WELCOME

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OVERVIEW OF FUNDING

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LEARNING OUTCOMES

At the end of this session, participants will be able to:

- **Outline** key components of the America Rescue Plan Act (ARPA)
- **Summarize** funds distribution
- **Recall** Single Audit Requirements
- **State** internal control requirements
- **Discuss** chart of accounts guidance
- **Detail** revenue loss calculations
- **Recall** local government ARPA perspective
On March 11, 2021, American Rescue Plan Act signed into law by President of United States

$350 billion now available to assist state, local, territorial and tribal governments address negative impacts of COVID-19

**ALLOCATIONS TO STATE & LOCAL GOVERNMENTS**

**CSLFRF**
Coronavirus State and Local Fiscal Recovery Funds

- States (Section 602) and Local (Section 603)
- Direct payments from Treasury to populations > 50,000
- Populations < 50,000 (non-entitlement units or NEUs will receive funding through their state)
HOW ARPA COMPARES TO THE CARES ACT

**CARES ACT**
- Expenditures incurred from March 1, 2020, and September 1, 2020
- Little time to plan use of funds
- All but the very largest governments received funding from Governor’s Office of Planning and Budget

**ARPA**
- Governments receive 50% of funds directly from Treasury except for those with population less than 50,000
  - 2nd 50% of funds paid twelve months after first funds paid
- Incurred costs 3.3.21 – 12.31.24
- December 31, 2026 to expend funds
- Timeframe allows for strategic planning for the long-term use of funds

HOW CAN FUNDS BE UTILIZED?

**INTERIM FINAL RULE** – Title 31 Part 35 Subpart A - CFR
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

- **Public health emergency/negative economic impact**
  §35.6(b) Pages 138–143

- **Premium pay to eligible workers**
  §35.6(c) Page 143

- **Providing government services (revenue loss)**
  §35.6(d) 143-144
  Page 60

- **Make necessary investments in infrastructure**
  §35.6(e) Page 144-145
## INELIGIBLE FUNDS USE

### INTERIM FINAL RULE – Title 31 Subpart A Part 35
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

<table>
<thead>
<tr>
<th>Eligibility Category</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension fund deposits</td>
<td>145</td>
</tr>
<tr>
<td>Offset reduction in net tax revenue for a state or territory</td>
<td>145</td>
</tr>
<tr>
<td>Contributions to rainy day funds, reserves or similar funds</td>
<td>42</td>
</tr>
<tr>
<td>Payment of interest or principal outstanding debt or fees and issuance costs for new debt</td>
<td>42</td>
</tr>
<tr>
<td>Obligations arising from settlements, judgments and similar items</td>
<td>43</td>
</tr>
</tbody>
</table>

## REPORTING

### INTERIM FINAL RULE CSLFRF

**Section VIII (Pages 110–111)**

One interim report submitted by 8/31/21 (expenditures date of award — 7/31/21)

- Exception — not required for NEU government

Quarterly Project and Expenditure Reports through 12/31/26 (page 111)

- Initial report — date of award to 9/30/21, submitted to Treasury by 10/31/21
- Subsequent reports submitted 30 days after end of each calendar quarter
**INTERIM FINAL RULE CSLFRF**

**Section VIII (Page 111)**

NEUs submit annual project and expenditure reports until the end of the award period 12/31/26

- Initial report — activity from date of award to 9/30/21
- Must be submitted to Treasury by 10/31/21
- Annual reports submitted to Treasury by 10/31 each year

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**INTERIM FINAL RULE CSLFRF**

**Section VIII (Page 112)**

Local Governments with > 250,000 residents required to submit annual Recovery Plan Performance to Treasury (Page 112)

- Initial report cover period from date of award to July 31, 2021
- Submitted to Treasury by 8/31/21
- Covers 12-month period thereafter and submitted within 30 days of 12-month period
  - 2nd report covers 7/1/21-6/30/22
  - Submit to Treasury by 7/31/22
REPORTING

INTERIM FINAL RULE
CSLFRF

Section VIII (Page 112)

Note that Local Governments (< 250,000 residents) are not required to develop Recovery Plan Performance report.

Funds Distribution — NEUS

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Funds Distribution — NEUS

- Application Overview
- Reporting
- Messaging
- What’s Next

Audit Requirements

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**SINGLE AUDITS**

**WHO?**
Entities to be Tested

Single audits are required for entities that expend $750,000 or more of federal awards in the fiscal year under review.

**WHAT?**
Programs Selected for Testing

New programs with expenditures that exceed $750,000 will be selected for testing.

This will likely include the Coronavirus Relief Fund and/or the Coronavirus State and Local Fiscal Recovery Funds.

**WHY?**
Purpose

Single Audits are authorized under the Single Audit Act, which was enacted to streamline and improve the effectiveness of audits of federal awards and reduce the audit burden on nonfederal entities.

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**SINGLE AUDITS**

**HOW?**
Objectives

Audit of the financial statements and reporting on the Schedule of Expenditures of Federal Awards (SEFA):

- Determine whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.
- Determine whether the SEFA is stated fairly in all material respects in relation to the financial statements.

Compliance audit of federal awards

- Obtain an understanding, plan, and test internal controls over major program compliance requirements.
- Determine whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards.
The assistance listing on SAM.gov reflects information associated with the program including:

• Overview
• Authorizations
• Financial Information
• Criteria for Applying
• Applying for Assistance
• Compliance Requirements
• Contact Information
• History

NOTE: the Coronavirus Relief Fund is reflected under 21.019
FREQUENTLY ASKED QUESTIONS

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).

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FREQUENTLY ASKED QUESTIONS

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).

• Most provisions of the UG apply to CLFRF

See question 9.3 in the Coronavirus State and Local Fiscal Recovery Funds FAQ document released on June 8, 2021 and the assistance listing for specific details.
**TIPS FOR A SUCCESSFUL AUDIT**

### Maintain Documentation
- Documentation **must** be maintained to evidence control and compliance activities performed.
- Document the rationale associated with individual expenditures that may not be straight-forward.

### Study Award Documents and Regulations
- Become very familiar with requirements related to these funds.
- Helpful Links:
  - Coronavirus State and Local Fiscal Recovery Funds | U.S. Department of the Treasury
  - Interim Final Rule (govinfo.gov)
  - SLFRP Fact Sheet (treasury.gov)
  - Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions (treasury.gov)
  - Quick Reference Guide (treasury.gov)

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**TIPS FOR A SUCCESSFUL AUDIT**

### Explore the OMB Compliance Supplement
- Auditors follow steps reflected in Compliance Supplement.
- The Coronavirus Relief Fund will be included in 2021 Compliance Supplement, but unclear as to whether CLFRF will be included.
  - CLFRF may be included in Compliance Supplement addendum released later this year.
- **Link:** Office of Federal Financial Management | The White House

### Review the Uniform Guidance
- Understand the requirements reflected in the Uniform Guidance.
- **Link:** Code of Federal Regulations (govinfo.gov)
## TIPS FOR A SUCCESSFUL AUDIT

<table>
<thead>
<tr>
<th>Develop Policies and Procedures</th>
<th>Take Advantage of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clear, written policies and procedures should be developed to address applicable compliance requirements</td>
<td>• Awarding agencies, OMB, auditors, AICPA, various associations, etc.</td>
</tr>
<tr>
<td>• Adhere to state and federal regulations.</td>
<td>• Attend trainings</td>
</tr>
<tr>
<td></td>
<td>• Sign up for email updates</td>
</tr>
<tr>
<td></td>
<td>• Ask questions</td>
</tr>
</tbody>
</table>

## COMMONLY USED ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>CFDA – Catalog of Federal Domestic Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFR – Code of Federal Regulations</td>
</tr>
<tr>
<td></td>
<td>CLFRF – Coronavirus Local Fiscal Recovery Fund</td>
</tr>
<tr>
<td></td>
<td>CRF – Coronavirus Relief Fund</td>
</tr>
<tr>
<td></td>
<td>CSLFRF – Coronavirus State and Local Fiscal Recovery Funds</td>
</tr>
<tr>
<td></td>
<td>OMB – Office of Management and Budget</td>
</tr>
<tr>
<td></td>
<td>SEFA – Schedule of Expenditures of Federal Awards</td>
</tr>
<tr>
<td></td>
<td>UG – Uniform Guidance</td>
</tr>
<tr>
<td></td>
<td>UGG – Uniform Grant Guidance</td>
</tr>
</tbody>
</table>
INTERNAL CONTROL

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FEDERAL AUDIT REQUIREMENTS

2CFR200 Policy Requirements

The following policy requirements apply to this listing (21.027):

- Subpart B, General provisions
- Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D, Post Federal; Award Requirements
- Internal Controls
- Subrecipient Monitoring
- Subpart E, Cost Principles
- Subpart F, Audit Requirements
INTERNAL CONTROLS REQUIREMENTS

2CFR §200.303. Internal Controls. The non-Federal entity must:

a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.

c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

e) Take reasonable measures to safeguard personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.
WHERE TO FIND INTERNAL CONTROLS GUIDANCE?

“Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (Green Book)

“Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

State of Georgia follows Green Book, for additional reference:
- https://sao.georgia.gov/policies-and-procedures/internal-controls

WHAT DOES INTERNAL CONTROLS MEAN?

DEFINED OBJECTIVES
Management should use a risk-based approach to identify the key risks, including fraud risks that would prevent an organization from achieving their defined objectives.

In this case the defined objective is to make sure that the Federal money is used for proper purposes allowed for under guidance provided, per:
- 2CFR200 and
- https://ecfr.federalregister.gov/
- US Treasury guidance:
INTERNAL CONTROLS — CONTROL ACTIVITIES

Control activities help management fulfill responsibilities and address identified risk responses in the internal control system.

Policies and Procedures are examples of control activities to be established, that would include details such as:

• **Accurate and timely recording of transactions**—recording transactions promptly in a complete and accurate manner.

• **Proper execution of transactions**—authorizing and executing transactions only by persons possessing proper authority, so that only valid transactions to exchange, transfer, use, or commit resources are initiated and entered into.

• **Reconciliations**—comparing balances in the accounting records to source documents (such as cash balances recorded as compared to the bank statement) and, following up on any differences.

INTERNAL CONTROLS DOCUMENTATION

Documentation is a necessary part of an effective internal control system.

The level and nature of documentation will vary based on the size of the organization and the complexity of the internal control system.

Green Book has outlined some minimum documentation requirements.
§200.332. Requirements for Pass-through Entities

All pass-through entities must:

a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and sub-award.

1) Federal award identification. (14 identification requirements detailed to be provided).
2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;
(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
FEDERAL PASS-THROUGH REQUIREMENTS

§200.332. Requirements for Pass-through Entities
All pass-through entities must:

e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
   1) Providing subrecipients with training and technical assistance on program-related matters; and
   2) Performing on-site reviews of the subrecipient's program operations;
   3) Arranging for agreed-upon-procedures engagements as described in §200.425.

f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501.

g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

h) Consider taking enforcement action against noncompliant subrecipients as described in §200.339 of this part and in program regulations.
ADDITIONAL INTERNAL CONTROL REQUIREMENTS

SERVICE ORGANIZATIONS (External Third Parties)

- May engage external third parties to perform certain operational processes for the organization, such as accounting and payroll processing.
- However, retains responsibility for the processes assigned to these service organizations.
- Need to understand the controls at each service organization and how the service organization’s internal control system impacts your own internal control system.

Essentially, can’t just pass money along to someone else and not perform any follow-up or review of how they use the money.

CHART OF ACCOUNTS GUIDANCE

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## CHART OF ACCOUNTS — FUND

**FUND 230**  
American Rescue Plan Act of 2021  
Local Fiscal Recovery Funds

Accounts for all Local Fiscal Recovery Funds received by the local government through the American Rescue Plan (ARP) Act of 2021 *(HR1319, 117th Congress; Public Law No. 117-2)*.

This Special Revenue Fund is reserved exclusively for the accounting of these recovery funds, in accordance with guidance from the United States Department of the Treasury.

**Note:** If Fund 230 is already in use, use another fund number in 23X sequence

- Fund should be for the exclusive use of ARP Local Fiscal Recovery Funds

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**FUND 230**  
American Rescue Plan Act of 2021  
Local Fiscal Recovery Funds

If a government expends any portion of these ARP proceeds in another fund, the government must report the ARP revenue in this fund first and then transfer the proceeds to the appropriate fund with appropriate documentation.

Note that, because of the very specific expenditure, budgeting, and reporting requirements applicable to ARP Local Fiscal Recovery Funds, all receipts, expenditures, and inter-fund transfers of these funds should be accounted for in this fund only.
CHART OF ACCOUNTS — FUND

FUND 230
American Rescue Plan Act of 2021
Local Fiscal Recovery Funds

Eligible transfers of ARP funds to other entities (including state and other local governments) are identified in guidance from the Department of the Treasury (Federal Register, Vol. 86, No. 93, pp. 26,786–26,824), and should be handled through Special Revenue Fund 230.

Special Revenue Fund 230 must be utilized in accordance with Section 603(c) of ARP Act and guidance from the Department of the Treasury and, barring additional action by Congress, will remain in the UCOA through December 31, 2026.

CHART OF ACCOUNTS — REVENUE

33.2100
American Rescue Plan Act of 2021
Local Fiscal Recovery Funds

Local Fiscal Recovery Funds received by the local government through the American Rescue Plan (ARP) Act of 2021.

This classification is to include any ARP funds received via intergovernmental transfer from State of Georgia or other local government entity, but not to include any non-ARP federal funds received.
## CHART OF ACCOUNTS — REVENUE

### 33.2100
American Rescue Plan Act of 2021  
Local Fiscal Recovery Funds

Revenue from Classification 33.2100 must be used in accordance with Section 603(c) of ARP Act and guidance from the Department of the Treasury and, barring additional action by Congress, will remain in the UCOA through December 31, 2026.

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## REVENUE LOSS CALCULATION

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REVENUE LOSS CALCULATION

[Image of the Tax and Expenditure Data Center for Georgia Local Governments]

REVENUE LOSS CALCULATION

[Image of a spreadsheet showing revenue loss calculation]
### Revenue Loss Calculation

#### Table 1: Sample Data for Revenue Loss Calculation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Lost Sales</td>
<td>$10,000</td>
<td>$20,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Taxes</td>
<td>Local Taxes</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>Water</td>
<td>$2,000</td>
<td>$4,000</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

#### Table 2: Additional Data for Revenue Loss Calculation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>Marketing</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$3,000</td>
</tr>
<tr>
<td></td>
<td>Administrative Expenses</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$15,000</td>
<td>$20,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

#### Table 3: Summary of Revenue Loss

- Total Revenue Lost: $55,000
- Total Expenses: $25,000
- Net Revenue Loss: $30,000

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**Carver Institute of Government**

University of Georgia
REVENUE LOSS CALCULATION

Step 1: Identify the months and year for which the loss will be calculated.

Step 2: Enter revenue amounts for the two fiscal years of interest, FY17 and FY18.

Step 3: Calculate the compounded growth rate for the two fiscal years.

Step 4: Use the compounded growth rate to calculate the revenue loss for the third fiscal year.

Revenue Loss Calculation Table:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>$2,051,800.00</td>
</tr>
<tr>
<td>FY18</td>
<td>$2,649,120.00</td>
</tr>
</tbody>
</table>

Compared to the previous year, the revenue has increased by 27.3%, indicating a significant increase in revenue.

Carl Vinson Institute of Government
UNIVERSITY OF GEORGIA
LOCAL GOVERNMENT PERSPECTIVE

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HOW ARE WE USING FISCAL RECOVERY FUNDS?

- Read Interim Final Rule
- Review upcoming budget and CIP for eligible projects
- Hold internal meeting with city manager and departments
- Make proposal to council
LOCAL GOVERNMENT PERSPECTIVE

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AMERICAN RESCUE PLAN

- Project evaluation process
  - Task Force
  - Resources
- Accounting procedures
  - Bank account
  - Project codes
- Continued evaluation and flexibility
CLOSING COMMENTS

Resource Page

https://cviog.uga.edu/arpa-resources.html
Resource Page

Other Guidance
- USDA Amendment 4.2 – Announcement and Guidance – The Georgia Department of Community Affairs has issued guidance on the fund and revenue account to be used in accounting for American Rescue Plan, Local Fiscal Recovery Funds.

Revenue Loss Calculation
- Revenue Loss Calculation Worksheet – This Excel file can be used to calculate the revenue loss that may be used for the provision of services (Interim Final Rule – pages 51–60).
- Revenue Loss Calculation Worksheet Instructions – These instructions will guide you through the Excel file to determine if your government experienced a reduction of revenue due to COVID-19.
- Part I: Calculation of Revenue Loss – This four-minute video provides instructions for exporting data from the Tax and Expenditure Database to be used in the calculation of revenue loss.
- Part II: Calculation of Revenue Loss – This four-minute video provides instructions for adjusting the Total Revenues for Adjust Part I.
- Part III: Calculation of Revenue Loss – This five-minute video provides instructions for calculating revenue loss using the Revenue Loss Calculation Worksheet.

Websites
- Click here to view Federal documents for State and Local Fiscal Recovery Funds – includes allocation information, non-entitlement units of local government information, funds receipts, and funds use.
- Click here to view Uniform Grant Guidance.

Upcoming Training

Uniform Grant Guidance
July 29, 2021
9AM – 4PM
Live Virtual
$219

https://t.uga.edu/79w
Next webinar

Planning Strategically for ARPA Funds
Tuesday, July 13, 10.00AM – 11.30AM

https://zoom.us/webinar/register/WN_TaoWpgqKSYGF-NCghM5Pjg

Survey

https://ugeorgia.qualtrics.com/jfe/form/SV_0PnlbFsjmP0F3SJ?CS=062921ARPA1
Since 1927, the Carl Vinson Institute of Government has been an integral part of the University of Georgia. A public service and outreach unit of the university, the Institute of Government is the largest and most comprehensive university based organization serving governments in the United States through research services, customized assistance, training and development, and the application of technology.