

NACo BRIEF: CORONAVIRUS RELIEF FUND



CRF REPORTING REQUIREMENTS: PAYROLL FOR PUBLIC HEALTH, PUBLIC SAFETY AND HUMAN SERVICES EMPLOYEES

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TREASURY CORONAVIRUS RELIEF FUND (CRF) FAQ (AUGUST 10)

To view U.S. Treasury CRF FAQ, [click here](#).

The Guidance says that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

The Guidance states that the Fund may support a “broad range of uses” including payroll expenses for several classes of employees whose services are “substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” What are some examples of types of covered employees?

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. These classes of employees include public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. Other eligible expenditures include payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19-related school closures. Please see the Guidance for a discussion of what is meant by an expense that was not accounted for in the budget most recently approved as of March 27, 2020.

The guidance provides that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. May Fund payments be used to cover such an

employee's entire payroll cost or just the portion of time spent on mitigating or responding to the COVID-19 public health emergency?

As a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020. An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

**TREASURY OIG FAQ DOCUMENT
(AUGUST 28)**

To view Treasury OIG's FAQ document, [click here](#).

- 62. According to Treasury's FAQs, for administrative convenience, a State can presume that all payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency and, thus, can be covered by CRF. Will Treasury OIG or the PRAC ever question the applicability of this presumption in the audit context? If so, under what circumstances?**

Yes, the CARES Act provides that Treasury OIG is responsible for monitoring and oversight of the receipt, disbursement, and use of CRF payments. Documents and financial records, as defined in the Treasury OIG memorandum Coronavirus Relief Fund Recipient Reporting and Record Retention Requirements must be maintained to support the use of CRF payments for when the presumption is made that payroll costs is substantially dedicated to mitigating or responding to the COVID-19 emergency. Documents should include those sufficient to support decisions made with respect to its use of CRF payments. See questions 69, 70, and 71.

- 69. To what level of documentation will a government be held to support the reimbursement of public safety payroll that was "presumed" to be substantially dedicated to mitigating the emergency?**

The recipient of CRF payments must maintain and make available to Treasury OIG upon request, all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act, as amended (42 U.S.C. 801(d)). Documents/records include payroll records and documentation that support an employee's time dedicated to mitigating the COVID-19 health emergency for the covered period March 1 through December 30, 2020. Records include, but are not limited to (1) general and subsidiary ledgers used to account for the receipt of CRF payments and subsequent disbursements; and (2) payroll, time, and human resource records to support costs incurred for payroll expenses related to addressing the COVID-19 health emergency. Please refer to the Treasury OIG memorandum, Coronavirus Relief Fund Reporting and Record Retention Requirements (OIG-20-021; July 2, 2020).

- a. Will government have to demonstrate/substantiate that an employee's function/duties were in fact substantially dedicated to mitigating the emergency?**

Yes, through documentation and financial records as defined above and any other documents/records that support employee's function/duties and/or time was substantially dedicated to mitigating the COVID-

19 emergency. Please refer to the Treasury OIG record retention requirements memorandum OIG-20-021 noted in response to question 69.

- b. For payroll that was accounted for in the FY2020 budget but was then "presumed" to be substantially dedicated to mitigating the emergency, will the government have to demonstrate/substantiate that an employee's function was a substantially different use?

Yes, the government is required to maintain documents and financial records supporting payroll substantially dedicated to mitigating the emergency to support the use of CRF payments regardless of whether the payroll was originally budgeted. Please refer to response to question 69. The Treasury OIG also requires the government to maintain budgetary records to support the fiscal years 2019 and 2020 budgets.

70. Is the government required to perform any analysis or maintain documentation of the "substantially dedicated" conclusion for payroll expenses of public safety, public health, health care, and human service employees?

Yes, the government is required to maintain documents and financial records to support all payroll expenses, including payroll of public safety, public health, health care, and human service employees, substantially dedicated to mitigating the emergency. Documents should include those to support conclusions made with respect to the "substantially dedicated" use of CRF payments. If an analysis is performed, it should be supported by documentation as outlined in the record retention requirements memorandum OIG-20-021. Please refer to response to question 69.

71. Treasury's FAQs indicate a "State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise."

- a. What level of documentation needs to be maintained to indicate the chief executive did not determine "specific circumstances indicate otherwise?"

Documents and financial records, as defined in the Treasury OIG memorandum OIG-CA-20-021 must be maintained to support the use of CRF payments for when the presumption is made that payroll costs is substantially dedicated to mitigating or responding to the COVID-19 emergency. Documents should include those sufficient to support decisions made with respect to its use of CRF payments. No specific documentation of the negative assurance of the chief executive (or equivalent) is required.

- b. Is the absence of documentation indicating "specific circumstances indicate otherwise" sufficient, or does an affirmative decision need to be documented?

See previous responses.

TREASURY OIG RECORD RETENTION REQUIREMENTS: MEMORANDUM OIG-20-021 (JULY 2)

To view Treasury OIG's record retention requirements memorandum, [click here](#).

Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following:

1. General ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19
2. Budget records for 2019 and 2020
3. Payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19
4. Receipts of purchases made related to addressing the public health emergency due to COVID-19
5. Contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts
6. Grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards
7. All documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients
8. All documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards
9. All internal and external email/electronic communications related to use of Coronavirus Relief Fund payments
10. All investigative files and inquiry reports involving Coronavirus Relief Fund payments.