

# AIM Clerk Treasurer's School

May 18, 2021  
*(virtual)*

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1

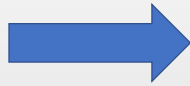


American Rescue Plan Act of 2021

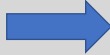
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2

## ARP Information: [www.in.gov/sboa](http://www.in.gov/sboa)



COVID-19 Resources
<a href="#">American Rescue Plan (ARP) Act Information</a>
<a href="#">Coronavirus Aid, Relief, and Economic Security (CARES) Act Information</a>



### COVID-19 Resources

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#### American Rescue Plan (ARP) Act Information

[Title-By-Title Summary of the American Rescue Plan](#)

- [State and Local Allocations](#)

[Directive 2021-1 - Accounting for ARP and Specific Processes for Subtitle M](#)

[Accounting Processes for ARP Subtitle M-Coronavirus State and Local Fiscal Recovery Funds](#)

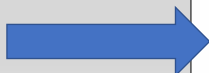
US Treasury Pre-Award Requirements:

- Valid DUNS Number <https://fedgov.dnb.com/webform/> or call 1-866-705-5711
- Active SAM Registration [SAM.gov](http://SAM.gov)
- Treasury [Website](#)

3

## Additional SBOA Information

- [www.in.gov/sboa](http://www.in.gov/sboa)
- Go to the Cities and Towns page > Presentation and Training Materials



### 2021 Monthly Training Sessions

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- [Karl - Gateway Training](#)
  - [YouTube Video](#)
- [February Session](#)
- [April Session - Recording](#)
  - [Gordon/Caldwell - American Rescue Plan](#)
  - [Gordon/Caldwell - Enhanced Regulatory](#)

4

## *Pre-Award Requirements*

- SBOA E-gov memorandum dated April 16, 2021
- Valid DUNS Number  
<https://fedgov.dnb.com/webform/>  
or call 1-866-705-5711
- Active SAM Registration [SAM.gov](https://sam.gov)
- Treasury Website: [home.treasury.gov](https://home.treasury.gov)

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5

## ARP Internal Controls

Control Environment

Risk Assessment

Control Activities

Communication and Information

Monitoring

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6

## ARP – What we will look for in an audit

- Accounting for costs incurred within the ARP Fund
- Written Internal Control Procedures
- Evidence that Internal Control Procedures were followed
- Documentation of Costs Incurred
- Explanation of costs incurred per Section 603 & Treasury Guidance
  - Board minutes, attorney opinions, notes
- Uniform Guidance Requirements when the amount of federal money expended exceeds \$750,000.

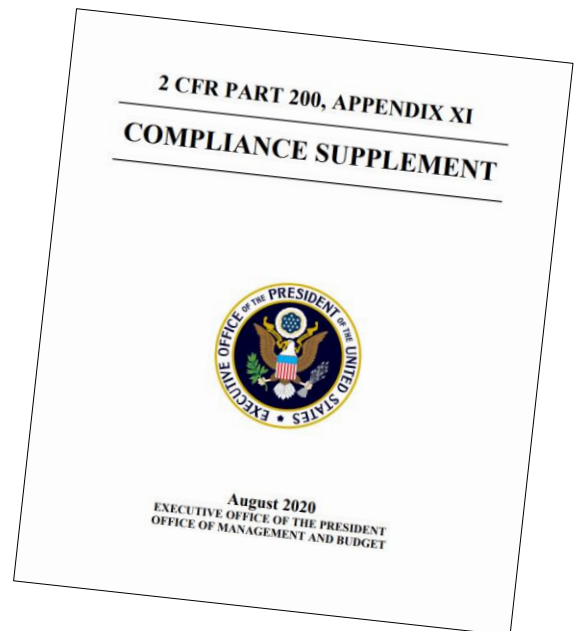
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7

## Uniform Guidance – Compliance Requirements

- There are 12 Compliance Requirements for all Federal Programs
- Main ones for ARP (others could also apply):
  - *Activities Allowed or Unallowed*
  - *Allowable Costs / Cost Principles*
  - *Equipment and Real Property Management*
  - *Period of Performance*
  - *Procurement and Suspension and Debarment*
  - *Reporting*
  - *Special Tests and Provisions*

- [https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement\\_FINAL\\_08.06.20.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf) - Look for Part 3



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8

# ARP Updates

The screenshot shows the U.S. Department of the Treasury website. The main heading is "Coronavirus State and Local Fiscal Recovery Funds". Below the heading, it states: "The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs." A secondary paragraph reads: "The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery." On the right side, there are two prominent buttons: "REQUEST FISCAL RECOVERY FUNDS" and "RECEIVE COVID-19 RELIEF UPDATES". A list of links is provided, including "Interim Final Rule", "Fact Sheet", "FAQs", "Quick Reference Guide", "Press Release", "Tribal Government Information", and "Non-Entitlement Unit Information".

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

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9

## ARP Updates – Updated Memorandum

Accounting Processes for ARPA May 12, 2021 (original March 18, 2021)

Interim Final Rule

Treasury FAQs as of May 10, 2021

[www.in.gov/sboa](http://www.in.gov/sboa)

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10

## SBOA Updated Memorandum - Highlights

603(c)(1)(A) If it is in your plan to provide grants and programs to respond to the public health emergency or its negative economic impacts, it is important to have a written agreement with the recipient to document the transaction and detailed explanation of how it meets the goals of the ARPA.

“Accordingly, to assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID-19 public health emergency. Assessing whether a program or service “responds to” the COVID-19 public health emergency requires the recipient to, first, identify a need or negative impact of the COVID-19 public health emergency and, second, identify how the program, service, or other intervention addresses the identified need or impact. While the COVID-19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself for the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency.” (Interim Final Rule page 10)

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts. (Interim Final Rule page 38)

*For a detailed discussion and a non-exclusive list of programs and services, see pages 10-44 of the Interim Final Rule and U.S. Treasury FAQs 5-15 (as of May 10).*

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11

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(B) Premium Pay. If your local plan includes premium pay, maintain documentation/explanation that the premium pay meets the definitions and requirements of the ARPA and Interim Final Rule.

“In providing premium pay to essential workers or grants to eligible employers, a recipient must consider whether the pay or grant would “respond to” the worker or workers performing essential work. Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially. Many of the workers performing critical essential services are low- or moderate-income workers, such as those described above. The ARPA recognizes this by defining premium pay to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker. To ensure the provision is implemented in a manner that compensates these workers, the Interim Final Rule provides that any premium pay or grants provided using the Fiscal Recovery Funds should prioritize compensation of those lower income eligible workers that perform essential work.” (Page 48-49 of the Interim Final Rule)

Indiana State Board of Accounts - 2021

12

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(B) Premium Pay (continued)
- Make sure you know the definitions!
  - Premium Pay - *Section 602(g)*
  - Eligible Worker - *Section 603(g) and Page 131 of the IFR; Examples on Page 46 of the IFR*
  - Essential Work - *Page 131 of the IFR*
  - Essential Critical Infrastructure Sectors – *Examples on Page 48 of the IFR*
- If the premium pay increases a worker's total pay above 150% of the greater of the state and county average annual wage, written justification must be maintained to show how the premium pay responds to the needs of these workers. (*IFR page 49 and FAQ 28*).
- Premium Pay may not exceed \$25,000 per eligible worker. (*Section 603(c)(1)(B)*)
- There are additional Requirements for grants to third-party employers, including public disclosure of grants provided (*IFR page 51*)

*For a detailed discussion and examples regarding the payment of premium pay to eligible workers or eligible employers, see pages 45-51, 131-132 of the Interim Final Rule and FAQs 28, 29, and 30 per US Treasury as of May 10.*

Indiana State Board of Accounts - 2021

13

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(B) Premium Pay (continued)
- Grants to eligible employers under Section 603(c)(1)(B) should be through written agreement with the eligible employer. Disbursements to grantees must be documented and in compliance with the written agreement.
- The Interim Final Rule defines the terms eligible employer, eligible worker, and essential work starting on page 131.
- The Interim Final Rule imposes additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided. (Interim Final Rule page 51)

*For a detailed discussion and examples regarding the payment of premium pay to eligible workers or eligible employers, see pages 45-51, 131-132 of the Interim Final Rule and FAQs 28, 29, and 30 per US Treasury as of May 10.*

Indiana State Board of Accounts - 2021

14

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(C) Government Services to the extent of revenue reduction.

“Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency. Pursuant to sections...603(c)(1)(C) of the Act, a recipient’s reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.” Interim Final Rule Page 51-52

Sections...603(c)(1)(C) of the Act allow recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and...continue to provide valuable services and ensure that fiscal austerity measures do not hamper the broader economic recovery. The Interim Final Rule implements these provisions by establishing a definition of “general revenue” for purposes of calculating a loss in revenue and by providing a methodology for calculating revenue lost due to the COVID-19 public health emergency. Interim Final Rule Page 53

Indiana State Board of Accounts - 2021

15

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(C) Revenue Reduction (*continued*)
- Make sure you know what to include in the revenue calculation!
  - General Revenue – Page 54 and page 133 of the IFR; FAQ 18
    - Census Bureau’s Annual Survey of State and Local Government Finances
      - Link to classification manual:  
[https://www2.census.gov/govs/pubs/classification/2006\\_classification\\_manual.pdf](https://www2.census.gov/govs/pubs/classification/2006_classification_manual.pdf)
    - Exclusions – see page 55 of the IFR
    - Included items – see page 56 of the IFR
- In calculating revenue, recipients should sum across all revenue streams covered as general revenue. (Page 54 of the IFR)
- Revenue Loss Calculation – see pages 56-61 of the IFR; the formula is in US Treasury FAQ 20)
- Make sure you maintain documentation/explanation of the sources of your information on the revenue amounts and that the revenue amounts used are considered general revenue per the ARPA and Interim Final Rule.
- Maintain all calculations for revenue reduction!

Indiana State Board of Accounts - 2021

16



## SBOA Updated Memorandum - Highlights

- 603(c)(1)(C) Revenue Reduction (*continued*)
- The costs incurred for the provision of government services may not exceed the total amount of revenue reduction.
  - Make sure to separately keep track of the amount of money spent on government services so you can compare it to your total amount of revenue reduction. Keep documentation for a audit.
- According to the IFR, page 57, any diminution in actual revenue calculated using the prescribed formula would be presumed to have been due to the COVID 19 public health emergency.

Indiana State Board of Accounts - 2021

17

For a detailed discussion on the

## SBOA Updated Memorandum - Highlights

- 603(c)(1)(C) Revenue Reduction (*continued*)
- The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue.
- Government services can include, but are not limited to,
  - maintenance of infrastructure or pay-go spending for building new infrastructure, including roads;
  - modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
  - health services;
  - environmental remediation;
  - school or educational services;
  - and the provision of police, fire, and other public safety services.
- Certain expenses are not permitted to be paid since the uses do not entail direct provision of services to citizens:
  - paying interest or principal on outstanding debt (including short-term revenue or tax anticipation notes, fees/issuance costs associated with new debt),
  - replenishing rainy day or other reserve funds
  - Pension deposits
  - Nonfederal match

Source: US Treasury FAQ23 (as of May 10)

For a detailed discussion on the provision of government services and revenue reduction, see pages 51-61 of the Interim Final Rule, definitions on pages 130-136 of the Interim Final Rule, and U.S. Treasury FAQs 16-23 (as of May 10).

Indiana State Board of Accounts - 2021

18

## SBOA Updated Memorandum - Highlights

Section 603(c)(1)(D) ARPA funds may be used to make investments in water, sewer, or broadband infrastructure.

“By aligning use of Fiscal Recovery Funds with the categories or types of eligible projects under the existing EPA state revolving fund programs, the Interim Final Rule provides recipients with the flexibility to respond to the needs of their communities while ensuring that investments in water and sewer infrastructure made using Fiscal Recovery Funds are necessary.” (Interim Final Rule page 65)

Clean Water SRF: [https://www.epa.gov/sites/production/files/2016-07/documents/overview\\_of\\_cwsrf\\_eligibilities\\_may\\_2016.pdf](https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf)

Drinking Water SRF: <https://www.epa.gov/dwsrf/dwsrf-eligibilities>

For a detailed discussion and examples, please see the Interim Final Rule pages 62-78 and definitions on pages 130-136; U.S. Treasury FAQs 31-36 (as of May 10)

Indiana State Board of Accounts - 2021

19

For a detailed discussion on the

## SBOA Updated Memorandum - Highlights

- 603(c)(2) Pension Funds – *See IFR page 80*
- 603(c)(3) Transfers to certain entities or the State
  - Special Purpose Governments – *See IFR page 5 and U.S. Treasury FAQ 3*
- Prior Costs Incurred – **March 3, 2021**
- Ineligible Costs – *See U.S. Treasury FAQs 23, 24, 26, and 27*

Indiana State Board of Accounts - 2021

20

For a detailed discussion on the

## SBOA Updated Memorandum - Highlights

- Reporting Requirements for Metropolitan Cities
  - Interim Report due August 31, 2021
  - Initial Quarterly Project and Expenditure Report due October 31, 2021
  - If population exceeds 250,000 – Annual Recovery Plan Performance Report
- Reporting Requirements for Other Cities and Towns
  - Annual Project and Expenditure Report due October 31, 2021
- Record Retention: Five years after all funds have been expended or returned, including records demonstrating that the award funds were used for eligible purposes. *(US Treasury FAQ 44 (as of May 10)).*

For a detailed discussion on the reporting requirements, see pages 110 -113 of the Interim Final Rule and US Treasury FAQ 44-46 (as of May 10)

Indiana State Board of Accounts - 2021

21

## More SBOA Training to Come

- Further Discussion of Interim Final Rule
- Revenue Reduction Calculation examples
- Answers to City and Town Questions
  - Questions from April Meeting
  - Questions from Today
  - Questions from Emails

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22

## Questions and Answers from April Meeting



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23

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24