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## Accounting for COVID Grants

- Memorandums Issued – see SBOA homepage [www.in.gov/sboa](http://www.in.gov/sboa)
  - CARES Act Fund Numbers (4-20-20)
  - COVID Grant Accounting and Appropriations (4-29-20 updated 9-29-20)
  - Financial Reporting and Reimbursement for CARES Funds (8-27-20)
  - CARES Reimbursement of Public Health and Public Safety Payroll Costs (9-30-20)
- State Examiner Directive 2020-3 (October 22, 2020)

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## Accounting for COVID Grants

- Assistance provided as a result of a national or state disaster or emergency should be receipted into a separate fund.
  - *SBOA will not take audit exception to establishing such a fund(s) without the adoption of an ordinance.*
  - *A separate fund should be established for each separately identified assistance provided.*
- Fund Number Range: 150-175
- Fund Number 264: HHS grant for medical provider relief
- **Grants administered through the Indiana Finance Authority have specific prescribed accounting procedures (see Directive 2020-3).**

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## Accounting for COVID Grants

- All related expenditure records (accounts payable vouchers, minutes, correspondence, contracts, etc.) must be maintained in a separate file for future audits required by Federal and State agencies of COVID funds.
- For each grant, it is important that you track every dollar disbursed for COVID-related expenses and maintain supporting documentation for those expenses.

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## Accounting for COVID Grants

It is important to remember that sufficient internal controls over all transactions must be in place.

Separate funds, maintaining records, detailed comments that provide audit trails, appropriate approvals, etc., are all part of good internal controls.

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## State Examiner Directive 2020-3

- Coronavirus Relief Fund administered by Indiana Finance Authority (IFA)
  - includes grants from county (or others) administered through IFA
- Prescribed Accounting Procedures to account for
  - Public Health and Safety Payroll Costs
  - Permitted Costs other than Public Health and Safety Payroll Costs

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## State Examiner Directive

A separate CARES grant fund must be established.

The directive provides authority to create each separate grant fund

- *an ordinance is not required by SBOA*

Use a fund number between 150-175

**All money** received from the Coronavirus Relief Fund through IFA must be deposited in a separate CARES grant fund.

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## State Examiner Directive

- Public Health and Safety Costs

- **Two Options**

- Other Permitted Costs

- **Three Frameworks**



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## State Examiner Directive Public Health and Safety Payroll Costs – **Option 1**

- ✓ Receipt Reimbursement from IFA into separate CARES grant fund
- ✓ Move Reimbursed Expense from original fund to separate CARES grant fund
- ✓ CARES grant fund balance should be zero
- ✓ No money shall remain in the separate CARES grant fund for expenditure

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## State Examiner Directive Public Health and Safety Payroll Costs **Option 1 Example**

*A city has public health and safety payroll costs for the period March 1, 2020 to September 30, 2020 totaling \$650,000 – all paid out of general fund appropriations as follows:*

- Salaries \$475,000;
- Overtime \$25,000;
- Benefits \$150,000.

*The city receives a reimbursement from IFA for the total paid - \$650,000.*

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State Examiner Directive  
Public Health and Safety Payroll Costs  
Option 1 Example (continued)

- *The city receipts the reimbursement into the separate CARES fund, which at the time of posting had a cash balance of \$0.*
- *The city reverses the original entries out of general fund and posts the disbursements to the separate CARES fund.*
- *Reversing the entries out of general fund for posting in the CARES fund increases, or re-appropriates, the amounts to salaries, overtime, and benefits in general fund.*
- *The resulting receipt and disbursement posting to the CARES fund results in a \$0 cash balance to the CARES fund.*

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State Examiner Directive  
Public Health and Safety Payroll Costs – Option 2

- ✓ Adoption of Ordinance/Resolution by Council
- ✓ Receipt Reimbursement from IFA into separate CARES grant fund
- ✓ File claim against separate CARES grant fund in favor of general fund
- ✓ Transfer money from separate CARES grant fund into general fund cash balance for appropriation by council as council deems appropriate.
- ✓ CARES grant fund balance will be zero.
- ✓ No money shall remain in the separate CARES grant fund for expenditure.

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State Examiner Directive  
Public Health and Safety Payroll Costs  
**Option 2 Example One**

*A city has public health and safety payroll costs for the period March 1, 2020 to September 30, 2020 totaling \$650,000 – all paid out of general fund appropriations as follows:*

- *Salaries \$475,000;*
- *Overtime \$25,000;*
- *Benefits \$150,000.*

*The city receives a reimbursement from IFA for the total paid - \$650,000.*

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State Examiner Directive  
Public Health and Safety Payroll Costs  
**Option 2 Example One (continued)**

- *Council had previously adopted an ordinance/resolution to transfer reimbursed payroll costs to the general fund.*
- *The city receipts the reimbursement into the separate CARES fund.*
- *Council approves a claim to pay general fund \$650,000.*
- *Council then appropriates the \$650,000 in the general fund following the normal appropriation procedures.*
- *The resulting receipt and disbursement posting to the separate CARES fund results in a \$0 cash balance as the fund had a \$0 balance prior to this transaction.*

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## State Examiner Directive Public Health and Safety Payroll Costs Option 2 Example Two

*A city has public health and safety payroll costs for the period March 1, 2020 to September 30, 2020 totaling \$750,000 paid out of two funds – general fund and public safety LIT fund.*

- *Of that amount, \$650,000 was paid out of general fund appropriations under Salaries \$475,000; Overtime \$25,000; and Benefits \$150,000.*
- *The remaining \$100,000 was paid out of public safety LIT from appropriations for Salaries \$75,000; Overtime \$15,000; and Benefits \$10,000.*

*The city receives a reimbursement from IFA for the total paid - \$750,000.*

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## State Examiner Directive Public Health and Safety Payroll Costs Option 2 Example Two (continued)

- Public Health and Safety Payroll Costs – Option 2 Example Two (continued)
- *Council had previously adopted an ordinance to transfer reimbursed payroll costs to the general fund.*
- *The city receipts the reimbursement into the separate CARES fund.*
- *Council approves a claim to pay general fund \$750,000.*
- *Council then appropriates the \$750,000 in the general fund following the normal appropriation procedures.*
- *The resulting receipt and disbursement posting to the separate CARES fund results in a \$0 cash balance as the fund had a \$0 balance prior to this transaction.*

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State Examiner Directive  
Permitted Costs (other than Public Health and Safety Payroll Costs)  
Framework 1

**Framework 1: Costs originally incurred in another fund**

- ✓ Receipt Reimbursement from IFA into separate CARES grant fund
- ✓ Move Reimbursed Expense from original fund to separate CARES grant fund
- ✓ CARES grant fund balance should be zero.
- ✓ No money shall remain in the separate CARES grant fund for expenditure

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State Examiner Directive  
Permitted Costs (not Public Health and Safety Payroll Costs)  
Framework 1 Example

*The town purchases equipment to hold virtual public meetings in the amount of \$5,000.*

*The original expense is paid out of the general fund.*

*The town submits a reimbursement request to IFA and receives \$5,000.*

*The reimbursement is receipted into the separate CARES grant fund, which will then show a balance of \$5,000.*

*In order to tie the expense to the separate CARES grant fund, the town reverses the \$5,000 expense in the general fund, which reinstates the expense appropriation line item and the cash balance of the general fund.*

*The town then posts the \$5,000 disbursement to the separate CARES grant fund with a link to the original claim and supporting documentation, bringing the balance of the separate CARES grant fund to zero.*

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State Examiner Directive  
Permitted Costs (other than Public Health and Safety Payroll Costs)  
Framework 2

**Framework 2: IFA provides reimbursement on unpaid invoices/POs**

- ✓ Receipt money from IFA into separate CARES grant fund
- ✓ Pay Vendors from separate CARES grant fund
  - Only costs which were included in the request to IFA and directly tied to the amount provided by IFA may be paid.
  - Any difference between the amount paid to the vendor and the amount provided by IFA *must* be returned to IFA.
- ✓ CARES grant fund balance should be zero.
- ✓ No money shall remain in the separate CARES grant fund for expenditure

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State Examiner Directive  
Permitted Costs (not Public Health and Safety Payroll Costs)  
**Framework 2 Example**

*A city orders emergency radios for \$10,000 and submits the reimbursement request to IFA before the payment is made for the radios.*

*IFA reimburses the \$10,000 and the city receipts the \$10,000 into the separate CARES grant fund, which will now have a \$10,000 balance.*

*The city decides to purchase fewer radios and makes payment to the vendor for \$8,000, leaving a balance of \$2,000 in the separate CARES grant fund.*

*The \$2,000 must be returned to IFA bringing the balance to zero.*

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State Examiner Directive  
Permitted Costs (other than Public Health and Safety Payroll Costs)  
Framework 3

Framework 3: Costs paid from separate CARES fund in anticipation of reimbursement

- ✓ Receipt money from IFA into separate CARES grant fund
- ✓ CARES grant fund balance should be zero.
- ✓ Going Forward, follow Framework 1 and do not pay costs out of the separate CARES fund in anticipation of reimbursement
- ✓ No money shall remain in the separate CARES grant fund for expenditure

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State Examiner Directive  
Permitted Costs (other than Public Health and Safety Payroll Costs)  
Framework 3 (continued)

*What if my negative balance in the CARES fund is not fully reimbursed?*

- ✓ Reverse entry in CARES fund for unreimbursed costs
- ✓ Post expenditure to the general fund or other appropriate fund within an appropriated line item
- ✓ CARES grant fund balance should be zero.
- ✓ No money shall remain in the separate CARES grant fund for expenditure

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## State Examiner Directive

### Permitted Costs (not Public Health and Safety Payroll Costs)

### Framework 3 Example One

- A unit purchases \$5,000 of PPE and posts the expense directly to the separate CARES grant fund, incurring a negative balance of \$5,000.
- The unit submits a reimbursement request to IFA for \$5,000, but IFA only reimburses \$4,500.
- The unit receipts the \$4,500 into the separate CARES grant fund, which leaves a negative balance of \$500.
- The unit reverses the expense entry for the unreimbursed amount and posts the expense to the general fund, bringing the balance in the separate CARES grant fund to zero.

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## State Examiner Directive

### Permitted Costs (other than Public Health and Safety Payroll Costs)

### Framework 3 Additional Example

Since April, the town has been accounting for purchases and reimbursements purchases directly to the CARES grant fund, which currently has a negative balance of \$15,000.

- When the \$15,000 is reimbursed from IFA, the money should be receipted into the CARES fund, bring the fund balance to zero. (If less than \$15,000 is reimbursed, then see Framework 3 Example One.)

***As of October 23, no further expenditures should be posted directly to the CARES fund.***

- Starting October 23 eligible costs must be disbursed from an appropriated line item in the general fund or other proper fund.
- When reimbursement is received, then follow Framework 1.
- Once these steps are completed, the balance of the separate CARES grant fund will be zero.
- No money shall remain in the separate CARES grant fund.

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## Accounting Procedures for Other Grants (*not administered through IFA*)

- Grants not administered through IFA
- Follow April 29, 2020 (updated September 29, 2020) memorandum
- Receipt into a separate fund (range 150-175; Medical Provider 264)
- COVID should be part of the naming title

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## Accounting Procedures for Other Grants (*not administered through IFA*)

In some cases, disbursements made prior to receiving a COVID grant can qualify as an allowable cost from a COVID grant.

➤ **In order to track these disbursements properly, allowable disbursements should be moved from the original fund to the applicable COVID grant fund much like a correction of error is recorded.**

All other allowable disbursements should be disbursed directly from the appropriate COVID related grant fund

➤ **only applies to grants other than those administered through IFA**

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## Medical Provider Relief Fund 264

Distributed to Cities and Towns which received Medicare Fee-For-Service (FFS) Reimbursements in 2019

Payment received automatically from the Department of Health and Human Services

Bank description: HHSPayment

Allowable and Unallowable Uses: [www.hhs.gov/providerrelief](http://www.hhs.gov/providerrelief)

Account for fund using procedures in SBOA memorandum dated April 29, 2020 (updated September 29, 2020)

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## CARES Grants for Airports

Distributed to cities or towns with department of aviation

Distributed through Federal Aviation Administration (FAA)

Fund Number Range: 150-175

Account for fund using procedures in SBOA memorandum dated April 29, 2020 (updated September 29, 2020)

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## CDBG – COVID Grants

Establish as a separate fund, with the title indicating that it is COVID, i.e. CDBG-COVID.

Account for fund using procedures in SBOA memorandum dated April 29, 2020 (updated September 29, 2020)



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## COVID Grants – Names & Numbers

Two Common:

**Coronavirus Relief Fund**

**CFDA 21.019**

**Provider Relief Fund**

**CFDA 93.498**



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<https://www.rklcpa.com/provider-relief-fund-single-audit/>

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10.130	Coronavirus Food Assistance Program	Department of Agriculture
10.574	Team Nutrition Grants	Department of Agriculture
10.579	Child Nutrition Discretionary Grants Limited Availability	Department of Agriculture
14.225	<b>CDBG / Special Purpose Grants</b>	Department of Housing and Urban Development
16.034	Coronavirus Emergency Supplemental Funding Program	Department of Justice
21.106	<b>Airport Improvement Program</b>	Dept of Transportation / FAA
20.507	Federal Transit Formula Grants	Dept of Transportation / Transit Admin
20.530	Public Transportation innovation	Dept of Transportation / Transit Admin
32.006	COVID-19 Telehealth Program	Federal Communications Commission
93.155	Rural Health Research Centers	Health and Human Services
93.211	Telehealth Programs	Health and Human Services
93.461	COVID-19 Testing for the Uninsured	Health and Human Services
93.527	Grants for New & Expanded Services under the Health Care Program	Health and Human Services
93.568	Low Income Home Energy Assistance	Health and Human Services
93.569	Community Services Block Grant	Health and Human Services
93.391	Activities to Support State, Tribal, Local, and Territorial Health Department Response to Public Health or Healthcare Crisis	Health and Human Services
97.042	Emergency Management Performance Grants	Department of Homeland Security
97.044	Assistance to Firefighters Grant	Department of Homeland Security

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## COVID Grants – Names & Numbers



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Home page looks like this

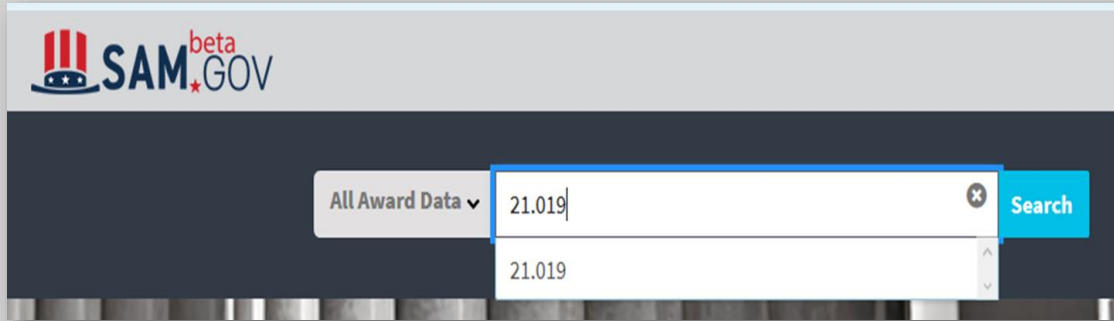
Search

- Grant Name or
- Grant Number

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## COVID Grants – Names & Numbers



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## COVID Grants – Names & Numbers

**Search Results**

Showing 1 - 3 of 3 results

Sort By: Relevance

**Coronavirus Relief Fund**

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") established the \$150 billion Coronavirus Relief Fund ("the Fund"). Payments must...

Department/Ind. Agency  
[TREASURY, DEPARTMENT OF THE](#)

Assistance Listing

CFDA Number  
21.019

Funded  
Yes

Last Updated Date  
Jun 1, 2020

Type Of Assistance  
C - Direct Payments for Specified Use

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## COVID Grants – AFR Reporting & SEFA

**Grants** Save All Work   Return to AFR Main Menu

Complete the Grant Schedule for grants you received or disbursed money from during the year.

Make sure to press the ENTER key on the keyboard after entering a number to make sure it is saved! Add Row

Delete	Local Project Name/Description	Federal Program Title/Project Name	Federal Agency	Pass Through Agency	CFDA Number (###.###)	Award Name	Award Number	Grant Type
	CARES Grant Fund	Coronavirus Relief Fund	Department of Treasury	Indiana Finance Authority	21.019	CARES Grant Fund	CY 2020	Reimbursement
	CARES Provider Relief	Provider Relief Fund	Health & Human Services		93.498	CARES Provider Relief	CY 2020	Reimbursement

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## COVID Grants – AFR Reporting & SEFA

**Grants** Save All Work   Return to AFR Main Menu

Complete the Grant Schedule for grants you received or disbursed money from during the year.

Make sure to press the ENTER key on the keyboard after entering a number to make sure it is saved! Add Row

Delete	Local Project Name/Description	Federal Program Title/Project Name	Local Fund Number/Name	Receipts	Disbursements	Amount of Federal Awards Provided to Subrecipients During the Year	Amount of Loans Outstanding at Year End	Amount of Federal Noncash Assistance for the Year
✗	CARES Grant Fund	Coronavirus Relief Fund	150 CARES grant fund	\$500,000.00	\$500,000.00	\$0.00	\$0.00	\$0.00
✗	CARES Provider Relief	Provider Relief Fund	284 CARES Provi	\$12,345.00	\$12,345.00	\$0.00	\$0.00	\$0.00

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Questions????

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