



American Rescue Plan

**Treasury Key Principles: Compliance
Areas of Focus for Smaller Jurisdictions**

Kansas Office of Recovery

November 17, 2021

Topics
Being
Covered
Today

1

Key Treasury Compliance Components:
Uniform Administrative Requirements

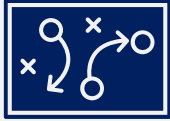
2

Action Items to Facilitate Compliance

3

Best Practices to Assist Compliance:
Documentation

The State of Kansas offers this webinar to point local government to the specific compliance requirements of ARPA called out by Treasury. The State is not overseeing local government ARPA compliance.



Introduction to Key Treasury Compliance Components: Uniform Administrative Requirements

- The following information includes compliance items which the U.S. Department of the Treasury has called out specifically within their Compliance and Reporting Guide for State and Local Fiscal Recovery Funds.
- Treasury may update or include additional items at a later date, but the following information includes what ARPA fund recipients need to do for compliance.
- Watch for common themes or phrases throughout, such as "internal controls" and "maintain records."
- When in doubt, document it!
- This presentation references Treasury Compliance and Reporting Guide from November 5, 2021. See pg. 33 for all updates.

LEGEND:

- **Red refers to Treasury's Compliance and Reporting Guide**
 - **Yellow refers to our interpretative application for Treasury's Compliance and Reporting Guide**
 - *Blue indicates suggested resources for further understanding*



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Eligibility:** “recipients are responsible for ensuring funds are used for eligible purposes”ⁱ to include but not limited to internal controls, suspension and debarment checks, risk assessments and general processes and procedures for determining eligibility.
 - **Applied:** Conduct SAM.gov check and risk assessment early on. You are responsible for final eligibility determination.
 - *RO Resources such as:*
 - ARPA Laying the Foundation | Pre Award Grant Set Up Webinarⁱⁱ
 - Interim Final Rule 101 Refresh Webinarⁱⁱⁱ
 - Compliance Resource Library^{iv}

i: U.S. Department of the Treasury, Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements, p.7 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](https://www.treasury.gov/press-releases/Pages/SLFRF-Compliance-and-Reporting-Guidance.pdf)

ii: Kansas: Local Government Support Webinars on June 30, 2021, available at: <https://covid.ks.gov/webinar-materials/>

iii: Kansas: Local Government Support Webinars on August 4, 2021, available at: <https://covid.ks.gov/webinar-materials/>

iv: Kansas: Local Government Support Job Aids, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Allowable Activities:** Your organization “must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.”^v
 - **Applied:** Create and document your process for arriving at eligibility.
 - *RO Resources such as:*
 - ARPA Laying the Foundation | Pre Award Grant Set Up Webinar^{vi}
 - Interim Final Rule 101 Refresh Webinar^{vii}
 - Compliance Resource Library^{viii}

v: U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements*, p.6 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](https://www.treasury.gov/press-releases/Pages/20210617)

vi: Kansas: Local Government Support Webinars on June 30, 2021, available at: <https://covid.ks.gov/webinar-materials/>

vii: Kansas: Local Government Support Webinars on August 4, 2021, available at: <https://covid.ks.gov/webinar-materials/>

viii: Kansas: Local Government Support Job Aids, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Allowable Costs/Costs Principles:** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E, “recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.”^{ix} “Note that SLFRF Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.”^x
 1. **Administrative costs:** “...costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405.”^{xi}
 - “May charge both direct and indirect costs to their administrative costs.”^{xii}
 - For further questions, see 2CRF 200.414(F) and p.7 of the *Treasury Compliance and Reporting Guide*.
 2. **Salaries and Expenses:** “In general, certain employees’ wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury’s Interim Final Rule for details.”^{xiii}
 - **Applied:** Implement all processes and procedures. Implement and document proper monitoring relative to expenditures.
 - **RO Resources such as:**
 - Grant Implementation: Administrative, Indirect, and Direct Costs Webinar^{xiv}
 - Compliance Resource Library^{xv}

^{ix}: *Id.*

^x: *Id.*, 7.

^{xi}: *Id.*

^{xii}: *Id.*

^{xiii}: *Id.*

^{xiv}: *Kansas: Local Government Support Webinars, September 22, 2021, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>*

^{xv}: *Kansas: Local Government Support Job Aids, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>*



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Cash Management:** “recipients can place funds in interest-bearing accounts, do not need to remit interest to Treasury, and are not limited to using that interest for eligible uses under the SLFRF award.”^{xvi}
 - **Applied:** Interest-bearing accounts are okay.
 - *RO Resources such as:*
 - Compliance Resource Library^{xvii}
 - Visit: Internal controls checklist (ks.gov)
 - See also 31 CFR part 205 or 2 CFR 200.305(b)(8)-(9)

xvi: U.S. Department of the Treasury, Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements, p.7 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)

xvii: Kansas: Local Government Support Job Aids, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Procurement, Suspension, & Debarment:** Ensure there is no debarment or suspension using SAM.gov. Ensure procurement standards are in alignment with those set forth by 2 CFR 200.317 through 2 CFR 200.327, 2 CFR 200.319, 2 CFR 200.320, and 2 CFR 200.317 through 2 CFR 200.320 as applicable. \$250,000 is the SAT otherwise known as the Federal Simplified Acquisition Threshold. See Federal Acquisition Regulations, CFR Title 48 Part 2. Procurement to conform to the legal requirements of the more restrictive policy (federal vs. local).
 1. “Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.”^{xviii}
 - *Applied:* Recommended practice is to search SAM.gov and print screenshot.
 - *Applied:* Check local procurement policy and ensure adherence to appropriate federal and local procurement.
 - *RO Resources such as:*
 - Procurement Best Practices Webinar^{xix}
 - Grant Implementation Getting Started Webinar^{xx}
 - Compliance Resource Library^{xxi}

^{xviii}: U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements*, p.8 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](https://www.treasury.gov/press-releases/Pages/SLFRF-Compliance-and-Reporting-Guidance.pdf)

^{xix}: Kansas: Local Government Support Webinars, August 18, 2021, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>

^{xx}: Kansas: Local Government Support Webinars, July 14, 2021, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>

^{xxi}: Kansas: Local Government Support Job Aids, available at: <https://covid.ks.gov/compliance-resource-library-jobaids/>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Equipment and Real Property Management:** “must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D”^{xxii} must be used for original or authorized purpose. Shall vest in the non-Federal entity (See 2 CFR 200.311 and 2 CFR 200.313) and compliant with other laws and regulations.^{xxiii}
 - *Applied:* Follow uniform guidance 2 CFR Part 200, Subpart D and particularly be familiar with the nuances of 2 CFR 200.311 and 2 CFR 200.313.
 - *Applied:* "Equipment and real property acquired under this program must be used for the originally authorized purpose."
 - *RO Resource such as:*
 - ARPA Federal Guidance^{xxiv}
 - Uniform Guidance^{xxv}

xxii: U.S. Department of the Treasury, Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements, p.8 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)

xxiii: Id.

xxiv: Kansas: Local Government Support ARPA Federal Guidance, available at: https://covid.ks.gov/arpa_federal_guidance/

xxv: Available at: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Matching, Level of Effort, Earmarking:** No matching, level of effort, or earmarking compliance responsibilities “SLFRF funds may only be used for non-Federal match in other programs where costs are eligible under both SLFRF and the other program and use of such funds is not prohibited by the other program.”^{xxvi}
 - **Applied:** No general compliance responsibilities, however only non-federal match subject to aforementioned provisions.
 - *RO Resource such as:*
 - ARPA Federal Guidance^{xxvii}
 - Uniform Guidance^{xxviii}

^{xxvi}: U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements*, p.8 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](https://www.treasury.gov/press-releases/Pages/SLFRF-Compliance-and-Reporting-Guidance.pdf)

^{xxvii}: Kansas: *Local Government Support ARPA Federal Guidance*, available at: https://covid.ks.gov/arpa_federal_guidance/

^{xxviii}: Available at: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Program Income:** See 2 CFR 200.307(e)(1) for program income.^{xxix}
 - *Applied:* Implement and document all processes and procedures relative to program income.
 - *Applied:* Does not include interest earned on advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts.
 - *Applied:* Does include fees for services performed, the use or rental or real or personal property acquired under Federal awards and principal and interest on loans made with Federal award funds.
 - *RO Resource such as:*
 - ARPA Federal Guidance^{xxx}
 - Uniform Guidance^{xxxi}

^{xxix:} U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, Uniform Administrative Requirements*, p.8-9, available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](https://www.treasury.gov/press-releases/Pages/SLFRF-Compliance-and-Reporting-Guidance.pdf)

^{xxx:} Kansas: *Local Government Support ARPA Federal Guidance*, available at: https://covid.ks.gov/arpa_federal_guidance/

^{xxxi:} Available at: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Reporting:** “All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance”^{xxxii} “Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1.”^{xxxiii} Implement proper internal controls to maintain record of submissions.
 - *Applied:* Follow Treasury reporting requirements and implement and document all processes and procedures relative to reporting.
 - *Applied:* Product and expenditure report deadline: Jan. 31, 2022 or Apr. 30, 2022.
 - *RO Resources such as:*
 - ARPA Federal Guidance – Compliance and Reporting Guide^{xxxiv}

^{xxxii}: U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements*, p.9 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)

^{xxxiii}: *Id.*

^{xxxiv}: Kansas: *Local Government Support ARPA Federal Guidance – Compliance and Reporting Guide*, available at: https://covid.ks.gov/arpa_federal_guidance/



Key Treasury Compliance Components: Uniform Administrative Requirements

PART 1:

- **Subrecipient Monitoring:** Manage and monitor subrecipient compliance through 2 CFR 200.332.^{xxxv}
 1. Must first evaluate risk using a risk assessment of any subrecipient, then develop process and procedures to monitor subrecipient, maintain records of all;
 2. Non-entitlement units of local government (NEUs) are not subrecipients under the SLFRF program;
 3. Subrecipients do not include individuals and organizations that received SLFRF funds as end users to respond to the negative economic impacts of COVID-19 on these organizations;
 4. Subrecipients are subject to audit pursuant to 2 CFR 200 Subpart F.

xxxv: U.S. Department of the Treasury, *Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, D. Uniform Administrative Requirements, p.9-10*, available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)



Key Treasury Compliance Components: Uniform Administrative Requirements

PART 2:

• Subrecipient Monitoring:

- *Applied:* Develop written policies and procedures, risk assessment, record maintenance, and documenting subrecipient compliance including: identification of deficiencies and follow-up to ensure appropriate remediation.
- *Applied:* Must identify to the subrecipient: 1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all reporting requirements for expenditures of SLFRF funds.
- *RO Resources such as:*
 - ARPA Federal Guidance^{xxxvi}
 - Uniform Guidance^{xxxvii}
 - Compliance Resource Library
 - [Visit: Pass Through Responsibilities \(ks.gov\)](https://ks.gov)
 - [Visit: Subrecipient or Contractor Checklist \(ks.gov\)](https://ks.gov)

^{xxxvi}: Kansas: Local Government Support ARPA Federal Guidance, available at: https://covid.ks.gov/arpa_federal_guidance/

^{xxxvii}: Available at: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D>



Key Treasury Compliance Components: Uniform Administrative Requirements

- **Period of Performance:** “costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024” [1] funds must be obligated by December 31, 2024 and expended by December 31, 2026 (pg. 8 of the guide).^{xxxviii}
 - *Applied:* Obligate by 12/31/24; Expend by 12/31/26
 - *Applied:* Implement and document internal controls that demonstrate these deadlines were met.
 - *RO Resources such as:*
 - SLFRP FAQs^{xxxix}

^{xxxviii}: Kansas: Local Government Support ARPA Federal Guidance, available at: https://covid.ks.gov/arpa_federal_guidance/

^{xxxix}: U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds, Frequently Asked Questions (as of July 19, 2021), available at: [SLFRPFAQ.pdf \(treasury.gov\)](#)



Special Tests and Provisions ^{xl}

Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

- *RO Resources such as:*
 - Compliance Resource Library
 - [Visit: Internal Controls Checklist \(ks.gov\)](#)

xl: U.S. Department of the Treasury, Compliance and Reporting Guide, State and Local Fiscal Recovery Funds, Uniform Administrative Requirements, D. Uniform Administrative Requirements, p.10 available at: [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)



Award Terms and Conditions

“The Award Terms and Conditions of the SLFRF financial assistance agreement sets forth the compliance obligations for recipients pursuant to the SLFRF statute, the Uniform Guidance, and Treasury’s Interim Final Rule. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items.”^{xli}

*xli: Id.
xlii: Id., 11.
xliii: Id.*

- 1 **SAM.gov Requirements:** All recipients must have active registration in System for Award Management (SAM).
- 2 **Recordkeeping Requirements:** All records must be maintained for five years after fund expenditures.
- 3 **Single Audit Requirements:** “Recipients and subrecipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.”^{xliii}
- 4 **Civil Rights Compliance:** Ensure civil rights compliance. See Treasury Compliance and Reporting Guide for more guidance. ^{xliii}

Best Practice Action Items to Facilitate Compliance – Part 1: Early Action Items

- ❖ Check SAM.gov to ensure that an entity is not suspended or debarred
- ❖ Determine relationship to an entity, i.e., subrecipients and/or vendors/contractors
- ❖ Conduct risk assessment for subrecipients and/or vendors/contractors. (See also 2 CFR 331 through 2CFR 200.333)
- ❖ Conduct duplication of benefits analysis
- ❖ Check for conflicts of interest and develop or check existing conflicts of interest policy (may need to create a new policy as well)
- ❖ Check local procurement policy and ensure adherence to appropriate federal and local procurement
- ❖ Ensure proper COVID Nexus for funding
- ❖ Ensure all proper Treasury and/or State/Federal/Local award terms and conditions are in any agreements (as applicable)

Best Practice Action Items to Facilitate Compliance – Part 1: Early Action Items

- ❖ Develop internal controls for grant management, financial management, compliance and oversight management, reporting, recordkeeping, and monitoring including written processes and procedures
- ❖ Develop subrecipient plan and monitoring as applicable
- ❖ Develop internal controls (if nonexistent) which will help prevent fraud, waste, and abuse including internal staff training
- ❖ Have a centralized file management system and/or storage location for the five-year retention period

Best Practices: Documentation – May include, but not limited to:

- Grant Agreement (Comprised of Agreement, Federal Terms and Conditions Certification, and Scope of Work)
- Procurement documentation, including type selected and all applicable documentation
- Contractor v. Subrecipient Determination
- Debarment check confirmation (SAM.gov) – subrecipient, contractor, business name and business owner
- Duplication of Benefits Check
- FAIN Table – Contract Cover Sheet
- W-9 or jurisdiction alternate
- Selection Method for Beneficiaries
- Complete listing of all Beneficiaries served
- Organizational Charts/Staff Lists (showing decision making and separation of duties)
- Budget/Financial - General Ledger used to account for ARP Payments and disbursement from such payments to meet eligible expenses and Budget Records
- Invoices/Receipts (including: Payroll, Timekeeping Records, Human Resources Records to support costs incurred for payroll expenses if paid)
- Program Data or Milestones Completed (matching SOW to be performed) and Beneficiary data



- Financial Performance Reporting
- Policies and Procedures or SOP
- Beneficiary (pass-through) data (Documentation to support performance outcomes of contracts, subcontracts, grant awards, and subrecipients or other subawards)
- Risk Assessment (Performed on the Subrecipients, Contractors)
- Documented Monitoring Review (Performance Calls (Bi-monthly, Monthly), Desk or Site Reviews)
- Quality Improvement Plans (Corrective Actions Implemented)
- Technical Assistance Logged
- Documented Performance Calls
- Post-Monitoring Risk Evaluation
- Prior Single Audits on File
- Confirmation that _____ Jurisdiction and Subrecipients are aware that if they received more than \$750K in FY (2CFR 200.330 Subpart F)
- Other Supporting Documentation
- Closeout Letter



Additional Information and Resources

[H.R.1319- American Rescue Plan Act of 2021](#)

[State and Local Fiscal Relief Funds \(SLFRF\) Compliance and Reporting Guide](#)

[Coronavirus State and Local Fiscal Recovery Funds \(CSLFRF\), Frequently Asked Questions](#)

Electronic Code of Federal Regulations. (2021). *Grants and Agreements. Part 200- Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards:*

- [Direct and Indirect \(F & A\). 200.412-200.414](#)
- [Internal Controls. 200.303](#)
- [Subpart E- Cost Principles eCFR :: 2 CFR Part 200 Subpart E -- Cost Principles](#)
- [Subpart F-Audit Requirements](#)
- [Subrecipient Monitoring and Management through Record Retention and Access. 200.331 through 200.338](#)

[Basic Considerations; \(Government Regulations Uniform Guidance\) 2 CFR 200](#)

The Office of Recovery has Job Aids to provide additional context for these links on its website that are added to the [Resource Library](#).



Questions?