Coronavirus Relief Funds
Monitoring Process and Reporting Requirements

Presented by:
Kristin Shelton, Chief
Research and Analysis Unit
CA Department of Finance

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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.
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.

- 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):
  o Allows for 100% federal funding for the costs of activities previously determined *eligible*, retroactive to January 2020.
  o Expanded eligible activities to work conducted through September 30, 2021 (no guidance available on new items).
  o 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](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.
  o 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).
  o 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).
  o 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:
  o Summary of the process used to determine expense is necessary to respond to COVID.
  o Accounting reports and payroll records, if applicable.
  o Contracts, purchase orders, receipts.

• Do not wait until Finance requests documentation from you to assemble that file:
  o Organized and provided quickly to oversight entity.
  o 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.
  o 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.
  o Risk-based approach for selected the largest allocations.
  o Provided high-level information with detailed back up.

• Monitoring letter for next phase was sent March 5, 2021.
  o Will be done in groups; start with entities fully spent.
  o All sub-recipients to electronically submit high-level documentation to support expenditures when contacted.
  o Format is at local discretion.
  o Submit electronically; entities will receive unique link.
  o 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
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: