

Lut+cz

MIND WHAT MATTERS

WHAT THE SLFRF? (ARPA)

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SPEAKERS

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COMPANY OVERVIEW

ABOUT LUTZ

- **SINCE 1980**

- **Lutz is an accounting and business solutions firm, born and raised in Nebraska, with offices in Omaha, Lincoln, Hastings and Grand Island. Over the years, multiple divisions have been developed to help current and future clients.**

SERVICES

- **OUR EXPERIENCED TEAM SIMPLIFIES COMPLEXITIES AND PROVIDES THE FOLLOWING SOLUTIONS:**
 - Assurance
 - Business Brokerage
 - Business Valuation & Forensic Consulting
 - Client Accounting Services
 - Family Office
 - Healthcare Consulting
 - Investment Management & Financial Planning
 - Tax
 - Technology

AMERICAN RESCUE PLAN ACT

AMERICAN RESCUE PLAN ACT

- **SUBTITLE M**
- **CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (SLFRF)**
 - **Section 602: Coronavirus State Fiscal Recovery Fund**
 - **Section 603: Coronavirus Local Fiscal Recovery Fund**

AMERICAN RESCUE PLAN ACT

- **\$1.9 TRILLION TOTAL**
- **\$350B TO STATES AND LOCAL GOVERNMENTS**

<u>Type</u>	<u>Fed Total</u>	<u>NE Total</u>
– States & DC	\$ 195.3B	\$ 1,040M
– Counties	\$ 65.1B	\$ 376M
– Metro Cities	\$ 45.6B	\$ 176M
– Tribal Gov'ts	\$ 20.0B	?
– Territories	\$ 4.5B	n/a
– NEUs	<u>\$ 19.5B</u>	<u>\$ 111M</u>
– TOTAL	<u>\$ 350.0B</u>	<u>\$ 1,703M</u>

TOP NEBRASKA COUNTIES

	County	Allocation
1	Douglas County	\$110,973,572.00
2	Lancaster County	\$61,979,492.00
3	Sarpy County	\$36,360,628.00
4	Hall County	\$11,917,101.00
5	Buffalo County	\$9,645,679.00
6	Dodge County	\$7,102,323.00
7	Scotts Bluff County	\$6,918,379.00
8	Madison County	\$6,817,569.00
9	Lincoln County	\$6,781,635.00
10	Platte County	\$6,501,155.00
11	Adams County	\$6,091,895.00

NEBRASKA METRO CITIES

City	Allocation
Omaha	\$112,591,455.00
Lincoln	\$45,949,074.00
Grand Island	\$9,093,880.00
Bellevue	\$8,395,637.00

TOP NEBRASKA NEU'S

▼	City, State	▼	Total Allocation Calculated	↕
1	Kearney city, Nebraska	\$	5,994,044.00	
2	Fremont city, Nebraska	\$	4,669,468.00	
3	Hastings city, Nebraska	\$	4,370,182.00	
4	Norfolk city, Nebraska	\$	4,327,174.00	
5	North Platte city, Nebraska	\$	4,183,814.00	
6	Columbus city, Nebraska	\$	4,153,548.00	
7	Papillion city, Nebraska	\$	3,623,116.00	
8	La Vista city, Nebraska	\$	3,038,880.00	
9	Scottsbluff city, Nebraska	\$	2,576,234.00	
10	South Sioux City city, Nebraska	\$	2,267,036.00	

AMERICAN RESCUE PLAN ACT

- **ELIGIBLE USES**

- COVID-19 or a negative economic impact
- Premium pay for eligible workers
- Government services to the extent of lost revenue
- Investments in water, sewer and broadband infrastructure

- **PROPOSED LEGISLATION**

- There is pending legislation in Congress: The State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act (the Flexibility Act). If this bill is signed into law, then counties will be able to use up to \$10,000,000 for the provision of government services, regardless of whether or not the County had revenue loss.

AMERICAN RESCUE PLAN ACT

- **PROHIBITED USES**

- Depositing funds into a pension fund.
- Offsetting a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative interpretation (States/Territories only).
- Generally, using funds as non-Federal match for other Federal Programs.
- Generally, recipients may not use funds directly to service debt, satisfy a judgment or settlement, or contribute to a “rainy day” fund.

AMERICAN RESCUE PLAN ACT

- **COVERED PERIOD**

- Beginning March 3, 2021 (unless otherwise noted, e.g. premium pay)
- Costs obligated by December 31, 2024
- Costs expended by December 31, 2026

REPORTING

REPORTING

Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
1	States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021 or 60 days after receiving funding if funding was received by October 15, with expenditures by category	By January 31, 2022, and then 30 days after the end of each quarter thereafter ⁹	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31 ¹⁰
2	Metropolitan cities and counties with a population below 250,000 residents which received more than \$10 million in SLFRF funding			Not required
3	Tribal Governments which received more than \$30 million in SLFRF funding		By April 30, 2022, and then annually thereafter ¹¹	
4	Tribal Governments which received less than \$30 million in SLFRF funding			
5	Metropolitan cities and counties with a population below 250,000 residents which received less than \$10 million in SLFRF funding			
6	NEUs	Not required		

As of Nov
15, 2021

REPORTING

For annual filers only

Report	Period Covered	Due Date
1	March 3, 2021 – March 31, 2022	April 30, 2022
2	April 1, 2022 – March 31, 2023	April 30, 2023
3	April 1, 2023 – March 31, 2024	April 30, 2024
4	April 1, 2024 – March 31, 2025	April 30, 2025
5	April 1, 2025 – March 31, 2026	April 30, 2026
6	April 1, 2026 – December 31, 2026	April 30, 2027

REPORTING

- EXPENDITURE CATEGORIES

- Some examples:

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^

SINGLE AUDIT CONSIDERATIONS

AUDITOR SELECTION

- **ESTIMATED 10,000 NEW SINGLE AUDITS. WHO WILL DO THEM ALL?**
- **COUNTIES MUST:**
 - Follow UG procurement standards
 - Request copy of auditor's peer review report
- **COUNTIES SHOULD CONSIDER:**
 - Demonstration of auditor qualifications
 - Availability of staff with appropriate technical abilities
 - Extent of auditor's experience with organizations like yours
 - Results of external peer review
 - Participation in quality improvement programs like GAQC

SINGLE AUDIT DUE DATES

ATTACHMENT – SNAPSHOT OF IMPACT OF 6-MONTH EXTENSION PROVIDED BY OMB MEMO 21-20 FOR AUDITS NOT SUBMITTED AT 3/19/21

Fiscal Year End	Normal Due Date*	Extended Due Date*
June 30, 2020	March 31, 2021	September 30, 2021
July 31, 2020	April 30, 2021	October 31, 2021
August 31, 2020	May 31, 2021	November 30, 2021
September 30, 2020	June 30, 2021	December 31, 2021
October 31, 2020	July 31, 2021	January 31, 2022
November 30, 2020	August 31, 2021	February 28, 2022
December 31, 2020	September 30, 2021	March 31, 2022
January 31, 2021	October 31, 2021	April 30, 2022
February 28, 2021	November 30, 2021	May 31, 2022
March 31, 2021	December 31, 2021	June 30, 2022
April 30, 2021	January 31, 2022	July 31, 2022
May 31, 2021	February 28, 2022	August 31, 2022
June 30, 2021	March 31, 2022	September 30, 2022

RECIPIENTS AND SUBRECIPIENTS

- **RECIPIENTS**

- Entities that received a SLFRF award (all NE counties)

- **SUBRECIPIENTS**

- Entities that receive a sub-award from a recipients to carry out the purposes of the award on behalf of the recipient.

- **RECIPIENTS ARE RESPONSIBLE FOR SUBRECIPIENT MONITORING**

- Clearly identify to the sub-recipient that the award is SLFRF.
- Identify all compliance requirements and any reporting requirements.
- Initial and ongoing evaluation of each sub-recipient's risk of noncompliance.
- Develop written policies and procedures for sub-recipient monitoring and risk evaluation as well as sufficient document retention policies.

UNIFORM ADMINISTRATIVE REQUIREMENTS

- **REVIEW**

- Applicable Uniform Guidance (2 CFR 200)
- 2021 OMB Compliance Supplement (Appendix XI to Part 200)
- Compliance Supplement Addendum (expected Fall 2021)

- **MAKE A PLAN**

- Per 2 CFR 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF constitute eligible use of the funds and document determinations.

AUDITEE RESPONSIBILITIES

- **SUBPART D – STANDARDS FOR FINANCIAL MANAGEMENT**

- Comply with all requirements of award
- Performance measurement systems
- Financial management systems
 - *Separate identification of federal awards*
 - *Complete/accurate financial results*
 - *Effective control/accountability*
 - *Written procedures*

AUDITEE RESPONSIBILITIES

- **INTERNAL CONTROL**

- Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award
- “Should” be consistent with COSO and the Green Book
- Part 6 of the OMB Compliance Supplement is a very useful tool for identifying illustrative controls

APPLICABLE COMPLIANCE REQUIREMENTS

- **WHAT IS IN THE COMPLIANCE SUPPLEMENT ADDENDUM, RELEASED DEC 3, 2021**
 - **Activities Allowed**
 - **Allowable Costs/Cost Principles**
 - **Period of Performance**
 - **Procurement, Suspension & Debarment**
 - **Reporting**
 - **Subrecipient Monitoring**

INTERNAL CONTROLS

- EXAMPLE INTERNAL CONTROLS BEST PRACTICES

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.

UNDERSTANDING INTERNAL CONTROLS

- **PREVENTATIVE CONTROLS**
 - Designed to avoid an unintended event or result at the time of the transaction
- **DETECTIVE CONTROLS**
 - Designed to discover an unintended event or result after the initial processing has occurred but before the ultimate objective has concluded
- **ENTITIES USUALLY EMPLOY A MIX OF PREVENTATIVE AND DETECTIVE CONTROLS**

EXAMPLES OF INTERNAL CONTROLS

- **ACTIVITIES ALLOWED / COST PRINCIPLES**

- Supervisors review and approve invoices, efforts of personnel, etc. for allowability, accuracy, and completeness
- On a monthly basis, the supervisor reviews budget vs actual report and investigates unusual or unexpected variances and documents results of follow-up
- Journal entries to transfer costs from one program to another are reviewed for appropriateness and approved.
- Individuals who initiate transactions are different from those approving transactions and those recording the transactions in the general ledger
- Written policies/procedures exist outlining processes and control activities for costs coded to federal awards
- Responsible individuals perform control activities in a timely manner
- Management periodically reviews controls activities to determine continued relevance

EXAMPLES OF INTERNAL CONTROLS

- **ELIGIBILITY**

- Management IDs and puts into effect actions needed to carry out specific responses to risks, such as providing benefits to ineligible individuals, calculating benefit amounts incorrectly, etc.
- Accuracy and completeness of data used to determine eligibility requirements are reviewed and agreed to support as necessary by staff and reviewed by knowledgeable supervisor
- Manual checklists or automated processes used when making eligibility determinations are reviewed and approved by a knowledgeable supervisor
- Calculation of benefit amounts is reperformed by supervisor
- Segregation of duties exists between those determining eligibility and those reviewing/approving eligibility
- Written policies/procedures exist outlining processes and control activities for determining eligibility of participants and benefit amounts
- Responsible individuals perform control activities in a timely manner
- Management periodically reviews controls activities to determine continued relevance

EXAMPLES OF INTERNAL CONTROLS

- **PERIOD OF PERFORMANCE**

- Management reviews applicable award agreements for specific period of performance requirements
- Supervisors review and approve invoices, efforts of personnel, etc. to ensure they were incurred during the period of performance
- At the beginning and ending of the period of performance, the grant supervisor reviews activity posted to the federal award investigating any unusual postings, adjustments, or variances and documents results of follow-up work performed
- Journal entries or other adjustments to transfer cost into the federal award are reviewed for appropriateness and to ensure costs are within the period of performance

EXAMPLES OF INTERNAL CONTROLS

- **PROCUREMENT, SUSPENSION & DEBARMENT**

- Management creates and requires the use of standard forms and templates for purchase orders, contracts, requests for proposals/bids, cost/price analyses, bid evaluation, etc. Standard documentation protocol for the history of procurements exists including rationale for the method of procurement (micro-purchase, small purchase, sealed bid, competitive proposal, or noncompetitive proposal), selection of the contract type (fixed price, cost reimbursement, etc.), cost/price analysis, basis for contractor selection/rejection, etc.
- Standard forms or templates are used to document verification that parties are not suspended or debarred.
- Responsible officials review and resolve conflicts of interest on a regular basis.
- Individuals who initiate procurements are different from those recording the resulting transactions in the general ledger or making disbursements.
- Responsible individuals perform control activities in a timely manner
- Management periodically reviews controls activities to determine continued relevance

EXAMPLES OF INTERNAL CONTROLS

- **REPORTING**

- Management reviews applicable award agreements or contracts for specific reporting requirements and establishes a reporting calendar for review and approval.
- Knowledgeable supervisors review and approve reports for completeness and accuracy, including comparing to source documentation (general ledger, third party evidence or other reliable records) and any reconciliations between source data to final reporting.
- Segregation of duties exists between those preparing and those reviewing and filing required reports

EXAMPLES OF INTERNAL CONTROLS

• SUBRECIPIENT MONITORING

- Subrecipient agreements are reviewed and approved by knowledgeable supervisors to ensure all compliance requirements are captured, that information is consistent between pass-through entity records and the subaward, and that all required elements are included.
- Management tracks subaward notifications and maintains an inventory of executed subrecipient agreements.
- Knowledgeable supervisor reviews subrecipient risk assessments to ensure they address compliance risks and Uniform Guidance requirements and approves individual subrecipient monitoring plans.
- Documentation and conclusions of results of subrecipient oversight activities including the items below are review by supervisory personnel: Award authorization, Site visits, Financial performance, monitoring, and/or audit reports, Grant budgets and advance or reimbursement requests
- Supervisors periodically reconcile subrecipient monitoring calendar and planed monitoring activities to actual monitoring activities to ensure monitoring is taking place as planned.
- Segregation of duties exist between those performing the monitoring and those approving the conclusions made about the subrecipient' s compliance.
- Written policies/procedures exist outlining processes and control activities for oversight of subrecipients.

