



American Rescue Plan
OMB Compliance Supplement
Addendum

Kansas Office of Recovery
February 16, 2022

SPARK Update

- SPARK Advisory Panel meetings underway
 - Economic Revitalization
 - Health and Education
 - Efficiency and Modernization
 - Connectivity
- Advisory Panel meeting livestreams and recordings available on [Office of Recovery YouTube Channel](#)
- SPARK Investment Idea Submission Form released and [available on Office of Recovery website](#)
 - Submission form closes 2/16/22

What We Will Go Over Today

1

Single Audit Basics: Threshold, Auditor Focus, and Being Prepared

2

Overview of and Using the Supplement Addendum

3

Vendor versus Beneficiary

Single Audit Basics and Preparation

Single Audit

A Single Audit provides the federal government with assurance that recipients of federal funding comply with specific funding directives by having an independent external source (CPA- known as the auditor) to report on compliance.

A single audit is required when a non-federal entity expends \$750,000 or more in federal funding during the fiscal year.

Single Audit Review

The aspects of a Single Audit review to be performed by the auditor focuses on:

- Financial - *internal controls & financial statements*
- Compliance - *adherence to Program guidelines*

Single Audit Preparation

Ensure documentation is clearly identified to the program and readily available to the auditor Examples of documentation to include and are not limited to:

- Financial policies & procedures (payment processing, procurement, etc.)
- Payroll and Benefits Records
- Purchase orders, invoices, receipts for program expenses including agreements and contracts
- Minutes of meetings and any and all reports prepared related to the programs



OMB Supplement and Compliance Supplement Addendum

For the Single Audit, it is important to be familiar with the OMB Supplement and Compliance Supplement Addendum

OMB Supplement

- Effective for audits of fiscal years beginning after 6/30/2020
- Identifies existing, important compliance requirements the federal government expects to be considered as part of an audit required by the 1996 Amendments to the Single Audit Act
- Sets out importance of *2 CFR Part 200, Subpart F* that describes the nonfederal entity's responsibilities for managing federal assistance programs (*2 CFR section 200.508*) and the auditor's responsibility with respect to the scope of the audit (*2 CFR section 200.514*)
- Requires auditors to follow both the provisions of *2 CFR Part 200, Subpart F*, and the Supplement

Supplement Addendum

- Required to be used in conjunction with Supplement
- Adds CSLFRF in new program section
- Lays out expectations of Treasury for auditing CSLFRF
- Includes matrix identifying requirements subject to audit for all new and existing programs included in Addendum
- Clarifies beneficiary concept introduced in CRF also applies to CSLFRF

Treasury ARPA SLRF Assistance Listing 21.027 –Program Objectives

*Purpose: provide direct payments to States, U.S. Territories
Tribal governments, Metropolitan cities, Counties, and Non-
entitlement units of local government to:*



Overview: ARPA SLFRF Program Objectives

1. Respond to the public health emergency, COVID-19 or its negative economic impacts, including assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work, or by providing grants to eligible entities who perform essential work;
3. Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the State, Territory, Tribal government, Metropolitan city, County, or Non-entitlement units of local government;
4. Make necessary investments in water, sewer, or broadband infrastructure.

Treasury SLRF Assistance Listing 21.027 – Program Procedures Overview



Overview: Program Procedures

The Fund is administered by the U.S. Department of the Treasury (“Treasury”) and provides assistance in the form of direct payments for specified use. The Fund provides \$350 billion for payments to eligible entities. The allocations are as follows:*

1. \$195.3 billion for the 50 States and the District of Columbia;
2. \$4.5 billion for U.S. Territories
3. \$20 billion for Tribal governments;
4. \$45.57 billion for Metropolitan Cities;
5. \$65.1 billion for Counties; and
6. \$19.53 billion for Non-entitlement Units of Local Government (NEU).

*Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021. <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

Amounts paid based on 2019 population data from U.S. Census and latest data from Bureau of Labor and Statistics

Overview:
Program Procedures
Continued

Treasury SLRF Assistance Listing 21.027 – Program Procedures

Source of Governing Requirements

Auditors must audit recipients on award funds they expended for their fiscal year 2021 based on the requirements set forth in the Act and Treasury’s Interim Final Rule, and Frequently Asked Questions (FAQs) that were in effect at the time of those expenditures.

Auditors must audit recipients on award funds they expended after the Final Rule comes into effect based on the Act and Treasury’s Final Rule and FAQs that are in effect at the time of those expenditures.

*Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021. <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

Amounts paid based on 2019 population data from U.S. Census and latest data from Bureau of Labor and Statistics

Treasury SLRF Assistance Listing 21.027 – Compliance Requirements

1. The auditor must determine, from the following summary which of these 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below),



Overview: Compliance Requirements

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

Then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the Federal program at the auditee.

When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit.

Overview: Compliance Requirements *Continued*

Compliance Requirements

Activities Allowed or Unallowed

Not permitted under the Fund:

- Deposits into any pension fund.
- Contributions to rainy day funds, financial reserves, or similar funds.
- Directly or indirectly offset a reduction in the net tax revenue of the State or Territory resulting from a covered change during the covered period.

Permitted under the Fund:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.



Vendor v. Beneficiary

For a **Vendor or Contractor**:

The recipient creates a procurement relationship through a contract, purchase order, or agreement for the purpose of obtaining goods and services from a vendor/contractor.

The Characteristics of a vendor/contractor are:

- The vendor/contractor operates in a competitive environment providing goods and services for normal business operations or to many different purchasers.
- The vendor/contractor provides goods and services ancillary to a federal program.
- The vendor/contractor may earn a profit through the procurement relationship.

Vendor v. Beneficiary

Continued

Beneficiaries/Direct Recipients and Subrecipients

- Subrecipient monitoring is not required for Beneficiaries
- Non-entitlement units of local government are considered by Treasury to be direct recipients of CSLFRF. States have no subrecipient monitoring responsibilities related to the funding States distribute to non-entitlement units of local government.
- The subrecipient or beneficiary designation is an important distinction as funding provided to beneficiaries is not subject to audit pursuant to the Single Audit Act and 2 C.F.R. Part 200, Subpart F, but funding provided to subrecipients is subject to those audit requirements.
- When recipients of the Fund provide award funds to entities to respond to the negative economic impacts of COVID-19 as end users, and not for purpose of carrying out program requirements, the entities receiving such funding are beneficiaries of the Fund.



Resources

OMB Compliance Supplement Addendum

<https://www.cfo.gov/assets/files/Treasury%20SLFRF%20Compliance%20Supplement%20Addendum%201%20PDF.pdf>

Additional information:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
October 2021 Coronavirus State and Local Fiscal Recovery Funds Treasury Compliance Supplement 2021 21.027-3

The Fund's Compliance and Reporting Guidance:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>

FAQs about the Fund are outlined:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

For specific questions regarding the Fund, the Office of Recovery Programs may be contacted via telephone at (202)-622-2000 or by e-mail at SLFRP@treasury.gov

The Office of Recovery Programs continues to update and add resources to its website.



Questions