



# American Rescue Plan Act of 2021 (“ARP”) – Perspectives and Lessons Learned for Government Organizations

March 31, 2021

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# At the end of this session, you will be able to:

- Discuss the latest COVID-19 relief bill and government-specific funding.
- Discuss processes for identifying, assessing, and prioritizing risks relating to COVID-19 programs, and how to align them with your organization's goals and objectives.
- Recognize how to compare an innovative mindset with strategies that focus on compliance.
- Identify lessons learned and success stories from other COVID-19 programs through an interactive discussion with government panel members.





# Pandemic Impacts and Risk Assessments Moving Forward

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# How COVID-19 has impacted risks and operations

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# Impact on Employees

- **Reductions in Workforce**
- **Retirements**
- **Sick leave**
- **Work-life balance**
- **Additional job duties**
  - Training may be needed
  - Knowledge of Federal Programs (CARES Act, ARP) if performing program related work



# Budget Impact

- **Federal funding to replace lost revenues allowable under the new ARP\***
- **Budget cuts**
- **Additional costs of services and education**
- **Pressure from Legislators**
- **Bond issuance concerns**

**\*within the definitions of the bill**



# Fraud Impact

- **Fraudsters are drooling at the opportunities!**
  - Social Engineering
  - Program Fraud/Abuse
- **Pressure to disburse funds quickly to those in need**
- **Unemployment, PPP, Business grants/loans**
- **Increased internal fraud potential**
  - Financial Hardship
  - Opportunity





# Impact of Others

- **Outside service providers may be impacted**
  - SOC Reports
  - Have vendor operations been disrupted/changed?
  - Is vendor accessibility or connectivity been updated?
- **Entities requesting electronic payments**
- **Invoices submitted electronically**



# Impact on IT Systems

- **Implementation of new systems delayed**
- **Change management and user access**
  - Current process is shortcut for faster response
  - Testing of changes inadequate
- **Review of automated interfaces**
- **Lack of proper infrastructure**





# Other Impacts and Remote Trends

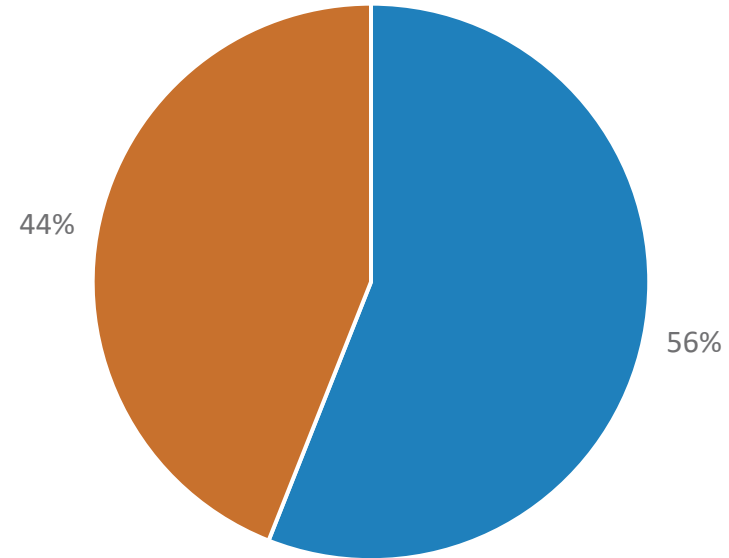
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# Virtual Culture

- Global Workplace Analytics current estimate (in 2020) is about **60 million** U.S. employees could work-from-home at least part of the time (*56% of the workforce*).
- Our best estimate is that we will see **25-30%** of the workforce working at home on a multiple-days-a-week basis by the end of 2021

<https://globalworkplaceanalytics.com/work-at-home-after-covid-19-our-forecast>

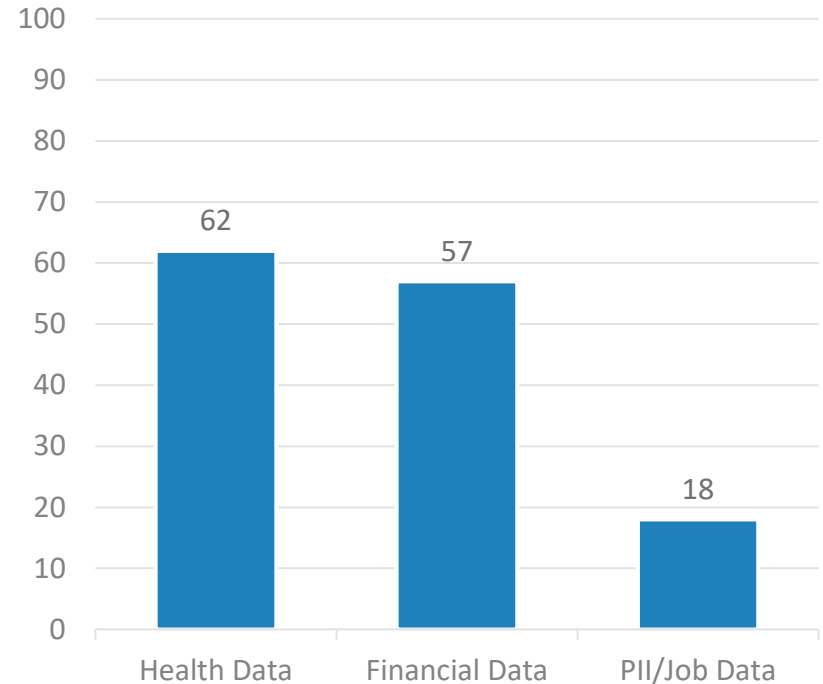


■ Possible Remote Workforce    ■ Onsite Workforce



# Mobile Culture

- The Pew Research Center states that **62 percent** of users accessed information about their health conditions on a mobile device.
- In addition, **57 percent** use mobile devices for online banking, while **18 percent** have submitted a job application on their smartphone.





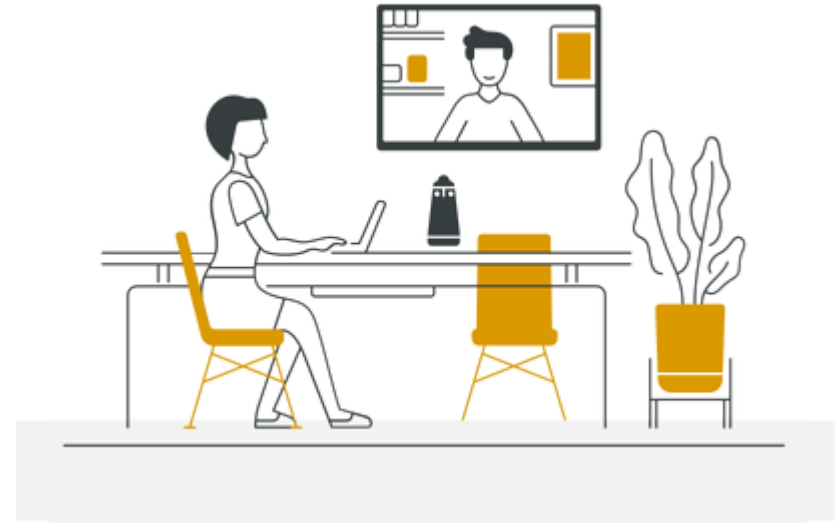
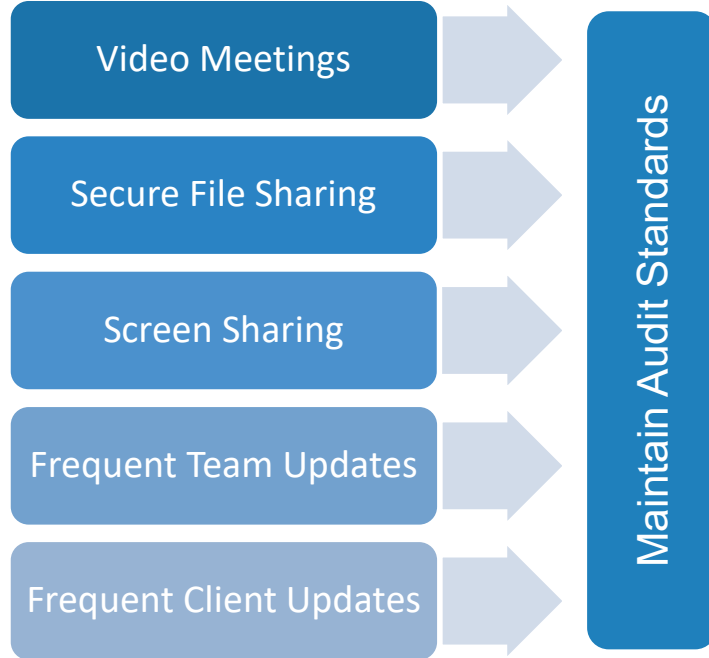
# Risk Assessments and Controls

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# Remote Assessment and Auditing –



# Effect on Internal Controls

- **Need to reassess how controls are performed**
  - Manual vs Automated
- **Continued review of procedures and effectiveness of controls**
  - Is current state of processes/controls anything like documented procedures or expectations?
- **Implementation of new controls**
  - Have risks been identified? Who owns the controls? Have they been documented?



# Perform Risk Assessments

- **Consider new risks and impacts**
- **Include individuals at all levels from various departments**
- **Consider manual and automated process**
- **Reassess project priorities**
  - This also includes a “look back” during the pandemic to revisit changes, activities, etc. that weren’t evaluated due to the rapid deployment/shift in workforce and virtual operations.
  - Are changes consistent with strategy and objectives? Is “re-alignment” needed?



# Leading Practices for Involvement/Leverage

- **Are there crisis management committees?**
  - What information are they sharing/communicating?
  - How do we get involved and leverage into the risk assessment process?
- **Data analytics – are we using them? Might be a great time to look at integrating these tools.**
- **Focus on new risks, as well as ones that may have significantly changed.**
- **Identify new processes, systems, and vendors**





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# The American Rescue Plan Act of 2021 (“ARP”): Overview for Governments

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# Overview of the American Rescue Plan Act

- **Signed into law March 11, 2021**
- **\$1.9 trillion total package, of which \$360 billion in aid for state and local governments, and another ~\$300+ billion in additional funding for education, rental and housing assistance and transit areas**
- **Time period for funds available for most programs under ARP is longer than the CARES Act, example: Coronavirus State and Local Fiscal Recovery Funds through 12/31/2024**



# ARP Related Government Funding Highlights

## Coronavirus State and Local Fiscal Recovery Funds (\$362 billion total): Subtitle M, Sec. 9901 Coronavirus State and Local Fiscal Recovery Funds

### Sec. 602 Coronavirus State Fiscal Recovery Fund (\$219.8B)

- \$195.3 billion for the 50 States and Washington DC
- \$20 billion for Tribal governments

### Sec. 603 Coronavirus Local Fiscal Recovery Fund

- \$130.2 billion for local govts. (metropolitan cities: \$45.57B, nonentitlement units of local government: \$19.53B, and counties: \$65.1B)

### Sec. 604 Coronavirus Capital Projects Fund

- \$10B to States, territories and Tribal governments

### Sec. 605 Local Assistance and Tribal Consistency Fund (\$2B)



## Housing Provisions (\$41.55 billion): Subtitle B

### Sec. 3201 Emergency Rental Assistance (\$21.55B)

- \$18.6B allocated to States, territories, counties and cities for emergency rental and utility assistance

### Sec. 3202 Emergency Housing Vouchers (\$5B)

- Sec. 3205 Homelessness Assistance and Supportive Services Program (\$5B)

### Sec. 3206 Homeowner Assistance Fund (\$10B)

- For States, territories and Tribes for ongoing needs of homeowners

## Ratepayer Protection (\$5 billion): Subtitle K

### Sec. 2911 Funding for LIHEAP (\$4.5B)

### Sec. 2912 Funding for Water Assistance Program (\$500 m)

# ARP Related Government Funding Highlights (cont'd)

## Education (\$165 billion): Subtitle A

### Sec. 2001 Elementary and Secondary School Emergency Relief Fund (ESSER) (\$122.7B)

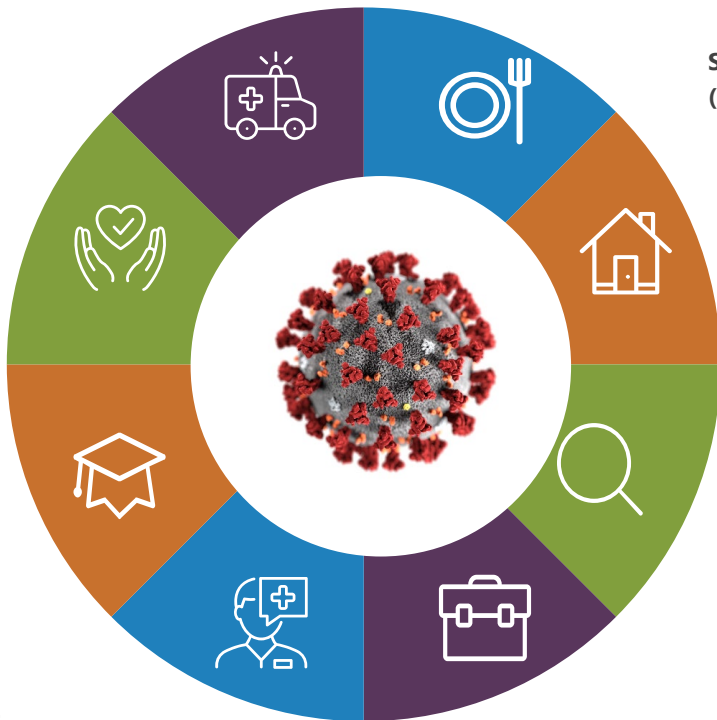
- Grants to State educational agencies.
- States are required to subgrant at least 90% of ESSER funds to school districts to support the implementation of public health protocols to safely reopen schools for in-person learning, address students' learning loss, and meet students' long-term academic, social and emotional needs.

### Sec. 2003 Higher Education Emergency Relief Fund (\$39.6 billion)

- To colleges and university and their students

## Broadband for Remote Learning (\$7.17 billion): Subtitle D

### Sec. 7402 Funding for E-Rate Support for Emergency Educational Connections and Devices



## Public Transportation (\$30 billion): Subtitle D

### Sec. 3401 Federal Transit Administration Grants (\$30B)

## Homeland Security and Govt. Affairs (\$50 billion): Title IV

### Sec. 4005 Federal Emergency Management Agency (FEMA) (\$50B)

## Environment and Public Works (\$11 billion): Title VI

### Sec. 6001 Economic Adjustment Assistance (\$3B) Sec. 7102 Relief for Airports (\$8B)



# Coronavirus State Fiscal Recovery Funds – Summary of key points

- States (\$219.8B total):
  - \$25.5B divided equally, \$169B divided based on state's share of unemployed workers
  - Timing of payment: within 60 days of certification by the State or territory (per pg. 580 of ARP)
    - ◇ Covered period starts March 3, 2021, funds available until December 31, 2024



# Coronavirus State Fiscal Recovery Funds – Summary of key points (cont'd)

- Use of funds (pg. 577-578 of ARP)
  - Responding to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries (tourism, travel and hospitality)
  - Premium pay to eligible workers of the State, territory or Tribal govt. (\$13/hour, max \$25k/worker), or by providing grants to eligible employers that have eligible workers who perform essential work
  - For the provision of government services to the extent of the reduction of revenue is due to COVID-19 health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency
  - For necessary investments in water, sewer or broadband infrastructure



# Coronavirus State Fiscal Recovery Funds – Summary of key points (cont'd)

- Use of funds (cont'd)
  - **\*CANNOT use to directly or indirectly offset reduction in net tax revenue resulting from change in law/reg/admin. interpretation (i.e. no tax cuts and no delays in tax increases)**
  - Cannot be deposited into a pension fund
  - \*This is a hot topic and already a proposal is pending in the US Senate addressing the potential walking back of this state tax policy limitation. Stay tuned.





# Coronavirus Local Fiscal Recovery Funds – Summary of key points

- Local governments (\$130.2B total):
  - Metropolitan cities: population greater than 50k, based on modified CDBG formula, direct from the Treasury
  - Nonentitlement units of local government: population less than 50k, non-CDBG eligible, this money will come through States (no later than 30 days after the States receive). Also capped at 75% of most recent budget as of 1/27/20.
  - Counties: based on population, direct from the Treasury
  - Timing: 1<sup>st</sup> amount within 60 days of enactment; 2<sup>nd</sup> amount one year later
  - Funds available until December 31, 2024

# Coronavirus Local Fiscal Recovery Funds – Summary of key points (cont'd)

- Use of funds (pg. 593 of ARP)
  - ◇ Responding to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries (tourism, travel and hospitality)
  - ◇ Premium pay to eligible workers of the local govt. (\$13/hour, max \$25k/worker) or by providing grants to eligible employers that have eligible workers who perform essential work
  - ◇ For the provision of government services to the extent of the reduction of revenue is due to COVID-19 health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency
  - ◇ For necessary investments in water, sewer or broadband infrastructure
  - ◇ Cannot be deposited into a pension fund





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# Panel of Your Government Peers – Lessons Learned and Success Stories of COVID-19 Related Programs

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# Panel Members

Sergio Vidal, CPA, Asst. Finance Director, City of Santa Ana, CA

- Population Size: ~335,000
- Total Budget: \$669.9 million
- Primary Sources of Federal Funding: HUD, Treasury

Lita McHugh, CPA, CIG, CIGI, Inspector General, Polk County, FL Clerk of the Circuit Court & Comptroller

- Population Size: ~686,000
- Total Budget: \$1.79 billion
- Primary Sources of Federal Funding: Dept. of Homeland Security, HUD



# Panel Members

## Leon Goodwin III, Town Manager, Town of Dedham, MA

- Population Size: ~25,000
- Total Budget: \$120 million
- Primary Sources of Federal Funding: Department of Education, USDA, Treasury, Dept. of Homeland Security



# Panel Discussion



**Sergio Vidal, CPA  
Asst. Director of  
Finance  
City of Santa Ana, CA**



**Lita McHugh, CPA,  
CIG, CIGI  
Inspector General  
Polk County, FL**



**Leon Goodwin III  
Town Manager  
Town of Dedham, MA**

# Panel Questions – Lita, Sergio and Leon

- 1. What sorts of challenges or pain points did you experience with past COVID-19 related programs? Communications, designating a point person/committee, compliance with regulations, execution of programs, internal controls, workload of current team, etc.? How were you able to address these or plan to address in the future?**



## Panel Questions – Leon and Sergio

**2. How do you get stakeholder (internal and outside/general public) buy-in for federal programs? What has worked and what hasn't?**

**Have you done any sorts of surveys or other outreach to your community about what the needs are to help businesses, help with gaps in unemployed workforce skill sets, or other areas?**



## Panel Questions – Sergio and Lita

**3. Can you talk about success stories relating to your COVID-19 programs? How can these be translated to the next COVID-19 funding (the American Rescue Plan Act of 2021, “ARP”) and other future federal programs?**

**Has your organization discussed ways to incorporate innovation into federal programs? In terms of how programs are internally being managed or in helping the greater community with needs?**



# Panel Questions –Lita

**4. Fraud prevention and detection measures, can you discuss these? What worked and why?**



## Panel Questions – Leon, Lita, and Sergio

**5. If you could do one thing differently next time, what would you do differently?**



# Summary and Takeaways

- Take steps now to plan ahead for this funding, but be flexible throughout the process
- Grant management plan/committee is critical
- Accounting for the funding and related expenditures at the beginning of the programs is key
- Internal controls should be top of mind from start to end of grant programs
- Memorialize decision points for usage of funding, citing guidance in place at the time
- Involve legal counsel, program managers, governance, other stakeholders early in the process



# Ways CLA Can Help!

- Work with your organization to develop effective strategies for implementing grant management policies and procedures
- Assist with resources to ease the burden of grant compliance
- Help your organization with subrecipient risk assessment and monitoring
- Assist in the setup and processing of applications for grant programs or rental assistance initiatives
- Articles, future events, and other resources at CLAconnect.com:  
<https://www.claconnect.com/resources/articles/2021/american-rescue-plan-act-evaluating-the-impact-on-states-and-governments>





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