



Best Practices Checklist:

- ✓ Allowability – Ensure that your project(s) is an allowable use of ARPA SLFRF funds.
- ✓ Duplication of Benefits Analysis – Conduct duplication of benefits analysis. Ensure there is not a duplication of benefits in the use of funds.
- ✓ Ensure adherence to local and federal procurement policies. (Use the stricter of the two.)
- ✓ Check SAM.gov/search on all vendors, subrecipients, and beneficiaries.
- ✓ Determine relationship to entity (i.e. subrecipient, beneficiary, contractor).
- ✓ Conduct risk assessment on beneficiaries or subrecipients.
- ✓ Ensure all proper Federal/State/Local award terms/conditions are in agreements. (See Subrecipient Award/Agreement Checklist on covid.ks.gov.)
- ✓ Develop subrecipient plan and monitoring as applicable.
- ✓ Develop internal controls for grant management, financial management, compliance, reporting, recordkeeping, and monitoring including processes and procedures.
- ✓ Develop internal controls (if non-existent) to prevent waste, fraud, and abuse—including internal staff training.
- ✓ Check for conflicts of interest and develop or check existing conflicts of interest policy.
- ✓ Have a centralized file management system and/or storage location for the five-year retention period.
- ✓ See the Office of Recovery's [Grant Compliance Checklist and Guide](#) for ARPA SLFRF for additional compliance guidance, links, and resources



Treasury Key Principles: Compliance Areas of Focus

KEY

-  Treasury's direction in the Compliance and Reporting Guide as it relates to compliance
-  Witt O'Brien's interpretative best practice application for Treasury's Compliance and Reporting Guide compliance requirements

The following key principles have been identified from [Treasury's Compliance and Reporting Guide](#). For more information on the best practice application of this guidance please watch the webinar – [Treasury Key Principles: Compliance Areas of Focus](#) hosted by the Office of Recovery.

Allowable Activities:

Your organization “must develop and implement effective internal controls to ensure that funding decisions under the State Local Fiscal Recovery Funds (SLFRF) award constitute allowable uses of funds, and document determinations.”

Applied:

Review the approved uses of ARPA SLFRF funds. Identify the category your project falls under (such as supporting public health response, replacing lost revenue, etc.). Document your process for arriving at allowable uses.

Resources: [Overview of Final Rule](#) | [U.S. Treasury FAQs](#) | [U.S. Treasury SFRF Final Rule](#) | [Webinar-Interim Final Rule Revisited \(8/4/21\)](#).

Eligibility:

“Recipients are responsible for ensuring funds are used for eligible purposes,” and must implement “criteria for determining the eligibility of beneficiaries and subrecipients.” This includes, but it not limited to internal controls, suspension and debarment checks, risk assessments, and general processes/procedures.

Applied:

Conduct a Sam.gov search on a subrecipient, beneficiary, or contractor early in the process. Complete a risk assessment on subrecipients and beneficiaries. You are responsible for eligibility determination.

Resources: [Risk Assessment Tool](#) | [Subrecipient vs. Contractor Checklist](#) | [Pass-Through Entity Responsibilities Checklist](#)

Treasury Key Principles: Compliance Areas of Focus Cont.

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.” “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.”

- Administrative costs: “costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405”
- “May charge both direct and indirect costs to their administrative costs”
- For further questions, see 2CFR 200.414(F) and page 7 of the Treasury Compliance and Reporting Guide
- Salaries and Expenses: “In general, certain employees’ wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury’s Final Rule for details.”

Applied:

Implement all processes and procedures related to expenditures (such as financial and programmatic monitoring, review/justification of funding used for expenditures, approval of expenditures). Document monitoring (such as approval signatures on documents or electronic approvals).

Resources:

[Cost Principles-Basic Considerations](#) | [Cost Principles-Selected Items of Cost](#) | [Grant Compliance Checklist and Guide, Use of Funds/Other](#) | [Grant Compliance Checklist and Guide](#) | [Uniform Guidance Links](#)

Procurement, Suspension, & Debarment:

Ensure there is no debarment or suspension using SAM.gov (Recommended practice is to print screenshot of SAM.gov search). 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).

- “Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.”

Applied:

Review federal and local procurement procedures. The stricter of the two is to be used. Search Sam.gov to ensure that vendors and subrecipients have not been suspended or disbarred. Print the screen for documentation.

Resources:

[Procurement First Steps](#) | [Grant Compliance Checklist and Guide](#) | [Webinar, Procurement Best Practices 8/18/21](#)

Subrecipient Monitoring:

Manage and monitor subrecipient compliance through 2 CFR 200.332.

- Must first evaluate risk using a risk assessment of any subrecipient, then develop process and procedures to monitor subrecipient, maintain records of all.

Applied:

Determine the types of reports needed and the frequency. Determine any other methods needed for monitoring. Document processes and procedures for monitoring. Ensure risk assessment has been completed. Review federal requirements

Resources:

[Pass-Through Responsibilities Checklist](#) | [Grant Compliance Checklist](#)

Cash Management

“Recipients can place funds into 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.”

Applied:

Develop a fund or account in the financial system specific to ARPA State and Local Fiscal Recovery Funds in order to track grant revenue and expenditures. Regarding interest, SLFRF funds may be deposited in interest-bearing accounts. Interest may be used for non-SLFRF purposes.

Resources:

[Grant Compliance Checklist](#) | [U.S. Treasury’s FAQ’s, Section 10.3](#)

Treasury Key Principles: Compliance Areas of Focus Cont.

Special Tests and Provisions:

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.

Applied:

Review internal controls job aid, and develop processes and procedures (such as regarding procurement, invoice payment and approvals, grant monitoring, standards of conduct, etc.). Document processes and procedures for each step of the grant program. Maintain records.

Resources:

[Fraud, Waste and Abuse Guide](#) | [Internal Controls Checklist](#) | [Compliance Checklist and Guide](#)

Applied:

Equipment and real property purchased must be used for ARPA SLFRF purposes. When no longer needed for the original use, equipment may be used in other activities supported by the U.S. Treasury or other Federal awarding agencies. (2 CFR 200.311 and 200.313 outline authorized uses and disposition.)

Resources:

[Grant Compliance Checklist & Guide](#) | [Uniform Guidance: 2 CFR 200.311 and 200.313](#)

Equipment and Real Property Management:

Must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D and 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.

Awards 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 Final Rule. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items."

- SAM.gov requirements: All recipients must have active registration in SAM / <https://sam.gov/content/home>.
- Recordkeeping requirements: All records must be maintained for five years after fund expenditures.
- 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.
- Civil Rights Compliance: Ensure civil rights compliance. See Treasury Compliance and Reporting Guide for more guidance.

Applied:

Review and follow the Award Terms and Conditions, including the four noted on pages 10-11 of the U.S. Treasury's Compliance and Reporting Guidance (SAM.gov, recordkeeping, Single audit requirements, Civil Rights Compliance). Review the RO's Grant Compliance Checklist and Guide. Use the Subrecipient Award/Agreement checklist when entering into an agreement with subrecipients. It includes items required in a subaward and the U.S. Treasury's Award Terms and Conditions to reference and attach.

Resources:

[Subrecipient Award/Agreement Checklist](#) | [Grant Compliance Checklist & Guide](#) | [U.S. Treasury's Compliance & Reporting Guidance, pgs. 10-11](#)

Treasury Key Principles: Compliance Areas of Focus Cont.

Period of Performance:

Costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024, funds must be obligated by December 31, 2024 and expended by December 31, 2026.

Applied:

Implement and document internal controls (including program administration timelines) which show compliance with these deadlines. Grant program staff and fiscal staff approving purchases and expenditures must be aware of allowed obligation and expenditure periods.

Resources:

[Grant Compliance Checklist](#) | [U.S. Treasury's Compliance and Reporting Guidance, p. 8](#)

Matching, Level of Effort, Earmarking:

No matching, level of effort, or earmarking compliance responsibilities "SLFRF funds may only be used for nonfederal 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."

Applied:

There are no specific compliance responsibilities required by Treasury relative to matching, level of effort, or earmarking. If your entity wishes to use ARPA SLFRF funds to match other federal grant funds, you may use funds from the "revenue loss" eligible-use category. Recipients should consult the final rule for further details if they seek to utilize other eligible use categories as a match for these projects.

Resources:

[Grant Compliance Checklist and Guide](#) | [U.S. Treasury's FAQs, Section 4.4.](#)

Program Income:

See 2 CFR 200.307(e)(1) for program incomes, implement internal controls that properly identify proper insurance of program income.

- Additional compliance may be forthcoming from the US Treasury.

Applied:

Program income includes income from fees for services performed or loans issued using grant funding (but does not include interest earned on advances of Federal funds). Record program income. Document processes and procedures regarding program income. Watch for further guidance regarding 2 CFR 200.307(e)(1) – deduction to Federal award funds.

Resources:

[U.S. Treasury's Compliance and Reporting Guidance, pgs. 8-9](#) | [Grant Compliance Checklist and Guide](#)

Reporting:

"All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1." 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.

Resources:

[Grant Compliance Checklist & Guide](#) | [U.S. Treasury's Compliance and Reporting Guidance, pages 12-29](#) | [User Guide for NEU Reporting - forthcoming](#) – Check the Treasury web site under "Recipient Compliance and Reporting"