

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

**Date** September 3, 2020

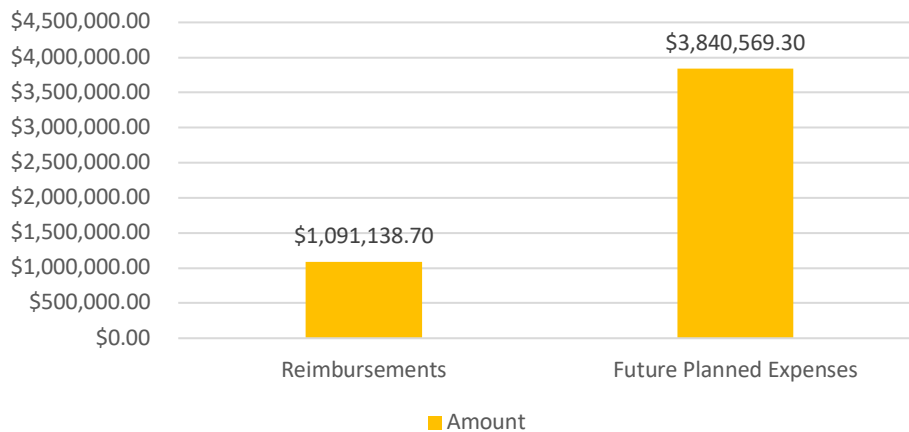
**Re** Review of Reimbursement and Direct Aid Spending Plan for Pottawatomie County

**General Information**

Population: 24,383  
 COVID-19 Cases 8/24/2020: 135

Total Allocation Amount: \$4,931,708.00  
 Total Submitted for Reimbursement: \$1,091,138.70  
 Total Submitted for Future Planned Expenditures: \$3,840,569.20

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

Total Amount for County Expenditures: \$1,091,138.70  
 Total Amount for Subrecipients: \$0.00

**Subrecipients and Amounts**

Subrecipient	Type	Amount
No subrecipient reimbursements		
<b>Total</b>		<b>\$0.00</b>

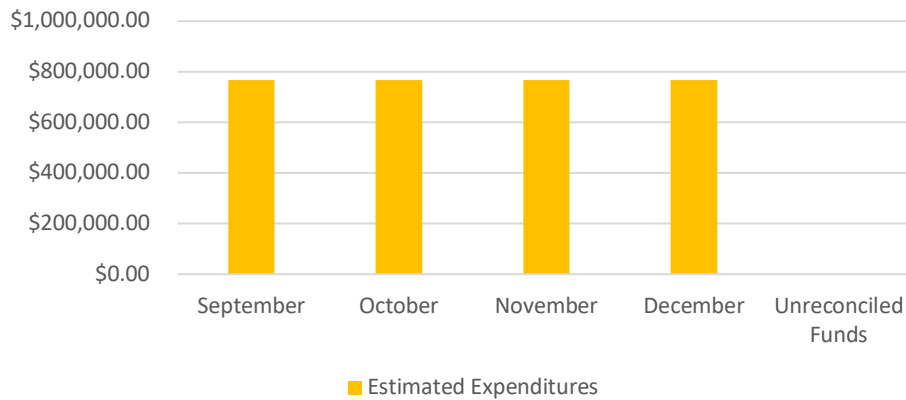
## Direct Aid Overview – Future Spending Plan

Total Amount for County Expenditures: \$1,513,212.10

Total Amount for Transfers: \$1,927,357.20

Total Amount for Programs: \$400,000.00

### PROJECT SPEND DOWN RATE



## Subrecipients/Transfers and Amounts

Subrecipient	Type	Amount
USD 320	Educational Institution	\$295,300.00
USD 321	Educational Institution	\$86,770.00
USD 322	Educational Institution	\$68,162.00
USD 323	Educational Institution	\$242,712.00
Flint Hills Christian School	Educational Institution	\$30,303.30
USD 383	Educational Institution	\$192,147.01
USD 384	Educational Institution	\$12,639.00
City of Havensville	City	\$31,350.00
City of Louisville	City	\$14,368.27
City of Manhattan	City	\$1,011.00
City of Onaga	City	\$115,855.85
City of St. George	City	\$50,449.61
City of Westmoreland	City	\$15,254.09
City of Wheaton	City	\$14,132.00
City of Wamego	City	\$756,903.07
<b>Total</b>		<b>\$1,927,357.20</b>

## Proposed Programs

Program Title	Program Description	Program Budget Amount
Small Business Grant Program	“Provide grants to small businesses within Pottawatomie County.”	\$400,000.00
<b>Total</b>		<b>\$400,000.00</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

Pottawatomie County has prioritized its reimbursement requests for county expenditures. Total county reimbursements equal 100.00% of all expenditures and no subrecipient reimbursements request were submitted for review.

Pottawatomie County's substantially larger direct aid request similarly prioritizes county expenditures, which amount to 39.4% of the \$3,840,569.20 submitted for direct aid review. Transfers to subrecipients went from zero in the reimbursement round to a total of \$2,327,357.20 in proposed direct aid. Cities account for 51.8% of transfer requests while educational institutions account for the remainder of requests.

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.

## Technical Understanding of SPARK Process

Pottawatomie 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 FFRCA 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. Pottawatomie Small Business Grant Program**

\$400,000  
 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. Havensville Business Revenue Replacement Concern**

\$12,456.00  
 Direct Aid

The City of Havensville proposes to provide three local businesses (Charlies, Jerry's Service & Repair, and Tasha Lara Daycare) with funds “for lost business.” It is not immediately clear how the businesses were chosen to receive assistance and if there was a formal application process for other businesses to apply.

**4. Credit Card Fee Expenses**

\$5,000.00  
 Direct Aid

The city of Wamego requests \$5,000.00 because “The City start[s] absorbing credit card fees when customers do not come in the office [which] would be a continuous expense through 2020.” Funds are not permitted to be committed to revenue replacement; however, the expense could be considered eligible if it represents an increase cost exposure as a result of the COVID-19 closures or impacts

**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>Business Revenue Replacement</b>	Havensville Small Businesses	\$12,456.00	More information is requested to verify that funds provided to Charlies, Jerry's Service & Repair, and Tasha Lara Daycare will be used to help their businesses respond to and become more resilient to thrive during the COVID-19 pandemic, rather than serve merely as revenue replacement.
<b>Credit Card Fee Expenses</b>	Wamego	\$5,000.00	More information is requested to determine how these credit card fees are related to COVID-19 and how the \$5,000.00 expense was calculated.

## Modifications Required

No modifications are required at this time.

## Conclusion

1. Based on the documents provided by Pottawatomie County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Pottawatomie County should provide responses to all requests for additional information outlined in this memo.
3. Pottawatomie County has an appropriate Project Spend Down Rate in accordance with program guidelines and eligibility.
4. Pottawatomie County has proposed many potential subrecipient arrangements. The County should ensure they have the appropriate level of administrative capacity to effectively monitor these subrecipients.
5. Pottawatomie County should consider developing a templated sub-recipient monitoring plan to ensure consistent monitoring of subrecipients (cities, schools, non-profits) for compliance use of funds.
6. For the Small Business Grant Program, if not already in place, Pottawatomie 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.
7. Pottawatomie 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, Pottawatomie County may proceed with implementation of its CARES Act funding allocation as outlined in its provided reimbursement and direct aid plan.