

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

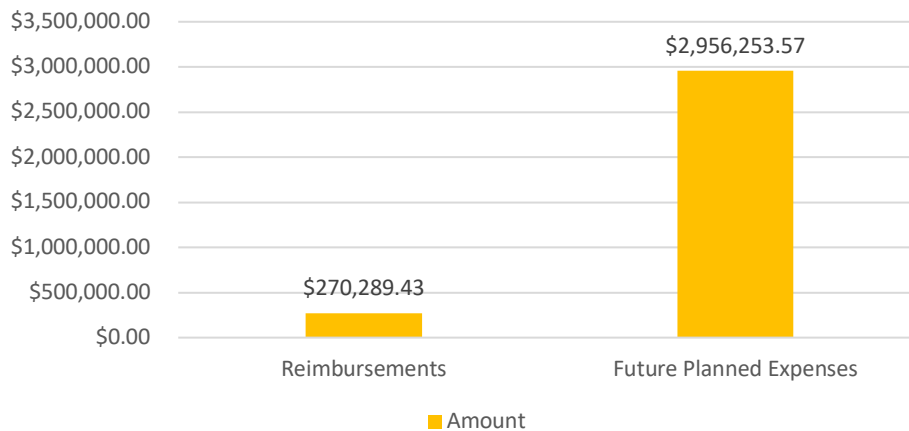
Date: September 3, 2020
Re: Review of Reimbursement and Direct Aid Spending Plan for Osage County

General Information

Population: 15,949
 COVID-19 Cases 8/21/2020: 54

Total Allocation Amount: \$3,226,543.00
 Total Submitted for Reimbursement: \$270,289.43
 Total Submitted for Future Planned Expenditures: \$2,956,253.57

SPENDING PLAN OVERVIEW



Reimbursement Request Overview

Total Amount for County Expenditures: \$26,396.41
 Total Amount for Subrecipients: \$243,893.02

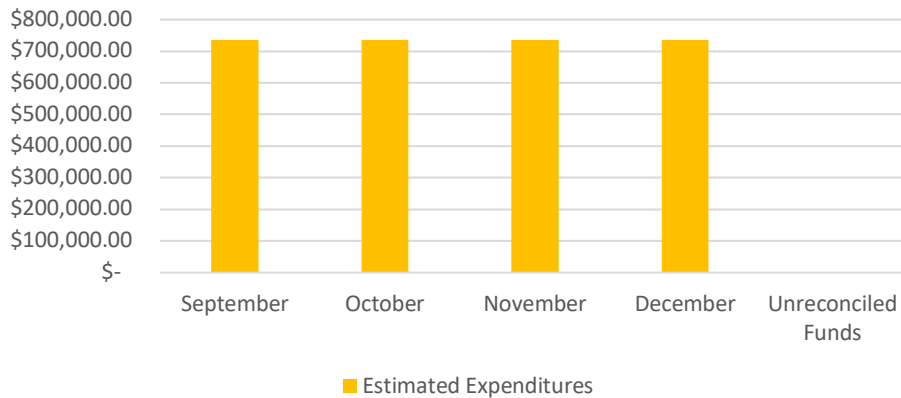
Subrecipients and Amounts

Subrecipient	Type	Amount
USD 420	School District	\$28,000.00
USD 421	School District	\$23,431.76
USD 434	School District	\$154,012.62
USD 456	School District	\$37,164.54
Three Lakes	Educational Institution	\$1,284.10
Total		\$243,893.02

Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$0
 Total Amount for Transfers: \$1,726,367.98
 Total Amount for Programs: \$890,000

PROJECT SPEND DOWN RATE



Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
USD 420	School District	\$212,000.00
USD 421	School District	\$136,568.24
USD 434	School District	\$175,987.38
USD 454	School District	\$120,000.00
USD 456	School District	\$52,835.46
Three Lakes	Educational Institution	\$58,715.90
Health Dept	County	\$449,491.00
Cotton O'Neil Carbondale	Medical Institution	\$35,385.00
Cotton O'Neil Osage City	Medical Institution	\$35,385.00
City of Burlingame	City	\$25,500.00
City of Carbondale	City	\$38,000.00
City of Lyndon	City	\$30,500.00
City of Melvin	City	\$10,500.00
City of Olivet	City	\$3,500.00
City of Osage City	City	\$80,500.00
City of Overbrook	City	\$30,500.00
City of Quenemo	City	\$10,500.00
City of Scranton	City	\$20,500.00
Fire Department #1	Emergency Services	\$25,000.00
Fire Department #2	Emergency Services	\$25,000.00
Fire Department #3	Emergency Services	\$25,000.00
Fire Department #4	Emergency Services	\$25,000.00
Fire Department #5	Emergency Services	\$25,000.00

Fire Department #6	Emergency Services	\$25,000.00
Fire Department #7	Emergency Services	\$25,000.00
Scranton Fire Dept.	Emergency Services	\$25,000.00
Total		\$1,726,367.98

Proposed Programs

Program Title	Program Description	Program Budget Amount
Small Business Economic Development Relief Program	A Grant Program with five potential strategic uses for the funds, development of applications, review and recommend appropriate expenditures of the funds that would be in accordance with the rules and regulations set forth by the CARES Act adopted in Congress on March 25, 2020.	\$890,000
Total		\$890,000

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

Osage County has prioritized its reimbursement requests for school districts. Total county reimbursements equal 9.8% of all expenditures, while school district requests total 89.8% of the \$270,289.43 submitted for reimbursement review.

Osage County’s substantially larger direct aid request prioritizes its Economic Development Relief Program, which amounts to 34% of the \$2,616,367.98 submitted for direct aid review. Transfers to subrecipients increased approximately seven-fold from the reimbursements request, to a total of \$1,726,367.98. School districts account for 40.4% of transfer requests while cities, fire departments, and healthcare institutions account for the remainder of requests.

The County should ensure that all expenses respond to the 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

Osage 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 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. Small Business Grant Program

\$890,000.00

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 3rd party entity responsible for administering the grant program.

3. USD 434 ELA Kits

\$57,110.40

Reimbursement

USD 434 requests \$57,110.40 for "ELA Kits" classified under Distance Learning and Staff Training & Professional Development. The County should provide a clear description of an ELA kit, reason for purchase and impact on responding to impact of COVID-19.

4. Senior Center Building Upgrades

\$53,232.84

Direct Aid

Request of \$53,232.84 for building upgrades to the senior center classified under Reopening Measures.

As this represents a significant capital improvement, the County should ensure that the proposed project is bid appropriately, meets uniform guidance standards outlined in 2CFR 200, is cost reasonable, and can be substantially completed prior to December 30, 2020.

5. USD 420 Second Step Program

\$4,551.00

Direct Aid

Request of \$4,551.00 for "Second Step Program for Counselor," classified under Social/Family Support services. It is unclear if this was a previously budgeted expense or if it is being instituted as a result of COVID-19. If the former, it would be ineligible. If the latter, more information is requested to determine the expense meets the purpose and intent of CRF funding.

6. Health Department Building Modifications

\$400,500.00

Direct Aid

Request of \$330,000 to construct a drive-in structure, \$20,000 to replace its generator, and \$50,500.00 for an LED information marquee sign. Additional information on number of drive-thru tests to be conducted weekly, if this structure will result in increased testing and date the structure will be in place/operational is requested. As this represents a significant capital improvement, the County should ensure that the proposed project is bid appropriately, meets uniform guidance standards outlined in 2CFR 200, is cost reasonable, and can be substantially completed prior to December 30, 2020.

7. COVID-19 Testing Equipment

\$31,150.00

Direct Aid

As this represents a significant purchase, the County should ensure that the proposed project is bid appropriately, meets uniform guidance standards outlined in 2CFR 200, is cost reasonable, and can be acquired prior to December 30, 2020. The County should also provide expected date the equipment will be delivered, date available to process COVID-19 tests, as well as type and number of tests they will be able to process on a weekly basis.

Spending Plan Request for Additional Information

There is no additional information required at this time.

Modifications Required

There are no modifications required at this time.

Conclusion

1. Based on documents provided by Osage County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Osage 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 has proposed many potential subrecipient arrangements. The County should ensure they have the appropriate level of administrative capacity to effectively monitor these subrecipients.
4. The Grant Program proposed by Osage County reflects an application, selection and award process. The County should ensure equal access to funds from potential, qualified applicants including public advertisement of the program within the community.

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Laura Kelly, Governor

Subject to review of the additional documentation requested and considerations regarding payroll expenses, Osage County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.