



COVID-19 Food Distribution Expenditures:

The City Should Address Gaps
in Emergency Documentation and Procedures

A Report from the City Auditor
Issued October 2022

<http://www.sanjoseca.gov/auditor>

Background

- In March 2020, Santa Clara County requested that San José provide food and necessities throughout the county.
- City staff managed a network of food providers to feed vulnerable residents throughout Santa Clara County into 2021.
- The City has continued to coordinate food services within San José's city limits.

Staff estimated the City would need to increase meals by around **1.3 million meals** a week to meet increased demand during the pandemic

Finding I: The City Spent \$79.3 Million on Food Distribution

Exhibit: Expenditures Mostly Went Toward Direct Food Services, Such as Meal and Grocery Delivery

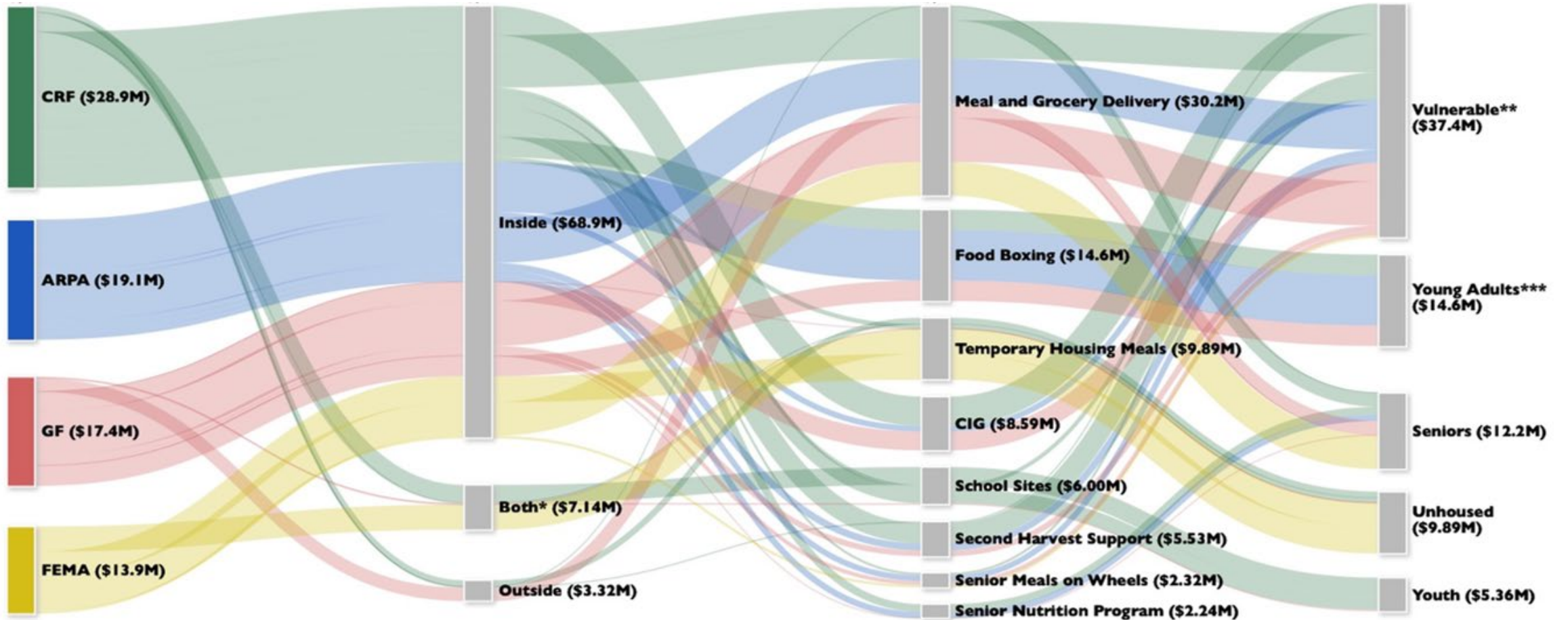


Source: Auditor analysis of FMS data, food distribution contracts, and PRNS contract monitoring documentation for expenses through June 30, 2022.

* Other expenses primarily include supplies and materials.

Finding I: The City Spent \$79.3 Million on Food Distribution

Exhibit: Food Expenses by Fund, Location, Program, and Target Populations



Source: Auditor analysis of the City's Financial Management System data, PRNS contract monitoring documentation, and food distribution contracts. The exhibit shows food expenses from the beginning of the pandemic in March 2020 through June 30, 2022 for food contracts managed by PRNS.

Finding 2: The City Should Gather Additional Documentation to Corroborate Service Delivery and Support the City's Claims to Federal Funds

- Each funding source had different procurement and documentation requirements.
- The City appeared to meet many procurement requirements.
- The City had not fully documented that food contracts followed some procurement requirements for competitive purchases.
- The City had not documented justifications for all non-competitive emergency purchases.

RECOMMENDATION:

The Administration should:

- Collect documentation supporting federal compliance with procurement rules to include in its cost recovery files

Finding 2: The City Should Gather Additional Documentation to Corroborate Service Delivery and Support the City's Claims to Federal Funds

- To monitor contracts, staff collected invoices and performance reports from vendors and cross-referenced the files for consistency.
- The City did not generally corroborate information in performance reports by requesting backup documentation.
- Collecting such documentation helps ensure residents received the services promised under the contracts.

RECOMMENDATION:

The Administration should:

- Retroactively collect sample documentation from vendors to verify adherence with contract terms, reported service delivery, and eligibility of contracted populations

Finding 3: Updating Emergency Guidance Can Prepare the City for Future Emergencies

- The Emergency Operations Plan (EOP) gives an overview of the City's emergency procedures and responsibilities.
- The EOP provides limited guidance on procurements using federal funds during an emergency.
- Purchasing staff created tools during the emergency to help the City meet federal requirements, but they were not consistently used.

RECOMMENDATION:

To prepare for potential contracting needs in future emergencies, the Administration should update the EOP to:

- Revise staff roles and formalize emergency procurement tools developed by Purchasing

Finding 3: Updating Emergency Guidance Can Prepare the City for Future Emergencies

- The EOP does not refer to procedures for contract monitoring.
- Staff followed PRNS guidelines on contract monitoring to manage food vendors.
- PRNS guidelines did not reflect all requirements for federal grants and best practices.

RECOMMENDATIONS:

The Administration should:

- Include a reference to guidance supporting federal grant compliance for contract monitoring in the EOP

PRNS should:

- Update its contract management guidance to include expectations on verifying service delivery through site visits and desk reviews

Conclusion

This report has five recommendations to improve the documentation and procedures around emergency procurements and contract monitoring.

We would like to thank the Department of Parks, Recreation and Neighborhood Services; Finance Department; Office of Emergency Management; City Attorney's Office; and Budget Office.

The audit report is available at www.sanjoseca.gov/auditor

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