

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

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

**General Information**

Population: 8,179

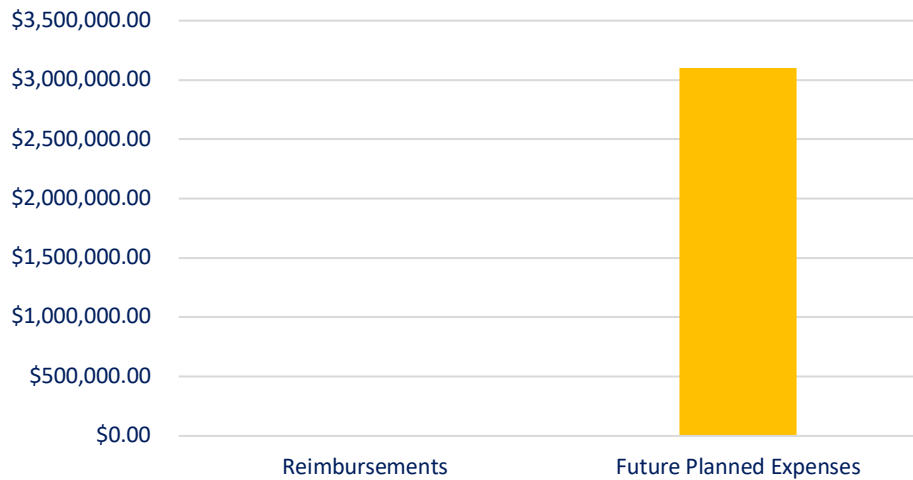
COVID-19 Cases as of 08/17/2020: 74

Total Allocation Amount: \$1,760,284.97

Total Submitted for Reimbursement: \$6,869.37

Total Submitted for Future Planned Expenditures: \$3,098,869.10

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

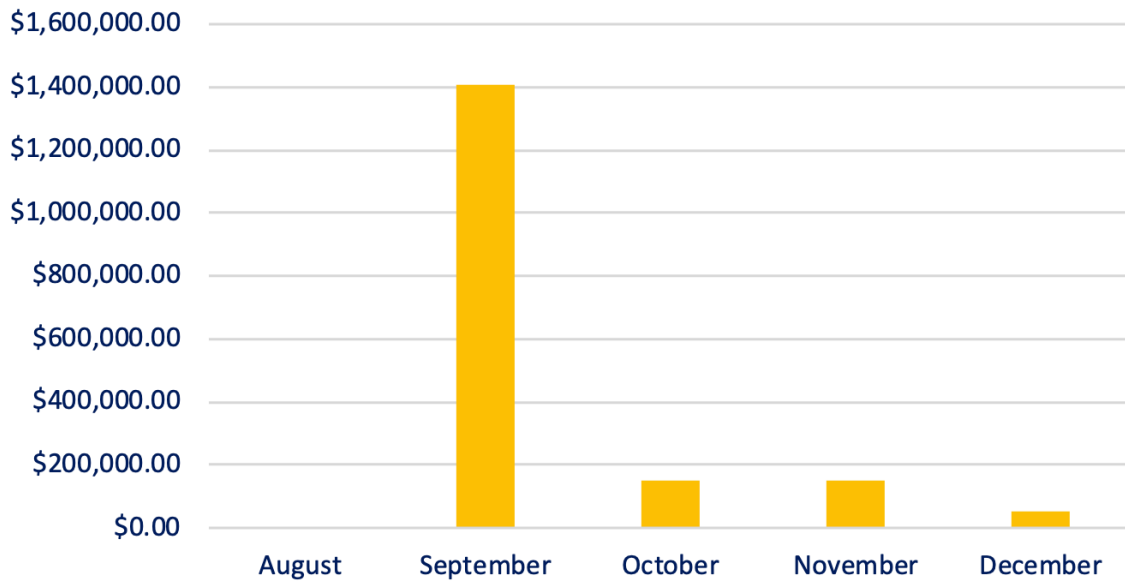
Total Amount for County Expenditures: \$6,869.37

Total Amount for Subrecipients: \$0

**Direct Aid Overview – Future Spending Plan**

Total Amount for County Expenditures: \$312,523.00  
 Total Amount for Transfers: \$2,610,318.10  
 Total Amount for Programs: \$176,028.00

**PROJECT SPEND DOWN RATE**



**Subrecipients/Transfers and Amounts**

Subrecipient	Type	Amount
USD 243	Educational Institution	\$111,658.00
USD 244	Educational Institution	\$118,337.80
USD 245	Educational Institution	\$198,491.00
City of Waverly	City	\$56,350.00
City of Lebo	City	\$7,017.17
City of Gridley	City	\$8,439.00
City of Burlington	City	\$45,316.76
City of New Strawn	City	\$33,106.00
City of LeRoy	City	\$12,280.99
Coffey County Hospital	Health	\$866,912.00
Crosswinds Counseling and Wellness	Health	\$833,896.18
COF Training Services, Inc.	Nonprofit	\$13,754.00
<b>Total</b>		<b>\$2,305,558.90</b>

**Proposed Programs**

Program Title	Program Description	Program Budget Amount
<b>Coffey County Small Business Program</b>	No description provided.	\$176,028.00
<b>Total</b>		<b>\$176,028.00</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**

Coffey County has requested \$6,869.37 of reimbursements only for County expenditures. No subrecipients were listed in the Reimbursement Report. Reimbursement requests comprise only 0.39% of the County’s total allocation.

The county has prioritized transfers in its direct aid plan; however, the individual transfer figures and the total transfer figure provided on the direct aid summary page do not reconcile with the detailed transfer worksheets included in the plan. Modifications will be necessary to validate the amounts Coffey County intends to transfer to each of the listed subrecipients. These subrecipients include Educational Institutions, Cities, Nonprofits, and the Coffey County Hospital, and together account for 88.32% of the County’s future planned expenditures (when the total transfer figure of \$2,305,558.90 is compared to the total direct aid allocation). Together, County independent expenditures and the listed grant program amount to \$488,551.

A \$176,028.00 small business grant program is listed in the direct aid plan summary, but no additional information is provided in the plan.

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**

Coffey County and its subrecipients demonstrate a generally adequate understanding of the SPARK eligibility standards as exemplified by their detailed reporting of expenditures for reimbursements and direct aid. However, there was a \$304,759.20 discrepancy between the costs for direct aid items calculated in the Direct Aid plan summary and RO-calculated figure. Additionally, County independent expenditures should be included in the “Planned Independent Expenditures” tab, as instructed. Also,

figures for total reimbursements and total planned independent expenditures are missing from the direct aid plan summary page. Finally, the grant program listed in the direct aid summary does not have its own tab recording the program details and line items. 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 FFCRA 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. Crosswinds Counseling and Wellness - Possible Revenue Replacement Concern

**\$800,939.50**

Direct Aid

Crosswinds Counseling and Wellness is requesting a significant amount of CRF support to cover business disruption costs. Coffey County should be aware that 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." It is not clear if Crosswinds Counseling and Wellness relies on regular funding from the County. If so, this may present the appearance of supplanting government funding obligations. If the entity represents a third-party service provider, more

information is necessary from the County to determine how it was selected for assistance without equal consideration to other healthcare and social service providers in the community.

Due to Crosswinds being a mental healthcare provider, the County may want to provide guidance to Crosswinds to explore HHS' Provider Relief Fund for revenue replacement and be aware of potential future allocations from KDADs as a possible alternative source of funds for COVID-19 related assistance. Should the County proceed with payments to the entity, it is recommended that the County consider only reimbursing eligible expenditures from the Crosswinds that represent an increased operating cost related to COVID-19, but not revenue replacement.

**3. Coffey County - Architectural Firm's Professional Services**  
**\$19,272**  
 Direct Aid

From the information provided, it remains unclear why the particular services requested were necessary to respond to the COVID-19 pandemic. More information is needed to establish the proposed use of funds and how it correlates with preparation, response or mitigation measures by the County.

**4. Coffey County Hospital – Purchase of X-Rays**  
**\$235,000**  
 Direct Aid

It is not immediately clear how these items are a direct response to and result of the COVID-19 pandemic from the information provided. More information is required to establish eligibility for these expenditures.

**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 Grant Program</b>	Unknown	\$176,028.00	More information is required on how this grant program will function, including application and acceptance procedures.
<b>Disruption of Business</b>	Crosswinds Counseling and Wellness	\$800,939.50	More information is required to show this expenditure is directly related to COVID-19 and why Crosswinds Counseling and Wellness was singled out for assistance without equal consideration of assistance to other healthcare and social service providers in the community.

<b>Architectural Firm's Professional Services</b>	Coffey County Government	\$19,272	More information is needed to establish the reasonable necessity of this item. County procurement procedures may be supportive of eligibility.
<b>Coffey County Hospital's Purchase of X-Ray Equipment</b>	Coffey County Hospital	\$235,000.00	More information is needed to establish the reasonable necessity of this item. County procurement procedures may be supportive of eligibility.

**Modifications Required**

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

- For Direct Aid Plan, put all line items requested for the County Government in the "Planned Independent Expenditures" tab.
- In the Direct Aid Plan, put the total amount requested by the County Government in the "Total Planned Independent Expenditures" item on the summary page.
- Add the figure for total reimbursements in the Direct Aid Plan summary page.
- Resolve \$304,759.20 discrepancy between the transfer totals calculated in the Direct Aid plan in future reporting.
- Add a tab with detailed information regarding the planned Small Business Grant Program listed in the Direct Aid plan summary.

**Conclusion**

1. Based on the documents provided by Coffey County, it appears they have an acceptable understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Coffey County should provide requested modifications and responses to all requests for additional information outlined in this memo.
3. Coffey County has an appropriate Project Spend Down Rate in accordance with program guidelines and eligibility.
4. For the Small Business Grant Program, if not already in place, Coffey 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.
5. Coffey 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 allocations to subrecipients and grant agreements total to the amount provided to the County from the State.

Subject to review of the additional documentation requested and considerations regarding payroll expenses, Coffey 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:

- Crosswinds Counseling and Wellness - \$800,939.50
- Coffey County Hospital -\$235,000

The Office of Recovery seeks additional consultation on these items prior to proceeding with transferring funds to these entities.