

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

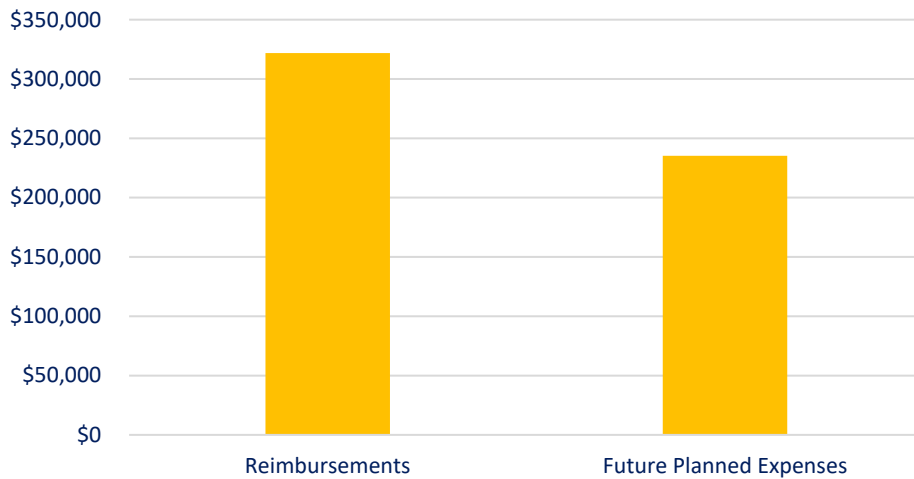
Date September 3, 2020
Re Review of Reimbursement and Direct Aid Spending Plan for Decatur County

General Information

Population: 2,827
 COVID-19 Cases 08/17/2020: 6

Total Allocation Amount: \$557,082.12
 Total Submitted for Reimbursement: \$321,870.83
 Total Submitted for Future Planned Expenditures: \$235,211.17

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$6,047.46
 Total Amount for Subrecipients: \$287,969.27

Subrecipients and Amounts

Subrecipient	Type	Amount
City of Oberlin	City	\$92,822.70
USD 294	Educational Institution	\$28,709.17
Chamber of Commerce	Chamber of Commerce	\$745.00
Evangelical Lutheran Good Sam Society	Religious Institution	\$8,344.88
Highway 36 Museum	Museum	\$1,645.60
Oberlin Country Club	Business	\$11,790.27
United Methodist Church	Religious Institution	\$2,943.99
Fredrickson Insurance	Business	\$3,689.65

Norcatour Community Church	Religious Institution	\$735.35
American Legion	Nonprofit	\$47,878.11
Shred Fitness	Business	\$3,491.15
Logan Lodge/Badsky LLC	Business	\$5,350.00
ShivSai Lodging	Business	\$230.26
Shear Creations	Business	\$5,278.25
Prairie Sky Day Spa	Business	\$1,575.96
Beauty Boutique	Business	\$12,698.60
Prairie Petals	Business	\$24,033.36
Davis Flooring	Business	\$20,823.57
CMA Distributers	Business	\$4,962.90
Mobile Music Express	Business	\$2,100.00
NWKS Gymnastics Academy	Business	\$8,120.50
Total		\$287,969.27

Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$30,619.24

Total Amount for Transfers: \$204,591.93

Total Amount for Programs: \$0

PROJECT SPEND DOWN RATE NOT PROVIDED

Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
City of Jennings	City	\$17,687.32
City of Oberlin	City	\$1,245.36
City of Dresden	City	\$262.33
USD 294	Educational Institution	\$129,256.33
Evangelical Lutheran Good Samaritan Society	Religious Institution	\$6,091.76
Chamber of Commerce	Chamber of Commerce	\$2,726.55
Twin Creeks Extension	Higher Education Institution	\$7,795.74
Decatur Amusement Authority	Nonprofit	\$14,750.16
Highway 36 Museum	Museum	\$527.79
Faith Lutheran Church	Religious Institution	\$3,762.77
United Methodist Church	Religious Institution	\$1,217.71
Norcatour Community Church	Religious Institution	\$1,611.84
Cobblestone Inn & Suites	Business	\$2,236.38
ShivSai Lodge	Business	\$591.86
Prairie Petals	Business	\$12,273.75
Davis Flooring & Design	Business	\$1,824.27
Mobile Music Express	Business	\$730.00
Total		\$204,591.92

NO PROGRAMS LISTED

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

Decatur County has prioritized subrecipients, including the City of Oberlin, USD 294, the Chamber of Commerce, Highway 36 Museum, the American Legion, and several Religious Institutions and Businesses. These account for 89.47% of the \$321,870.83 in total submitted reimbursement requests.

The County submitted a smaller direct aid plan also prioritizing subrecipients, which comprise 86.98% of the \$235,211.17 submitted for direct aid requests. Cities, Religious Institutions, and Businesses account for the bulk of transfers to subrecipients. No programs were listed. Almost all line items in the direct aid plan are missing a date of expected purchase and have entered "as approved" instead.

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

Decatur 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 direct aid plan is missing a monthly spending plan and does not list expected dates of purchase for 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. Area Businesses Reimbursement

\$165,377.37

Reimbursement

Decatur County has indicated that they have or intend to make direct payments to area businesses to reimburse costs for PPE, shields, and other related COVID-19 protective equipment. A payment directly to an area business absent of a formal grant program and/or application process may raise compliance concerns in a federal audit. It is not immediately clear how the proposed recipients of CRF were chosen and what process was followed for similar businesses to also seek COVID-19 related expense reimbursement. It is strongly recommended that the County only provide assistance to area businesses through a grant program with a well-qualified and advertised plan for how applicants will apply and be selected.

3. Handicap Ramp

\$1,817.70

Direct Aid

More information is required to establish nexus with COVID-19. 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.

4. MacBook for Future Outbreak – Davis Flooring & Design

\$1,824.27

Direct Aid

A payment directly to an area business absent of a formal grant program and/or application process may raise compliance concerns in a federal audit. It is not immediately clear how the proposed recipient of CRF was chosen and what process was followed for similar businesses to also seek COVID-19 related expense reimbursement. It is strongly recommended that the County only provide assistance to area businesses through a grant program with a well-qualified and advertised plan for how applicants will apply and be selected.

5. Insurance and Miscellaneous Items

\$1,612.25
 Reimbursement

The necessity of the items in response to the COVID-19 pandemic is not immediately clear. More information is required to establish necessity. 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.

Spending Plan Request for Additional Information

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

Item	Recipient	Amount	Comment
Area Businesses and Nonprofits Reimbursement	Decatur Amusement Authority	\$14,750.16	More information is needed to determine how these businesses were chosen for direct reimbursement.
	Highway 36 Museum	\$1,645.00	
	Oberlin Country Club	\$11,790.27	
	Fredricksons Insurance	\$3,689.65	
	American Legion	\$47,878.11	
	Shred Fitness	\$3,491.15	
	Logan Lodge/Badsky LLC	\$5,350.00	
	ShivSai Lodging	\$230.26	
	Shear Creations	\$5,278.25	
	Prairie Sky	\$1,575.96	
	Beauty Boutique	\$12,698.60	
Prairie Petals	\$23,560.71		
Davis Flooring	\$20,823.57		

Modifications Required

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

1. For Direct Aid plan, add figures for estimated monthly spending plan on the summary page
2. Insert expected dates of purchase for direct aid line items

Conclusion

1. Based on the documents provided, Decatur County demonstrates 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, some eligibility concerns remain regarding the manner in which potential CRF recipients were selected.

2. Decatur County should provide modifications and responses to all requests for additional information outlined in this memo.
3. Decatur County has not provided a breakdown of monthly expenditures in the Direct Aid Plan, so the Project Spend Down Rate cannot be evaluated for potential risk considerations.

Subject to review of the additional documentation requested, concerns noted related to direct payments to businesses and considerations regarding payroll expenses, Decatur County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan. However, additional consultation is required with the Office of Recovery and the assigned technical representative before any additional payments are processed to area businesses.