

GFOA JUST-IN-TIME TRAINING: Coronavirus State & Local Fiscal Recovery Fund Compliance & Reporting Guidance



GOVERNMENT FINANCE OFFICERS ASSOCIATION



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PART 1

OVERVIEW



Eligible Expenditures

- A. To respond to the COVID-19 public health emergency or its negative economic impacts.
- B. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work.
- C. For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency.
- D. To make necessary investments in water, sewer, or broadband infrastructure.

Interim Final Rule (IFR)

Interim Final Rule

- Provides detailed guidance on:
 - **Implementation of the CSLFRF, its eligible uses, and more.**
 - **Definitions/Descriptions**
 - e.g. eligible employers, essential work, eligible workers, premium pay, general revenue, government services etc.
 - **Formula** for calculating reduction in revenue.
 - **Framework** for determining:
 - Whether a project “responds to” a “negative economic impact” caused by the COVID-19 public health emergency.
 - Eligibility of water/sewer/broadband infrastructure projects
- July 16 Deadline to submit comments
 - No estimated timeframe for Final Rule

Central Statements

❑ **RESTRICTIONS:**

- Depositing funds into a pension fund.
- Offsetting a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative interpretation (States/Territories only).
- Generally, using funds as non-Federal match for other Federal Programs.
- Generally, recipients may not use funds directly to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund.

❑ **Covered period: March 3, 2021 - December 31, 2024**

- Unless otherwise noted (e.g. premium pay)

❑ **Costs can be incurred by December 31, 2024**

- Must be **expended by December 31, 2026**

❑ **"Incurred" has the same meaning given to "financial obligation" in 2 CFR § 200.1**

- *Financial Obligation*: "An order placed for property and services and entering into contracts, subawards, and similar transactions that require payment".
 - Definition does not qualify in GAAP

Other Circumstances

❑ Public Health/Negative Economic Impact:

- Beneficiaries may have incurred arrearages prior to the covered period, as long as the expenditure of the prime recipient was in the covered period.

❑ Premium Pay:

- May be used for a period prior to the covered period, but the expenditure of the prime recipient has to be within the covered period.

❑ Eligible Projects:

- Recipients may use funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021 provided that the project costs covered by the funds were incurred after March 3, 2021.

Recipients & Sub-recipients

- ❑ **Recipients:** Eligible entities identified in sections 602 and 603 that received a CSLFRF award:
 - States and the District of Columbia, Territories, Tribal governments, Counties, Metropolitan cities, Non-entitlement units, or smaller local governments.
- ❑ **Sub-recipients:** Entities that receive a sub-award from a recipient to carry out the purposes (program/project) of the award on behalf of the recipient.
- ❑ **Recipients are responsible for sub-recipient monitoring:**
 - Clearly identify to the sub-recipient that the award is CSLFRF.
 - Identify all compliance requirements and any reporting requirements.
 - Initial and ongoing evaluation of each sub-recipients risk of noncompliance.
 - Develop written policies and procedures for sub-recipient monitoring and risk evaluation as well as sufficient document retention policies.



PART 2

UNIFORM GUIDANCE



Uniform Administrative Requirements

1. Review:

- **Applicable Uniform Guidance** (Link to [Electronic Code of Federal Regulations](#)),
- **2021 OMB Compliance Supplement** (expected issuance ... any minute now), and
- **Compliance Supplement Addendum** (expected issuance in Fall 2021)

2. Make a plan:

- Per 2 CFR 200.303, your organization must **develop and implement effective internal controls** to ensure that funding decisions under the CSLFRF constitute eligible use of the funds and document determinations.
- Pay particular attention to processes determining eligibility and period of performance.

Treasury's Internal Controls Best Practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.



Other General Principles

□ Cost Principles

- Review 2 CFR Part 200, Subpart E
- Recipients must implement robust internal controls/effective monitoring to ensure compliance with the Cost Principles (important for building trust and accountability).
 - Direct and indirect administrative costs are eligible expenditures.
 - Current Negotiated Indirect Costs Rate Agreement (NICRA) or De minimis rate of 10% applies.
 - Salaries and related costs (e.g., fringe benefits) are allowable as provided for in the interim final rule

□ Cash Management

- CSLFRF payments made **are not subject to Cash Management Improvement Act.**
 - Funds can be placed in interest-bearing accounts.
 - Governments do not need to remit interest to Treasury.
 - Recipients are not limited to using that interest for eligible uses under the CSLFRF.

□ Equipment and Real property Management

- Must be used for the originally authorized purpose.
- Shall vest in the non-Federal entity (2 CFR 200.311).

Procurement, Suspension & Debarment

- ❑ Recipients are responsible for ensuring that any procurement using CSLFRF funds, or payments under procurement contracts using such funds are consistent with the procurement standards.
 - **2 CFR 200.317 through 2 CFR 200.327**
- ❑ All procurement transactions must follow full and open competition.
 - **2 CFR 200.319**
- ❑ Recipients must have and use documented procurement procedures consistent with standards outlined in:
 - **2 CFR 200.317 - 320**

Program Income

- Generally, program income **includes**, but is not limited to:
 - Income from fees for services performed, the use or rental of real or personal property acquired under Federal awards and principal and interest on loans made with Federal award funds.
- Program income **does not include** interest earned on:
 - advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts. Recipients of SLFRF funds.
- **Review 2 CFR 200.307**

Matching, Level of Effort, Earmarking

- ❑ No matching, level of effort, or earmarking compliance responsibilities are associated with the CSLFRF.
- ❑ Funds may only be used for **non-Federal match in other programs where:**
 1. Costs are eligible under both the CSLFRF and the other program.
 2. Use of such funds is not prohibited by the other program.

Award Terms & Conditions

❑ SAM.gov requirements:

- All eligible recipients are also required to have an active registration with the System for Award Management (SAM)

❑ Recordkeeping requirements:

- 5 years after all funds have been expended or returned to Treasury.

❑ Single Audit requirements:

- Recipients and Sub-recipients that expend more than \$750,000 are subject to Single Audit Act.

❑ Civil Rights Compliance requirements:

- Recipients and Sub-recipients are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of the funds.

Federal Funding Accountability and Transparency Act (FFATA)

Will CSLFRF require FFATA reporting?

- FFATA applies, but Treasury will do the FFATA reporting on the recipients' behalf when they submit their information.
 - This is provided on p. 18 of the [Compliance & Reporting Guidance](#):
 - *“Recipients do not also need to submit separate monthly subaward reports to FSRS.gov as required pursuant to the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, which is included in the CSLFRF Award Terms and Conditions. Treasury will submit this reporting on behalf of recipients using the \$50,000 reporting threshold, timing, and data elements discussed in this guidance. If recipients choose to continue reporting to FSRS.gov in addition to reporting directly to Treasury on these funds, they may do so and will be asked to notify Treasury as part of their quarterly submission.”*

PART 3

KEY CONCEPTS



Reporting Requirements by Recipient Type

Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditures by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter ⁹	By August 31, 2021, and annually thereafter by July 31 ¹⁰
Metropolitan cities and counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments			
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding		By October 31, 2021, and then annually thereafter ¹¹	
NEUs	Not required		

Use of Expenditure Categories (EC)

- **Appendix 1**
 - **Compliance & Reporting Guidance (p. 31)**
- EC must be used to categorize each project.
- * **symbol** denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions.
- ^ **symbol** denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities.
 - **Project demographic distribution**

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff



EC determination if classifications spread to other ECs

If the “project should be scoped to align to a single Expenditure Category” (EC), what about cases where there are multiple expenditure categories associated with the project?

- ❑ Recipients should align the project to the best fit with a single Expenditure Category (e.g. 1.1) and use the project description to further describe the project as needed.
- ❑ Recipients may also define the scope of their projects as needed so that they align to a single Expenditure Category; as the reporting guidance notes, “projects should be defined to include only closely related activities directed toward a common purpose.”

Use of Evidenced-Based Intervention

Compliance & Reporting Guidance Appendix 2 (p. 33)

Strong Evidence	Moderate Evidence	Preliminary Evidence
<ul style="list-style-type: none">• The evidence base can support causal conclusions for the specific program proposed by the applicant with the highest level of confidence.• Consists of one or more well-designed and well-implemented experimental studies conducted on the proposed program with positive findings on one or more intended outcomes.	<ul style="list-style-type: none">• Reasonably developed evidence base that can support causal conclusions.• Evidence base consists of one or more quasi-experimental studies with positive findings on one or more intended outcomes OR two or more non-experimental studies with positive findings on one or more intended outcomes.	<ul style="list-style-type: none">• Evidence base can support conclusions about the program's contribution to observed outcomes.• The evidence base consists of at least one non- experimental study. A study that demonstrates improvement in program beneficiaries over time on one or more intended outcomes OR an implementation (process evaluation) study used to learn and improve program operations would constitute preliminary evidence.

Use of Evidenced-Based Intervention (cont.)

- **Compliance & Reporting Guidance Appendix 2 (p. 33)**
 - Contains additional information on evidence-based interventions for the purposes of the Recovery Plan
 - Only required to report the amount of the total funds allocated to evidence-based interventions in the areas of Public Health, Negative Economic Impacts and Services to Disproportionately Impacted Communities that are marked by an asterisk in Appendix 1: Expenditure Categories.

Project Demographic Distribution

- ❑ Recipients will be asked to identify whether or not the project is serving an economically disadvantaged community.
- ❑ Recipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on:
 - A program or service is provided at a physical location in a Qualified Census Tract (for multi-site projects, if a majority of sites are within Qualified Census Tracts);
 - A program or service where the primary intended beneficiaries live within a Qualified Census Tract;
 - A program or service for which the eligibility criteria are such that the primary intended beneficiaries earn less than 60 percent of the median income for the relevant jurisdiction (e.g., State, county, metropolitan area, or other jurisdiction); or
 - A program or service for which the eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

Evidence and Evaluation Webinar

- ❑ US TREASURY Evidence and Evaluation webinar
- ❑ Wednesday, August 11
- ❑ Register here:
- ❑ https://ustreasury.zoomgov.com/webinar/register/WN_OakgEymnQbOQa48FJnqdDA

DEADLINE: August 31st
INTERIM REPORT



Interim Report

□ ONE-TIME REPORT

- Due August 31st, 2021

□ WHO:

- All recipients EXCEPT NEU's

□ WHAT:

- List of expenditures and obligations by “Expenditure Category” (EC) options.
- Each state/territory must provide an update on distributions to individual NEUs.
 - Including whether the NEU has (1) received funding; (2) declined funding and requested a transfer to the State under Section 603(c)(4) of the Act; or (3) not taken action on its funding.

□ WHEN:

- From the *date of award* to July 31, 2021. **The date of award is the day the recipient certifies the funding.**

□ WHAT ELSE:

- If you plan to have expenditures in **revenue replacement**, your **estimate** belongs in this report.



Recipients who have or plan to have expenditures under Revenue Replacement EC (6.1):

□ Required Programmatic Data:

6: Revenue Replacement

6.1 Provision of Government Services

1. Base year general revenue
 - e.g. revenue in the last full fiscal year prior to the public health emergency.
2. Fiscal year end date
3. Growth adjustment used
 - either 4.1% or average annual general revenue growth over 3 years prior to pandemic
4. Actual general revenue as of the twelve months ending in December 31, 2020.
5. Estimated revenue loss due to the Covid-19 public health emergency as of December 31, 2020.
6. **An explanation of how revenue replacement funds were allocated to government services**
 - (Note: additional instructions and/or template to be provided in users' guide)

Projects Identified (specifically 6.1) in Interim Report

What if recipients “plan to” spend in 6.1 but found other COVID necessary expenditures (such as in EC1) between July 31 and September 30? Can they revise the report? Or should they wait to report in Project & Expenditure once the decisions are final?

- ❑ **If the recipient’s plans have not reached to the stage of obligations, then those anticipated expenses do not yet have to be reported.**
- ❑ Revisions and future obligations/ expenditures can be reported in the subsequent Project & Expenditures Reporting.

DEADLINE: October 31st

PROJECT & EXPENDITURE REPORT

Project & Expenditure Report

QUARTERLY REPORT

- **WHO:**
 - States, territories and tribal governments
 - Metropolitan cities and counties that received more than \$5M
- **WHEN:**
 - Initial report will cover two calendar quarters *from the date of award to September 30, 2021*
 - DUE October 31, 2021.
 - Subsequent quarterly reports will cover one calendar quarter
 - Must be submitted within 30 calendar days after the end of each calendar quarter.

ANNUAL REPORT

- **WHO:**
 - Metro cities and counties that received less than \$5M
 - NEUs
- **WHEN:**
 - Initial reports will cover *the date of award to September 30, 2021*
 - DUE October 31, 2021.
 - Subsequent reports will cover one calendar year
 - Must be submitted by October 31 of that year

Required Information

Projects (and defining projects):

- ❑ Projects are new or existing eligible government services or investments funded in whole or in part by the CSLFRF funding.
- ❑ For each project, the recipient will be required to enter:
 - the project name, identification number (created by the recipient), project expenditure category (see Appendix 1), description, and status of completion.
- ❑ Between 50 and 250 words.
- ❑ For each project, the recipient will be asked to select the appropriate EC based on the scope of the project in Appendix 1.
- ❑ Projects should be scoped to align to a single EC.

Required Information

Expenditures

- ☐ Current period obligation
- ☐ Cumulative obligation
- ☐ Current period expenditure
- ☐ Cumulative expenditure

Project status

- ☐ Not started
- ☐ Completed less than 50 percent
- ☐ Completed 50 percent or more
- ☐ Completed

Required Information

□ **Project Demographic Distribution**

Recipients will be asked to identify whether or not the project is serving an economically disadvantaged community. This may be assumed where programs and services:

- Are provided at a physical location in a Qualified Census Tract;
- Have primary intended beneficiaries who live within a Qualified Census Tract;
- Have eligibility criteria such that the primary intended beneficiaries earn less than 60% of the median income for the relevant jurisdiction; or
- Have the eligibility criteria such that over 25% of intended beneficiaries are below the federal poverty line.

Required Information

□ Subawards

- Specific information required for each subaward (Contract, Grant, Loan, Transfer, or Direct Payment) **greater than or equal to \$50,000**
- Aggregate reporting is required for contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals that are **below \$50,000**.
- This information will be accounted for by expenditure category at the project level.

□ Civil rights compliance

- Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964 on an annual basis.
- This information may include a narrative describing the recipient's compliance with Title VI, along with other questions and assurances.

Required Information – Non-Infrastructure Projects

- Pay particular attention to additional reporting requirements if you are spending in the following categories:
 - Payroll (EC 1.9)
 - Household assistance (EC 2.1-2.5)
 - Small Business Economic Assistance (EC 2.9)
 - Aid to travel or tourism industries (EC 2.11-2.12)
 - Rehiring public sector staff (EC 2.14)
 - Education assistance (EC 3.1-3.5)
 - Premium pay (EC 4.1 and 4.2)
 - Revenue Replacement (EC 6.1)

Required Information – Infrastructure (cont.)

Infrastructure projects (EC 5)

- Each project is required to satisfy the reporting requirements listed but additional reporting includes:
 - Projected/actual construction start date (month/year)
 - Projected/actual initiation of operations date (month/year)
 - Location (for broadband, geospatial location data)

Required Information – Infrastructure

Projects Over \$10M

- ❑ EITHER:
 - Davis bacon certification OR
 - Project employment and local impact report
- ❑ EITHER:
 - Certification that a project includes a project labor agreement OR
 - Project workforce continuity plan
- ❑ Whether the project prioritizes local hires
- ❑ Whether the project has a Community Benefit Agreement with a description of the agreement
- ❑ Additional information for water and sewer and broadband projects

NEU Documentation

- Each NEU will also be asked to provide the following information with their **first report** submitted by October 31, 2021:
 1. Copy of the signed award terms and conditions agreement (which was signed and submitted to the State as part of the request for funding)
 2. Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (which was signed and submitted to the State as part of the request for funding)
 3. Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding

DEADLINE: August 31st

RECOVERY PLAN PERFORMANCE REPORT

Recovery Plan Performance Report

□ WHO:

- States, territories, metropolitan cities and counties **above 250,000 population.**

□ WHEN:

- Initial report due August 31, and annually thereafter.

□ WHAT:

- Each jurisdiction may determine the general form and content of the Recovery Plan, as long as it includes the **minimum information determined by Treasury.**

- **Template has been provided by Treasury, but recipients may modify this as appropriate for their jurisdiction.**

Required Information

□ **Executive summary:**

- High-level overview of the jurisdiction's intended and actual uses of funding including, but not limited to:
 - the jurisdiction's plan for use of funds to promote a response to the pandemic and economic recovery, key outcome goals, progress to date on those outcomes, and any noteworthy challenges or opportunities identified during the reporting period.

□ **Uses of funds:**

- Detailed description of recipient's intended and actual uses of the funds
- Description of any strategies employed to maximize programmatic impact and effective, efficient, and equitable outcomes.
- Explanation of how the funds would support the recipient's communities, populations, or individuals.

Required Information

□ **Promoting equitable outcomes**

- Describe efforts to promote equitable outcomes, including how programs were designed with equity in mind.

□ **Community engagement**

- Include a description of how your jurisdiction's planned or current use of funds incorporates written, oral, and other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities themselves.

Required Information

☐ **Labor Practices**

- Describe workforce practices on any infrastructure projects being pursued (EC 5).

☐ **Use of Evidence**

- Recipients must briefly describe the goals of the project, and the evidence base for the interventions funded by the project.

☐ **Table of expenses by EC**

☐ **Project Inventory**

- A list of all projects by EC

Required Information

□ Performance report

- Key performance indicators for the major CSLFRF funded projects undertaken by the recipient.
- While the initial report will focus heavily on early output goals, recipients must include the related outcome goal for each project and provide updated information on achieving these outcome goals in annual reports.
- To support their performance measurement and program improvement efforts, recipients are permitted to use funds to make improvements to data or technology infrastructure and data analytics, as well as program evaluations.

Required Performance Indicators and Programmatic Data

- ❑ **Household assistance:**
 - (EC 2.2, 2.5, EC 3.10-3.12)
- ❑ **Negative Economic Impacts:**
 - (EC 2)
- ❑ **Education Assistance:**
 - (EC 3.1-3.5)
- ❑ **Healthy Childhood Environments:**
 - (EC 3.6-3.9)

Ineligible Activities: Tax Offset Provision (States & Territories only)

- In each reporting year, States and territories will report certain items related to the Tax Offset Provision 31 CFR 35.8.
 - **Revenue-reducing Covered Changes**
 - **Baseline Revenue**
 - **Actual Tax Revenue**
 - **Reduction in Net Tax Revenue**
 - **Any Revenue-increasing Covered Changes**
 - **Net reduction in total spending, and tables of specific spending cuts**



More GFOA Member Questions

PENDING: Tax Compliance for Beneficiaries

Will there be required tax documentation for individual beneficiaries receiving assistance (whether cash, rent assistance, utility assistance)? If the payments are made to the landlord or the utility, is it included in gross income?

PENDING: Local procurement rules for Eligible Expenditures “C”

Do local procurement policies apply if recipients plan to use the funds for eligible Government Services as defined in the Interim Final Rule?

PENDING: Cooperative Purchasing Arrangements

There is concern that federal procurement (competitive bidding) requirements do not formally recognize the use of cooperatives purchasing arrangements in lieu of competitive bidding. Will there be recognition of such procurement arrangements in forthcoming resources, such as the users guide?



Resources

Evidence and Evaluation Webinar

- ❑ US TREASURY Evidence and Evaluation webinar
- ❑ Wednesday, August 11
- ❑ Register here:
- ❑ https://ustreasury.zoomgov.com/webinar/register/WN_OakgEymnQbOQa48FJnqdDA

Helpful Resources

□ Treasury Resources:

- [Treasury's ARPA Main Website](#)
- [Request Funding](#)
- [Interim Final Rule](#)
- [FAQs \(July 19, 2021\)](#)
- [Non-entitlement Unit of Government Information](#)
- [Compliance and Reporting Guidance](#) – including performance report template

□ GFOA Resources:

- [Coronavirus Response Resource Center](#)
- [Analysis of the American Rescue Plan](#)
- [**ARPA Revenue Replacement Calculator**](#)
- [CSLFRF Guidance Frequently Asked Questions](#)
- [GFOA Guiding Principles](#)

THANK YOU!



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