

8/7 County Webinar

August 7th, 2020

Agenda

- I. Welcome from Executive Director Julie Lorenz
- II. Recovery Office Updates
- III. New Federal Guidance
- IV. FAQs
- V. Next Steps

Agenda Item I

Welcome from Office of
Recovery Executive Director –
Secretary Julie Lorenz

Agenda Item II

Office of Recovery Updates

Office of Recovery Updates

- General Updates
 - The Office of Recovery is continuing to expand staff. We will have additional staff Round 1 management/outreach who you will meet next week.
- Round One Updates
 - We have posted the a single FAQ document with all of questions so far on the website.
 - So far, we have provided over 100 guidance interpretation responses and continue to respond to general questions via the recovery@ks.gov email inbox.
 - We are looking at ways to be more flexible and practical in the report/plan approval process. We are also working to provide you all a new reporting document to use **beyond** the 8/15 deadline that will incorporate new federal reporting requirements. The forms for the 8/15 deadline will not change.
 - Since 8/15 is a Saturday, there will be a grace period until Monday, 8/17 At 5:00PM.
- Round Two Updates
 - The State Finance Council has approved all proposals for the investment areas of Public Health, Education, and Economic Development. They will consider the Connectivity proposals on Monday August 10th at 11AM after additional review. All materials from SFC, LBC, and SPARK can be found here: <https://covid.ks.gov/spark-meetings/>
 - Agencies are beginning to develop implementation processes for approved Round 2 programs. We will have more details on applications, distribution timelines, etc. in the coming weeks.

Office of Recovery Updates

- **Key clarification:**
 - **Q: If a State transfers Fund payment to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?**
 - A: Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
 - **Q: Are counties permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act??**
 - A: Yes. Recipients are permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
 - **We are expecting additional guidance on the ability to hold funds beyond 12/30 for a federal audit.**
 - **We have posted Federal Audit Requirement Guidance on the [covid.ks.gov](https://www.covid.ks.gov) website.**

Office of Recovery Updates

- Additional key clarifications:
 - **Can non-profits be reimbursed for loss of fundraising revenue?** Counties may make grants to small businesses, including non-profits, to reimburse the costs of business interruption caused by required closures, so long as the expenditures are reasonably determined to be necessary. Non-profits are also eligible for public health related funds such as grants for PPE, cleaning supplies, etc.
 - **Can small businesses get money for income losses even if they didn't close?** Yes, businesses do not have to close in order to receive a grant or loan if the county determines that their losses are due to the COVID-19 emergency.

Office of Recovery Updates

- Potentially protected sheet on County Reimbursement and Reporting Spreadsheet:
 - **We have been notified that some new versions of the county reimbursement and reporting spreadsheet have some sheets as password protected like the “County Report Summary”:** That issue should be fixed on the version online. If you are still having issues, the password is “**donotuse**” for any protected sheets.

Next Steps for Guidance Interpretation Requests

- **We would like counties to utilize resources like their county counsel and FAQs to make county-level determinations as much as possible for eligibility of expenses.** Consult the federal guidance, state FAQs, webinars, internal legal staff and other resources as much as possible and ensure that you can provide a clear justification for why that expense is necessary to combat COVID-19 or its economic impacts on your counties.
- **Start with necessary COVID-19 priorities, and then determine what goods, programs, etc. are needed to support those priorities.** Not the other way around. This will help ensure that all items are necessary COVID-19 expenses.
- **We will continue to communicate federal guidance as it comes in.** Counties should try to make determinations on one-off eligibility questions as much as possible.

What does Round 2 mean for Counties?

- State Round 2 and 3 intended to address state-wide priorities to mitigate the spread of COVID-19 and address the secondary impacts of the disease on the entire state. Round 1 funds are intended to help counties prioritize and address community-level impacts of the COVID-19 pandemic.
- Continue to provide reimbursements to institutions even if they are eligible for state investments for other priorities. Rules on duplication of funds still apply – no cost may be reimbursed twice.
- Continue to create business/other grant programs as you deem necessary, the state programs do not have enough funds to cover all the demand and are intended to support your investments.
- Continue to prioritize critical community level investments with your remaining funds to support priorities like rent/utility assistance, business/childcare support, nursing home support, etc. Use the toolkit and webinars for ideas.

Agenda Item III

Federal Updates

New Federal Reporting Requirements as of 7/31

- The new guidance requires the state to report additional project information on the status of programs, including new expenditure categories to further clarify areas of spending.
- It also requires contracts, grants, transfers, direct payments, and loans of greater than \$50,000 to be reported along with specific information (amount, borrower, obligation amounts) for each entry.
- **What does this mean for counties?** At this time, this new guidance does **not** change any of the reporting forms you are required to submit by 8/15. However, we are reviewing what additional information will be needed from counties for subsequent reports. If there are any substantial changes required for your accounting practices, we will notify you in the coming week.

New Federal Reporting Requirements as of 7/31 cont.

- The reporting spreadsheets for the 8/15 deadline will not change.
- For reporting beyond the 8/15 deadline, we will provide you a new reporting spreadsheet that incorporates the new federal requirements. That new Excel spreadsheet will allow you to accurately track monthly expenditures for you and your sub-recipients. It will be very similar to the spreadsheet you and your sub-recipients have already been filling out.

Updates from the 8/6 Dept. of Treasury OIG Webinar

- Capital projects like the construction of new building – it was mentioned briefly on the 8/6 webinar that only construction projects for “temporary facilities, buildings, etc.” are allowed. **We are still waiting for more information on this new guidance and what it means for you.**
- More Federal FAQs and Guidance are coming before the end of next week. The **expectation** is that they will cover:
 - Litigation Defense Costs
 - Setting aside funds for close-out costs like a potential audits
 - Payroll Costs / Substantially Dedicated / Public Safety / Public Health
 - Expenses of Tax Anticipation Notes
 - Construction projects and other capital investments

Agenda Item IV

FAQs

Selected FAQs

- **Q: Will the state allow encumbrances for expenditures using CRF funds?**
 - A: Performance or delivery of a cost must occur during the Covered Period of March 1 – December 30, 2020. There is some flexibility in payment of funds past 12/30, but the goods or services still have to be incurred during the allowed period of 3/1 – 12/30. So, if you buy PPE in November, you must use at least a portion of it by 12/30 (unless there is a supply chain disruption) but you can make the payment for that PPE up to 90 days after. Accordingly, if the expenditure is for something that cannot be delivered and used during that time period, it is not eligible. The guidance gives some flexibility for unforeseeable delays during delivery, but if you know the good or service cannot be delivered and used before December 30, it is not an eligible expense.
- **Q: Can CRF funds be used for the 25% FEMA match requirement?**
 - A: Yes. FEMA has relaxed the 25% required non-federal matching requirement, so you may use CRF Funds for the FEMA 25% match.
- **Q: Can county business grants be used to pay for federal loan programs?**
 - A: There is not clear federal guidance on this question and businesses should consult their accounting staff or the terms of the loan provided to them by the federal government. We would generally recommend that businesses do not use county funds to pay for federal loan programs to avoid potential issues with duplication of funds.

Additional Selected Clarifications

- Payroll reporting:
 - All payroll reporting needs to be in a single line item for each job position, on the county and/or the subrecipient expenditure report. Payroll costs cannot be combined into one line item due to the potential complications as a result of ambiguous reporting.
 - If a single employee's entire salary is eligible for reimbursement, even if they were paid bi-weekly, that one employee's salary may be reported in one line item. Note in the comments the dates/pay periods encompassed in the requested reimbursement.
 - EIN Column on Reporting Template
 - The EIN column is highly recommended to be filled out on your report but not required. If the EIN is difficult to obtain, the vendor name is sufficient. For example, the vendor name would be the name of the company providing the product, not Amazon.
- Interest accounts for CRF Disbursements
 - Upon further conversations with counties, some counties do not have options to put funds in a not interest-bearing account. Right now our recommendation is not put CRF funds in accounts that accrue interest due to the complexities with reporting. We will review options for how to record and report interest earned on CRF disbursements for those counties with no other options.

Agenda Item V

Next Steps

Reminder: Updates to the Direct Aid Template

- New Direct Aid Template and associated memo are posted on <https://covid.ks.gov/spark-recovery-office/>
- This document should **not** be used to record already incurred expenditures or reimbursements, it is **not** a reporting form
- What has changed?
 - There are now three types of tabs: planned independent expenditures, program tabs, and transfer tabs.
 - The program tab now includes a budget narrative to ensure that there are justifications for all expenditures.
 - All transfers to schools, cities, etc. should now be in a separate transfers tab, with itemized expected expenditures for that transfer.

Reporting and Planning Overview for August 15th Deadline

- By **August 15th** (grace period until 8/17 at 5:00PM) you will submit two documents to the Office of Recovery through the online submission portal:

County Reimbursement Reporting Form

- Presented during the July 9th Webinar
- Official reporting document to track reimbursements for the reporting period of **March 1st – July 31st**
- Reimbursements can be either for the county or for subrecipients.
- To be used for accounting and compliance purposes.

Direct Aid Planning Form

- Presented during the July 10th webinar.
- A planning tool used to outline spending plans for remaining funds. Should incorporate all funds not accounted for in the reimbursement reporting form. **Must be approved before direct funds are spent.**
- Can include transfers to sub-recipients, county level planned spending, or new programs.
- Can be amended as needed beyond August 15th.

Next Steps

- Continue to streamline questions to one central person at your county – you should be receiving emailed answers to your questions.
- Next Webinar: August 12th, 3PM
- As we get closer to the deadlines for key reports, we will continue to answer questions and provide time during webinars for Q&A. As mentioned, we ask that counties try to make expenditure reasonability determinations themselves as much as possible. Continue to evaluate if expenditures are necessary for COVID-19.