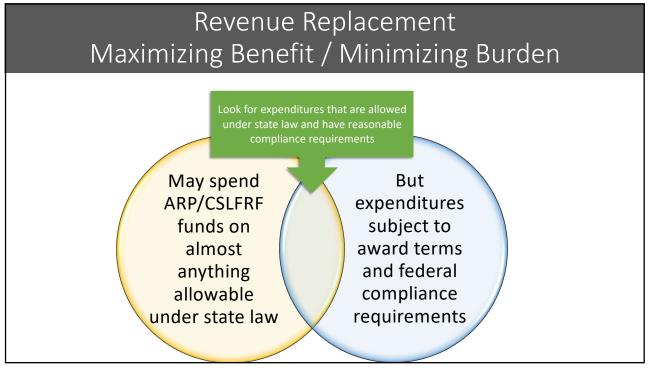
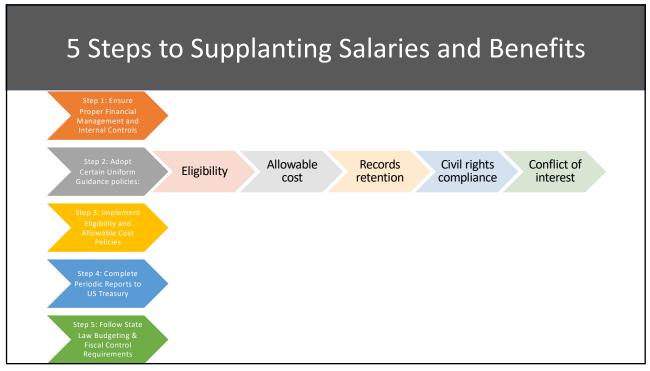


Compliance Requirements								
Award Terms	Prohibited Expenditures	Uniform Guidance						
All funds obligated by December 31, 2024 & fully expended by December 31, 2026 Reporting requirements Project & Expenditure reports (quarterly or yearly, depending on size) Performance Plan reports (for largest units only) Civil rights compliance / nondiscrimination policy Compliance with all applicable Uniform Guidance provisions Records retention policy with retention for at least 5 years after award term ends Special audit requirements	NO: Pension fund contributions NO: Borrowing money NO: Financial reserves / rainy day fund NO: Settlement/judgement/consent decree NO: Undermines or discourages compliance with CDC guidelines NO: Violates conflict of interest provisions NO: Violates state law or other federal laws and regulations, including applicable Uniform Guidance	General Financial Management Internal Controls Eligible Projects Determination & Documentation Policy Cost Principles/Allowable Costs Policy Applies to ALL projects  Procurement, Suspension, & Debarment Policy Subaward Policy Program Income Policy Property Management Policy  Applies ONLY TO SOME projects						
What local government agreed to as condition of receiving funds. Applies to ALL categories.	The Final Rule prohibits certain expenditures no matter what. Applies to ALL categories	Set of federal compliance regulations that apply to federal awards.						



#### Using ARP/CSLFRF For Salaries and Benefits (aka Supplanting) Comply with award Free up non-grant Use ARP/CSLFRF to terms and Uniform revenues that would cover or reimburse have been used to salaries and benefits that apply to salaries and benefits benefits May reimburse salary and Freed up non-grant Must adopt certain Uniform benefit expenditures from revenues are NOT subject Guidance policies and follow March 3, 2021 through today to award terms and all award terms related to and/or for future salary and expenditure of ARP/CSLFRF Uniform Guidance. They benefit expenditures from may be spent for any public on salaries and benefits today through December 31, purpose authorized by 2024 state law and at any time.

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### 5 Steps to Supplanting Salaries and Benefits

Step 1: Ensure
Proper Financial
Management and
Internal Controls

Step 2: Adopt Certain Uniform Guidance policies

Step 3: Implement Eligibility and Allowable Cost Policies

Step 4: Complete Periodic Reports to US Treasury

Step 5: Follow State
Law Budgeting &
Fiscal Control
Requirements

**Financial administration (2 CFR 200.302).** A local government must have a financial management system that is sufficient to allow it to complete all necessary reporting requirements related to the ARP/CSLFRF award.

At a minimum, a local government must track obligations and expenditures of ARP/CSLFRF funds by project and include real-time comparisons to budgeted amounts for those projects.

For salary and benefit expenditures, that means being able to track payroll encumbrances and disbursements by department. If a local government's current financial management system does not allow for this level of tracking, it may use this **simple Excel template** for these ARP/CSLFRF funds.

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### 5 Steps to Supplanting Salaries and Benefits

Step 1: Ensure Proper Financial Management and Internal Controls

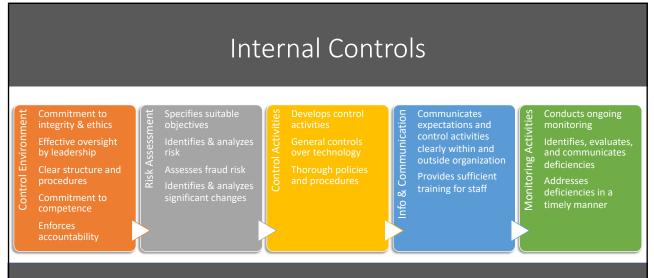
Step 2: Adopt
Certain Uniform
Guidance policies:

Eligibility and Allowable Cost Policies

Step 4: Complete Periodic Reports to US Treasury

Step 5: Follow State
Law Budgeting &
Fiscal Control
Requirements

Internal Controls (2 CFR 200.303). A local government must have a written set of internal controls related to its financial transactions. The nature of these controls will vary based on the size of the unit and its staffing capacity, but there are some minimum requirements. The regulation prompts a local government to generally conform its internal controls to those that apply to federal agencies through what is known as the federal "Green Book." That does not mean that a local government must adopt all the specific controls that apply to federal agencies; rather, it should simply follow the same general framework for its own controls. Also as part of its internal controls, a local government must regularly monitor and evaluate compliance with applicable federal and state laws and must take reasonable measures to safeguard protected personally identifiable information. The controls fall within 5 main categories. A local government's written internal controls should identify specific actions/procedures within each of these categories.



Review your general financial management processes and internal controls to ensure compliance with state statute and consistency with the above principles.

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### 5 Steps to Supplanting Salaries and Benefits Records Retention. This policy supplements a local government's regular records retention policy to establish procedures to retain all ARP/CSLFRF-related information for at least 5 years after the end of the award term (through December 31, Eligible Use. This is a simple policy that indicates allowable and unallowable projects, based on the expenditure categories in the ARP/CSLFRF Final Rule. It requires a local government to identify staff to document and review ARP/CSLFRF expenditures. That documentation must be retained according to the record retention requirements. Allowable Cost. This is a more complex policy that requires a local government to do a detailed review of each cost item and ensure compliance with special limitations and documentation mandates for certain cost items. (Sample policy here.) Its implementation related to supplanting salaries and benefits is summarized below. Note that one of the specific cost items, specifically 2 CFR 200.444, states that a local government may not use federal grant funds to pay for general qovernment expenditures. However, in this case the ARP/CSLFRF expressly allows a local government to use its revenue replacement funds for these types of expenditures, which effectively overrides this UG provision. Civil Rights Compliance. This policy reaffirms the local government's commitment to compliance with federal civil rights laws and establishes processes for reporting potential violations and tracking complaints and resolutions. (Sample policy here.) Conflict of Interest. The UG requires recipients and subrecipients of federal financial assistance to maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. (Sample policy here.)

# 5 Steps to Supplanting Salaries and Benefits

Step 1: Ensure Proper Financial Management and Internal Controls

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US Treasury

tep 5: Follow State Law Budgeting & Fiscal Control Requirements **Document eligibility determination for salary and benefit costs as part of the provision of government services.** This is a simple process that can be accomplished with this **Sample Form.** 

**Document basic allowable cost review for salary and benefit costs.** This is also a simple process that can be accomplished with the same <a href="Sample Form">Sample Form</a> as the eligibility determination. It ensures that only allowable (and properly documented) salaries and benefits are covered with the grant funds.

Collect and retain required documentation for covered salary and benefit costs. To meet the allowable cost requirements for compensation, 2 CFR 200.430(i), a local government must retain the following documents/information as part of the project file:

- Pay classification policy or other written documentation of covered employees' salaries.
- Written benefits policy
- · Payroll records for all salaries/benefits that are paid for directly or reimbursed with ARP/CSLFRF funds.
- Timesheets for all nonexempt employees whose salaries/benefits are paid for directly or reimbursed with ARP/CSLFRF funds.
- Annual effort certification forms for all employees whose salaries/benefits are paid for directly or reimbursed with ARP/CSLFRF funds, or equivalent documentation. (Sample certification form here.)

5 Stone to	Supplanting	Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
5 Steps to Supplanting Salaries and Benefits		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	By January 31, 2022, and then the last day of the month after the end of each quarter thereafter	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31
Step 1: Ensure Proper Financial Management and Internal Controls  Step 2: Adopt Certain Uniform Guidance policies:  Step 3: Implement Eligibility and Allowable Cost Policies  Step 4: Complete Periodic Reports to US Treasury  Step 5: Follow State Law Budgeting & Fiscal Control Requirements	Maintain all policies and required documentation for at least 5 years after end of award term (December 31, 2031)  Complete periodic P&E reports until end of award term	3 4 5	Metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding, and NEUs that are allocated more than \$10 million in SLFRF funding Tribal Governments that are allocated more than \$30 million in SLFRF funding Tribal Governments that are allocated less than \$30 million in SLFRF funding Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding	October 15, with expenditures by category.  Note: NEUs were not required to submit an Interim Report	Note: NEUs were not required to submit a Project and Expenditure Report on January 31, 2022. The first reporting date for NEUs was April 30, 2022.  By April 30, 2022, and then annually thereafter	July 31

# 5 Steps to Supplanting Salaries and Benefits

Proper Financial Management and Internal Controls

Step 2: Adopt Certain Uniform Guidance policies:

Step 3: Implement Eligibility and Allowable Cost Policies

Step 4: Complete Periodic Reports to US Treasury

Law Budgeting & Fiscal Control Requirements Adopt grant project ordinance appropriating ARP/CSLFRF for salaries and benefits

- If reimbursements, no further budget action
- If future expenditures, amend grant project ordinance to move appropriation to annual budget ordinance

See this post for sample budgets and amendments

Follow Local Government Budget & Fiscal Control Act for cash management, investments, obligations, and disbursements.