



AMERICAN RESCUE PLAN ACT OF 2021



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American Rescue Plan Act Coronavirus Fiscal Recovery Fund

Agenda



- ✓ Overview of the American Rescue Plan Act
- ✓ Auditing
- ✓ Compliance with Uniform Guidance
- ✓ Reporting Requirements
- ✓ Records Retention
- ✓ Breakout discussion on Best Practices

American Rescue Plan Overview



Once in a generation opportunity!!

ARPA funds represent an opportunity for substantial change



American Rescue Plan Overview



- American Rescue Plan signed into law on March 11, 2021
- \$1.9 trillion bill to respond to impacts of the COVID-19 pandemic
- \$350 billion in Fiscal Recovery Funds to states, counties, and municipalities
- More than \$26.3 billion to Texas governments
 - \$15.8 Billion to the State of Texas
 - \$1.4 Billion to Smaller Cities and Counties
 - \$3.4 Billion directly to Major Cities
 - \$5.7 Billion directly to Major Counties

American Rescue Plan Overview



CARES Act v. ARP

CARES Act
Coronavirus Relief Fund

March 1, 2020, to December 31, 2021

Focus on immediate response to pandemic

American Rescue Plan Act
Coronavirus State and Local Fiscal Recovery Funds

March 3, 2021, to December 31, 2026

Focus on economic recovery

American Rescue Plan Overview



Eligible Uses of Funds

1. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and non-profits, or aid to impacted industries such as tourism, travel and hospitality;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3. For the provision of government services to the extent of reduction in revenue due to COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
4. Make necessary investments in water, sewer, and broadband infrastructure.

American Rescue Plan Overview



Ineligible Uses of Funds

1. States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue due to a change in the law from March 3, 2021, through the last day of the fiscal year in which the funds provided have been spent.
2. No recipients except Tribal governments may use this funding to make a deposit to a pension fund.

American Rescue Plan Overview



Ineligible Uses of Funds

3. No debt service or replenishing financial reserves. Since SLFRF funds are intended to be used prospectively, recipients may not use SLFRF funds for debt service or replenishing financial reserves (e.g., rainy day funds).
4. No satisfaction of settlements and judgments. Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding is itself not an eligible use.

2023 Masters

(Fun Fact #1)

- Texas A&M Senior, **Sam Bennett**, became the first amateur to finish in the top 20 at the Masters since 2005 by tying for 16th place at 2-under 286.
- Bennett, a native of Madisonville, also won the Silver Cup as the event's low amateur.
- **(Also, not an Auditor)**



Single Audit Reporting

- Auditee Responsibilities
 - Completion of the Financial Statements
 - Completion of the Schedule of Expenditures of Federal Awards
 - Must be accurate and complete.
 - Missing grants expenditures will result in a sub-standard report
 - Promptly follow up and take corrective action on findings
 - Develop and prepare a Correction Action Plan as part of the reporting submission
 - Maintain internal control over federal programs

Single Audit Reporting

Auditor Responsibilities

- Audit the financial statements in accordance with GAAS and GAGAS
- Determine whether the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles.
- Understand internal control over federal programs and plan the audit to support low assessed level of control risk of noncompliance for major programs and perform testing of internal control over compliance
- Determine whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs

Auditing/Accounting



Should CLFRF payments be maintained in a separate bank account?

NO. There is no requirement to maintain funds in a separate bank account. However, many consider use of a second bank account a best practice.

Are CLFRF payments required to be maintained in an interest-bearing bank account?

NO. Payments are not subject to the requirements reflected in 2 CFR 200.305(b)(8)–(9).

TIPS FOR A SUCCESSFUL AUDIT



- ✓ Know the terms and conditions of the federal award
- ✓ Prudent person test: is the cost reasonable? Is it necessary?
- ✓ Document, document, document
- ✓ Comply with laws, regulation, policies and procedures
- ✓ Provide open and fair competition

Why is the Bluebonnet so important to Texas? (Fun Fact #2)

- Scientifically named *Lupinus texensis*, the bluebonnet is the official flower of Texas and was adopted by the Texas state legislature in 1901. It beat out both the prickly pear cactus and the cotton boll (not a typo) to claim it's right to fame. The plants determination to come back, year after year, despite soil and weather conditions, is symbolic of the resilient people who call Texas their home.



Compliance with Uniform Guidance



What is the Uniform Guidance (UG) and does it apply to CSLFRF?

- The Uniform Guidance streamlines and consolidates government requirements for receiving and using federal awards.
- It is reflected in Title 2 Part 200 of the Code of Federal Regulations (2 CFR 200). (The Bible of Federal Funding 😊)
- Most provisions of the UG apply to CLFRF including federal procurement requirements

Compliance with Uniform Guidance



1. Effective internal controls to ensure funding decisions constitute eligible uses (allowable costs)
2. Sound management practices
3. Costs should be reasonable and allowable
4. Not subject to cash management rules, so OK to put in interest-bearing accounts
5. Determine and monitor compliance with eligibility of beneficiaries and subrecipients

Compliance with Uniform Guidance



5. Equipment and real property must be used for the purpose and ownership vested to the recipient
6. Carefully watch performance period
7. Competitively procured
8. Adhere to reporting requirements
9. Maintain account and procurement records
10. SAM.gov (System for Award Management)



Reporting Requirements



Table 2: Reporting requirements by recipient type

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 the last day of the month after the end of each quarter thereafter	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31
2	Metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding, and NEUs that are allocated more than \$10 million in SLFRF funding	<i>Note: NEUs were not required to submit an Interim Report</i>	<i>Note: NEUs were not required to submit a Project and Expenditure Report on January 31, 2022. The first reporting date for NEUs was April 30, 2022.</i>	
3	Tribal Governments that are allocated more than \$30 million in SLFRF funding			
4	Tribal Governments that are allocated less than \$30 million in SLFRF funding		By April 30, 2022, and then annually thereafter	
5	Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding			

Note: Based on the period of performance, reports will be collected through April 30, 2027. See the specific due dates listed in Sections B and C.

There are three types of reporting requirements:

- **Interim Report:** Provide initial overview of status and uses of funding. This is a one-time report.
- **Project and Expenditure Report:** Report on projects funded, expenditures, and contracts and subawards equal to or greater than \$50,000, and other information.
- **Recovery Plan Performance Report:** The Recovery Plan Performance Report (the “Recovery Plan”) will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury.

Reporting Requirements



Project Expenditure Report

- Projects funded and major activities
- Financial data
 - Expenditures by category (Compliance Guide, Appendix 1)
 - Obligations and grants
- Contracts and subawards of \$50,000 or more
- Data elements related to specific eligible uses
- Status of completion of projects
- Cash or accrual basis, consistently applied
- Each project can be aligned to only one expenditure category
- Each expenditure category can have multiple projects

Reporting Requirements



Expenditure Category	EC ²⁷	Previous EC ²⁸
1: Public Health		
COVID-19 Mitigation & Prevention		
COVID-19 Vaccination [^]	1.1	1.1
COVID-19 Testing [^]	1.2	1.2
COVID-19 Contact Tracing [^]	1.3	1.3
Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, Child care facilities, etc.) ^{^^}	1.4	1.4
Personal Protective Equipment [^]	1.5	1.5
Medical Expenses (including Alternative Care Facilities) [^]	1.6	1.6
Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) [^]	1.7	1.8
COVID-19 Assistance to Small Businesses [^]	1.8	-
COVID 19 Assistance to Non-Profits [^]	1.9	-
COVID-19 Aid to Impacted Industries [^]	1.10	-
Community Violence Interventions		
Community Violence Interventions ^{^^}	1.11	3.16
Behavioral Health		
Mental Health Services ^{^^}	1.12	1.10
Substance Use Services ^{^^}	1.13	1.11
Other		
Other Public Health Services [^]	1.14	1.12
Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	-	1.7
2: Negative Economic Impacts		
Assistance to Households		
Household Assistance: Food Programs ^{^^}	2.1	2.1
Household Assistance: Rent, Mortgage, and Utility Aid ^{^^}	2.2	2.2
Household Assistance: Cash Transfers ^{^^}	2.3	2.3

Compliance Guide Lists Expenditure Categories (EC) within each broad grouping.

Local government must align each project with one (and only one) EC.

Must track data elements for certain EC's

Reporting Requirements



Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds



September 20, 2022
Version: 5.0

Treasury release the updated Compliance and Reporting Guidance on September 20, 2022, <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

Reporting Requirements



Project and Expenditure Report User Guide

State and Local Fiscal Recovery Funds



April 1, 2023

Version: 6

As of April 1, 2023, Treasury issued a new Project and Expenditure Report User Guide:
<https://home.treasury.gov/system/files/136/Apr-2023-PE-Report-User-Guide.pdf>

More Fun Facts

- Minnesota has more shoreline than California, Florida, and Hawaii combined.
- Armadillos almost always give birth to identical quadruplets.
- The average cloud weighs an estimated 1.1 million pounds.
- The human nose can detect more than 1 trillion smells.
- There's a top-secret Starbucks for CIA agents.
- Giraffe tongues are nearly two feet long.
- Almonds are part of the peach family.
- Samsung uses butt-shaped robots to test phones.
- Bananas are Walmart's best-selling item.
- Judy Langford and Jill Phinney are not Auditors.

Record Retention Requirements



- ❖ All programmatic and financial records
- ❖ For five years after all funds have been expended or returned to Treasury, whichever is later
- ❖ Collect all documentation and transmittals and store in open and machine-readable formats (electronically)
- ❖ Made available to Treasury and other regulators upon request

Breakout Discussion



- Where are you in the ARP process?
- Have you spent the entire allocation?
- Have you started spending the allocation?
- Will you be monitored by the U.S. Treasury?
- What best practices do you have that you can share?
- What software are you using for record retention?



Questions?

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