

CARES Act and paycheck protection program (PPP)

PPP/CARES Comes with Increased risk of investigation

- The CARES Act establishes a Special Inspector General for Pandemic Recovery (SIGPR) to monitor fraud and abuse with 5 years to pursue.
- Recommendations to take proactive measures to minimize the risk.
 - Implement strong internal controls to track and document the use of funds.
 - Use separate accounts for all PPP/CARES funds.
 - Document, document, document everything here.

Getting Started

1. Set up new accounts at the bank or financial institution.
2. Within your ERP, create new Cash G/L codes to track transactions with the PPP and CARES Act.
3. Within your ERP, create new CM bank accounts to track PPP and CARES Act charges and deposits.
4. Within your ERP, Image all documents, loan applications and work papers. Also include:
 1. Employee counts at year end, at loan origination and eight weeks afterwards. Affiliated company information and whether they were included in the counts or not.
 2. Annual and quarterly financial statements

Processing in you ERP

1. Cash Management: Record the loan funding with wire transfer entry.
2. Payroll: Process as before, but use the new PPP bank account code. Image all time cards and other supporting documentation.
3. Accounts Payable: Create vendor invoices and pay them using the new PPP bank account code. Image the invoices and documentation as to why they are eligible expenses.
4. Cash Management: Monthly reconciliations

Supporting documentation

Documentation	Spectrum	Vista
All PPP/CARES act transactions	CM Transaction History Report	CM Transactions Report
Validity & accuracy of payments	AP/PR Check Register History & Document Imaging	AP Payment History PR Payroll Register Document Management
Existence of bank accounts, proper recording & segregation of funds	CM Recons & G/L Trial Balance	CM Statement Drilldown GL Trial Balance
Work papers, employee counts, affiliated companies, financial data	Document Imaging	Document Management