

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

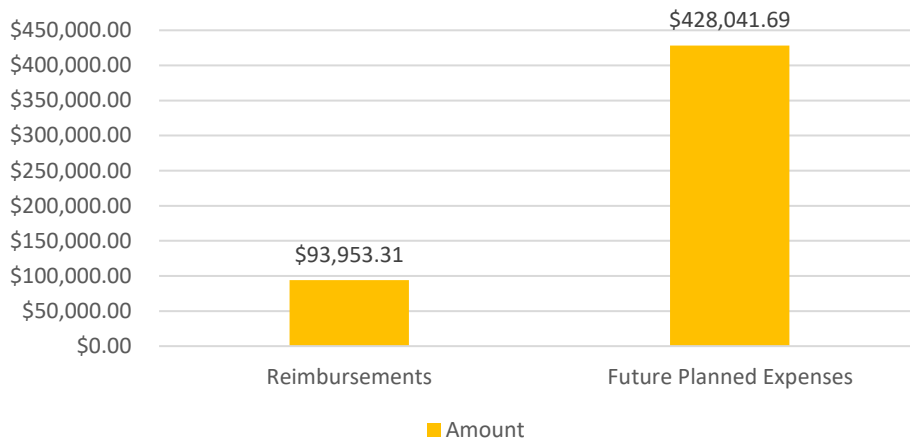
Date September 3, 2020
Re Review of Reimbursement and Direct Aid Spending Plan for Morton County

General Information

Population: 2,667
 COVID-19 Cases as of 8/21/2020: 10

Total Allocation Amount: \$512, 995
 Total Submitted for Reimbursement: \$93,953.31
 Total Submitted for Future Planned Expenditures: \$428,041.69

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$6,326.69
 Total Amount for Subrecipients: \$87,626.63

Subrecipients and Amounts

Subrecipient	Type	Amount
Rolla City	City	\$15,000.00
USD 217	School District	\$6,461.28
USD 218	School District	\$64,870.56
Morton County Museum	Cultural Institution	\$182.78
Morton County Library	Library	\$829.22
Morton County Extension	Governmental Entity	\$282.79
Total		\$87,626.63

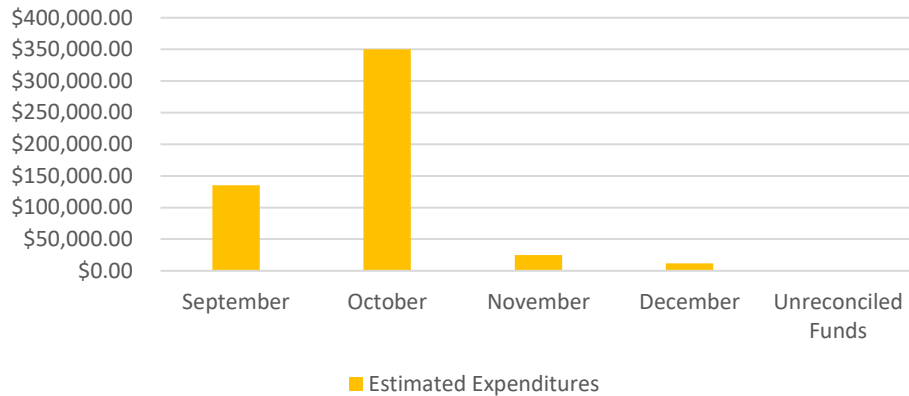
Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$281,575.53

Total Amount for Transfers: \$46,466.16

Total Amount for Programs: \$100,000.00

PROJECT SPEND DOWN RATE



Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
Morton County Hospital	Healthcare Institution	\$2,000.00
Morton County Library	Library	\$1,000.00
USD 217	School District	\$14,858.72
USD 218	School District	\$20,407.44
Elkhart City	City	\$8,200.00
Total		\$46,466.16

Proposed Programs

Program Title	Program Description	Program Budget Amount
Small Business Grant	Grant Program to assist businesses not receiving other government funds, experiencing business interruption due to COVID-19.	\$100,000.00
Total		\$100,000.00

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

Morton County has prioritized its reimbursement requests for school districts. Total county reimbursements equal 6.7% of all expenditures, while school district requests total 75.9% of the \$93,953.31 submitted for reimbursement review.

Morton County's substantially larger direct aid request prioritizes its small business grant program, which amount to 35.6% of the \$281,575.53 submitted for direct aid review. Transfers to subrecipients approximately halved from the reimbursements request, to a total of \$46,466.16. School districts account for 75.9% of transfer requests while Elkhart City, the county hospital, and the county library account for the remainder of requests.

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.

Technical Understanding of SPARK Process

Morton 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. Our identified risks and compliance considerations for these are outlined below.

Identified Compliance Considerations

Several items in the County's reimbursement and direct aid plan present possible risk:

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. Rolla City Municipal Water Well Repairs

\$14,624.18
Reimbursement

Rolla City requests \$14,624.18 in reimbursement for a \$19,967.00 repair of its municipal water well which "failed due to additional demand during stay at home order/frequent hand washing." The County should be prepared to provide documented increase in water usage since March 2020 necessitating this expense. 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

No additional information is requested at this time.

Modifications Required

No modifications are requested at this time.

Conclusion

1. Based on the documents provided by Morton County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Morton County has an appropriate Project Spend Down Rate representing a low risk of funds not being expended on or before December 30, 2020.
3. For the Grant Program, if not already in place, Morton 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.
4. 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 additional documentation requested and considerations regarding payroll expenses, Morton County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.