Guidehouse

Lighting the Way for our Clients to Lead the Way

SLFRF Reporting & Compliance

Agenda

01

Introductions

Who is Guidehouse and in what role do we currently serve?

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- **Guidehouse**

- **Grant lifecycle consulting**

- **New Eligible Expenses**

- **New Reporting Requirements**

02

Contracts, Claw backs, and Compliance

Three areas of focus to streamline reporting and compliance

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- **Contracts**

- **Claw backs**

- **Compliance**

03

What to do next

Recommendations for Reporting and Compliance going forward
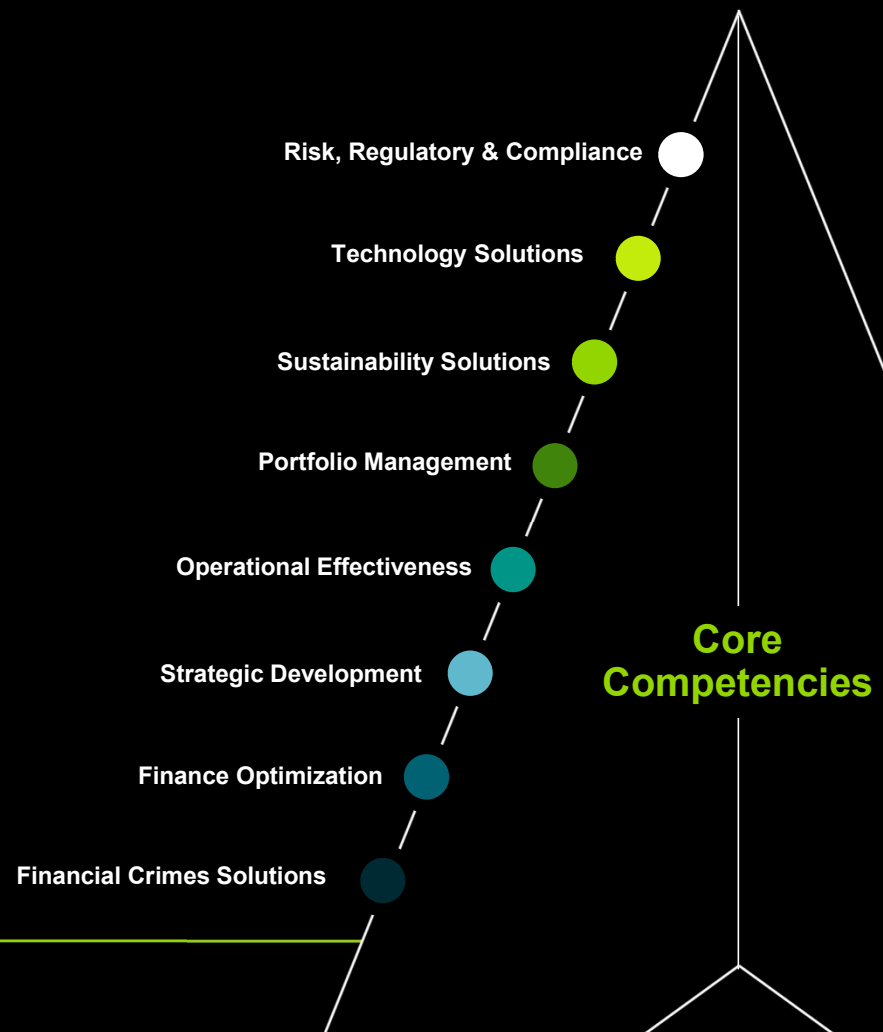
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- **Schedule**

- **Documentation**

- **Monitoring**

What We Do

We are a client-centered, mission-driven organization **focused on solving today's most complex issues** facing our clients and our world through collaborative solution design, bold strategy, and innovation that advances conventional thinking.

We strive to help our clients succeed, so together we build and nurture trust in society, impact quality of life, enhance global stability, resilience, and sustainability.

Risk, Regulatory & Compliance

Technology Solutions

Sustainability Solutions

Portfolio Management

Operational Effectiveness

Strategic Development

Finance Optimization

Financial Crimes Solutions

Core Competencies

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Who We Serve: Public and Commercial Sectors

Energy, Sustainability, & Infrastructure

Partnering with utilities and energy companies, large corporations, NGOs, and the public sector to create sustainable, resilient communities and infrastructure.

Financial Services

Helping clients identify cost drivers to reduce spending and improve accountability. Focus on compliance with the myriad of requirements facing both commercial and public sector organizations.

Health

Offering insight, intelligence, and actionable solutions to help organizations harness the momentum of the market, innovate new solutions, and prepare the workforce for what lies ahead.

State & Local Government

With next generation of predictive analytics, we provide governing bodies the tools, insights, and experience needed to make the right decisions at the right time.

Defense & National Security

Partnering with U.S. Department of Defense clients to execute in the areas of strategy, management, technology, and risk consulting.

Working collaboratively with organizations to reduce spending, meet compliance mandates, guard sensitive data, and maximize solutions holistically across the entire enterprise.
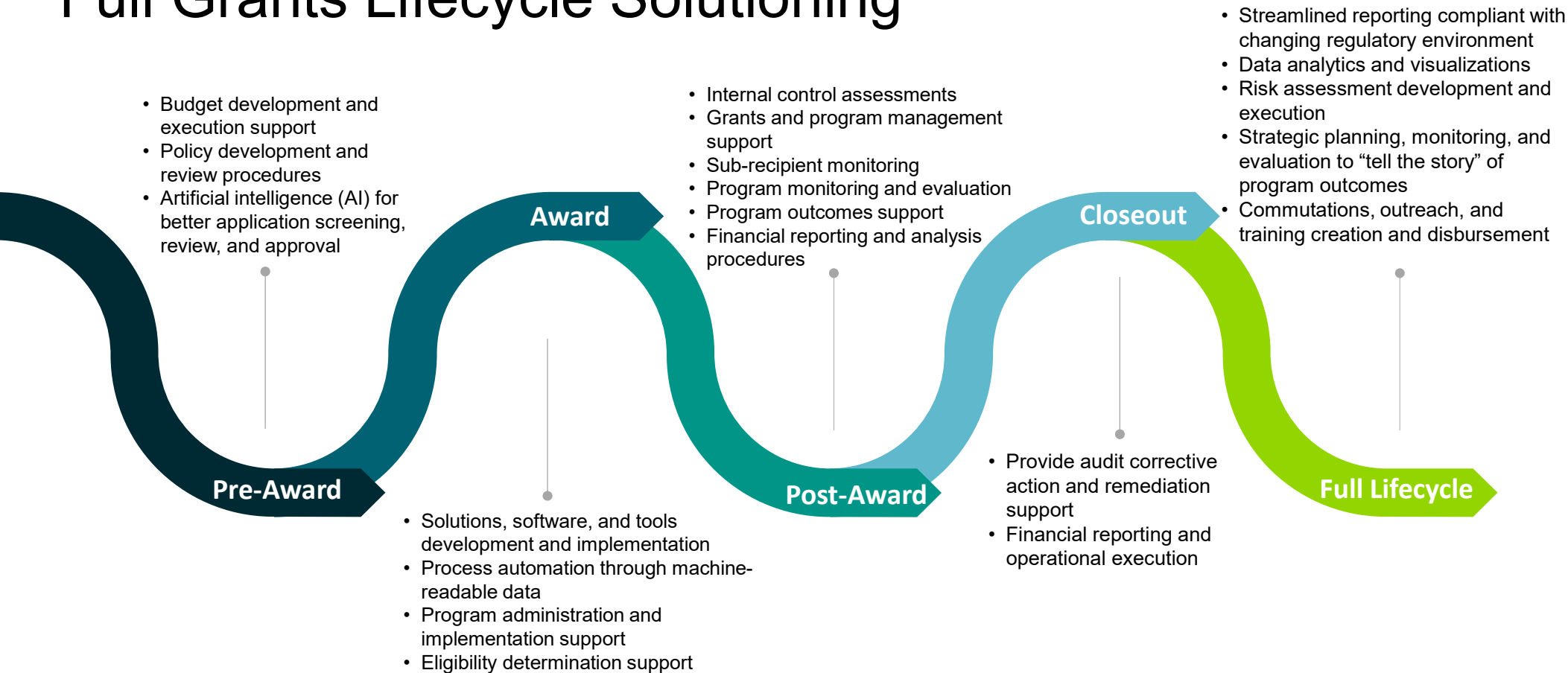
Industry Leading Program Management Practice

Guidehouse has led complex funding management across our clients in energy, healthcare, and state and local government sectors.

Grants Management Experience
Perspectives from across the country

65+
State, County, and City Governments

- ✓ **35-year track record**

- ✓ Successful delivery **closely integrated** to **Proven PMO Framework** and scalable, **tech-enabled**, agile approach

- ✓ **10+** Utility Providers

- ✓ **$20B+** Funds Managed

Full Grants Lifecycle Solutioning

- Budget development and execution support
- Policy development and review procedures
- Artificial intelligence (AI) for better application screening, review, and approval

Pre-Award

- Solutions, software, and tools development and implementation
- Process automation through machine-readable data
- Program administration and implementation support
- Eligibility determination support

Award

- Internal control assessments
- Grants and program management support
- Sub-recipient monitoring
- Program monitoring and evaluation
- Program outcomes support
- Financial reporting and analysis procedures

Post-Award

- Provide audit corrective action and remediation support
- Financial reporting and operational execution

Closeout

- Streamlined reporting compliant with changing regulatory environment
- Data analytics and visualizations
- Risk assessment development and execution
- Strategic planning, monitoring, and evaluation to "tell the story" of program outcomes
- Commutations, outreach, and training creation and disbursement

Full Lifecycle

Serving South Carolina

Richland County

Richland County received $80M in SLFRF funds

Guidehouse role:

- Subrecipient Monitoring
- Grant Application Scoring & Ranking
- Project & Expenditure Reporting

Serving South Carolina
Department of Administration (DOA)

South Carolina received $2.5B in SLFRF funds

Allocated via H 4408 (2022) and S 604 (2023)

Guidehouse role:

- Support seven State Agencies with SLFRF & CPF compliance and reporting including
  - Agency Award Agreements
  - Reporting Requirements & Documentation
  - Quarterly P& E Reporting
  - Annual Reporting

SC Office of Broadband

$400M to Broadband Projects

Three Programs

- ARPA 1.0 SLFRF Grants
- ADGP
- Main Street Program (funded with Capital Project Funds)

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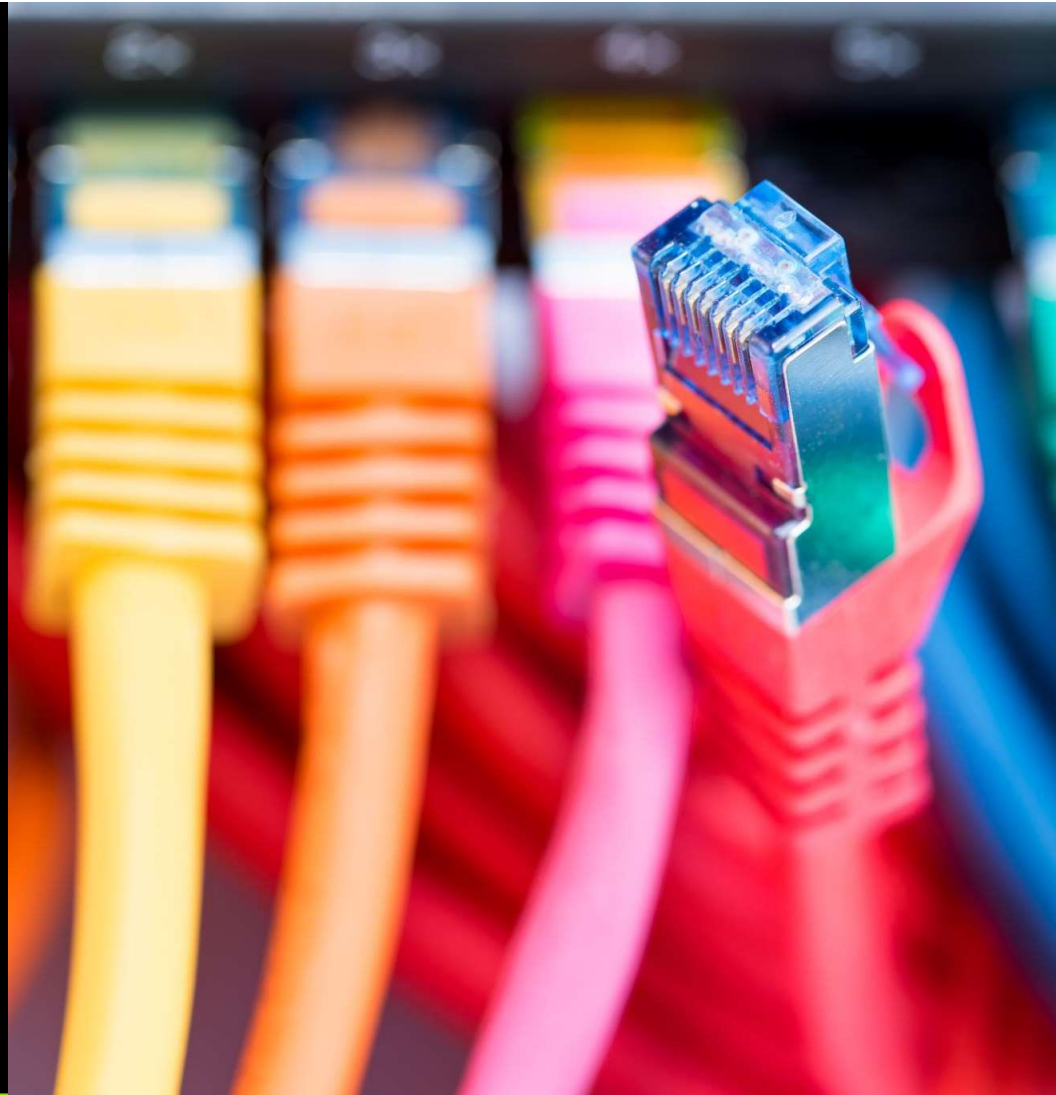
SC Office of Resilience

$100M to Stormwater & Remediation projects

Two programs:

- Stormwater Infrastructure Program
- Yorktown remediation project

CDBG-MIT and ASIP Projects

ARPA Projects (17)
MIT Projects (57)

Date Exported: 3/10/2023
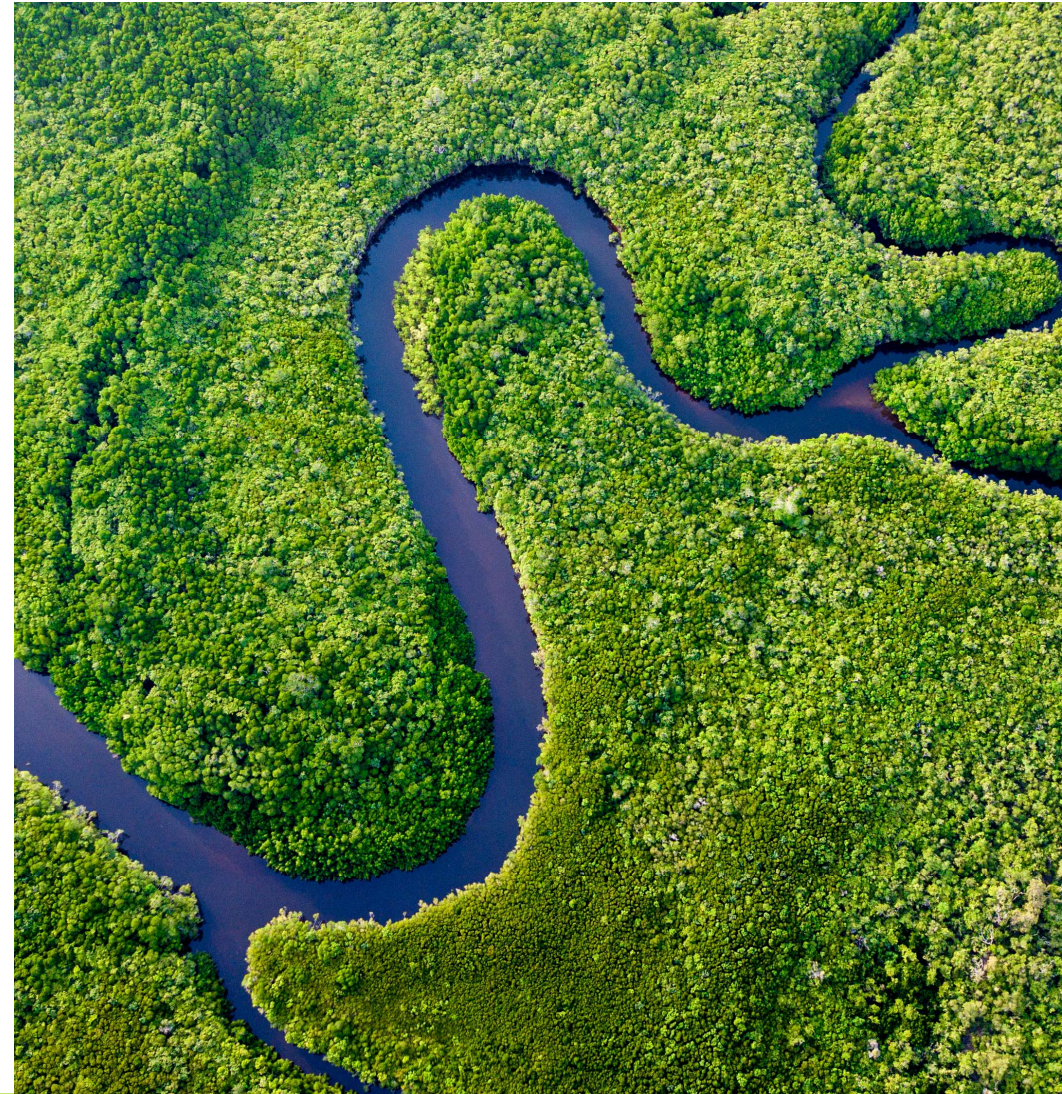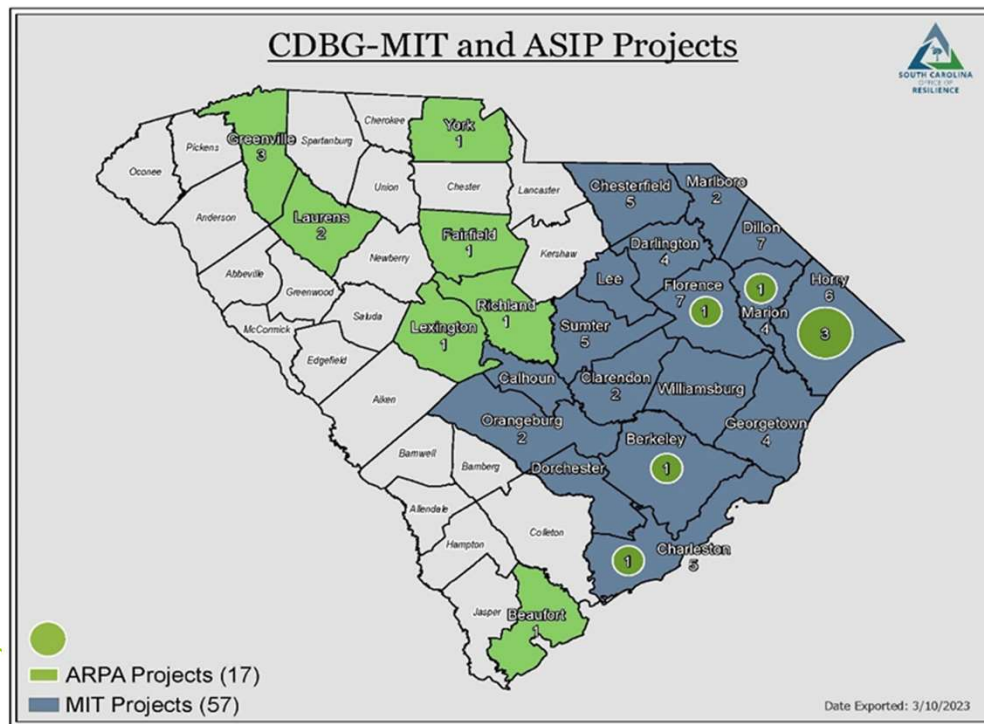
Rural Infrastructure Authority

$1.48B for local Water & Sewer Projects

Four Programs:

- Community Impact Grants
- Viability Planning Grants
- Regional Solutions Grants
- Special Economic Development Projects

SC Infrastructure Investment Program
Grant Awards by County
APRIL 24, 2023

67% Funds Awarded in Small & Disadvantaged Areas

Tier III or IV County

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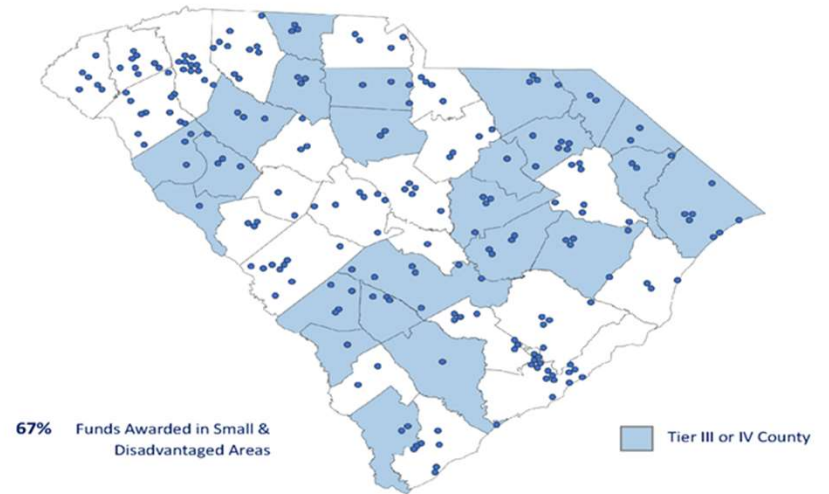
SCDOT

$514M for three Transportation Modernization Projects

Berkely County project:

- Widening I-26 in both directions
- Median safety improvements
- Ramp reconstruction between SC 27 & I-26

Future I-26 widening project

Carolina Crossroads Project

Figure 1: Project Study Area

I-26 Widening MM 187 to MM 194
Berkeley County, SC

Date: 10.01.2019

Legend
- Project Study Area
- Highways
- I-26 Exits
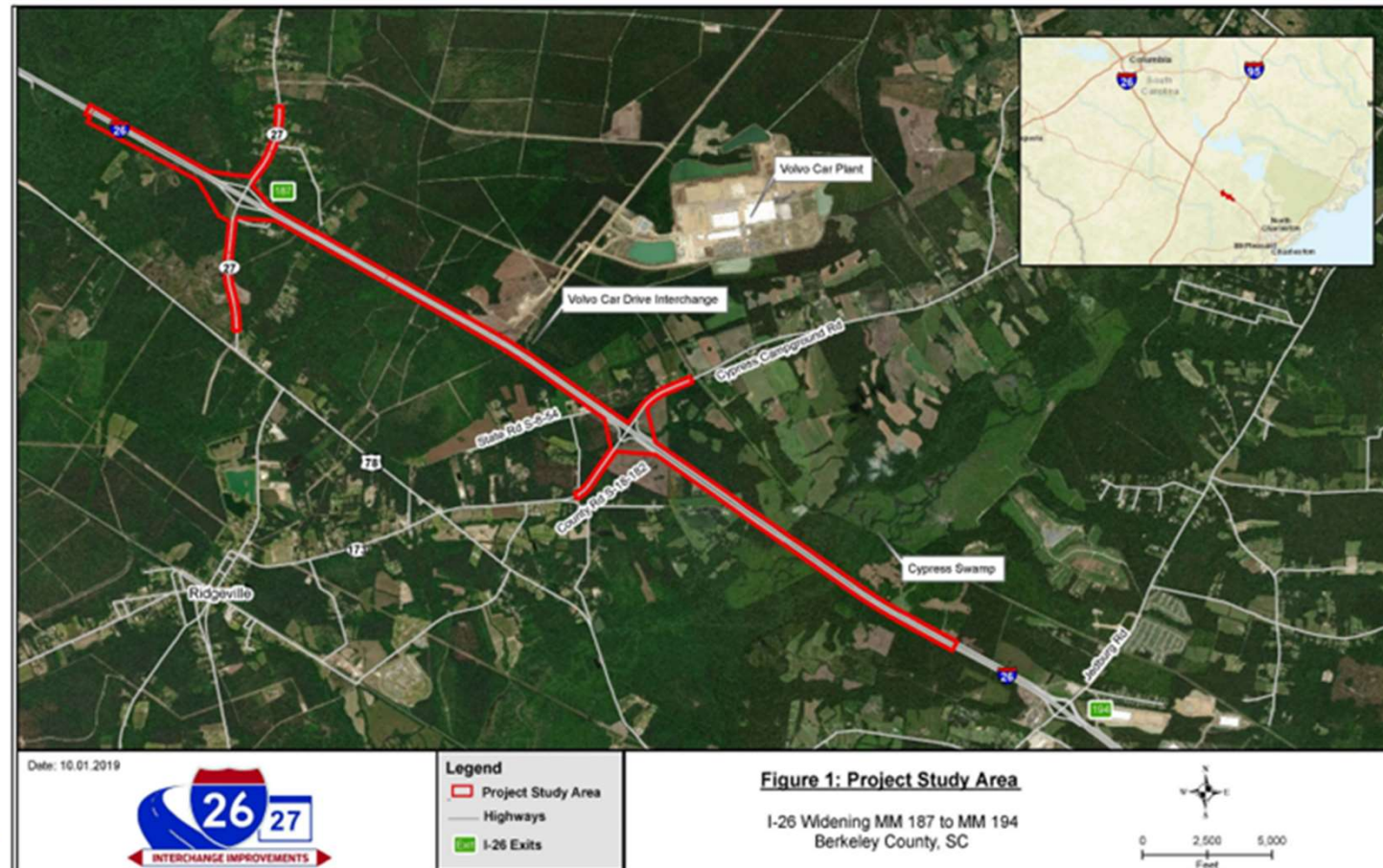
State & Local Recipients

2.5 years into SLFRF awards, most Recipients are here:

Obligated funds

Majority of funds have been approved for projects and are obligated/awarded.

Expending funds

Projects are underway and mostly completed less than 50% therefore less than 50% of funds have been spent

Project & Expenditure Reporting

Reporting is underway; however, there are initial difficulties with receiving all required information from awardees. This may become more difficult.

Annual Reporting

For those who have this requirement, annual reports have been submitted.

Monitoring & Compliance

Maturity of these required programs vary widely from Recipient to Recipient. Opportunity for Recipients develop these now to ensure ongoing compliance
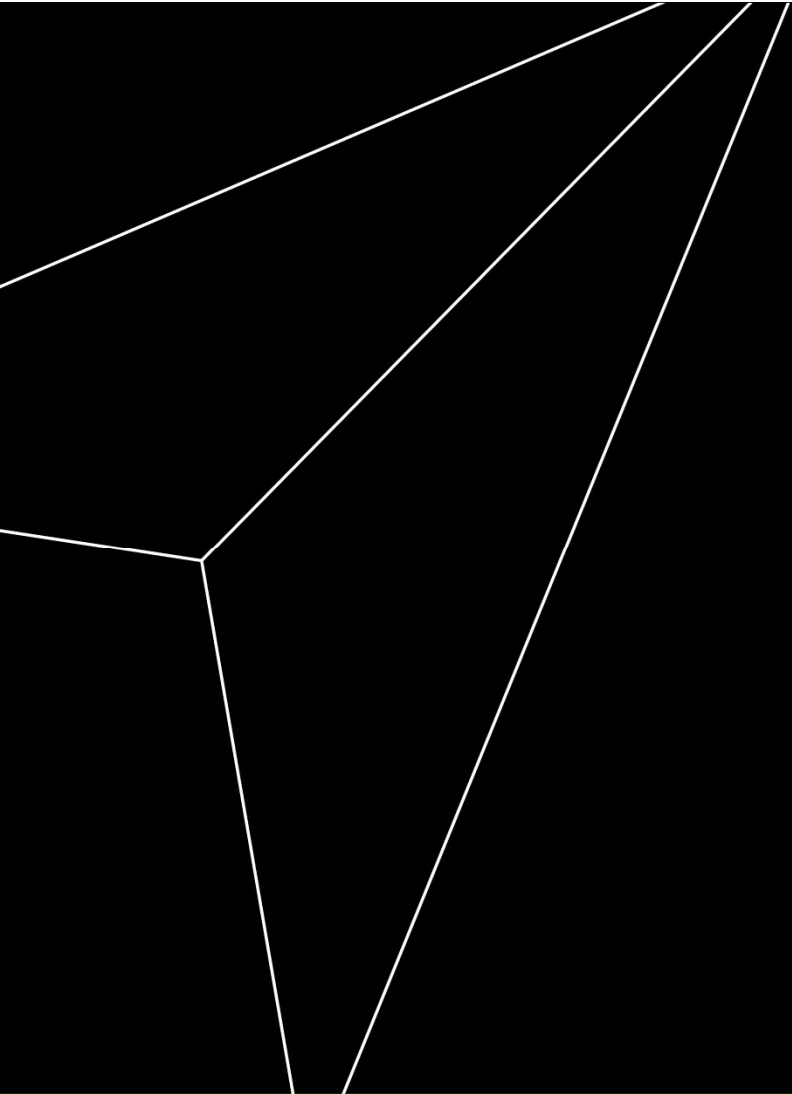
What's New?

Newest US Treasury Guidance

More flexibility // Three new eligibility categories

Emergency Relief for Natural Disasters

Provide emergency relief from natural disasters or their negative economic impacts. Recipients may use these funds to respond to a natural disaster that has occurred or for mitigation activities.

Surface Transportation

Eligible uses for 26 surface transportation programs under three pathways: (1) Supplementing surface transportation projects receiving funding from DOT; (2) Funding surface transportation projects not receiving funds from DOT; (3) Satisfying non-federal share requirements for certain surface transportation projects or repaying a loan provided under the TIFIA program.

Title I Projects

Affordable housing projects that are eligible activities under the Community Development Block Grant (CDBG) and Indian Community Development Block Grant (ICDBG) programs.

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Emergency Relief for Natural Disasters

Emergency relief defined as **"assistance that is needed to save lives and to protect property and public health and safety, or to lessen or avert the threat of catastrophe."**

Eligibility framework for responding to a disaster that has occurred or is expected to occur imminently:

1) Meet the definition of *emergency relief* (above)
2) Have an emergency declaration or designation for the recipient's geography and jurisdiction in the form of:
   - Declaration pursuant to the Robert T Stafford Disaster relief and Emergency Assistance Act;
   - Declaration by the Governor of a state pursuant to state law;
   - Declaration by a Tribal government; or
   - Designation by the chief executive of a recipient government with documentation that the event satisfies the definition of natural disaster

Eligibility framework for providing assistance to lessen or avert the threat of a future natural disaster:

1) Document evidence of historical patterns or predictions of natural disasters that would reasonably demonstrate the likelihood of future occurrence of a natural disaster in its community; and
2) Use this information to demonstrate mitigation measures would be reasonable and proportional to the threat of a natural disaster.

Surface Transportation

Pathway 1: Projects Receiving Funding from DOT

- Projects that are or will be receiving funding from DOT prior to December 31, 2024 for one of the 26 eligible grant programs
- Can be used to expand existing scope, cover unexpected costs, and/or supplement DOT funding in other ways
- Must comply with DOT requirements and limitations and be subject to DOT oversight during the period SLFRF funds are used
- Must consult with DOT prior to using SLFRF funds on these projects
- Must comply with DOT limitations on operating expenses and state of good repair & performance targets
- May impact cost-share requirements for funding recipients.

Pathway 2: Projects Not Receiving Funding from DOT

- Streamlined Framework: Conduct a project that would be eligible under the RAISE grant program
  - Contributes no more than $10 million SLFRF
  - Limited to actions that typically do not have significant environmental impact
- If seeking to use funds outside of the framework, must submit a Notice of Intent to Treasury within 30 days of the closing of the IFR comment period
- Must comply with DOT limitations on operating expenses and state of good repair & performance targets

Pathway 3: Satisfy Non-Federal Share Requirements

- Repay a TIFIA loan or satisfy non-federal share requirements for projects eligible under:
  - INFRA Grants
  - Fixed Guideway Capital Investment Grants
  - Mega Grants
  - Projects eligible for credit assistance under the TIFIA program
- Must consult with DOT prior to using SLFRF as non-federal share
- SLFRF dollars must be used in compliance with DOT requirements for the grant

Each pathway is subject to slightly different compliance requirements. More information can be found beginning on p. 10 of the Overview document and p. 49 of the Interim Final Rule.

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Title I Projects

Recipients using funds for Title I projects must generally comply with Title I requirements and associated regulations, including but not limited to: NEPA requirements, project-level approvals, and some certification requirements.

For all SLFRF recipients:

- **The Primary Objective:** SLFRF recipients must direct at least 70% of SLFRF funds used for Title I projects to projects that principally benefit low- and moderate-income persons.
- **Public Services Cap:** Not more than 15% of SLFRF funds used for Title I projects may be spent under the "public services" category of eligible activities.
- **Planning and Administrative Costs Cap:** Not more than 20% of SLFRF funds used for Title I projects may be spent on planning and administrative costs.
- **BEAD Program Requirements:** Requirements of the Broadband Equity, Access, and Deployment (BEAD) program apply as outlined in section 60102 of the Infrastructure Investment and Jobs Act.

For non-Tribal SLFRF recipients:

- **CDBG National Objectives:** Any project undertaken by a non-Tribal SLFRF recipient must satisfy at least one CDBG National Objective.
- **Labor Standards Requirements:** Prevailing wage rate requirements in accordance with the Davis-Bacon Act and other labor standards applied by HUD to construction work under Title I apply.

Eligible and ineligible activities under Title I projects can be found beginning on p. 16 of the Overview document, and page 108 of the IFR.

October 2023 Project & Expenditure Reporting

Released September 28, 2023

New Expenditure Categories
Disaster Relief // Surface Transportation // Title 1 Projects

Updated UEI Requirements
Every subrecipient and contractor must have UEI

100% Obligated & Expended Project lock
If a completed project is obligated and expended, Treasury will allow these projects to be locked. Quarterly updates will no longer be required.
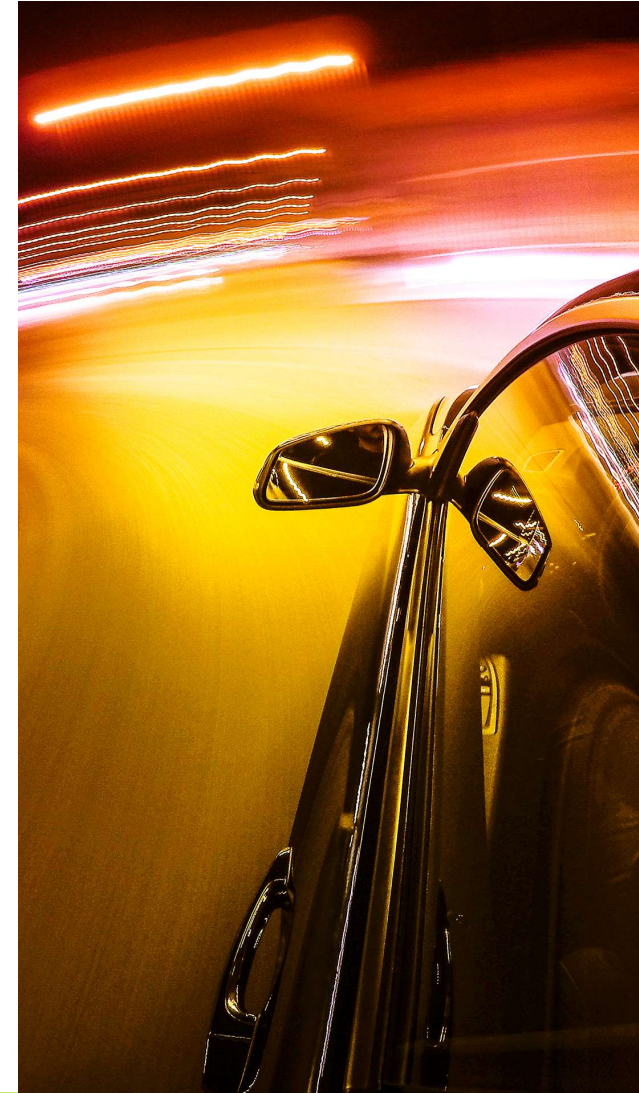
Revenue Loss Determination
Deadline is extended to April 2025

2nd Quarter 2023 | In the rearview….

Evolving US Treasury Reporting Guidance for all Recipients

Other common questions

- UEI
- Fiber ID
- National Pollutant Discharge Elimination Systems (NPDES)
- Public Water Systems (PWS)
- Dates
- Locations
- Projected vs Actual
- Labor Standards

Contracts, Claw backs and Compliance

Continuing on the right path

Addressing challenging reporting requirements

Training our contractors and subrecipients?

Finding the new approaches

As the volume of federal funds and the complexity of managing federal funding continues to evolve, reporting is daunting….
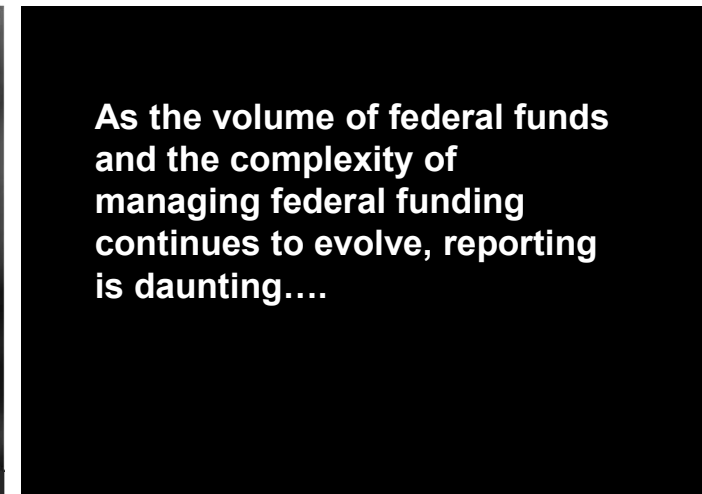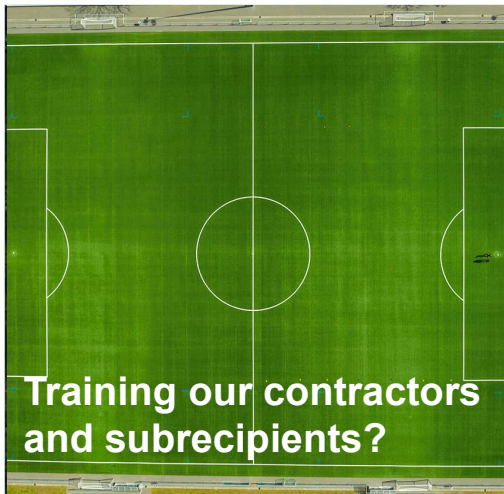
Three Considerations

2.5 years into ARPA focus your attention to:

Contracts

- As guidance is consistently released and obligation timelines near, it's a good time to review your agreements
- Amend or update as needed
- Depending on local laws, approval of contract changes can take time

Clawback policies & and reallocation plans

- Now that the obligation deadline is 18 months away, do all your subrecipients/contracts acknowledge their responsibilities to you and to the US Treasury
- What internal policies are in place to reallocate funding and when will that reallocation happen
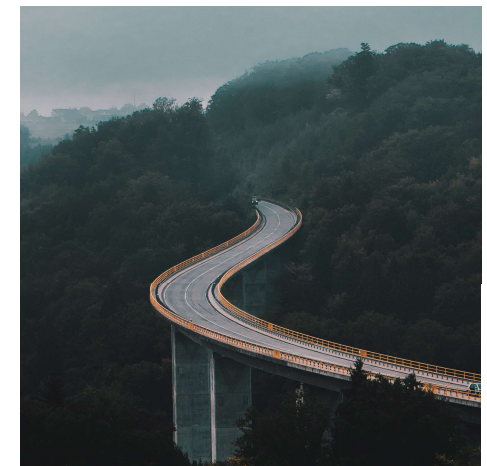
Compliance & Monitoring programs

- How is compliance & monitoring going?
- Are you getting all required reporting fields from subrecipients?
- Are you sure that all documentation is in order?

Contracting

As guidance is consistently released and obligation timelines near, it's a good time to review your agreements.

Consider:

- Do you have the right expenditure deadlines to ensure compliance with Treasury deadlines?

- Do you need to amend or update contracts/agreements to include new/additional reporting requirements?

- Depending on local laws, approval of contract changes can take time. Schedule accordingly
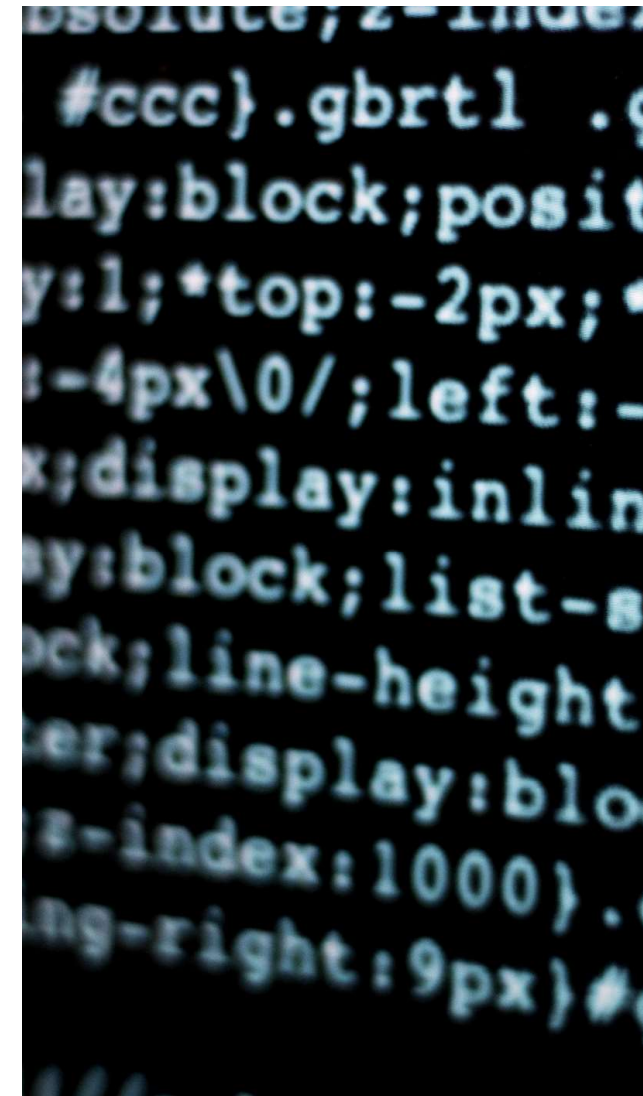
Clawbacks

It's the Recipients responsibility to ensure ARPA investments meet all requirements.

Now that the obligation deadline is 18 months away, consider:

- Do all your subrecipients/contracts acknowledge their responsibilities to you and to the US Treasury? Do they have procedures in place for compliance?

- What internal County/City policies are in place to reallocate funding?

- What County timelines are in place for reallocation, if needed?

- If you have already reallocated, how are you reporting updates?

Compliance & Monitoring

Anticipate the challenges that your subrecipients/contractors will have.

Consider:

- Is your compliance & monitoring program up and running?

- Are you getting all required reports and data for all required ARPA reporting fields from all subrecipients?

- Are you sure that all required subrecipient documentation is in order and audit ready?
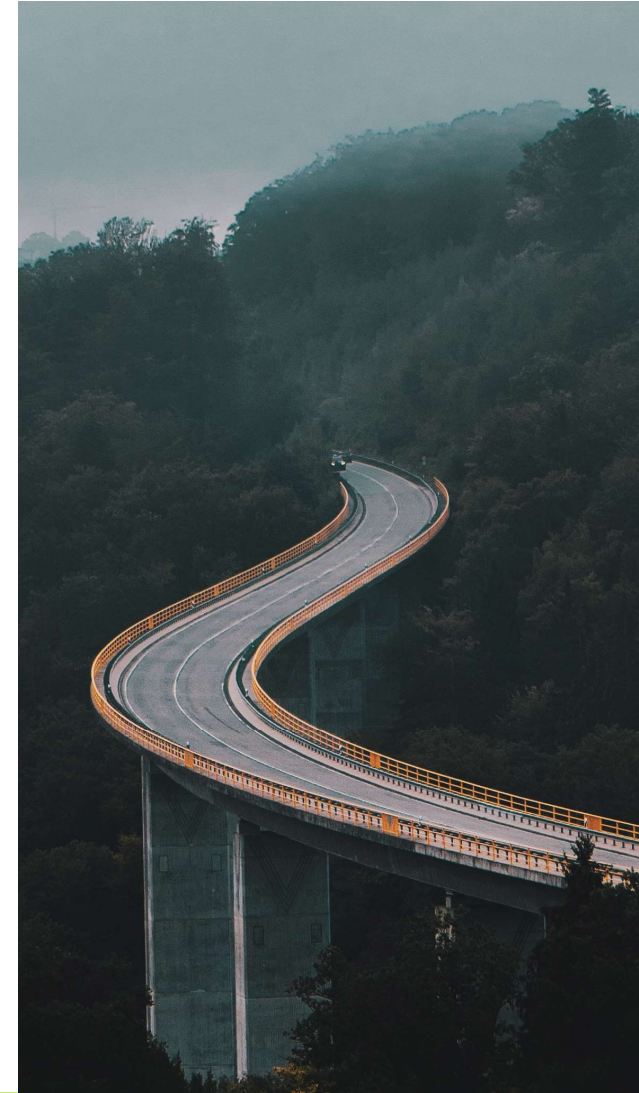
Monitoring & Compliance Program Requirements

2 CRF 200 Regulations

Performance and Financial Monitoring and Reporting

200.328 – 200.330

- **200.328** Financial Reporting
- **200.329** Monitoring and Reporting Program Performance
  a) Monitoring by the non-federal entities
  b) Reporting program performance
  c) Non-construction performance reports
  d) Construction performance reports
  e) Significant developments
  f) Site Visits
  g) Performance report requirement waiver
- **200.330** Reporting on Real Property

Subrecipient Monitoring and Management

200.331 – 200.333

- **200.331** Subrecipient and Contract Determinations
  a) Subrecipients
  b) Contractors
  c) Use of judgment in making a determination
- **200.332** Requirements for Pass-Through Entities
- **200.333** Fixed Amount Subawards

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Critical Steps for every M & C Program

Assess
- Evaluate each subrecipient for risk of noncompliance with Federal, state, and local statues and regulations, and the terms and conditions of the subaward.
- Document risk assessment policies and procedures.

Monitor
- Monitor each subrecipient to ensure compliance with Federal, state, and local statues and regulations, and the terms and conditions of the subaward.
- Monitor that the subaward performance goals are met.

Correct
- Ensure subrecipients are taking timely action against any deficiencies that are noted through audits, monitoring, or notice from the subrecipient.
- Determine if the result of the monitoring requires any adjustments.

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What to do next?

Early discussions with your subrecipients and contractors is key

- Reporting protocol clarity & reporting fields & requirements

- Review Contracts

- Documentation and document control procedures in place

- Review and update internal timelines

- Finalize M&C programs and prepare for audits
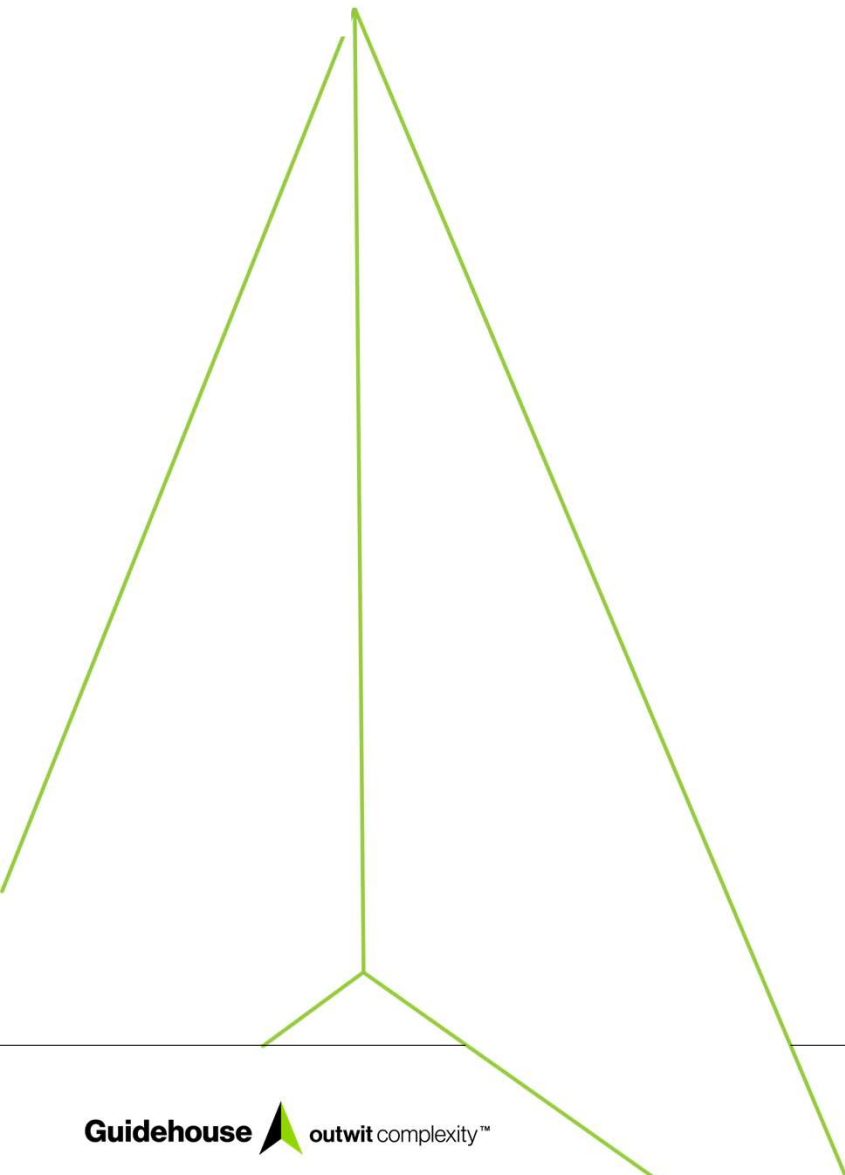
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For more information on Guidehouse's Grants
Management capabilities, please visit:
www.guidehouse.com/services/grants-management

Thank You

Guidehouse | outwit complexity™