

Coronavirus Relief Funds Monitoring Process and Reporting Requirements

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Presentation Topics

- CRF Reporting Requirements
- CRF Expenditure Deadline
- Considerations for FEMA Reimbursements
- CRF Monitoring Process



Who Needs to Report?

- An entity that has not fully spent the CRF funds.
- An entity that has remaining obligations (from a prior cycle).
- An entity that has only reported full expenditure in **one** cycle.
- An entity that needs to reallocate expenditures, such as moving expenditures between categories.
 - **Moving expenditures between categories is considered a material change and will require a report in Cycle 5, as well as the current cycle.**



Who Has Fulfilled Their Reporting Requirements?

Only entities that have reported full expenditures (no remaining obligations) in **two consecutive cycles**.

In other words...If the CRF allocation was fully spent in **two** consecutive reporting cycles, you DO NOT need to report for Cycle 4. This means:

- Both Cycle 1 and Cycle 2 reflected CRF **fully spent** OR
- Both Cycle 2 and Cycle 3 reflected CRF **fully spent** AND
- **No changes to those expenditures are needed, such as moving expenditures between categories.**



Costs Must be Incurred by December 30, 2020

- Recent federal legislation extended the federal deadline.
- State law remains **unchanged** (Control Section 11.90, 2020 Budget Act)
- **CRF must be spent by December 30, 2020.**
- Based on the federal definition, funds are “expended” when the service is rendered or the good has been delivered.
- All “expenditures” **must** occur before December 30, 2020
- Payment for goods or services may occur at a later date (reasonable liquidation period).



How to Report Expenditures

- Use the 'Expenditure Adjustments (Prior Cycles)' column to report expenditures or expenditure adjustments.

Back Save and Refresh Totals Next/Add More Categories Review and Finalize				Total Remaining Obligations:	
				<input type="text" value="\$0"/>	
				Cycle 4: 1/1/2021 - 3/31/2021	
*	Category	Cumulative Expenditures (Prior Cycles)	Expenditure Adjustments (+/-) (Prior Cycles)	Expenditures (Accrual basis - liability)	Total, Cumulative Expenditures
A	Administrative Expenses	\$0	\$0	\$0	\$0

- Report all funds as fully spent – any unspent funds should be returned to the state, if there is no change to current state law.**



Differences from Prior Reports

The Cycle 4 report should not include:

- Remaining Obligations
- Expenditures in the “Current Cycle” column, this column reflects would only reflect costs incurred in 2021, which is not permitted under current state law.



Example of Correct Report

CA Gov Home Hello Audrey.Bazos@dof.ca.gov! Account Info Logout

State of California Department of Finance **Coronavirus Relief Fund Reporting**

Part C

Amounts by Category

Refresh totals by clicking "Save and Refresh Totals" button below.

Please enter amounts by category below. If you have categories not listed below, you can add your own by clicking "Next/Add More Categories" below. Otherwise, click "Review and Finalize" when done.

Total Remaining Obligations:
\$0

* Category	Cumulative Expenditures (Prior Cycles)	Expenditure Adjustments (+/-) (Prior Cycles)	Cycle 4: 1/1/2021 - 3/31/2021 Expenditures (Accrual basis - liability)	Total, Cumulative Expenditures
A Administrative Expenses	\$0	\$0	\$0	\$0
B Budgeted Personnel and Services Diverted to a Substantially Different Use	\$0	\$0	\$0	\$0
C COVID-19 Testing and Contact Tracing	\$0	\$0	\$0	\$0
D Economic Support (Other than Small Business, Housing, and Food Assistance)	\$0	\$0	\$0	\$0
E Expenses Associated with the Issuance of Tax Anticipation Notes	\$0	\$0	\$0	\$0
F Facilitating Distance Learning	\$0	\$0	\$0	\$0
G Food Programs	\$0	\$0	\$0	\$0
H Housing Support	\$31,964	\$6,048	\$0	\$38,012
I Improve Telework Capabilities of Public Employees	\$30,584	\$0	\$0	\$30,584
J Medical Expenses	\$0	\$0	\$0	\$0
K Nursing Home Assistance	\$0	\$0	\$0	\$0
L Payroll for Public Health and Safety Employees	\$181,292	\$8,914	\$0	\$190,206
M Personal Protective Equipment	\$1,911	\$0	\$0	\$1,911
N Public Health Expenses	\$38,650	\$0	\$0	\$38,650
O Small Business Assistance	\$416,758	\$0	\$0	\$416,758
P Unemployment Benefits	\$8,914	(\$8,914)	\$0	\$0
Q Workers Compensation	\$0	\$0	\$0	\$0
Subtotal: \$710,073	Subtotal: \$6,048	Subtotal: \$0	Subtotal: \$716,121	
			Total Obligations/Expenses: \$716,121 Max Spend: \$716,121	

Back to Top

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General Reminders

- Use Google Chrome if possible; DO NOT use Internet Explorer
 - Internet Explorer will not show the Part C fields.
- Records are associated with the user that created the report. Users are NOT able to create new reports, adjust allocation amounts, or change the DUNS number
- Save a copy of your report before you exit!
 - On the 'Review and Finalize' screen, use the "Print to PDF" option to save a copy of your report.
- **Reports cannot be accessed when system is locked.**



Reporting Due Dates

- All reports are due no later than **April 6, 2021**.
 - 8 counties and 34 cities not fully spent in Cycle 3.
- 7 Counties and 264 cities fully spent in Cycle 2.
- 43 Counties and 176 Cities fully spent in Cycle 3.
- **No changes:** Complete report by **March 30, 2021**.
 - Log In and Review 'Cumulative Expenditures'
 - Certify and Submit Report
 - Print a copy for your Records



FEMA Reimbursement

- FEMA issued a statement on 100% cost match based on January 21, 2021 Presidential Memorandum (PM):
 - Allows for 100% federal funding for the costs of activities previously determined eligible, retroactive to January 2020.
 - Expanded eligible activities to work conducted through September 30, 2021 (no guidance available on new items).
 - Did NOT increase available FEMA funds; but American Rescue Plan does include \$50 billion for Disaster Relief Fund.
- State, counties, and cities are all accessing these funds.



FEMA Reimbursement

- FEMA is funding source of last resort.
- In general, FEMA reimbursement requires a high level of documentation to support claims; reimbursement takes time.
- Additional information regarding FEMA reimbursement can be found on the CalOES website. (<https://www.caloes.ca.gov/cal-oes-divisions/recovery/covid-19>)
 - These resources are intended to be helpful guides.
 - Each entity will need to make their own decisions regarding the potential return on investment for pursuing FEMA reimbursement.
- If CRF was used as a FEMA match it may require revisions to related expenditures; could reopen reporting.



FEMA Documentation and Eligibility

- **Medical Care/Testing:** Covers inpatient care for COVID+/suspected COVID, including triage. Provide documentation to demonstrate pursuit of insurance. If equipment such as ventilators were purchased must demonstrate it was “used”.
- **PPE:** Must track distribution. After 9/15/20, applies to direct response only. Unclear how PM affects this standard.
- **Great Plates:** Number COVID+/exposed or high-risk; not already receiving assistance (CalFresh, Meals on Wheels); duration of meal services. Currently extended through April 8, 2021.
- **Non-Congregate Shelter:** Confirm COVID+/exposed or high-risk (65+ or underlying health condition) not state-funded.



Changes to CRF Reporting Due to FEMA Changes

- CRF Reporting is cumulative—changes can be made to prior cycles to account for additional FEMA reimbursements.
 - This can be done in a future cycle when there is more clarity/certainty of what is considered “eligible”.
- Moving expenditures between categories is considered a material change.
- If a material change is made, at least one more report will be required.



Completing Reporting Requirements

- After reporting CRF as fully spent, entities must complete a full cycle with no changes before the reporting requirement is considered complete.
- If an entity makes changes in a future cycle, reporting will resume and one additional report with no changes must be completed before the requirement will again be fulfilled.



Completing Reporting Requirements

Example:

Cycle 2: Allocation Fully Spent

Cycle 3: No Changes

Cycle 4: Expenditures moved between categories
(net zero change)

Cycle 5: Must report

Cycle 6: If no changes were reported in Cycle 5,
reporting is not required



Audit and Oversight Requirements

- Funds are subject to the Single Audit Act (Subpart F).
 - OIG will evaluate the prime's Single Audit as part of desk review.
- Funds are not grants; recipients must follow Uniform Guidance regarding internal controls (2 CFR Sec 200.303).
 - OIG will assess compliance of the prime recipient's receipt, disbursements, and use of CRF.
- Sub-recipient monitoring and management consistent with 2 CFR Sec. 200.330-200.332.
- As the prime recipient, disallowances will initially be recouped from the State.



Keep Funding Local

- State has taken steps to guide sub-recipients on allowable uses of the funds to mitigate the impacts of the COVID-19 pandemic.
- Create a framework to support local priorities consistent with federal guidance.
- Oversight starts with information on eligible uses and open communication (website, user guides, FAQs).
- Identify areas of concern while there is time to make adjustments through the quarterly reports.
- **Corrections allowed through December 31, 2021 for eligible expenses during the covered period.**



Administrative Convenience = Flexibility

- No documentation of the work being performed for **public health and public safety staff** (category L).
- CARES Act does not allow backfill of lost revenue: the “administrative convenience” provides a tool for these staff to be paid for by the CRF, potentially freeing up general purpose funds (or offsetting lower receipts).
- Actual payroll and benefits (including pension costs) can be paid by CRF – Must keep payroll records for five years.



Records Retention

- Retain records 5 years after final payment is made; make available on request for audits/monitoring.
- All documents and financial records sufficient to establish compliance: (1) Necessary, (2) Not in recent budget, (3) Incurred 3/1/20 – 12/30/20.
 - General ledger, subsidiary ledger
 - Budget records 2019 and 2020
 - Payroll and time keeping records
 - Receipts of purchases
 - Contracts and subcontracts, including any performance outcomes
 - Documentation of reports, audits, monitoring of recipients
 - All CRF internal and external e-mail/electronic communications



Records Retention

- Federal audit will start with the state (prime recipient).
- Audit may involve reviewing the prime's sub-recipients.
- Compile your records **now** while data is fresh:
 - Summary of the process used to determine expense is necessary to respond to COVID.
 - Accounting reports and payroll records, if applicable.
 - Contracts, purchase orders, receipts.
- Do **not** wait until Finance requests documentation from you to assemble that file:
 - Organized and provided quickly to oversight entity.
 - Demonstrates appropriate process in place.



Importance of Internal Controls

- Sub-recipients must establish and maintain effective internal controls (2 CFR 200.303).
- Take prompt action when non-compliance is identified, including audit findings. ***Can redeploy through 12/31/21.***
- Various funding sources can be used together so effective systems/processes even more important.
 - May not be reimbursed twice; requires careful tracking!
- As a FEMA-eligible disaster, public health pandemic, and economic downturn, many fund sources can be used together to respond to and mitigate the impacts of COVID-19.



Next Phase of Monitoring

- Finance conducting initial monitoring with 10 entities.
 - Risk-based approach for selected the largest allocations.
 - Provided high-level information with detailed back up.
- Monitoring letter for next phase was sent March 5, 2021.
 - Will be done in groups; start with entities fully spent.
 - All sub-recipients to electronically submit **high-level** documentation to support expenditures when contacted.
 - Format is at local discretion.
 - Submit electronically; entities will receive unique link.
 - Do NOT submit copies of contracts, POs, or invoices.



Document Results

- Results and conclusions will be documented and shared with sub-recipients and the Finance program staff overseeing the allocation and reporting process.
- Results will be shared with US Treasury OIG, upon request.
- Sub-recipients will be able to revise reports to address findings before the quarterly report is submitted in December 2021.
- Finance may follow up to determine if recommendations have been followed.



Questions/Resources

DOF Website: <https://www.dof.ca.gov/budget/COVID-19>

Federal Reporting/Research Unit Email:

CRFReportHelpDesk@dof.ca.gov

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US Treasury OIG CRF Information:

<https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

March 2, 2021 US Treasury OIG CRF FAQ:

<https://oig.treasury.gov/sites/oig/files/2021-03/OIG-CA-20-028R.pdf>

