

<u>Document:</u> FS-2020-G01	<u>Title:</u> CARES Act – Administrative Guidelines & Procedures	<u>Effective Date:</u> May 01, 2020
<u>Prepared By:</u> Dan Davis, Compliance Officer	<u>Reviewed By:</u> Jason Jacobson, Grants Analyst Shanna Smith, Lead Budget Analyst Lori Cleaton, Budget Manager Nikki Simmons, County Controller	<u>Reassessment:</u> Annually
<u>Standard:</u> CARES Act	<u>Approved By:</u> Sherri Cassidy, Chief Financial Officer <i>Sherri Cassidy 5/4/2020</i>	<u>Revision Date:</u>

- Mandate:** Section 601(a) of the Social Security Act, as added by Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).
- Purpose:** El Paso County follows all Federal guidelines to ensure compliance with the application, receipt, management, and reporting of all federal funds awarded to the County.
- Scope:** This guideline applies to all El Paso County Elected Offices, County Departments, and their employees, agents and subordinates. Local Municipalities that received CARES Act Funds can utilize this guideline as Subrecipients of El Paso County or can draft and implement guidelines or policies specific to their Local Municipalities. Subrecipients must provide El Paso County Financial Services with a copy of their guidelines and/or policies if they chose to use their own guidelines or policies.
- Responsibilities:** El Paso County expects employees, agents, subordinates, contractors, subrecipients, and any other individual or business authorized to act on behalf of the County to spend Federal funds prudently and in accordance with the Federal guidelines.

1. Purpose

The purpose of the CARES Act Administrative Guidelines and Procedures are to provide guidance for the funding that has been provided under section 601(a) of the Social Security Act, as added by Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act established the Coronavirus Relief Fund and appropriated \$150 billion to the Fund for State and Local Government Relief.

El Paso County received an allocation of \$125,704,768 of Federal Funds from the CARES Act Relief Fund. The funds received by the County will be shared with the local municipalities located within El Paso County to assist them with their response and expenses related to the Coronavirus (COVID-19). The Treasury’s guidance explicitly allows for States to share their funding but is currently silent on local government’s ability to share with other local governments. El Paso County recognizes that our Cities and Towns have also realized increased expenditures due to COVID-19 and have chosen to share El Paso County’s allocation with them.

Under the CARES Act, the Federal Funds may only be used to cover cost that –

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State or Local government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as providing economic support to those suffering from employment or business interruptions due to COVID-19 related closures.

Funds may not be used to fill shortfalls in government revenues to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary”. The Department of Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

The CARES Act also requires that payments be used only to cover cost that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by the government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in the budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

A cost is “incurred” when the government has expended funds to cover an expenditure. The “incurred” cost must fall within the period starting March 1, 2020 and ending on December 30, 2020. Any funds that have not been spent as of December 30, 2020 must be returned.

2. Procedures for Requesting Funds

1. Elected Officials or Department Directors must submit the CARES Act Funding Request Form that documents in detail why COVID-19 Funds are being requested. The written statement must include the following:
 - a. Date of the request.
 - b. Dollar amount of funds being requested.
 - c. What the funds are going to be spent on and should include an itemized schedule or breakdown of all cost relating to the expenditures of funds.
 - d. Why the expenditure is necessary and how the expenditure is related to COVID-19.
 - e. Time period of when the funds are expected to be spent.
 - f. The request must include an attestation that the funds being requested were not budgeted for prior to submitting the request for funds and that the funds are the direct result of COVID-19.

Example:

I, ___(Name & Title)___ for El Paso County Department or Office of ___(Name of Department)___ attest that the funds being requested have not been previously budgeted for, will be spent following all El Paso County Procurement Processes and Procedures, will be spent for the intended purpose, and that the expenditures are necessary and related to the public health emergency with respect to COVID-19.

2. The Elected Official or other authorized designee or Department Director must complete and submit with the CARES Act Funding Request the CARES Act Certification of Compliance Form.
3. The Chief Financial Officer (CFO) or County Controller shall review and approve (or decline) the CARES Act Funding Request Form.
 - a. If Approved – The CFO or County Controller will sign off on the CARES Act Funding Request Form and the CARES Act Certification of Compliance Form. The signed CARES Act Funding Request Form and the CARES Act Certification of Compliance Form will be returned to the Elected Official or Department Director so that the procurement process can begin.
 - b. If Declined – The unsigned CARES Act Funding Request Form and CARES Act Certification of Compliance Form will be returned to the Elected Official or Department Director with the reason declined. The Elected Official or Department Director can review and make the required changes for resubmission and consideration.
4. Expenditures that were incurred by County Departments or Offices on or after March 01, 2020 and before the County received their allotment of the CARES Act Funds from the Federal government can request reimbursement from Financial Services.
 - a. The County’s Elected Official or other authorized designee or Department Director must complete and submit to Financial Services the CARES Act Post Approval Reimbursement Form.

- b. The County's Elected Official or other authorized designee or Department Director must complete and submit to Financial Services the CARES Act Certification of Compliance Form.
- c. The Chief Financial Officer (CFO) or County Controller shall review and approve (or decline) the CARES Act Post Approval Reimbursement Form.

3. Procurement and Purchases

1. Procurement processes and procedures must be followed as documented in the El Paso County Contracts and Procurement Policy Manual.
2. If the Federal Government has stricter purchasing guidelines, then those documented in the El Paso County Contracts and Procurement Policy Manual, El Paso County shall follow the stricter purchasing guidelines of the Federal Government.

4. Monitoring and Review

1. El Paso County's Budget Division will be tasked with the monitoring and reviewing of all funds that have been approved by the County's Elected Offices and Departments.
2. Site visits may be done by Budget personnel to ensure compliance with the CARES Act. Site visits may include the following activities:
 - a. Review of items purchased.
 - b. Review of financial records.
 - c. Review of personnel and timekeeping records.
 - d. Review of procurement records.
 - e. Review of program activities.
 - f. Interviews of key personnel.
3. Budget personnel will draft at the completion of their site visit a comprehensive and in-depth report documenting the visit and their findings. If there are compliance issues discovered during the site visit, the Budget employee doing the site visit will notify the CFO, Controller, and the Compliance Officer of their findings.
 - a. The Budget Division will work with the Elected Office or Department to correct any compliance issues identified.

5. Local Municipalities

1. Local Municipalities that are receiving CARES Act Funds will be treated as a Subrecipient and will be required to complete and adhere to a Subrecipient Agreement.
2. Subrecipients are required to follow the Federal Guidelines as required to maintain compliance with receipts, management, and reporting of all Federal Funds received.
3. Local Municipalities must implement processes and procedures to ensure compliance with the CARES Act for adequate documentation on why the funds used are necessary and why the expenditures incurred are due to the public health emergency with respect to COVID-19.
4. Purchases made by Local Municipalities using CARES Act Funds must be completed following their procurement policies and procedures.
 - a. If the Federal Government has stricter purchasing guidelines then that of the Local Municipality, the Local Municipality will be required to follow the stricter purchasing guidelines of the Federal Government.

- b. If the Local Municipality does not have written procurement policies and procedures, the Municipality shall request a copy of El Paso County's Contracts and Procurement Manual and use it for all purchases made with CARES Act Funds.
- 5. Local Municipalities will be subject to the same monitoring and review process as all County Elected Offices and Departments.
- 6. Local Municipalities shall have guidelines, policies, and procedures in place to be compliant with the Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and OMB Circular No. A-133 Compliance Supplement for the Single Audit.
 - a. If the Local Municipality does not have written guidelines, policies, and procedures in place to be compliant with the Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and OMB Circular No. A-133 Compliance Supplement for the Single Audit, the Municipality shall request a copy of El Paso County's Federal Grants Management Manual for administering the CARES Act Funds they receive as a subrecipient.

6. Federal Fund Management

- 1. El Paso County intends to follow the El Paso County Federal Grants Management Manual (Grants Manual) to support the administration of CARES Act Federal Funds. The Grant Manual establishes policies and procedures for the application, receipt, management, and closeout of federal awards as required by Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and OMB Circular No. A-133 Compliance Supplement for the Single Audit. El Paso County designates the Grants Manual as the primary resource for Grants Specialists in the administration and management of their respective Federal Funds. The Grants Manual lists and explains relevant federal laws and policies regarding grant administration and contains sample forms most commonly used throughout the grant life cycle. While this Grants Manual is intended as a primary resource, it is not intended to replace or supersede any federal guidance on grant administration.