

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

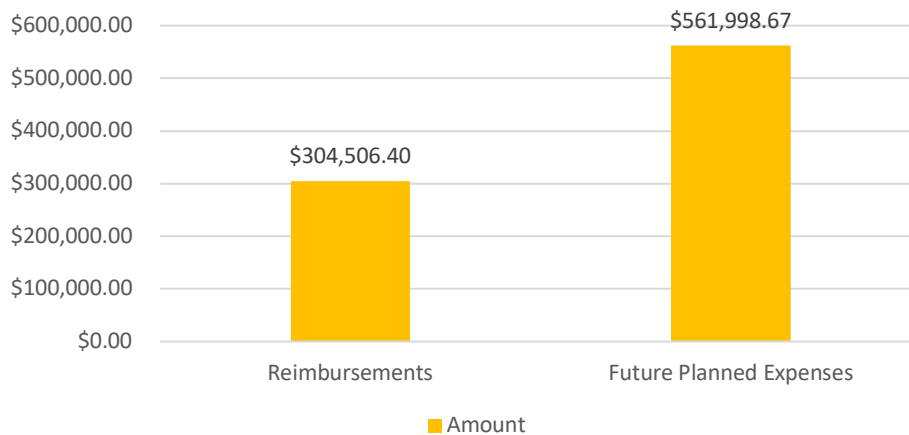
**Date** September 3, 2020  
**Re** Review of Reimbursement and Direct Aid Spending Plan for Smith County

**General Information**

Population: 3,583  
 COVID-19 Cases 08/17/2020: 3

Total Allocation Amount: \$710,950.51  
 Total Submitted for Reimbursement: \$304,506.40  
 Total Submitted for Future Planned Expenditures: \$561,998.67

**SPENDING PLAN OVERVIEW**



**Reimbursement Request Overview**

Total Amount for County Expenditures: \$186,746.29  
 Total Amount for Subrecipients: \$117,760.11

**Subrecipients and Amounts**

Subrecipient	Type	Amount
Smith Center Public Library	Library	\$ 275.83
City of Smith Center	City	\$ 1,729.66
USD 110	Educational Institution	\$ 96,774.04
USD 237	Educational Institution	\$ 18,980.58
<b>Total</b>		<b>\$ 117,760.11</b>

**Direct Aid Overview – Future Spending Plan**

Total Amount for County Expenditures: \$406,444.60  
 Total Amount for Transfers: \$155,554.07  
 Total Amount for Programs: \$0

**Smith County did not submit a spend down plan.**

**Subrecipients/Transfers and Amounts**

Subrecipient	Type	Amount
USD 110	Educational Institution	\$ 34,169.75
USD 237	Educational Institution	\$107,912.03
Smith County	County	\$13,472.29
<b>Total</b>		<b>\$ 155,554.07</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**

Smith County has prioritized its reimbursement requests for the County. Total County reimbursements equal 61.3% of all eligible expenditures, while educational institution requests total 38% of the \$ 304,506.40 submitted for reimbursement review. Smith County’s reimbursement report summary lists total transfers at \$ 155,554.07 and total reimbursement expenditures at \$148,952.33, when total reimbursements equal \$ 304,506.40. The County should address these differences.

Smith County’s direct aid request prioritizes County expenditures, which amounts to 72.3% of the \$ 561,998.67 submitted for direct aid review. Transfers to subrecipients account for a total of \$155,554.07. Educational institutions account for 91.3% of transfer requests, while a transfer has been included for the County of \$13,472.29. This transfer should have been included as a planned expenditure by the County.

The County should ensure that these expenditures respond clearly to purpose and intent of CRF funding, meet all eligibility criteria and will be documented to the county file to support the expenses were incurred before December 30, 2020.

**Technical Understanding of SPARK Process**

Smith 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 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:

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.

### Spending Plan Request for Additional Information

Smith County does not need to supply additional information on its spending plan at this time.

## Modifications Required

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

- In the Reimbursement Report, the tab indicating that \$13,472.29 was a transfer to a subrecipient should be removed and those expenditures should be added to the tab labeled "County Reimbursement".
- On the summary page of the Reimbursement Report, the transfer figure should be adjusted downward by \$13,472.29, and Planned Independent Expenditures should be added with that total adjusted upward to include the \$13,472.29 in expenditures.
- On the summary page of the Direct Aid Plan, total reimbursements should equal \$304,506.40.
- The monthly planned expenditure information should be completed in the Direct Aid Plan.

## Conclusion

1. Based on the documents provided by Smith County, it appears they have a good understanding of the eligibility requirements relative to CARES Act funding and have appropriately followed this process.
2. Smith County needs to submit completed estimated monthly expenditures on the Summary Page of the Direct Aid Plan, in order for the Project Spend Down Rate to be evaluated for accordance with program guidelines and eligibility.
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 expenses incurred before December 30, 2020.

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