

Coronavirus Response Risk Assessment



Objective

The objective of this project was to identify possible audit projects for the 2021 audit plan based on an assessment of key risk areas arising from the Coronavirus disease (COVID-19) pandemic.

Background

Austin Public Health confirmed the first cases of COVID-19 in the Austin-Travis County area on March 13, about a week after City of Austin officials declared a local state of disaster. Since then, Austin has implemented several measures to slow the spread of the virus, including closing or reducing capacity at nonessential businesses, issuing stay-at-home orders, and requiring people to wear face coverings in public. While these actions were necessary to slow the spread of COVID-19 and save lives, the local economy has been negatively impacted since the virus began to spread in Austin. Because of these challenges, the COVID-19 pandemic can be characterized as both a public health crisis and an economic and social crisis. As of August 2020, there is no vaccine or drug available to cure or prevent COVID-19.

Summary

Based on an assessment of key risks related to the City's preparedness for and response to the COVID-19 pandemic (detailed in Appendix A), we identified three priority audit projects to consider for our 2021 audit plan.

1. Did the City effectively and equitably intervene to limit the spread of the virus during the first six months of the pandemic? Intervention may include testing, contact tracing, and enforcement, among other strategies.
2. Did the City effectively manage the distribution of economic recovery funds, including compliance with federal requirements?
3. Did the City effectively manage employee health and safety to protect employees and ensure continuance of essential operations during the first six months of the pandemic?

Proposed Audit 1

Did the City effectively and equitably intervene to limit the spread of the virus during the first six months of the pandemic?

In the absence of a vaccine, it is critical that the City effectively intervene to limit the spread of COVID-19. If the City manages its response to COVID-19 poorly, there is a risk that more people may get sick and die from the virus than otherwise would have. This risk may be greater for some residents such as older residents, residents with pre-existing conditions, and communities of color. Poor management of the pandemic could also affect the City's reputation. Because of these risks, the City needs to ensure it effectively and equitably limits the spread of the virus to reduce the impact of the pandemic. Efforts to limit the spread of the virus may include testing, contact tracing, and enforcement, among other strategies. This audit could evaluate whether the City effectively and equitably intervened to limit the spread of the virus during the first six months of the pandemic and make recommendations on how to improve management of this crisis going forward.

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Proposed Audit 2

Did the City effectively manage the distribution of economic recovery funds, including compliance with federal requirements?

The City developed several programs to reduce the economic and social impact of the pandemic on Austin residents and the local economy, including financial relief programs for residents, small businesses, non-profit organizations, and other critically affected sectors such as childcare service providers. If these programs are not managed well, the economic and social impact of the pandemic may not be reduced as intended. There are increased risks that these programs may be ineffective because the City may have modified processes to ensure quick distribution of funds to residents and businesses. There is also the potential that funds distributed to the community will not be distributed equitably or protected from fraud or misuse. This audit could evaluate whether the City effectively managed the distribution of economic recovery funds and make recommendations on how to improve management of funds moving forward.

Proposed Audit 3

Did the City effectively manage employee health and safety to protect employees and ensure continuance of essential operations during the first six months of the pandemic?

The City has a responsibility to ensure employee health and safety in the workplace. If it does not, the City may be responsible for the illness or death of City employees. Additionally, if a significant number of essential employees get sick, it could impact the City's ability to provide essential services to Austin residents, such as electricity, water, and emergency services. Also, without adequate and effective plans and policies, departments may approach employee health and safety inconsistently. For example, some managers may prioritize continuity of operations over employee health and safety. This audit could evaluate whether the City has effectively managed employee health and safety during the first six months of the pandemic and make recommendations on how to improve management moving forward.

Additional Observation

In April 2020, the City received approximately \$170.8 million in funding from the federal Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The City may also be eligible for reimbursement from the Federal Emergency Management Agency (FEMA) of up to 75% of certain emergency expenses. However, if the City fails to follow federal funding requirements or fails to keep adequate records to demonstrate compliance, the federal government has the authority to claw back, or recover, previously awarded funds. To reduce risk in this area, it is critical that the City follows all relevant requirements associated with federal funding in an emergency, including [reporting and record retention requirements for the Coronavirus Relief Fund](#) and [FEMA requirements for public assistance funding](#). The City may also consider following guidance, such as that provided in the [COVID-19 Municipal Resource Guide](#) developed by Bloomberg Philanthropies and the United States Conference of Mayors.

Appendix A - Risk Assessment Summary

Public Health Risks		
Sub-risks	Why it is important	What we learned
Planning	If the City does not plan well, the City may not be prepared to respond and save lives when an emergency occurs.	The City has several plans to guide its response to the pandemic, including broad plans for responding to emergencies and more specific plans for responding to disease outbreaks, but there is a risk the plans may not be adequate or effective.
Communication	If the City does not share accurate and timely information with the public in a way that meets the needs of everyone in the community, all members of the public may not have the information they need to keep themselves safe.	In response to the pandemic, the City developed several approaches to communicate critical information about COVID-19 to the public, including launching a media campaign, establishing a COVID-19 website, and providing information in several other languages, but there are risks that the information is not accurate or does not meet the needs of the whole community.
Data	If the City does not have accurate, complete, and timely data, the City may not be able to make well-informed decisions about COVID-19, such as when to lift restrictions.	The City acted quickly to set up two public dashboards for COVID-19 data, but there are risks that the City's data is not accurate, complete, or timely enough to support informed decisions about COVID-19.
Virus response	If the City does not intervene effectively to limit the spread of the virus, more people may get sick and die than otherwise would have. Poor management of the virus could also affect the City's reputation.	The City has established multiple directives, processes for testing, case investigation, contact tracing, protective lodging, and other support to community members, but there is a risk that the response has not been as effective as possible. By the first week of July 2020, it appeared that Austin-Travis County's 7-day moving average per 100,000 people for new infections was worse than other major cities in Texas. During the same time, Austin was identified by the White House Coronavirus Task Force as having the highest positivity rate in the country. Also, several recent news articles have highlighted concerns with the City's response, including that contact tracing processes may be slow and ineffective, drive-thru testing sites may be overwhelmed, and free testing resources may not be going to individuals who need them most (e.g. uninsured populations and communities of color).
Equity	If the City does not ensure its response meets the needs of everyone in the community, the virus may disproportionately affect certain groups.	In May 2020, the City identified that COVID-19 was disproportionately affecting Hispanic and Black communities in Austin. The City reported at the time that while Hispanic individuals made up 34% of the population in Travis County, 56% of reported cases identified as Hispanic, 53% of those hospitalized identified as Hispanic, and 37% of those who died from complications due to the virus identified as Hispanic. Also, while Black residents make up 8% of the Travis County population, they made up 13% of deaths. The City developed a plan for addressing these issues, but there is a risk these efforts may not be effectively mitigating risks to these populations.

Appendix A - Risk Assessment Summary

Economic and Financial Risks		
Sub-risks	Why it is important	What we learned
City budget	If the City does not effectively manage the impact of COVID-19 on its budget, the City may not be able to effectively function or continue to provide essential services to the public.	It appears the City was in a relatively good financial position going into the pandemic, due in part to higher than required reserves and a diverse revenue mix, but there is still a risk of severe budgetary impacts. In response, the City instituted a hiring freeze and a reduction in discretionary budgets for departments.
Emergency expenses	If the City does not effectively manage emergency expenses, the City may not be able to maximize federal financial support.	The City expects to spend at least \$271.6 million on its COVID-19 response, some of which is expected to be supported by federal funding. In April 2020, the City received approximately \$170.8 million in funding from the federal Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to help cover pandemic related expenses. The City may also be eligible for reimbursement from the Federal Emergency Management Agency (FEMA) of up to 75% of certain emergency expenses. There are risks that federal funding may be clawed back, or recovered, by the federal government if funds are not managed in accordance with requirements.
Economic support and recovery funds	If the City does not effectively manage economic support and recovery funding, the City may be unable to reduce the impact of COVID-19 on the economy and may not be able to ensure a maximum return on investment from local and federal dollars.	An estimated \$103.2 million of the City's total estimated pandemic spending is designated for economic support and recovery. This includes more than \$35 million in funding for economic recovery programs to support businesses, non-profits, and other critically affected sectors such as the creative industry and childcare service providers. It also includes funding for programs that provide direct support to Austin residents, such as the \$23.8 million Relief of Emergency Needs for Tenants (RENT) program which provides rental assistance to low income families, the estimated \$27 million Relief in a State of Emergency (RISE) program, which provides direct financial assistance to residents impacted by COVID-19, and the \$10 million utility payment assistance program. There are risks that these programs may not meet their intended objectives and that the City may not ensure a maximum return on investment from local and federal dollars. There is also a potential for fraud or misuse.

Appendix A - Risk Assessment Summary

Continuity of Operations Risks		
Sub-risks	Why it is important	What we learned
Planning	If the City does not plan well, the City may not be able to respond effectively during an emergency and essential operations, such as electricity, water, and emergency services, may be disrupted or halted completely.	The City requires all departments to have a business continuity plan in place to prevent interruptions of critical business functions and to minimize the impact of any interruptions that may occur. It appears that many departments have business continuity plans, but that some may not. If the City does not ensure plans are comprehensive, adequate, and up to date, the City risks not being prepared for disaster. Twenty-four percent of essential workers who responded to a survey conducted by Human Resources said they were not aware or not sure of their essential status prior to the pandemic, suggesting that City planning and training for a public health emergency may not have been adequate.
Employee health and safety	If the City does not ensure employee health and safety during a public health crisis, the City could be responsible for the illness or death of City employees. Operations could also be affected if a significant number of employees are sick. The City's reputation may also be impacted.	A recent survey conducted by the Human Resources Department suggested the City may not be adequately ensuring the health and safety of essential employees. Seventeen percent of essential employees who responded said they did not have the equipment needed to be safe at work, and 21% who responded said they were not able to maintain adequate social distancing from co-workers. Additionally, those who responded indicated they needed masks, gloves, and personal protective equipment.
Remote work	If the City does not effectively manage a remote workforce during a public health crisis, the City may not be able to handle increased strains on the communication infrastructure or increased IT security concerns. There is also a potential for employees to misuse time.	We were not able to determine what plans or policies the City had in place prior to the pandemic to address the needs and risks related to many staff working at home. It is also not known what the City has done to proactively prepare for continuing to handle remote work in the future. However, the majority of remote workers who responded to the Human Resources survey reported their duties had largely remained the same or had little change and that they felt they had the necessary equipment to be productive at home. Also, while IT security risks could have a significant impact on City operations, our office has recently conducted audit work in this area.

Scope

The project scope included risks related to the City's preparedness and response to COVID-19.

The information in this report is subject to change since the COVID-19 pandemic is an unprecedented and rapidly evolving situation.

Methodology

To complete this risk assessment, we performed the following steps:

- reviewed local media coverage related to COVID-19;
- reviewed internal and external City communications related to COVID-19;
- analyzed existing emergency and public health response plans;
- obtained limited input from City staff;
- reviewed City Council actions related to COVID-19;
- reviewed the City's COVID-19 spending framework;
- analyzed results of the City's employee survey on COVID-19;
- analyzed city and state level COVID-19 data;
- researched relevant criteria; and,
- conducted a risk assessment utilizing the information collected to prioritize and assess key risk areas.

Project Type

Non-audit projects under Government Auditing Standards are conducted in accordance with the ethics and general standards (Chapters 1-3).

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

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