



# Treasury SLFRF Update: New Requirements for Revenue Replacement Funds

August 23, 2022




# Agenda

- Treasury's updated Final Rule FAQs and Related Updated Reporting and Compliance Guidance
- What does this mean for Arkansas Counties?
- Key Takeaways
- Questions and Answers



# Treasury's updated Final Rule FAQs and Reporting and Compliance Guidance


- [Treasury Final Rule FAQs Updated July 27th, 2022](#)
  - [Treasury Reporting and Compliance Guidance Updated August 2022](#)
    - Changes requirements for subrecipients with revenue replacement funds
    - Changes requirements for 2 CFR 200 compliance
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# Final Rule FAQ 13.14

## Do recipients need to report subrecipient information for the revenue loss eligible use category?

Treasury Answer: **No.** Treasury is not collecting subaward data for projects categorized under Expenditure Category Group 6 “Revenue Replacement.”

- Treasury has determined that there are no subawards under this eligible use category.
- The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of “carrying out” a portion of a federal award.
- **Recipients’ use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.**



## How is this change reflected in Reporting and Compliance Guidance?

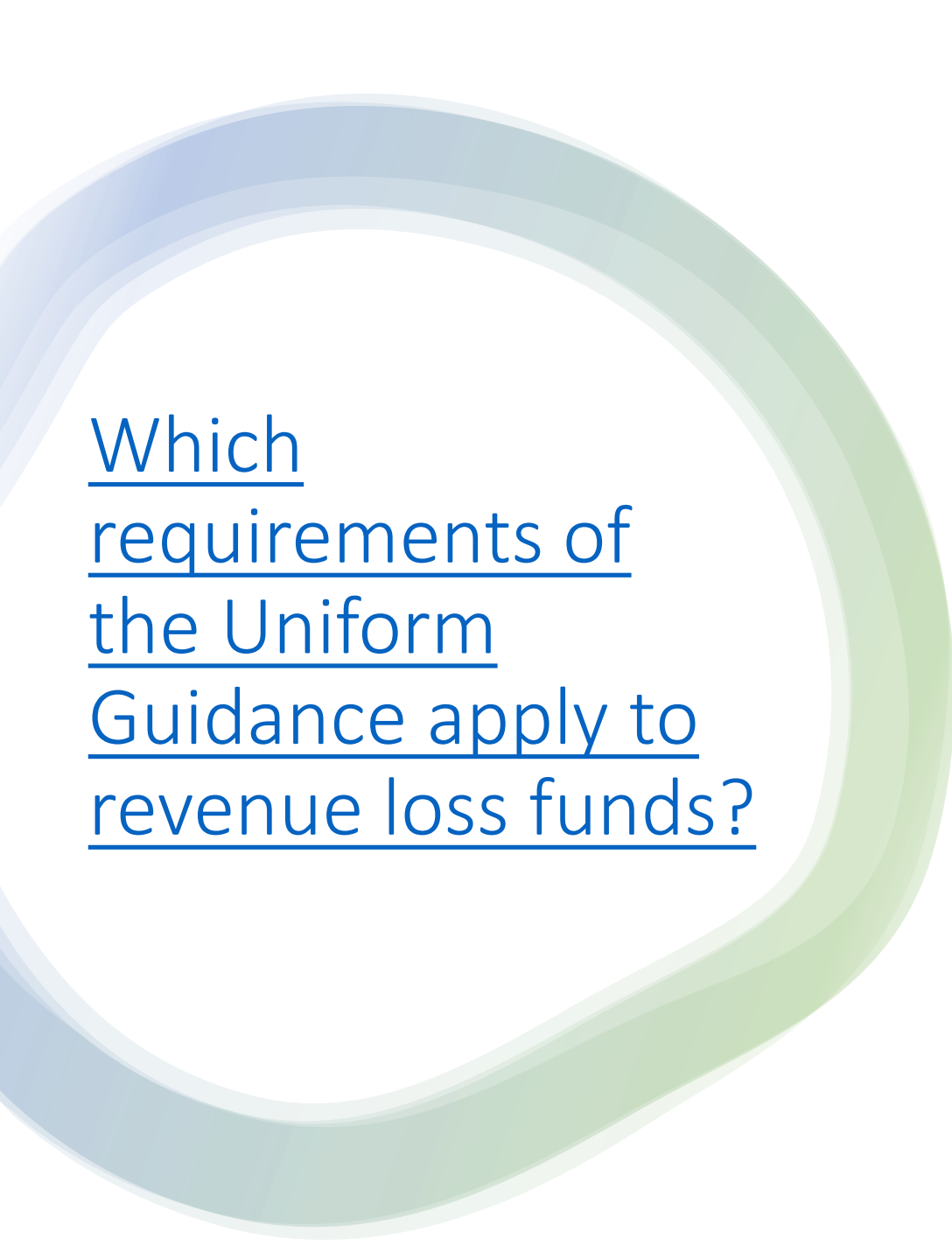
Please note that as outlined in Final Rule FAQ 13.14, recipients' use of funds in the revenue loss eligible use category does not give rise to subrecipient relationships.

- As a result, subaward reporting is not required for projects in the revenue loss eligible use category.

# Final Rule FAQ 13.15

## Which requirements of the Uniform Guidance apply to revenue loss funds?

- The SLFRF award terms and conditions provide that the requirements of the Uniform Guidance, 2 C.F.R. Part 200, apply to SLFRF awards other than such provisions as Treasury may determine are inapplicable to the award and subject to such exceptions as may be otherwise provided.
- The [2022 Compliance Supplement](#) also provided that the requirements of 2 C.F.R. Part 200 are applicable unless stated otherwise.



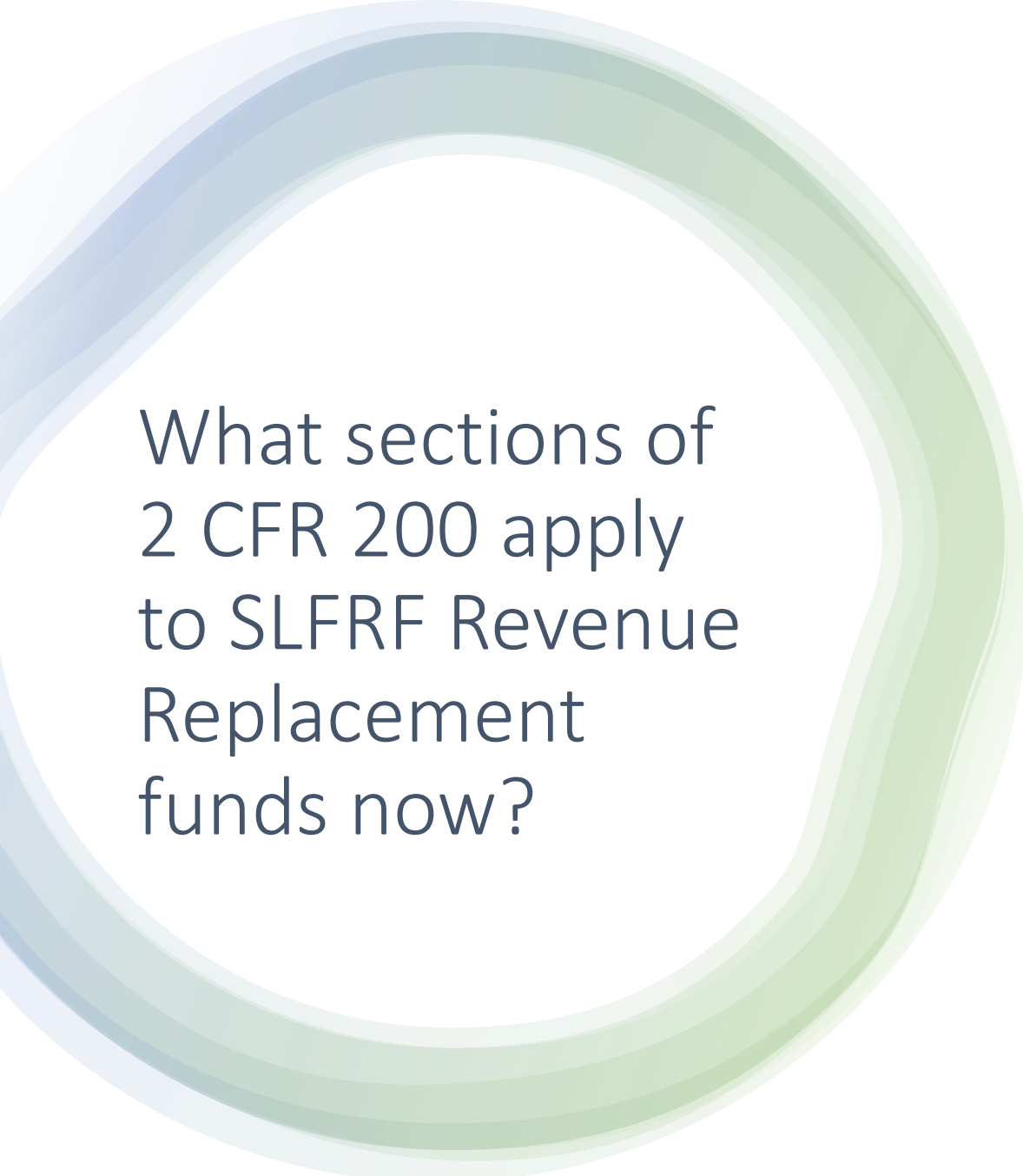
Which  
requirements of  
the Uniform  
Guidance apply to  
revenue loss funds?

- Recipients are required to follow Subparts A, B, C, and F of the Uniform Guidance (2 CFR 200) for expenses categorized under Expenditure Category 6 “Revenue Replacement.”
- However, given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in Subparts D and E of the Uniform Guidance (2 CFR 200) apply to recipients’ use of such funds (SLFRF Revenue Replacement Funds).

# What does this mean?

- **These requirements provide that recipients should not deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for the funds in accordance with laws and procedures for expending and accounting for the recipient's own funds.**
  - Procurement/Purchases/Contracts that involve the use of SLFRF funds should be done in a way that is compliant with state and local requirements.
- **Recipients' use of revenue replacement funds remains subject to the other applicable requirements of the SLFRF program**, including among other things the deadlines for obligations and expenditures and the application of federal anti-discrimination requirements.





What sections of  
2 CFR 200 apply  
to SLFRF Revenue  
Replacement  
funds now?

**The following provisions, as applicable to nature of the project/expenditure, apply to SLFRF Revenue Replacement Funds.**

- [Subpart A - Acronyms and Definitions \(§§ 200.0 - 200.1\)](#)
- [Subpart B - General Provisions \(§§ 200.100 - 200.113\)](#)
- [Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards \(§§ 200.200 - 200.216\)](#)
- [Subpart F - Audit Requirements \(§§ 200.500 - 200.521\)](#)

What sections of Subpart D, Post Federal Award Requirements apply to SLFRF revenue replacement now?

#### **Sub-Part D – Post Federal Award Requirements**

- [200.300 Statutory and national policy requirements.](#)
- [200.301 Performance measurement.](#)
- [200.302 Financial management.](#)
- [200.303 Internal controls.](#)

#### **PERFORMANCE AND FINANCIAL MONITORING AND REPORTING (§§ 200.328 - 200.330)**

- [200.328 Financial reporting.](#)
- [200.329 Monitoring and reporting program performance.](#)

#### **RECORD RETENTION AND ACCESS (§§ 200.334 - 200.338)**

- [200.334 Retention requirements for records.](#)
- [200.335 Requests for transfer of records.](#)
- [200.336 Methods for collection, transmission, and storage of information.](#)
- [200.337 Access to records.](#)
- [200.338 Restrictions on public access to records.](#)

# What sections of Subpart D, Post Federal Award Requirements apply to SLFRF revenue replacement now?

## **REMEDIES FOR NONCOMPLIANCE (§§ 200.339 - 200.343)**

*Note: These sections will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply these provisions with respect to subrecipient relationships.*

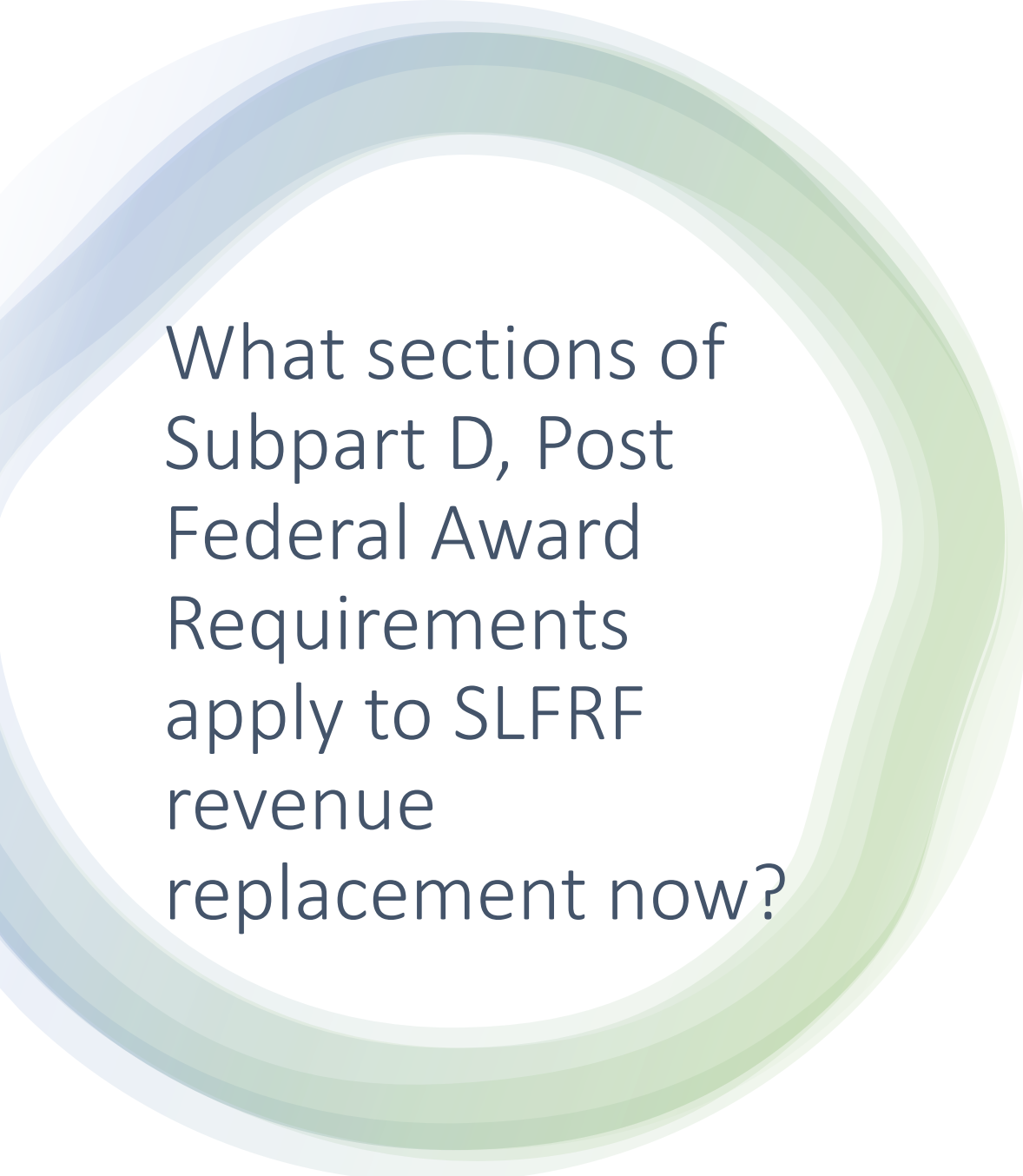
- [200.339 Remedies for noncompliance.](#)
- [200.340 Termination.](#)
- [200.341 Notification of termination requirement.](#)
- [200.342 Opportunities to object, hearings, and appeals.](#)
- [200.343 Effects of suspension and termination.](#)

# What sections of Subpart D, Post Federal Award Requirements apply to SLFRF revenue replacement now?

- [200.344 Closeout.](#)
- [200.345 Post-closeout adjustments and continuing responsibilities.](#)

*Note: These sections will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.*

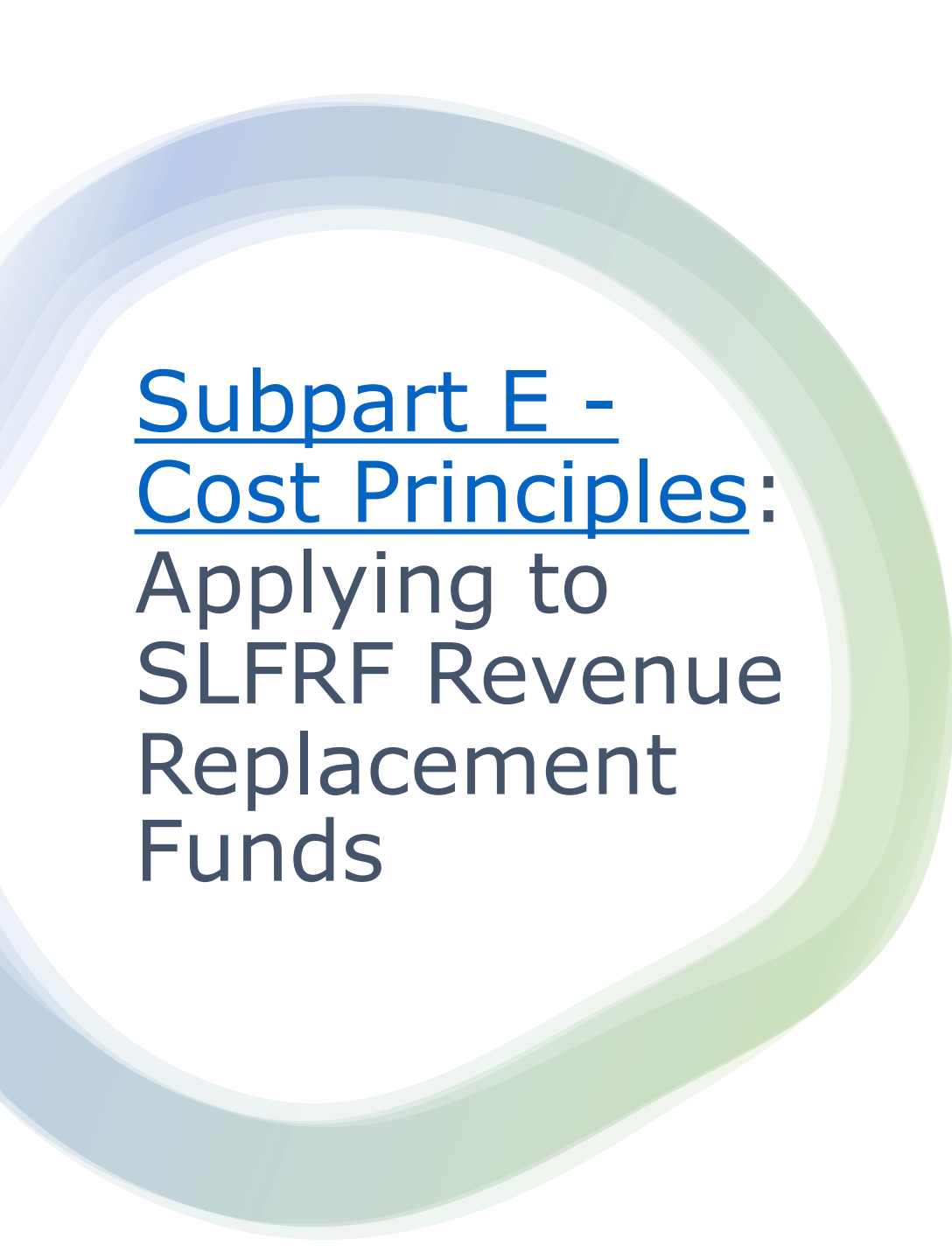
- [200.346 Collection of amounts due.](#)



What sections of Subpart D, Post Federal Award Requirements apply to SLFRF revenue replacement now?

[Subpart E - Cost Principles \(§§ 200.400 - 200.476\)](#)

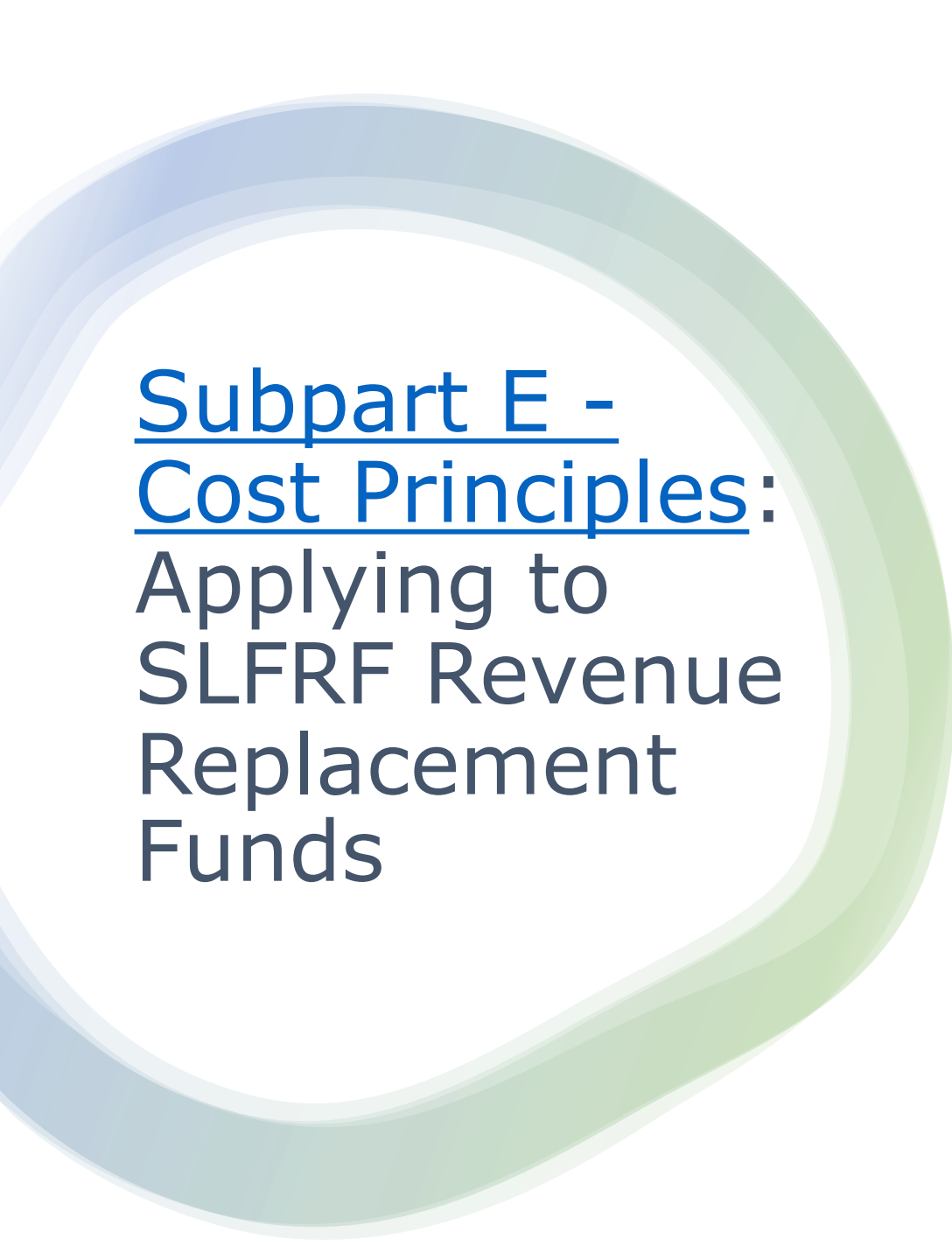
Consistent with the Uniform Guidance, if SLFRF is to be used to cover a cost incurred by a recipient, the cost must be one that is allowable. In determining whether a cost is allowable for purposes of funds used under the revenue loss eligible use category, only the following factors and requirements apply:



## Subpart E - Cost Principles: Applying to SLFRF Revenue Replacement Funds

200.400 Policy guide (a) - (c), and (e) – the following requirements have been translated as applicable to Arkansas Counties.

- The County is responsible for the efficient and effective administration of the Federal award through the application of sound management practices;
- The County assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- The County, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

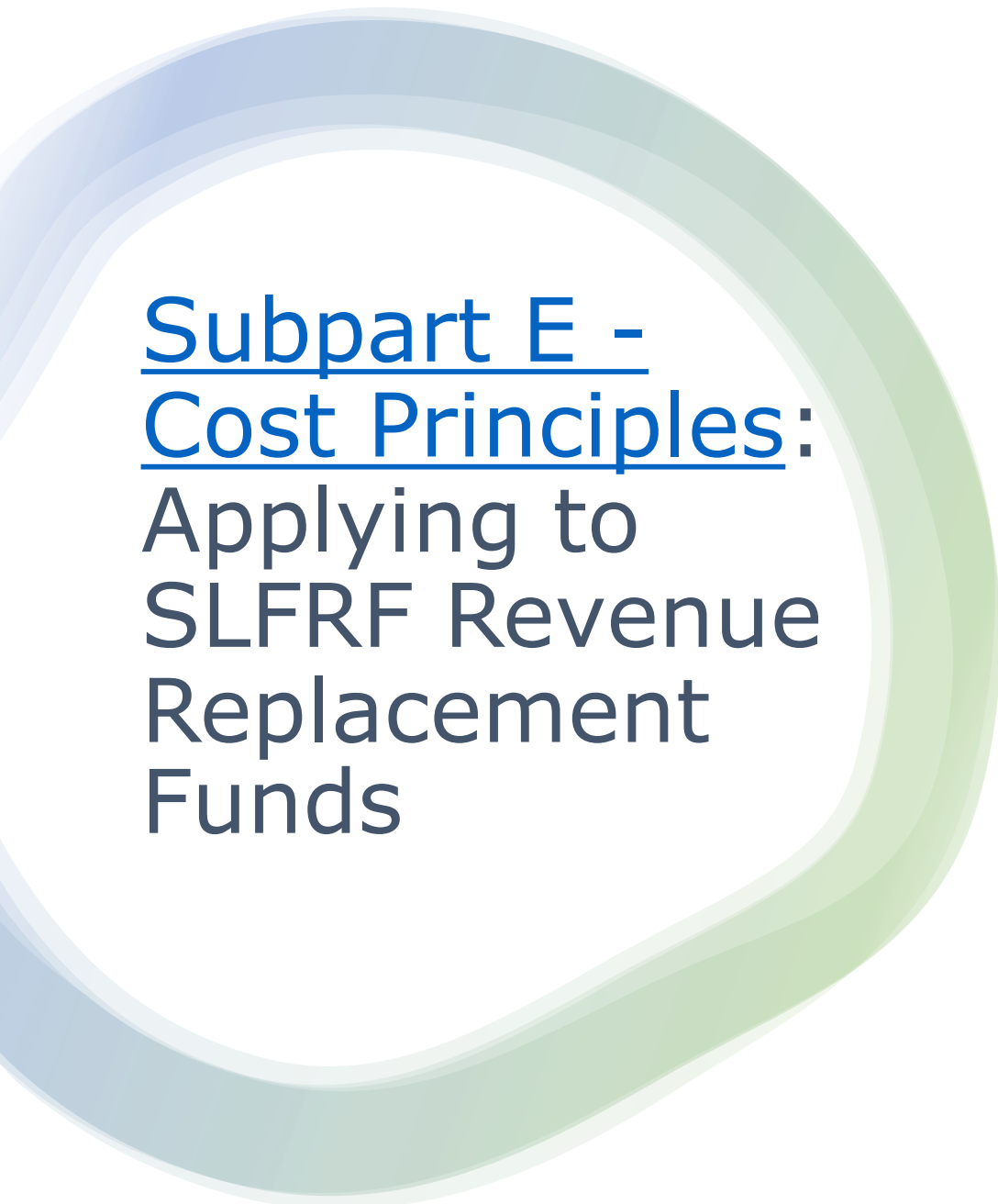


## Subpart E - Cost Principles: Applying to SLFRF Revenue Replacement Funds

### 200.403 Factors affecting allowability of costs (a), (c), (d), (g), and (h)

Factors affecting allowability of costs - Costs must meet the following general criteria in order to be allowable under Federal awards:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be adequately documented per 2 CFR 200.300.
- Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods.



Subpart E -  
Cost Principles:  
Applying to  
SLFRF Revenue  
Replacement  
Funds

200.404 Reasonable costs (e)

- A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- In determining reasonableness of a given cost, consideration must be given to whether the County significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.



# Subpart F – Audit Requirements

[2 CFR Subpart F - Audit Requirements](#) – Depending on your eligibility for electing to use the Alternative Audit process, per Treasury. Counties will be required to comply with the entirety of the Audit Requirements provided in this section of regulations.

- For audits, all counties will be required to prepare appropriate financial statements, including the schedule of expenditures, financial statements, and provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit.

Counties are also required to procure or otherwise arrange for the audit required by this part in accordance with [§ 200.509](#), and ensure it is properly performed and submitted when due in accordance with [§ 200.512](#).

# Subpart F – Audit Requirements

All counties should review 2 CFR Subpart F and the Below Treasury Guidance documents concerning audit requirements specific to SLFRF funds.

- [Treasury 2022 Compliance Supplemental for Standard Audit Requirements](#)
- [Treasury 2022 Compliance Supplemental for Alternative Audit Requirements](#) – Counties receiving \$10 million or less in SLFRF from Department of Treasury and meet other criteria regarding amount of SLFRF or other federal funds expended in a fiscal year.
- Counties should consult the [Federal Audit Clearinghouse](#) to see examples of Single Audit submissions.

# What Sections of 2 CFR 200 Subpart D – Post Federal Award Requirements do not apply to SLFRF Revenue Replacement Funds

- [§ 200.304 Bonds.](#)
- [§ 200.305 Federal payment.](#)
- [§ 200.306 Cost sharing or matching.](#)
- [§ 200.307 Program income.](#)
- [§ 200.308 Revision of budget and program plans.](#)
- [§ 200.309 Modifications to Period of Performance.](#)
- **PROPERTY STANDARDS**
- [§ 200.310 Insurance coverage.](#)
- [§ 200.311 Real property.](#)
- [§ 200.312 Federally-owned and exempt property.](#)
- [§ 200.313 Equipment.](#)
- [§ 200.314 Supplies.](#)
- [§ 200.315 Intangible property.](#)
- [§ 200.316 Property trust relationship.](#)
- **PROCUREMENT STANDARDS**
- [§ 200.317 Procurements by states.](#)
- [§ 200.318 General procurement standards.](#)
- [§ 200.319 Competition.](#)
- [§ 200.320 Methods of procurement to be followed.](#)
- [§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.](#)
- [§ 200.322 Domestic preferences for procurements.](#)
- [§ 200.323 Procurement of recovered materials.](#)
- [§ 200.324 Contract cost and price.](#)
- [§ 200.325 Federal awarding agency or pass-through entity review.](#)
- [§ 200.326 Bonding requirements.](#)
- [§ 200.327 Contract provisions.](#)
- **Performance and Financial Monitoring and Reporting**
- [§ 200.330 Reporting on real property.](#)
- **SUBRECIPIENT MONITORING AND MANAGEMENT (§§ 200.331 - 200.333)**
- [§ 200.331 Subrecipient and contractor determinations.](#)
- [§ 200.332 Requirements for pass-through entities.](#)
- [§ 200.333 Fixed amount subawards.](#)



# Key Takeaways

- Arkansas Counties no longer have to comply with federal procurement regulations when spending **Treasury SLFRF Revenue Replacement Funds**.
- **These changes apply to SLFRF Revenue Replacement Funds only.**
  - Regular SLFRF funds are still subject to compliance with all of 2 CFR 200 as directed by Treasury.
- Arkansas Counties must go through federal audit. However, Treasury has provided guidance on standard and alternative approaches to Audits. See
  - [2022 Compliance Supplement](#)
  - [Alternative Compliance Examination Engagement Report User Guide](#)
  - [Treasury SLFRF August 2022 Reporting and Compliance Guide](#)

# Key Documents and Guidance Resources to Review Regarding Administrative Compliance Changes

- [Treasury Final Rule FAQs](#)
- [Treasury Reporting and Compliance Guidance Updated August 2022](#)
- [2 CFR 200 – Uniform Guidance](#)
- [Treasury 2022 Compliance Supplemental for Standard Audit Requirements](#)
- [Alternative Compliance Examination Engagement Report User Guide](#)



Questions?