

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

Date September 8, 2020
Re Review of Reimbursement and Direct Aid Spending Plan for Johnson County

General Information

Population: 602,401
COVID-19 Cases as of 08/17/2020: 6,615

Total Allocation Amount: \$7,977,835.00
Total Submitted for Reimbursement: \$0
Total Submitted for Future Planned Expenditures: \$7,977,835.00

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$0.00
Total Amount for Subrecipients: \$0.00

Johnson County did not provide information on reimbursements.

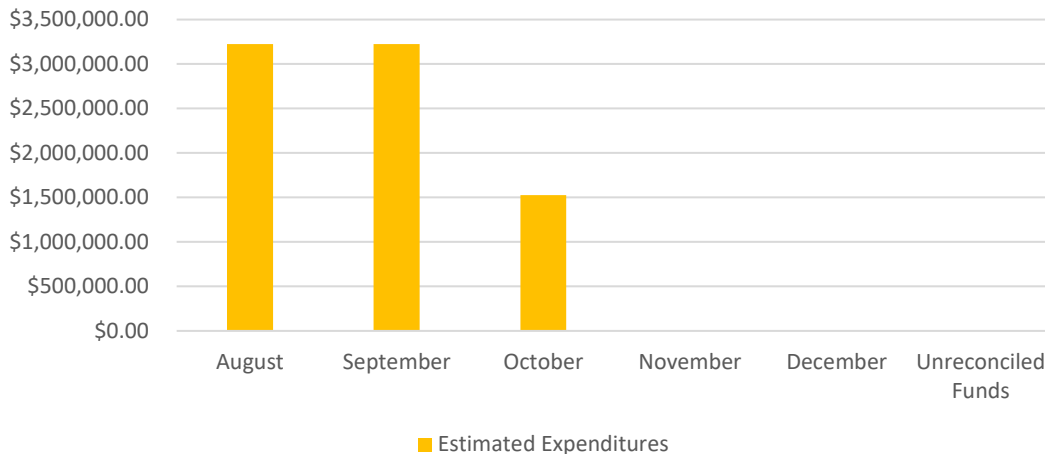
Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$7,977,835.00

Total Amount for Transfers: \$0

Total Amount for Programs: \$0

PROJECT SPEND DOWN RATE



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

Johnson County did not provide a detailed accounting of how its funding allocation will be spent. The entire allocation is expected to be spent on PPE and PPE storage for county departments, cities, schools, hospitals, and small businesses. However, no indication is provided as to how these supplies will be distributed to these entities, if the entities will go through an application process, or the amounts that each entity will receive.

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

Johnson 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. 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, public health and human services 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. To mitigate the risk of potential financial modifications should the Treasury's guidance present more restrictive criteria than currently outlined, the Office of Recovery has determined that the County should only proceed with reimbursing the following payroll expenses:

- 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).
- 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 personnel and services that are considered substantially dedicated to preparing for, mitigating against or responding to COVID-19, and whose actions can be clearly documented. The County should also ensure that all payroll records reflect this commitment of time and the tasks performed and/or responsibilities related to COVID-19 are clearly noted in documents supporting the expense.

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 expenses are compliant to the OIG Guidance.

2. PPE for Johnson County Emergency Management Department

Johnson County has indicated they will spend the entirety of their \$7,977,835.00 in Direct Aid funding on PPE for local departments, cities, schools, hospitals, and small businesses. As the County has indicated they will distribute PPE to small businesses, the County should have a well-qualified plan for how businesses will apply for and be selected for distribution of this PPE. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively procure and distribute the PPE equipment. The County should ensure that all expenses respond clearly to purpose and intent of CRF funding, meet 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

No additional information is requested at this time.

Modifications Required

No modifications are required for the Reimbursement and Direct Aid Plan documents at this time.

Conclusions

1. Based on the documents provided by Johnson County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Johnson County has an appropriate Project Spend Down Rate representing a low risk of funds not being expended on or before December 30, 2020.
3. The County should ensure that all expenses respond clearly to purpose and intent of CRF funding, meet all eligibility criteria and will be documented to the county file to support the expense incurred before December 30, 2020.

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