

# Coronavirus Local Fiscal Recovery Fund Compliance Update

Georgia Municipal Association

March 9, 2022



# Treasury Department Compliance and Reporting Guidance 3.0

- Reminders for NEU Cities

- Treasury Department Final Regulations are effective on April 1, 2022

- Initial Project and Expenditure Report Is due: April 30, 2022

- Covers expenditures from March 3, 2021 through March 31, 2022

- Cities expending FRF funds on government services to compensate for revenue loss must make an irrevocable election of the calculation method in the upcoming Project and Expenditure Report

- NEU Cities need to use the designated NEU local government number (previously assigned by the State as part of its request for funding) for accessing the Treasury reporting portal

# Treasury Department Compliance and Reporting Guidance 3.0

- Reminders for NEU Cities
  - Local governments are NOT required to submit separate subaward reports to FSRS.gov in order to compliance with FFATA (2 CFR 170).
  - Individuals and “end users” of FRF funds are not considered to be subrecipients and are not subject to the single audit requirement in 2 CFR 200, Subpart F.

# Treasury Department Compliance and Reporting Guidance 3.0

- New Policies
  - The Project and Expenditure Report “Expenditure Categories” have been expanded to correspond with those now allowed under the Final CSLFRF Regulation issued on January 6, 2022
  - NEU’s with grants >\$10 million must start reporting on a quarterly basis after April 30, 2022
  - Local governments providing funds to “impacted industries” other than tourism and hospitality must provide additional reporting detail about the impacted industries
  - Local governments that undertake water and sewer projects must provide additional reporting data *once the project starts*

# Treasury Department Compliance and Reporting Guidance 3.0

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## Guidance and Compliance

### U.S. Treasury Guidance

#### ARPA SLFRF: Updated Treasury Guidance on Reporting

On February 28, 2022, Treasury provided [updated guidance](#) on reporting requirements for recipients of ARPA SLFRF funds. Key changes are noted below and include a new requirement for quarterly reporting for jurisdictions receiving over \$10 million in ARPA funds. The new guidance also includes clarification of Eligible Use categories and shows how recipients should code expenditures in a revised Appendix 1 of the document.

Additional highlights from the National League of Cities are below. Please contact Becky Taylor of the GMA staff at [btaylor@gacities.com](mailto:btaylor@gacities.com) or 404-402-6110 for any questions.

NLC conducted a deeper dive into the U.S. Department of Treasury's Compliance and Guidance Reporting document released on February 28. Many of the items listed are new. Some are refreshers that NLC thought would be useful to reiterate for State Leagues as they educate their members ahead of the April 30, 2022, NEU reporting deadline.

1. The Treasury Department rearranged the reporting tiers in the Compliance and Guidance Reporting document from six to five. Starting after April 30, 2022, NEUs with a grant of more than \$10 million will have to report on a quarterly basis instead of yearly. NLC estimates that

this could affect 163 NEUs. Additionally, NLC caught an interesting line that appears in the document. "The total SLFRF allocations across all sources for a given jurisdiction will be used to identify that jurisdiction's Reporting Tier, beginning in April of 2022. Treasury may reach out to jurisdictions to update Reporting Tiers." NLC has asked for clarity on exactly what Treasury means and if a local government receives SLFRF monies from a county or state above their initial allocation if that could change their reporting tier.

2. In the final rule, local governments can make an irrevocable decision as to whether it will take the \$10 million standard allowance or use the lost revenue calculation. Municipalities must decide in their April 30, 2022, report which option it is electing.
3. Consolidated governments (city/county governments) are only required to file once per reporting period, and such reports will cover the total SLFRF allocations received by the jurisdiction. This includes non-entitlement units of local government and/or Units of general local government within counties that are not units of general local government (Non-UGLGs).
4. To facilitate reporting, each NEU will need a [NEU Local government Number](#). This is a unique identification code for each NEU assigned by the State or territory to the NEU as part of its request for funding.
5. For municipalities that must file quarterly reports, quarterly reports will cover one calendar quarter and must be submitted to the Treasury by the last day of the month following the end of the period covered. This is a change from the Treasury's previous position. Under the old rules, a quarterly filer had 30 calendar days after the end of each calendar quarter to file a report.
6. The Treasury added a new piece of required information that applies to all local governments. Local governments should report the program income earned and expended to cover eligible project costs, if applicable.



# FRF Grant Procurement Standards— Quick Immersion

Source: 2 CFR  
200.318-327



# Code of Conduct

- 2 CFR 200.318(c)
- Prohibit conflict of interest
  - Familial
  - Financial
  - Organizational
- Prohibit solicitation or acceptance of gratuities
  - Items of nominal value permitted
  - City define “nominal value
- Federal fraud, bribery, and gratuity violations (18 U.S.C.)

# Acquisition Planning

Avoid purchasing unnecessary items or services

Consider lease and purchase alternatives

Prohibited geographic preference (“In State” or “In City”)

Domestic preference (2 CFR 200.322)

Preference for recovered materials (2 CFR 200.323)



# Solicitation and Competition

- Clear identification of the requirement and the criteria that the successful offeror must meet
- Free and open competition to the maximum extent practicable
- Special rules for solicitation of small businesses, minority businesses, women owned businesses, and firms from labor surplus areas

# Acceptable Methods

## Micro- Purchase

- Cost: Less than \$10,000 or city's own lower threshold
- No requirement for competition

## Small Purchase

- Cost: Less than \$250,000 or city's own lower threshold
- Solicitation of an "adequate number of sources"

# Acceptable Methods

## Sealed Bids

- Requirement lends itself to a firm fixed price contract
- Conditions for use (2 CFR 200.320(b)(1))
- Award to the lowest responsive responsible Bidder

## Proposals

- Conditions for use (2 CFR 200.320(b)(2))
- Award to the most advantageous offer with all announced factors considered

## Noncompetitive Procurement

- Permitted in limited circumstances
  - Item or service available only from a single source
  - Authorized by awarding agency (waived by the Treasury Department in ALN 21.027)
  - Emergency or exigent circumstances
  - Inadequate competition

# Contract or Purchase Order Award

- A sound and complete Agreement
- Terms and conditions from City's grant award from the Treasury Department DO NOT flow through
- Required Federal Clauses
  - 2 CFR 200.327 and 2 CFR 200, Appendix II
  - Full Text
  - Adoption by reference

# Contract Administration

- Methods for Fixed Price or Cost Type
  - Monitoring during performance
  - Enforce delivery
  - Inspect as necessary
  - Obtain and review documentary back-up as necessary
  - Possible retainage
  - Enforce warranties

## Procurement Records

- The “history of the procurement”
  - Rationale for procurement method used
  - Selection of contract type
  - Contractor selection or rejection
  - Basis for contract price

How your  
compliance will  
be checked

[OMB's Compliance  
Supplement for Single  
Audits: Addendum No.1  
for Treasury Department  
Assistance Listing  
Number 21.027](#)



# Q&A and Discussion



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