



2022 ARPA & Opioid Funding Strategy Summit

Transparency & Accountability

ARPA Final Rule effective April 1, 2022 — Aspects of guidance
keep evolving

Prohibited uses of ARPA Funds

- Rainy day funds
- Debt Service
- Medicaid/CHIP
- Activities that undermine CDC
- UG Violations
- Extraordinary pension contributions

NCACC ARPA Resources:

Timeline and key points document



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Two Dimensions of ARPA Compliance

1. Reporting to U.S. Treasury

2. Adhering to federal Uniform Guidance



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ARPA Reports Due April 30

Project and Expenditure Reports are due to U.S.
Treasury on April 30, 2022

1

Check internal process and county's Treasury accounts

2

Visit U.S. Treasury webpage on Recipient Compliance and Reporting Responsibilities for resources

3

Email SLFRP@treasury.gov for help with technical issues



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Federal Uniform Guidance

ARPA recipients are required to comply with the federal Uniform Guidance

1

UG – Federal administrative requirements: Title 2 of the Code of Federal Regulations Part 200

2

UG promotes effectiveness, and reduces risk of waste, fraud, and abuse

3

All ARPA funds must be tracked and managed, including funds designated as a revenue loss

4

UNC School of Government UG resources:
<https://arpa.sog.unc.edu/uniform-guidance/>



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NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION

ARPA and Compliance – How to Get it Right!

Sharon Edmundson, Deputy Treasurer
State and Local Government Finance Division



Accounting, Auditing, and Budgeting Issues





PROCUREMENT OF AUDIT SERVICES

- Multi-step process
 - **NOT** required to do full blown RFP unless your audit fee exceeds \$250,000
 - **ARE** required to consider more than price
 - **ARE** required to have documentation to support your decision-making process
 - **CAN** be a multi-year decision



PROCUREMENT OF AUDIT SERVICES

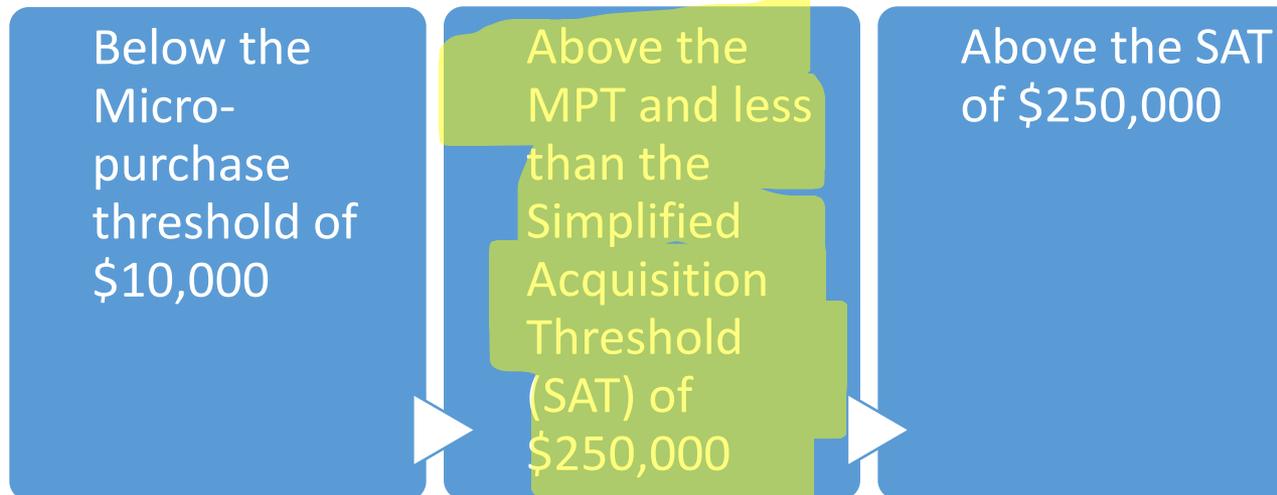
- **MUST** follow the procurement requirements as detailed in §§ 200.317 through 200.327 of subpart D of this part or the FAR (48 CFR part 42), as applicable



PROCUREMENT OF AUDIT SERVICES

STEP 1

- Estimate price of audit and determine where in this spectrum it will fall





PROCUREMENT OF AUDIT SERVICES

STEP 2

- Determine the appropriate procurement method depending on where your audit fee falls across the three categories



PROCUREMENT OF AUDIT SERVICES

Requirements of Each Possible Single Audit Procurement Method

- ***Micro-Purchase (2 C.F.R. § 200.320(a)(1))***: ...Even where the cost of a contract for audit services falls below the micro-purchase threshold, a unit still must consider the evaluation factors described in 2 C.F.R. § 200.509 when awarding a contract in this range.
- ***Small Purchases (2 C.F.R. § 200.320(a)(2))***: ...The non-Federal entity is required to solicit an “adequate number” of price or rate quotes before awarding a contract in this range. It need not formally advertise a bid opportunity but doing so may be the easiest way to satisfy the requirements of 2 C.F.R. § 200.509
- ***Proposals (2 C.F.R. § 200.320(b)(2))***: ...requires the non-Federal entity to undertake a formal request for proposal (“RFP”) process, which includes publicization of the RFP and receipt of proposals from an “adequate number” of “qualified offerors” (2-3 proposals, at minimum, are recommended).



PROCUREMENT OF AUDIT SERVICES

STEP 3

[2 C.F.R. § 200.509\(a\)](#) also requires a non-federal entity to:

- Make the objectives and scope of the audit clear to potential firms
- Request a copy of the auditor's peer review report (which the auditor is required to provide under GAGAS))
- Make affirmative efforts identified in [2 C.F.R. § 200.321\(b\)](#) to utilize small businesses, minority-owned firms, and women's business enterprises ("MWBE") to conduct the audit



PROCUREMENT OF AUDIT SERVICES

What extra steps can you take to attract MWBE firms to respond?

- A non-Federal entity may contact MWBE firms directly
- Place these businesses on solicitation lists
- Directly solicit a firm's involvement whenever it is a potential service provider

Contact the [NC HUB Office](#) for assistance in locating MWBE businesses

See LGC website for list of firms that perform government audits in NC



PROCUREMENT OF AUDIT SERVICES

STEP 4

Must consider and document the following factors when awarding a contract for audit services

- Firm's responsiveness to your requirements for audit services— including meeting the technical proposal instructions and addressing the technical evaluation criteria;
- Relevant experience of the firm or individual(s) involved;
- Availability of qualified staff to conduct the audit;
- Results of peer and external quality control reviews; and
- Price.



PROCUREMENT OF AUDIT SERVICES

Some additional notes/observations:

- Process does not have to be annually conducted – multi-year agreements are fine
- Probably fine if have renewal clause in agreement and you exercise that clause if original procurement met requirements
- Probably not fine to continue with same audit firm if there is no renewal clause or one is not added
- **Procurement process does not require that you change audit firms**
- Template RFP on our website if interested in going that route

<https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/audit-resources>



BUDGETING ORDINANCE AND AMENDMENTS

- Strongly recommend use of grant project ordinance (multi-year) for initial accounting for the funds
- Reported as a Special Revenue Fund in financial statements
- Fund stays open until all funds are accounted for
- Amend as you decided specifically what to do with the funds
- Sample grant project ordinance and amendments

Grant Project Ordinance for the Carolina County American Rescue Plan Act of 2021: Coronavirus State and Local Fiscal Recovery Funds

BE IT ORDAINED by the County Board of Carolina County, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted:

Section 1: This ordinance is to establish a budget for a project to be funded by the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (CSLFRF). Carolina County (County) has received the first tranche in the amount of \$1,000,000 of CSLFRF funds. The total allocation is \$2,000,000, with the remainder to be distributed to the County within 12 months. These funds may be used for the following categories of expenditures, to the extent authorized by state law.

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Section 2: The County has elected to take the standard allowance, as authorized by 31 CFR Part 35.6(d)(1) and expend all its CSLFRF funds for the provision of government services.

The following amounts are appropriated for the project and authorized for expenditure:

Internal Project Code	Project Description	Expenditure Category (EC)	Cost Object	Appropriation of CSLFRF Funds
0001	Law Enforcement Services for period of July 1, 2021 through December 31, 2024	6.1	Salaries	\$500,000
			Benefits	\$35,000
0002	Parks and Recreation Services for period of July 1, 2021 through December 31, 2024	6.1	Salaries	\$200,000
			Benefits	\$14,000
0003	General Administration Services for period of July 1, 2021 through December 31, 2024	6.1	Salaries	\$320,000
			Benefits	\$21,700
	Unassigned			\$909,300
				\$2,000,000

NOTE TO PREPARER:

- Even if supplanting, still track as “projects” for reporting purposes; salaries and benefits are costs within projects
- Can reimburse back to 3/3/2021 but have to meet “effort certification requirements”
- If using for salaries and benefits, want to end as of 12/31/24 – deadline to commit funds

- **Section 3:** The following revenues are anticipated to be available to complete the project:
 - **CSLFRF Funds:** \$2,000,000
 - **General Fund Transfer:** \$0
 - **Total:** **\$2,000,000**

- **Section 4:** The Finance Officer is hereby directed to maintain sufficient specific detailed accounting records to satisfy the requirements of the grantor agency and the grant agreements, including payroll documentation and effort certifications, in accordance with 2 CFR 200.430 & 2 CFR 200.431.

- **Section 5:** The Finance Officer is hereby directed to report the financial status of the project to the governing board on a quarterly basis.

- **Section 6:** Copies of this grant project ordinance shall be furnished to the Budget Officer, the Finance Officer and to the Clerk to County Board.

- **Section 7:** This grant project ordinance expires on December 31, 2026, or when all the CSLFRF funds have been obligated and expended by the County, whichever occurs sooner.

Sample CSLFRF Grant Project Ordinance Budget Amendments

Scenario: Transferring \$500,000 to General Fund for premium pay for public safety staff

**Carolina County
Budget Amendment #1
CSLFRF Project Fund**

Section 2 of the CSLFRF Grant Project Ordinance Budget is amended as follows:

CSLFRF Project funds appropriated:

CSLFRF Project	\$1,500,000
Transfer to General Fund	<u>\$ 500,000</u>
	\$2,000,000

Section X of the General Fund Budget ordinance is amended to increase appropriations as follows:

Public Safety	\$500,000
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Section Y of the General Fund Budget ordinance is amended to increase transfers in as follows:

Transfer in from CSLFRF Grant Project	\$500,000
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NOTE TO PREPARER: This is a sample budget ordinance amendment. Please make this fit your budget structure. This amendment example is in no way related to the second sample budget ordinance amendment.

Scenario: Transferring \$1,500,000 to Sewer Capital Project Fund:

**Carolina County
Budget Amendment #2
CSLFRF Project Fund**

Section 2 of the CLFRF Grant Project Ordinance Budget is amended as follows:

CSLFRF Project funds appropriated:

CSLFRF Project	\$ 500,000
Transfer to Sewer Capital Project	<u>\$1,500,000</u>
	\$2,000,000

Section X of the Sewer Capital Project Fund Budget ordinance is amended to increase appropriations as follows:

Sewer plant upgrade	\$1,500,000
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Section Y of the Sewer Capital Project Fund Budget ordinance is amended to increase transfers in as follows:

Transfer in from CSLFRF Grant Project	\$1,500,000
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NOTE TO PREPARER: This is a sample budget ordinance amendment. Please make this fit your budget structure. This amendment is in no way related to the second sample budget ordinance amendment.



QUESTIONS?

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