

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

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

**General Information**

Population: 8,002

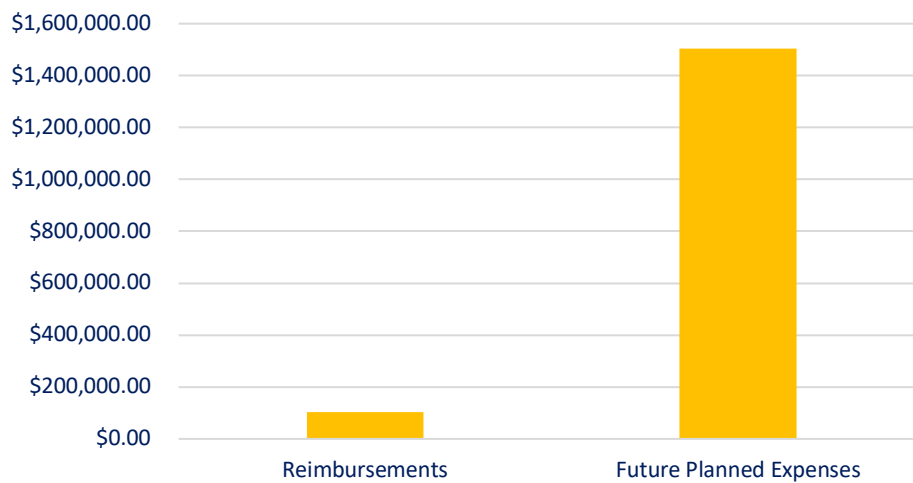
COVID-19 Cases as of 08/17/2020: 24

Total Allocation Amount: \$1,608,208.38

Total Submitted for Reimbursement: \$104,106.92

Total Submitted for Future Planned Expenditures: \$1,504,101.46

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

Total Amount for County Expenditures: \$88,767.47

Total Amount for Subrecipients: \$15,339.45

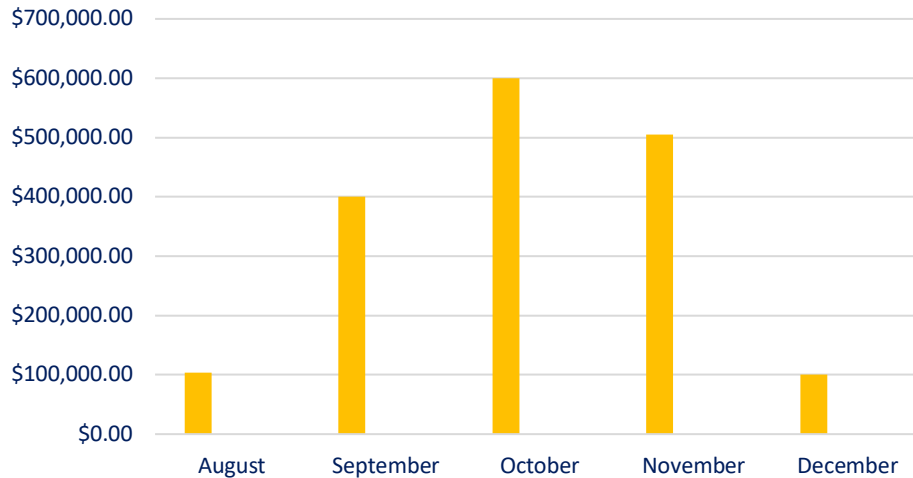
**Subrecipients and Amounts**

Subrecipient	Type	Amount
City of Wakefield	City	\$2,274.36
City of Clay Center	City	\$13,065.09
<b>Total</b>		<b>\$15,339.45</b>

### Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$388,229.00  
 Total Amount for Transfers: \$616,387.00  
 Total Amount for Programs: \$600,000.00

#### PROJECT SPEND DOWN RATE



#### Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
USD 379	Educational Institution	\$400,000
Clay County Medical Center	Health	\$100,000
City of Clay Center	City	\$80,137
City of Wakefield	City	\$36,250
<b>Total</b>		<b>\$616,387</b>

#### Proposed Programs

Program Title	Program Description	Program Budget Amount
Small Business Grant Program	To provide grants to small businesses in Clay County	\$500,000
Non-Profit Grant Program	To provide grants to non-profits in Clay County	\$100,000
<b>Total</b>		<b>\$600,000</b>

#### 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

Clay County has prioritized reimbursement requests for the County Government, accounting for 85.27% of the \$104,106.92 submitted for reimbursement request. Cities account for the remaining reimbursement requests.

The County is prioritizing transfers and programs for its direct aid plan. Transfers to USD 379, Clay County Health Center, and Cities account for 40.98%, County Government-sponsored grant programs for 39.89%, and independent County expenditures for 25.81% of the \$1,504,101.46 in total submitted direct aid requests. The County has reported \$100,514.92 of unreconciled funds, or 6.25% of its \$1,608,208.38 allocation.

The County should ensure that this expense responds 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

Clay County and its subrecipients demonstrate a generally proficient understanding of the SPARK eligibility standards as exemplified by their detailed reporting of expenditures for reimbursements and direct aid. However, the total transfers figure for the Reimbursement Report summary is missing and reimbursement subrecipient requests should each have a separate tab. Our identified risks and compliance considerations for these are outlined below.

## Identified 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. Small Business and Nonprofit Grant Programs**

\$600,000  
 Direct Aid

As these are identified as grant programs, additional information is requested, including a description of how applicants will apply and be selected.

**3. Expenses Marked as “Other” Without Further Explanation**

\$1,337.14  
 Reimbursement

An explanation for what types of items these funds will be used for is needed to assess their eligibility for CRF support. Currently, it is unclear what items these funds were used to procure.

**Spending Plan Request for Additional Information**

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

Item	Recipient	Amount	Comment
<b>Small Business and Nonprofit Grant Programs</b>	Clay County Government	\$500,000 \$100,000	More information is required on how this grant program will function, including application and acceptance procedures.
<b>“Other” Items</b>	Clay County Government	\$1,337.14	
			More information is required to say for what purpose these funds will be used.

**Modifications Required**

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

- Add the total transfers amount to the Reimbursement summary page

## **Conclusion**

1. Based on the documents provided by Clay County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Clay County should provide requested modifications and responses to all requests for additional information outlined in this memo.
3. Clay County has an appropriate Project Spend Down Rate in accordance with program guidelines and eligibility.
4. Clay County's Direct Aid Plan proposes total independent expenditures, transfers and programs that exceed their allocated direct aid funding amount. The County is responsible for monitoring the total expenditures in each of these categories to ensure expenditures are adjusted in compliance with CARES Act requirements.
5. For the Small Business and Nonprofit Grant Programs, if not already in place, Clay 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 program within the community.

Subject to review of the additional documentation requested and considerations regarding payroll expenses, Clay County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.