



# **State and Local Fiscal Recovery Funds (SLFRF) Obligation Deadline Review**

**Kansas Office of Recovery**

**October 23, 2024**

# Agenda

1

Upcoming Obligation Deadline

2

Allowability and Expenditures Review

3

Compliance & Closeout

4

State of Kansas and US Treasury Resources



## State and Local Fiscal Recovery Funds (SLFRF)

The State and Local Fiscal Recovery Funds (SLFRF) created through the American Rescue Plan Act (ARPA) provided \$350B of relief to States, Territories, Municipalities and Tribal Governments.

Purpose:

- Ensure public and social services are available and maintained amidst a global pandemic.
- Provide support to individuals and businesses financially impacted by COVID-19.
- Build strength and resiliency in communities as they recover from the impacts of the pandemic.

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Upcoming Obligation Deadline –  
12/31/2024

# Upcoming Obligation Deadline – December 31, 2024

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**Obligation:** All funds must be obligated (orders placed for property and services, contracts and subawards made, and similar transactions that require payment) by **December 31, 2024**.

Interagency Agreement with conditions – [SLFRF FAQ Section 17](#) (17.1; 17.6)

Payroll Expenses – [SLFRF FAQ Section 17](#) (17.7)

**Liquidation:** NEUs have two years after the obligation deadline to liquidate funds. Obligations must be expended and liquidated by **December 31, 2026**.

- Surface Transportation and Title I project obligations must be liquidated by **September 30, 2026**.

Obligations won't be reported until the April 2025 report – any amount not obligated by 12/31/2024 must be returned to Treasury.

## Documenting Obligations

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**If someone asked you to verify that your award was obligated as of 12/31/2024, how would you do it?**

Obligation documentation will look different depending on the obligation method, but all obligations should be substantiated by a paper trail.

### **Types of obligation documentation might be:**

- A contract signed with a vendor to provide services
- A subaward to a subrecipient
- An order placed for supplies or equipment
- An agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.

## What an Obligation is NOT

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By themselves, the following **do not** constitute an SLFRF obligation:

- Council agreements
- Budgets
- Appropriations
- Resolutions
- Executive Orders
- Written agreements to enter into a contract
- Grant of legal authority to enter into a contract
- Moving funds into a general or other specified fund
- Claiming funds under Revenue Replacement
  - Includes claiming the standard allowance of up to \$10 million in revenue loss



## Estimated Expenses

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Under the Obligation Interim Final Rule (IFR), a recipient is considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds.

Treasury is extending the deadline for recipients to report this estimate of costs to meet legal and administrative requirements to **July 31, 2024, for quarterly reporters, or April 30, 2025, for annual reporters.**

### **Estimated costs may include:**

- Reporting and compliance requirements, including subrecipient monitoring.
- Single Audit costs.
- Record retention and internal control requirements.
- Property standards.
- Environmental requirements, including applicable requirements of the National Environmental Policy Act, section 106 of the National Historic Preservation Act, the Archaeological Resources Protection Act of 1979, and the Native American Graves Protection and Repatriation Act.
- Civil rights and nondiscrimination requirements.



# Obligation & Amendments

## **Replacing obligations of contracts or subawards made prior to December 31, 2024:**

- In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.
- Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024.
- The recipient may reclassify the SLFRF funds from the original activity to another project that would be eligible under the SLFRF program rules, including the requirement that the recipient incurred an obligation by December 31, 2024, to expend funds on the activity.

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# Allowability & Expenditures Review

# SLFRF Eligible Spending Categories

Over 120 unique expenditure categories across 10 different categories

1: Public Health	2: Negative Economic Impacts	3: Public Health: Public Sector Capacity	4: Premium Pay	5: Infrastructure
<u>6: Revenue Replacement</u>	7: Administrative	8: Natural Disasters	9: Surface Transportation	10: Title I Projects

For recipients with awards less than \$10M, Treasury recommends utilizing expenditure category 6.1:

<b>6: Revenue Replacement</b>	
Provision of Government Services	6.1

# Revenue Replacement

It is strongly recommended that Tier 5 (NEUs awarded less than \$10M) choose to use their SLFRF allocations towards Revenue Replacement. Revenue Replacement may be claimed through EITHER:

## Recommended

- Standard allowance up to \$10M (not to exceed total award); or
- Complete revenue loss calculation.

Recent updates from the Treasury now allows for recipients that would like to update their revenue loss determinations to be able to do so, as appropriate, through the April 2025 reporting period. **Upon update, any prior revenue loss election will be superseded.**

**Example 1:** If a recipient awarded \$6M in SLFRF chooses to claim the maximum amount in revenue loss, they may spend its total allocation of \$6M under the revenue loss eligible use category toward the provision of government services.

**Example 2:** If a recipient awarded \$12M in SLFRF chose to claim the maximum amount in revenue loss, they may spend a total allocation of \$10M under the revenue loss eligible use category toward the provision of government services.

# Revenue Replacement

Claiming your award as revenue loss does not mean you have obligated or expended your award.

**Revenue loss is the amount of money that you can expend under Expenditure Category 6.1 Provision of Government Services, it is not an expenditure.**

- You still need to obligate the funds via a method discussed previously in the presentation by 12/31/2024
- You still need to expend your funds by 12/31/2026
- You must be able to describe the specific services that were funded via SLFRF

## Description of Services

Recipients will also be given a textbox to describe what the funds are being used for under revenue replacement. Treasury requests that descriptions provide explanations that details what type of specific eligible government services are being supported with the funds. The textbox for entering these details is designed to take *at least* 250 characters as part of the description of services. For example, a useful description might of how revenue replacement funds were used might read like the following:

*“Revenue replacement funds are being used to maintain current levels of services of the local government, including the salaries of three firefighters and the related operations and maintenance fees associated with the department’s emergency vehicles. Additional funds were used to maintain and service streetlamps in the downtown area, as well as a project to rebuild the sidewalks of the commercial district.”*

## Ineligible Expenditures

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### **Expenses that cannot be paid for with SLFRF:**

- Cannot offset a reduction in net tax revenue
- Cannot deposit into pension funds
- Cannot be used for debt service or replenishing financial reserves
- Cannot satisfy an obligation arising from a judgement settlement
- Cannot fund a program, service, or capital expenditure that conflicts with or contravenes the statutory purpose of ARPA
- Cannot use SLFRF funds in violation of the conflict-of interest requirements contained in the Award Terms and Conditions, including any self dealing or violation of ethics rules

**FAQ Section 8: Ineligible Uses:** [SLFRF-Final-Rule-FAQ.pdf \(treasury.gov\)](#)

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# Compliance & Closeout



# Closeout and Ongoing Reporting Requirements

## Closeout process not fully defined by Treasury yet

- Annual/quarterly reporting required until Treasury finalizes closeout
- Additional questions have been added to the reporting Portal over the last year, potential for 2025 report to include finalized closeout process

### Have you spent your full SLFRF award and are ready to close out the award?

If you are ready to close out, please be aware that this is not your final report. Included in forthcoming guidance will be information on how to close out your SLFRF award, including completion of final report information.

No

Yes





# Compliance Documentation

- <https://home.treasury.gov/system/files/136/2024-SLFRF-Compliance-Supplement.pdf>
- 2 CFR 200.501(a): A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part
- Treasury has highlighted seven areas that are subject to audit:
  - Activities allowed or Unallowed
  - Allowable Costs/Cost Principles
  - Matching, Level of Effort, Earmarking
  - Period of Performance
  - Procurement and Suspension and Debarment
  - Reporting
  - Subrecipient Monitoring

**Federal Audit Clearinghouse (FAC)**

Have you expended \$750,000 or more in federal award funds during your most recently completed fiscal year? ⓘ

Yes ▼

Have you submitted a single audit or program specific audit report to the Federal Audit Clearinghouse (FAC)? ⓘ

No ▼

Please explain why you did not submit an audit to the FAC.

# Alternative Compliance Examination Engagement

- Eligible for this alternative if you received less than \$10M in SFRF and you expended less than \$750,000 in federal award funding during your fiscal year
- The alternative approach to a single audit or program-specific audit under 2 CFR Part 200, Subpart F, permits eligible recipients to engage a practitioner to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) Government Auditing Standards.
- Areas subject to review:
  - Activities allowed or unallowed
  - Allowable costs/costs principles

## Alternative Compliance Examination Engagement (ACEE)

For certain entities that may be new to expending more than \$750,000 in federal awards and are now subject to Single Audit Act requirements, the U.S. Department of the Treasury (Treasury), together with the Office of Management and Budget and other stakeholders, developed the Alternative Compliance Examination Engagement (ACEE).

For qualified SLFRF recipients, the ACEE is a voluntary alternative to a required full Single Audit that is less burdensome, but still upholds good stewardship by focusing on Activities Allowed and Unallowed and Allowable Cost/Cost Principles.

Would you like to submit an ACEE instead of the Single Audit?

Yes

Is the recipient's total SLFRF award below \$10 million?

--None--

Are other Federal award funds the recipient expended (not including their direct SLFRF award funds) less than \$750,000 during the recipient's fiscal year?

--None--

ACEE Criteria not met, Both responses above must be 'Yes'.



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# Kansas Office of Recovery & Treasury Resources



## Information and Resources

### ***Federal Resources and Regulations (with links)***

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

**State and Local Fiscal Recovery Funds Frequently Asked Questions - [FAQs](#)**

**U.S. Department of the Treasury, SLFRF Compliance and Reporting Guidance - [Compliance and Reporting Guidance](#)**

**Electronic Code of Federal Regulations - Grants and Agreements - Part 200 - [Uniform Administrative Requirements, Cost Principles, and Audit Requirements](#)**

- Internal Controls - [200.303](#)
- Audit Requirements - [Subpart F](#)
- Procurement - [200.317 - 200.327](#)
- Subrecipient Monitoring and Management/Subrecipient and Contractor Determinations - [200.331 through 200.333](#); [Kansas - Pass-Through Entity Responsibilities Checklist](#)
- Cost Principles - Basic Considerations - [200.402 - 200.411](#); [Kansas-Subpart E](#)



# Treasury Resources

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## Treasury Portal & Reporting Webinars

[SLFRF Reporting Troubleshooting Explainer Video](#)

[SLFRF New User Explainer Video](#)

[SLFRF Reporting Resources Explainer Video](#)

[Project & Expenditure Simplified Reporting](#)

[SLFRF User Roles Explainer Video](#)

[Portal Demonstration & Overview of SLFRF Reporting and Compliance Responsibilities](#)

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## Reporting Guidance & Treasury Contact Emails

Project & Expenditure Report User Guide

[\*Project and Expenditure Report User Guide\*](#)

Updated SLFRF Frequently Asked Questions

[\*FAQs\*](#)

SLFRF Self Service Resources

[\*SLFRF Self-Service Resources | U.S. Department of the Treasury\*](#)

U.S. Department of the Treasury, SLFRF Compliance and Reporting Guidance

[\*Compliance and Reporting Guidance\*](#)

Treasury Portal or technical support, please email

[\*covidreliefitsupport@treasury.gov\*](mailto:covidreliefitsupport@treasury.gov)

SLFRF general questions, please email

[\*SLFRF@treasury.gov\*](mailto:SLFRF@treasury.gov)

# Office of Recovery Resources for Local Governments: <https://covid.ks.gov/>

## Resource

## Content

### Inquiry Form

[KS Office of Recovery Question/Request Form](#) – This is the direct link to the inquiry form where you can send questions/inquiries. You can also get to this form by clicking “Contact Us” on the upper right of the [Covid.KS.Gov](#) page.

### Compliance Resource Library

[Compliance Resource Library](#) provides Job Aides and additional Treasury SLFRF resource context.

### RO Website – NEU – ARPA Webinars

[Webinar Materials – Kansas COVID-19 Response and Recovery \(ks.gov\)](#) – Past NEU webinars contain a wealth of information. Both the videos and the webinar slides are available on this site. Specific topics include:

- Grant Implementation: Getting Started.
- Procurement Best Practices.
- Statewide Contracts and Cooperative Agreements.
- Overview of US Treasury Final Rule.





## Housekeeping Items

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- Next federal report due in April 2025 for Tier 5 – ensure internal controls
- Ensure SAM.gov Registration
  - <https://sam.gov/content/home>
  - [SAM.gov Federal Helpdesk](#)
- Notify Office of Recovery of staff turnover

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# Questions?