




American Rescue Plan Update

Treasury Coronavirus Local Fiscal Relief
Fund

2021 AAC Annual Conference

Agenda

- Eligible Uses: Breaking down popular eligible uses
 - Treasury Policy Update
 - Navigating Compliance
 - Reporting Breakdown
 - Project Expenditure Categories
 - Overview of FAQs Responses from Treasury regarding CLFRF Reporting Requirements
 - Questions
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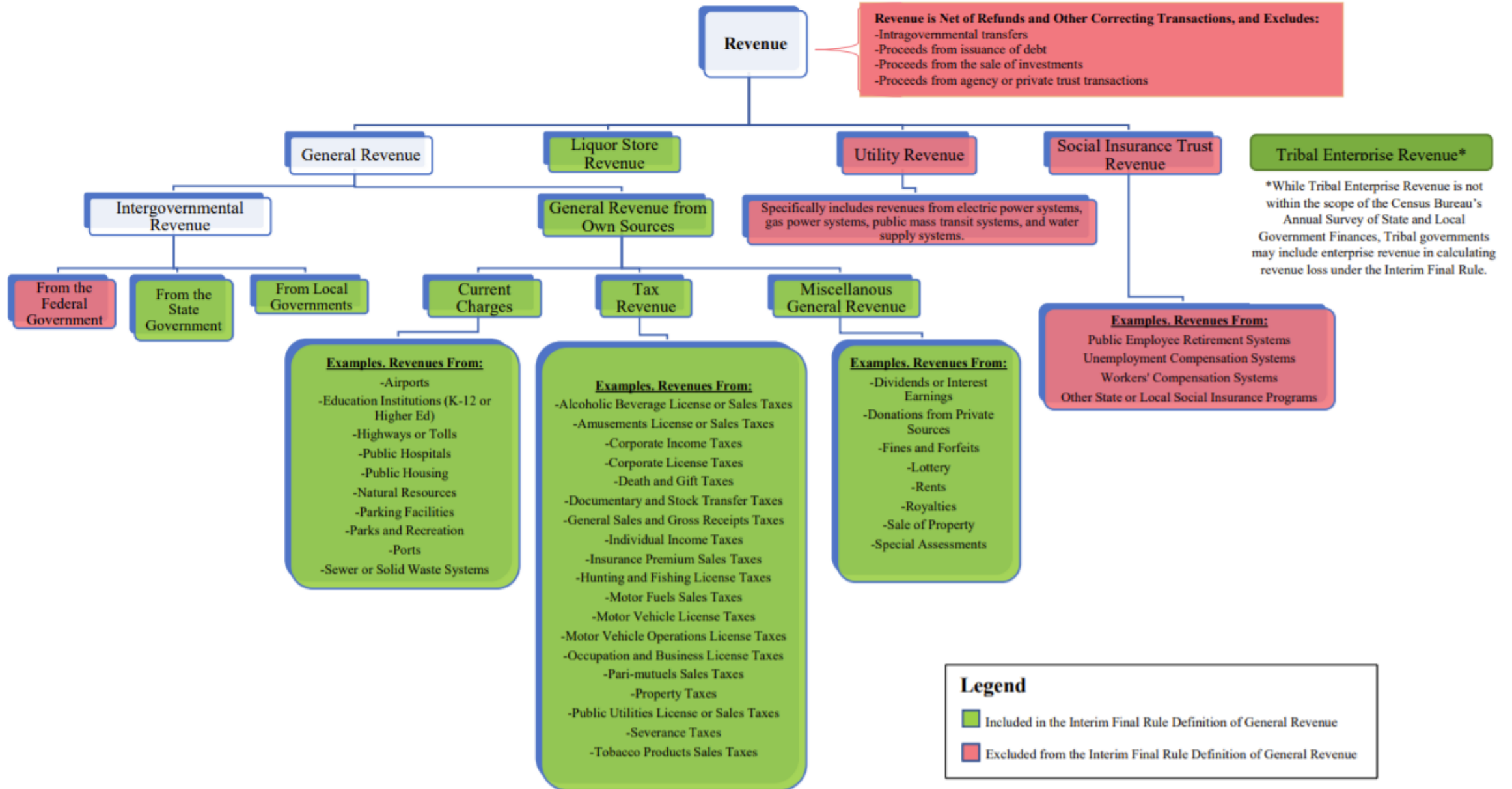
Eligible Uses

Breaking down popular eligible uses

Revenue Replacement

- This calculation should be done FIRST.
- Recipients should calculate revenue on an entity-wide basis (Revenue Loss DOES NOT have to be due to COVID-19).
- These funds can be used for the provision of government services.
- CANNOT be used for ineligible uses.
 - Extraordinary deposits into pension funds
 - Funding debt service
 - Legal settlements or judgments
 - Deposits to rainy day funds or financial reserves

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Public Health/Public Safety Payroll and Benefits

- Funds may be used for payroll and covered benefits expenses to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency. Eligible employee types include:
 - Public safety
 - Public health
 - Health care
 - Human services, and similar employees, including first responders,
- Paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.

Premium Pay

- Premium pay is defined to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives
 - In an aggregate amount not to exceed \$25,000 per eligible worker.
- Premium pay may be provided retrospectively for work performed at any time since the start of the COVID– 19 public health emergency (January 27, 2020), where those workers have yet to be compensated adequately for work previously performed.
- The IFR defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others.
 - A worker would not be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence.

Premium Pay Eligible Sectors

[\(Treasury Interim Final Rule, p. 26820, May 17 2021\)](#)

Health Care	Emergency Response	Sanitation, Disinfection, and Cleaning Work
Maintenance Work	Grocery Stores, Restaurants, Food Production, and Food Delivery	Pharmacy
Biomedical Research	Behavioral Health Work	Medical Testing and Diagnostics
Laundry Work	Family or Child Care	Social Services Work
Public Health Work	Vital Services to Tribes	Any work performed by an employee of a State, local, or Tribal government
Educational Work, School Nutrition Work, and other work required to operate a school facility	Home and Community-based Health Care or Assistance with Activities of Daily Living	Solid Waste or Hazardous Materials Management, Response, and Cleanup Work
Elections Work	Work requiring physical interaction with patients	Dental Care Work
Transportation and Warehousing	Work at hotel and commercial lodging facilities that are used for COVID-19 mitigation and containment	Work in a mortuary
Work in critical clinical research, development, and testing necessary for COVID-19 response		

A blue ribbon graphic with a folded end on the left side, containing the text "Treasury Policy Update" in white. The ribbon is a solid blue color and has a 3D effect with a darker blue shadow on the left side.

Treasury Policy Update

What We Know

- **August 31, 2021:** Interim Report Due for all recipients
 - **Initial Recovery Plan Performance Report** – for Counties 250,000 or more in population
- Treasury Reporting Portal and User Guide has launched
- **Treasury is applying Uniform Administrative Requirements for Federal Awards (2 CFR 200)** in their entirety, as opposed to the very truncated version applicable to CRF.
- The Uniform Guidance (2 CFR § 200) streamlines and consolidates government requirements for receiving and using federal awards.

What We Don't Know

TBD: Date the Final Rule
Will Be Issued

TBD: Official OIG
Guidance on
Compliance? TBD

Navigating Compliance

How the Treasury Reporting and Compliance Guide Can Help


2 CFR Part 200 Uniform Administrative Requirements and Award Terms and Conditions

Treasury expects a structured approach to administration of funds

Per the CLFRF Assistance Listing, recipients must follow:

- The Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)
- Terms and Conditions of the CLFRF assistance.

2 CFR Part 200 covers the following regulation topics:

- Allowable activities
 - Allowable Costs/Cost Principles (such as administrative costs and salaries/expenses)
 - Cash Management
 - Procurement of Equipment, Supplies, Real Property, Services, etc.
 - Contract Requirements
 - Subrecipient Monitoring
 - Recordkeeping Requirements
 - Single Audit Requirements
 - Civil Rights Compliance
- 

General Guidance – Reporting and Compliance

Allowable Activities: Review program requirements, including Treasury IFR and Award Terms and Conditions to determine eligible uses.

Per 2 CFR 200.303, develop and implement effective internal controls to ensure that funding decisions constitute eligible uses of funds, and document determinations.

Allowable Costs/Cost Principles: Per 2 CFR Part 200, Subpart E, allowable costs are based on the premise that a recipient is responsible for:

- Effective administration of Federal awards,
- Application of sound management practices, and
- Administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award.

Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

Table 1: 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.



General Guidance

Administrative Costs: May use funds for administering the CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

- Costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405.

Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use. See Treasury IFR for details.

General Guidance

Recordkeeping requirements: Maintain records and financial documents for 5 years after all funds have been expended.

- Treasury may request transfer of records of long-term value at the end of such period. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

Eligibility: Counties are responsible for ensuring funds are used for eligible purposes. Generally, recipients must develop and implement policies and procedures, and record retention, to determine and monitor implementation of criteria for

General Guidance

Reporting: Complete financial, performance, and compliance reporting as required in Treasury's Reporting and Compliance Guidance.

- Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied.

Subrecipient Monitoring: Manage and monitor subrecipients for compliance

- Assess risk of noncompliance
- Develop written process/procedures for monitoring and risk assessment

General Guidance

Procurement, Suspension & Debarment: Ensure that any procurement using CLFRF funds, are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable.


Program Income: 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

General Guidance

Equipment and Real Property Management: Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D.


- Equipment and real property acquired under this program must be used for the originally authorized purpose.
- Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the non-Federal entity.
- Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.



General Guidance

Single audit requirements: Recipients and subrecipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.

Civil Rights Act compliance: Ensure no discrimination on basis of race, color, national origin, disability, age, or gender

- Signed assurance when requesting funds
 - Provide annual information on compliance
- 


Consider Future Risks

Will someone reviewing or auditing a procurement file in the next 10 years understand what you did and why you did it?

If not, you may be risking recoupment.

The number one reason for recoupment of awarded federal funds is attributed to deficiencies in the procurement and contracting process

What are the Common OIG Negative Audit Findings?

- Improper contracting
 - Inadequate source documentation
 - Ineligible work performed and claimed
 - Incorrect rates for equipment, labor, and benefits
 - Claims with duplicate benefits
 - Insurance
 - Poor contracting practices result in excessive costs
 - Improper contractor monitoring
- 

Reporting Breakdown

Key Terminology

Cumulative Obligations to Date

- For purposes of reporting in the CLFRF portal, an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment.

Cumulative Expenditures to Date

- For purposes of reporting in the CLFRF portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).

Reporting Requirements by Recipient

- For the CLFRF program, reporting requirements vary by recipient type.
- Detailed instructions for completion and submission of each report are covered in Treasury Reporting Guidance.

Recipient	Interim Report	Project and Expenditure Report	Annual 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 expenditure summary by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter ¹	By August 31, 2021, and annually thereafter by July 31 ²
Metropolitan cities and Counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments		By October 31, 2021, and then annually thereafter ³	Not required
Metropolitan cities and Counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding			
NEUs	Not required		

Table 1 – Reporting Requirements by Recipient

Project Expenditure Categories

How to categorize your project expenditures for reporting

Project Report Flowchart

The relationship between Expenditure
Categories and Projects

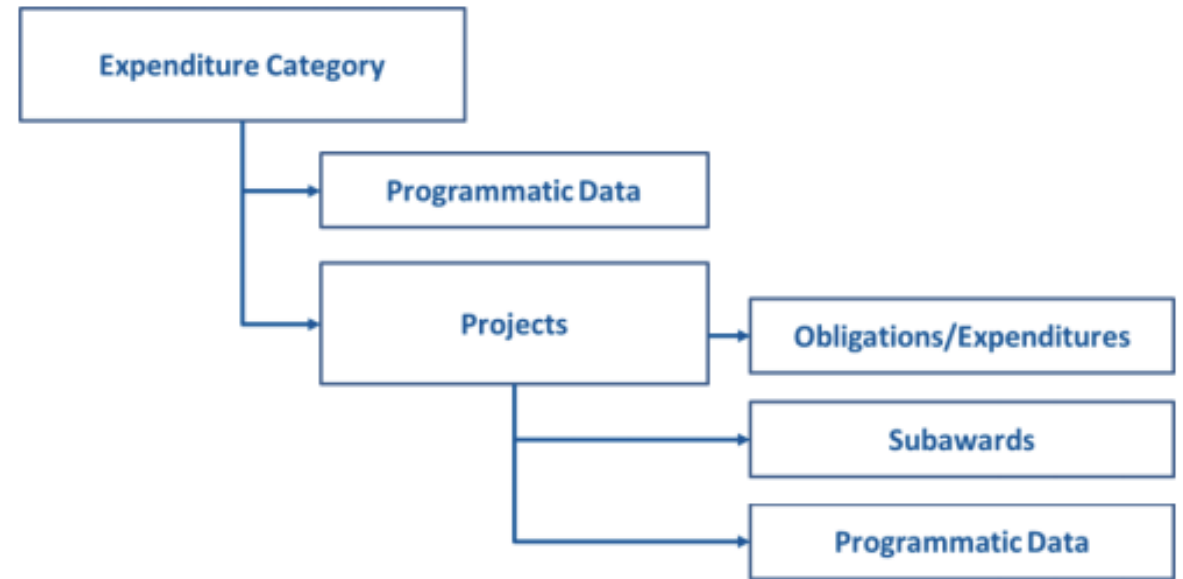


Figure 7 – Project Funding Diagram

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 |

3: Services to Disproportionately Impacted Communities

3.1 Education Assistance: Early Learning* ^

3.2 Education Assistance: Aid to High-Poverty Districts ^

3.3 Education Assistance: Academic Services* ^

3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^

3.5 Education Assistance: Other* ^

3.6 Healthy Childhood Environments: Child Care* ^

3.7 Healthy Childhood Environments: Home Visiting* ^

3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

3.9 Healthy Childhood Environments: Other* ^

3.10 Housing Support: Affordable Housing* ^

3.11 Housing Support: Services for Unhoused Persons* ^

3.12 Housing Support: Other Housing Assistance* ^

3.13 Social Determinants of Health: Other* ^

3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators* ^

3.15 Social Determinants of Health: Lead Remediation ^

3.16 Social Determinants of Health: Community Violence Interventions* ^

4: Premium Pay

4.1 Public Sector Employees

4.2 Private Sector: Grants to Other Employers

5: Infrastructure²⁷

5.1 Clean Water: Centralized Wastewater Treatment

5.2 Clean Water: Centralized Wastewater Collection and Conveyance

5.3 Clean Water: Decentralized Wastewater

5.4 Clean Water: Combined Sewer Overflows

5.5 Clean Water: Other Sewer Infrastructure

5.6 Clean Water: Stormwater

5.7 Clean Water: Energy Conservation

5.8 Clean Water: Water Conservation

5.9 Clean Water: Nonpoint Source

5.10 Drinking water: Treatment

5.11 Drinking water: Transmission & Distribution

5.12 Drinking water: Transmission & Distribution: Lead Remediation

5.13 Drinking water: Source

5.14 Drinking water: Storage

5.15 Drinking water: Other water infrastructure

5.16 Broadband: "Last Mile" projects

5.17 Broadband: Other projects

6: Revenue Replacement

6.1 Provision of Government Services

7: Administrative

7.1 Administrative Expenses

7.2 Evaluation and Data Analysis

7.3 Transfers to Other Units of Government

7.4 Transfers to Non-entitlement Units (States and territories only)



Interim Report

One-time report due August 31, 2021.

- Requires a breakdown by all Expenditure Categories.

Recipients will be asked to enter any obligations and expenditures through March 3 - July 31.

Reporting FAQs

Overview of FAQs Responses from Treasury regarding CLFRF Reporting Requirements

Frequently Asked Questions (FAQ) Reporting Requirements and Process

1.1. If a recipient has received funding as of July 15, 2021 but has not incurred obligations or expenditures as of the end of the reporting period, what are the reporting requirements?

Interim Report: Recipients should submit a report showing no (\$0) obligations or expenditures have yet been incurred.

Recovery Plan: Recipients should submit a Recovery Plan describing the planned approach to the use of funds and planned projects.

1.2. If a recipient has received funding as of July 15, 2021 but has not established projects as of the end of the reporting period, what are the reporting requirements?

No project level reporting is required in the Interim Report. Recipients should submit a Recovery Plan describing the planned approach to the use of funds and planned projects.

Frequently Asked Questions (FAQ) Reporting Requirements and Process

1.4. Does the \$5 million threshold apply to funds received or the total allocation?

The reporting threshold is based on the total allocation expected under the CLFRF program, not the funds received by the recipient as of the time of reporting.

Recipient reporting tiers will be displayed in the reporting portal.

Frequently Asked Questions (FAQ) Reporting Requirements and Process

1.11. Can records be edited or updated after submission? How do I report changes?

- **Interim Report:** No changes will be allowed after the initial submission. Any updates will be captured when the first Project and Expenditure Report is submitted.
- **Quarterly Project and Expenditure Reports:** Updates should be provided in the next quarterly Project and Expenditure Report.
- **Annual Project and Expenditure Report:** Recipients will have an opportunity to provide updates with next quarterly submission date, when the portal opens for quarterly submitters. Additional information will be included in the forthcoming User Guide for the Project and Expenditure Report.
- **Recovery Plan:** Recipients will be allowed to submit updates of their Recovery Plan reflecting any significant changes. They should also provide concurrent updates to the publicly posted version.

Frequently
Asked
Questions
(FAQ)
Reporting
Requirements
and Process


1.14. Is there a penalty for not submitting timely reports?

A record of late reporting could lead to a finding of non-compliance, which could result in development of a corrective action plan, or other consequences.

Frequently
Asked
Questions
(FAQ)
Reporting
Requirements
and Process

1.15. Will the data recipients submit be made publicly available?


Yes, Treasury will make the data submitted by recipients publicly available. The content and timing of release is still under development. Treasury encourages recipients to make their data directly available through their own websites.



Frequently Asked
Questions (FAQ)
Eligible Uses /Use
of Funds
/Expenditure
Categories

3.1. In the event that something is funded/purchased using the Recovery Funds and reported, and then subsequently it is realized that the funding/purchase does not qualify for use of the Recovery Funds, can that report be amended, and a correction be made?

Yes. Recipients can make corrections to reporting to adjust for ineligible uses and must pay for that expense using non-CLFRF funding.



Frequently
Asked
Questions
(FAQ)
Eligible Uses
/Use of Funds
/Expenditure
Categories

3.3. How should recipients report use of funds when the expense is not listed or does not fit one of the Expenditure Categories designations?

Recipients should align the project to the best fit of Expenditure Category and use the project description to further describe the project as needed.



Questions?