

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

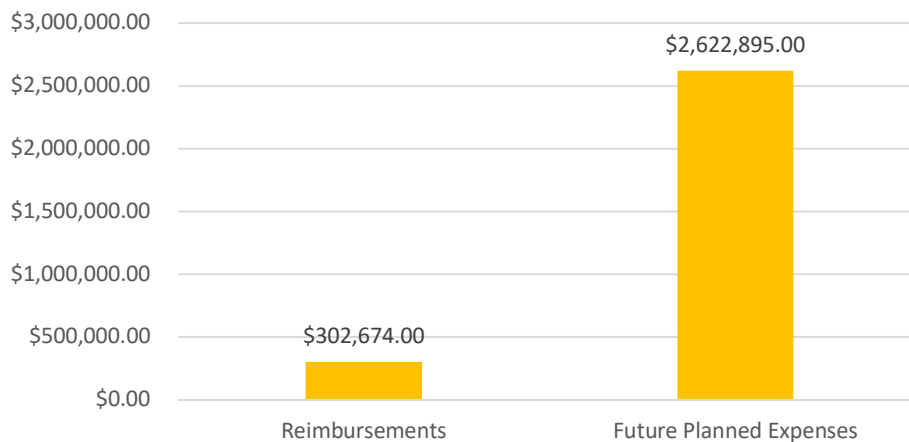
Date September 3, 2020
Re Review of Reimbursement and Direct Aid Spending Plan for Bourbon County

General Information

Population: 14,653
 COVID-19 Cases 08/17/2020: 92

Total Allocation Amount: \$2,925,568.89
 Total Submitted for Reimbursement: \$302,674.00
 Total Submitted for Future Planned Expenditures: \$2,622,895.00

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$1,144.56
 Total Amount for Subrecipients: \$301,529.71

Subrecipients and Amounts

Subrecipient	Type	Amount
Bourbon County District Court	Taxing Authority	\$3,457.50
City of Fort Scott	City	\$9,974.78
Uniontown	City	\$225.33
City of Bronson	City	\$111.32
Fort Scott Community College	Higher Education Institution	\$287,760.78
Total		\$297,735.06

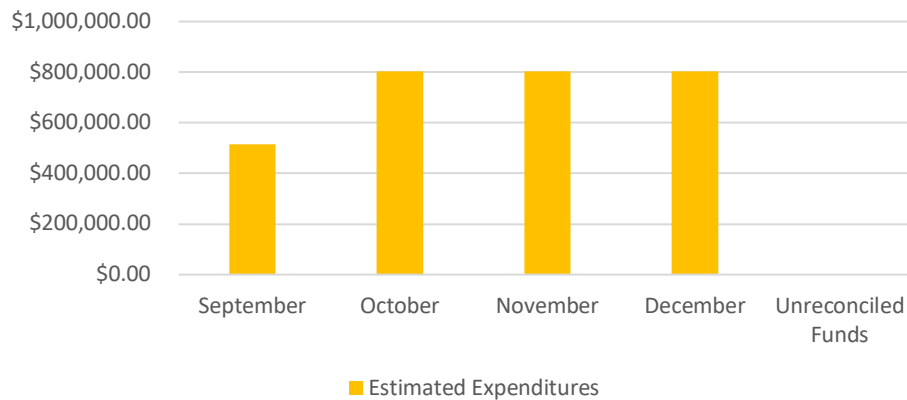
Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$1,798,843.00

Total Amount for Transfers: \$611,198.00

Total Amount for Programs: \$212,854.00

PROJECT SPEND DOWN RATE



Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
City of Fort Scott	City	\$142,000
City of Bronson	City	\$1,200
City of Uniontown	City	\$39,041
Fort Scott Community College	Higher Education Institution	\$20,957
USD 234	Educational Institution	\$306,000
USD 235	Educational Institution	\$102,000
Total		\$611,198

Proposed Programs

Program Title	Program Description	Program Budget Amount
Small Business/Non-Profit Grant Program	Funding could be used to recoup costs associated with COVID related signage, upgrade/cleaning expenses, PPE, payroll, fixed debts, accounts payable and other legitimate bills that were made difficult due to COVID-19.	\$212,854.00
Total		\$212,854.00

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

Bourbon County has prioritized its reimbursement requests for Cities, the District Attorney's Office and the local community college. Total County reimbursements total just 0.38% of all eligible expenditures, while Fort Scott Community College's request total 98.37% of the \$297,735.06 submitted for reimbursement review.

Bourbon's substantially larger direct aid request prioritizes county-level expenditure, which amounts to 68.58% of the \$2,622,895 submitted for direct aid review. Transfers to subrecipients more than doubled from the reimbursements request, to a total of \$611,198. Educational institutions account for 70.18% of transfer requests while cities account for the rest.

The summary tab of the reimbursements report states that \$301,529.71 has been distributed to subrecipients. This total does not reconcile with the reported reimbursements by subrecipients, which total \$297,735.06.

Technical Understanding of SPARK Process

Bourbon 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. However, the food co-op project, the small business/non-profit grant program and library automation appear to represent compliance concerns and represent eligibility concerns. Our identified risks and compliance considerations for these are outlined below.

Identified Compliance Considerations

Several items present possible risk:

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. Bourbon County - Food Cooperative

\$450,000
Direct Aid

The necessity for such a large project is not immediately clear. Alternatives for such a task exist, for example, in food pantries, current delivery services, or direct provision from the County. Second, it is unclear why the County is partnering with BAJA Management Corp for implementing the project and how this company was selected for partnership. Third, the scope of this project could raise concerns about the feasibility of completing the project within the covered period (ending December 30). These concerns make this project high-risk to pursue.

3. Small Business/Non-Profit Grant Program

\$216,250
Direct Aid

Several direct payments to area non-profits, healthcare entities and non-profit organizations appear on the planned independent expenditures tab exclusive of the Small Business/Non-Profit Grant Program. It is not immediately clear what application and/or screening process was conducted in selection of these entities for direct financial support from the County. Direct payments to area entities outside of an application may present risks with federal financial assistance requirements (2 CFR 200) and may present issues with other non-participating entities not being provided equal access. The County should consider issuing payments to these 3rd party entities through a grant process and convene a review committee to assess the appropriateness of funding requests.

4. County Resource Center

\$450,000
Direct Aid

The immediate necessity of this project is not clear. Further, this appears to require significant construction and long-term training that may exceed the covered period. This is a high-risk project.

CRF guidance states: "The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. The "most recently approved" budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account."

Additional information is needed to determine the necessity and feasibility of completing the identified project.

5. Fort Scott Community College - Transportation

\$95,000
 Reimbursement

Fort Scott Community College requested CRF reimbursement for event and off-campus dorm transportation. Bills of sale are listed for what appear to be 2 vehicles totaling \$95,000. It is unclear what kind of events this transportation serviced, since social distancing guidelines have recommended against large gatherings since March 2020. These are high-risk expenditures. More information is required to understand how reimbursement for the purchase of each of these vehicles was necessary and reasonable as related to the COVID-19 pandemic.

6. City of Uniontown Library Automation Project

\$22,758.00
 Direct Aid

The description of this project needs to be more specific in order to evaluate its nexus with COVID-19. A determination as to the risk level of this project can be better determined once the parameters of the project are explained and it can be determined that this project was not budgeted for before the onset of the COVID-19 pandemic, per CRF guidance:

“The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.”

Spending Plan Request for Additional Information

The following items require additional information for the State to feel comfortable with proceeding

Item	Recipient	Amount	Comment
County Public-private partnership for food distribution project	BAJA Management Corp.	\$450,000	More information is required to ascertain the necessity of a public-private partnership for food distribution, as well as an explanation as to why and how BAJA Management Corp. was selected.
Small business grants program	Fort Scott Area Chamber of Commerce	\$216,250	More information is required to explain why the Chamber of Commerce was selected to administer this program and how this grant program will function, including application and acceptance procedures.

Library Automation	City of Uniontown	\$22,758	More information as to how this project is related to COVID is requested.
Transportation costs	Fort Scott Community College	\$30,100 \$64,900	More information as to how this money was spent and how vehicles purchased were necessary expenses related to COVID-19.

Modifications Required

The following modifications are requested to the provided Reimbursement or Direct Aid plan in future reporting.

- The \$3,794.65 in unaccounted reimbursement funds should be investigated and corrected if it is an error, or missing subrecipient reports should be submitted for review.
- Consolidate the request for St. Mary’s School into one-line item.

Conclusion

1. Based on the documents provided by Bourbon County, it appears they have an acceptable understanding of the eligibility requirements relative to CARES Act funding, however the County should work with its assigned technical assistance provider from the Office of Recovery to resolve the eligibility concerns outlined in this memo.
2. Bourbon County should provide requested modifications and responses to all requests for additional information outlined in this memo.
3. Bourbon County’s Project Spend Down Rate indicates they plan incur 27% of planned expenditures during the month of December. While this is in accordance with program guidelines and eligibility, it will require careful monitoring to avoid unexpended funds at the end of the covered period, December 30, 2020.
4. For the Small Business Grants Program, if not already in place, Bourbon County should consider development of an application process and establish a review committee to ensure equal access to funds from potential qualified applications. The County should also appropriately advertise the programs within the community.

Subject to review of the additional documentation requested and considerations regarding payroll expenses, Bourbon County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plans with the following exceptions:

- County Public-private partnership for food distribution project
- Small business grants program
- Library automation project
- Fort Scott Community College transportation costs