation or rebuttal to the findings as stated in this investigative report within ten (10) calendar days. Their response is attached to this report in its entirety.

INSPECTOR GENERAL STANDARDS

This report/review has been conducted in accordance with ASSOCIATION OF INSPECTOR GENERAL Principles and Quality Standards for Investigations.



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

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DATE: March 10, 2023
TO: Brandon King, Investigator
FROM: Patrick "Joey" Greive, CFO
SUBJECT: OIG Investigation # 2022-0021LR

We appreciate you sharing the results of your review of the MRU relief programs of 2020.

By way of background, these programs were designed to provide swift and effective relief to our citizens in need and funding was given to the City with very light compliance restrictions. To receive the first round of funding, we only needed to agree that we wouldn't use the federal funds to pay down our debts/pensions, reduce taxes, or add the funds to our reserves. All else was considered fair game at the time and the overarching desire was speed in providing relief to the citizens of Jacksonville. As such we designed our programs in ways that would get the funding out into the community as rapidly as possible. In doing so, we added requirements to obtaining the relief funds that we felt reasonable in light of the overarching goal of speed in helping the community. Administration of the program was performed by pulling together employees from many departments who were willing and able to come into the administration and distribution center that was stood up despite widespread infection risks associated with such public interaction at the time.

This quick and effective relief was necessary as our citizens were struggling through devastating and immediate impacts to their income, jobs, health, and ability to pay bills during nationwide shutdowns. We acknowledged at the time that by prioritizing speed and effectiveness of relief that achieving perfect compliance was not going to be possible.

In many cases, our programs were designed and implemented before federal guidance on usage of funds was released. In some cases, our programs served as a blueprint that was written into federal guidance that was sent out nationwide as an example of eligible programs.

As a result of quick action, the data we reviewed during that time-period, at tracktherecovery.org and official BLS sites, showed immediate improvement to unemployment trends and economic activity in the County.

We have reviewed your findings and recommendations and offer the below responses and commentary.

Regarding the finding that 56 instances of possibly intentional fraud were discovered from the 39,723 recipient population:

While we designed responsible and reasonable risk reduction controls on the front-end as part of the application and distribution process, we acknowledge that with any distribution process there is risk of fraud. We strongly agree with and support your office's approach to going after those who, among that population of duplicate payments, appear to have knowingly and willfully carried out fraudulent actions. We will likewise be adding recipients of multiple payments to an internal list of individuals blocked from receipt of future relief funding pending the results of yours and other agencies investigations and enforcement actions. We warned recipients on the front end through language on our applications that any attempt to defraud taxpayers could be subject to prosecution under the full extent offered by law. We stand ready to assist your office, and the relevant branches of law enforcement, in the pursuit of perpetrators of fraud and will commit the necessary resources for data collection needs relative to any such case of actual or suspected fraud. Thank you for your review and work on this matter.