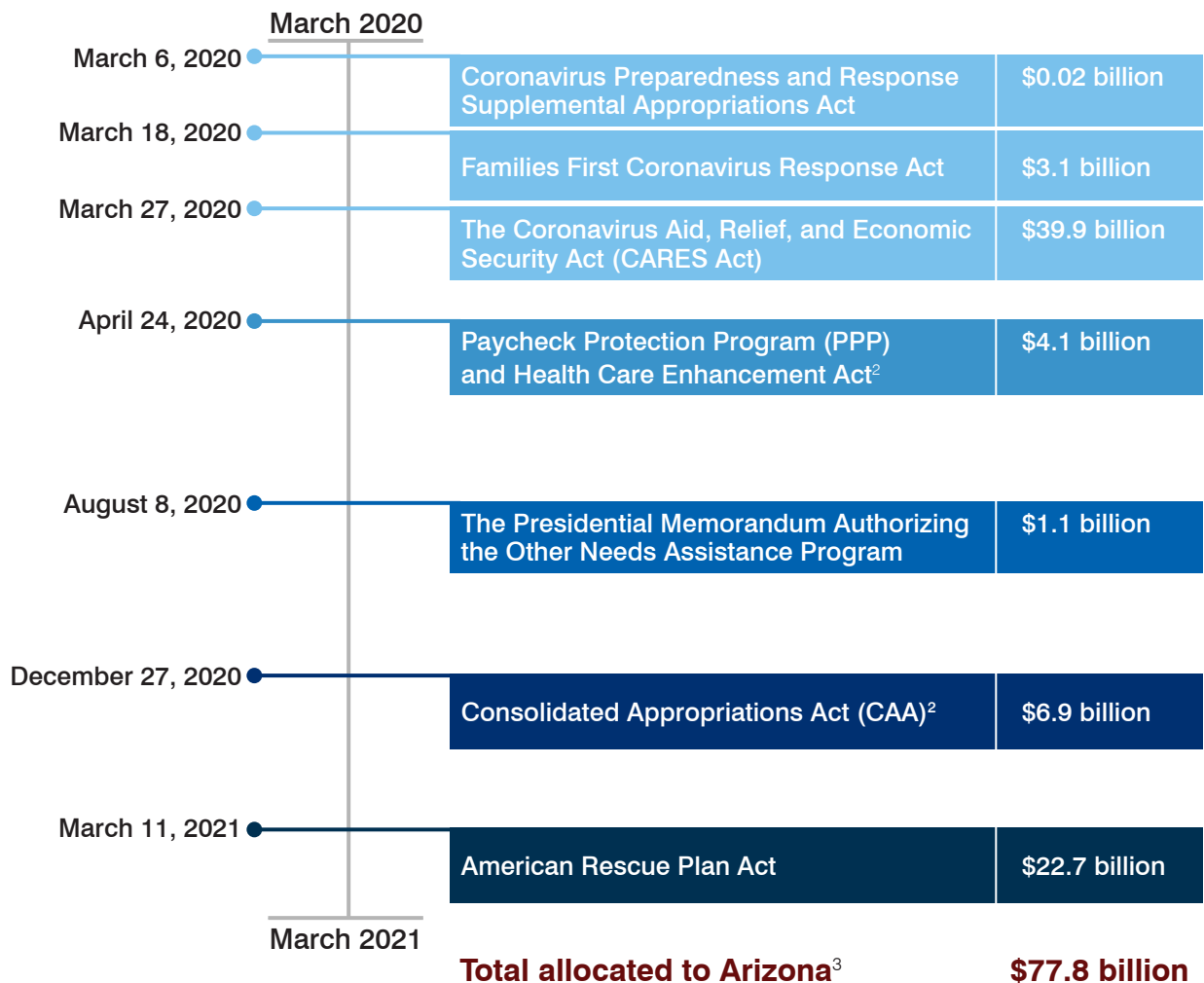


## Federal COVID-19 monies allocated to Arizona

Since March 2020, early in the COVID-19 pandemic, and through September 2022, the federal government has allocated through various acts \$77.8 billion to the State of Arizona and its local governments, businesses, and individuals for COVID-19 response and relief efforts. This special COVID-19 funding report presents information on the amounts, intended purposes, and recipients of those allocations. It also presents the results of our audit of the allocated monies Arizona State government directly spent and distributed during fiscal year 2021.

**Federal acts from March 2020 through March 2021 resulted in \$77.8 billion of federal COVID-19 monies allocated to Arizona through September 2022<sup>1</sup>**

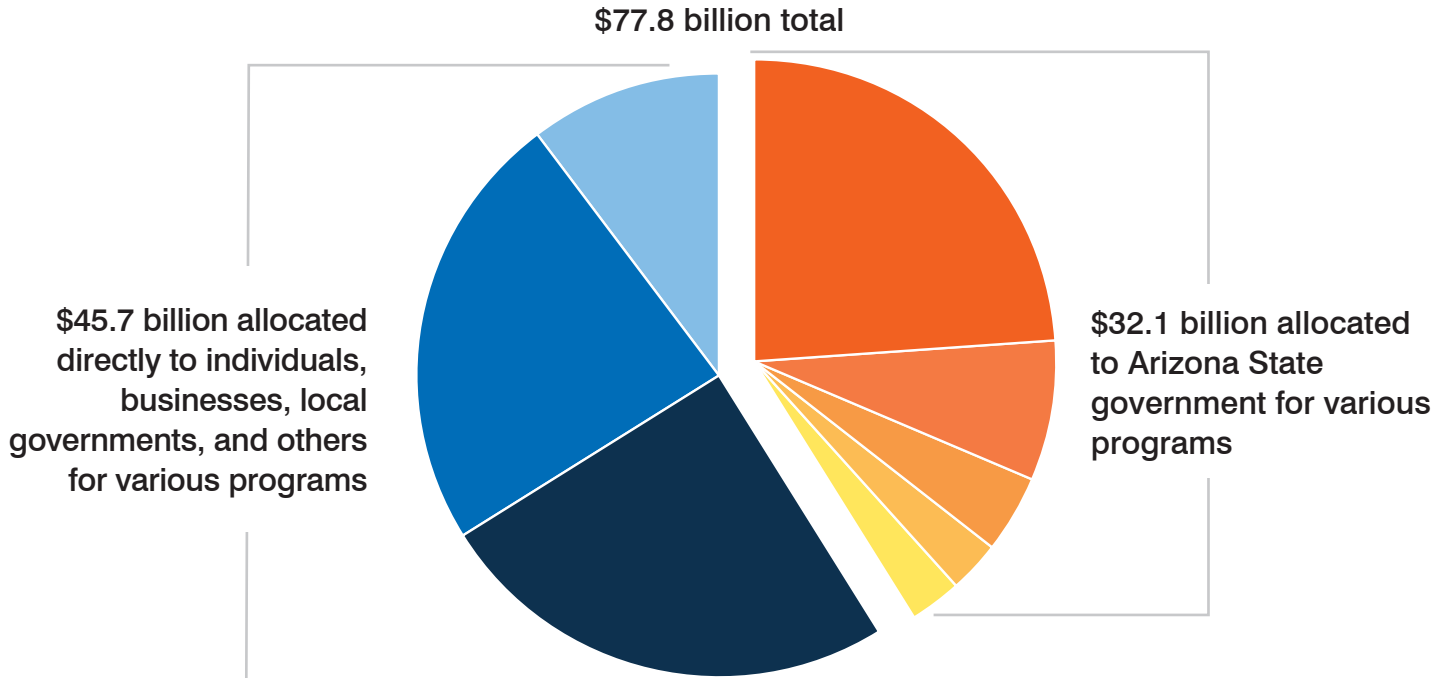


<sup>1</sup> Allocated means amounts set aside for the State of Arizona. In order to receive the allocated monies, recipients, such as Arizona State government, businesses, or individuals, have to apply for and/or be awarded specific grants or aid from the federal agency designated to oversee the associated federal programs. Additional amounts may be allocated from these acts to Arizona after September 2022.


<sup>2</sup> The PPP and Health Care Enhancement Act and the CAA resulted in a combined total allocation of \$3.9 billion for PPP loans to Arizona. However, the specific allocation amount for PPP loans to Arizona from each act is unavailable. Therefore, we included the total \$3.9 billion allocation as part of the April 24, 2020, PPP and Health Care Enhancement Act allocation.


<sup>3</sup> The \$77.8 billion does not include tribal government allocations. According to the Arizona Joint Legislative Budget Committee (JLBC), the acts resulted in approximately \$4.8 billion allocated to tribal governments that are located wholly or partially within Arizona's geographical boundaries (see page 5, footnote 8). However, the JLBC does not have a complete list of tribal government allocations, so this number may not be accurate.


Amounts and purposes of federal COVID-19 monies allocated to Arizona  
March 2020 through September 2022





**\$32.1 billion allocated to Arizona State government**

- 
**Individual and family assistance**  
**\$18.8 billion**

For individuals and families through numerous programs, including \$14 billion allocated to unemployment insurance benefit programs and \$2.1 billion allocated for food assistance programs.
- 
**Education**  
**\$5.8 billion**


For elementary and secondary schools, as well as \$676.1 million allocated directly to the 3 State universities.
- 
**Public health**  
**\$3.1 billion**


For COVID-19 response, testing, and vaccine preparedness.
- 
**Miscellaneous**  
**\$2.3 billion**


For various purposes, such as public safety, transportation, aid to businesses, and community services.
- 
**To be determined**  
**\$2.1 billion**

Although monies can be spent on a variety of purposes, such as COVID-19 mitigation efforts, revenue replacement due to lost revenue, and infrastructure, as of September 2022, Arizona State government had not yet determined how to spend these allocations or for what specific purposes.

**\$45.7 billion allocated directly to individuals, businesses, local governments, and others**

- 
**Aid to businesses**  
**\$19.4 billion**

Includes \$18.7 billion of PPP and Economic Injury Disaster loans to businesses.
- 
**Individual and family assistance**  
**\$18.4 billion**

Includes \$17.7 billion of stimulus payments to individuals.
- 
**Miscellaneous**  
**\$7.9 billion**

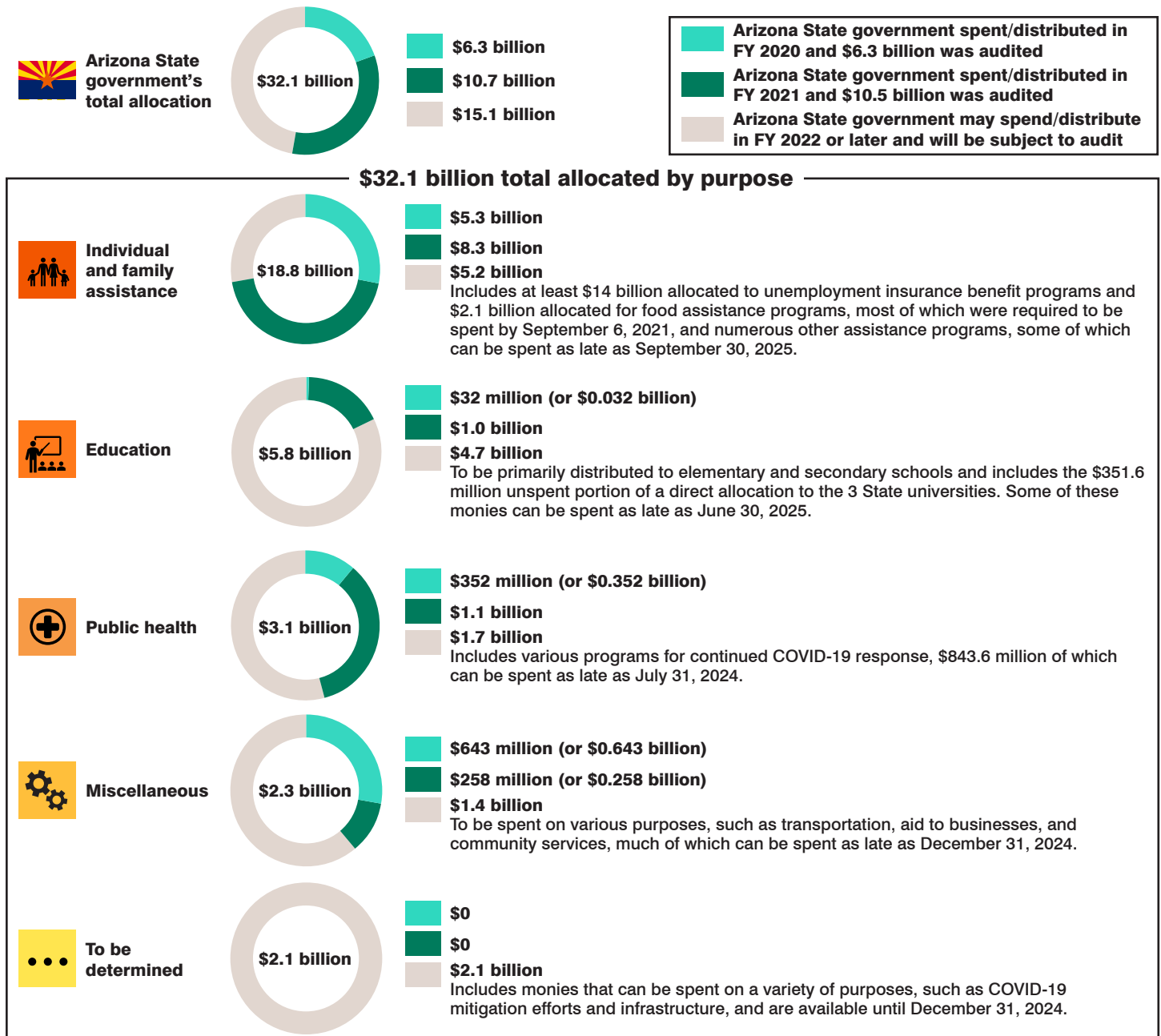
Includes \$4.7 billion allocated for a variety of purposes, such as public health, transportation, and education. The remaining \$3.2 billion was allocated to local governments and can be spent on a variety of purposes, such as COVID-19 mitigation efforts.

# Annual federal compliance audit of Arizona State government

For fiscal year 2021—July 1, 2020 through June 30, 2021—we audited \$10.5 billion of the \$10.7 billion Arizona State government spent or distributed from its \$32.1 billion allocation of federal COVID-19 monies. We audited these monies as part of the annual compliance audit of federal monies the State spent and distributed, which we performed in accordance with State law and federal regulations and in conjunction with our audit of the State’s financial statements.<sup>4</sup> The illustration below indicates the uses of the federal COVID-19 monies we audited that Arizona State government spent or distributed in fiscal years 2020 and 2021, which are the years they were required to be audited, and the amounts that will be subject to audit in later years when Arizona State government spends or distributes them.

## Amount and purpose of Arizona State government federal COVID-19 monies spent/distributed and audited, and may be spent/distributed and subject to audit in future years

Fiscal years (FY) 2020 and later



<sup>4</sup> Arizona State government reported a total of \$32.9 billion of federal monies spent or distributed during fiscal year 2021, including COVID-19 and non-COVID-19 monies. This special COVID-19 report addresses only the \$10.7 billion in federal COVID-19 monies Arizona State government spent or distributed in fiscal year 2021.

## Audit findings that could result in the return of federal monies and/or increased monitoring from the federal government

Summarized below are our findings related to the Arizona State government's use of federal COVID-19 monies that are included in the [State of Arizona 2021 Single Audit Report](#), which contains further information and the State's responses.<sup>5</sup>

Findings summarized by State agency and federal program	Finding #	Similar finding in prior year?
<b>Office of the Arizona Governor (Office)</b>		
<b>Coronavirus Relief Fund</b>		
<ul style="list-style-type: none"> <li>Did not monitor its subrecipients' activities or compliance with the award terms and program requirements, which may require the Office to repay the federal government \$277,438 for noncompliance we identified and increased the risk that more of the \$567 million of program monies it awarded to subrecipients may not have been properly spent.</li> </ul>	2021-101	
<ul style="list-style-type: none"> <li>Reimbursed other State agencies for unallowable costs, which may require the Office to repay the federal government \$978,864 for noncompliance we identified.</li> </ul>	2021-102	X
<ul style="list-style-type: none"> <li>Reported inaccurate program information to the federal agency, which could have resulted in the federal agency being unable to rely on the reports to effectively monitor the Office's program administration.</li> </ul>	2021-103	
<b>Education Stabilization Fund—Governor's Emergency Education Relief (GEER) Fund</b>		
<ul style="list-style-type: none"> <li>Did not ensure the timely disbursement to and spending of program monies by another State agency and nonprofit organizations, which required the Office to return unspent monies to the federal government.</li> </ul>	2021-104	
<ul style="list-style-type: none"> <li>Did not monitor its subrecipients' activities or compliance with the award terms and program requirements, which may require the Office to repay the federal government \$164,221 for noncompliance we identified and increased the risk that more of the \$3.2 million of program monies it awarded to subrecipients may not have been properly spent.</li> </ul>	2021-105	
<ul style="list-style-type: none"> <li>Failed to report certain information on the federal government's reporting system for \$28.9 million of subawards it made to 4 subrecipients and 2 other State agencies under this program, leaving stakeholders and the public without transparent and timely information.</li> </ul>	2021-106	
<ul style="list-style-type: none"> <li>Did not maintain documentation to support subawards' performance data, consisting of their full-time equivalent positions, that it reported in its annual report to the federal agency. This could have resulted in the federal agency being unable to rely on the reports to effectively monitor the Office's program administration.</li> </ul>	2021-107	

<sup>5</sup> Arizona Auditor General. (2022). *State of Arizona. Single Audit Report. June 30, 2021*. Phoenix, AZ. (<https://www.azauditor.gov/reports-publications/state-agencies/arizona-state/report/state-arizona-june-30-2021-annual-financial>)

Findings summarized by State agency and federal program

Finding # Similar finding in prior year?

**Arizona Department of Economic Security (DES)**

**Unemployment Insurance**

- Did not put all critical identity verification or other anti-fraud measures in place before paying COVID-19-funded unemployment insurance (UI) benefits and reported it paid over \$4.3 billion, or 37 percent of total claims, in fraudulent identity theft claims in fiscal years 2020 and 2021.

2021-108

X

Also paid 108,377 claimants \$218.4 million of federal Pandemic Unemployment Assistance benefits during fiscal years 2020 and 2021 that exceeded the minimum weekly benefit but had not yet determined whether all 108,377 claimants were qualified to receive benefits over the weekly minimum, which may require DES to repay the federal government for amounts it overpaid claimants.

- Did not establish, until February 2022, a program-integrity process for its COVID-19-funded UI benefit programs necessary to bill claimants and recover overpayments, increasing the risk that DES will be unable to recover overpayments.

2021-109

X

**Presidential Declared Disaster Assistance to Individuals and Households—Other Needs**

- Reported inaccurate and unsupported information to the federal agency, resulting in the federal agency being unable to rely on DES' reports to effectively monitor its program administration.

2021-111

**Arizona Department of Education (ADE)**

**Education Stabilization Fund—Elementary and Secondary School Emergency Relief (ESSER) Fund**

- Failed to report complete and accurate information on the federal government's reporting system related to its \$257.7 million in subawards it made to schools, leaving the State's stakeholders and the public without transparent and timely information.

2021-118

**Arizona Department of Administration (ADOA)**

**State's Single Audit Report submission**

- Submitted the State's June 30, 2021, Single Audit Report to the federal audit clearinghouse on November 29, 2022, which was 60 days later than allowed by the COVID-19-related single audit extended deadline of September 30, 2022, hindering federal agencies' ability to oversee and monitor the State's administration of federal programs using timely information and impose corrective actions for audit findings we reported.

2021-122

X

## Methodology and sources

We used various methods to identify and summarize the information included in this report on the federal COVID-19 pandemic monies allocated to Arizona. These methods included reviewing information and summarizing amounts in the federal acts listed on page 1, which can all be obtained from <https://www.govinfo.gov/features/coronavirus>. We also determined various purposes and amounts from the *State Allocations Spreadsheet* obtained through our subscription to the nonprofit Federal Funds Information for States, Incorporated.<sup>6</sup> We also obtained, analyzed, and summarized information and amounts from various federal resources, such as the COVID-19 spending database available at [USAspending.gov](https://www.usaspending.gov), Pandemic Response Accountability Committee (PRAC) information, U.S. Department of Health and Human Services COVID-19 funding database, and the federal assistance listing database available at [SAM.gov](https://www.sam.gov).<sup>7</sup> Lastly, we used the information and amounts reported by the JLBC on various dates.<sup>8</sup>

---

<sup>6</sup> Federal Funds Information for States, Incorporated. *State Allocations Spreadsheet*. Last retrieved on 9/27/2022 and is available to members from <https://ffis.org/COVID-19>.

<sup>7</sup> USAspending.gov. *COVID-19 Advanced Search Filter*. Last retrieved on 10/5/2022 from <https://www.usaspending.gov/search>.

Pandemic Response Accountability Committee (PRAC). *Interactive Dashboards – Pandemic Response Funding*. Last retrieved on 10/5/2022 from <https://www.pandemicoversight.gov/data-interactive-tools/interactive-dashboards/pandemic-response-funding>.

U.S. Department of Health and Human Services. *Tracking Accountability in Government Grants System – HHS COVID-19 Funding*. Last retrieved on 10/5/2022 from <https://taggs.hhs.gov/Coronavirus>.

U.S. General Services Administration. *U.S. Government System for Assistance Listings*. Last retrieved on 10/5/2022 from <https://sam.gov/content/home>.

<sup>8</sup> Arizona Joint Legislative Budget Committee. (2021). *Federal Coronavirus Response Funding*. 8/31/2021. Phoenix, AZ. Last retrieved on 10/5/2022 from <https://www.azjlbc.gov/mbu/federal-funding/>.

Arizona Joint Legislative Budget Committee. (2022) *Allocations of American Rescue Plan Act Funds*. 8/5/2022. Phoenix, AZ. Last retrieved on 10/5/2022 from <https://www.azjlbc.gov/mbu/federal-funding/>.