

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

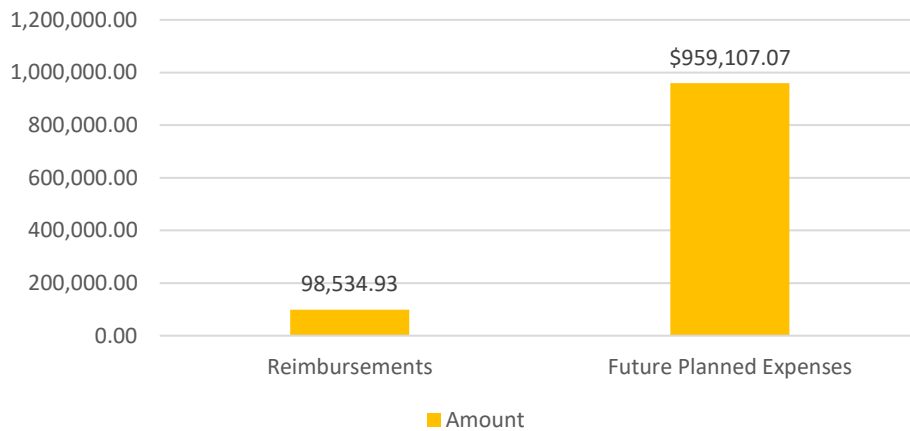
**Date** September 7, 2020  
**Re** Review of Reimbursement and Direct Aid Spending Plan for Norton County

**General Information**

Population: 5,361  
 COVID-19 Cases 08/17/2020: 23

Total Allocation Amount: \$1,057,642.43  
 Total Submitted for Reimbursement: \$98,534.93  
 Total Submitted for Future Planned Expenditures: \$959,107.07

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

Total Amount for County Expenditures: \$37,182.43  
 Total Amount for Subrecipients: \$61,352.50

**Subrecipients and Amounts**

Subrecipient	Type	Amount
USD 211	Educational Institution(s)	\$11,029.67
USD 212	Educational Institution(s)	\$38,885.07
Norton Recreation Center	Health	\$5,815.43
City of Norton	City	\$4,963.85
City of Lenora	City	\$241.84
City of Alma	City	\$416.64
<b>Total</b>		<b>\$61,352.50</b>

## Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$163,228.84

Total Amount for Transfers: \$156,603.43

Total Amount for Programs: \$639,274.80

Norton County did not submit a Spend Down Rate Plan.

## Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
USD 211	Educational Institution(s)	\$140,000.00
Norton Recreation Center	Health	\$1,944.63
City of Norton	City	\$6,323.80
City of Alma	City	\$335.00
KSRE 4-H	Non-Profit	\$8,000.00
<b>Total</b>		<b>\$156,603.43</b>

## Proposed Programs

Program Title	Program Description	Program Budget Amount
Norton County Direct Aid Healthcare Program	This program assists healthcare businesses or organizations in COVID-19 related re-opening expenses and provides funds for revenue losses due to required closures.	\$127,274.80
Norton County Direct Aid Childcare Program	This program provides childcare agencies with advanced and unique solutions for the needs of their families affected by COVID-19. Financial support will be provided to agencies to mitigate COVID-19 impacts.	\$50,000.00
Norton County Direct Aid Non-Profit Support	This program assists not for profit organizations with re-opening expenses and provides funds for revenue losses due to required closures.	\$200,000.00
Norton County Direct Aid Business Support	This program assists businesses or organizations with re-opening expenses and/or measures to continue providing services and provide funds for revenue losses due to required closures.	\$250,000.00
Norton County Direct Aid Housing Support Program	This program aims to support rent, lease, relocation, and related monthly housing expenses for households within the County who have suffered loss of job/income due to COVID-19.	\$12,000.00
<b>Total</b>		<b>\$ 639,274.80</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

Norton County has prioritized its reimbursement requests for subrecipients. Total County reimbursements equal 37.7% of all eligible expenditures, while educational institution requests total 50.7% and cities total 5.7% of the \$ 98,534.93 submitted for reimbursement review.

Norton County's direct aid request prioritizes various programs, which amounts to 66.7% of the \$ 959,107.07 submitted for direct aid review. Transfers to subrecipients equal \$ 156,603.43. Educational institutions account for 89.4% of transfer requests while cities account for 4.3%, and health and non-profit institutions account for the remainder of requests.

The County should ensure all expenses are incurred by December 30, 2020 as noted in the SPARK and CRF guidelines.

## Technical Understanding of SPARK Process

Norton 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 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. Norton County Direct Aid Healthcare Program**

\$127,274.80  
Direct Aid

As this is identified as a grant program, the County should have a well-qualified plan for how applicants will apply and be selected. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively administer the program and/or monitor any 3<sup>rd</sup> party entity responsible for administering the grant program.

**3. Norton County Direct Aid Childcare Program**

\$50,000.00  
Direct Aid

As this is identified as a grant program, the County should have a well-qualified plan for how applicants will apply and be selected. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively administer the program and/or monitor any 3<sup>rd</sup> party entity responsible for administering the grant program.

**4. Norton County Direct Aid Nonprofit Support Program**

\$200,000.00  
Direct Aid

As this is identified as a grant program, the County should have a well-qualified plan for how applicants will apply and be selected. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively administer the program and/or monitor any 3<sup>rd</sup> party entity responsible for administering the grant program.

**5. Norton County Direct Aid Business Support Program**

\$250,000.00  
Direct Aid

As this is identified as a grant program, the County should have a well-qualified plan for how applicants will apply and be selected. Additionally, the County should ensure they have the appropriate level of administrative capacity to effectively administer the program and/or monitor any 3<sup>rd</sup> party entity responsible for administering the grant program.

**6. Norton County Direct Aid Housing Support Program**

\$12,000.00  
Direct Aid

As this is identified as a grant program, the County should have a well-qualified plan for how applicants will apply and be selected. Additionally, the County should ensure they have the

appropriate level of administrative capacity to effectively administer the program and/or monitor any 3<sup>rd</sup> party entity responsible for administering the grant program.

### 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>Medical supplies for mass immunization clinic</b>	Norton County Health Department	\$2,106.51	Additional information is needed as to date(s) when County expects to conduct mass immunization with these supplies.

### Modifications Required

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

1. The County should correct the end date for all expenditures incurred for the program to December 30, 2020.
2. A Project Spend Down Rate Plan is required to determine capacity of the County to meet the December 30, 2020 deadline.

### Conclusion

1. Based on the documents provided by Norton County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Norton County should provide responses to all requests for additional information and modifications required as outlined in this memo.
3. The County has proposed many subrecipient arrangements through Direct Aid, appearing to be Grant Programs. If not already in place, Norton County should develop an application process, establish a review committee to ensure equal access to funds from potential, qualified applicants. The County should advertise these programs within the service area and ensure they have the administrative capability to effectively monitor the subrecipients.
4. The County notes in several of the Direct Aid Programs, funds will be utilized for “revenue losses”. The County should ensure that these costs are related to interruption of business caused by required closure due to COVID-19 as noted in the SPARK and CRF guidelines.
5. 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 all considerations noted in this memo Norton County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.