

Tracking Your ARPA Fiscal Recovery Fund Compliance

Georgia Municipal Association
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ARPA CSLFRF Background

- \$1.4 billion in ARPA Local Fiscal Recovery Funds for cities in Georgia
- 23 Metropolitan cities—funding direct from Treasury
- 515 Non-entitlement cities—funding direct from Treasury via state portal
- Cities have received the first of two payments
- Anticipate second payment in May 2022

Key Program Features

- Fiscal Recovery Funds = Just what it says!
 - Response to and recovery from the COVID-19 public health emergency
- Eligible Uses
 - Support public health response
 - Address negative economic impacts
 - Replace public sector revenue loss
 - Provide premium pay for essential workers
 - Invest in water, sewer, and broadband infrastructure

Timeframes and Deadlines

- Funds can cover expenses incurred after March 3, 2021
 - “Obligation” of funds by December 31, 2024
 - “Expenditure” of funds by December 31, 2026
 - “Project and Expenditure Reports” — Due dates stratified based on organizational status
- Non-entitlement units and metropolitan cities with populations of < 250,000 which received less than \$10 million—First report due on April 30, 2022

ARPA SLFRF Policy Sources

- U.S. Congress
- U.S. Treasury Department
- U.S. Office of Management and Budget

- Statutes
- Regulations
- Guidance
- Award Terms and Conditions

The Life Cycle of a Grant

- Pre-award
 - Solicitation
 - Application
 - Awarding Agency Review
 - Award
- Post-Award
 - Incur Cost
 - Draw Payment
 - Disburse Payment
 - Document Transactions
 - Report Claims
 - Audit
- After-the-Award
 - Close-out
 - Continuing Accountability

U.S. Treasury Department Outreach

- Direct contact with states and entitlement cities and counties
- Initial reliance on state government to set up portal for non-entitlement units
- Expectations
 - Organizational identification
 - Active DUNS number
 - Registration in SAM.gov

Recipient Receipt and Execution of Grant Agreement

- Treasury Department Terms and Conditions
 - Includes Compliance with most of OMB's "Uniform Guidance" (2 CFR 200)
- Certifications
 - Title VI of the Civil Rights Act of 1964
 - Financial Management Capabilities
 - Federal Fund Identification
 - Fund Accounting
 - Effective Internal Control over Cash, Property and Other Assets
 - Written Procedures to Determine Cost Allowability
 - Timely Accurate Reporting

If You Haven't Already Done So...

- Capture, Retain and Use the Applicable Federal Policies
- Monitor Treasury Department ,OMB, and GMA Websites
- Identify Reliable Sources of Technical Assistance

Applicable Federal Policies

- American Rescue Plan Act ([PL 117-2](#))
- U.S. Treasury Department Regulations ([31 CFR 35](#)) – begins page 404 of PDF
- Interim Final Regulations ([5/10/21](#))
- [Final Regulations](#) (1/6/22)
- [OMB Regulations \(2 CFR 200\)](#) (12/26/13)
- OMB [FAQ's](#) on 2 CFR Implementation Plans for New Programs of the ARP Act
- OMB 2021 [Compliance Supplement](#), Addendum No. 1 (12/3/21)
- [Treasury Department Guidance](#)
- Supplementary Information (5/10/21)
- Supplementary Information (1/6/22)
- Supplementary Information (CRF)
- [Compliance and Reporting Guidance](#) (11/15/21)
- [Updated Frequently Asked Questions](#) (11/15/21)
- [NEU and Non-UGLG Agreements and Supporting Documents Users Guide](#) (12/14/21)
- [Project and Expenditure Report User Guide](#) (1/7/22)
- Assistance Listing Number 21.027 ([www.SAM.gov](#))
- [Overview of the Final Rule](#) (1/6/22)
- * [Treasury Department Standard Terms and Conditions](#)

Federal Cash Management

- Internal Controls (Safeguarding)
- Cash Depositories
 - No Specific Requirements
 - Insured Accounts, if Possible
- Interest Earned is Unrestricted and Not Bound by SLFRF Requirements
 - May Be Used for Any Purpose for Which the City Is Permitted to Expend Funds

Determine Uses of Funds

- Final Regulations (31 CFR 35.6)
 - Responding to public health emergency and its negative economic impacts (31 CFR 35.6(b))
 - Providing premium pay for eligible workers (31 CFR 35.6(c))
 - Providing government services (31 CFR 35.6(d))
 - Making necessary investments in water, sewer, and broadband infrastructure (31 CFR 35.6 (e))
- Enumerated uses vs. non-enumerated uses

Document Rationale for Use Selection(s)

- Prepare a project narrative
 - You're going to need it later
- Features
 - Document need
 - State objectives
 - Describe methodology/program design
 - Identify resources used (allowable costs)
 - Describe results

Create Project/Program Budget(s)

- Templates
 - Standard Form 424A (Non-construction)
 - Standard Form 424C (Construction)
 - Selected Items of Cost List (2 CFR 200.420-476)

Establish a Chart of Accounts for Each Project/Program

- Non-construction Projects
 - Personnel
 - Fringe Benefits
 - Travel
 - Equipment
 - Supplies
 - Contractual
 - Construction
 - Other

Establish a Chart of Accounts for Each Project/Program

- Construction
 - Administrative and legal expenses
 - Land, structures, rights-of-way
 - Relocation expenses and payments
 - Architectural and engineering fees
 - Project inspection fees
 - Site work
 - Demolition and removal
 - Construction
 - Equipment
 - Miscellaneous
 - Contingencies
 - Program income

Allowable Costs

- 2 CFR 200, Subpart E
- General Tests of Allowability
- Selected Items of Cost
- Indirect Cost Recovery

General Tests of Allowability

- Necessary
- Reasonable
- Allocable
- Conform to Properly Imposed Limitations
- Consistent with Uniform Policies Applicable to All Expenditures
- Consistently Treated
- Determine in Accordance with Generally Accepted Accounting Principles
- Not Included as a Cost or a Matching Contribution for Any Other Federal Program
- Adequately Documented
- Net of Applicable Credits

Selected Items of Cost

- 2 CFR 200.420-476
- Why were these items selected
- Allowability distinctions
- “Failure to mention a particular item of cost is not intended to imply that it is allowable or unallowable; rather determination as to allowability in each case should be based on the treatment provided for similar or related items of cost and based on the principles described in... [the general tests of allowability]. (2 CFR 200.420)

Incur Project/Program Costs

- Posting to the Project Ledger
- “On-board” Personnel (2 CFR 200.430-431)
- Make Purchases (2 CFR 200.318-327)
- Execute Subawards (2 CFR 200.331-333)
- Pay Beneficiaries

Personnel Costs

- Job descriptions
- Classification and compensation plans
 - Salaries, wages, other compensation
 - Fringe benefit policies
- Back-up documentation requirements
 - Charging (allocating) to revenue sources
 - Full disclosure of all effort
 - After-the-fact information
 - System of “internal controls” (timing, certification, sign off, etc.)

Federal “Lower Tier” Relationships

- Subrecipient vs. Contractor
 - Assistance vs. Procurement
 - 2 CFR 200.331—Indicative Features
 - Differing Procedures
- Subrecipient Management and Monitoring (2 CFR 200.332)
- Procurement (2 CFR 200.318-327)

Purchases

- Written Procurement Procedures
- Code of Conduct
- Acquisition Planning
- Solicitation and Competition
- Acceptable Methods of Purchasing
 - Micro-purchase
 - Small Purchase
 - Sealed Bids
 - Proposals
 - Non-competitive Procurement
- Source Evaluation and Selection
- Contract Award (Required Clauses: 2 CFR 200, Appendix II)
- Contract Administration
- Procurement Records (2 CFR 200.318(i))

Property Asset Management

- 2 CFR 200.310-316
- Features
 - Property Records (Data Elements) (2 CFR 200.313(d)(1))
 - Physical Inventory
 - Control Procedures to Prevent Loss, Damage or Theft
 - Maintenance Procedures
 - Competitive Disposal Procedures

Subawards

- “Due Diligence” by Pass-through Entities
 - Determine Nature of Relationship
 - Conduct Risk Assessment (2 CFR 200.332(b))
 - Issue Subaward Agreement (2 CFR 200.332(a)) with Treasury Terms and Conditions
 - Monitor Subrecipient Activities
 - Mandatory Steps
 - Discretionary Steps

Payments to Beneficiaries

- Individuals
- Families
- Small Businesses
- Public Non-profit Institution/Organization
- Private Non-profit Institution/Organization

- Internal Control (Determining Beneficiary Eligibility)
- Treasury Terms and Conditions **do not flow**

Records

- 2 CFR 200.334-338
- Retention
 - All records pertinent to the award
 - Duration: five years (per ARPA statute)
 - Trigger: Final expenditure or return of funds to Treasury
- Format
 - Electronic/machine readable
 - Original hard copy
- Access
 - Authorized officials
 - General public

Reporting

- Treasury Required Data Elements (Compliance and Reporting Guidance; Users Guide)
 - “Project and Expenditure Report”
 - By “Expenditure Category” (71 Slots)
- Tied to Allowable Activities NOT Items of Expense
- Data Elements
- Project Name
- Identification Number
- Expenditure Category
- Narrative Description
- Status of Completion
- Obligations (Current Period and Cumulative)
- Expenditures (Current Period and Cumulative)
- Subawards
- Required Specific Programmatic Data

Audit

- Requirements of the Single Audit Act and Subpart F, 2 CFR 200
- Prepare the “Schedule of Expenditures of Federal Awards” (2 CFR 200.510(b))
- Enter the Total of FRF Expenditures Incurred During the Fiscal Year
- Procure Audit Services for Federal Award Coverage (2 CFR 200.509)
- Audit Objectives
 - Financial Accuracy
 - Internal Control
 - Compliance

Single Audit SLFRF Compliance Criteria

- Allowable (Eligible) Activities
- Allowable Costs
- Performance Period
- Procurement/Suspension and Debarment
- Subrecipient Monitoring
- Reporting

Close-out

- Compile and Submit Final Reports
- Settle up Federal Cash
- Determine Disposition of Grant-Acquired Property

Continuing Accountability

- Maintain and Control Property Acquired with FRF Grants
- Retain All Records Pertinent to the Grants and Provide Access to Authorized Personnel