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 <u>one</u> cycle.
- An entity that needs to reallocate expenditures, such as moving expenditures between categories.
 - Moving expenditures between categories is considered a <u>material change</u> 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 <u>two</u> consecutive reporting cycles, you DO NOT need to report for Cycle 4. This means:

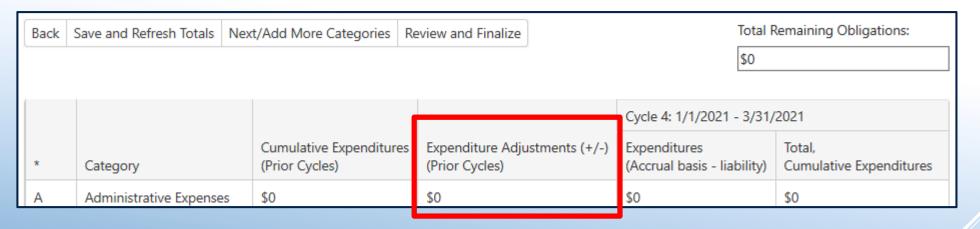
- Both Cycle 1 and Cycle 2 reflected CRF <u>fully spent</u> OR
- Both Cycle 2 and Cycle 3 reflected CRF <u>fully spent</u> AND
- No changes to those expenditures are needed, such as moving expenditures between categories.

Costs Must be Incurred by December 30, 2020

- Recent federal legislation extended the federal deadline.
- State law remains <u>unchanged</u> (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.



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

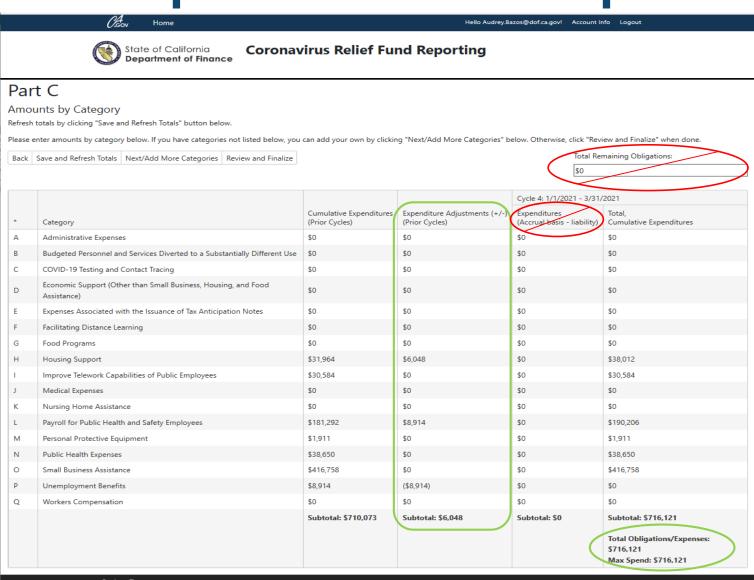
Differences from Prior Reports

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



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 <u>eligible</u>, 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 <u>no changes</u> before the reporting requirement is considered complete.
- If an entity makes changes in a future cycle, reporting will resume and one additional report with <u>no changes</u> 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 <u>work being performed</u> for <u>public health</u> and <u>public safety staff</u> (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).
- <u>Actual</u> payroll and benefits (including pension costs) can be paid by CRF – Must keep payroll records for five years.

Records Retention

- Retain records 5 years <u>after</u> 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 <u>now</u> 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 <u>not</u> 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: ttps://www.dof.ca.gov/budget/COVID-19

Federal Reporting/Research Unit Email: CRFReportHelpDesk@dof.ca.gov Kristin Shelton (916) 768-4352

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

