

# OHIO AUDITOR OF STATE KEITH FABER



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

New or updated entries will be noted by the date in parentheses,  
for example: *(updated March 23, 2021)*

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.**

**ARCHIVED ENTRIES:** Some FAQs originally drafted and included below relate to a specific time period which has already expired. Since these questions are no longer active but still offer historical information relevant to audits, they have been [archived](#) at the end of this document.

These archived FAQs will not be updated for additional changes that may occur, including new legislation or other guidance. Those changes will be addressed in new FAQs as necessary.

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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 February 11, 2021)**

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. The Federal OMB did not issue COVID-19 related audit guidance until late December 2020. Additionally, certain Federal awarding agencies were also significantly delayed in providing guidance to awardees and, at times, provided conflicting guidance which later had to be corrected. For these reasons, 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? (updated February 11, 2021)**

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 Microsoft OneDrive and AOS e-services. Auditors will use these services to request and receive documents for audit procedures as necessary.

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 an 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 February 11, 2021)**

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.

Updated Treasury guidance released on September 2, 2020, confirmed audit costs as allowable CRF expenditures in accordance with the requirements of 2 CFR 200.425 and a proportionate share calculation as noted above. 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 February 11, 2021)**

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.

OMB issued the 2020 Compliance Supplement in August for auditors performing federal program audits pursuant to the Single Audit Act but did not issue the COVID-19 related program guidance until December 2020. In many cases, instead of an agency-wide response (e.g., HHS) or specific guidance provided through the Addendum, each program/office within an agency (e.g., CMS, ACF, etc.) is issuing its own guidance which should be considered for program administration and the related audit procedures. The Federal government’s decentralized approach to managing awards and providing programmatic guidance adds even more complexity to identifying the requirements and assessing the audit impact.

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 Single Audits. 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. Training and other resources for first-time Single Audit clients is located on our COVID-19 Resources page under “Guidance for AOS Clients” at: [http://www.ohioauditor.gov/resources/COVID19\\_assistance.html](http://www.ohioauditor.gov/resources/COVID19_assistance.html).

We continue to do our best to share new information timely.

Local governments not qualifying for a Single Audit but receiving federal 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 <a href="http://www.ohioauditor.gov/resources/COVID19_assistance.html">CARES ACT USAS Fund Number and Accounting Guidance for Schools</a> available at <a href="http://www.ohioauditor.gov/resources/COVID19_assistance.html">http://www.ohioauditor.gov/resources/COVID19_assistance.html</a> in the <i>Federal Financial Assistance</i> section.
Schools and Career Centers with Adult Education Programs	Refer to the Q11 in the <a href="#">Schools section</a> of this FAQ.
Uniform Accounting Network (UAN) Clients	Refer to the User Note dated September 9, 2020 <a href="#">here</a> 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 in 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. [Regarding reallocating transactions to Coronavirus Relief Funds, I understand that I must open new purchase orders in the new fund before I can reallocate the payments in UAN. What dates should be used on the purchase order and should a Then and Now purchase order be used? Funds were not received and appropriated until recently, but the expenditures date back to March. \(November 23, 2020\) \(See Q8 in UAN Section\)](#)

**14. Do I reduce the appropriations in the general fund and increase appropriations in the Special Revenue Federal Fund? (updated November 23, 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, if the legislative authority intends to appropriate and expend the excess revenue. The fiscal officer should also record the estimated revenues from the amended certificate and appropriation in the accounting system.

**15. 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? \(updated October 6, 2020\)\(See Q9 in All Entities Section\)](#)
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? \(See Q10 in All Entities Section\)](#)
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? \(See Q11 in All Entities Section\)](#)
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 31, 2021 is paid by December 31, 2021? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? \(updated February 11, 2021\) \(See Q7 in Salary / Pay Section\)](#)
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 March 23, 2021)**

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 80 through 82 updated on [March 2, 2021](#)) 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, originally March 1 through December 30, 2020, but now March 1, 2020 through December 31, 2021 as extended by the Consolidated Appropriations Act, 2021. See additional information in the Treasury OIG FAQs (last updated 3/2/2021) available at: <https://oig.treasury.gov/cares-act-reporting-and-record-keeping-information>.

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 March 23, 2021)**

Per the US Treasury Office of Inspector General's FAQ #80, 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](#). Treasury OIG FAQs (updated [November 25, 2020](#) and [March 2, 2021](#)) indicate documents/records to be retained include payroll records for the covered period March 1 through December 30, 2020 (originally) but now extended to December 31, 2021 via the Consolidated Appropriations Act, 2021. 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 31, 2021 (prior to the enactment of the Consolidated Appropriation Act, 2021 the end date was 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 March 23, 2021)**

No, per the US Treasury OIG’s FAQ #81 (updated [November 25, 2020](#) and [March 2, 2021](#)), 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 March 23, 2021)**

**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 #82 (updated [November 25, 2020](#) and [March 2, 2021](#)), 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? (updated February 11, 2021)**

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, originally, on December 30, 2020, extended to December 31, 2021 via the Consolidated Appropriations Act, 2021. Per the US Treasury Office’s FAQ #A27 published in the [Federal Register](#) on January 15, 2021, 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.

**13. My government will not be spending all of the CRF money received under HB 481 and HB 614. When we make repayment to OBM, should it include the interest earned on those funds? How should my government record the repayment in the accounting system? (updated February 11, 2021)**

Interest earned on CRF monies needs to go back into the program and if there is any remaining then it gets returned with the other remaining funds. When grant dollars are returned to the granting agency, use an intergovernmental expenditure, provided the granting agency is another government. In the case of UAN clients, the account codes provided for sub-granting to another government will also work for returning unused dollars. UAN fund numbers are available at [CARES Act UAN Client Fund Numbers](#) and the following

Townships – use program code other general government (190) or Other (710). Other (710) is preferred. Use object 591 if it is to another organization or 599 if to another government.

Villages – use program code other general government (790), since Villages don't have Other as an option. Use object 650 if it is to another organization or 690 if to another government.

**14. Can my entity use CRF funds for real property acquisition and improvements and to purchase equipment to address the COVID-19 public health emergency? (February 11, 2021)**

US Treasury Program Management Office's FAQ #A58 published in the [Federal Register](#) on January 15, 2021 indicates the expenses of acquiring or improving real property and of acquiring equipment (e.g., vehicles) may be covered with payments from CRF in certain cases. As with all uses of payments from CRF, expenditures must meet the 3 prong requirements of the fund. Therefore, the use of payments to acquire or improve property is limited to that which is *necessary* due to the COVID-19 public health emergency. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination. Likewise, an improvement, such as the installation of modifications to permit social distancing, would need to be determined to be necessary to address the COVID-19 public health emergency. Furthermore, such acquisitions and improvements must be completed and the acquired or improved property or acquisition of equipment be put to use in service of the COVID-19-related use for which it was acquired or improved by December 31, 2021 (previously December 30, 2020). Finally, as with all costs covered with payments from the Fund, such costs must not have been previously accounted for in the budget most recently approved as of March 27, 2020. AOS cautions local governments to use due care when purchasing real property or equipment under CRF. Treasury issued noncompliance in the State of Iowa (and others) where Treasury disagreed with the state's management about whether the expenditure was *necessary* due to the pandemic. We encourage local governments to work closely with their legal counsel for these types of purchases out of an abundance of caution.

**15. If a small business received a Small Business Administration (SBA) Payment Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) grant or loan due to COVID-19, may the small business also receive a grant from my government using CRF monies? (updated March 23, 2021)**

Receiving a PPP or EIDL grant or loan for COVID-19 would not necessarily make a small business ineligible to receive a local government grant from CRF monies, according to [US Treasury Program Management Office's FAQ #A59](#). A recipient's small business assistance program should be tailored to assist those businesses in

need of such assistance and in assessing the business' need for assistance, the government would need to take into account the business' receipt of the PPP or EIDL loan or grant. If the business has received a loan from the SBA that may be forgiven, the government should assume for purposes of determining the business' need that the loan will be forgiven. In determining the business' eligibility for the grant, the government should not rely on self-certifications provided to the SBA.

If the grant is being provided to the small business to assist with particular expenditures, the business must not have already used the PPP or EIDL loan or grant for those expenditures. The assistance provided from the CRF would need to satisfy all of the other requirements set forth in Treasury's guidance and FAQs, and the business would need to comply with all applicable requirements of the PPP or EIDL program.

Treasury's Office of Inspector General has provided the following guidance in its FAQ no. 75 (updated [November 25, 2020](#) and [March 2, 2021](#)) on reporting and recordkeeping that would apply to the recipient:

The prime recipient is responsible for determining the level and detail of documentation needed from the sub-recipient/beneficiary of small business assistance to satisfy [the requirements of section 601(d) of the Social Security Act], however, there would need to be some documentation to demonstrate that the small business was impacted by the public health emergency and was thus eligible for the CRF funds.

In the above OIG FAQ, "sub-recipient/beneficiary" refers to the beneficiary of the assistance, i.e., the small business.

**16. When should I return unspent CRF funds to OBM? All expenditures should be incurred by December 31, 2021, but how long do I have to liquidate those expenditures with the recent extension via the Consolidated Appropriations Act, 2021? (February 11, 2021)**

The Consolidated Appropriations Act, 2021 extended the CRF period of performance through December 31, 2021. In accordance with guidance from OBM, all expenditures should be incurred and liquidated (paid) by December 31, 2021. Final returns of payment must be received by the Office of Budget and Management no later than December 31, 2021. OMB guidance can be found at [https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/Coronavirus\\_Relief\\_Fund\\_Guidance\\_Updated\\_2021-01-19.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/Coronavirus_Relief_Fund_Guidance_Updated_2021-01-19.pdf).

**17. If my government returned unspent CRF monies, should those amounts be reflected on my Schedule of Expenditures of Federal Awards (SEFA)? (updated February 11, 2021)**

Unencumbered/ unspent funds returned to the county/ OBM are not considered federal assistance for reporting on the SEFA required by the Uniform Guidance Act. Additionally, distributions (and/or redistributions) by each county to eligible recipients would not be included on the county's SEFA.

**18. Can governments use CRF allocations to purchase internet subscriptions such as broadband services, keeping in mind some of these subscriptions may extend past the December 31, 2021 period of performance? (updated February 11, 2021)**

AOS had previously advised local governments to proceed with caution on license or subscription costs that go outside of the covered program period since U.S. Treasury and the Ohio Office of Budget and Management had not issued guidance on the allowability of costs in this situation. In December 2020, however, the U.S. Treasury Office of the Inspector General indicated the full cost of the licenses or subscriptions may be charged to the CRF if it was otherwise an eligible expense under the 3 prong test of the CARES Act and related Treasury guidance, the cost of the license was paid upfront, and it is customary to do so. The license or subscription must have been needed during the covered period and the order must have been placed in good faith. For example, it would make sense to charge the full cost of a license or subscription acquired in August 2020 to support distance learning even if the license is good for 12 months. A license that's acquired

late in the school year may be suspect. If the license or subscription would normally be paid for on a monthly basis, the local government should pay for it that way (the local government should not restructure the license or subscription payments to take advantage of Treasury's guidance on this point).

*Note for Schools:* Additionally, Treasury's FAQ #A53 published in the [Federal Register](#) on January 15, 2021, provides an administrative convenience such that schools do not need to document the specific use of funds up to \$500 per elementary and secondary school student. Since the Treasury guidance and Treasury FAQs seem to conflict with one another, and the OIG is the entity responsible for ultimately auditing the use of CRF dollars, it is not possible to predict how the OIG will treat these conflicting pieces of guidance from Treasury when the OIG determines the appropriateness of the subscription expenditure. Again, AOS suggests schools proceed with caution if they choose to purchase internet subscription-type services with CRF funds, given the unpredictability of how the OIG will ultimately reconcile the above stated conflicts.

**19. If School District CRF funds are encumbered, would they be considered spent? (updated February 11, 2021)**

Yes, according to the Ohio Department of Education's CRF Frequently Asked Questions (FAQs) for the funding period 3/1/20 – 12/30/20 (available in the [CCIP document library](#)), if performance or delivery took place by December 30, 2020. US Treasury is clarifying 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). Therefore, if funds were encumbered for a service or delivery made prior to December 30, 2020 (or in the rare occasion of a supply chain disruption, delivery after December 30), and paid from that encumbrance after December 30, 2020, those expenses should be reported on the FER. The FER is due December 30, 2020 and will close-out the grant. If any funds are still owed to the school or district, the CCIP will create a PCR once the FER is approved by the Office Grants Management. All unspent funds must be returned to ODE.

Schools should refer to the CCIP Document Library for updates to guidance related to periods subsequent to December 30, 2020 as extensions to CRF funding have been approved through December 31, 2021.

**20. Does the extension of the CRF period of performance via the federal Consolidated Appropriations Act, 2021 to December 31, 2021 impact funding received from the State through the CRF program initiated by HB 481 and amended by HB 614? (February 11, 2021)**

Yes, Senate Bill (SB) 310 provided that upon the request of the Director of Ohio Budget and Management (OBM), the Controlling Board may extend any date prescribed by division (G)(1)(a), (b), or (c), which included:

- a) Not later than February 1, 2021, the fiscal officer of each subdivision shall pay the unexpended balance of money in the subdivision's local coronavirus relief fund to the state treasury in the manner prescribed by the Director of Budget and Management.
- b) No subdivision may use money in its local coronavirus relief fund for expenses incurred after December 30, 2020.
- c) A subdivision's local coronavirus relief fund may be held open during the period beginning December 31, 2020, and ending February 1, 2021, only for account reconciliation and other similar purposes.

On December 30, 2020 the Controlling Board granted OBM's request and extended the date for local subdivisions to expend CRF funds through December 31, 2021. OMB communicated this extension to eligible recipients and indicated the reporting of CRF activity due January 6, 2021 for the period October 1, 2020 – December 31, 2020 remained in effect. Additionally, OBM clarified in its [CRF Guidance](#) issued January 19, 2021 that "Any cash on hand reported on the cycle 7 report due on January 5, 2022 must be returned to OBM no later than December 31, 2021."

**21. [Do I reduce the appropriations in the general fund and increase appropriations in the Special Revenue Federal Fund?](#) (updated November 23, 2020) (Q14 in Audit Services & Financial Reporting Considerations Section)**

22. [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? \(September 16, 2020\) \(Q15 in Audit Services & Financial Reporting Considerations Section\)](#)

## 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 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 <https://www.gfoa.org/ffa> 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.

4. **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.

**5. 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.

**6. What accounting guidance should my entity follow if we received Bureau of Worker’s Compensation (BWC) dividends during the pandemic? (updated November 23, 2020)**

[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](#).

On November 2, 2020, the BWC Board of Directors approved Governor Mike DeWine’s request to send \$5 billion in dividends to Ohio employers to ease COVID-19’s continued impact on the state’s business community and workforce. This is the third dividend declared and paid in 2020, bringing total dividend dollars for employers to nearly \$8 billion this year to ease the financial pressure on private and public employers during the pandemic. BWC will apply the dividend to qualified employer’s unpaid balances first, then mail a check for the remainder in mid-December. The agency issued a \$1.54 billion dividend in late April (of which \$184 million went to local government taxing districts, such as counties, cities, townships, and school districts), which represented approximately one hundred percent (100%) of the premium for the 2018 policy year, and \$1.34 billion in October, which represented one hundred percent (100%) of the premium for the 2019 policy year. At \$5 billion, the latest dividend is based on the billed premium for the 2019 policy year, and represents approximately four times those total premiums.

For more information about BWC’s dividends and other measures to ease the financial impact of COVID-19 on private and public employers, refer to BWC’s Frequently Asked Questions at:

<https://www.bwc.ohio.gov/downloads/blankpdf/COVID-19-BWCFAQs.pdf>. For Frequently Asked Questions specific to the latest \$5 billion dividend, refer to the following link:

<https://info.bwc.ohio.gov/wps/portal/gov/bwc/for-employers/all-employer-resources/5BillionDividend-QandA>.

Since the substance of these transactions remains a rebate, consistent with Bulletin 2013-007, we still believe local governments must return the prorated portion of the rebate attributable to local, state or federally-restricted fund to those funds. However, the amount returned to these restricted funds would be capped by

the premium paid for the policy year associated with the rebate (i.e., 2019). Any amounts received in excess of the original premium payment would be unrestricted and could be received in the general fund.

**7. 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.

**8. We have some employees scheduled for out of state professional development meetings that were cancelled. 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.

**9. 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 year-end 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 has been posted to AOS' COVID-19 webpage at: [http://www.ohioauditor.gov/resources/COVID19\\_assistance.html](http://www.ohioauditor.gov/resources/COVID19_assistance.html).

**10. 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.

**11. 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.

**12. 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.

**13. [My entity has received federally-funded reimbursement for Unemployment paid as part of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act, bringing to light several questions: \(November 5, 2020\)](#) (See Q8 in Salary / Pay Section)**

**14. What is the Emergency Rental Assistance Program? (February 11, 2021)**

The Emergency Rental Assistance Program (ERAP) was created and authorized under the Consolidated Appropriations Act of 2021. Emergency Rental Assistance payments will be made directly to States and local governments with more than 200,000 residents. Details on the data, programmatic requirements, and methodology used to determine allocations for states, local governments and territories may be accessed at <https://home.treasury.gov/policy-issues/cares/emergency-rental-assistance-program>.

U.S. Treasury is the federal awarding agency for ERAP and has assigned CFDA No. 21.019, which is also being used for the Coronavirus Relief Fund, to the ERAP program. As indicated by U.S. Treasury, the Uniform Guidance and Single Audit Act are be applicable to ERAP.

## 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](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? \(August 31, 2020\) \(See Q8 in General Federal Award Compliance Section\)](#)**
- 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 31, 2021 is paid by December 31, 2021? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? \(updated February 11, 2021\) \(See Q7 in Salary / Pay Section\)](#)**
- 4. [Are schools exempt from other requirements as a result of COVID-19? \(February 11, 2021\)](#)**

Yes, many flexibilities and waivers have been granted to schools in Ohio as a result of the pandemic. Refer to the ODE *Reset and Restart Education* webpage at <http://education.ohio.gov/Topics/Reset-and-Restart> for additional information.
- 5. [Are schools required to refund students for cancelled student activities? \(updated November 5, 2020\)](#)**

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).
- 6. [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.

**7. 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.

**8. How will federal dollars help to prop up the gap in the state budget? (*updated February 11, 2021*)**

The Auditor of State (AOS) and Ohio Department of Education (ODE) want to caution schools that 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."

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.

**9. Will the federal funding to be distributed by the Ohio Department of Education (ODE) to Kindergarten to 12<sup>th</sup> grade need to be accounted for in a special revenue fund? When will we receive these monies? (updated February 11, 2021)**

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](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 (SCC) 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.

Please note, CRF funds received from sources other than ODE should be accounted for in a separate SCC within the 510 fund.

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). Additional funding has been approved under the Consolidated Appropriations Act, 2021, enacted December 27, 2020, as "ESSER II" funding, which is also required to be tracked separately from ESSER funds. See the [ESSER II Factsheet](#) from the US Department of Education for addition information.

**10. 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? (updated November 5, 2020)**

No, with the delayed implementation of GASB 84, schools will need to begin budgeting according to GASB 84 fund classifications for fiscal year 2023. However, there is nothing to prevent a school from adopting their fiscal year 2021 budget following GASB 84 fund structure.

11. [If School District CRF funds are encumbered, would they be considered spent? \(November 23, 2020\) \(See Q19 in Coronavirus Relief Fund Section\)](#)

12. **How should schools with adult education programs receiving CARES Act: Higher Education Emergency Relief Fund Grant (HEERF) report the grant activity? (December 3, 2020)**

Congress created several different formula and discretionary allocations within HEERF. Below are a few of the HEERF programs that K-12 schools with adult education programs and career centers/joint vocational school districts may be eligible to receive:

Program (with link to website)	CFDA	CARES Act Section	Eligibility (with link to allocation table)	Application Deadline	Grants.gov Funding Opportunity Number
<a href="#">Student Portion</a>	84.425E	18004(a)(1)	All Title IV participating schools <i>Note: Students cannot apply for assistance directly from the U.S. Department of Education but should contact their institutions for further information and guidance.</i> <a href="#">Allocation Table Here</a>	<b>9/30/2020</b>	ED-GRANTS-041020-003
<a href="#">Institutional Portion</a>	84.425F	18004(a)(1)	All Title IV participating schools <a href="#">Allocation Table Here</a>	<b>9/30/2020</b>	ED-GRANTS-042120-004
<a href="#">Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant</a>	84.425N	18004(a)(3)	Public and private nonprofit institutions of higher education that are eligible under Part B of Title VII of the HEA and received less than \$500,000 total from HEERF (a)(1) and (a)(2) programs <a href="#">Allocation Table Here</a>	<b>9/30/2020</b>	ED-GRANTS-043020-005
<a href="#">Institutional Resilience and Expanded Postsecondary Opportunity (IREPO) – FIPSE Competitive Grant</a>	84.425P	18004(a)(3)	This is a competitive grant program. Please see the Notice Inviting Applications for information	Notice of intent to apply: <b>9/10/2020</b> Application: <b>10/20/2020</b>	ED-GRANTS-082120-00

			regarding eligibility and selection criteria. <i>Federal Register</i> <a href="#">Notice Here</a>		
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Recipients of CARES Act section 18004(a)(1) HEERF funds may use the institutional portion to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, and the student portion for the sole and exclusive purpose of providing emergency financial aid grants to students for their expenses related to the disruption of campus operations due to coronavirus, such as food, housing, course materials, technology, health care, and child-care expenses. Recipients of CARES Act section 18004(a)(3) HEERF funds may use their allocations to defray expenses (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, payroll) incurred by institutions of higher education and for grants to students for any component of the student’s cost of attendance (as defined under section 472 of the Higher Education Act), including food, housing, course materials, technology, health care, and child care.

From a financial statement accounting standpoint, recipients of CARES Act section 18004(a)(1) and (a)(3) HEERF funds must recognize both revenue reductions for tuition reimbursements resulting from grants to students as well as expenditures for defraying or reimbursing general expenses it incurred related to the coronavirus. Additionally when a school qualifies for a Single Audit under the Uniform Guidance Act, as described in 2 CFR section 200.510(b), schools must complete the Schedule of Federal Awards (SEFA), including Catalog of Federal Domestic Assistance (CFDA) numbers for all federal awards and subawards, for each year. To maximize the transparency and accountability of COVID-19 related award expenditures, schools are also required to separately identify COVID-19 expenditures on the SEFA and data collection form submitted to the Federal Audit Clearinghouse.

Pursuant to Ohio Rev. Code §5705.12, upon request, the AOS has previously approved schools with adult education programs to establish Fund No. 012 as a separate Special Revenue or Proprietary Fund Type, Enterprise Fund to account for transactions made in connection with adult education classes. The purposes of the HEERF programs listed in the table above are consistent with the purposes for which most schools are using their Adult Education Fund, Fund No. 012. In most circumstances, schools should create *separate special cost centers by fiscal year for each HEERF program received* within their Adult Education Fund, Fund No. 012, to account for the related grant activity by fiscal year. Where the law and grant agreements restrict the uses of the monies to different purposes, movement of moneys between cost centers that contain monies used for different purposes is not permissible, unless the transfer provisions in ORC 5705.14-.16 are followed. Monies received under Section 18004(a)(2) and (a)(3) have identical uses and may be placed in the same fund and in the same or different costs centers within the fund so long as the cost centers are different than the fund or cost center for (a)(1) grant monies. Monies received under Section 18004(a)(1) should be placed into two funds or separate cost centers (one for the institutional portion and one for the student portion) OR into the 012 Fund, but under two separate cost centers.

Since these special cost centers are rolled up together within Fund No. 012 for financial statement reporting purposes, the accounting for revenue reduction and as well as grants to offset student tuition will be simplified. Additionally, the separate special cost centers by fiscal year will comply with the separate accountability program requirements, including SEFA preparation and reporting. Lastly, schools can create

*intrafund* transfers, as needed, to move HEERF monies between special cost centers with identical purposes and uses within the primary Adult Education Fund, Fund No. 012, as needed without invoking the requirements of Ohio Rev. Code §5705.14-.16.

Lastly, schools should have taken care to ensure their financial statement presentation accurately reflects reductions of revenues and reimbursements of expenditures. For example, schools should have ensured they did not inadvertently double-account for activity and that transfers used to make accounting adjustments which have the effect of moving monies between funds or special cost centers have been eliminated under the school's financial reporting framework (GAAP, OCBOA, or AOS Regulatory). These reclassifications, if necessary, should have been made during the financial statement compilation process, prior to filing in the Hinkle System. Those schools that filed their financial statements in the Hinkle System without eliminating transfers, duplications, etc. should work with their auditors to correct their financial statement filings. AOS will provide maximum flexibility and will not issue internal control deficiencies for financial statement adjustments resulting from these issues.

For more information about HEERF programs above, refer to USDE's website, including FAQs, at: <https://www2.ed.gov/about/offices/list/ope/caresact.html>.

**13. What should I do if I created a Miscellaneous Federal Grant Fund, Fund no. 599, to account for my CARES Act: Higher Education Emergency Relief Fund Grant (HEERF) grant activity instead of creating special cost centers within my Adult Education Fund, Fund No. 012? (December 3, 2020)**

In some cases, AOS is aware that schools may have created a Miscellaneous Federal Grant Fund, Fund No. 599, to account for their HEERF award. While Fund 599 can achieve the separate accountability necessary for SEFA preparation and reporting as well as Ohio Rev. Code §5705.12 compliance, the accounting for revenue reduction and grants to offset student tuition will be more complicated and requires the school to create interfund transfers from Fund No. 599 to the Adult Education Fund, Fund No. 012 to offset revenue reductions and reduction tuition charges for grants provided to students.

As noted in the previous FAQ, where the law and grant agreements restrict the uses of the monies to different purposes, movement of moneys between cost centers that contain monies used for different purposes is not permissible, unless the transfer provisions in ORC 5705.14-.16 are followed. 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." Similarly, AOS believes the GASB definition for interfund reimbursements could apply to reduction of tuition charges related to HEERF grants provided to students. 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 record HEERF program allocations by fiscal year within special cost centers of the Adult Education Fund, Fund No. 12, as described above. However, schools utilizing a separate Miscellaneous Federal Grant Fund, Fund No. 599, to account for their HEERF grant activity should work with their legal counsel to determine whether interfund reimbursements related to federal COVID-19 funding constitute reimbursements of allowable expenditures or revenue replacement under the applicable HEERF federal program. If so, schools may utilize interfund transfer line-items to move the HEERF grant money out of Fund No. 599 and into Fund No. 012 without invoking the restrictions and additional requirements of Ohio Rev. Code §5705.14-.16.

The Auditor of State's office recommends that every school consult its own legal counsel for advice pertinent to the school's particular situation to ensure that Ohio Rev. Code §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.

As a reminder, the use of refunds of prior year receipt/expenditure on the budgetary basis under USAS are not allowable other financing sources/uses on the GAAP, OCBOA, and AOS regulatory bases 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. Those schools that filed their financial statements in the Hinkle System without eliminating transfers, duplications, etc. should work with their auditors to correct their financial statement filings. AOS will provide maximum flexibility and will not issue internal control deficiencies for financial statement adjustments resulting from these issues.

For more information about HEERF programs, refer to USDE's website, including FAQs, at: <https://www2.ed.gov/about/offices/list/ope/caresact.html>.

**14. What if I have accounted for my HEERF grants to students within Agency Fund No. 022 instead of the Adult Education Fund, Fund No. 012? (December 3, 2020)**

AOS is aware that some schools report their Adult Education Fund, Fund No. 012, as either a Special Revenue Fund or Proprietary Enterprise Fund depending on their individual facts and circumstances. Schools should evaluate the criteria in GASB Codification 1300 to determine proper classification of their Adult Education programs. Additionally, AOS has heard that some schools may be using an Agency Fund, Fund No. 022, to account for the portion of their Adult Education program related to student grants. Where this is the case, the schools should consider whether the use of an Agency Fund is appropriate in light of the school's administrative involvement in making grants to students under the HEERF program. Upon adoption of GASB Statement No. 84, schools will no longer be able to utilize Agency Fund No. 022 to account for school-administered grants to students. Rather, schools will be required to reclassify such activity to either a Special Revenue Fund or Proprietary Enterprise Fund based on evaluation of the criteria in GASB Codification 1300. Refer to AOS Guidance on adoption and implementation of GASB Statement No. 84 at: [https://www.ohioauditor.gov/publications/bulletins/2020/GASB84\\_FAQs\\_10\\_5\\_2020.pdf](https://www.ohioauditor.gov/publications/bulletins/2020/GASB84_FAQs_10_5_2020.pdf).

For more information about HEERF programs, refer to USDE's website, including FAQs, at: <https://www2.ed.gov/about/offices/list/ope/caresact.html>.

**15. How do I report my Education Stabilization Fund or Higher Education Emergency Relief Fund (HEERF) and related other programs with a Catalog of Federal Domestic Assistance (CFDA) No. of 84.425 on my Schedule of Expenditures of Federal Awards (SEFA)? (December 3, 2020)**

The U.S. Department of Education (USDE) created a single program known as the "Education Stabilization Fund, CFDA No. 84.425, to allocate multiple subprograms distributed among two general categories of funding created by the CARES Act - Education Stabilization and HEERF. USDE is providing these programs to states, schools, and institutions of higher education. Within this large program are various subprograms that the USDE is delineating with the addition of a letter after the CFDA number (e.g., 84.425A, 84.425B, 84.425N, etc.). Below is a summary identifying the various subprograms of the Education Stabilization Fund and HEERF provided under CFDA No. 84.425.

**84.425 - Education Stabilization Fund**

- 84.425B - Rethink K12 Education Models Grants

- 84.425G - Reimagining Workforce Preparation Grants Governor’s Emergency Education Relief (GEER) Fund
- (84.425C) Elementary and Secondary School Emergency Relief Fund (84.425D)

**84.425 Higher Education Emergency Relief Fund (HEERF)**

- Student Portion (84.425E)
- Institutional Portion (84.425F)
- Historically Black Colleges and Universities (84.425J)
- American Indian Tribally Controlled Colleges and Universities (84.425K)
- Minority Serving Institutions Strengthening Institutions Program (84.425L)
- Strengthening Institutions Program (84.425M)
- FIPSIE (84.425N)
- Formula Grants to the Outlying Areas
  - State Educational Agencies (SEAs) (84.425A)
  - Governors (84.425H)

**16. Are School Districts able to receipt Summer Food Service Program and Seamless Summer Option funds into our regular 006 accounts rather than our summer feeding sub 006 account? (January 29, 2021)**

The Child Nutrition Programs (CNP) were funded by CARES Act funds March 2020 through September 2020. These payments were coded as “COVID” in the payment schedule and these COVID coded specific payments ceased at the end of the September 2020 claim month. Although participation Summer Food Service Program and Seamless Summer Option has been extended until the end of the school year (June 30, 2021), the regular block grants pay for these reimbursements beginning October 1, 2020.

The Summer Food Service Program has a separate CFDA number (10.559) than the National School Lunch Program (10.555) and School Breakfast Program (10.553) and it would need to be accounted accordingly in the Schedule of Expenditures of Federal Awards (SEFA). Also, since the National School Lunch Program (NSLP – CFDA 10.555) authorizes the Seamless Summer Option, the CFDA numbers for breakfast and lunch under the Seamless Summer Option program will mirror the CFDA numbers for NSLP (10.555) and the School Breakfast Program (10.553).

CRRS does have a report that distinguishes the fund/CFDA used for the coding of reimbursement payments. However, the COVID reimbursements sent to sponsors during the Summer Food program will only encompass March 2020 through September 2020.

**17. When reporting Education Stabilization Fund (CFDA/Assistance Listing #84.425) payments to the Federal Audit Clearinghouse via the Data Collection Form (DCF), how should the additional alpha identifier be reported? (February 11, 2021)**

When asked for the CFDA/Assistance listing number on the DCF, governments should only include the numeric entry of 84.425 but include in the next field (titled Additional Award Information) the entire alphanumeric number and the subprogram name, if not already included in the Federal Program Name field.

	a	b	c	d
Row Number (auto-generated)	CFDA #		Additional Award Identification <sup>3</sup>	Federal Program Name
	Federal Awarding Agency Prefix <sup>1</sup>	CFDA Three-Digit Extension <sup>2</sup>		
1	84	425	84.425D - COVID-19 ESSER	COVID19 EDUCATION STABILIZATION FUND

While the Federal Program Name field (d) is automatically populated in the DCF as illustrated above (COVID19 EDUCATION STABILIZATION FUND), this can be modified to reflect the subprogram name such as ESSER or GEER as desired by the government. These modifications are not required but may be desired to assist in clarifying the subprogram that is being reported on each DCF line.

	a	b	c	d
Row Number (auto-generated)	CFDA #		Additional Award Identification <sup>3</sup>	Federal Program Name
	Federal Awarding Agency Prefix <sup>1</sup>	CFDA Three-Digit Extension <sup>2</sup>		
1	84	425	84.425C COVID19 - GEER	COVID19 EDUCATION STABILIZATION FUND - GOVERNORS EMERGENCY EDUCATION RELIEF FUND

## 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. 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).

**5. 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](#).

**6. Will the State College & University reporting deadlines be extended as a result of the pandemic and/or delay in guidance for the related funding? (updated February 11, 2021)**

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. In some instances, single audit filing extensions have been granted by the Auditor of State's Office, but this is by request and on a case-by-case basis.

## General Federal Awards Compliance

1. [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 \(PPP\)? \(See Q3 in Other Entities Section\)](#)
2. [How will federal dollars help to prop up the gap in the state budget? \(See Q8 in Schools Section\)](#)
3. [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? \(updated October 6, 2020\) \(See Q9 in All Entities Section\)](#)
4. [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? \(See Q10 in All Entities Section\)](#)
5. [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? \(See Q11 in All Entities Section\)](#)
6. **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)**

On June 18, 2020, OMB issued Memo 20-26 which 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.

7. **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

- 8. 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.

- 9. Are COVID -19 vaccines considered Federal Financial assistance in accordance with 45 CFR part 75 and should they be included as expenditures or non-cash assistance in the SEFA? (March 23, 2021)**

No, according to an email communication from Tammie Brown at the Department of Health and Human Services (HHS) Office of the Inspector General (OIG), for the purposes of the Vaccination Program, COVID-19 vaccine doses do not transfer to recipients, but, rather, remain federal property until the point at which they are administered to individuals. According to the communication, it has been determined that the vaccines do not meet the definition of Federal financial assistance.

## 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. **[For entities receiving a refund from the IRS for employees who utilized the Emergency Paid Sick Leave due to COVID, how should the refund be recorded in the Uniform Accounting Network \(UAN\) system?](#) (updated November 23, 2020) (See Q2 in Uniform Accounting Network (UAN) Section)**

6. **When can CRF funds be used to cover payroll expenses of employees on leave (including administrative leave)? (updated February 11, 2021)**

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 [CRF Guidance](#) updated on January 19, 2021. Additional questions can also be directed to the Ohio Grants Partnership at [grants@obm.ohio.gov](mailto:grants@obm.ohio.gov).

7. **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 31, 2021 is paid by December 31, 2021? Speaking of which, may the benefits--leave, retirement, Medicare, workers' compensation and insurances be appropriate expenditures for the grant? (updated February 11, 2021)**

Refer to Treasury's FAQs on the permissible use of CRF for payroll or benefit expenses for public employees published in the [Federal Register](#) on January 15, 2021.

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 31, 2021 (prior to the enactment of the Consolidated Appropriation Act, 2021, the performance period end date was 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 31, 2021, 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 31, 2021 (previously December 30, 2020, as noted above), 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. For CRF monies passed through the Ohio Office of Budget and Management (OBM) to local governments, the balance of unexpended funds must be returned to the state treasury not later than February 1, 2022. Local governments should see OBM’s *Performance Period* guidance and timeline for repayment of funds in their guidance document at [https://grants.ohio.gov/Documents/Coronavirus\\_Relief\\_Fund/Coronavirus\\_Relief\\_Fund\\_Guidance\\_Updated\\_2020-10-01.pdf](https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/Coronavirus_Relief_Fund_Guidance_Updated_2020-10-01.pdf).

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.

**8. My entity has received federally-funded reimbursement for Unemployment paid as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, bringing to light several questions: (November 5, 2020)**

**a. Is this considered federal assistance that would be included on the Schedule of Expenditures of Federal Awards (SEFA)?**

Since the Federal money is not credited to the employer accounts, we believe this is not a pass through grant and would NOT need to be included on the SEFA.

**b. Can the current amounts billed on invoices that also have a reimbursement be recorded at the net amount to be paid by the entity?**

Yes, amounts billed can be recorded in the accounting system net of the reimbursements received at the time of billing.

- c. **If my unemployment expenses are allocated to a specific fund/account based on the employee for whom the expenses were paid, can I also allocate the reimbursement to that fund/account? How should those amounts be determined?**

While the unemployment expenses can be recorded net of the CARES Act reimbursements, those reimbursements can be allocated back to the fund/account to which the original expenditures related. For example, the Ohio Department of Job and Family Services (ODJFS) indicated the reimbursement related to March claims can be found on the July bill. Therefore, entities can choose to prorate the July credit based on how the March bill was originally expensed. Additional consideration of how these items are recorded may be particularly important if grants are used to pay unemployment.

- d. **For GAAP basis entities, should a receivable be included in my financial statements to reflect the unemployment reimbursements?**

No, since ODJFS views the reimbursements as reducing future bills, booking a receivable is not required. Rather, we would reduce the payable for claims by any reimbursements. A receivable would only be included if an employer is in a credit position after all claims and reimbursements are considered.

9. **Does the Families First Coronavirus Response Act (FFCRA) small business exemption apply to public employers with less than 50 employees? (December 3, 2020)**

No, it is the understanding of the AOS that the FFCRA's exemption for employers of 50 employees or less applies only to small businesses and **not** to a non-federal public employer.

10. **Are Ohio governments eligible to receive the Families First Coronavirus Response Act (FFCRA) employer tax credit? (February 11, 2021)**

Political subdivisions are not eligible for the FFCRA employer tax credits. However, pursuant to [IRS Notice 2020-54](#), all employers must include FFCRA leave wages paid between April 1, 2020 and December 31, 2020, in box 14 of the recipient's 2020 Form W-2 or on a separate statement. The wage amount that the notice requires employers to report on Form W-2 will provide employees who are also self-employed with the information necessary to determine the amount of any sick and family leave equivalent credits they may claim in their self-employed capacities. So you should report the FFCRA wages for the W-2 even though you are not an eligible employer for the credits.

Below are some additional links to IRS guidance on Reporting wages pursuant to the FFCRA. Additional contact information for the author of IRS Notice 2020-54 is provided on the last page of the notice for further questions.

<https://www.irs.gov/pub/irs-drop/n-20-54.pdf>

<https://www.irs.gov/newsroom/covid-19-related-tax-credits-basic-faqs>

11. **[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? \(updated February 11, 2021\)](https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding) (See Q6 in Uniform Accounting Network (UAN) Section)**

## 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? (updated December 3, 2020)**

Due to the cancellation of the Local Government Officials and other key conferences, the Auditor of State's Office has made webinars available on our website at

<http://www.ohioauditor.gov/trainings/registration.html> , and topics that qualify for FIA credit are identified.

**3. I'm a local government official, how do I obtain continued professional education during the pandemic? (updated December 3, 2020)**

Although we regrettably had to cancel the 2020 conference, we have published virtual training opportunities on our website at <http://www.ohioauditor.gov/trainings/registration.html> .

## 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, how should the refund be recorded in the Uniform Accounting Network (UAN) system? (updated November 23, 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? (updated November 23, 2020)**

The Auditor's office waived 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 accelerated 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](mailto: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 Q12 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? (updated February 11, 2021)**

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%202021,%202020.pdf>.

Furthermore, the IRS has issued [Notice 2021-11](#) with guidance to address how employers who elected to defer certain employees' payroll taxes can withhold and pay the deferred taxes throughout 2021 instead of just the first four months of the year. This notice provides the end date of the period during which employers must withhold and pay Applicable Taxes is postponed from April 30, 2021, to December 31, 2021, and associated interest, penalties, and additions to tax for late payment with respect to any unpaid Applicable Taxes will begin to accrue on January 1, 2022, rather than on May 1, 2021. Local governments should review and consider this Notice, in consultation with their legal counsel, to determine the proper path forward for collecting the deferred payroll taxes. UAN has prepared a User Note dated January 25, 2021 describing the steps necessary to implement these provisions within the UAN system if a local government so chooses. See the [UAN webpage](#) for additional resources and support.

7. [My government will not be spending all of the CRF money received under HB 481 and HB 614. When we make repayment to our pass-through entity \(county auditor, etc.\), should it include the interest earned on those funds? How should my government record the repayment in the accounting system? \(October 19, 2020\) \(See Q13 in Coronavirus Relief Fund Section\)](#)

8. **Regarding reallocating transactions to Coronavirus Relief Funds, I understand that I must open new purchase orders in the new fund before I can reallocate the payments in UAN. What dates should be used on the purchase order and should a Then and Now purchase order be used? Funds were not received and appropriated until recently, but the expenditures date back to March. (November 23, 2020)**

New purchase orders opened in UAN to reallocate payments to the CRF fund can include the date when the new PO was opened. Since this is a “reallocation” of the expenses and not a new expense being incurred, auditors will focus on the original encumbrance and expenditure dates for compliance testing, therefore a Then and Now PO would not necessarily be required. Additionally, blanket purchase orders, issued in accordance with Ohio Revised Code requirements and permissible for related CRF expenditures, can be issued to reallocate CRF payments. Reallocation instructions specific to UAN can be found in the UAN User Note dated September 9, 2020, available [here](#).

Entities that do not use UAN will need to work with their accounting system vendors to identify the best method to reallocate the encumbrances related to any reimbursements. However, the original expenditure and encumbrance will be the primary focus of our audit testing.

## Archived FAQs

Please note these archived FAQs will not be updated for additional changes that may occur, including new legislation or other guidance. Those changes will be addressed in new FAQs as necessary.

1. **Are local offices required to remain open during the period of emergency? (updated October 5, 2020) – Archived due to expiration of the Governor’s Order.**

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.

**2. 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? – Archived due to expiration of the specified period.**

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.

**3. Are schools exempt from any other requirements as a result of COVID-19? (updated December 3, 2020) – Archived due to expiration of the specified period. Refer to ODE’s website for listing of waivers and flexibilities currently in effect.**

Yes. Among other school waivers provided for in House Bill 197, COVID-19 Emergency Bill Section 17, (as amended by HB 404) allows the following exemptions, for the 2019-2020 school year (unless otherwise noted), 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. Amendments via House Bill 404 further specifies schools may not be penalized for failing to administer to a student in the fall of 2020 the kindergarten readiness assessment, any diagnostic assessments, or the third-grade English language arts achievement assessment, as otherwise required by law, if:

- a. The student is being quarantined;
- b. The student, or a member of the student’s family, is medically compromised and the student cannot attend school, or another physical location outside of the home, for the testing;
- c. The student resides in an area that is subject to a stay-at-home order issued by the Governor, the Department of Health, or a local board of health; or
- d. The student is receiving instruction primarily through a remote learning model up through the deadline for the assessments and they cannot be administered remotely.

HB 404 also states that these provisions should not be construed as prohibiting a district or school from administering any of the assessments if it elects to do so.

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) for commissions established prior to March 27, 2020.
  - 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.
7. Prohibits the use of the value-added progress dimension from the 2019-2020, 2020-2021, and 2021-2022 school years to measure student learning attributable to teachers, principals, or school counselors for their performance evaluations. House Bill 404 further authorizes a school district board to elect not to complete for the 2020-2021 school year a performance evaluation of a district employee, including a teacher, school counselor, administrator, or superintendent, if the district or board determines that it is impossible or impracticable to do so.
8. 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.
9. 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.
10. HB 404 also incorporates the following Kindergarten and First Grade screenings:
  - Specifies that a school district, community school, or STEM school may not be penalized for failing to conduct health screenings for a student in kindergarten or first grade prior to November 1, 2020, as otherwise required by law, if that student was a "qualifying student" prior to that date.
  - Requires a district or school to conduct health screenings prescribed by law for kindergarten and first grade students who did not receive those screenings for the 2020-2021 school year prior to the bill's effective date, but specifies that a school may forego screenings until they can be safely conducted for a particular student if that student is a "qualifying student."
  - Specifies that:
    - The parent, guardian, or custodian of a kindergarten or first grade student who has not received a health screening prescribed by law for the 2020-2021 school year may request the student's district or school to conduct the screening;
    - The district or school must conduct the requested screening; and
    - The district or school is prohibited from denying the request of the parent, guardian, or custodian of a "qualifying student."
  - Specifies that a student is a "qualifying student" if:
    - The student is being quarantined;
    - The student, or a member of the student's family, is medically compromised and the student cannot attend school, or another physical location outside of the home, for the screening;
    - The student resides in an area subject to a stay-at-home order issued by the Governor, Department of Health, or a local board of health; or
    - The student is receiving instruction primarily through a remote learning model and the screening cannot be administered remotely.

11. A community school is permitted to accept responsibility to provide or arrange for transportation of its students in accordance with continuing law for the 2020-2021 school year by December 31, 2020 (rather than January 1 of the preceding school year as otherwise required by law). HB 404 also specifies that a community school that accepts responsibility to provide or arrange for transportation under this provision must receive state transportation funding for the entire school year.

**4. 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)? – Archived due to expiration of the specified period.**

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.

**5. Will public water systems enforce drinking water fees and disconnections during the period of emergency? – Archived due to expiration of the specified period.**

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.

**6. Can County Jobs and Family Services Departments waive the waiting period that an individual must serve prior to receiving unemployment benefits? – Archived due to expiration of the specified period.**

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. 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) – Archived due to expiration the specified period and OMB Memo.**

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](#).

**8. 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) – Archived due to expiration of the OMB Memo.**

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.

**9. 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) – Archived due to expiration of the OMB Memo.**

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.

**10. 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) - Archived due to expiration of the OMB Memo**

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, OMB 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.

**11. How do I encumber obligations for items such as payroll and other direct charges which are not legally required to be encumbered and my accounting system will not permit the creation of a purchase order for this type of expense? (January 29, 2021) - Archived due to expiration of this requirement under the House Bill**

Encumbrances should follow the normal purchase order process (which may include, issuance of regular purchase orders, Then and Now Certifications, Blanket POs and Super Blanket POs). Direct charges (e.g., payroll) are not normally required to be encumbered; however, in light of the language in HB 481 and HB 614, entities should consider encumbering eligible direct charges for the CRF anyway. If the accounting system does not permit establishment of a PO for a direct charge, entities should work with their legal counsel and consider whether having the governing board pass an ordinance or resolution to effectively encumber such charges is a viable option to legally encumber CRF direct charges. The resolution/ordinance should include information that would normally be included in a PO.

Information in this FAQ is intended only to satisfy the “encumbrance” requirement related to redistribution within HB 481/614 which occurred in November, 2020. The bills required local governments to return unspent and unencumbered funds to the county auditor for redistribution by Nov. 20. Now that the redistribution is over, there is likely no reason to encumber transactions that are not ordinarily required to be encumbered under Ohio law. For example, there is no need to encumber payroll and interest after Nov. 20. The period after redistribution will be focused only on “incurred costs”/spending down items encumbered prior to Nov. 20, and spending down new allocations received on Nov. 25 (as a result of the redistribution).

**12. When should I return unspent CRF funds to my County Auditor for redistribution? All expenditures should be incurred by December 30th, but how long do I have to liquidate those expenditures? (November 23, 2020) - Archived due to extension of the covered period for the Coronavirus Relief Fund by the Consolidated Appropriations Act of 2021**

The following dates have been established as part of HB 481 as amended by HB 614 in accordance with CARES Act, and US Department of Treasury Guidance:

- *November 20, 2020* – Local Governments must return unspent and unencumbered CRF funds to the County Auditor pursuant to HB 481 and HB 614.
- *November 25, 2020* – County Auditor must redistribute remaining CRF funds to eligible local governments pursuant to HB 481 and HB 614.
- *December 30, 2020* – Local governments must “incur” all CRF expenditures by this date, meaning goods must be received and services rendered by this date per the CARES Act and US Treasury guidance.
- *December 31, 2020 through January 31, 2021* – Liquidation period for payments of invoices and/or payroll charges related to expenditures incurred as of December 30, 2020 pursuant to HB 481 and HB 614.
- *February 1, 2021* – Return of unspent CRF to the Office of Management and Budget by local governments, pursuant to HB 481 and HB 614.