



# Yavapai County

## ARPA Training

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# Agenda

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- Introduction to ARPA
- Grant Agreement Overview
- Grant Payment Process
- Uniform Guidance 101
- 2 CFR Subparts and Provisions to Know
- Common Federal Grant Deficiencies and Findings
- Recap / Preparing for Program Audits
- Appendix A

# Introduction to ARPA

American Rescue Plan Act

## Introduction to ARPA - Definitions

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- **Non-Federal Entity** – a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.
- **Pass-through Entity (PTE)** – a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
- **Subrecipient** – an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- **Beneficiary** – individuals or entities that are direct beneficiaries of a federal award are not considered subrecipients.

## Introduction to ARPA - Definitions – cont'd

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- **Subaward** – an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program.
- **Federal Award** – the Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity.

## Introduction to ARPA - SLFRF

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- The Coronavirus State and Local Fiscal Recovery Funds (“SLFRF” or “FRF”) is part of the American Rescue Plan Act established to deliver \$350 billion of emergency funding to US state, local and tribal governments. The SLFRF program is administered by the Department of Treasury with the purpose of supporting the response to and recovery from the COVID-19 public health emergency, including:
  - Fight the pandemic and support families and businesses struggling with its public health and economic impacts;
  - Maintain vital public services, even amid declines in revenue; and
  - Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.
- In May 2021, the Interim Final Rule (“IFR”) was published describing eligible and ineligible uses of SLFRF funds.
- In January 2022, the [Final Rule](#) was published, which made certain changes to eligible and ineligible uses of SLRF funds based on comments and feedback from program stakeholders. Generally, the Final Rule provided additional flexibility on how SLFRF funds are used by recipients.

## Introduction to ARPA - SLFRF Eligible Uses

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The American Rescue Plan provides four major categories of eligible uses to tackle the broad range of public health and economic challenges caused or exacerbated by the COVID-19 emergency.

1. **Public Sector Revenues** – providing government services up to the amount of revenue loss due to the pandemic.
2. **Public Health & Economic Response** – responding to COVID-19's public health impact, along with its economic harms.
3. **Premium Pay for Essential Workers** – offering additional support to workers who bear the greatest health risks because of their service in critical sectors.
4. **Water, Sewer & Broadband Infrastructure** – providing funding for critical water and sewer projects, along with high-speed broadband infrastructure.

# Introduction to ARPA - SLFRF Eligible Uses

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## Water and Sewer Infrastructure

SLFRF funds may be used for water, wastewater and stormwater infrastructure investments

- Recipients may use FRF funds to invest in a broad range of projects that improve drinking water infrastructure (e.g. building or upgrading facilities and transmission, distribution and storage systems, including lead service lines).
- Eligible projects include those aligned with the EPA's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).
- *CWSRF eligible projects* → The types of projects eligible include projects to construct, improve and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure and protect waterbodies from pollution.
- *DWSRF eligible projects* → The DWSRF was modeled on the CWSRF with the principal objective of helping public water systems obtain financing for improvements necessary to protect public health and comply with drinking water regulations. The primary use is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems.



## Introduction to ARPA - Projects eligible under CWSRF and DWSRF

Projects eligible under CWSRF and the Treasury Final Rule	
Construction of publicly owned treatment works	Development and implementation of a conservation and management plan under the CWA
Projects pursuant to implementation of a nonpoint source pollution management program established under the Clean Water Act (CWA)	Watershed projects meeting the criteria set forth in the CWA
Decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage	Energy consumption reduction for publicly owned treatment works
Management and treatment of stormwater or subsurface drainage water	Reuse or recycling of wastewater, stormwater, or subsurface drainage water
Water conservation, efficiency, or reuse measures	Security of publicly owned treatment works
Projects eligible under DWSRF and Treasury Final Rule	
Facilities to improve drinking water quality	Green infrastructure, including green roofs, rainwater harvesting collection, permeable pavement
Transmission and distribution, including improvements of water pressure or prevention of contamination in infrastructure and lead service line replacements	Storage of drinking water, such as to prevent contaminants or equalize water demands
New sources to replace contaminated drinking water or increase drought resilience, including aquifer storage and recovery system for water storage	Purchase of water systems and interconnection of systems
New community water systems	

# Introduction to ARPA - Projects eligible under CWSRF and DWSRF

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## Additional Eligible Projects per Treasury Final Rule -- projects that are eligible if deemed “necessary” --

Culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure

Infrastructure to improve access to safe drinking water for individual served by residential wells, including testing initiatives, and treatment/remediation strategies that address contamination

Dam and reservoir rehabilitation if primary purpose of dam or reservoir is for drinking water supply and project is necessary for provision of drinking water

Broad set of lead remediation projects eligible under EPA grant programs authorized by the Water Infrastructure Improvements for the Nation (WIIN) Act, such as lead testing, installation of corrosion control treatment, lead service line replacement, as well as water quality testing, compliance monitoring, and remediation activities, including replacement of internal plumbing and faucets and fixtures in schools and childcare facilities

Projects needed primarily to serve future population growth with conditions. The EPA specified in the DWSRF Interim Final Rule that a project which is intended primarily to address public health and/or regulatory compliance issues for the existing service population may be sized for a “reasonable” amount of population growth over the useful life of the project.

- A “necessary” investment must be: (1) responsible to an identified need to maintain adequate minimum levels of service, (2) cost-effective means for meeting that need and (3) investments in order to meet projected populated growth.
- Recipients are required to assess cost-effectiveness of projects for the creation of new drinking water systems, dam and reservoir rehabilitation projects, or projects for the extension of drinking water service to meet population growth needs.

## Introduction to ARPA - Projects eligible under CWSRF and DWSRF

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### Projects ineligible for SLFRF assistance

Purchase of water rights, unless the water rights are owned by a system to be purchased for consolidation as part of a capacity development strategy.

Construction or rehabilitation of reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are on the property where the treatment facility is located .

Projects needed primarily for fire protection.

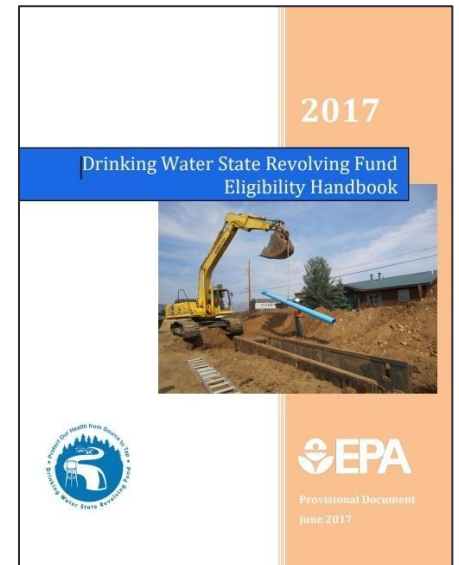
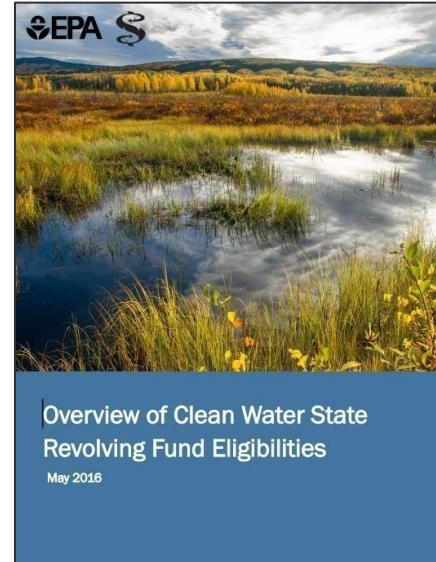
Projects that have received assistance from the national set-aside for Indian Tribes and Alaska Native Villages under the SDWA §1452(i).

# Introduction to ARPA - Links to Guidance

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## Eligible project guidance

- The project examples and guidance set forth in the CWSRF and DWSRF are specifically referenced as eligible project types for the purposes of FRF spending.
- Links to the eligibility guidance for both the CWSRF and DWSRF are provided on the thumbnail images.



# Grant Agreement Overview

County of Yavapai

# Grant Agreement Overview - Introduction

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- A legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that:
  - Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use.
  - Is distinguished from a cooperative agreement in that it does not provide for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.
  - Does not include an agreement that provides only: (1) Direct United States Government cash assistance to an individual; (2) A subsidy; (3) A loan; (4) A loan guarantee; or (5) Insurance.

# Yavapai County Grant Agreement Overview

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- Allocation of funds to Subrecipient
  - Yavapai County is the “Recipient” of federal SLFRF funds. Some of these funds are being “passed through” to other units of government (“Subrecipients”) for eligible spending.
  - For example, Yavapai County has received \$46m of federal SLFRF funds and will pass through \$XX to the Subrecipient(s) for a [NAME] project (intentionally left blank).
- Funding process
  - Subrecipient will sign a grant agreement as subrecipient of the federal award dollars. The agreement will require acceptance with certain terms and conditions, Department of Treasury program-specific guidance, and adherence with Federal Uniform Guidance regulations (2 CFR 200).
  - The funding will be provided according to a payment schedule in order to cover qualified projects and expenditures.
    - Documentation regarding the procurement, expenditures and monitoring of performance must be readily available when requested by the County.
- Monitoring
  - Yavapai County will monitor and oversee the use of funds by the Subrecipients (e.g. city recipients, public water districts) and report on the use of the funds to Department of Treasury on a periodic basis.

# Grant Reimbursement Process

County of Yavapai County





## Yavapai County Reimbursement Process

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- Complete the Award process
- Complete the Reimbursement Authorization Process
- Submit a Reimbursement Request

## Step 1: Completing the Award Process

Yavapai County will finalize the **Award** of the grant when the following items are received, completed and approved:

- Signed Grant Agreement
- SAM.gov website printout indicating for suspension and debarment status (section 6f of the grant agreement)
- FFATA (Section 6i of the grant agreement)
- Byrd anti-lobbying certification (section 6j of the grant agreement)
  - Byrd only applies to those receiving more than \$100,000
- Detailed budget (section 6c of the grant agreement)

## **Step 1 (cont'd): Completing the Award Process**

Yavapai County will finalize the **Award** of the grant when the following items are received (continued):

- Required project information (Section 7 of the grant agreement):
  - Projected/actual construction start date (month/year)
  - Projected/actual initiation of operations date (month/year)
  - The specific locations to be served
  - National Pollutant Discharge Elimination System Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund); or Public Water System ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund).

### **Step 2: Reimbursement Authorization Process**

Yavapai County will create the initial reimbursement authorization once the following are received, completed and approved:

- W-9
- EFT Authorization (Optional - Can be requested from the Yavapai County Finance Department)

A reimbursement authorization notice will be sent to the grantee indicating that the award process has been completed and reimbursement processing may begin. Please note that all reimbursement requests must include the Grantee agreement # and the reimbursement authorization number or the payment process may be delayed.

### **Step 3: Reimbursement Request**

- Payments are made on a reimbursement basis.
- Reimbursement requests may be made monthly for the preceding month.
- Yavapai County must receive the reimbursement requests by the 20<sup>th</sup> of the month to process the reimbursement in the following month.
- Reimbursement requests should include:
  - Reimbursement request form (indicating amount requested)
  - Supporting documentation provided by the Grantee's contractor(s) for the cost of goods and services delivered in the preceding month.

# Uniform Guidance 101

County of Yavapai

## Uniform Guidance 101 - Introduction

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- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance") was officially implemented in December 2014 and is an authoritative set of rules and requirements for Federal awards.
- In addition to the Final Rule, expenditures of FRF must comply with the Uniform Guidance requirements set forth in 2 CFR 200, which establishes administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities.

## Uniform Guidance 101 - Requirements

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- FRF Guidance
  - Overview of the Final Rule – January 2022
  - Final Rule – January 2022
  - Compliance and Reporting Guidance
- 2 CFR 200 (see appendix for links to additional guidance)
  - 200.317-327 Procurement Standards
  - 200.328-329 Performance and Financial Monitoring and Reporting
  - 200.331-333 Subrecipient Monitoring and Management
  - 200.402-411 Cost Principles Basic Considerations
  - 200.501 Audit Requirements
- [Treasury webinar on the FRF Final Rule](#)
- [NACo webinar on using funds for Water and Sewer Infrastructure](#)



## Uniform Guidance - General Subrecipient Responsibilities

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- Provide access to records and financial statements to determine compliance with federal requirements.
- Facilitate the pass-through entity's planned monitoring and oversight activities.
- Provide information to the pass-through entity on previous audits as requested.
- Provide results from direct federal agency monitoring activities on direct federal awards received.
- Identify for the pass-through entity whether a single audit is required and justify the response.
- Take appropriate and timely corrective action to resolve audit findings and comply with any management decision issued by the pass-through entity.

## Uniform Guidance – General Subrecipient Responsibilities cont'd

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- Follow up on audit findings and keep copies of audit reports and related documentation on file for at least three years following the audit period for review by the pass-through entity.
- Follow all imposed specific subaward conditions upon a subrecipient if appropriate as described in §200.208.
- Be open to monitoring and providing timely information to the pass-through entity.
- Follow the agreed upon timeline for obligations and expenditures.
- Follow the federal award requirements as you are a steward of the funds.

# 2 CFR 200 Subparts and Provisions to Know

County of Yavapai

# Uniform Guidance Provisions - Introduction

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## 2 CFR 200 – Subparts

### Subpart A

- Acronyms and Definitions (§200.000 – 100).

### Subpart B

- General Provisions (§200.100 – 113).

### Subpart C

- Pre-Federal Award Requirements & Contents of Federal Awards (§200.200 – 216).

### Subpart D

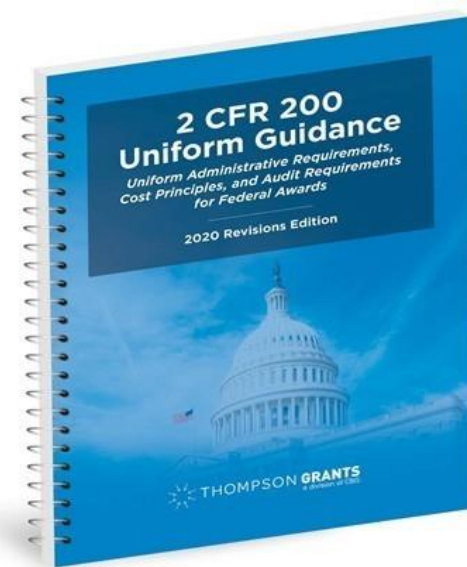
- Post-Federal Award Requirements (§200.300 – 346).
  - Purchase of equipment – we'll discuss more in detail later.

### Subpart E

- Cost Principles (§200.400 – 476).

### Subpart F

- Audit Requirements (§200.501 – 521).




# Uniform Guidance Provisions – Procurement Standards

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## Non-State Entities Applicable Rules

- Follow own procurement policies and procedures.
- Follow applicable state/local/tribal law.
- Follow applicable Federal procurement rules in 2 C.F.R. 200.\*
- If an inconsistency exists across 3 layers (own/state or local or tribal/federal), follow the **most stringent/restrictive** guidelines to ensure compliance within all 3 layers.

\* *Specific rules and guidelines by type of entity covered in subsequent slides*



# Uniform Guidance Provisions – Procurement Standards

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<b>Mandatory Standards</b>	
Maintain Oversight	Maintain Records
Written Standards of Conduct	Settlement of Issues
Need Determination	Time and Materials Conduct
Contractor Responsibility Determination	
<b>Encouraged Standards</b>	
Use of Intergovernmental or Inter-Entity Agreements	Value Engineering
Use of Federal Excess/Surplus Property	

# Uniform Guidance Provisions – Procurement Standards

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## **Sub Part D – (§200.318)**

- The non-Federal entity must have and use documented procurement procedures.
- Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- The non-Federal entity must maintain records sufficient to detail the history of procurement.
- The non-Federal entity may use a time-and-materials type contract.
- But must set a ceiling price (not-to-exceed amount).
- The non-Federal must use the most stringent requirements.

# Uniform Guidance Provisions – Procurement Standards

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## **Sub Part D – (§200.319)**

### Competitive

- Acquisition of property or services require “full and open” competition.
- Contractors hired to perform administrative-type functions (such as design or bid development) must be excluded from competition.
- Must have written selection procedures.
- Must clearly identify all bidding requirements.

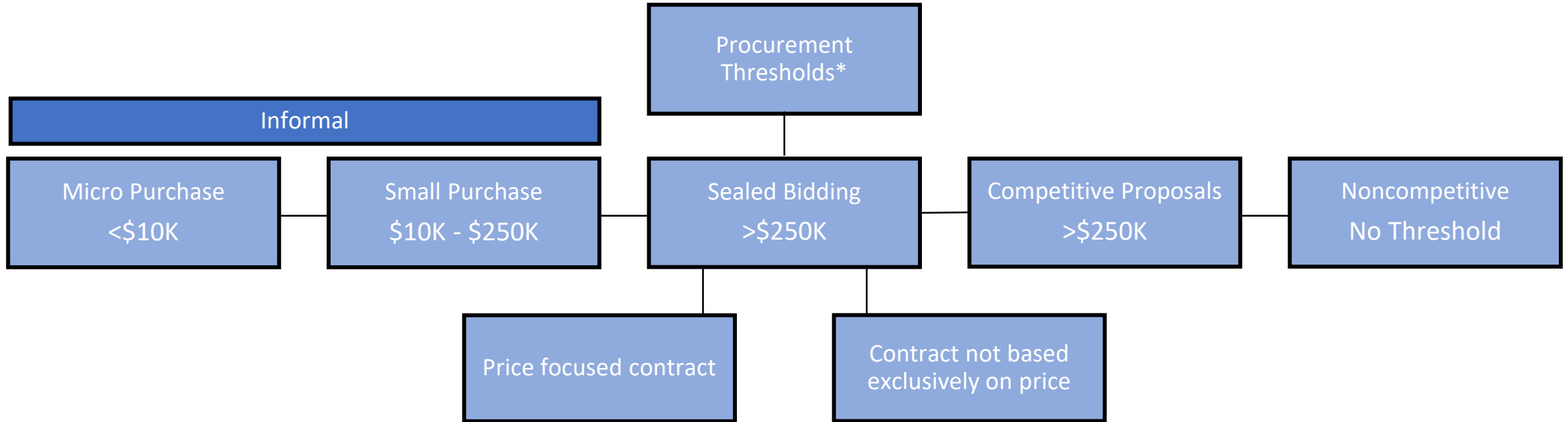
### Restrictions on Competition

- Requiring unnecessary experience.
- Excessive bonding requirements.
- Specifying only a brand name product.
- Noncompetitive pricing practices.
- Organizational conflicts of interest.
- Noncompetitive contracts to contracts on retainer.
- Any arbitrary action in the procurement process.



# Uniform Guidance Provisions – Procurement Standards

## Sub Part D – (§200.320)



\*Procurement thresholds effective for all procurements executed on or after June 20, 2018. Procurements conducted prior to this date will have the applicable thresholds effective at the time of procurement.

# Uniform Guidance Provisions – Procurement Standards

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## **Sub Part D – (§200.320(c))**

### **Noncompetitive**

- Commonly referred to as “sole source.”
- Acquisition of property/services (aggregate) does not exceed micro-purchase threshold.
- Item/service only available from one source.
- Public exigency or emergency (competitive requirement causes delays).
- Awarding agency express authorization.\*
  - Requires supporting documentation;
  - Always use local policy; and
  - Always follow awarding agency-specific Terms & Conditions.

\*Expressly stated as not applicable to SLFRF.



### **Sub Part D – (§200.321)**

#### **Socioeconomic Contracting**

Must take all steps to assure that small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

- **Affirmative Steps**

- Placing qualified businesses on solicitation lists.
- Assuring that businesses are solicited whenever they are potential sources.
- Dividing requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by businesses.
- Establishing delivery schedules that encourage participation by businesses.
- Use services and assistance (subcontractors) of such organizations as the Small Business Administration and the Minority Business Development Agency if the Department of Commerce.
- Requiring the prime contractor (if subcontracts are anticipated) to take the five previous steps.

### **Sub Part D – (§200.322)**

#### **Domestic Preference**

- To the greatest extent practicable under a Federal award, a non-Federal entity should provide a preference for the purchase, acquisition, or use of goods, products or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products).
- While not referenced specifically in the Final Rule, the Consolidated Appropriations Act, 2014, includes an American Iron and Steel Requirement that requires CWSRF and DWSRF assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works.
- The requirement of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

# Uniform Guidance Provisions –

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## Sub Part D – (§200.324)

### Contract Cost or Price

Non-state entities must perform and document a cost or price analysis in connection with every procurement action above the simplified acquisition threshold (\$250,000)

#### Pre-Procurement

##### Independent Estimates

The non-state entity must make independent estimates before receiving bids or proposals as a starting point.

Example:

- Before receiving bids/proposals, reach out to a few contractors to understand where reasonable costs may fall for a project so that during the procurement process, an entity can make knowledgeable decisions.

#### During Procurement

##### Price Analysis

Examination and evaluation of total amount of proposed price without evaluating separate cost elements and proposed profit.

Examples:

- Comparing offers with competitive published price lists, published market prices, or similar indexes.
- Comparing proposed prices with prices of the same or similar items obtained through market research.

##### Cost Analysis

Review and evaluation cost elements (such as labor hours, overhead, materials, etc.), and proposed profit in a proposal to determine a fair and reasonable price for a contract.

Examples:

- Comparing offers with competitive published price lists, published market prices, or similar indexes.
- Comparing proposed prices with prices of the same or similar items obtained through market research.

### **Sub Part D – (§200.325)**

#### Review of Procurements

Must make available the technical specifications for a proposed procurement upon request by Treasury or the pass-through entity.

- For the pre-procurement review, must make procurement documents available upon request for Treasury or pass-through entities. These documents include requests for proposals or independent cost estimates. Must clearly identify all bidding requirements
- This type of review typically takes place prior to procurement, but it can occur post solicitation. However, organizations are exempt from the pre-procurement review if Treasury or the pass-through entity determines that its procurement systems comply with the standards under 2 C.F.R. Part 200.

# Uniform Guidance Provisions – Procurement Standards

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## Sub Part D – (§200.327)

### Contract Provisions

Administrative, contractual, or legal remedies	• Contracts for more than the Simplified Acquisition Threshold.
Termination for Cause and Convenience	• Contracts in excess of \$10,000.
Davis Bacon Act*	• All prime construction contracts in excess of \$10,000,000.
Copeland "Anti-Kickback"	• Must be included in contracts subject to the Davis-Bacon Act.
Contract Work Hours and Safety Standards Act	• Contracts awarded in excess of \$100,000 involving the employment of mechanics or laborers.
Clean Air Act and the Federal Water Pollution Control Act	• Contracts of amounts in excess of \$150,000.
Debarment and Suspension	• All contracts.
Compliance with Federal Law, Regulations, and Executive Orders	• All contracts.

# Uniform Guidance Provisions – Monitoring and Reporting

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## **Sub Part D – (§200.328 - 329)**

### Financial Reporting – 2 CFR 200.328

- Financial information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances...

### Monitoring and Reporting Program Performance – 2 CFR 200.329

- The non-Federal entity is responsible for oversight of the operations of the Federal award-supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.
- The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances...



# Uniform Guidance Provisions – Subrecipient Determinations

## Sub Part D – (§200.331)

- Distributes subawards vs using Federal funds directly (Recipient)
  - Note: Entities can be both recipients and pass-throughs.
  - Example: County of Yavapai for SLFRF awards.
- Case-by-case basis determinations of entities providing services or programming funds
  - Payments to beneficiaries;
  - Subawards to subrecipients; and
  - Contracts to contractors (vendors).

### Organizations Receiving Funds from Pass-Through Entities

Subrecipient	Contractor	Beneficiaries
<ul style="list-style-type: none"> <li>• Receive subaward from a pass-through or Recipient to carry out a program on their behalf.</li> <li>• Funds are distributed to and used for a specific purpose.</li> </ul>	<ul style="list-style-type: none"> <li>• An entity that receives a contract as defined in (§ 200.22).</li> <li>• Think Goods &amp; Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals or entities that receive direct payments of assistance.                             <ul style="list-style-type: none"> <li>• Example: Someone receiving money from the Colorado Emergency Rental Assistance Program.</li> </ul> </li> </ul>

## Uniform Guidance Provisions – Subrecipient Management

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### **Sub Part D – (§200.332)**

- Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following required information.
  - All requirements imposed by the pass-through entity on the subrecipient;
  - Any additional requirements that the pass-through entity imposes on the subrecipient; and
  - A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements .
- Evaluate each subrecipient's risk of noncompliance (risk assessment).
- Monitor the activities of the subrecipient as necessary.
- Verify that every subrecipient is audited as required.
- Consider taking enforcement action against noncompliant subrecipients.

# Uniform Guidance Provisions – Equipment

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## Sub Part D – (§200.313)

- Title vests to non-Federal entity.
- Use, management, and disposition following federal and local regulations.
- Requires supporting documentation
  - Description
  - Serial or identification number
  - Source of funding (including FAIN)
  - Title holder
  - Acquisition date
  - Cost of property
  - Costs under Federal award purchased
  - Location, use, and condition of property
  - Disposition data with date and sale price
  - Percentage of federal participation

### Uses

- Must support program/project acquired to support;
- Cannot be encumbered without prior approval; and
- Can be used for other purposes (§200.313(c)(2)).

### Management

- Physical inventory of property;
- Loss, damage, or theft safeguards;
- Must be investigated;
- Adequate maintenance records; and
- Sales procedures should net “highest possible return.”

### Disposition

- Fair market value of  $\geq$  \$5,000 may be retained;
- $\geq$  \$ 5,000 has specific disposition instructions; and
- (§200.313(b)(c)(e)).

### **Sub Part D – (§200.334 - 338)**

#### Record Retention

- Documents must be retained for a period of three (3) years from the date of submission of the final expenditure report, or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. Types of documents to retain:
  - Financial records;
  - Supporting documents;
  - Statistical records; and
  - and all other non-Federal entity records pertinent to a Federal award.
- The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award.

# Uniform Guidance Provisions – Cost Principles

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## Sub Part E – (§200.403 - 404)

### 403 – Factors Affecting Allowability

- Be necessary and reasonable;
- Conform to limitations or exclusions;
- Be consistent with policies and procedures;
- Not be reimbursed by any other federally financed program;
- Be adequately documented; and
- Incurred during the approved budget period.

### 404 – Reasonable Costs

- Cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

### Additional Principles

- Efficient and effective award administration.
- Consistent with underlying agreements program objectives, and the terms & conditions
- May not earn or keep any profits.
  - Exception: Explicit authorizations in the terms & conditions.

## Uniform Guidance Provisions – Audit requirements

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### **Sub Part F – (§200.501)**

- Non-Federal entities expending over \$750,000 require single audit.
  - Expenditures in fiscal year awards were spent;
  - Aggregate of federal awards spent; and
  - Required for subrecipients.

# Uniform Guidance Provisions – Determining Expenditures

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## **Sub Part F – (§200.502)**

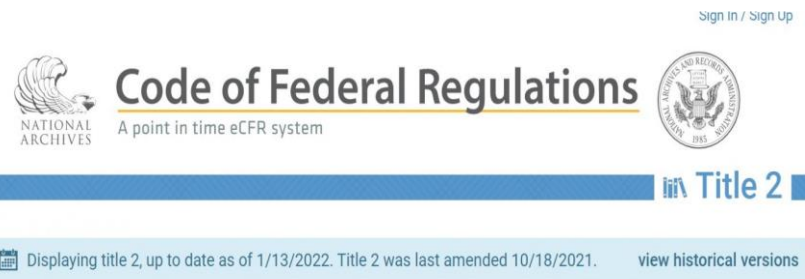
### Basis for Determining Award Expenditures

- Expenditure is based on when activity related to the award occurs.
- A grant activity occurs when a non-Federal entity must abide by Federal statutes, regulations, and terms and conditions, such as:
  - Disbursement of funds to a subrecipient;
  - Receipt of surplus property;
  - Distribution or use of food commodities;
  - The period when insurance is in force;
  - Expenditure/expense transactions (including grants);
  - Cost-reimbursement contracts;
  - Cooperative agreements; and
  - Direct appropriations.

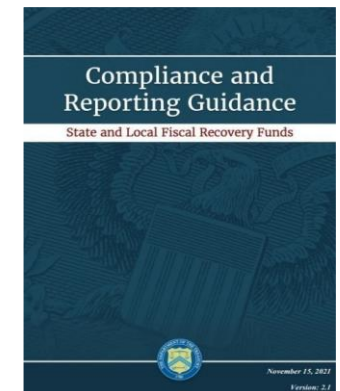
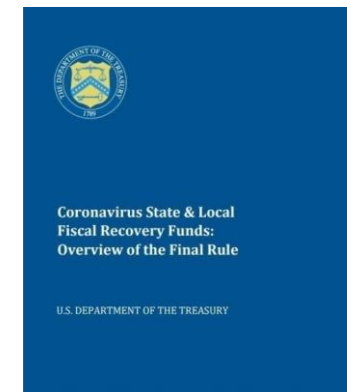
# Uniform Guidance Provisions – Links to Guidance

FRF Guidance (links included in thumbnail images)

- The CSLFRF website contains the relevant authoritative materials published by the Department of Treasury
- Additional guidance linked below includes the Overview of the Final Rule and the Compliance and Reporting Guidance both published by the Department of Treasury. Also, a link to the Code of Federal Regulations, specific to 2 CFR 200 is provided below (*hold the button ctrl and click on the image*)



In March of 2021, the American Rescue Plan Act of 2021 authorized the \$350 billion State and Local Coronavirus Fiscal Recovery Fund. For more information, visit <https://www.dhs.gov/state-and-local-coronavirus-fiscal-recovery-fund>.





# FRF Reporting Requirements

County of Yavapai

# FRF Reporting Requirements



- Periodic reporting to Treasury
  - Yavapai County is required to submit various periodic reports (as outlined in the table) to the Treasury Department. The reports include:
    - The Interim Report,
    - Project and Expenditure Reports,
    - and Recovery Plan Performance Reports
  - In order to facilitate reporting to Treasury, you will be required to provide Yavapai County certain data elements regarding current and planned expenditures. The form and content of this reporting will be provided to you.

**Table 2: Reporting requirements by recipient type**

Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
1	States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021 or 60 days after receiving funding if funding was received by October 15, with expenditures by category	By January 31, 2022, and then 30 days after the end of each quarter thereafter <sup>9</sup>	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31 <sup>10</sup>
2	Metropolitan cities and counties with a population below 250,000 residents which received more than \$10 million in SLFRF funding			Not required
3	Tribal Governments which received more than \$30 million in SLFRF funding			By April 30, 2022, and then annually thereafter <sup>11</sup>
4	Tribal Governments which received less than \$30 million in SLFRF funding			
5	Metropolitan cities and counties with a population below 250,000 residents which received less than \$10 million in SLFRF funding			
6	NEUs	Not required		

Note: Based on the period of performance, reports will be collected through April 30, 2027. See the specific due dates listed in Sections B and C.

# Recap / Preparing for Program Audits

County of Yavapai



## Recap / Preparing for Program Audits

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- Cash Management
  - Track all federal awards and their programs.
    - SLFRF funds should be kept separate for tracking purposes.
  - Accurate, current, and complete disclosure of award financial results.
  - Records identify source & application of funds.
  - Strong internal controls (e.g., segregation of duties).
  - Report instances of fraud, waste, and abuse (FWA).
    - Encourage subrecipients, contractors, and participants to report suspected cases of FWA.

## Recap / Preparing for Program Audits

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- Understand the audit requirements and timelines.
- Eligible vs. Ineligible Costs.
  - Follow Cost Principles (§200.400 – 476);
  - Program Terms and Conditions; and
  - Ensure all parties know what is eligible & ineligible.
- Allowable Costs and Cost Principles.
  - Be necessary and reasonable;
  - Conform to limitations or exclusions;
  - Be consistent with policies and procedures; and
  - Reviewing for duplication of services or costs.

## Recap / Preparing for Program Audits

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- Create an Audit-Focused Uniform Guidance Implementation Strategy.
  - Proactively collect detailed documentation;
  - Demonstrate effective results-driven project implementation;
  - Document and monitor;
  - Monitoring of subcontractors;
  - Status of funds expended;
  - Financial expenditures; and
  - Establish effective internal controls.

# Recap / Preparing for Program Audits

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## Common Federal Grant Deficiencies and Findings

### Pass-through Single Audit Requirements

- Non-Federal entities over \$750,000 require single audit
- Expenditures in fiscal year awards were spent
  - Aggregate of federal awards spent
- Compliance does not pass through to contractors
  - Exception: When contractors are involved with program review or compliance of the award.

### Procurement Standards

- Internal policies and procedures noncompliance
- Subrecipient written policies and procedures 2 CFR 200 non-compliant
- Inconsistent implementation Restrictive bid requirements.

### Lack of Documentation

- Expenditures
  - Contracts, change orders, invoices, proof of payment
- Supporting bid documentation
- Gaps in property records and inventory
  - Maintenance records for equipment

# Appendix

County of Yavapai





# Appendix A – Support Materials

2 C.F.R 200 Relevant Provisions		
§200.317-327 Procurement Standards	§200.328-329 Performance and Financial Monitoring and Reporting	
<ul style="list-style-type: none"> <li>• <u>2 C.F.R. 200.317 Procurement by States</u></li> <li>• <u>2 C.F.R. 200.318 General Procurement Standards</u></li> <li>• <u>2 C.F.R. 200.319 Competition</u></li> <li>• <u>2 C.F.R. 200.320 Methods of Procurement to be Followed</u></li> <li>• <u>2 C.F.R. 200.321 Socioeconomic Contracting</u></li> <li>• <u>2 C.F.R. 200.322 Domestic Preferences</u></li> <li>• <u>2 C.F.R. 200.323 Recovered Materials</u></li> <li>• <u>2 C.F.R. 200.324 Contract Cost and Price</u></li> <li>• <u>2 C.F.R. 200.325 Review of Procurement</u></li> <li>• <u>2 C.F.R, 200.326 Bonding Requirements</u></li> <li>• <u>2 C.F.R. 200.327 Contract Provisions</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>2 C.F.R. 200.328 Financial Reporting</u></li> <li>• <u>2 C.F.R. 200.329 Monitoring and Reporting Program Performance</u></li> </ul>	
	§200.331-333 Subrecipient Monitoring and Management	
	<ul style="list-style-type: none"> <li>• <u>2 C.F.R. 200.331 Subrecipient and Contractor Determinations</u></li> <li>• <u>2 C.F.R. 200.332 Requirements for pass-through entities</u></li> </ul>	
	§200.402-411 Cost Principles Basic Considerations	
	<ul style="list-style-type: none"> <li>• <u>2 C.F.R. 200.403 Factors affecting allowability of costs</u></li> <li>• <u>2 C.F.R. 200.404 Reasonable costs</u></li> </ul>	
	§200.501 – Audit Requirements	
	<ul style="list-style-type: none"> <li>• <u>2 C.F.R. 200.501</u></li> </ul>	