

The American Rescue Act Plan: RDO Roles

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American Rescue Plan Act—Applicable Policies

- “Where Does It Say That?”
- American Rescue Plan Act (PL 117-2)
- U.S. Department of Treasury
 - State and Local Fiscal Recovery Fund (SLFRF) Interim Final Regulations (31 CFR 35)
 - SLFRF Compliance and Reporting Guidance
 - SLFRF Frequently Asked Questions (7/19/21)
 - Uniform Administrative Requirements, Cost Principles and Audit Requirements (2 CFR 200)
 - SLFRF Award Terms and Conditions
 - Assistance (CFDA) Listing Number 21.027

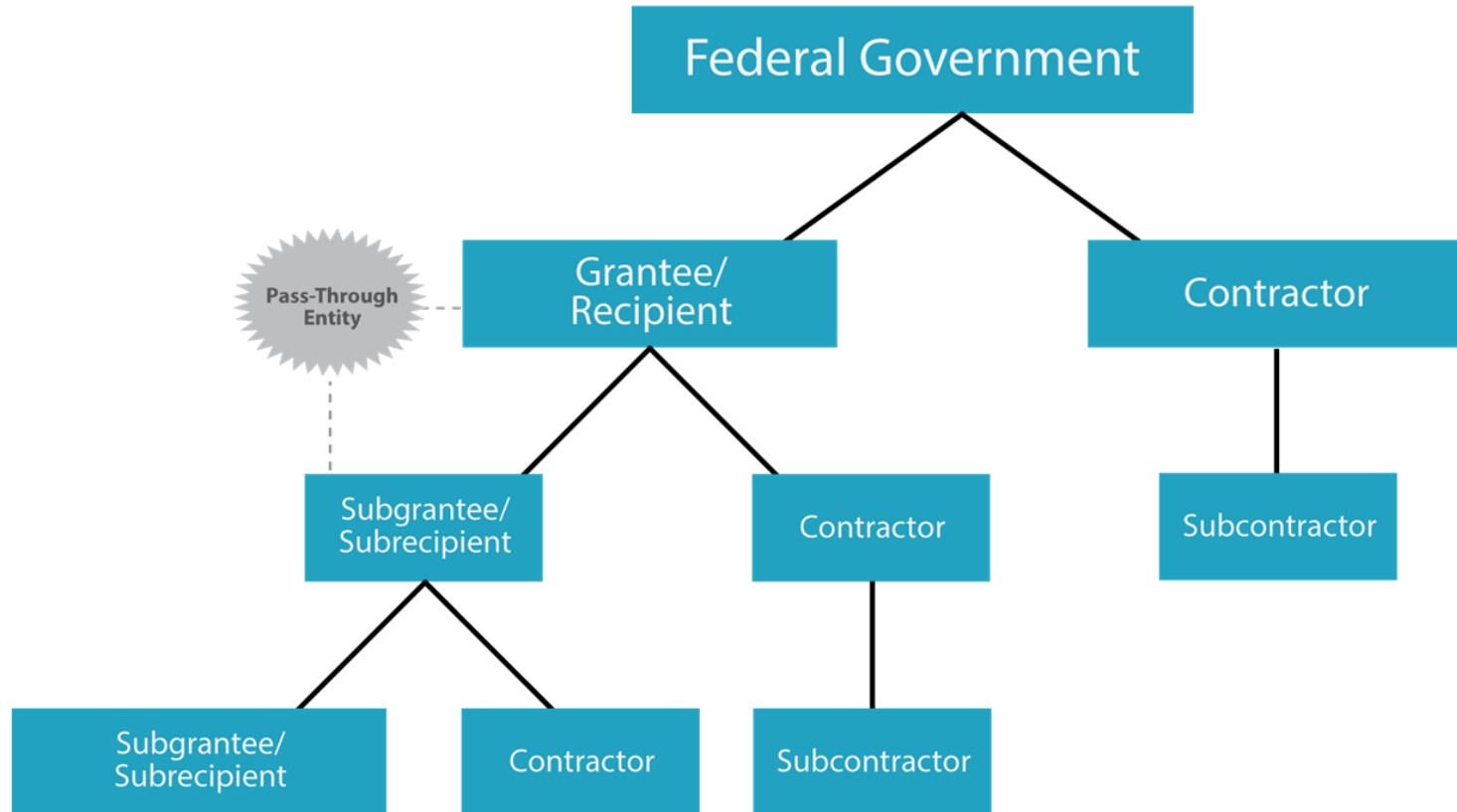
Possible RDO Roles in ARPA

- RDO as subrecipient
 - RDO as contractor
 - RDO as provider of management technical assistance to member governments
- Particularly, non-entitlement units (NEU's)

Subawards vs. Contracts

- Assistance vs. procurement at the federal level
- Assistance vs. procurement at the lower level
- Features of a subrecipient relationship (2 CFR 200.331(b))
- Features of a contractor relationship (2 CFR 200.331(c))

Sorting Out Federal Award Relationships



RDO as a Subrecipient

- What to expect from the recipient (pass-through entity) per 2 CFR 200.331-333
 - Announcement of availability of funds
 - Competition not required
 - Risk assessment
 - Prior award experience
 - Audit history
 - New personnel or systems
 - Extent of monitoring by others

RDO as Subrecipient

- Subaward agreement
 - Federal award identification (2 CFR 200.332(a)(1))
 - Flow-through of federal award requirements
 - Payment (2 CFR 200.305(b))
 - Additional requirements imposed by the pass-through entity to enable compliance with its award
 - Indirect cost recognition
 - Records access
 - Close-out instructions
 - Special conditions (2 CFR 200.208)?
 - Fixed amount subaward (2 CFR 200.333)?

RDO as Subrecipient

- Monitoring by pass-through entity
- Mandatory steps
 - Review financial and performance reports
 - Verify subrecipient single audit compliance
 - Compel corrective action on deficiencies
 - Issue timely management decisions on audit findings affecting subaward funds
- Discretionary steps
 - Agreed-upon procedures audits
 - Site visits
 - Training and technical assistance

RDO as Contractor

- What to expect from the recipient (pass-through entity) per 2 CFR 200.318-327
 - Use of one of five purchasing methods (2 CFR 200.320)
 - Micro-purchase
 - Small purchase
 - Competitive sealed bids
 - Competitive proposals
 - Non-competitive proposals

RDO as Contractor

- Procurement ethics
 - Code of conduct for recipient “actors”
 - Personal and organizational conflict of interest
 - Solicitation and acceptance of gratuities
 - Contractor involvement with solicitation
- Transparent selection process
- Contract award
 - Sound and complete agreement
 - Federal clauses (2 CFR 200, Appendix II)
- Payment
- Contract administration
- Close-out

RDO as a Technical Assistance Provider

- What are they likely to need help with?
 - Demonstrating financial management capabilities
 - Meeting expenditure time limitations
 - Selecting eligible activities
 - Determining allowable costs
 - Handling transfers to others
 - Arranging for single audits

Demonstrating Financial Management Capabilities

- Federal fund identification
- Timely accurate reporting
- Fund accounting
- Effective control over cash, property and other assets
- Budgetary control
- Written cash management procedures
- Written procedures to determine cost allowability

Meeting Expenditure Time Limitations

- Costs incurred (obligated) between March 3, 2021 and December 31, 2024
- Expenditures disbursed not later than December 31, 2026
- Initial reporting by April 30, 2022: annually thereafter
- Audit: Annual aligned with any recipient fiscal year in which total federal fund expenditures from all sources exceed \$750,000

Selecting Eligible Activities

- Response to COVID-19 public health or economic crisis including aid to households, small businesses, non-profits, or impacted industries
- Premium pay to essential public and private employees
- Provision of government services to the extent of revenue lost due to COVID-19
- Necessary investments in water, sewer, broadband infrastructure

Determining Allowable Costs

- “Our old friend”
- The applicable Cost Principles (2 CFR 200, Subpart E)
 - General tests of allowability
 - Selected items of cost
 - Indirect cost recovery methods
- A note on unallowables (per ARPA statute)
 - Pre-award costs
 - Contributions to pension funds

Interpreting the Cost Principles

“Failure to mention a particular item of costs is not intended to imply that it is allowable or unallowable; rather determination as to allowability in each case should be based on the treatment provided for similar or related items of cost and based on the principles described in...(2 CFR 200.402-411)

--2 CFR 200.420

Handling Transfers to Others

- The recipients as a pass-through entity
- Circling back:
 - 2 CFR 200.331-333 (Subrecipients)
 - 2 CFR 200.318-327 (Contractors)

Arranging for Single Audits

- Trigger: \$750,000 in total federal fund expenditures during recipient fiscal year
- Not just ARPA funds
- Requirement: 2 CFR 200.509
- Conducted by a qualified independent auditor in accordance with generally accepted government auditing standards (GAGAS)
- Audit objectives: financial accuracy, internal control, compliance
- OMB's *Compliance Supplement* and why it's important
- "Coming to your town soon" —An *Addendum* covering audit of SLFRF funds

Questions

- Now
- Later

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