

OHIO AUDITOR OF STATE KEITH FABER



To All Local Government, Public Offices and IPAS: Coronavirus (COVID-19) Frequently Asked Questions

This FAQ document is intended to help local governmental entities with important local-level decisions they may encounter during the coronavirus declaration of emergency. The Auditor of State's office (AOS) is continuing to view various forums such as those posted by the Ohio Association of School Business Officials (OASBO), Ohio Township Association (OTA), Ohio Attorney General's Office (OAG), etc. as well as keeping communication lines open in the AOS office to help provide global guidance on the issue. **The FAQ will be updated on a regular basis throughout the coronavirus crisis.**

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QUESTIONS AND ANSWERS

Audit Services & Financial Reporting Considerations

- 1. This is not a completely specific topic, but what will be the AOS audit approach to compliance leniency and what documentation will AOS expect for various issues that may arise out of COVID-19? (updated June 30, 2020)**

Document, document, document -- documentation is the key! Much like the 2009 American Recovery and Reinvestment Act (ARRA), the stimulus money is flowing faster than the compliance requirements are being communicated. The CARES Act is more than two and a half times larger than the ARRA. Its accountability provisions roughly parallel those in ARRA with increased funding for existing Federal Offices of Inspector Generals and the creation of a government-wide, independent oversight body, the Pandemic Response Accountability Committee (PRAC). The Act also requires a one-stop website providing spending transparency to the public. Like ARRA, the CFDA numbers and COVID-specific requirements are not always being identified in Federal terms and conditions, which makes it difficult to track down the source of the funding and related compliance requirements. As of July, we understand that the Federal OMB will release the 2020 OMB Compliance Supplement (used by auditors to determine applicable Single Audit procedures for FY20 audits) in July (will include pre-pandemic guidance) and publish an addendum in the Fall to address the COVID-19 funding considerations and audit procedures. However, the OMB decisions about the timing and content of the OMB Compliance Supplement could be subject to change given the volatility of the current environment. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government's legal counsel and documented decisions about spending, compliance, etc., to the greatest extent possible. On June 18, 2020, OMB issued Memo, M-20-26, instructing recipients and subrecipients must separately identify the "COVID-19 Emergency Acts expenditures" on the Schedule of Expenditures of Federal Awards and in audit report findings in order to provide adequate oversight of the COVID-19 Emergency Acts funding and programs.

- 2. In light of the governor's executive order regarding social distancing, do I have to have a pre- or post-audit conference?**

If your entity would like to hold a pre- or post-conference during this time, the Auditor of State's office will be available to discuss the audit via phone or teleconferencing options. If your entity would prefer to waive a post audit, please let your regional auditor know. See the regional AOS office contact information above. The auditor will send a letter to waive the post audit conference. The governing authority of your entity will be asked to sign the post audit conference waiver.

- 3. How will I receive my released audit report from the Auditor of State Clerk of the Bureau (COB)?**

Released reports from the COB will be sent by email. We are trying to limit the number of report releases that are sent by US Mail since our Clerk of the Bureau is working remotely at this time. Please refer to the [Auditor of State's Advisory memo](#) sent on March 13, 2020. It offers further details related to the Auditor of State's operations during the COVID-19 declaration of emergency.

- 4. What should my government consider when preparing financial statements during and after the COVID-19 pandemic? (updated October 5, 2020)**

Financial statement preparers, including in-house preparers, LGS, or an Independent Public Accountant, should consider the impacts of the pandemic on things like (please note, this list is not all-inclusive):

Subsequent Event (SE) Disclosures

Disclosures (similar to the example below) related to the impact of COVID-19 will be relatively common and likely should be included in most reports. Regardless, each determination needs to be entity-specific. If a disclosure is determined to be unnecessary by your entity, documentation should be maintained for management's reasoning and presented to the auditors.

Example disclosure:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the [ENTITY TYPE]. The [ENTITY TYPE]'s investment portfolio and the investments of the pension and other employee benefit plan in which the [ENTITY TYPE] participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the [ENTITY TYPE]'s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note: Disclosures should be drafted based on the circumstances and perceived/ measurable impact at the entity. For instance:

- If investments are not material, the second sentence can be modified to remove the language "[ENTITY TYPE]'s investment portfolio and".
- If investment losses are determinable or can be reasonably estimated, the amounts or estimated ranges should be disclosed in the Deposit/investment disclosure.
- Governments should consider any related disclosures suggested by other agencies (i.e. SEC) that may be helpful.
- *Reminder:* For AOS Regulatory Basis (non-GAAP mandated) filers, this disclosure would not include references to investments of the pension and other employee benefit plan in which the entity participates in due to GASB 68 /75 reporting not being applicable.

For general information regarding SE, governments can refer to Governmental Accounting Standards Board Codification (GASB Cod) Section 2250, paragraphs .109–.115.

Going Concern Evaluations

Going concern is the assumption that an entity will be able to meet its obligations and continue to operate for the foreseeable future. Generally going concern disclosures are rare for governments, but should still be considered when performing management's evaluations, including impacts from COVID-19. Even if the entity does not disclose a going concern issue, the potential loss of revenue and increased expenditures as discussed in the *Budgetary and Economic Impact* section below during this time could result in financial difficulties warranting disclosures. Governments have a responsibility to evaluate whether there is substantial doubt about its ability to continue as a going concern for 12 months beyond the financial statement date. Moreover, if there is information that is currently known to the government that may raise substantial doubt shortly thereafter (for example, within an additional three months), it also should be considered. Such evaluation should be documented and presented to the auditors for review.

For general information regarding Going Concern, governments can refer to Governmental Accounting Standards Board Codification (GASB Cod) Section 2250, paragraphs .117–.120.

Estimates

Some estimates may have been reasonably determined using practices that were perfectly acceptable or reasonable in prior periods; however, uncertainty or expected reductions could mean they can no longer be supported. If such situations arise, management should determine if a more appropriate estimate can be included and draft a note disclosure (footnote) which appropriately discloses the issue. (Note: If the facts and circumstances were unknown at the time financial statements were filed in the Hinkle System, adjustments as a result of facts known subsequent to Hinkle System filing would not be indicative of a control deficiency.)

5. As a governmental entity, where can I find Governmental Accounting Standard Board (GASB) guidance on dealing with accounting and financial issues during this emergency?

The Governmental Accounting Standard Board (GASB) has developed an [Emergency Toolbox](#). The GASB Emergency Toolbox will help entities identify the GASB's authoritative guidance that could be relevant to the current circumstances. The toolbox provides links to identify additional professional organizations to obtain nonauthoritative recommendations for financial reporting and other activities as governments deal with the effects of the pandemic.

6. Will Auditors be required to be on-site to perform my audit?

The Auditor of State has a long standing remote work location policy that allows audit staff to perform their duties remotely – from home, in community or on location with audit clients. Accordingly, during the pandemic and while we maintain social distancing and other public health measures to protect our clients and employees, the Auditor of State will continue to provide audit staff flexibility to work remotely, where feasible.

While some time on-site may be necessary during audit fieldwork, records can be transmitted electronically using SendThisFile, a file transfer service which uses cloud computing and encryption to allow users to securely send and receive large data files through the Internet. It can be accessed via <http://www.sendthisfile.com/AOS> with either the sender *or* the recipient having an AOS email address (@ohioauditor.gov) to use the service.

Audit teams will remain engaged with audit clients, not only in the completion of the assigned audit work but to offer assistance to clients as issues arise. In short, the Auditor of State remains open for business and we are here to serve and assist.

7. How will the COVID-19 pandemic affect the audit documentation required?

The pandemic has many facets that might affect your audit and the related documentation request by auditors.

Internal Controls

It is very likely the way that governments are processing transactions impacting the financial statements is different from those in place prior to the pandemic. The auditing standards (GAAS) require the auditor to obtain an understanding of controls that are relevant to the audit and assess whether they are designed effectively to prevent or at least detect and correct material misstatements that might be made in the financial statements. Then the auditor is required to determine whether those relevant controls been implemented. To that end, auditors will like be asking, "What has changed (policies, procedures, internal controls) since more employees are working remotely?" This often includes management reviews of various reports, dual signatures on checks, other segregation of duties issues, the use of passwords, and security of information sharing, to name a few. Additionally, auditors will likely ask about the communication related to

the changes as to how it was passed down from management to the employees implementing the changes. Being aware and ready to discuss these changes will be important to the effective and efficient completion of the audit.

Fraud Risks

Similar to internal controls, with significant changes to financial transaction processing comes changes to the risk associated with that processing. As in the past, auditors will discuss fraud risk with clients keeping in mind the differences that may occur from employees working remotely, or possibly not all. Each government is unique and management's assistance in this discussion is invaluable.

Ohio Revised Code Compliance

Appreciating that the State of Ohio is dealing with an unprecedented challenge responding to this health crisis, the Auditor of State will take the following approach during the declaration of emergency relative to the myriad of statutory requirements that local governments are required to meet:

Applying a totality of the circumstances type analysis, the Auditor of State will utilize its discretion under Chapter 117 of the Ohio Revised Code relative to our audit findings. Specifically, where a local government entity makes all due effort to meet statutory requirements, but is unable to do so, and documents both the attempt at compliance and the reasons for non-compliance, the Auditor of State will take into account these factors during our audit and will make every effort to avoid issuing adverse finding while still noting the non-compliance.

We do expect that public entities and local governments will make every good faith effort to meet the spirit of the law and provide open, transparent and participatory government even during the period of the emergency order.

Please consult your legal counsel for advice relative to any particular requirements and your decision or inability to fully comply with the laws, as the Auditor of State cannot provide such specific legal guidance. We do stand ready to provide guidance relative to specific audit issues.

Budgetary and Economic Impact

With many workers displaced during this time, there is bound to be budgetary and economic impacts to nearly all governments. Some items to consider discussing with the auditors include:

- Decreases in tax revenue including income tax, sales tax, and other intergovernmental revenues like local government funding, library funding, gasoline tax, etc.
- Increases in expenditures such as public health services, unemployment obligations, etc.
- Decreases in charges for services or other governmental revenue due to lack of services provided (recreation centers, building permits, etc.) and any impact this may have on related debt payments.

Federal Funding

The Federal Government has released billions of dollars in federal funding and continues to consider additional monies. While much of the guidance is still forthcoming regarding this funding as well as the impact on existing funding due to COVID-19, information from the federal and state agencies should be monitored and documented for review with the auditors during the audit. Additionally, waivers of some current requirements may impact the federal programs used by governments and tracking of that information will be important during the audit.

School and District Specific Considerations

Auditors will address some school and school district specific considerations that will impact the operations of the school/district as well as the audit, such as:

- Did the school use calamity days during the closure? If so, how many?
- How did the school handle its employment contracts such as teaching, food service, and transportation?
- How did the school handle its vendor and ESC contracts?
- Also, HB 197 provides certain schools with more flexibility in using remote learning to meet the instructional hours requirement. However, *it does not waive the instructional hours requirements found in Ohio Revised Code section 3313.48 for traditional districts, joint vocational school districts and chartered nonpublic schools; sections 3314.03(A)(11) or 3314.08(H) for community schools; and section 3326.11 for STEM schools.* Was the school able to provide online instruction to all, some, or none of the students? How is the school fulfilling the required hours of instructions if limited or no online instruction was available during the school building closure?

8. Can I charge my audit costs for the CARES Act Coronavirus Relief Fund to the federal program? (updated July 2, 2020)

For federal programs, the costs of audits are allowable if the audits were performed in accordance with the federal Single Audit Act and Uniform Guidance (UG).** Generally, the percentage of costs charged to federal awards for a single audit shall not exceed the percentage derived by dividing federal funds expended by total funds expended by the recipient or sub-recipient (including program matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs. Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

Initial Treasury guidance released on April 22, 2020, provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of State, local, and tribal government practices, Treasury clarified in guidance released June 30, 2020 that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred). See additional information in the Treasury guidance at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

**The costs of audits that are not required by the Single Audit Act or Subpart F are not allowable under 2 CFR 200.425, including performance audits. For more information, refer to questions 1 through 5 presented by the Council on Federal Award Reform (COFAR) on OMB's Uniform Guidance available at: <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>.

9. Will the receipt and expenditure of CARES Act funds significantly affect audit costs, particularly for smaller jurisdictions that do not routinely accept federal funds?

Yes, receipt and expenditure of CARES Act funds will increase audit scope and audit costs; however, the extent of the increase cannot be estimated at this time for the reasons described in question 11 below.

10. Will the AOS audit of these funds be rolled into the regular annual audit process?

Yes. Local governments currently on a biennial audit schedule for fiscal years 2020 and 2021 will also need to alert their auditors as soon as possible if the total expenditures of federal funds in fiscal year 2020 are anticipated to exceed \$750,000, qualifying them for a Single Audit. Where this occurs, the auditor will need to plan to conduct a timely Single Audit for fiscal year 2020.

11. Will audit customers see major changes in procedures? (updated October 5, 2020)

AOS recognizes the unprecedented challenges that are being faced by local governments at this time and appreciate the efforts made to obtain insight into the audit impact of the COVID-19 CARES Act and other federal appropriations providing federal financial assistance to local governments. AOS will be required to audit many of the COVID-19 federal funds as part of the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. §200, subpart F. Additionally, HB 481 (amended by HB 614), 133rd General Assembly, requires AOS to audit the CARES Act Coronavirus Relief Fund as part of a local government’s regular audit.

AOS is still waiting on the federal Office of Management and Budget (OMB) to answer significant questions about how auditors should evaluate the CARES Act and other federal funding in the selection of major programs for audit. Additionally, in a few cases, AOS is still waiting on the OMB to announce whether the funding is subject to the Uniform Guidance, how the funding will be distributed (e.g., including relevant CFDA numbers or cluster names), and provide terms and conditions significant to the administration of the federal program. In many cases, instead of an agency-wide response (e.g., HHS) each program/office within an agency (e.g., CMS, ACF, etc.) is issuing its own guidance. This decentralized approach adds even more complexity to identifying the requirements and assessing the audit impact. OMB typically issues an annual Compliance Supplement in June for auditors auditing federal programs pursuant to the Single Audit Act. For 2020, however, OMB has published the OMB Compliance Supplement with a COVID-19 Addendum issued later in the Fall.

With unprecedented levels of federal funding in response to COVID-19, AOS anticipates some local governments will qualify for a first-time Single Audit. We also anticipate that auditors may be required to test more high-risk type A programs for 2020 Single Audits. Until more direction is provided from OMB, these variables make it difficult for AOS to estimate the impact COVID-19 and CARES Act funding will have on local government audit costs. However, AOS is committed to providing effective, efficient, and transparent audits.

We will do our best to share new information timely.

Local governments not qualifying for a Single Audit but receiving federating funding pursuant to HB 481 and HB 614 under the CARES Act Coronavirus Relief Fund program can anticipate an increase in their audit scope. While AOS does not anticipate the expanded scope to create “major changes” in our procedures (i.e., auditors will still test receipts and expenditures, etc. as we ordinarily would), local governments will need to be prepared to provide documentation supporting compliance with the CARES Act, U.S. Department of Treasury, and Ohio’s Office of Budget & Management (OBM) guidance related to program expenditures. AOS will audit in accordance with this guidance as we conduct our audits.

12. How do I reimburse expenditures made out of other state and local funds with my COVID-19 federal funding? (updated October 1, 2020)

Entity Type	COVID-19 Reimbursement Guidance
Schools	Refer to the <i>CARES ACT USAS Fund Number and Accounting Guidance for Schools</i> available at http://www.ohioauditor.gov/resources/COVID19_assistance.html in the <i>Federal Financial Assistance</i> section.
Uniform Accounting Network (UAN) Clients	Refer to the User Note dated September 9, 2020 here with step-by-step instructions on how to reimburse both payroll and non-payroll expenditures.
Other Local Governments	Refer to the guidance below for additional reimbursement information.

AOS encourages local governments to take advantage of the opportunity to reimburse expenditures made from other funds, particularly during the early months of the pandemic before the CARES Act and other COVID-19 awards were available. For those accounting systems that accommodate it, AOS prefers local

governments utilize a negative expenditure, Reduction of an Expenditure, or Reduction of Prior Year Expenditure line-item to move the eligible expenditure out of the fund that originally paid for it and record the expenditure the appropriate federal fund. However, some accounting systems do not include these options. Therefore, alternatively, while entities may use the transfer line-items to reimburse eligible expenditures made in state and local funds with an allowable federal fund, this should be the method of last resort when recording reimbursements.

Questions sometimes arise about what constitutes a transfer per Ohio Rev. Code §§ 5705.14-.16. Therefore, the AOS has developed guidance in the OCS in determining the proper accounting and legal noncompliance reporting treatment for transfers. GASB Cod. 1800.102 defines “Interfund Reimbursements” as “repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.” However, under the terms of Ohio Rev. Code § 5705.10, such reimbursements would be illegal transfers (subject to possible Finding for Adjustment) if the fund initially paying violated restrictions on its resource use. It is generally preferable to advance money per AOS Bulletin 1997-003; however, advances may not always be possible. FEMA grants often require reimbursements, so they provide a useful reimbursement example subdivisions sometimes encounter. AOS Bulletin 1998-013 describes other acceptable alternatives to treating these transactions as a reimbursement on the face of the financial statements. While this Bulletin is specific to FEMA grants, subdivisions can generally apply the guidance therein to any reimbursement transaction.

Local governments should work with their legal counsel to determine whether interfund reimbursements related to federal COVID-19 funding constitute reimbursements of allowable expenditures under the applicable COVID-19 federal program. If so, AOS Bulletin 98-013 and page 50 of the Ohio Compliance Supplement Implementation Guide (“Interfund Reimbursements”) recognize an accounting principle that permits an entity to reimburse a fund by reducing the expenditure in the fund that made the original payment and recording the expenditure in the fund that contains the federal moneys once the federal moneys have been received. In addition, OBM has suggested this method as a way to use CRF moneys received by a local government under HB 481 and HB 614 to reimburse funds that previously paid for eligible Coronavirus Relief Fund (CRF) expenses.

The Auditor of State’s office recommends that every local government consult its own legal counsel for advice pertinent to the local government’s particular situation to ensure that ORC 5705.14-.16 are not violated. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government’s legal counsel.

Upon availability of the federal award funding, entities should use advances (if the program is operating on a reimbursement basis) or being posting expenditures directly to the new federal fund (for advance-funded/lump-sum allocations).

As a reminder, refunds of prior year receipt/expenditure are not allowable other financing sources/uses and should be reclassified. Similarly, neither should interfund reimbursements be reported as transfers under any reporting framework (GAAP, OCBOA, or AOS Regulatory). Interfund reimbursements, regardless of the method of recording them in the accounting system, are reported as an expenditure/expense in the fund ultimately responsible and as a reduction of expenditure/expense in the fund being reimbursed on the financial statements. These reclassifications should be made during the financial statement compilation process, prior to filing in the Hinkle System, to eliminate the refund of prior year expenditure and/or transfer for all reporting frameworks (GAAP, OCBOA, and AOS Regulatory).

13. Do I reduce the appropriations in the general fund and increase appropriations in the Special Revenue Federal Fund? (September 16, 2020)

Local governments do not need to reduce the appropriation in the general fund. An appropriation for the newly created special revenue fund (for the federal CARES Act moneys) is effectively created by operation of Ohio Rev. Code § 5705.42. Ohio Rev. Code § 5705.42 indicates Federal and State grants or loans are “deemed appropriated” for such purpose by the taxing authority as provided by law. In addition, those moneys are also treated as if they are in the process of collection by the fiscal officer of the subdivision. This means that under Ohio Rev. Code § 5705.42, the moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure. However, the fiscal officer should include the appropriated amounts on the (amended) certificate. The fiscal officer should also record the appropriation in the accounting system.

14. For expenditures being reimbursed with CARES Act funds that were originally paid from other JFS programs, what should JFS fiscal officers consider when determining Schedule of Expenditures of Federal Awards (SEFA) expenditures? (September 16, 2020)

For any CARES Act expenditure reimbursements originally paid through JFS cost pool allocations, the reimbursement would need to be allocated back based on that original expenditure cost pool allocation. JFS fiscal officers should consider how the reimbursement is reflected on the 402 report and the SEFA. It is our understanding that negative offsets are not always reflected on the CR 402 report and care should be taken to ensure these expenditures are reported under the proper Federal program on the SEFA. The County or JFS District should also ensure these expenditures are not reflected in both funds resulting in duplication of the expenditures on the financial statements.

Coronavirus Relief Fund

1. [Can I charge my audit costs for the CARES Act Coronavirus Relief Fund to the federal program? \(updated July 2, 2020\) \(Q8 in Audit Services & Financial Reporting Considerations Section\)](#)
2. [Should local governments receiving CARES Act Coronavirus Relief Fund \(CRF\) financial assistance passed through the Ohio Office of Budget and Management \(OBM\), and as allocated by the county auditor pursuant to House Bill \(HB\) 481 as amended by HB 614, setup a separate fund to account for their CRF activity? \(updated October 6, 2020\) \(See Q10 in All Entities Section\)](#)
3. [Should my local government setup a separate fund to account for CARES Act Coronavirus Relief Fund \(CRF\) subawards/loans received from the City of Columbus, Cuyahoga County, Franklin County, Hamilton County, Montgomery County, or Summit County? \(See Q11 in All Entities Section\)](#)
4. [In addition to the CARES Act Coronavirus Relief Fund or County Coronavirus Relief Distribution Fund, should my local government setup a separate fund to account for other CARES Act and federal COVID-19 financial assistance? \(See Q12 in All Entities Section\)](#)
5. [How do I reimburse expenditures made out of other state and local funds with my COVID-19 federal funding? \(updated September 25, 2020\) \(See Q12 in Audit Services & Financial Reporting Considerations Section\)](#)
6. [We are having to add custodians specifically because of COVID. May we use the CRF grant to pay these payroll expenditures? The intention is to have the board of education specifically approve the employment of these additional custodians as COVID related. Would this be sufficient documentation, along with the time sheets? Because we pay in arrears, would we have to make sure any payroll earned on](#)

or before December 30 is paid by December 30? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? (September 16, 2020) (See Q8 in Salary / Pay Section)

- 7. Should the entire payroll costs for public health and public safety employees, (which for administrative convenience, are payments for services substantially dedicated to mitigating or responding to the COVID-19), by default, be considered to be payments that “were not accounted for in the budget most recently approved as of the date of enactment” because of the nature of the activities of mitigating or responding to COVID-19? (updated September 23, 2020)**

On September 2, 2020, the Treasury Program Management Office explained that payroll and benefits expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID19 public health emergency satisfies the budget element because it is a substantially different use from any expected use of funds in such a line item, allotment, or allocation. See additional information in the Treasury Coronavirus Relief Fund Guidance available at: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

On August 28, 2020, the Treasury Office of Inspector General clarified in its FAQs (especially within questions 69 through 71) that a government is required to maintain documents and financial records supporting payroll substantially dedicated to mitigating the emergency to support the use of CRF payments to demonstrate that an employee's function was a substantially different use.

However, on September 21, 2020, the Treasury Office of Inspector General further clarified in its FAQs (especially within questions 69 through 71) that during its reviews and audits, the Treasury OIG will allow the use of the administrative accommodation made in accordance Treasury's FAQs. The recipient of CRF payments must maintain and make available to Treasury OIG, 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. See additional information in the Treasury OIG FAQs available at: <https://www.treasury.gov/about/organizational-structure/ig/Audit%20Reports%20and%20Testimonies/OIG-CA-20-028.pdf>.

When determining whether CRF moneys may be used to pay an expense, the local government must show that the expense satisfies the statute. According to the Treasury OIG FAQs, the government will not have to demonstrate/substantiate that a public health or public safety employee's function/duties were substantially dedicated to mitigating the emergency but must maintain records and documentation supporting payroll amounts reimbursed using CRF proceeds. Additionally, the government will not have to demonstrate/substantiate that a budgeted public health or public safety employee's function was a substantially different use. The Treasury OIG does require the government to maintain budgetary records to support the fiscal years 2019 and 2020 budgets.

AOS encourages local governments to use the Coronavirus Relief Funds consistent with the law and guidance being issued and to consult legal counsel for advice on whether an expenditure is permitted. AOS will audit with maximum flexibility in accordance with the law and guidance issued at the time of the expenditure and any additional available guidance available at the time of audit.

8. 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? (updated October 1, 2020)

Per the US Treasury Office of Inspector General's FAQ #70, 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)). [On August 28, 2020, the Treasury OIG](#) indicated documentation must be retained for each of these areas but later reversed its position in the [September 21, 2020 update](#). Current Treasury OIG guidance indicates documents/records include payroll records 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. Please refer to the Treasury OIG memorandum, Coronavirus Relief Fund Reporting and Record Retention Requirements (OIG-20-021; July 2, 2020). These document requirements apply to supporting payroll reimbursement amounts using CRF proceeds and not to support the presumption that public health and safety payroll is substantially dedicated to mitigating the emergency.

a. Will a government have to demonstrate/substantiate that a public health or public safety employee's function/duties were in fact substantially dedicated to mitigating the emergency?

No, the government will not have to demonstrate/substantiate that a public health or public safety employee's function/duties were substantially dedicated to mitigating the emergency but must maintain records and documentation supporting payroll amounts reimbursed using CRF proceeds. As indicated in Treasury's Guidance, as an administrative accommodation, governments may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. Treasury's FAQs add that 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.

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?

No, the government will not have to demonstrate/substantiate that a budgeted public health or public safety employee's function was a substantially different use. As stated in Treasury's Guidance, within the category of substantially different uses, Treasury has included payroll and benefits expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID19 public health emergency. The Treasury OIG does require the government to maintain budgetary records to support the fiscal years 2019 and 2020 budgets.

9. 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? (updated October 1, 2020)

No, per the US Treasury OIG's FAQ #71, the government is not required to perform an analysis or maintain documentation of the substantially dedicated conclusion for payroll expenses of public safety, public health, health care, and human service employees. As indicated in Treasury's Guidance, as an administrative accommodation, governments may presume that public health and public safety employees meet the

substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. Please refer to response to question 8 above. Previously, on [August 28, 2020](#), the Treasury OIG FAQs indicated documentation must be retained for each of these areas but later reversed its position in the [September 21, 2020 update](#).

- 10. US Treasury Program Management Office’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.” (updated October 1, 2020)**

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

Per the US Treasury Office of Inspector General’s FAQ #72, no documentation of the negative assurance of the chief executive (or equivalent) is required. Previously, on [August 28, 2020](#), the Treasury OIG FAQs indicated documentation must be retained for each of these areas but later reversed its position in the [September 21, 2020 update](#).

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

See previous response.

- 11. Are Grants being given to businesses through the CRF funds considered taxable by the IRS? (August 31, 2020)**

Yes, the IRS has said these amounts are taxable to the businesses receiving the grants. See the IRS FAQ at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

- 12. Can CRF funding be used for delinquent sewer (or other utility) payments? (September 25, 2020)**

Yes, the payment of delinquent sewer bills (or other utility payments) could be a permissible use of CRF monies if the program is structured to meet the three prongs: 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. Per the [US Treasury Office’s FAQ](#) #27, Fund payments may not be used for revenue replacement, including the replacement of unpaid utility fees, however, Fund payments may be used for subsidy payments to utility account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

Entity Specific | All Entities

1. [Our employee receives the Pandemic Unemployment Assistance \(PUA\) benefits and we are a reimbursable employer. Are we responsible to pay the \\$600.00 per week benefit directly to ODJFS, since this is a federal and not a state benefit? \(See Q4 in Salary / Pay Section\)](#)
2. [As a governmental entity, where can I find Governmental Accounting Standard Board \(GASB\) guidance on dealing with accounting and financial issues during this emergency? \(See Q5 in Audit Services & Financial Reporting Considerations Section\)](#)

3. **Are local offices required to remain open during the period of emergency? (updated October 5, 2020)**

House Bill 197, COVID-19 Emergency Bill Section 21 provides the following during the period of the emergency declared by Executive Order 2020-01D:

- a) Requires the office of a county recorder, the office of a county auditor, the title office of a clerk of court of common pleas, and a county map office to remain open and operational in order to allow land professionals physical access to the office as necessary to search records that are not otherwise available online, digital, or by some other means, so long as all necessary public land records are available. Specifies that all essential services to effectuate a property transfer must remain open and available with all offices.
- b) Requires the title office of a clerk of court of common pleas to remain open and operational in order to allow land professionals, automobile, watercraft, outboard motor, all-terrain vehicles, and mobile home dealers access to the office as necessary to process titles that are not otherwise available online.
- c) Specifies that the office may provide such access during limited hours and for a limited duration, and may subject searchers to requirements and restrictions in the interest of public health.
- d) Specifies that the office may allow persons other than land professionals physical access to the office at the discretion of the office during such limited hours and limited duration, and subject to such requirements and restrictions in the interest of public health as the office determines. These provisions apply notwithstanding an order or directive from the court of common pleas or the board of county commissioners.

4. **Are there resources available to help local governments recognize, arrest, and reverse patterns of financial decline?**

Yes, many associations offer tools to assist local government deal with the tenuous financial situation. For example, GFOA has provided a program called Fiscal First Aid: Recovering from Financial Distress. This program was actually created more than 10 years ago to help local governments deal with the 2008 Great Recession. It was very popular at the time and a number of GFOA members have indicated they are using it again now.

The site at www.gfoa.org/fiscal-first-aid contains the following:

- A 12-step process for financial recovery: The web site breaks down the three stages of recovery described above into 12 detailed steps.
- Catalog of fiscal first aid techniques: The site highlights the most and least recommended techniques for providing short-term relief for financial distress.
- Catalog of long-term treatments: A number of strategies to improve financial condition over the long term are discussed.
- Diagnostic model: A full, ready-to-use diagnostic model is available to help find causes of financial distress that you can address.

Additionally, the Auditor of State has Fiscal Distress resources available at: <http://www.ohioauditor.gov/fiscaldistress.html>. Local governments seeking assistance may contact the Local Government Services (LGS) division of our office by calling 800-282-0370.

5. Can elected officials sign resolutions and other official documents electronically during the COVID-19 emergency?

Ohio Revised Code Chapter 9 allows for facsimile signatures on checks, warrants, vouchers, and other documents for the payment of money. The Code does not expressly address electronic or other signatures on resolutions and actions taken during public and official meetings. However, during an audit of a public office, the Auditor of State will not take issue with resolutions or other official documents that were signed electronically during the COVID-19 emergency. Section 12 of House Bill 197 states that “any resolution, rule, or formal action of any kind shall have the same effect as if it had occurred during an open meeting or hearing of the public body.” In addition, under O.R.C. 1306.06(A), a signature may not be denied legal effect solely because it is in electronic form. O.R.C. 1306.06(D) further states “[i]f a law requires a signature, an electronic signature satisfies the law.” (This applies to Community School Boards as well.)

It is strongly recommended that local officials consult with legal counsel for advice on how best to conduct official business during the emergency. If a decision is made to adopt the use of electronic signatures, the Auditor of State recommends that local officials provide written notification to the clerk specifying when an electronic signature is allowed to be used on an official document.

6. Will email approvals for "Ok to Pay" and "Then and Now" be acceptable without an actual digital signature? (updated August 31, 2020)

The AOS will have a maximum flexibility policy/approach during this time period. Documentation is the key. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government’s legal counsel and documented decisions (even where documented via alternative methods) about spending, compliance, etc. to the greatest extent possible.

7. What accounting guidance should my entity follow if we received Bureau of Worker’s Compensation (BWC) dividends during the pandemic?

[Bulletin 2013-007 Bureau of Worker’s Compensation \(BWC\) Rebate](#) provides accounting guidance entities should follow for all BWC rebates and dividends. Although BWC uses the term “dividends,” the substance of the transaction is the same as the previous “rebates” and the guidance in Bulletin 2013-007 applies. For additional details, please refer to [BWC’s FAQs](#).

8. For local governments, can we collect daily deposits in a single location and hold them in a safe location to allow the virus to dissipate over a 2-3 day time frame?

Local governmental entities must continue to comply with Ohio Rev. Code Section 9.38 during the pandemic. However, this statute provides allowable options for depositing public moneys with the treasurer / fiscal officer until they can be deposited in a designated depository.

Public money must be deposited with the treasurer/fiscal officer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

For example, a government employee, other than the fiscal officer collecting funds and issuing a receipt, must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts **does not exceed \$1,000 and the receipts can be safeguarded**, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount **exceeds \$1,000 or a lesser amount cannot be safeguarded**, the public official must then deposit the money on the first business day following the date of receipt.

Note: The statute does not require the fiscal officer to deposit receipts with the designated depository on the business day following the day of receipt, or any other specified time. However, the fiscal officer should avoid holding significant amounts of cash and checks for an unreasonable period based on the fluid facts and circumstances during the period of the pandemic.

9. We have some employees scheduled for out of state professional development meetings that were canceled. Airlines are issuing credits in the employee's name instead of cash refunds. Do you have a recommendation on how to account for those situations?

Ohio Ethics Commission Advisory Opinion No. 91-010 prohibits a state official or employee (Ohio Rev. Code §102.03(D) and (E)) and a state officer or employee (Ohio Rev. Code Sections 2921.42(A)(4) and 2921.43(A)) from accepting, soliciting, or using the authority or influence of her position to secure, for personal travel, a discounted or free "frequent flyer" airline ticket or other benefit from an airline if she has obtained the ticket or other benefit from the purchase of airline tickets, for use in official travel, by the department, division, agency, institution, or other entity with which she serves, or by which she is employed or connected.

Governmental entities should have adopted policies to allow employees and/ or officials to be reimbursed for travel related to official business, training, etc. The government should have a policy governing travel reimbursements established by the government's legislative body. These policies should, at a minimum, identify the types of travel authorized; guidelines for allowable and unallowable expenses; limitations on amount of reimbursement; types of supporting documentation required for reimbursement requests; reporting; monitoring of use by appropriate levels of management; and other guidelines the legislative body deems appropriate. Governing boards should consider including procedures for reimbursing the public office for credits employees receive from travel vendors for refunded travel costs.

Additionally, local governments wishing to allocate the cost of out of state professional development meetings to federal programs should refer to the terms and conditions and federal program guidance available from their awarding entity to determine whether such nonrefundable costs are chargeable a federal program when an event has been cancelled due to the COVID-19 pandemic. Certain federal awarding agencies/programs are offering flexibility with regard to a conference, training, or other activity related to a grant that is cancelled due to COVID-19. However, in most cases, local governments are first required to seek recovery of nonrefundable costs (e.g., travel, registration fees) associated with a grant from the relevant entity charging the fee. Some entities are offering flexibility with regard to refunds, credits and other remedies for losses due to the COVID-19 outbreak. Moreover, many agreements or contracts contain an

emergency or “act of God” provision and the grantee must consult with their statutory legal counsel and seek to exercise those clauses to the extent possible in light of the pandemic before allocating such costs to a federal program.

10. Should local governments receiving CARES Act Coronavirus Relief Fund (CRF) financial assistance passed through the Ohio Office of Budget and Management (OBM), and as allocated by the county auditor pursuant to House Bill (HB) 481 as amended by HB 614, setup a separate fund to account for their CRF activity? (updated October 6, 2020)

Yes, local governments will need a separate Special Revenue Fund to separately account for their receipt and expenditure activity of the Coronavirus Relief Fund (CRF) payments distributed pursuant to HB 481 as amended by HB 614. Since this is a new federal program with a restricted purpose, local governments have authority under Ohio Revised Code Section 5705.09 to establish the new fund, without seeking AOS approval. For those local governments receiving CRF monies from more than one source, the entity should establish subfunds to separate the receipt and expenditure activity by CRF source since unspent monies must be returned to the pass-through entity. However, since HB 614 amended HB 481 and the distributions of CRF from the State of Ohio, passed-through OBM are the same source and for the same purpose, local governments can consolidate allocations from OBM under these Bills together into a single fund/subfund.

However, counties distributing Coronavirus Relief Funds to local governments on behalf of the Ohio Office of Budget and Management (OBM) pursuant to HB 481 as amended by HB 614 must also create a County Coronavirus Relief Distribution Fund pursuant to Sec. 27(B) of the HB 481 as amended by HB 614 to account for the State’s distributions to the county, unless the county is an ineligible subdivision, and each municipal corporation and township that is not an ineligible subdivision pursuant to Sec. (C) of the Bill. When distributed in accordance with HB 481 as amended by HB 614, the county’s portion should be recorded in a Coronavirus Relief Special Revenue Fund. Counties preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) or an Other Comprehensive Basis of Accounting (OCBOA) should create a journal entry during the yearend financial statement compilation to eliminate the additions and deductions (i.e. receipts and disbursements) for the county’s own portion of the County Coronavirus Relief Distribution Custodial Fund. If the county did not implement GASB 84 at December 31, 2019, no entry is required to eliminate the activity due to agency funds only reporting a Statement of Fiduciary Assets and Liabilities.

OBM has developed training and guidance for local governments on grants management and allowable uses of the CRF program which is available on the Ohio Grants Partnership webpage at: <https://grants.ohio.gov/helpfulresources.aspx#helpful-resources-citizen-grant-training>. AOS is also developing free online federal program/single audit training that will be posted to AOS’ COVID-19 webpage at: http://www.ohioauditor.gov/resources/COVID19_assistance.html in the coming weeks.

11. Should my local government setup a separate fund to account for CARES Act Coronavirus Relief Fund (CRF) subawards/loans received from the City of Columbus, Cuyahoga County, Franklin County, Hamilton County, Montgomery County, or Summit County? (updated October 5, 2020)

These six local governments are direct recipients of CRF financial assistance from the U.S. Department of Treasury. Under the authority of the CARES Act and guidelines published by Treasury, these six local governments can make subgrants/loans to public or private entities within their jurisdictions so long as they are consistent with the requirements established by the CARES Act and Treasury.

In addition to subawards they may receive from the six prime recipients, local governments within these jurisdictions will receive an allocation of CRF from the State of Ohio pursuant to HB 481 and HB 614. Where

this is the case, local governments should take care to establish separate Special Revenue Funds for each CRF award.

12. In addition to the CARES Act Coronavirus Relief Fund or County Coronavirus Relief Distribution Fund, should my local government setup a separate fund to account for other CARES Act and federal COVID-19 financial assistance?

Local governments should refer to the terms and conditions of their federal award. Generally, federal programs with new or expanded COVID-19 assistance require separate accountability and local government will need to establish one of the following to separately account for the receipt and expenditure activity of the COVID-19 funding:

- A separate fund (usually a Special Revenue Fund, however, there may be exceptions where other fund types are appropriate) for a new program, or
- A subfund/special cost center for expanded assistance within an existing federal program.

13. Do expenditures need to follow the same procedures as far as amending the budget for additional appropriations and getting an amended certificate from the County? (August 31, 2020)

There are no budgetary exemptions for CRF funding, therefore the government would need to follow the same procedures for expenditures, including any required appropriation modifications and certificate requests to the County.

Schools

See also the CARES ACT USAS Fund Number and Accounting Guidance for Schools available at http://www.ohioauditor.gov/resources/covid19/CARES_guidance_school.pdf.

1. **As a local school district, how do we deal with employee pay during the pandemic? (Updated August 31, 2020) (See Q1 in Salary / Pay Section)**
2. **The CARES Act Coronavirus Relief Fund (CRF) allows for reimbursement of expenditures made from 3/1/20-6/30/20. Certain other federal programs appropriated by the CARES Act provide a similar opportunity for local governments to reimburse expenditures since various points in time near the beginning of the pandemic. If the federal funding is not awarded by the federal agency or state pass-through agency until after the 6/30/20 fiscal year end, would the allocable expenditures be reported on the FY20 or FY21 SEFA? (August 31, 2020) (See Q12 in General Federal Award Compliance Section)**
3. **We are having to add custodians specifically because of COVID. May we use the CRF grant to pay these payroll expenditures? The intention is to have the board of education specifically approve the employment of these additional custodians as COVID related. Would this be sufficient documentation, along with the time sheets? Because we pay in arrears, would we have to make sure any payroll earned on or before December 30 is paid by December 30? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? (September 16, 2020) (See Q8 in Salary / Pay Section)**
4. **Can schools make up through distance learning any number of days or hours necessary due to school closure as a result of the Director of Health's order, any local board of health order, or any extension of an order regarding COVID-19?**

Yes, House Bill 197, COVID-19 Emergency Bill Section 15, permits, for the 2019-2020 school year, school districts, STEM schools, community schools that are not e-schools, and chartered nonpublic schools to make

up through distance learning any number of days or hours necessary due to school closures as a result of the Director of Health's order, any local board of health order, or any extension of an order regarding COVID-19. A district or school may amend its existing plan or adopt one if it does not have a plan.

5. Are schools exempt from any other requirements as a result of COVID-19?

Yes. Among other school waivers provided for in House Bill 197, COVID-19 Emergency Bill Section 17, allows the following exemptions, for the 2019-2020 school year, due to the Director of Health's order, any local board of health order, or any extension of an order to close all kindergarten through 12th grade schools:

1. Exempts all public and chartered nonpublic schools from administering state achievement and alternative assessments.
2. Prohibits the Department of Education from publishing and issuing ratings for overall grades, components, and individual measures on the state report card, and submitting preliminary data for report cards for school districts and buildings.
3. Establishes a safe harbor from penalties and sanctions for districts and schools based on the absence of state report card grades for the 2019-2020 school year. Includes safe harbor from:
 - a. Restructuring under state law based on poor performance
 - b. The Columbus City School Pilot Project
 - c. Provisions for academic distress commissions and progressive consequences for existing commissions (but specifically retains the chief executive officers' powers prior to the 2020-2021 school year)
 - d. Buildings becoming subject to the Ed Choice Scholarship
 - e. Determination of "challenged school districts" where new start-up community schools may be located
 - f. Community school closure requirements
 - g. Identification of school districts and buildings for federal and state targeted support and improvement
 - h. Restrictions on which community schools may change sponsors.
4. Exempts schools from retaining students in the third grade under the Third-Grade Reading Guarantee, unless the school principal and student's reading teacher determine the student is not reading at grade level.
5. Permits public and private schools to grant a diploma to any student on track to graduate and for whom the principal, in consultation with teachers and counselors, determines that the student has successfully completed the student's high school curriculum or individualized education program at the time of the Director's order.

Declares the General Assembly's intent that public and private schools continue to find ways to keep students actively engaged in learning opportunities for the remainder of the school year, and to grant students who need in-person instructional experiences to complete diploma requirements or career-technical education programs access to school facilities as soon as reasonably possible after the Director of Health permits access, even if the last instructional day of the school year has passed.
6. Prohibits the use of the value-added progress dimension from the 2019-2020 school year to measure student learning attributable to teachers for their performance evaluations.
7. For community school sponsor ratings: (a) prohibits the Department from issuing a rating for the academic performance component; (b) prohibits the use of that rating for the overall rating; and (c) prohibits the Department from rating a sponsor on components other than those listed in O.R.C. 3314.016(B)(1)(b) and (c). The Department may not find a sponsor out of compliance with laws and rules for any requirement for an action that should have occurred while schools were closed pursuant to the Director of Health's order.

8. Permits the Superintendent of Public Instruction to waive the requirement to complete any report based on data from assessments that were to be administered in the 2019-2020 school year.
- 6. Are schools required to refund students for cancelled student activities?**
The District's should follow their current policy on refunds. If they do not have a policy, then the School Board should adopt one and/or take action on the decision to refund or not and for which programs and in what amount(s). The Auditor of State's office is not aware of any statute that would govern in this instance.
- 7. There was mention about 100 million dollars being provided through the Emergency Support Fund to provide payments to public employees and contractors. As it relates to contractors, school districts would like more guidance on how auditors will evaluate contractors paid during the pandemic in light of the Ohio proper public purpose laws. The group is seeking guidance as to what the AOS will be looking for this year and if they have any advice or want to share anything to watch out for. (updated August 31, 2020)**
Ultimately, the terms/conditions of the grant dictate whether an expenditure is for a proper public purpose. If the moneys granted under the federal program have been spent in accordance with the terms/conditions of the specific grant/relief program, the expenditures have been made for a proper public purpose. If the federal law permits moneys to be used to pay employees (like bus drivers and transportation workers), even though work was not performed, there is a strong legal basis for AOS to conclude that those expenditures constitute a proper public purpose during the pandemic emergency. Federal dollars expended under this program that are used to pay contractors and employees, even if those contractors and employees are not providing service, with the proper documentation and approval, are allowable under the program and will not be questioned as to their proper public purpose.

Refer to FAQs #1 and #11 in the [CCIP COVID guidance](#) from the Ohio Department of Education (ODE) Office of Federal Programs with ODE's Document Library. (Note the CCIP COVID Guidance is the version as of April 22, 2020, and schools should go to the Document Library to find the most recent, updated information.) In FAQ #1, the U.S. Department of Education (USDE) answers the question of paying employee contracts during the pandemic. In FAQ #11, ODE responds to questions pertaining to paying contracts during the pandemic. While there are no specific answers from USDE on paying contractors yet, ODE provides good advice to schools.

For vendor contracts, the CARES Act suggests that school districts can continue to pay contractors for reduced services and in situations where the contract cannot be broken- assuming it is a lawful contract. However, there could be provisions in a contract that allow it to be broken for force majeure events or generally unforeseeable circumstances that prevent someone from fulfilling a contract. Therefore, AOS strongly encourages school districts to consult with legal counsel regarding payments to contractors when they are unable to provide services or are providing services at significantly reduced levels.

AOS will audit according to the guidance provided by USDE and ODE, which may still be evolving. Additionally, where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government's legal counsel. AOS will not issue Findings for Recovery for expenditures that appear to conform to this guidance and have documentation to support the district's due diligence in performing an evaluation of the matters at hand. Additionally, AOS will consider the facts and circumstances present and the information available to schools while district officials were making relevant decisions as AOS evaluates potential questioned costs in a Single Audit. We anticipate the Federal Office of Management and Budget (OMB) along with USDE will provide

further clarification on flexibilities related to these determinations for both schools and their auditors in the coming weeks.

8. Can school districts terminate contracts with Educational Service Centers (ESCs) during the pandemic due to the building closures and an inability for the ESC to provide the contracted services?

Presently the law provides that city, exempted village and local school districts with an average daily enrollment of 16,000 or less must enter into an agreement with an ESC under ORC Section 3313.843. In addition to service contracts under ORC Section 3313.843, city, exempted village, local and joint vocational school districts may set up contracts with ESCs for various services based on agreed upon fees beyond those covered by ORC Section 3313.843 contracts. ESC contracts cannot be broken, unless it is within the parameters provided by Ohio law. Because the pandemic declaration is outside the window to cancel an ESC contract, federal funds could be used to subsidize the cost of the contracts so long as it is an allowable expense of the funds. The language in certain Federal COVID programs may make use of the COVID funds allowable for subsidizing the cost of these contracts.

9. For schools, will there be a state reduction in foundation revenue for FY20 and FY21? If so, how will this impact revenue sources such as Student Wellness and Success Fund (SWSF)?

The Governor announced budget cuts to the FY20 Foundation payments. The Office of Budget and Management (OBM) released the materials that can be found at the following links:

1. [District-by-district listing of reductions](#) (Printout with various pieces of information – including the Total Reduction, the Per Pupil Reduction, the Reduction as a Percent of Operating Expenditures, and the district Estimated FY20 Cash Balance.)
2. [K-12 Reduction Summary Tables by Wealth Quintile and by Typology](#)
3. [OBM Press Release and Budget Reductions webpage](#)

More information on the methodology will be available in the coming days.

However, no decisions have been made yet with regard to cuts in FY21. We are aware that the Ohio Department of Education (ODE) is working closely with the Governor and OBM to determine the pandemic's impact on FY21 Foundation and other revenue streams, including SWSF. See the [AOS COVID-19 Economic and Budgetary Impacts](#) memo to assist local governments in evaluating potential budgetary impacts in the coming months. Additionally, see the [OBM's Monthly Economic Summary and State Financial Report](#). The report includes the previous month's performance in the areas of Economic Growth, Employment, Consumer Income and Consumption, Industrial Activity, and Construction; in addition to details on monthly general revenue fund (GRF) receipts and the year-to-date GRF revenues. This is a helpful resource to all that are monitoring the pandemic's impact to statewide resources. As soon as more information is available on potential FY21 funding changes or cuts, the Governor, OBM, and ODE will provide notice to school districts.

10. How will federal dollars help to prop up the gap in the state budget?

The Auditor of State (AOS) and Ohio Department of Education (ODE) want to caution schools that, to date, the Coronavirus Relief funds are not budget stabilization funds, but rather additional monies to help schools offset unanticipated/significantly different costs incurred as a result of the pandemic.

On April 23rd, ODE received the official CARES Act award notification/application from the U.S. Department of Education (USDOE) for the Elementary and Secondary School Emergency Relief Fund (ESSER). One of the allowable uses is "(12) Other activities that are necessary to maintain the operation of and continuity of

services in local educational agencies and continuing to employ existing staff of the local educational agency." ODE expects USDOE will have more guidance and ODE will pass that along, but this provision may help fill the gaps in state and local funding.

Additionally, the CARES Act included funding from the U.S. Department of Agriculture (USDA) for the Child Nutrition Program. ODE's guidance from USDA is to use the funds to support the normal meal reimbursement process. ODE knows many schools will post operating deficits and require transfers into the food service fund from the General Fund as a result of the ordered school building closure. ODE is working to see if the funds awarded can be used for other purposes. AOS expects ODE to issue more guidance on this issue as it becomes available.

11. Will the federal funding to be distributed by the Ohio Department of Education (ODE) to Kindergarten to 12th grade need to be accounted for in a special revenue fund? When will we receive these monies? (updated September 16, 2020)

Yes, please refer to the *CARES ACT USAS Fund Number and Accounting Guidance for Schools* from AOS regarding the creation of funds 507, 508 & 510. This information is available at http://www.ohioauditor.gov/resources/covid19/CARES_guidance_school.pdf as well as in ODE's CCIP Document Library.

If you receive COVID-19 related funding through other Federal programs under the CARES Act or other Families First Coronavirus Relief Funding Act, these amounts can be accounted for through a separate special cost center of an existing Federal Fund (if the COVID-19 funding is related to a pre-existing program) or through a separate special cost center in fund 599 (if the COVID-19 funding is related to a new Federal program). While these COVID-19 funds must be separately accounted for, schools do not need to seek Auditor of State approval to establish the new funds/SCCs.

On April 23rd, ODE received the official CARES Act award notification/application from the U.S. Department of Education for the Elementary and Secondary School Emergency Relief Fund (ESSER).

12. With GASB delaying the implementation date for GASB 84, do schools need to begin budgeting according to GASB 84 fund classifications for fiscal year 2021, as originally indicated in AOS Bulletin 2020-003?

No, with the delayed implementation of GASB 84, schools will need to begin budgeting according to GASB 84 fund classifications for fiscal year 2022. However, there is nothing to prevent a school from adopting their fiscal year 2021 budget following GASB 84 fund structure.

Other Entities

1. [As a county, city, or civil service township, how do we deal with employee pay during this crisis? \(updated August 31, 2020\) \(See Q2 in Salary / Pay Section\)](#)
2. [As a non-civil service township or village, how do we deal with employee pay during this crisis? \(updated August 31, 2020\) \(See Q3 in Salary / Pay Section\)](#)
3. **Does the Auditor of State believe that R.C. 713.21 permits a Regional Planning Commission to accept federal funds from the Paycheck Protection Program (PPP)?**

The Auditor of State cannot provide legal advice to a regional planning commission, and a commission should consult with its own legal counsel prior to receiving any moneys under the Paycheck Protection Program. However, the Auditor of State will not take issue with a Regional Planning Commission's receipt of moneys

under the Paycheck Protections Program, so long as the regional planning commission has complied with all of the requirements of the program. It is the Auditor of State's opinion that the forgivable loan provided under the PPP is permitted by R.C. 713.21(B), which permits a regional planning commission to accept, receive, and expend federal funds. It would be a reasonable interpretation to characterize funds given through a forgivable loan as a grant as a practical matter, and would not conflict with R.C. 713.21. This is consistent with the express purpose of the CARES Act.

4. Will public water systems enforce drinking water fees and disconnections during the period of emergency?

House Bill 197, COVID-19 Emergency Bill Section 8, allows the Ohio Environmental Protection Agency (EPA), during a state of emergency declared by the Governor under Executive Ord 2020-01D, to issue an order that does any of the following between the period of March 9, 2020 and December 1, 2020:

- Requires a public water system to restore service to any customer whose service was disconnected as a result of nonpayment of fees and charges;
- Requires a public water system to waive all fees for connection or reconnection; and
- Prohibits a public water system from disconnecting customers for nonpayment of fees and charges.

This order is not valid beyond December 1, 2020.

5. Can a County waive a taxpayer's obligation to pay fees associated with electronic payment of taxes for the duration of the COVID-19 crisis?

Fees associated with the electronic payment of taxes for the duration of the COVID19 crisis may be waived by the county commissioners. County commissioners must pass a resolution to take on the fee obligation and ensure that it does not violate any agreement(s) governing the use and acceptance of the financial transaction device. R.C. 301.28(E).

6. Can County Jobs and Family Services Departments waive the waiting period that an individual must serve prior to receiving unemployment benefits?

House Bill 197, COVID-19 Emergency Bill Section 19, automatically suspends the requirement that an individual serve a waiting period before receiving unemployment benefits for a benefit year that begins after March 9, 2020 but before December 1, 2020, or the end of the period of emergency. Additionally, HB 197 allows the Director of Job and Family Services to waive the requirement to be actively seeking work for any claims filed during the same period. If a person is unemployable or unable to return to work because of an order issued by the person's employer, the governor, a health district board of health, a health commissioner, or the Director of the Ohio Department of Health, those benefits shall be charged to the mutualized account created by O.R.C. 4141.25(B) provided that no charge shall be made to the mutualized account for benefits chargeable to a reimbursing employer, except as provided in division (D)(2) of section 4141.24 of the Revised Code.

7. As a county or city, what are the requirements for our entity to receive a loan from the Municipal Liquidity Facility (MLF)?

The Municipal Liquidity Facility (MLF), as revised on April 27, 2020, will purchase up to \$500 billion of short-term notes issued by U.S. states (including the District of Columbia), U.S. counties with a population of at least 500,000 residents, and U.S. cities with a population of at least 250,000 residents. The new population thresholds allow substantially more entities to borrow directly from the MLF than the initial plan announced on April 9. The facility continues to provide for states, cities, and counties to use the proceeds of notes purchased by the MLF to purchase similar notes issued by, or otherwise to assist, other political subdivisions and governmental entities. The expansion announced also allows participation in the facility by certain multistate entities. Counties and cities should consult their statutory legal counsel in regards to the loan requirements from the MLF.

For additional details, please refer to [Board of Governors of the Federal Reserve System](#) and [Federal Reserve Municipal Facility Limit per State](#).

8. Will the State College & University reporting deadlines be extended as a result of the pandemic and/or delay in guidance for the related funding? (September 16, 2020)

The financial statement reporting deadlines established by the State of Ohio Office of Budget and Management (OBM) for College and University (C&U) clients who are part of the State of Ohio reporting entity have NOT changed as a result of the pandemic funding. In addition, all C&U clients will still need to meet the S.B. 6 and Hinkle System filing requirements. As such, IPA firms should plan to move forward with auditing the financial statements in accordance with these deadlines. Due to delays in the release of the federal compliance supplement related to the pandemic funding, the Single Audit compliance opinion may not be able to be dated the same as the financial statement opinion. The IPA will need to consider the impact on each client, and if necessary, request a modification to separate the financial report and Single Audit report due dates, using the standard contract modification process.

General Federal Awards Compliance

- 1. What is the allowability of salaries and other project activities charged to Federal Awards during the Pandemic? (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405) (updated June 30, 2020) (general OMB guidance applicable to any COVID 19 federal program) (See Q5 in Salary / Pay Section)**
- 2. Does the Auditor of State believe that R.C. 713.21 permits a Regional Planning Commission to accept federal funds from the Paycheck Protection Program (PPP)? (See Q3 in Other Entities Section)**
- 3. How will federal dollars help to prop up the gap in the state budget? (See Q10 in Schools Section)**
- 4. Will the federal funding to be distributed by the Ohio Department of Education (ODE) to Kindergarten to 12th grade need to be accounted for in a special revenue fund? When will we receive these monies? (See Q11 in Schools Section)**
- 5. Should local governments receiving CARES Act Coronavirus Relief Fund (CRF) financial assistance passed through the Ohio Office of Budget and Management (OBM), and as allocated by the county auditor pursuant to House Bill (HB) 481 as amended HB 614, setup a separate fund to account for their CRF activity? (updated October 6, 2020) (See Q10 in All Entities Section)**
- 6. Should my local government setup a separate fund to account for CARES Act Coronavirus Relief Fund (CRF) subawards/loans received from the City of Columbus, Cuyahoga County, Franklin County, Hamilton County, Montgomery County, or Summit County? (See Q11 in All Entities Section)**
- 7. In addition to the CARES Act Coronavirus Relief Fund or County Coronavirus Relief Distribution Fund, should my local government setup a separate fund to account for other CARES Act and federal COVID-19 financial assistance? (See Q12 in All Entities Section)**
- 8. During the COVID-19 Pandemic, what is the allowability of costs not normally chargeable to Federal Awards? (2 CFR § 200.403, 2 CFR §200.404, 2 CFR § 200.405) (updated June 30, 2020) (general OMB guidance applicable to any COVID 19 federal program)**

Refer to your Federal Awarding or State Pass-Through Agency for guidance. As of March 19, 2020, [OMB issued Memo 20-17](#) indicating Federal awarding agencies are authorized to take the following actions, as

they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients grantees affected by the COVID-19 (for both recipients with COVID-19 related grants and other types of Federal grants).

Federal Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR § 200.403, Factors affecting allowability of costs, 2 CFR § 200.404, Reasonable costs, and 2 CFR § 200.405, Allocable costs. Federal Awarding agencies may allow recipients to charge full cost of cancellation when the event, travel, or other activities are conducted under the auspices of the grant. Awarding agencies must advise recipients that they should not assume additional funds would be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel.

Federal Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 -Retention requirement of records, to substantiate the charging of any cancellation or other fees related to interruption of operations or services. As appropriate, awarding agencies may list additional guidance on specific types of costs on their websites and/or provide a point of contact for an agency program official. For additional details, please refer to [OMB's Memo 20-17](#).

On June 18, 2020, OMB issued Memo 20-26 which rescinded Memo 20-17. Memo 20-26 still allows agencies to permit other costs to be charged to Federal awards necessary to resume the activities supported by the award, consistent with applicable Federal cost principles and the benefit of the project. Appropriate records and cost documentation is still required. Additionally, Federal Awarding agencies must inform recipients to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs and document those efforts.

9. Do I need prior approval for Federal Award requirement waivers? (2 CFR § 200.407) (updated June 30, 2020) (general OMB guidance applicable to any COVID 19 federal program)

Refer to your Federal Awarding or State Pass-Through Agency for guidance. As of March 19, 2020, [OMB issued Memo 20-17](#) indicating Federal awarding agencies are authorized to take the following actions, as they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients grantees affected by the COVID-19 (for both recipients with COVID-19 related grants and other types of Federal grants). Federal Awarding agencies are authorized to waive prior approval requirements as necessary to effectively address the response. All costs charged to Federal awards must be consistent with Federal cost policy guidelines and the terms of the award, except where specified in this memorandum. For additional details, please refer to [OMB's Memo 20-17](#).

On June 18, 2020, OMB issued Memo 20-26 which rescinded Memo 20-17 and the flexibilities permitted in that memo expired on June 16, 2020.

10. Will there be an exemption of certain Federal Award procurement requirements? (2 CFR§ 200.319(b), 2 CFR§ 200.321) (updated June 30, 2020) (general OMB guidance applicable to any COVID 19 federal program)

Refer to your Federal Awarding or State Pass-Through Agency for guidance. As of March 19, 2020, [OMB issued Memo 20-17](#) indicating Federal awarding agencies are authorized to take the following actions, as they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients grantees affected by the COVID-19 (for both recipients with COVID-19 related grants and other types of Federal grants).

Federal Awarding agencies may waive the procurement requirements contained in 2 CFR§ 200.319(b) regarding geographical preferences and 2 CFR§ 200.321 regarding contracting small and minority businesses,

women's business enterprises, and labor surplus area firms. For additional details, please refer to [OMB's Memo 20-17](#).

On June 18, 2020, OMB issued Memo 20-26 which rescinded Memo 20-17 and the flexibilities permitted in that memo expired on June 16, 2020.

11. Do recipients of Federal COVID funds need to separately identify these expenditures on their Schedule of Expenditures of Federal Awards (SEFA)? (updated September 23, 2020)

On June 18, 2020, OMB issued Memo 20-26 which states all recipients and subrecipients must separately identify the COVID-19 Emergency expenditures on the SEFA and any audit report findings.

While the guidance from OMB does not specifically illustrate how this identification must be presented, the following is a possible example:

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Awards Amount	Expenditures
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the State Department of Education:				
Noncash Assistance (Commodities) -				
National Lunch Program Bonus Commodities 2019-20	N/A	10.555	\$ 93,034	\$ 93,034
Cash Assistance:				
National School Lunch Program 2018-19	191960	10.555	752,609	89,674
National School Lunch Program 2019-20	201960	10.555	447,046	447,245
COVID-19 - Unanticipated School Closures 2019-20	200902	10.555	313,953	313,953
National School Lunch Program (incl. commodities) Subtotal		10.555	1,606,642	943,906
National School Breakfast Program Subtotal		10.553	645,112	291,157
Summer Food Service Program Subtotal		10.559	44,224	25,734
Total Child Nutrition Cluster			2,295,978	1,260,797

12. The CARES Act Coronavirus Relief Fund (CRF) allows for reimbursement of expenditures made from 3/1/20-6/30/20. Certain other federal programs appropriated by the CARES Act provide a similar opportunity for local governments to reimburse expenditures since various points in time near the beginning of the pandemic. If the federal funding is not awarded by the federal agency or state pass-through agency until after the 6/30/20 fiscal year end, would the allocable expenditures be reported on the FY20 or FY21 SEFA? (2 CFR§ 200.502(a)) (August 31, 2020) (general OMB guidance applicable to any COVID 19 federal program)

As a general rule, expenditures should be recognized on the SEFA in the year they are incurred (i.e., when the underlying goods received and/or services rendered) regardless of when they are eventually reimbursed. Encumbrances do not count as expenditures since the goods have not been received yet and the services not rendered. Therefore, expenditures made from 3/1/20 – 6/30/20 being reimbursed with CRF funds should be reported on the FY20 SEFA. Whether local governments should report the expenditure at the time of obligation or time of cash payment is dictated by the accounting basis the local government uses to prepare its SEFA. Most local governments prepare their SEFA on the cash basis of accounting. If cash basis is used, the SEFA should recognize the expenditure when the cash payment is made.

Salary / Pay

1. As a local school district, how do we deal with employee pay during the pandemic? (updated August 31, 2020)

While the Auditor of State does not serve as legal counsel to local school districts, we recognize the challenges school districts are facing in this state of emergency. While the situation is still very fluid, the

following statutes provide direction to schools regarding employee contracts, including in some cases, authority to pay employees during an epidemic. Schools districts should consider the statutes below, taken together with the terms and conditions of their individual bargaining agreements and employee contracts, as they consult with their legal counsel on the appropriate course of action. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government's legal counsel.

3319.08*

3319.081* (non-teaching employee contracts)

3311.77*

3311.81

3319.02 for administrators

3319.0811 (supplemental contracts)

3319.224 (contracts for speech and audiology services)

3319.0810 (transportation staff)

3313.72 and 3313.721 and 3313.68 (services of physician, dentist, or nurse)

3313.812 (contract for food service)

3319.01 (superintendent of district)

3319.088 (education assistants)

3319.141 (sick leave)

3313.482

*The statutes marked with an asterisks above include specific guidance relative to paying employees during an epidemic.

As a matter of best practice, the AOS strongly encourages members of the governing authority to approve decisions regarding employee pay during this pandemic. This approval will serve to help document the decisions made regarding each class of employee.

2. As a county, city, or civil service township, how do we deal with employee pay during this crisis? (updated August 31, 2020)

While the Auditor of State does not serve as legal counsel to government entities, we recognize the challenges they are facing in this emergency. While the situation is still fluid, the following statutes provide direction. Entities should consider the statutes below, taken together with new leave entitlements under federal law, as they **consult with their legal counsel on the appropriate course of action**. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government's legal counsel.

124.34

124.38

124.382

124.386

124.387

124.388

As a matter of best practice, the AOS strongly encourages members of the governing authority to approve decisions regarding employee pay during this pandemic. This approval will serve to help document the decisions made regarding each class of employee.

3. As a non-civil service township or village, how do we deal with employee pay during this crisis? (updated August 31, 2020)

While the Auditor of State does not serve as legal counsel to government entities, we recognize the challenges they are facing in this emergency. While the situation is still fluid, the following provide some

guidance on their authority to provide leave. Entities should consider the guidance below, taken together with new leave entitlements under federal law, as they **consult with their legal counsel on the appropriate course of action**. Where disagreement over the application of a rule or statute arises, AOS will give all due consideration to a well-reasoned legal opinion provided by the local government's legal counsel.

- *Doughton v. Village of Mariemont*, 476 N.E.2d 720, 721, 16 Ohio App.3d 382 (Ohio App.,1984)
- 2002 Ohio Atty.Gen.Ops. No. 2002-034
- 1986 Ohio Atty.Gen.Ops. No. 86-050

As a matter of best practice, the AOS strongly encourages members of the governing authority to approve decisions regarding employee pay during this pandemic. This approval will serve to help document the decisions made regarding each class of employee.

4. Our employee receives the Pandemic Unemployment Assistance (PUA) benefits and we are a reimbursable employer. Are we responsible to pay the \$600.00 per week benefit directly to ODJFS, since this is a federal and not a state benefit?

No. If a claimant is eligible to receive the \$600, employers, including reimbursing employers, are not responsible for the \$600 Federal Pandemic Unemployment Compensation payment. The PUA will be covered by the Federal Government.

5. What is the allowability of salaries and other project activities charged to Federal Awards during the Pandemic? (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405) (updated June 30, 2020) (general OMB guidance applicable to any COVID 19 federal program)

Refer to your Federal Awarding or State Pass-Through Agency for guidance. As of March 19, 2020, [OMB issued Memo 20-17](#) indicating Federal awarding agencies are authorized to take the following actions, as they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients grantees affected by the COVID-19 (for both recipients with COVID-19 related grants and other types of Federal grants).

Federal Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Federal Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project.

Federal Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee. Federal Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR §200.302 - Financial management and 2 CFR §200.333 – Retention requirement of records to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services. For additional details, please refer to [OMB's Memo 20-17](#).

On June 18, 2020, OBM issued Memo 20-26 which rescinded Memo 20-17, however, Appendix A Memo 20-26 permits salaries to continue to be charged using the guidance listed above. Under this flexibility, payroll costs paid with the Payroll Protection Program loans or other Federal CARES Act programs must not be charged to current Federal awards. Federal Awarding agencies must inform recipients to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs and document those efforts. The flexibility provided by OMB's Memo 20-26 will expire on September 30, 2020.

6. [For entities receiving a refund from the IRS for employees who utilized the Emergency Paid Sick Leave due to COVID during the 2nd quarter, how should the refund be recorded in the Uniform Accounting Network \(UAN\) system? \(August 31, 2020\) \(See Q2 in Uniform Accounting Network \(UAN\) Section\)](#)

7. When can CRF funds be used to cover payroll expenses of employees on leave (including administrative leave)? (August 31, 2020)

According to the Ohio Office of Budget and Management (OBM), CRF money may be used for leave required in the Families First Coronavirus Response Act (FFCRA), regardless of what the leave is called, if structured, used, and documented in accordance with FFCRA. Fund payments may also be used to cover increased administrative leave costs of public employees 1) who could not telework in the event of a stay at home order or a case of COVID-19 in the workplace and 2) that were not accounted for in the budget most recently approved as of March 27, 2020. If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund. A jurisdiction must document administrative leave was used, the leave was beyond amounts budgeted, and the circumstance for the leave to include the inability for the employee to telework and an active stay at home order or case of COVID-19 in the workplace. For additional information from OBM, including CRF FAQs with this guidance, refer to the *Final CRF Guidance* file available at <https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-welcome> linked in the CARES Act - Coronavirus Relief Fund Local Government Assistance Program section. Additional questions can also be directed to the Ohio Grants Partnership at grants@obm.ohio.gov.

8. We are having to add custodians specifically because of COVID. May we use the CRF grant to pay these payroll expenditures? The intention is to have the board of education specifically approve the employment of these additional custodians as COVID related. Would this be sufficient documentation, along with the time sheets? Because we pay in arrears, would we have to make sure any payroll earned on or before December 30 is paid by December 30? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? (September 16, 2020)

Refer to Treasury's FAQs on the permissible use of CRF for payroll or benefit expenses for public employees, <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>.

The CARES Act provides that payments from the Fund may only be used to cover costs 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.

If the additional custodians are necessary due to COVID; were not accounted for in the budget as of March 27 or the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation; and services were rendered up until December 30, it may be allowable to use CRF monies for this expense. For example, a custodian that was hired as a result of COVID or is a supplemental employee that was not previously budgeted and is solely been brought on to clean because of COVID is allowable. Any incremental costs not previously budgeted such as over-time costs related to cleaning personnel to support additional cleaning efforts would be allowable as well. However, the cost of custodial personnel that were previously performing substantially the same duties and were part of the budget prior to March 27, 2020, are unallowable.

Treasury has clarified that “for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred).” If the contract or work

extends beyond December 30, 2020, the costs related to the portion of services not yet rendered or goods not yet received must be paid from other allowable state and local sources.

Treasury has not yet specified what documentation requirements might exist for purposes of single audit. However, we believe based on past single audit experience that the board of education specifically approving the employment of these additional custodians as COVID related and the district maintaining the time sheets should be sufficient.

Training / Education

1. How do I obtain my Certified Public Records Training (CPRT) also known as Ohio Sunshine Law Training during this time?

The Ohio Attorney General's Office has provided an online webinar during periods where no in-person trainings are being conducted. Refer to the Ohio Attorney General Website link below:

<https://sunshinelaw.ohioattorneygeneral.gov/>

2. How do I obtain my Fiscal Integrity Act (FIA) training during this time?

Due to the rescheduling of the Local Government Officials and other key conferences during this time, the Auditor of State's office is working on identifying and recording webinars for local governments. The webinars will be available soon on our website and will identify those topics that are appropriate for FIA credit.

3. I'm a local government official, how do I obtain continued professional education during the pandemic?

Although we regrettably had to cancel the 2020 conference, we will be publishing virtual training opportunities on our website beginning in May and we be hosting expanded regional training opportunities in the Fall. Refer to the [2020 Local Government Official Conference Cancellation Notice](#).

Uniform Accounting Network (UAN)

1. What UAN codes are recommended for the CARES money? (August 31, 2020)

Our Local Government Services (LGS) Division set up funds in UAN specifically for Coronavirus Relief Fund (CRF) money. The designated fund number for CRF money is identified in the following link:

<https://uanlink.ohioauditor.gov/communications/pdf/Version%202020.3%20Overview.pdf> and Interest accounts are specifically listed in this attachment. For non-CRF money, you would use a fund number in the available other special revenue fund range. Fund numbers, as well as other chart of account information for Townships, Villages, and Libraries, are available in the UAN Accounting Manual at <https://uanlink.ohioauditor.gov/training/accounting/manuals/Accounting%20&%20General%20Manual.pdf>.

2. For entities receiving a refund from the IRS for employees who utilized the Emergency Paid Sick Leave due to COVID during the 2nd quarter, how should the refund be recorded in the Uniform Accounting Network (UAN) system? (August 31, 2020)

Unlike other refunds, the related expense (in this case the employee check) cannot be reduced as that would change the W-2 reporting at the end of the year. However, a 'withholding refund' for the employer share can be recorded. The basic steps are as follows:

1. Go to Payroll > Utilities > Wage Adjustments
2. Select Add > Withholding Refund
3. Select the employee, pay period, and earnings that are linked to the credit
4. On the employee withholding tab, select Medicare or Social Security and leave the amounts as 0
5. On the employer tab, select the employer share of Medicare or Social Security and enter a negative amount equaling the credit

6. Pick a post date and enter the reason for the adjustment and post it.
7. Go into Payroll > Utilities > Unpaid Withholding Clear > Regular and clear the credit that was created
8. Their next 941, they are going to need to make adjustments for this credit

The only other alternative is to record the monies as a revenue into some account code. Further assistance is available by contacting the UAN Support line at 1-800-833-8261.

3. With the COVID-19 pandemic expected to impact the immediate budgets of local governments for an extended period of time, is UAN offering any cost saving opportunities? (August 31, 2020)

The Auditor's office will waive the UAN User Fee and Hardware Surcharge for the third quarter of 2020 (July – September). Historically, UAN provides a fee holiday soon after a hardware purchase is completed. However, we are accelerating this waiver of fees in an effort to assist our clients during these trying financial times prior to the completion of the computer refresh that is planned for later this year.

4. The Coronavirus Relief Fund in UAN shows that the fund generates its own interest. If all of the government's moneys are held in the same bank account (pooled), how do we attribute the interest accrued to the Coronavirus Relief fund? (August 31, 2020)

Yes, the CRF fund would receive interest earned. The designated fund numbers & interest accounts for CRF money are identified in the following link:

<https://uanlink.ohioauditor.gov/communications/pdf/Version%202020.3%20Overview.pdf>. UAN has a feature where you can identify the funds that are to receive an allocation of interest and the system will calculate the allocation of interest. Further assistance in utilizing this function in UAN can be obtained by contacting the UAN Support Line at (800) 833-8261 or via email at UAN_Support@OhioAuditor.gov.

- The Township Handbook, Page D-54 at <http://www.ohioauditor.gov/publications/TownshipHandbook%202-27-19.pdf>, discusses other funds which also receive interest allocations.
- The Village Officer's Handbook at <http://www.ohioauditor.gov/publications/Village%20Officers%20Manual.pdf>, similarly, includes information on allocating interest on pages 3-9 and 3-10.

5. Do expenditures in UAN need to follow the same procedures as far as amending the budget for additional appropriations and getting an amended certificate from the County? (August 31, 2020) (See Q13 in All Entities Section)

6. How does the Executive Presidential Memorandum on federal payroll tax deferral (for more information, refer to <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>) affect my local government and employees? (September 23, 2020)

There are still many open-ended legal questions regarding the application of this executive memorandum and joint US Department of Treasury and IRS guidance, including the mandatory/permissive nature of the program. Local governments should consult with their legal counsel and contact the IRS at its toll free number available for government entities with federal tax questions, 1-800-829-1040. While AOS cannot answer legal questions related to the implications of this memorandum, AOS prepared a UAN User Note dated September 21, 2020 describing the steps necessary to implement these provisions within the UAN system if a local government so chooses. The UAN User Note is available at:

<https://uanlink.ohioauditor.gov/communications/pdf/UAN%20User%20Note%20September%202020.pdf>.