

**SPARK ROUND 1 - LOCAL GOVERNMENT
 REIMBURSEMENT & DIRECT AID REVIEW
 MEMORANDUM**

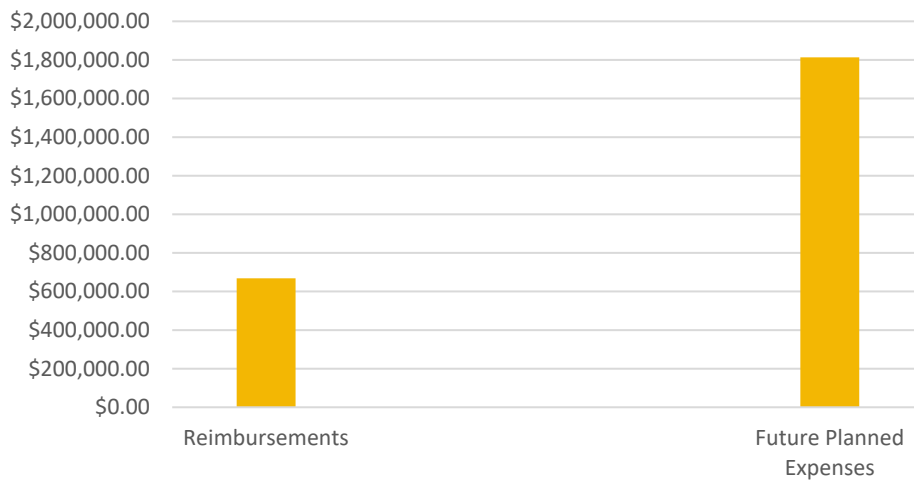
Date September 3, 2020
Re Review of Reimbursement and Direct Aid Spending Plan for Allen County

General Information

Population: 12,369
 COVID-19 Cases 08/21/2020: 23

Total Allocation Amount: \$2,482,283.00
 Total Submitted for Reimbursement: \$668,613.34
 Total Submitted for Future Planned Expenditures: \$1,813,669.66

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$137,403.37
 Total Amount for Subrecipients: \$610,648.03

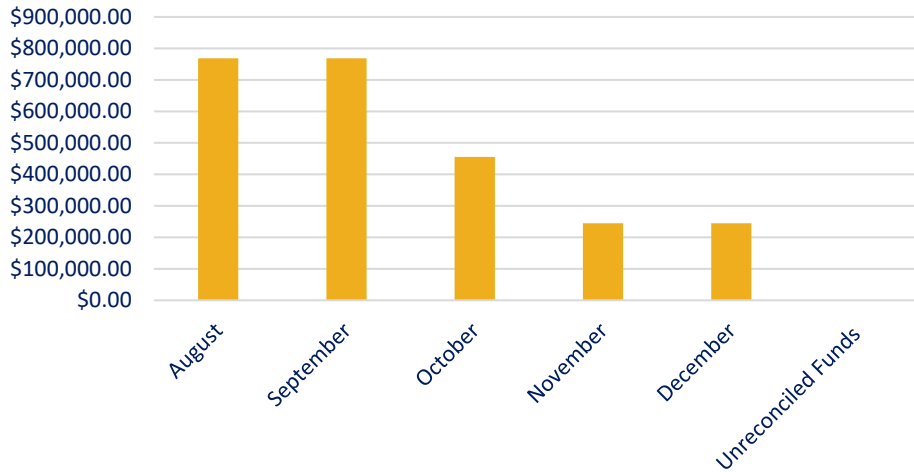
Subrecipients and Amounts

Subrecipient	Type	Amount
City of Iola	City	\$8,108.64
City of Humboldt	City	\$14,690.88
City of Gas	City	\$638.54
USD 258	Educational Institution	\$106,400.00
USD 257	Educational Institution	\$24,783.09
Allen Community College (ACC)	Higher Education Institution	\$119,456.76
Southeast Kansas Mental Health Center	Health	\$332,296.29
Iola Library	Library	\$771.15
Humboldt Library	Library	\$3,502.68
Total		\$610,648.03

Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$ 299,870.69
 Total Amount for Programs and Transfers: \$ 1,513,798.97

Project SPEND DOWN RATE



Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
Community Health Center	Non-Profit	\$25,000
USD 257	Educational Institution	\$140,000
USD 258	Educational Institution	\$135,000
USD 256	Educational Institution	\$120,600
Allen County EMS	Health	\$83,000
Southeast Kansas Multi-County Health Department	Health	\$71,550
Southeast Kansas Mental Health Center	Health	\$103,665
Total		\$678,815

Proposed Programs

Program Title	Program Description	Program Budget Amount
PPE Supplemental Program	Every business and organization has been significantly impacted by COVID-19, and many need additional PPE in order to safely remain open and operational. This program will provide PPE to health organizations, government entities, nonprofit organizations, and other organizations and businesses in need of PPE in response to COVID-19 health and safety regulations.	\$475,387.62

Allen County Non-Profit COVID-19 Response Grant Program	<p>Many nonprofits in Allen County have been significantly impacted by COVID-19 due to loss of funding, increased need of services, and increased costs for health and safety measures. This program will provide grants to nonprofit organizations in need of funding in response to COVID-19's impact on our communities in Allen County.</p>	\$167,297.04
Allen County Small Business COVID-19 Response Grant Program	<p>Many small businesses in Allen County have been significantly impacted by COVID-19 due to closures, stay-at-home orders, decreased sales, and increased costs for health and safety measures. This program will provide grants to small businesses in need of funding in response being impacted by COVID-19.</p>	\$142,298.67
Municipalities Technology Fund	<p>Allen County municipalities have been greatly impacted by COVID-19 when it comes to holding public meetings. Many of our communities do not have the appropriate technology to livestream public meetings and are therefore forced to bring together large numbers of residents. This program would provide grant funding to each municipality to purchase the necessary technology needed to safely hold public meetings and livestream them, protecting Allen County residents and allowing for better social distancing.</p>	\$35,000.00
Allen Community College COVID-19 Response Program	<p>Allen Community College will address COVID-19 related concerns such as providing isolation space for COVID-19 infected students. In addition, it will address technology concerns and deficiencies highlighted by last school year's distance learning due to COVID-19 by providing the proper technological equipment, app's and internet access for staff and students, as well as purchase needed equipment and supplies to better serve students and staff during COVID-19 (i.e. touchless technology, food assistance, etc.).</p>	\$15,000
Total		\$834,983.33

Definitions

General Considerations – Summarizes county expenditure data.

Technical Understanding of SPARK Process – Assesses compliance of applicant expenditure information with SPARK guidance.

Identified Compliance Considerations – Highlights requested items that may present potential complications for CRF support eligibility.

Spending Plan Request for Additional Information – Specifies what information is still needed from the recipients.

Modifications Required – Requests any changes still needed to a Reimbursement or Direct Aid plan for proper review.

Conclusion – Gauges whether the county's plan has sufficient information to move forward in the eligibility review process and highlights any remaining concerns.

General Considerations

Allen County has prioritized its reimbursement requests for the Southeast Kansas Mental Health Center (SEKMHC) and educational institutions. Subrecipients accounted for almost 91.33% of the County's reimbursement submission, with SEKMHC's request amounting to just under half of it (49.7%). The requests of the educational institutions (USD 258, USD 257, and Allen Community College) and the SEKMHC amounted to 77.93% of reimbursement requests. The remaining subrecipients include cities and libraries. There is a \$79,438.56 discrepancy between the reported total submitted reimbursements and the SME-calculated figure.

The County has also submitted a smaller portion of direct aid requests, accounting for only 16.5% of the total direct aid money requested. Subrecipients accounted for 37.43% and programs took a plurality at 46.1%. The largest program, a PPE Supplemental Program, was listed for \$475,387.62 and run by the Allen County Government. A non-profit called Thrive Allen County has sponsored three of the programs – a grant program for non-profits, a grant program for small businesses, and a technology fund for municipalities – worth a total of \$344,595.71.

The County should ensure that these expenses respond clearly to purpose and intent of CRF funding, meets all eligibility criteria and will be documented to the county file to support the expense incurred before December 30, 2020.

Technical Understanding of SPARK Process

Allen County and its subrecipients demonstrate a generally proficient understanding of the intent of the SPARK committee and reporting expectations as exemplified by their detailed reporting of expenditures for reimbursements and direct aid.

Identified Compliance Considerations

1. Payroll Expenses

The matter of reimbursement for previously budgeted but substantially dedicated public safety and public health staff to COVID-19 related responsibilities remains an item of subjective interpretation. The Office of Recovery understands that many Counties and Cities are intending to utilize funding provided through CRF to account for this staff time. At this time, consistent with recently released guidance, the Office of Recovery has determined that the County may proceed with reimbursing the following payroll expenses:

- COVID-19 related FFCRA and FMLA leave costs
- Payroll for budgeted personnel and services diverted to a substantially different use than previously budgeted position (example: utility clerk re-assigned to support contact tracing)
- Previously unbudgeted staff hired to assist with COVID-19 related response or mitigation.
- Payroll for budgeted public safety and public health personnel that are considered substantially dedicated to preparing for, mitigating against or responding to COVID-19, and whose actions can be clearly documented. Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory

personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

- Overtime cost burden associated with public safety, public health, health care, human services, or other employees experienced by the County, Cities or Schools as a result of increased workload associated with mitigating or responding to COVID-19 -or- backfill coverage as a result of staffing shortages tied to COVID-19 (including as a result of staff out due to a qualifying FFRCA or FMLA leave).

The U.S. Treasury's Office of Inspector General recently released additional guidance on how payroll expenses should be documented (OIG-CA-20-028; #62, 69-71). The County should ensure that all payroll is documented compliant to the OIG Guidance.

2. Possible Revenue Replacement Concerns

\$263,654.60

Reimbursement

SEKMHC and Allen Community College (ACC) have listed items that appear to be intended to replace lost income. SEKMHC requested \$238,205 for "Disruption of Services" while ACC entered a \$17,360 item for "Loss from cancelled classes" and \$8,089.60 for "Remaining balance on housing refunds."

The Treasury's CRF guidance states:

"Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments."

Because ACC may be considered a taxing authority, the use of CRF proceeds to offset lost revenue may produce compliance concerns in a future audit. The County should consider participating in reimbursement of COVID-19 related operating expenses, but not revenue replacement.

While a payment to SEKMHC for business interruption is likely eligible, to mitigate the risk of the potential for duplicating already received State and Federal benefits that SEKMHC has or may receive, the County should consider participating in reimbursement of operating expenses not covered by other assistance.

3. County Construction Projects

\$176,000

Direct Aid

Allen county is requesting CRF support for construction of security barriers, handicap accessibility doors, and courtroom expansion.

As these represent capital improvement costs, the County should ensure that the proposed project is bid appropriately, meets uniform guidance standards outlined in 2CFR 200, is cost reasonable, and can be substantially completed prior to December 30, 2020.

4. Grant Programs

\$344,595.71

Program

Three of Allen County's listed grant programs are sponsored by the nonprofit, Thrive Allen County. The County should have a well-qualified plan for how applicants will apply and be selected for each program. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively administer the program and/or monitor any 3rd party entity responsible for administering the grant program.

Spending Plan Request for Additional Information

No additional information is requested at this time.

Modifications Required

The following modifications are requested to the provided Reimbursement or Direct Aid plan:

- In future reporting, the County should resolve an identified \$79,438.56 discrepancy between the reported total submitted reimbursements and those calculated by the review team.

Conclusion

1. Based on the documents provided by Allen County, it appears they have a generally good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed the required process.
2. Allen County has an appropriate projected project spend down rate in accordance with program guidelines and eligibility, however, the County should make note that the covered period for expenditures ends on December 30, 2020
3. Allen County will need to carefully consider and/or address the possible revenue replacement concern identified above and ensure that all direct aid expenditures meet the requirements of the CARES Act.
4. For the COVID-19 Response Grant Programs, if not already in place, Allen County should consider development of an application process and establishment of a review committee to ensure equal access to funds from potential qualified applications. The County should also appropriately advertise the program within the community.

Subject to review of the considerations outlined in this memo, Allen County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.