

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.011 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS CAPITAL MAGNET FUND****I. PROGRAM OBJECTIVES**

The Capital Magnet Fund (CMF) is administered by the Community Development Financial Institutions Fund (CDFI Fund). Through the CMF, the CDFI Fund provides financial assistance (FA) grants to Community Development Financial Institutions (CDFIs) and to qualified Nonprofit Organizations that have the development or management of affordable housing as one of their principal purposes. Capital Magnet Fund Applicants must be (1) a certified CDFI; or (2) a non-profit organization operating with a principal purpose of developing or managing affordable housing solutions

II. PROGRAM PROCEDURES**A. Overview**

CMF is a competitive grant program established to “attract private capital for and increase investment in (1) the development, preservation, rehabilitation, or purchase of affordable housing for primarily extremely low-, very low-, and low-income families; and (2) economic development activities, or community service facilities, such as day care centers, workforce development centers, and health care clinics, which in conjunction with affordable housing activities implement a concerted strategy to stabilize or revitalize a low-income area or underserved rural area.”

B. Subprograms/Program Elements

CMF provides Awards through a competitive application, evaluation, and selection process. After selection, each CMF Award Recipient enters into an Assistance Agreement, which includes Performance Goals and other Terms and Conditions.

Source of Governing Requirements

CMF was established through the Housing and Economic Recovery Act of 2008 Pub. L. No 110-289 (July 30, 2008) codified at 12 CFR Part 1807.

Availability of Other Program Information

Additional information on the CMF is available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/programs/cmf>. A template of the assistance agreement is available on the CDFI Fund website at: <https://www.cdfifund.gov/programs-training/programs/cmf/closing-disbursement-step>. If there are specific questions regarding the programs, the CDFI Fund may be contacted via telephone at (202) 653-0421 or by e-mail at cdfihelp@cdfi.treas.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program and the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See Part 1, “Safe Harbor Status” for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	N	N	Y	N	N	Y	N	Y	Y	N	N

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Section 3.2 of the terms and conditions in the assistance agreement prescribes the specific authorized activities for CMF award Recipients. A link to the Assistance Agreement can be found under the Availability of Other Program Information section. (12 CFR sections 1807.300 and 1807.301).

E. Eligibility

1. Eligibility for Individuals

Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery

The CMF assistance agreement identifies a Service Area, or the geographic area approved by the CDFI Fund, in which the Recipient must use the CMF Award.

The states listed in the geographic areas table in Schedule 1 of the assistance agreement comprise the allowable geographic areas for the location of Affordable Housing and/or Community Service Facilities/physical structures resulting from the Recipient's Affordable Housing Activities and/or Economic Development Activities. Recipient shall use no less than 85% of its CMF Award to finance and/or support Affordable Housing Activities and/or Economic Development Activities resulting in Affordable Housing and/or Community Service Facilities/physical structures, financed and/or supported with the CMF Award, that are located in its Service Area.

3. Eligibility for Subrecipients

The Recipient shall not distribute the CMF Award to any Affiliate or Subsidiary, or distribute the CMF Award in any manner that would create a Subrecipient relationship (as defined in the Uniform Administrative Requirements), without the CDFI Fund's prior written consent.

H. Period of Performance

The CMF Period of Performance begins with the Announcement Date and continues until the end of the Affordability Period of the last Project funded by the Recipient under the CMF assistance agreement, when all the conditions in Section 9.11 of the CMF assistance agreement have been met, or such other time established by the CDFI Fund in writing.

The Period of Performance consists of an Investment Period and an Affordability Period. The Investment Period begins with the Effective Date in the assistance agreement and ends no earlier than the fifth-year anniversary of the Effective Date, or such other period as may be established in writing by the CDFI Fund. The authoritative requirement for the period of performance is codified in 12 CFR 1807.902.

The following is critical information:

1. **Commitment Date(s):** The Recipient shall have committed for use all of its CMF Award by no later than the applicable date(s) set forth in Schedule 1 of the assistance agreement.
2. **Initial Disbursement Date:** Three (3) years after the Effective Date of the assistance agreement, the Recipient shall make an initial disbursement of its CMF Award to at least one Affordable Housing or Economic Development Activity Project.
3. **Project Completion Date:** Five (5) years after the Effective Date of the assistance agreement, unless otherwise determined in writing by the CDFI Fund, the Recipient shall achieve Project Completion with respect to all Projects financed/supported by its entire CMF Award.

J. Program Income

Program Income authorized uses, restrictions and requirements for reinvestment are described under Sections 3.8 and 3.9 of the assistance agreement. The CMF program income follows the addition method for program income. Principal and equity repayments of the CMF Award earned during the Investment Period must be reinvested by the Recipient. Program Income generated from earned interest on the CMF Award must be used by the Recipient solely to further the objectives of its mission. Program Income that is returned and made available to the Recipient due to CMF Award becoming unrestricted from Loan Loss Reserves or Loan Guarantees shall be deemed to be Program Income earned in the form of principal and equity repayments of the CMF Award.

Program Income requirements and/or timeframes differ between award years. Starting with the 2017 award year, Schedule 1 of the assistance agreement indicates Section 3.8(a) or (b) as applicable. Generally, however, if the Recipient ends a fiscal year with a principal and equity repayment Program Income balance of \$100,000 or greater, requirements to reinvest Program Income are triggered.

The following is critical information:

1. The Recipient must have committed any amount in excess of the \$100,000 threshold within 12 months of the end of the Recipient's fiscal year in which the \$100,000 balance was achieved; and
2. The Recipient must have completed any projects supported with Program Income within 36 months from the time the Program Income was omitted to the Project.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Performance Progress Report (PPR) (OMB Control Number 1559-0036) – The Recipient must submit a Performance Progress Report (PPR) in the Awards Management Information System (AMIS) database once a year, three (3) months after the Recipient's Period of Performance End Date. The PPR is used to report on the Recipient's use of the CMF Award towards meeting its Performance Goals, affordable housing outcomes, and the Recipient's overall performance. The CMF performance report covers: the Investment Period for the CMF Award

and the Affordability Period for each Project. Please review Schedule 1-C in the Assistance Agreement for information regarding the due dates for the report. The authoritative requirement for submission of the PPR is codified in 12 CFR 1807.902.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the PPR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the PPR in AMIS to determine the report approval status. The auditor will review the most recent version of the report in the AMIS.

Key Line Items - The following line items contain critical information:

1. *Total Amount Committed to Date* - Recipients must commit the entirety of the CMF Award by the stated Commitment Deadline as stipulated under Section 3 of the assistance agreement.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.012 NATIVE INITIATIVES PROGRAM****I. PROGRAM OBJECTIVES**

The purpose of the Native Initiatives Program also referred to as the Native American Community Development Financial Institutions Program (NACA Program) is to promote economic revitalization and community development through financial and technical assistance to Native Community Development Financial Institutions (CDFIs).

II. PROGRAM PROCEDURES**A. Overview**

The NACA Program is administered by the Community Development Financial Institutions Fund (CDFI Fund), Department of the Treasury. Through the NACA Program, the CDFI Fund provides two types of monetary awards to CDFIs—financial assistance (FA) awards and technical assistance (TA) awards. In order to be eligible to apply for assistance, entities must meet, or propose to meet, specific CDFI eligibility criteria (12 CFR sections 1805.200 and 1805.201). CDFIs include entities such as banks, credit unions, depository institution holding companies, loan funds, and venture capital funds, among others.

An organization must be a Certified CDFI as of the date of the Notice of Funds Availability (NOFA). At least 50% of the organization's activities must serve Native Americans, Alaska Natives, and/or Native Hawaiian communities in order to be eligible to apply for a FA award through the NACA Program. Organizations that are Emerging CDFIs or Sponsoring Entities may only apply for a TA award through the NACA Program and are not required to be certified as a CDFI to be eligible for a TA award.

Through the Native American CDFI Assistance Program (NACA Program), FA awards are made to Native CDFIs. These competitive awards are made in the form of loans, grants, equity investments, deposits, and credit union shares. By multiplying the impact of federal investment, Native CDFIs are able to pursue a variety of goals, from small business creation to affordable housing development, as well as other community development pursuits. Healthy Food Financing Initiative – FA awards are also offered for Native CDFIs that are interested in expanding their healthy food financing activities.

The NACA Program also provides TA awards to Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities. These competitive awards are made in the form of grants.

Recipients may use TA awards to increase their capacity to serve their communities and/or to create, or become Certified CDFIs.

B. Subprograms/Program Elements

The CDFI Fund provides FA and TA awards through the NACA Program to help certified and emerging Native CDFIs sustain and expand their services, and build their technical capacity. FA and TA awards are provided through an annual competitive nationwide evaluation and selection process as referenced in the NOFA. The latest version of the NACA Program NOFA can be found on the CDFI Fund website at: <https://www.cdfifund.gov/programs-training/programs/native-initiatives/apply-step>.

After selection, each NACA Program award Recipient enters into an assistance agreement, which includes Performance Goals and Measures (PG&Ms) and other terms and conditions. A template of the assistance agreement can be found on the CDFI Fund website at https://www.cdfifund.gov/sites/cdfi/files/2022-01/FY2021_CDFIProgram_NACAProgram_FA_Assistance_Agreement_Template.pdf

Source of Governing Requirements

The NACA Program is authorized by the Community Development Banking and Financial Institutions Act of 1994 (Section 101 of Pub. L. No. 103-325, 108 Stat 2164, September 23, 1994.). The NACA Program implementing regulations are codified at 12 CFR Part 1805.

Note: All capitalized terms used herein but not defined have such definitions as specified in the [CDFI Program's Interim Rule](#), NOFA, or applicable assistance agreement.

Availability of Other Program Information

Additional information on the NACA Program is available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/programs/native-initiatives/compliance-step>. A template of the Assistance Agreement is available on the CDFI Fund website at https://www.cdfifund.gov/sites/cdfi/files/2022-01/FY2021_CDFIProgram_NACAProgram_FA_Assistance_Agreement_Template.pdf. If there are specific questions regarding the programs, the CDFI Fund may be contacted via telephone at (202) 653-0421 or by e-mail at cdfihelp@cdfi.treas.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program

supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

A. Activities Allowed or Unallowed

Section 3.7 of the terms and conditions in the assistance agreement prescribes the specific authorized activities of FA awards for each NACA Program award Recipient (12 CFR sections 1805.300 and 1805.301).

1. *Activities Allowed*

a. Financial Assistance- The Recipient must use the Financial Assistance (including Base-FA, HFFI-FA, DF-FA, and PPCFA) to support its activities in the following areas:

- (1) Financial Products (provided, however, HFFI-FA may not be used to fund loan purchases, loan refinancing, or any type of financing for prepared food outlets).
- (2) Financial Services (Regulated Institutions only; HFFI-FA may not be used to provide Financial Services).
- (3) Development Services.
- (4) Loan Loss Reserves.
- (5) Capital Reserves (Regulated Institutions only; DF-FA may not be used for Capital Reserves).
- (6) Direct Administrative Expenses.

- b. Technical Assistance - The Recipient must use the Technical Assistance to support activities in the following areas:
 - (1) Compensation (Personal Services);
 - (2) Compensation (Fringe);
 - (3) Training and Education;
 - (4) Travel;
 - (5) Professional Services;
 - (6) Equipment;
 - (7) Supplies; and
 - (8) Incorporation costs (Sponsoring Entities only).
- 2. *Activities Unallowed*
 - a. NACA Program Award Recipients may not distribute assistance to an affiliate or subsidiary without the prior consent of the CDFI Fund (12 CFR section 1805.302(b)).

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Performance Progress Report (PPR) (OMB Control Number 1559-0036) – (12 CFR 1805) - Recipients submit the PPR in the Awards Management Information System (AMIS) database once a year, three (3) months after the Recipient's Period of Performance End Date. The PPR is used to determine if the Recipient is in compliance with the applicable Performance Goals and Measures in its Assistance Agreement. The PG&Ms are specific to each Recipients assistance agreement. Additional guidance for completing the compliance reports is available on the NACA Program on the [Compliance Resources and Reporting section](#) page in the [Annual Compliance Reports Performance Progress Report \(PPR\) and Financial Audit Statement Data Points](#) document starting on page 2.

The Recipient has the ability to print copies of the PPR from its AMIS account if needed by the Auditor. The authoritative requirement for submission of the PPR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the PPR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the PPR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS

Key Line Items - The following line item contains critical information (items not numbered in the report):

1. *Performance Goals and Measures (PG&M)* - The PG&M’s identified are specific to each Recipient’s assistance agreement and generally only include 2-3 PG&Ms. The data reported for the Period of Performance for each required PG&M should meet or exceed the required benchmarks as outlined in the assistance agreement.

Transaction Level Report (TLR) and Consumer Loan Report (CLR) (OMB Control Number 1559-0027) – The TLR is applicable to FA Award Recipients only. The CLR is applicable to banks and credit unions who are FA Award Recipients that originated consumer loans during the Period of Performance. Both reports are due 180 days after the Recipient’s Period of Performance End Date. The reports are used to collect compliance and performance data and provide transactional information on an organization’s portfolio. The reports require reporting on newly originated loans and investments closed as of a Recipient’s fiscal year end. The guidance for completing the reports can be found in the [CDFI TLR Data Point Guidance](#) available on the CDFI Fund website. Auditors should request copies of the TLR from the Recipient’s AMIS account. The authoritative requirement for submission of the TLR/CLR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the TLR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the TLR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS

Key Line Items- The following line items contain critical information for the TLR:

1. *Column C - TLR Submission Year* - Submission year is the current data year.
2. *Column D - Date Originated* - Reporting date is within the reporting period.
3. *Column E* - Original Loan/Investment Amount
4. *Column I* - Interest Rate.
5. *Column K* - Points.
6. *Column L* - Origination Fees.
7. *Column O* - Term.
8. *Column AH* - Annual Gross Revenue from Business Operations at Time of Loan/Investment Origination.

Key Line Items - The following line items contain critical information for the CLR:

1. *Column E* - Total Originated Amount –Reported amount is accurate and the ratio of the total amount and the total number is equal to 1.
2. *Column F* - Total Originated Number – Reported number is accurate and the ratio of the total amount and the total number is equal to 1.
3. *Column B* - Fiscal Year – Reported value is equal to the value of the current data year.

Uses of Award Report (UOA) (OMB Control Number 1559-0032) – Recipients submit the UOA in the AMIS database once a year, three (3) months after the Recipients Period of Performance End Date. Additional guidance for completing the compliance reports is available on the NACA Program website on the [Compliance Resources and Reporting](#) section page in the [Uses of Award \(UOA\) Report Data Points Description and Related Guidance and Financial Audit Statement Data Points](#) document starting on page 2. The authoritative requirement for submission of the UOA is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the UOA has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the

“Approval History” at the bottom of the UOA in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS

Key Line Items - The following line items contain critical information (items not numbered in the report):

1. *Advances of FA Funds held in interest-bearing accounts.*
2. *Amount of Interest earned.*
3. *Interest earned in excess of \$500 has been remitted to the Department of Health & Human Services.*
4. *Category of Activity - Total Dollar Amount* – The total dollar amount of the activity expended during the Period of Performance.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

IV. OTHER INFORMATION

Recipients that received assistance in the form of a loan are required to submit both performance and financial reports for the Period of Performance designated in the assistance agreement. However, this does not relieve the borrower of the requirement to file financial reports on these loans or otherwise comply with program requirements until the loan is repaid to the CDFI Fund.

DEPARTMENT OF THE TREASURY

ASSISTANCE LISTING 21.015 RESOURCES AND ECOSYSTEMS SUSTAINABILITY, TOURIST OPPORTUNITIES, AND REVIVED ECONOMIES OF THE GULF COAST STATES (Gulf RESTORE)

I. PROGRAM OBJECTIVES

The objectives of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) programs are to restore and protect the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands, and economy of the Gulf Coast Region.

II. PROGRAM PROCEDURES

The RESTORE Act established the Gulf Coast Restoration Trust Fund (Trust Fund) to hold 80 percent of the administrative and civil penalties paid by parties responsible for the Deepwater Horizon oil spill after July 6, 2012, plus interest on investments. Amounts in the Trust Fund are allocated among the five grant programs: Direct Component, Comprehensive Plan Component, Spill Impact Component, the National Oceanic and Atmospheric Administration RESTORE Act Science Program, and a Centers of Excellence Research Grants Program. The Department of the Treasury (Treasury) is responsible for administering the Direct Component and the Centers of Excellence Research Grants Program.

Through the Direct Component, Treasury makes grants for ecological and economic restoration of the Gulf Coast Region. Thirty-five (35) percent of the penalties paid into the Trust Fund is used for grants to support eligible activities proposed by the states of Alabama, Louisiana, Mississippi, and Texas; the Florida counties of Bay, Charlotte, Citrus, Collier, Dixie, Escambia, Franklin, Gulf, Hernando, Hillsborough, Jefferson, Lee, Levy, Manatee, Monroe, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota, Taylor, Wakulla, and Walton; and the Louisiana Coastal Zone parishes of Ascension, Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, and Vermilion. Each state, county, and parish has a defined share of the amount allocated to the Direct Component. Recipients may choose to make subawards to complete eligible activities if approved by Treasury.

Through the Centers of Excellence Research Grants program, Treasury awards grants to the five Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas) for the establishment of Centers of Excellence focused on science, technology, and monitoring in at least one of five disciplines listed in the RESTORE Act. The states select these Centers through a competitive process and fund the research work through subawards. Each state has an equal share of the Centers of Excellence Research Grants Program trust fund allocation.

This Compliance Supplement covers only Treasury's grants to the states, counties, and parishes under the Direct Component and grants to states under the Centers of Excellence Research Grants Program, which, at the state recipient level does not include research activity. However, subawards under the Centers of Excellence Research Grants Program will be audited as part of the R&D Cluster in Part 5 of the Supplement.

Source of Governing Requirements

The primary sources of requirements for the programs are the RESTORE Act (Subtitle F of Pub. L. No. 121-141), (33 USC 1321(t) and 33 USC 1321 note), and Treasury’s implementing regulations at 31 CFR Part 34.

RESTORE Act: <https://www.govinfo.gov/content/pkg/BILLS-112hr4348enr/pdf/BILLS-112hr4348enr.pdf> (See pages 184 - 203)

This document details information that is contained in the authorizing statute.

33 USC 1321: [33 USC 1321: Oil and hazardous substance liability \(house.gov\)](https://www.congress.gov/laws/cfr/33-usc-1321) (See pages 1 - 46)

This document provides the definitions associated with RESTORE Act programs.

31 CFR Part 34: <https://www.ecfr.gov/current/title-31/subtitle-A/part-34>

This document provides the implementing regulations for RESTORE Act programs.

Availability of Other Program Information

Other program information regarding grants under the RESTORE Act is available at the Treasury’s website at <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/restore-act>.

III. COMPLIANCE REQUIREMENTS

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Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	N	Y	N	Y	Y	Y

A. Activities Allowed or Unallowed

1. *Activities Allowed in the Direct Component*

All activities must be included in, and conform to, the description in the recipient’s grant agreement, and may include the following:

- a. Restoration and protection of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast Region;
- b. Mitigation of damage to fish, wildlife, and natural resources;
- c. Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan, including fisheries monitoring;
- d. Workforce development and job creation;
- e. Improvements to or on state parks located in coastal areas affected by the Deepwater Horizon oil spill;
- f. Infrastructure projects benefitting the economy or ecological resources, including port infrastructure;
- g. Coastal flood protection and related infrastructure;
- h. Promotion of tourism in the Gulf Coast Region, including promotion of recreational fishing;
- i. Promotion of the consumption of seafood harvested from the Gulf Coast Region;
- j. Planning assistance;
- k. administrative costs; and

1. The nonfederal share of the cost of any project or program authorized by federal law that is an eligible activity under the Direct Component (31 CFR sections 34.2, 34.200, and 34.201).
2. *Activities Unallowed for the Direct Component*

Activities that were included in any claim for compensation presented after July 6, 2012, to the Oil Spill Liability Trust Fund authorized by 26 USC 9509 (31 CFR section 34.200(a)(3)) are not allowable costs under the Direct Component. Information on the Oil Spill Liability Trust Fund can be found at https://www.uscg.mil/Mariners/National-Pollution-Funds-Center/About_NPFC/OSLTF/.

B. Allowable Costs/Cost Principles

Costs incurred for administrative duties of the Alabama Gulf Coast Recovery Council are not allowed to the extent those duties were performed by public officials and employees who are not subject to the ethics laws of the state of Alabama (31 CFR section 34.302(a)).

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

Effective May 3, 2019, Treasury issued a final rule to revise the method by which the statutory 3 percent limitation on administrative costs is applied under the Direct Component, Comprehensive Plan Component, and Spill Impact Component under the RESTORE Act. Through this revision, the 3 percent limit on administrative costs may be applied to the total amounts of funds received by a recipient under each of the three components either on a grant-by-grant or on an aggregate basis as described in 31 CFR 34.204(a)(1), Limitations on administrative costs and administrative expenses.

Administrative costs, for purposes of this limitation, are defined as indirect costs for administration incurred by the Gulf Coast states, coastal political subdivisions, and coastal zone parishes that are allocable to activities authorized under the Act. Administrative costs do not include that portion of indirect costs that are identified specifically with, or readily assignable to, facilities as defined in 2 CFR section 200.414. The 3 percent limitation does not apply to the administrative costs of subrecipients (31 CFR sections 34.2 and 34.204(a)(2)). The instructions

and tools for calculating allowable costs are available on Treasury’s RESTORE Act website at <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/restore-act>.

I. Procurement and Suspension and Debarment

1. When awarding contracts under Direct Component grants, a recipient may give preference to individuals and companies that reside in, are headquartered in, or are principally engaged in business in the state of project execution (31 CFR section 34.305(b)).
2. Under the Direct Component, grants issued for the acquisition of land, or interests in land, can only be from a willing seller (31 CFR section 34.803(f)).
3. The Infrastructure Investment and Jobs Act (“IIJA”), Pub. L. No. 117-58, includes the Build America, Buy America Act (“the Act”) at §§ 70901-52, which requires that no later than May 14, 2022, 180 days after the enactment of the IIJA, the head of each Federal agency shall ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”

On February 17, 2023, Treasury’s Office of Gulf Coast Restoration (OGCR) posted its final waiver entitled, “Public Interest General Applicability Waiver from Application of Section 70914(a) of the Build America, Buy America Act to the RESTORE Act, Direct Component Infrastructure Projects That Were in the Funding Pipeline by May 14, 2022” on its website and cross-posted it on the MadeinAmerica.gov website, which is a centralized waiver transparency website managed by GSA and Treasury’s central Build America, Buy America Waiver website for all its programs subject to those requirements at <https://home.treasury.gov/services/treasury-financial-assistance/build-america-buy-america-waivers>.

This new waiver covers new obligations by Treasury for infrastructure projects under the RESTORE Act, Direct Component program made on or after February 17, 2023, to either (a) make new grants for infrastructure projects under the RESTORE Act, Direct Component or (b) monetary amendments to existing Direct Component grants for infrastructure projects. The waiver only covers new obligations if the proposed infrastructure project in the new grant or the infrastructure project in the amendment to the existing grant was already in the eligible entity’s funding pipeline by May 14, 2022, the effective date of the Buy America Preference requirements.

Treasury considers a new grant or monetary amendment to an existing grant for an infrastructure project to be covered by this waiver if, as of May 14, 2022, the eligible entity had already undertaken substantial public engagement, as required

by Treasury's implementing regulations at 31 CFR sections 34.303(b)(8) and (b)(9), related to the eligible entity's selection and approval of that particular infrastructure activity for inclusion in the entity's regulatory-required Multiyear Implementation Plan. The RESTORE Act, which authorized the Direct Component program, established the Multiyear Implementation Plan as a prerequisite for applying for a Direct Component grant.

OGCR will put in the Remarks section of each Notice of Award (NOA) whether the Act applies. Auditors should review the NOA to determine if the Act applies.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report (semi-annual)* – Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

4. Federal Funding Accountability and Transparency Act

Not Applicable

N. Special Tests and Provisions

1. Wage Rate Requirements

Under the Direct Component, for contracts that exceed \$2,000 that are for the construction, alteration, or repair of treatment works as defined at 33 USC 1292(2), all laborers and mechanics employed by contractors and subcontractors must be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the secretary of labor, in accordance with the Wage Rate Requirements (33 USC 1372).

See Wage Rate Requirements Cross-Cutting Section (page 4-20.001-4).

DEPARTMENT OF THE TREASURY

ASSISTANCE LISTING 21.016 EQUITABLE SHARING PROGRAM

I. PROGRAM OBJECTIVES

The purpose of the Equitable Sharing Program (Program) is to foster greater law enforcement cooperation among state, local, tribal, and federal law enforcement agencies. State and local law enforcement agencies can request federally forfeited funds or tangible assets through the Program based on their qualitative and quantitative contributions to an investigation resulting in federal forfeiture. Equitably shared funds must be used by law enforcement agencies for law enforcement purposes only.

II. PROGRAM PROCEDURES

A. Overview

The Program is managed by the Treasury Executive Office for Asset Forfeiture (TEOAF), which reports to the Department of the Treasury's Office of Terrorism and Financial Intelligence (TFI). TEOAF manages the Treasury Forfeiture Fund, which is the receipt account for non-tax federal forfeitures made by Treasury and Department of Homeland Security law enforcement agencies. State, local, or tribal law enforcement agencies that assist in federal investigations resulting in forfeiture may seek a portion of the federally forfeited funds in an amount commensurate with their efforts resulting in the forfeiture.

A law enforcement agency seeking a share of federally forfeited funds must meet eligibility requirement of being a law enforcement agency, must file an annual Equitable Sharing Agreement and Certification (ESAC) form, and must be in compliance with program requirements at the time of payment. The payment must bear a reasonable relationship to the level of the recipient agency's participation in the total law enforcement effort resulting in the forfeiture.

Shared funds may be used for a variety of law enforcement purposes, including but not limited to training, equipment, accounting services, joint law enforcement/public safety operations, drug, gang and other prevention or awareness programs.

Equitable sharing funds are considered federal financial assistance as defined in 2 Code of Federal Regulations (CFR) section 200.40. Equitable sharing payments are classified as "Direct Payment for Specified Use" in the Catalog of Federal Domestic Financial Assistance.

Source of Governing Requirements

The Equitable Sharing Program is authorized by 31 USC Section 9705(a)(1)(G) and (b)(4); 18 USC Section 981(e)(2); 19 USC Section 1616a(c); and 21 USC Section 881(e)(1)(A) and (e)(3). The specific program requirements are implemented by guidelines, set forth in the *Joint Department of Justice/Department of Treasury Guide to Equitable Sharing for State, Local, and*

Tribal Law Enforcement Agencies (Guide) (July 2018). Also, periodically, updates to policies impacting the Treasury Equitable Sharing program may be included in public notices issued by DOJ called “DOJ Wires,” which are available here: <https://www.justice.gov/criminal-mlars/equitable-sharing-program>.

Availability of Other Program Information

More details regarding the Program, including the *Guide* are available at www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/Equitable-Sharing.aspx, as well as the Department of Justice website at <https://www.justice.gov/criminal-mlars/equitable-sharing-program>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	Y	Y	N	Y	N	Y	N	N

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. *Financial Assistance-* Section V.A through V.B of the *Guide* sets forth examples of the authorized activities and uses of shared funds. The ESAC form, and *Guide* in general, sets forth the general terms and conditions for

a recipient of shared funds. Specifically, shared funds may be used for permissible law enforcement expenses that supplement, and not supplant, law enforcement resources.

- b. Transfer of Tangible Assets- Section V.D of the Guide sets forth requirements pertaining to tangible assets or, rarely, real property transferred to a state or local agency in lieu of forfeited proceeds.

B. Allowable Costs/Cost Principles

As a direct payment for specified use, these funds are considered federal financial assistance and are subject to only the following sections of the *Code of Federal Regulations*, Title 2, Subtitle A, Chapter II, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“2 CFR”): Subpart A – Acronyms and Definitions; Subpart B – General Provisions (excluding Sections 200.111 to 200.113); Subpart D – Post Federal Award Requirements (only sections 200.303 – Internal Controls and 200.331 to 333 – Subrecipient Monitoring in the limited case of where a cash transfer is permitted); and Subpart F – Audit Requirements. All other provisions of 2 CFR, including 2 CFR sections 200.400 to 200.476, are inapplicable to the Program. Although 2 CFR sections 200.400 to 200.475 are not applicable, the *Guide*, sections V.B.1, 2, and 3, detail allowable and unallowable uses of federal equitable sharing funds. Note that there may be specific exceptions for use of shared funds, so the *Guide* should be consulted for details. The *Guide’s* policies on the use and administration of equitable sharing funds may also be updated at any time through the issuance of updated guidance.

E. Eligibility

1. Eligibility for Recipient State or Local Law Enforcement Agencies

Recipients of shared funds must meet the eligibility requirements set forth in the *Guide*, sections 1.B, II, and III. Generally, this means they must be in compliance with all applicable civil rights requirements, must be deemed a law enforcement agency (determined by Treasury or Department of Justice (DOJ)), must be in compliance with program requirements, and must have had some participation in the investigation resulting in the forfeiture for which it is seeking funds.

2. Eligibility for Individuals

Not Applicable

3. Eligibility for Groups of Individuals or Area of Service Delivery

Not Applicable

4. Eligibility for Subrecipients

Transfer of cash from one recipient to another is not permitted except in rare circumstances where TEOAF has granted a waiver. In that case, the subrecipient monitoring requirements of 2 CFR 200.331 to 333 would apply.

F. Equipment and Real Property Management

See *Guide*, Section V.C for Program-specific requirements.

G. Matching, Level of Effort, Earmarking**1. Matching**

Not applicable

2. Level of Effort

Agencies may supplement, not supplant, their appropriated funds. See *Guide*, sections I.C and V for Program-specific requirements.

3. Earmarking

The *Guide*, Section V.A.2, states that agencies may earmark funds already received from and on hand but may not budget or commit funds not yet awarded or received.

I. Procurement and Suspension and Debarment

1. *Procurement* – Although 2 CFR sections 200.317 to 200.327 are not applicable, the *Guide*, Section VI.A.3, requires agencies to follow their jurisdiction's procurement policies.
2. *Suspension and Debarment* – 2 CFR sections 180.200 to 225 are applicable.

L. Reporting

See *Guide*, Section VII for Program-specific requirements. The *Guide*, Section VII, details the annual reporting requirements for equitable sharing fund through the submission of the annual ESAC form. Agencies report on the ESAC the amount of funds received and how they were expended in general categories such as equipment and training.

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Program* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

IV. OTHER INFORMATION

The DOJ also manages its own Equitable Sharing Program under Assistance Listing 16.922. Funds from each program must be maintained and managed separately.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.019 CORONAVIRUS RELIEF FUND****I. PROGRAM OBJECTIVES**

Note: Recipients of Coronavirus Relief Fund (CRF) awards are subject to a limited subset of the requirements in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements, (2 CFR Part 200). Specifically, recipients are subject to Subpart A-Acronyms and Definitions, 2 CFR Parts 200.111 through 200.113 relative to recipients' use of the English language, establishing a conflict of interest policy, and mandatory disclosure requirements, 2 CFR 200.303 regarding internal controls, 2 CFR Parts 200.331 through 200.333 regarding subrecipient monitoring and management, and 2 CFR Part 200, Subpart F regarding audit requirements. Also FAQ B.7 and B.8 in the [Coronavirus Relief Fund Program Guidance](#) provides that direct payments are made to state, territorial, Tribal, and certain eligible local governments in order to cover:

1. Necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);
2. Costs that were not accounted for in the government's most recently approved budget as of March 27, 2020; and
3. Costs that were incurred during the period that begins on March 1, 2020, and ended on December 31, 2021 for State, local, and territorial governments, and ended on December 31, 2022 for Tribal governments.

On December 27, 2020, Division N, Title X, Section 1001 of the Consolidated Appropriations Act, 2021, Pub. L. No.116-260, codified at 42 USC 801(d)(3), was signed into law. Division N, Title X, Section 1001 of the Consolidated Appropriations Act, 2021, codified at 42 USC 801(d)(3), extended the period for which all recipients may incur eligible costs using payments from their CRF award from December 30, 2020, to December 31, 2021.

The State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act included in Division LL, Section 104 of the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328 (December 29, 2022) and codified at 42 USC 801(d)(3), further extended the period of performance end date for Tribal governments to December 31, 2022. Tribal governments must complete all expenditures by March 31, 2023, with CRF award funds for those costs incurred or obligations made during the period of March 1, 2020 through December 31, 2022. These extensions do not apply to subrecipients unless original subrecipient agreements were modified by the pass-through entity to include such extensions. For more information on the limitation for use of CRF award funds, please reference the U.S. Department of the Treasury's (Treasury) guidance located in the section below titled "Availability of Other Program Information."

In addition to Federal statutes, regulations or the terms and conditions, auditors must use Treasury's guidance and Frequently Asked Questions (FAQs) at

https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf and Treasury's Office of Inspector General (OIG) guidance on reporting and record retention, including related FAQs at <https://oig.treasury.gov/sites/oig/files/2021-03/OIG-CA-20-028R.pdf>, as the criteria when auditing use of payments from CRF, as well as when reporting findings.

II. PROGRAM PROCEDURES

A. Overview

Treasury provided assistance of \$150 billion from CRF in direct payments to states, U.S. Territories, Tribal, and eligible local governments with \$3 billion reserved for payments to the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa and \$8 billion reserved for payments to Tribal governments. The remaining \$139 billion were allocated for payments to the 50 states and eligible local governments with each state receiving a minimum payment no less than \$1.25 billion for fiscal year 2020. Payments to states were subject to reduction based on payments to eligible local governments. Amounts paid to states and eligible local governments were based on 2019 population data from the U.S. Census Bureau.

Units of local government eligible for direct payment include counties, municipalities, towns, townships, villages, parishes, boroughs, or other units of general government below the state level with a population that exceeds 500,000. Eligible units of local government had to provide a certification to receive direct payment from CRF. The Secretary of the Treasury made a determination to allocate payments to Tribal governments based on population, employment, and expenditure data.

State, territorial, Tribal, and eligible local governments are required to use payments from CRF to cover:

1. Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Costs that were not accounted for in the governments' most recently approved budget as of March 27, 2020; and
3. Costs that were incurred during the period that began on March 1, 2020, and ended on December 31, 2021, for State, local, and territorial governments, and in the case of Tribal governments and Alaskan Native Corporations, costs that were incurred during the period that began on March 1, 2020, and ended on December 31, 2022.

Governments otherwise have broad discretion to utilize payments for expenditures ranging from COVID-19 testing including, but not limited to, reimbursing small businesses for the costs of business interruption caused by required closures. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) statutory criteria on use of payments from CRF stated in section 601(d) of the Social Security Act, as added by section 5001 of Division A of the CARES Act (42 USC 801(d)) and as

interpreted in Treasury's guidance and FAQs, applies to prime recipients, subrecipients, and beneficiaries, as detailed in Section M. on Subrecipient Monitoring below and Treasury's FAQ # B.13. Please note the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements do not apply to those receiving funds as either individuals or beneficiaries.

On June 25, 2021, the Supreme Court held in *Yellen v. Confederated Tribes of the Chehalis Reservation* that Alaska Native regional and village corporations (ANCs) are considered Indian Tribes under the Indian Self-Determination and Education Assistance Act (ISDEA), Pub. L. No. 93-638, and codified at 25 USC 5301 et seq. and are thus eligible for payments from CRF. Consistent with this ruling, Treasury, in consultation with Office of Management and Budget (OMB), determined that ANCs are subject to the requirements of the Single Audit Act and its implementing regulations, 2 CFR Part 200, subpart F, with respect to payments received from CRF. See <https://home.treasury.gov/system/files/136/CRF-Application-of-the-Single-Audit-to-ANCs.pdf> for more information the application of the Single Audit Act to ANCs.

Source of Governing Requirements

CRF is authorized by Division A, Title V, Section 5001 of the CARES Act, Pub. L. No. 116-136 (March 27, 2020) and codified at [42 USC 801](#) et seq., and amended by Division N, Title X, Section 1001 of the Consolidated Appropriations Act, 2021, codified at 42 USC 801(d)(3). It was further amended by Division LL, Section 104 of the Consolidated Appropriations Act, 2023, codified at 42 USC 801(d)(3).

Availability of Other Program Information

Additional information on CRF is available on Treasury's website at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>.

Treasury has published in the *Federal Register* its Guidance and FAQs regarding the Coronavirus Relief Fund for states, territories, Tribal governments, and certain eligible local governments. This section of the *Federal Register* is entitled, "Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, Coronavirus Relief Fund Program Guidance (CRF Program Guidance)."

The *Federal Register* notice is available at 86 FR 4182 (Jan. 15, 2021) and on Treasury's website at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf (See pages 1 – 13). Treasury subsequently revised this guidance as relates to the requirement that costs be incurred by December 31, 2021, to provide additional flexibility to recipients. See CRF Guidance Revision Regarding Cost Incurred dated December 14, 2021, at page 2 of https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-Incurred.pdf. Treasury revised the guidance a second time preceding the extension that allowed Tribal governments to incur eligible costs using payments from their CRF awards to December 31, 2022. See the CRF notice dated December 31, 2022, at <https://home.treasury.gov/system/files/136/CRF-Tribal-Extension-Notice.pdf>.

All of Treasury OIG’s guidance on reporting and record retention, including related FAQs, can be found at <https://oig.treasury.gov/cares-act-reporting-and-record-keeping-information>. Links and descriptions for key documents can be found below:

- [Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping \(Revised\)](#) (OIG-CA-20-028R dated March 2, 2021) (See pages 1 – 25)

This document addresses frequently asked questions (FAQs) from CRF prime recipients regarding their reporting and record keeping requirements and supplements Treasury OIG’s memorandums Coronavirus Relief Fund Recipient Reporting and Record Retention Requirements (OIG-CA-20-021 dated July 2, 2020) and Coronavirus Relief Fund Reporting Requirements Update (OIG-CA-20-025 dated July 31, 2020).

- [Coronavirus Relief Fund Reporting Requirements Update](#) (OIG-CA-20-025 dated July 31, 2020) (See pages 1 – 6)

This memorandum augments and clarifies prime recipient’s quarterly reporting requirements contained in memorandum OIG-CA-20-021 dated July 2, 2020.

- [Coronavirus Relief Fund Reporting and Record Retention Requirements](#) (OIG-CA-20-021 dated July 2, 2020) (See pages 1 – 4)

This document describes recipient reporting and record retention requirements under the Coronavirus Relief Fund program.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	N	N	Y	Y	N

A. Activities Allowed or Unallowed

CRF is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use CRF award funds for eligible expenses subject to the restrictions set forth in 42 USC 801(d). Payments must be used to cover costs that are incurred by:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID–19;
2. Not accounted for in the governments’ most recently approved budget as of March 27, 2020; and
3. Costs that were incurred during the period that began on March 1, 2020, and ended on December 31, 2021, for State, local, and territorial governments, and in the case of Tribal governments and Alaskan Native Corporations, costs that were incurred during the period that began on March 1, 2020, and ended on December 31, 2022.

A cost meets the requirement of “costs not accounted for in the budget most recently approved as of March 27, 2020,” if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

Please see page 2 of Treasury’s guidance on “Costs not accounted for in the budget most recently approved as of March 27, 2020,” at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf for additional details. Treasury subsequently revised this guidance to provide additional flexibility to recipients. See CRF Guidance Revision Regarding Cost Incurred dated December 14, 2021, at https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-Incurred.pdf. (See page 2), and CRF Extension for Tribal Governments dated December 31, 2022, at [CRF Tribal Extension Notice \(treasury.gov\)](https://home.treasury.gov/system/files/136/CRF-Tribal-Extension-Notice.pdf). Costs incurred represent funds obligated. As such, State, territorial, and local governments are required to use their CRF funds by September 30, 2022, to pay for those costs incurred or obligations made during the period March 1, 2020, through December 31, 2021. Tribal governments are required to use their CRF funds by March 31, 2023, to pay for those costs incurred or obligations made during the period March 1, 2020, through December 31, 2022.

Note: Allowable activities unique to CRF where extra attention may be warranted include Aggregate Payments to Individuals (Payroll to Public Health and Safety Employees); Aggregate payments to individuals (Substantially Dedicated Payroll); Aggregate Payments to Individuals (Hazard Pay); Real Property; Unemployment Insurance; and Broadband.

1. *Activities Allowed-* Please see below for program-specific guidance on the allowability of these costs.
 - a. Aggregate Payments to Individuals (Payroll to Public Health and Safety Employees): CRF recipients were permitted to use of CRF for payroll of public health and safety employees, and those that directly support them, during the covered period. (See [CRF Program Guidance](#) pages 4184 and 4185 for the Nonexclusive Examples of Eligible Expenditures; and [Treasury OIG FAQs](#) #80 and #80b.)
 - b. Aggregate Payments to Individuals (Substantially Dedicated Payroll): CRF recipients were permitted to use CRF for payroll expenses for non-public health and safety employees (i.e., employees that do not meet the definition of public health and safety workers above). CRF funds used for this purpose were permitted to cover payroll for these employees to the extent that their work was substantially dedicated to mitigating or responding to the COVID–19 public health emergency. The relevant unit of government must maintain documentation of the “substantially dedicated” conclusion with respect to its employees. (See [CRF Program Guidance](#) FAQ 47 on page 4191.)
 - c. Aggregate Payments to Individuals (Hazard Pay): CRF recipients were permitted to use CRF for hazard pay and overtime payroll expenses for individuals that performed hazardous duty or work involving physical

hardship that in each case was related to COVID–19. (See [CRF Program Guidance](#) FAQ 29 on page 4190)

- d. Real Property: CRF recipients were permitted to use CRF award funds to acquisition of real property necessary to address the COVID–19 public health emergency. (See [CRF Program Guidance](#) FAQ 58 on page 4193.)
- e. Unemployment Insurance: States were permitted to use CRF award funds to support state unemployment insurance funds to the extent that the costs incurred were incurred due to the COVID–19 public health emergency. Unemployment insurance costs incurred by the recipient as an employer were permitted if they were related to the COVID–19 public health emergency and the costs were not otherwise reimbursed by the federal government pursuant to the CARES Act. (See [CRF Program Guidance](#) FAQs 9 and 10 on page 4188.)
- f. Broadband: CRF recipients were permitted to use CRF award funds to expand rural broadband capacity to assist with distance learning and telework to the extent that they were necessary for the public health emergency. (See [CRF Program Guidance](#) FAQ 36 on page 4190.) CRF award funds are not required to be used as the source of funding of last resort. However, recipients may not use CRF award funds to cover expenditures for which they will receive reimbursement from other sources. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19.

2. *Activities Unallowed*

- a. CRF award funds are not required to be used as the source of funding of last resort. However, recipients may not use CRF award funds to cover expenditures for which they will receive reimbursement from other sources. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19.
- b. Please see Treasury’s FAQs at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf (See page 6) for more information related to the expenditures that may or may not be covered with CRF award funds and the CRF Guidance Revision Regarding Cost Incurred dated December 14, 2021 at page 2 of https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-Incurred.pdf.

B. Allowable Cost/Cost Principles

As a direct payment for specified use, these funds are considered federal financial assistance, but are not provided pursuant to a grant agreement. In accordance with 2 CFR section 200.101(b) regarding applicability only certain provisions of the *Code of Federal Regulations*, Title 2, Subtitle A, Chapter II, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”– 2 CFR Part 200) apply to CRF and these provisions include the following:

1. Subpart A- Acronyms and Definitions;
2. Subpart B-General provisions except for 2 CFR sections 200.111–200.113;
3. 2 CFR section 200.303 regarding internal controls;
4. 2 CFR sections 200.331–333 regarding subrecipient monitoring and management; and
5. Subpart F – Audit Requirements

All other provisions of 2 CFR Part 200 are not applicable to CRF.

While 2 CFR Part 200, Subpart E, Cost Principles does not apply to CRF, auditors should use pages 1 to 13 of Treasury’s [“Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments: Coronavirus Relief Fund Program Guidance”](#) as published in the Federal Register on January 15, 2021 as the criteria when testing the allowability of costs under CRF awards. For example, while not exhaustive, in the context of real property improvements and acquisitions and equipment acquisitions (which includes vehicles) this means that the acquisition itself must be 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 (See FAQ # A.58 in the [CRF Program Guidance](#) for more detail on real property improvements and acquisitions and equipment acquisitions).

H. Period of Performance

State, local, and territorial governments must use the direct payments for necessary expenditures incurred from March 1, 2020, to December 31, 2021, due to the COVID-19 public health emergency. Tribal governments and Alaskan Native Corporations must use the direct payments for necessary expenditures incurred from March 1, 2020 to December 31, 2022, due to the COVID-19 public health emergency. Please see pages 1 and 2 of Treasury’s guidance on “Costs incurred during the period that begins on March 1, 2020, and ends on December 31, 2021” for more detail at: https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-

Incurred.pdf. Please also see more information on the extension of the period of performance for the Tribes and Alaskan Native Corporations at <https://home.treasury.gov/system/files/136/CRF-Tribal-Extension-Notice.pdf>.

Treasury subsequently revised this guidance to provide additional flexibility to recipients. See CRF Guidance Revision Regarding Cost Incurred dated December 14, 2021, at page 2 of https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-Incurred.pdf.

Costs incurred represent funds obligated. As such, State, local, and territorial governments are required to use their CRF funds by September 30, 2022, to pay for those costs incurred or obligations made during the period of March 1, 2020, through December 31, 2021. Tribal governments are required to use their CRF funds by March 31, 2023, to pay for those costs incurred or obligations made during the period of March 1, 2020, through December 31, 2022. However, these extensions do not apply to subrecipients unless original subrecipient agreements were modified by the pass-through entity to include such extensions.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

- a. *Title of Report: Financial Progress Report*
PRA Number: Statutory requirement per 42 USC 801(f)(1) and Pandemic Response Accountability Committee (PRAC) reporting requirements per section 15011(b)(2) of the CARES Act. PRA not required.
Reporting Cycle: Quarterly
Authoritative Requirement: 42 USC 801 and section 15011(b)(2) of the CARES Act

Department of the Treasury “Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments Coronavirus Relief Fund Program Guidance” as published in the Federal Register on January 15, 2021 at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf;

Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting (see page 9) and Recordkeeping (Revised) (see page 20) of
<https://oig.treasury.gov/sites/oig/files/2021-03/OIG-CA-20-028R.pdf>;

Department of the Treasury Office of Inspector General “Coronavirus Relief Fund Reporting and Record Retention Requirements” (see pages 1-4) <https://oig.treasury.gov/sites/oig/files/2021-01/OIG-CA-20-021.pdf>; [31 CFR section 35.4\(c\) Reporting and requests for other information](#);

Blank Copy of the Report and Report Instructions: Department of the Treasury Office of Inspector General “Treasury OIG & PRAC Financial Reporting OLDC Form” (see page 2 for the Table of Contents) [Treasury OIG & PRAC Financial Reporting OLDC Form: Prime Recipient User Guide](#)

Report Corrections: Recipients may make report corrections or additions within the first 10 days after a quarter end, or before the close date. Treasury OIG approves final submissions that are determined to be complete and may return reports to recipients for corrections. Recipients may not access previous versions of a revised report in GrantSolutions for correction. They must make corrections in the current open reporting period.

Key Line Item(s)- The following line items contain critical information:

1. *Total Cumulative Obligations*- Quantifiable Objective Criteria: Cumulative obligations reported in GrantSolutions agrees with the prime recipient’s records (e.g., general ledger, subsidiary ledger, and related source documents).
(See [Treasury OIG & PRAC Financial Reporting OLDC Form: Prime Recipient User Guide](#) pages 30 – 57; [Treasury OIG FAQs on Reporting and Recordkeeping \(Revised\) #72](#); and [Treasury OIG Record Retention and Reporting Requirements](#), page 4)
2. *Total Cumulative Expenditures*- Quantifiable Objective Criteria: Cumulative expenditures reported in GrantSolutions agrees with the prime recipient’s records (e.g., general ledger, subsidiary ledger, and related source documents).
(See [Treasury OIG & PRAC Financial Reporting OLDC Form: Prime Recipient User Guide](#) pages 30 – 57; [Treasury OIG FAQs on Reporting and Recordkeeping \(Revised\) #72](#); and [Treasury OIG Record Retention and Reporting Requirements](#) page 4)

3. *Loans-* Quantifiable Objective Criteria: Repayment terms of all loans issued are reported accurately against the loan terms. (See [Treasury CRF Program Guidance #40](#); and [Treasury OIG FAQs on Reporting and Recordkeeping \(Revised\) #51](#))
 4. *Transfers to Other Government Entities-* Quantifiable Objective Criteria: The prime recipient does not include transfers for movements of funds within their own government as subrecipients. For example, a State designating funds for their public works department is not a transfer. (See [Treasury CRF Program Guidance #4](#) and [Treasury OIG FAQs on Reporting and Recordkeeping \(Revised\) #26](#) and [#27](#))
 5. *Aggregate Reporting-* Quantifiable Objective Criteria: Aggregate reporting is only used for single transactions less than \$50,000 and not for Contracts, Grants, Loans, Direct Payments, and/or Transfers greater than \$50,000. (See [Treasury OIG & PRAC Financial Reporting OLDC Form: Prime Recipient User Guide](#) pages 30 – 57; [Treasury OIG FAQs on Reporting and Recordkeeping \(Revised\) #6](#) and [#7](#))
4. **Special Reporting for Federal Funding Accountability and Transparency Act**
- Not Applicable

M. **Subrecipient Monitoring**

For information on subrecipient monitoring, please reference Part 3 of the Compliance Supplement. (Note: The Single Audit Act and 2 CFR Part 200, Subpart F regarding audit requirements do not apply to beneficiaries as defined in Treasury’s CRF Program Guidance Treasury’s FAQ B.13 at [CRF-Guidance-Federal-Register_2021-00827.pdf \(treasury.gov\)](#)).

Treasury’s CRF Program Guidance requires recipients to report on both subrecipients and beneficiaries in their reporting. However, for the purposes of this Compliance Requirement, the requirement only applies to subrecipients as defined under the Uniform Guidance and not beneficiaries.

Recipients should maintain documentation to support their determinations regarding whether an entity is a subrecipient, contractor, or beneficiary.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.020 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS PROGRAM****I. PROGRAM OBJECTIVES**

The purpose of the Community Development Financial Institutions Program (CDFI Program) is to use federal resources to invest in, and build the capacity of, Community Development Financial Institutions (CDFIs) to help them serve low-income and underserved people and communities that lack access to affordable financial products and services.

II. PROGRAM PROCEDURES**A. Overview**

The CDFI Program is administered by the Community Development Financial Institutions Fund (CDFI Fund), Department of the Treasury. Through the CDFI Program, the CDFI Fund provides two types of monetary awards to CDFIs—Financial Assistance (FA) Awards and Technical Assistance (TA) Awards. In order to be eligible to apply for assistance, entities must meet, or propose to meet, specific CDFI eligibility criteria (12 CFR sections 1805.200 and 1805.201). CDFIs include, among others, entities such as banks, credit unions, depository institution holding companies, loan funds, and venture capital funds.

An organization must be a Certified CDFI when the Notice of Funds Availability (NOFA) is released in order to be eligible to apply for a FA Award through the CDFI Program. Organizations that are Emerging CDFIs or Sponsoring Entities may only apply for TA Awards.

1. CDFIs may use the funds to pursue a variety of goals, including:
 - a. Promoting economic development to develop businesses, create jobs, and develop commercial real estate;
 - b. Developing affordable housing and to promote homeownership; and
 - c. providing community development financial services, such as basic banking services, financial literacy programs, and alternatives to predatory lending.

B. Subprograms/Program Elements

The CDFI Fund provides FA and TA Awards to help certified and emerging CDFIs sustain and expand their services and build their technical capacity. FA and TA Awards are provided through a yearly competitive nationwide evaluation and selection process as referenced in the NOFA. The latest version of the CDFI Program Notice of Funding

Availability can be found on the CDFI Fund website at:

<https://www.cdfifund.gov/programs-training/programs/cdfi-program/apply-step>.

After selection, each CDFI Program Award Recipient enters into an Assistance Agreement, which includes Performance Goals and other terms and conditions. A template of the Assistance Agreement can be found on the CDFI Fund website at

https://www.cdfifund.gov/sites/cdfi/files/2022-01/FY2021_CDFIProgram_NACAProgram_FA_Assistance_Agreement_Template.pdf

Source of Governing Requirements

The CDFI Program is authorized by the Community Development Banking and Financial Institutions Act of 1994 Pub. L. No. 103-325, (September 23, 1994), codified at 12 CFR Part 1805.

Availability of Other Program Information

Additional information on the CDFI Program is available on the CDFI Fund website at <https://www.cdfifund.gov>. The link to the template for the Assistance Agreement can be found under Section II. Program Procedures, Section B. If there are specific questions regarding the programs, the CDFI Fund may be contacted via telephone at (202) 653-0421 or by e-mail at cdfihelp@cdfi.treas.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	N	Y	N	Y	N	N

A. Activities Allowed or Unallowed

Section 3.7 of the terms and conditions in the assistance agreement prescribes the specific authorized activities of FA awards for each CDFI Program award Recipient (12 CFR sections 1805.300 and 1805.301).

1. Activities Allowed

- a. Financial Assistance- The Recipient must use the Financial Assistance (including Base-FA, HFFI-FA, DF-FA, and PPCFA) to support its activities in the following areas:
 - (1) Financial Products (provided, however, HFFI-FA may not be used to fund loan purchases, loan refinancing, or any type of financing for prepared food outlets).
 - (2) Financial Services (Regulated Institutions only; HFFI-FA may not be used to provide Financial Services).
 - (3) Development Services.
 - (4) Loan Loss Reserves.
 - (5) Capital Reserves (Regulated Institutions only; DF-FA may not be used for Capital Reserves).
 - (6) Direct Administrative Expenses.
 - (7) Financial Products (provided, however, HFFI-FA may not be used to fund loan purchases, loan refinancing, or any type of financing for prepared food outlets).
- b. Technical Assistance: The Recipient must use the Technical Assistance to support activities in the following areas:

- (1) Compensation (Personal Services);
 - (2) Compensation (Fringe);
 - (3) Training and Education;
 - (4) Travel;
 - (5) Professional Services;
 - (6) Equipment;
 - (7) Supplies; and
 - (8) Incorporation costs (Sponsoring Entities only).
- c. CDFI Program Award Recipients may not distribute assistance to an affiliate or subsidiary without the prior consent of the CDFI Fund (12 CFR section 1805.302(b)).

G. Matching, Level of Effort, Earmarking

1. Matching

- a. *Financial Assistance* – Each CDFI Program Award Recipient must match FA provided with an amount that is at least comparable in (1) form (e.g., grant, loan, deposit, and Equity Investment) to the type of FA provided by the CDFI Fund, and (2) value, on a dollar-for-dollar basis, to the FA provided by the CDFI Fund, unless waived by Congress in the appropriation for the program. Such match must come from sources other than the federal government and must consist of nonfederal funds. The applicable time frame for meeting the match is set forth in the NOFA published in the *Federal Register* for each funding round. The most recent NOFAs can be retrieved from the CDFI Fund’s website at <https://www.cdfifund.gov/programs-training/programs/cdfi-program/apply-step>.

The amount of FA disbursed by the CDFI Fund to a CDFI Program Award Recipient will not exceed the amount of match that the CDFI Program Award Recipient has in hand as codified in 12 CFR sections 1805.500. Matching Funds are In-Hand when the Applicant receives payment for the Matching Funds from the Matching Funds source (e.g., grant, loan, deposit, and Equity Investment).

- b. *Technical assistance* – There is no match requirement for TA Awards under the CDFI Program as codified in 12 CFR section 1805.303(d).

2. Level of Effort

Not Applicable

3. Earmarking

Not Applicable

L. Reporting**1. Financial Reporting**

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Performance Progress Report (PPR) (OMB Control Number 1559-0036) – (12 CFR 1805) - Recipients submit the PPR in the Awards Management Information System (AMIS) database once a year, three (3) months after the Recipient's Period of Performance End Date. The PPR is used to determine if the Recipient is in compliance with the applicable Performance Goals and Measures in their Assistance Agreement. The PG&M's are specific to each Recipient's assistance agreement. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the [Compliance Resources and Reporting section](#) page in the [Annual Compliance Reports Performance Progress Report \(PPR\) and Financial Audit Statement Data Points](#) document starting on page 2. The Recipient has the ability to print copies of the PPR from its AMIS account if needed by the Auditor. The authoritative requirement for submission of the PPR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the PPR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the "Approval History" at the bottom of the PPR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items - The following line item contains critical information (items not numbered in the report):

1. *Performance Goals and Measures (PG&M)* - The PG&M's identified are specific to each Recipient's assistance agreement and generally only include 2-3 PG&Ms. The data reported for the Period of Performance for each required PG&M should meet or exceed the required benchmarks as outlined in the assistance agreement.

Uses of Award Report (UOA) (OMB Control Number 1559-0032) – Recipients submit the UOA in the AMIS database once a year, three (3) months after the Recipients Period of Performance End Date. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the [Compliance Resources and Reporting section](#) page in the Uses of Award (UOA) Report Data Points Description and Related Guidance and Financial Audit Statement Data Points document starting on page 2. The authoritative requirement for submission of the UOA is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the UOA has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the UOA in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items - The following line items contain critical information (items not numbered in the report):

1. Advances of FA Funds held in interest-bearing accounts.
2. Amount of interest earned.
3. Interest earned in excess of \$500 has been remitted to the Department of Health & Human Services.
4. Category of Activity - Total Dollar Amount – The total dollar amount of the activity expended during the Period of Performance.

Transaction Level Report (TLR) and Consumer Loan Report (CLR) (OMB Control Number 1559-0027) – The TLR is applicable to FA Award Recipients only. The CLR is applicable to banks and credit unions who are FA Award Recipients that originated consumer loans during the Period of Performance. Both reports are due 180 days after the Recipient's Period of Performance End Date. The reports are used to collect compliance and performance data and provide transactional information on an organization's portfolio. The reports require reporting on newly originated loans and investments closed as of a Recipient's fiscal year end. The guidance for completing the reports can be found in the [CDFI](#)

[TLR Data Point Guidance](#) available on the CDFI Fund website. The authoritative requirement for submission of the TLR/CLR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the TLR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the TLR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items for the TLR - The following line items contain critical information:

1. Column C - TLR Submission Year – Submission year is the current data year.
2. Column D - Date Originated – Reporting date is within the reporting period.
3. Column E - Original Loan/Investment Amount –.
4. Column I - Interest Rate.
5. Column K - Points.
6. Column L - Origination Fees.
7. Column O - Term.
8. Column AH - Annual Gross Revenue from Business Operations at Time of Loan/Investment Origination.

Key Line Items for the CLR - The following line items contain critical information:

1. Column E - Total Originated Amount the ratio of the total amount and the total number is equal to 1.
2. Column F - Total Originated Number –the ratio of the total amount and the total number is equal to 1.
3. Column B - Fiscal Year – Reported value is equal to the value of the current data year.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

IV. OTHER INFORMATION

Recipients that received assistance in the form of a loan are required to submit both performance and financial reports for the Period of Performance designated in the assistance agreement. However, this does not relieve the borrower of the requirement to file financial reports on these loans or otherwise comply with program requirements until the loan is repaid to the CDFI Fund.

For-profit recipients of this funding are not subject to audit under the [*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*](#).

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.023 EMERGENCY RENTAL ASSISTANCE PROGRAM****I. PROGRAM OBJECTIVES**

Note: This program is considered a “higher risk” program for 2024, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Two pieces of legislation authorized funding for Emergency Rental Assistance. The authorizations include some different legal requirements. Therefore, this Compliance Supplement addresses the requirements as “ERA 1” and “ERA 2.” ERA 1 was authorized by Division N, Title V, Section 501 of the Consolidated Appropriations Act, 2021 (the Act), Pub. L. No. 116-260 (December 27, 2020), codified at 15 USC 9058a. ERA 2 was authorized by Title III, Subtitle B, Section 3201 of the American Rescue Plan Act (ARPA), 2021, Pub. L. No. 117-2 (March 11, 2021), codified at 15 USC 9058c. Both ERA 1 and ERA 2 funding is defined as “other financial assistance” per 2 CFR Part 200.1 and both ERA 1 and ERA 2 are administered by Treasury as direct payments for specified use.

The purpose of ERA is to provide direct payments to eligible grantees to assist eligible households with financial assistance and to provide housing stability services and, in the case of ERA 2 as applicable, to cover the costs for other affordable rental housing and eviction prevention activities. ERA grantees may provide assistance directly to eligible landlords and utility providers on behalf of an eligible household or directly to an eligible household (See 15 USC 9058a(c)(2)(C)(i) and FAQ 12 for more detail on landlords and utility provider participation in the program). Financial assistance for eligible households may include payment of rent, rental arrears, utilities and home energy costs, utilities and home energy costs arrears, and other expenses related to housing. ERA grantees may also use funds to provide housing stability services as authorized by the respective statutes.

II. PROGRAM PROCEDURES**A. Overview**

ERA 1 provided \$25 billion for the US Department of the Treasury (Treasury) to make payments to States (defined to include the District of Columbia), US territories (Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Indian tribes or their tribally designated housing entities, as applicable, the Department of Hawaiian Home Lands, and certain local governments with more than 200,000 residents. These entities are collectively referred to as “eligible grantees” or “ERA 1 grantees.” ERA 1 award funds may be used to provide financial assistance and housing stability services to eligible households. All ERA 1 grantees that submitted the requested documentation to Treasury and executed a financial assistance agreement received their total ERA 1 award funds in one payment.

ERA 2 provided \$21.55 billion for Treasury to make payments to States (defined to include the District of Columbia), US Territories (Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), and local governments with more than 200,000 residents. These entities are collectively referred to as “eligible grantees” or “ERA 2 grantees.” ERA 2 award funds may be used to assist eligible households with financial assistance and to provide housing stability services and, as applicable, to cover the costs for other affordable rental housing and eviction prevention activities.

Pursuant to 15 USC 9058c (c)(1), Treasury made initial payments of 40 percent of an eligible grantee’s total award amount to each grantee under ERA 2 that submitted the required documentation and executed the financial assistance agreement. Through February 2022, Treasury made payments of the remaining 60 percent of ERA 2 grantees’ award funds after they certified that at least 75 percent of the initial ERA 2 payment had been obligated pursuant to 15 USC 9058c(c)(2). Beginning in February 2022, Treasury altered its ERA 2 payment tranche policy to allow grantees to receive the remainder of their ERA 2 award funds in two payments (half of the remaining balance, followed by the remaining balance), subject to potential reductions resulting from the implementation of a statutory reallocation requirement with each tranche payment only made after grantees certified that they have obligated at least 75 percent of the funds already disbursed pursuant to 15 USC 9058c(c)(2).

Additional information on statutory differences between ERA 1 and ERA 2 are described in the Emergency Rental Assistance Frequently Asked Questions (FAQs) posted [at: https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs](https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs).

15 USC 9058a(b)(1)(A) directs Treasury to use US Census Bureau data for the most recent year for which data is available for population calculations for determining the populations of state and local governments. Funds are distributed via a per capita formula allocation detailed on Treasury.gov that considers the minimum allocation of \$200 million for states and the District of Columbia. Allocation amounts can be found via the following link: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/allocations-and-payments>.

Source of Governing Requirements

Emergency Rental Assistance (“ERA 1”), Division N, Title V, Section 501 of the Consolidated appropriations Act, 2021 codified as 15 USC9058a.

Emergency Rental Assistance (“ERA 2”), Title III, Subtitle B, Section 3201 of the American Rescue Plan Act, 2021,) codified as 15 USC 9058c.

Section 15011 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. No. 116-136), codified by 15 USC 9058a, as amended by Title VIII, Section 801(b) of the Consolidated Appropriations Act, 2021 at 15 USC 9058c, on December 27, 2020.

Treasury's Frequently Asked Questions (FAQs) and related guidance available on Treasury.gov, including important version changes over time that can be found on the ERA website.

Availability of Other Program Information

General information for ERA is available on Treasury's website at <https://www.treasury.gov/ERA>. Information includes the following documents:

ERA 1 authorizing statute: <https://www.govinfo.gov/content/pkg/PLAW-116publ260/pdf/PLAW-116publ260.pdf> (See pages 889 - 899)

This document details information that is contained in the authorizing statute including funds appropriated for ERA 1.

ERA 2 authorizing statute: <https://www.govinfo.gov/content/pkg/PLAW-117publ2/pdf/PLAW-117publ2.pdf> (See pages 52 - 56)

This document details information that is contained in the authorizing statute including funds appropriated for ERA 2.

15 USC 9058a(g)(1) regarding ERA 1 reporting: <https://www.govinfo.gov/content/pkg/PLAW-116publ136/pdf/PLAW-116publ136.pdf> (See pages 260 - 262)

This document provides information on grantee reporting the use of funds.

ERA 1 Award Terms template: <https://home.treasury.gov/system/files/136/Emergency-rental-assistance-terms-FINAL.pdf> (See pages 1 - 5)

This document provides award terms as a condition to the receipt of payment from Treasury for ERA 1.

ERA 2 Award Terms template: https://home.treasury.gov/system/files/136/ERA2_Grantee_Award_Terms_572021.pdf (See pages 1 - 5)

This document provides award terms as a condition to the receipt of payment from Treasury for ERA 2.

Treasury's ERA Frequently Asked Questions (FAQs) and guidance are available at: <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf> (See pages 1-18)

Treasury released FAQs as guidance regarding ERA 1 and ERA 2 except where differences are specifically noted.

Treasury's ERA 1 Reallocation guidance:

<https://home.treasury.gov/system/files/136/UpdatedERA1ReallocationGuidanceSep6.pdf> (See pages 1 - 8)

The ERA 1 statute requires Treasury to identify “excess funds” for reallocation from amounts Grantees have “not obligated” from their initial ERA 1 allocations.

Treasury's ERA 2 Reallocation guidance: <https://home.treasury.gov/system/files/136/ERA2-Reallocation-Guidance-March-30-2022.pdf> (See pages 1 - 6)

The ERA 2 statute requires Treasury to identify funds for reallocation from amounts allocated to eligible Grantees, but not yet paid out to them.

ERA Compliance and Reporting guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/reporting> (See web page)

Treasury instituted a webpage that provides information and guidance on quarterly reporting and compliance.

ERA Reporting Guidance: Addendum for ERA1 Final Report:

<https://home.treasury.gov/system/files/136/ERA-Reporting-Guidance-Addendum-for-ERA1-Final-Report.pdf> (See pages 1-41)

This document describes requirements for the ERA1 Final Report “Final Report.”

Guidance from the Treasury Office of Inspector General (OIG) related to the reporting of ERA fraud, waste, and abuse and any future monitoring of funds requirements (where applicable):

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/fraud> (See web page)

Treasury OIG provided guidance to grantees on what to do if they suspect fraud, waste, and abuse.

ERA Promising Practices guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/promising-practices> (See web page)

This webpage describes examples of promising practices for ERA that identify program strategies that promise to speed up program implementation, more efficiently deliver program benefits, enhance program integrity, and improve tenant and landlord access to programs.

ERA Program and Service Design guidance: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/service-design> (See web page)

Treasury provided guidance on considerations for good program design and delivery.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	Y	N	N	Y	N	Y

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. ERA 1 and ERA 2 funds may be used for administrative expenses, housing stability services, and financial assistance on behalf of an eligible household, as defined in the Treasury guidance. In the case of ERA 2, beginning on October 1, 2022, grantees that have obligated 75 percent of their allocations may choose to use up to 25 percent of their allocation for, “other affordable rental housing and eviction prevention purposes, as defined by the Secretary, serving very low-income families.” Treasury released guidance for these additional uses as FAQ 46 in July 2022.

Where applicable, the final ERA 1 payment amount distributed by Treasury to the ERA 1 grantee through an ERA 1 “redirect” and/or “reallocation” process, pursuant to Treasury’s Reallocation Guidance, is described on Treasury.gov. If a grantee receives redirected or reallocated funds, the funds are subject to the same requirements under the ERA 1

Award Terms previously accepted by the grantee in connection with their ERA 1 award with the addition that grantees receiving reallocated ERA 1 funds may request from Treasury an extension of their final obligation date from September 30, 2022, to December 29, 2022. All grantees that submitted a request for reallocated funds requested this extension as part of the request. Treasury subsequently granted all requests for extensions. Please see the ERA page at [Treasury.gov](https://www.treasury.gov) and [ERA FAQs](#) for the latest guidance regarding eligible uses under ERA 1 and ERA 2. (See FAQs 1, 4-7, 16-20, 26-28, 35 and 39-42)

- b. **Administrative Expenses:** The revised Award Terms for ERA 1 and ERA 2 awards issued by Treasury permits ERA grantees to use award funds provided to cover both direct and indirect administrative costs. The cost of a grantee contacting a landlord to encourage their participation and acceptance of ERA assistance is one of many examples of an eligible administrative cost. Under ERA 1, a grantee may use up to 10 percent of the total award amount for direct and indirect administrative costs and may use up to 10 percent of the total award amount for housing stability services. Under ERA 2, a grantee may use up to 15 percent of the total award amount for direct and indirect administrative costs and may use up to 10 percent of the total award amount for housing stability services as described below (See also FAQ 29).
- c. **Housing Stability Services:** Under ERA 1, housing stability services includes case management and other services related to the COVID-19 outbreak intended to help keep households stably housed. Under ERA 2, housing stability services do not have to be related to the COVID-19 outbreak. For ERA 1 and ERA 2, housing stability services include those that enable households to maintain or obtain housing. Such services may include, among other things, eviction prevention and eviction diversion programs; mediation between landlords and tenants; housing counseling; fair housing counseling; housing navigators or promoters that help households access programs or find housing; case management related to housing stability; housing-related services for survivors of domestic abuse or human trafficking; legal services or attorney's fees related to eviction proceedings and maintaining housing stability; and specialized services for individuals with disabilities or seniors that support their ability to access or maintain housing (See FAQ 23).
- d. **Financial Assistance:** Financial assistance to households includes payment of rent, rental arrears, utilities and home energy costs, utility and home energy costs arrears, and other expenses related to housing pursuant to 15 USC 9058a(c)(2)(A). Please note that under the ERA 1 program, award funds used for "other expenses" must be related to housing and "incurred due, directly or indirectly, to the novel coronavirus disease (COVID-19) outbreak" (See 15 USC 9058a(c)(2)(A)(v)). However, the ERA 2 statute

requires that “other expenses” be “related to housing” but does not require that they be incurred due to the COVID-19 outbreak (See 15 USC 9058a(d)(1)(A)(V)). The amount of financial assistance for prospective rent cannot exceed three months under a single household application (See FAQ 10). There is no maximum dollar amount for the cumulative financial assistance that may be provided on behalf of an eligible household beyond the requirements set forth in the ERA FAQs. These requirements include that amounts paid be based on documentation of household income, leases, and equivalent forms (or for applicants unable to present adequate documentation, a written attestation from the applicant up to a monthly maximum of 100 percent of the greater of the Fair Market Rent or the Small Area Fair Market Rent for the area in which the applicant resides) and that the amount of assistance provided to any household under ERA 1 and ERA 2, including assistance provided by other ERA 1 and ERA 2 grantees cannot exceed 18 months (See FAQ 10).

Financial assistance arrears may only cover household expenses accrued on or after March 13, 2020, up to a maximum of 15 months for ERA 1 and a maximum of 18 months, under ERA 1 and ERA 2 combined. For prospective rent assistance greater than three months up to the statutory maximum of 18 months under ERA 1 and ERA 2, the household must apply to the program again and the grantee must have sufficient funds. Households may receive up to 12 months of assistance under ERA 1 and an additional three months if necessary to ensure housing stability for the household for a total of three months. This means that for ERA 1, the maximum rental arrears monthly coverage period, where applicable, is 15 months where necessary for housing stability and households may only receive up to three months of prospective rent, where applicable and qualifying (See FAQ 10).

Examples of other costs for both ERA 1 and ERA 2 include relocation expenses (including prospective relocation expenses), rental security deposits, rental fees including application and screening fees, reasonable accrued late fees, Internet service to a given rental unit, and rental bonds where necessary to avoid an eviction order, as provided in the Treasury guidance and subject to certain conditions (for example, that Internet service expenses are eligible only if grantees establish policies governing the appropriate of use for this purpose).

- e. Other Affordable Rental Housing and Eviction Prevention Purposes: Treasury released FAQ 46 on July 2022 to define these uses.

B. Allowable Costs / Cost Principles

The cost principles in 2 CFR Part 200, Subpart E (Cost Principles) except for 2 CFR 200.418 and 2 CFR 200.419 apply to ERA 1 and ERA 2.

E. Eligibility

1. Eligibility for Individuals

To ensure eligibility requirements are met, household eligibility should be tested to focus on whether grantees established and adhered to reasonable policies for evaluating household applications within Treasury's framework providing for the use of self-attestation, categorical eligibility, and fact-specific proxies in qualifying circumstances. Specific eligibility requirement can be found in ERA FAQ 1 at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

This approach to eligibility was implemented in accordance with 15 USC 9058a, for ERA 1 in 15 USC 9058a(c)(2)(C)(ii) concerning documentation of payments to households, 15 USC 9058a(f)(2)(A) and (B) concerning signature requirements for applications and documentation required for tenants, 15 USC 9058a (k)(1) concerning area median income determinations, and 15 USC 9058a (k)(3)(A)(I) and (II) concerning eligible household determinations and attestation requirements. This treatment is further explained in the ERA FAQs; 15 USC 9058a; and Treasury, Department of Justice, and Department of Housing and Urban Development's joint letter issued August 27, 2021 that can be accessed at <https://home.treasury.gov/system/files/136/Eviction-Moratorium-Joint-Letter.pdf>.

To the extent that a grantee has established and consistently followed its own reasonable procedures for implementing an eligibility determination process, consistent with Treasury's guidance, it is not Treasury's expectation that grantees should seek additional documentation from a beneficiary after the initial determination of eligibility has been completed, including for those determined to be eligible using self-attestation, categorical eligibility, or fact-specific proxies in qualifying circumstances. Testing of individual household eligibility-related documentation should be limited to material already collected by the grantee during application as much as possible to avoid imposing undue burden on households that remain at risk of housing instability.

Treasury guidance related to determining where an applicant lives and the amount that they owe can be found in FAQ 5 <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>. Grantees must obtain, if available, a current lease, signed by the applicant and the landlord or sublessor, that identifies the unit where the applicant resides and establishes the rental payment amount. If a household does not have a signed lease, documentation of residence may include evidence of paying utilities for the residential unit, an attestation by a landlord who can be identified as the verified owner or management agent of the unit, or other reasonable documentation as determined by the grantee. In the absence of a signed lease, evidence of the amount of a rental payment may include bank statements, check stubs, or other documentation that reasonably establishes a pattern of paying rent, a written attestation by a landlord who can be verified as the legitimate owner or

management agent of the unit, or other reasonable documentation as defined by the grantee in its policies and procedures.

Additional Treasury guidance related to income determination can be found in FAQ 4 and related guidance

<https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>. ERA 2 builds on the eligibility criteria in ERA 1 and permits additional flexibilities.

The ERA FAQs document the full eligibility considerations for grantees to extend emergency assistance to vulnerable populations without imposing undue documentation burdens. As described, given the challenges presented by the COVID-19 pandemic, grantees may be flexible as to the particular form of documentation they require, including by permitting photocopies or digital photographs of documents, e-mails, or attestations from employers, landlords, caseworkers, or others with knowledge of the household's circumstances. Grantees must require all applications for assistance to include an attestation from the applicant household that all information included is correct and complete. In all cases, grantees must document their policies and procedures for determining household eligibility to include policies and procedures for determining the prioritization of households in compliance with the statute and maintain records of their determinations.

Grantees may rely on a written attestation without further documentation of household income from the applicant under three approaches:

- a. Self-attestation Alone – In order to provide assistance rapidly during the public health emergency related to COVID-19, the grantee may rely on a self-attestation of household income, financial hardship, and/or risk of homelessness and housing instability without further verification if the applicant confirms in their application or other document that they are unable to provide documentation, provided the other requirements detailed in Treasury guidance are satisfied. If an applicant is able to provide satisfactory evidence of residence but is unable to present adequate documentation of the amount of the rental obligation, grantees may accept a written attestation from the applicant to support the payment of assistance up to a monthly maximum of 100 percent of the greater of the Fair Market Rent or the Small Area Fair Market Rent for the area in which the applicant resides, as most recently determined by HUD and made available at <https://www.huduser.gov/portal/datasets/fmr.html>;
- b. Categorical Eligibility – If an applicant household income has been verified to be at or below 80 percent of the area median income (for ERA 1) or if an applicant household has been verified as a low-income family as defined in Section 3(b) of the United States Housing Act of 1937 (42 USC 1437a(b)) (for ERA 2) in connection with another local, state, or federal government assistance program, grantees are permitted to rely on a

determination letter from the government agency that verified the applicant's household income or status as a low-income family, provided that the determination for such program was made on or after January 1, 2020; and/or

- c. Fact-specific proxy – A grantee may rely on a written attestation from the applicant household as to household income if the grantee also uses any reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes in the household's geographic area. Grantees also have discretion to provide waivers or exceptions to this documentation requirement to accommodate disabilities, extenuating circumstances related to the pandemic, or a lack of technological access. In these cases, the grantee is still responsible for making the required determination regarding the applicant's household income and documenting that determination.

Grantees have discretion to provide waivers or exceptions to certain documentation requirements to accommodate disabilities, extenuating circumstances related to the pandemic, or a lack of technological access. In these cases, the grantee is still responsible for making the required determination regarding the applicant's household income and documenting that determination. Pursuant to 15 USC 9058a(k)(3)(B), and 2 CFR 200.403, when providing ERA 1 assistance, the grantee must review the household's income and sources of assistance to confirm that the ERA 1 assistance does not duplicate any other assistance, including federal, state, or local assistance provided for the same costs. Grantees may rely on an attestation from the applicant regarding non-duplication with other government assistance, and the duplication requirement does not apply to ERA 2; however, to maximize program efficacy, Treasury encourages grantees to minimize the provision of duplicative assistance.

Treasury strongly encourages grantees to rely on the self-certification of applicants with regard to whether their financial hardship meet statutory eligibility requirements. Similarly, with respect to determining whether one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability, Treasury indicates that a grantee may rely on a past due utility or rent notice or eviction notice, evidence of unsafe or unhealthy living conditions (which may include overcrowding) or any other evidence of risk, as determined by the grantee. Treasury clearly indicates that a grantee may rely on an applicant's self-certification identifying the applicable risk factor or factors, without further documentation, if other documentation is not immediately available.

Beginning October 1, 2022, grantees that have obligated 75 percent of their allocations, including funds received through reallocation, may choose to use up to 25 percent of their allocation for, "other affordable rental housing and eviction prevention purposes, as defined by the Secretary, serving very low-income

families.” Treasury is interested in understanding whether a grantee made payments to eligible beneficiaries at the point in time when the grantee made a payment. Treasury released guidance for these additional uses at FAQ 46 in July 2022. See page 20 of <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

In summary, eviction prevention purposes are those previously defined as housing stability uses. For affordable housing, the eligible uses include operation or development of affordable housing that utilizes another federal grant program for affordable housing development and has a 20-year affordability covenant.

2. Eligibility for Groups of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

Not Applicable

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

Under ERA 1, a grantee may use up to 10 percent of the total award amount for direct and indirect administrative costs. Under ERA 2, a grantee may use up to 15 percent of the total award amount for direct and indirect administrative costs and 10 percent of the total award amount for housing stability services. See FAQ 29 at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.

H. Period of Performance

Under 15 USC 9058a(e)(1), the period of performance for ERA 1 awards began on the date that the grantee executed the ERA 1 Award Terms and ended on December 31, 2021. 15 USC 9058c editorial notes provides that section 3201(h) of the American Rescue Plan Act extended the award period of performance from December 31, 2021, to September 30, 2022. Pursuant to 15 USC 9058a(e)(2), Treasury extended the award period of performance to end on December 29, 2022 for ERA 1 grantees that receive [reallocated funds](#). A listing of recipients that received reallocation payments can be found at <https://home.treasury.gov/policy->

[issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/allocations-and-payments.](https://home.treasury.gov/system/files/136/ERACloseoutResource_1-5-23.pdf)

Under 15 USC 9058c(g), the period of performance for ERA 2 awards begins on the date that Treasury and the grantee executed the ERA 2 Award Terms and ends on September 30, 2025. All award funds not obligated or expended by the end of the period of performance date for ERA 1 and ERA 2 awards must be returned to Treasury as part of the award closeout process pursuant to 2 CFR 200.344(d), including amounts distributed through redirection and reallocation. See also the ERA 1 Closeout Resource at https://home.treasury.gov/system/files/136/ERACloseoutResource_1-5-23.pdf.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

Note: ERA recipients do not submit SF-425 Reports. They provide a subset of the data collected via the SF-425 in the ERA2 Compliance Report in the Federal Financial Reporting section of the report via Treasury's portal.

2. Performance Reporting

- a. Title of Report: ERA Compliance Report
PRA Number: 1505-0266 (ERA 1) and 1505-0270 (ERA 2)
Reporting Cycle: Quarterly
Authoritative Requirement: 15 USC 9058c; 2 CFR 200.328 (Financial report); and 2 CFR 200.329 (Performance report)
Blank Copy of the Report:
<https://home.treasury.gov/system/files/136/ERA-Treasury-Portal-User-Guide-v2.pdf> (see figures 3-7 for screenshots of user guide)
Report Instructions: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/reporting>

Report Corrections: ERA2 recipients that submit a report prior to the due date may recall a previously submitted report, make any edits, and resubmit the report by the due date. In addition, when authorized by Treasury staff, ERA2 recipients may revise submitted reports for the current quarter to address issues identified by Treasury's initial data quality/consistency validations. After the revision period

ends, the submitted report is final within ORP's reporting portal. Where the ERA2 recipient identifies an issue for revision after the revision period, recipients are required to ensure the revised information is incorporated into the next quarterly report.

Key Line Items-

1. *Administrative Costs Ratio-* Quantifiable Objective Criteria: Total obligations and/or expenditures for administrative costs does not exceed the relevant threshold of total allocation (10% across the prime and all subrecipients for ERA 1, not to exceed 15% for ERA 2 across the prime and all subrecipients), and the amounts reported for administrative costs are accurate.
(See [ERA Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 54 and for ERA2 see [ERA 2 Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 43)
2. *Housing Stability Services Ratio-* Quantifiable Objective Criteria: Total obligations and/or expenditures for housing stability services is not greater than 10% of the total amount allocated (For ERA1 see [ERA Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 54 and for ERA2 see [ERA2 Reporting Guidance](#), Appendix 7, Applicable Limitations on Administrative Expenses, page 43). Examples of these services can be found in [FAQ 23](#) on page 12 of the July 27, 2022 FAQs located at <https://home.treasury.gov/system/files?file=136/ERA-FAQ-7.27.22.pdf>.
3. *System for Prioritizing Assistance-* Quantifiable Objective Criteria: The number of households with less than 50% Area Median Income (AMI) receiving financial assistance is greater than the number of households with greater than 50% AMI receiving assistance (For ERA1 see [ERA Reporting Guidance](#), Section E, Number of Unique Participant Households at Certain Income Levels, page 29 and for ERA2 see [ERA2 Reporting Guidance](#), Section E, *Cumulative Number of Unique Participant Households at Certain Income Levels*, page 23)

Participant Households at Certain Income Levels Eligibility- Quantifiable Objective Criteria: The total households receiving assistance is not greater than the sum of Area Median Income (AMI) banded eligible households with a 5 to 10% margin of error to avoid false positives for medium to large recipients. Treasury is aware of some limited temporary income data availability and reporting lag due to waterfall distribution models required within the statutory design framework and related administrative processing delays, as well as the use of fact-based proxies or assistance based on participation in other programs. Does not apply to tribal

recipients exempt from income reporting according to Treasury guidance and policy (For ERA1 see [ERA Reporting Guidance](#), Section E, *Number of Unique Participant Households at Certain Income Levels*, page 29 and for ERA2 see [ERA2 Reporting Guidance](#), Section E, *Cumulative Number of Unique Participant Households at Certain Income Levels*, page 23)

3. Special Reporting

Not applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

Although reporting on subaward information is applicable to ERA grantees pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the ERA 1 and ERA 2 Award Terms, ERA grantees' compliance with these reporting requirements is not subject to audit.

N. Special Tests and Provisions

1. ERA 1 Funds Redirection

Compliance Requirements

Pursuant to 15 USC 9058a(b)(1)(A) and Treasury's implementing instructions to requesting grantees, grantees are permitted to redirect ERA 1 funds when a locality receives an ERA 1 award and subsequently transfers 100 percent of the ERA 1 award funds received from Treasury to its eligible state and Treasury approves the transaction. The redirection of award funds is finalized when the locality has submitted the relevant redirection documentation to Treasury and Treasury has provided confirmation of acceptance. At that time, the locality's ERA 1 award is cancelled, and the locality has no further legal obligation to Treasury under the ERA 1 award.

Audit Objectives

The state's ERA 1 award is modified by the amount of the funds transferred from the local government to the state and the state is responsible as the grantee for reporting on the use of the transferred award funds that become subject to the requirements set forth in the Award Terms previously accepted by the state in connection with its ERA 1 award. A local government that has redirected 100 percent of its ERA 1 award funds to its state but has not submitted the relevant redirection documentation to Treasury or is still awaiting confirmation of acceptance of submitted documentation by Treasury, is still responsible for complying with the ERA 1 Award Terms, including submitting Monthly and Quarterly reports until their redirection forms were submitted and accepted by Treasury.

Suggested Audit Procedures

- a. Confirm that all voluntarily redirected ERA 1 award funds were approved by the grantee's authorizing official in accordance with Treasury guidance;
- b. Verify that all redirected ERA 1 award funds were deposited to the official, authorized bank account of the receiving grantee, as approved by Treasury; and
- c. Confirm that all ERA 1 award funds received through the redirection process are used in accordance with the ERA 1 Award Terms.

2. ERA Funds Reallocation

Compliance Requirements

Pursuant to 15 USC 9058a(d), Treasury is required to reallocate "excess" ERA 2 award funds. Treasury's objective in reallocations is to ensure ERA 2 award funds remain available to grantees in accordance with their jurisdictional needs and demonstrated capacity to deliver assistance while the ERA appropriations remain available. Treasury's ERA 2 reallocation guidance on Treasury.gov and previewed [here](#) describes how grantees that have expenditure ratios below designated thresholds as of March 31, 2022, were subject to involuntary reallocation, and had their calculated excess funds deducted from their undisbursed ERA2 allocations. Treasury periodically assessed expenditures using escalating expenditure benchmarks to identify excess funds for three quarterly assessments, as specified in the ERA2 Reallocation Guidance. The guidance also describes the voluntary reallocation process through which a grantee may request that Treasury reallocate its ERA 2 award funds to other ERA 2 grantees in the same state or to Treasury's general pool of reallocated funds. Unlike with ERA1, Treasury did not recapture any ERA2 funds paid out to a grantee; only undisbursed ERA2 funds were subject to reallocation. Auditors should refer to the ERA 2 reallocation guidance at <https://home.treasury.gov/system/files/136/UpdatedERA1ReallocationGuidanceSep6.pdf> (See pages 1 - 8) Guidance for ERA 2 reallocation can also be found on this site at <https://home.treasury.gov/system/files/136/ERA2-Reallocation-Guidance-March-30-2022.pdf> (See pages 1 - 6).

Updated information regarding ERA 2 reallocation was posted as an update to Reallocation Guidance in March 2022.

Audit Objectives

The reallocation expenditure ratio determines whether the grantee is subject to involuntary reallocation due to an insufficient ratio and the amount of excess funds subject to recapture by Treasury. Auditors should confirm the amounts reported as expended and obligated accurately capture the grantee's housing activity at the time of submission, as reflected in a grantee's award and/or financial systems, and that grantees receiving reallocated funds met the Treasury criteria.

Suggested Audit Procedures

- a. Confirm that financial information certified by grantees used by Treasury to make reallocation determinations is accurate and that excess funds that are subject to involuntary recapture are returned to Treasury in accordance with Treasury's confirmation letter.
- b. Auditors must confirm that financial information certified by grantees used by Treasury to make reallocation determinations are accurate which includes monthly expenditure and cumulative obligations levels, as described in the Treasury reallocation guidance.
- c. Confirm that ERA 2 expenditures reported quarterly by the grantee are inputs to Treasury's reallocation expenditure ratio are accurate.
- d. Confirm that ERA 2 obligations certified in the Request for Reallocated Funds form (1505-0266), included in the Request for Voluntarily Reallocated Funds, are inputs into determining eligibility to receive reallocated funds are accurate.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.024 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS RAPID RESPONSE PROGRAM****I. PROGRAM OBJECTIVES**

The purpose of the Community Development Financial Institutions Rapid Response Program (CDFI RRP) is to quickly deploy COVID-19 relief capital to Certified CDFIs. Funding awarded to CDFIs is being used to help distressed and underserved communities respond to the economic impacts of COVID-19 pandemic.

II. PROGRAM PROCEDURES**A. Overview**

The CDFI RRP is administered by the Community Development Financial Institutions Fund (CDFI Fund), Department of the Treasury. Through the CDFI RRP, the CDFI Fund provided awards to support, prepare for, and respond to the economic impact of the COVID-19 pandemic. In order to be eligible to apply for CDFI RRP, entities must have met, or proposed to meet, specific CDFI eligibility criteria (12 CFR sections 1805.200 and 1805.201). CDFIs include entities such as banks, credit unions, depository institution holding companies, loan funds, and venture capital funds, among others.

In order to be eligible to apply for an award through the CDFI RRP, an organization must have been a Certified CDFI when the [Notice of Funds Availability](#) (NOFA) was released.

Through the CDFI RRP, CDFIs may use CDFI RRP grant funds for five categories of eligible activities supporting the provision of financial products and services. The five categories of eligible activities include: financial products, financial services, loan loss reserves, development service and capital reserves

In addition, CDFIs cannot expend more than \$200,000 or 15% of the grant award amount for seven categories of eligible activities supporting operations: Compensation—Personal Services, Compensation—Fringe Benefits, Professional Service Costs, Travel Costs, Training and Education Costs, Equipment, and Supplies. CDFIs may use the grants to support a variety of eligible lines of business: Commercial Real Estate, Small Business, Microenterprise, Community Facilities, Consumer Financial Products, Consumer Financial Services, Commercial Financial Services, Commercial Financial Products, Affordable Housing, and Intermediary Lending to Nonprofits and CDFIs.

B. Subprograms/Program Elements

The CDFI RRP was a formula-based grant program designed to provide awards to all eligible applicants as referenced in the NOFA. The latest version of the RRP NOFA can be found on the CDFI Fund website at: https://www.cdfifund.gov/sites/cdfi/files/2021-04/FY21_CDFI_RRP_NOFA_2021_04034.pdfh.

After selection of an award, each CDFI RRP award recipient entered into an assistance agreement, which includes performance goals and other terms and conditions. A template of the Assistance Agreement can be found on the CDFI Fund website at:

https://www.cdfifund.gov/sites/cdfi/files/2021-06/CDFI_RRP_Assistance_Agreement_6.16.21_updated.pdf.

Source of Governing Requirements

The CDFI RRP is authorized by the Consolidated Appropriations Act, 2021 Pub. L. 116–260, (December 27, 2020), codified at 12 CFR Parts 1805 and 1815.

Note: All capitalized terms used herein but not defined have such definitions as specified in the [CDFI Program’s Interim Rule](#), NOFA, or applicable assistance agreement.

Availability of Other Program Information

Additional information on CDFI RRP is available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/programs/rrp>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

A. Activities Allowed or Unallowed

Section 3.7 of the terms and conditions in the assistance agreement prescribes the specific authorized activities of FA awards for each RRP Program award Recipient (12 CFR sections 1805.300 and 1805.301).

1. *Activities Allowed*

a. Financial Assistance- The Recipient must use the Financial Assistance to support its activities in the following areas.

- (1) Financial Products in an Eligible Market(s) and/or the Recipient's approved Target Market;
- (2) Financial Services (Regulated Institutions only) in an Eligible Market(s) and/or the Recipient's approved Target Market;
- (3) Development Services in an Eligible Market(s) and/or the Recipient's approved Target Market;
- (4) Loan Loss Reserves in an Eligible Market(s) and/or the Recipient's approved Target Market;
- (5) Capital Reserves (Regulated Institutions only);
- (6) Compensation (Personal Services);
- (7) Compensation (Fringe Benefits);
- (8) Training and Education;
- (9) Travel;
- (10) Professional Services;
- (11) Equipment; and
- (12) Supplies.

2. *Activities Unallowed*

a. CDFI RRP Award Recipients may not distribute assistance to an affiliate or a subsidiary without the prior consent of the CDFI Fund. This requirement is also codified in 12 CFR section 1805.302(b).

L. Reporting

1. Financial Reporting

a. *SF-270, Request for Advance or Reimbursement* – Not Applicable

b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable

c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Performance Progress Report (PPR) (OMB Control Number 1559-0036) – (12 CFR 1805) - Recipients submit the PPR in the Awards Management Information System (AMIS) database once a year, three (3) months after the Recipient’s Period of Performance End Date. The PPR is used to determine if the Recipient is in compliance with the applicable Performance Goals and Measures in their Assistance Agreement. The PG&M are specific to each Recipient’s assistance agreement. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the [Compliance Resources and Reporting section](#) page in the [Annual Compliance Reports Performance Progress Report \(PPR\) and Financial Audit Statement Data Points](#) document starting on page 2. The Recipient has the ability to print copies of the PPR from the AMIS account if needed by the Auditor. The authoritative requirement for submission of the PPR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the PPR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the PPR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items - The following line item contains critical information (items not numbered in the report):

1. *Performance Goals and Measures (PG&M)* - The PG&M’s identified are specific to each Recipient’s assistance agreement and generally only include 2-3 PG&Ms. The data reported for the Period of Performance for each required PG&M should meet or exceed the required benchmarks as outlined in the assistance agreement.
2. *Transaction Level Report (TLR) and Consumer Loan Report (CLR) (OMB Control Number 1559-0027)* – The TLR is applicable to FA Award Recipients only. The CLR is applicable to banks and credit unions who are FA Award Recipients that originated consumer loans during the Period of Performance. Both reports are due 180 days after the Recipient’s Period of Performance End Date. The reports are used to collect compliance and performance data and provide transactional information on an organization’s portfolio. The reports require reporting on newly originated loans and investments closed as of a Recipient’s fiscal year end. The guidance for completing the reports can be found in the [CDFI](#)

[TLR Data Point Guidance](#) available on the CDFI Fund website. The authoritative requirement for submission of the TLR/CLR is codified in 12 CFR 1805.803. Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the TLR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the TLR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items for the TLR - The following line items contain critical information:

1. *Column C - TLR Submission Year* – Submission year is the current data year.
2. *Column D - Date Originated* – Reporting date is within the reporting period.
3. *Column E - Original Loan/Investment Amount.*
4. *Column I - Interest Rate.*
5. *Column K – Points.*
6. *Column L - Origination Fees.*
7. *Column O - Term.*
8. *Column AH - Annual Gross Revenue from Business Operations at Time of Loan/Investment Origination.*

Key Line Items for the CLR - The following line items contain critical information:

1. *Column E - Total Originated Amount* –the ratio of the total amount and the total number is equal to 1.
2. *Column F - Total Originated Number* –the ratio of the total amount and the total number is equal to 1.
3. *Column B - Fiscal Year* – Reported value is equal to the value of the current data year.

Uses of Award Report (UOA) (OMB Control Number 1559-0032) – Recipients submit the UOA in the AMIS database once a year, three (3) months after the Recipients Period of Performance End Date. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the [Compliance Resources and Reporting section](#) page in the Uses of Award (UOA) Report Data Points Description and Related Guidance and Financial Audit Statement Data Points document starting on page 2. The authoritative requirement for submission of the UOA is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the UOA has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the UOA in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items - The following line items contain critical information (items not numbered in the report):

1. Advances of FA Funds held in interest-bearing accounts
2. Amount of Interest earned
3. Interest earned in excess of \$500 has been remitted to the Department of Health & Human Services

Category of Activity - Total Dollar Amount – The total dollar amount of the activity expended during the Period of Performance.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.025 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS SMALL DOLLAR LOAN PROGRAM****I. PROGRAM OBJECTIVES**

The purpose of the Community Development Financial Institutions (CDFI) Small Dollar Loan Program (SDL Program) is to use federal resources to help Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provide alternatives to high-cost small dollar loans. The program was also created to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access to the mainstream financial system.

II. PROGRAM PROCEDURES**A. Overview**

To provide grants for Loan Loss Reserves to enable: (1) a Certified Community Development Financial Institution (CDFI) or any partnership between a Certified CDFI and federally insured depository institution with a primary mission to serve targeted Investment Areas to establish a loan-loss reserve fund in order to defray the costs of a small dollar loan program established or maintained by such institution; and (2) to provide grants for Technical Assistance to a Certified CDFI or any partnership between or among Certified CDFIs to establish and maintain small dollar loan programs. SDL Program grants cannot be used to provide direct loans to consumers. This program is intended to provide an alternative to high-cost small dollar loans, as well as help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

SDL Program grants cannot be used to provide direct loans to consumers.

B. Subprograms/Program Elements

Through the SDL Program, the CDFI Fund provides (1) LLR Awards to enable CDFIs to establish a loan loss reserve fund in order to cover losses on small dollar loans from a new or existing small dollar loan program and (2) TA Awards to support technology, staffing, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program. LLR and TA Awards are provided through a competitive nationwide evaluation and selection process. After being selected for an Award, each SDL Program Award Recipient enters into an assistance agreement, which includes Performance Goals and Measures and other terms and conditions.

Source of Governing Requirements

The SDL Program is authorized by Title XII— Improving Access to Mainstream Financial Institutions Act of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111– 203), which amended the Riegle Community Development Banking and Financial Institutions Act of 1994 Pub. L. No. 103-325 (September 23, 1994), codified at 12 CFR Part 1805.

Note: All capitalized terms used herein but not defined have such definitions as specified in the [CDFI Program’s Interim Rule](#), NOFA, or applicable assistance agreement.

Availability of Other Program Information

Additional information on the SDL Program is available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/programs/sdlp>. A template of the assistance agreement is available on the CDFI Fund website at: [SDL Program Assistance Agreement FY 2022 FINAL.pdf \(cdfifund.gov\)](#). If there are specific questions regarding the programs, the CDFI Fund may be contacted via telephone at (202) 653-0421 or by e-mail at cdfihelp@cdfi.treas.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Technical Assistance- TA Awards may be used for technology, staff support, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program. Section 3.2 of the terms and conditions in the assistance agreement prescribes the specific authorized activities of the TA Award amounts for each SDL Program Award Recipient.
- b. Loan Loss Reserve -LLR grants may be used to establish a LLR fund in order to cover the losses on small dollar loans associated with starting a new small dollar loan program or expanding an existing small dollar loan program. Section 3.2 of the terms and conditions in the assistance agreement prescribes the specific authorized activities of the LLR Award amounts for each SDL Program Award Recipient.

2. *Activities Unallowed*

- a. SDL Program Award Recipient may not distribute assistance to an affiliate or subsidiary without the prior consent of the CDFI Fund.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

- a. *Performance Progress Report (PPR)* (OMB Control Number 1559-0036) – (12 CFR 1805) - *Recipients* submit the PPR in the Awards Management Information System (AMIS) database once a year, three (3) months after the Recipient’s Period of Performance End Date. The PPR is used to determine if the Recipient is in compliance with the applicable Performance Goals and Measures in their Assistance Agreement. The PG&M’s are specific to each Recipient’s assistance agreement. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the [Compliance Resources and Reporting](#) section page in the Annual Compliance Reports Performance Progress Report (PPR) and Financial Audit Statement Data Points document starting on page 2. The Recipient has the ability to print copies of the PPR from its AMIS account if needed by the Auditor. The authoritative requirement for submission of the PPR is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the PPR has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the PPR in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS

Key Line Items - The following line item contains critical information (items not numbered in the report):

1. *Performance Goals and Measures (PG&M)* - The PG&Ms are specific to each Recipient’s assistance agreement. The data reported for the Period of Performance for each required PG&M should meet or exceed the required benchmarks.
- b. *Uses of Award Report (UOA)* (OMB Control Number 1559-0032) – Recipients submit the UOA in the AMIS database once a year, three (3) months after the Recipients Period of Performance End Date. Additional guidance for completing the compliance reports is available on the CDFI Fund website under the CDFI Program website on the Compliance Resources and Reporting section page in the Uses of Award (UOA) Report Data Points Description and Related Guidance and Financial Audit Statement Data Points document starting on page 2. The authoritative requirement for submission of the UOA is codified in 12 CFR 1805.803.

Recipients may request to revise a previously submitted report without it having an impact on their compliance status. The request should indicate the reason(s) for the revision(s) and the proposed changes. Revision requests should be submitted in a service request through the Recipients AMIS account. Once the UOA has been unlocked for revisions the Recipient has five (5) business days to make any necessary corrections and resubmit the report. Auditors can review the “Approval History” at the bottom of the UOA in AMIS to determine the report approval status. The Auditor will review the most recent version of the report available in AMIS.

Key Line Items – The following line items contain critical information (items not numbered in the report):

1. *Category of Activity* – These are the authorized activities for LLR and TA Awards as defined in Schedule 2 “General Award Terms and Conditions” of the assistance agreement. The Recipient is/has expended federal award dollars on authorized activities.
2. *Category of Activity - Total Dollar Amount* – The total dollar amount of the activity expended during the Period of Performance.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.026 HOMEOWNER ASSISTANCE FUND PROGRAM****I. PROGRAM OBJECTIVES**

The Homeowner Assistance Fund (HAF) program provides \$9.961 billion for the U.S. Department of the Treasury (“Treasury”) to make payments to states (defined to include the District of Columbia, Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Indian tribes or their tribally designated housing entities, and the Department of Hawaiian Home Lands (collectively the “eligible entities” or “HAF Participants”) to mitigate financial hardships associated with the coronavirus pandemic, including for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing.

II. PROGRAM PROCEDURES**A. Overview**

Section 3206 of the American Rescue Plan Act of 2021 (the “Act”), Pub. L. No. 117-2 (March 11, 2021), codified as 15 USC 9058d, established the HAF program and provides \$9.961 billion for Treasury to make payments to the eligible entities to provide the assistance to homeowners for qualified expenses related to mortgages and housing as described in 15 USC 9058d(c)(1) and Treasury’s HAF Guidance.

Pursuant to 15 USC 9058d(c)(2), at least 60 percent of the HAF participants’ award funds must be used to provide assistance with mortgage payments, homeowner’s insurance, utility payments, and other qualified expenses related to mortgages and housing to eligible homeowners within a certain target income. The law requires HAF participants to prioritize the remaining award funds to provide assistance to “socially disadvantaged individuals” (see also the section on “Targeting” in the HAF Guidance).

15 USC 9058d(d) prescribes that the HAF funding must be allocated as follows:

1. \$30 million for the US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa (US territories);
2. \$498 million for the Department of Hawaiian Home Lands (DHHL) and Indian tribes or their tribally designated housing entities; and
3. the remainder for the 50 states, the District of Columbia, and Puerto Rico. Each state, the District of Columbia, and Puerto Rico will receive a minimum payment of \$50 million. Amounts that will be paid to states, the District of Columbia, and Puerto Rico are based on homeowner need as it

relates to unemployment and mortgage delinquencies or mortgage foreclosures in those jurisdictions.

Amounts paid to US territories are based on share of population, and amounts paid to tribal entities are based on a formula under 15 USC 9058d(f)(2).

Source of Governing Requirements

Section 3206 of the American Rescue Plan Act of 2021, codified at 15 USC 9058d.

As implemented by Treasury's HAF guidance available on Treasury.gov, including important version changes over time that can be found on the site.

Availability of Other Program Information

General information for the HAF program is available through the program website at www.treasury.gov/HAF. Information includes the following documents:

[HAF Guidance](#)

Provides guidance on HAF program purpose, definitions, Notice of Request for HAF payments, qualified expenses, homeowner eligibility, HAF plans, and reporting and monitoring as required under section 15 USC 9058d.

[HAF Reporting Frequently Asked Questions \(FAQs\)](#)

Provided answers to frequently asked questions on HAF reports.

[HAF Quarterly Report User Guide](#)

The User Guide contains detailed guidance and instructions for HAF participants in using Treasury's Portal for submitting the HAF Quarterly Report.

[HAF Annual Report User Guide](#)

Provides guidance on using Treasury's Portal to submit the required HAF Annual Report.

[HAF Guidance on Participant Compliance and Reporting Responsibilities](#)

Provides detail on HAF participants' compliance and reporting responsibilities under the HAF program, and should be read in concert with the [HAF Financial Assistance Agreement](#) the [HAF authorizing statute](#) (See pages 60-63), and the [HAF Guidance](#).

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	N	N	N	Y	Y	N

A. Activities Allowed or Unallowed

HAF participants may use their HAF award funds for qualified expenses related to mortgages and housing, including for the purpose of preventing homeowner mortgage delinquencies, homeowner mortgage defaults, homeowner mortgage foreclosures, homeowner loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. Please see pages 5 to 8 of the [HAF Guidance](#) for the full list of qualified expenses.

B. Allowable Cost / Cost Principles

HAF funds are considered “other financial assistance” and are administered by Treasury as direct payments for specified use.

1. Allowable Costs under the HAF program include the following:
 - a. mortgage payment assistance;

- b. financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default;
- c. mortgage principal reduction, including with respect to a second mortgage provided by a nonprofit or government entity;
- d. facilitating mortgage interest rate reductions;
- e. payment assistance for: (a) homeowner's utilities, including electric, gas, home energy, water, and wastewater; (b) homeowner's internet service, including broadband internet access service, as defined in 47 CFR 8.1(b) (or any successor regulation); (c) homeowner's insurance, flood insurance, and mortgage insurance; (d) homeowner's association fees or liens, condominium association fees, or common charges, and similar costs payable under a unit occupancy agreement by a resident member/shareholder in a cooperative housing development; and (e) down payment assistance loans provided by nonprofit or government entities;
- f. payment assistance for delinquent property taxes to prevent homeowner tax foreclosures;
- g. measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home or assistance to enable households to receive clear title to their properties;
- h. reimbursement of funds expended by a state, local government, or applicable tribal entity during the period beginning on January 21, 2020, and ending on the date that the first funds are disbursed by the HAF participant under the HAF, for a qualified expense (other than any qualified expense paid directly or indirectly by another federal funding source, or any qualified expenses described in clauses (6), (7), (8), or (10) of this definition);
- i. payment of lot rent for a manufactured home, where such payment would promote housing stability and prevent the default of the resident of the manufactured home;
- j. reimbursement of funds expended by a state, local government, or entity described in clause (3) or (4) of the definition above of "eligible entity" during the period beginning on the date the participant received its initial HAF payment and ending on the date the participant received the balance

of funds requested in the participant's HAF plan for a qualified expense consistent with the participant's approved HAF Plan (other than any qualified expense paid directly or indirectly by another federal funding source);

- k. payment assistance or principal reduction for Property Assessed Clean Energy (PACE) loans, where such expenditures would promote housing stability and prevent foreclosures or homeowner displacement.

Please see the HAF Guidance on the HAF program page on Treasury.gov for the latest guidance regarding the eligible uses of HAF funds.

E. Eligibility

1. Eligibility for Individuals

HAF participants were expected to establish and adhere to reasonable policies and procedures for evaluating homeowners' applications in accordance with the HAF Guidance which permits HAF participants to reasonably rely on self-attestation.

Testing of individual homeowner eligibility-related documentation can be limited to material already collected by the HAF participant in the application as much as possible to avoid imposing undue burden on homeowners that are experiencing financial hardships.

The HAF Guidance documents the full eligibility considerations for HAF participants to extend financial assistance to vulnerable populations without imposing undue documentation burdens. HAF participants must require all applications for assistance to include an attestation from the applicant homeowner that all information included is correct and complete. In addition, HAF participants are expected to have policies and procedures to determine homeowner eligibility in the following two criteria:

Financial Hardship: HAF participants may rely on homeowners' attestations that they experienced financial hardship after January 21, 2020 (including a hardship that began before January 21, 2020 but continued after that date). The attestation must describe the nature of the financial hardship (for example, job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member).

Income Determination: HAF participants may take one of two approaches to income verification: (1) the homeowner may provide a written attestation as to household income together with supporting documentation such as paystubs, W2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, or an attestation from an employer; or (2) the homeowner may provide a written attestation as to household income and the HAF participant may use a reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes

in the household's geographic area. To be eligible for HAF assistance, the homeowner must have income equal to or less than 150 percent of the area median income (AMI) or 100 percent of the median income for the United States, whichever is greater. When determining area median income with respect to Tribal citizens, Tribal governments and TDHEs may rely on the methodology authorized by HUD for the Indian Housing Block Grant Program as it pertains to households residing in an Indian area comprising multiple counties (see HUD Office of Native American Programs, Program Guidance No. 2021-01, June 22, 2021).

For additional information, please see Treasury's HAF Guidance at: <https://home.treasury.gov/system/files/136/HAF-Guidance.pdf> (See pages 5 - 6).

2. Eligibility of Group of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

Not Applicable

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

- a. Counseling or educational efforts by housing counseling agencies approved by HUD, tribal government (including such efforts by in-house housing counselors who are HUD certified or tribally approved), or legal services, targeted to households eligible to be served with funding from the HAF related to foreclosure prevention or displacement, in an aggregate amount up to 5 percent of the funding from the HAF received by the HAF participant.
- b. Planning, community engagement, needs assessment, and administrative expenses related to the HAF participant's disbursement of HAF funds for qualified expenses, in an aggregate amount not to exceed 15 percent of the funding from the HAF received by the HAF participant. If the HAF participant has only received the initial 10% of its allocation, no more than

50% of the initial payment is permitted to be used for the expenses mentioned here.

- c. Participants are providing not less than 60% of funds to homeowners with income less than 100% AMI or 100% of U.S. median income.
- d. Participants target homeowners that are classified as Socially Disadvantaged Individuals (SDI) and 100 percent AMI or less.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not applicable
- d. *Other: Quarterly Report (PRA 1505-0269)*- Quarterly

Authoritative Requirement: 2 CFR 200.328

Report Instructions:

https://home.treasury.gov/system/files/136/HAF_QuarterlyReportUserGuide.pdf

Note: HAF Participants, except for Tribal governments with a HAF award that is less than \$5 Million and the Department of Hawaiian Home Lands, are required to submit a Quarterly Report each quarter. For Tribal governments with a HAF award that is less than \$5 Million and the Department of Hawaiian Home Lands, a Quarterly Report is submitted once-a-year.

Report Corrections: The Office of Recovery Program's (ORP) reporting portal has built-in functionality to reopen a report and allow HAF participants to make edits after the reporting deadline. However, it is ORP's policy that HAF participants may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a HAF participant's final report within ORP's reporting portal. HAF participants can generate PDFs of this reports at any time.

Key Line Items –

1. *Administrative Expenses-* Quantifiable Objective Criteria: Obligations and expenditures do not exceed 15% for administrative expenses in the Budget Reporting section, as noted on page 4 of the [HAF Guidance](#) (See item #10).
2. *Services, Counseling & Education-* Quantifiable Objective Criteria: Obligations and expenditures do not exceed 5% for legal services, counseling, and education in the Budget Reporting section, as noted on page 4 of the [HAF Guidance](#).

2. Performance Reporting

Title of Report: Annual Performance Report

PRA Number: 1505-0269

Reporting Cycle: Annual

Authoritative Requirement:

home.treasury.gov/system/files/136/HAF_AnnualReportUserGuide.pdf

Blank Copy of the Report (see pages 7-20 for screen shots of blank pages of the report): [Microsoft Word - HAF_AnnualReportUserGuide_FINAL](#)

Report Instructions:

https://home.treasury.gov/system/files/136/HAF_AnnualReportUserGuide.pdf

Report Corrections: The Office of Recovery Program's (ORP) reporting portal has built-in functionality to reopen a report and allow HAF participants to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a HAF participant's final report within ORP's reporting portal. HAF participants can generate PDFs of these reports at any time.

Key Line Item(s)

1. *Socially Disadvantaged Individuals-* Quantifiable Objective Criteria: Participants are providing not less than 60% of funds to homeowners with income less than 100% AMI or 100% of U.S. median income. This key line item can be found in question 8 of the Programmatic Information section of the report.
2. *Area Median Income-* Quantifiable Objective Criteria: Participants target homeowners that are classified as SDI and 100 percent AMI or less. This

key line item can be found in question 7 of the Programmatic Information section of the report on page 6 of the [HAF Guidance](#).

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

Although reporting on subaward information is applicable to HAF participants pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the HAF Financial Assistance Agreement, HAF participants' compliance with these reporting requirements is not subject to audit.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.027 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

This Compliance Supplement section is broken down into two sections. The first section below is relevant to audits of the Coronavirus State and Local Fiscal Recovery Funds performed under subpart F, Audit Requirements, of the Uniform Guidance. The second section (beginning on page 4-21.027-16) describes an alternative audit approach for certain eligible recipients.

Section 1 – Audits Performed Under the Uniform Guidance**I. PROGRAM OBJECTIVES**

Note: This program is considered a “higher risk” program for 2024, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Note: Per Part IV, “Other Information,” certain Coronavirus State and Local Fiscal Recovery Funds (SLFRF) recipients are provided with an option to have an alternative compliance examination engagement in lieu of a Single Audit or a Program-Specific Audit.

The purpose of the SLFRF program is to provide direct payments to states (defined to include all 50 states and the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government (NEUs) (collectively the “eligible entities”) to:

1. Respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency;
4. Make necessary investments in water, sewer, or broadband infrastructure;
5. Provide emergency relief from natural disasters or the negative economic impacts of natural disasters including temporary housing, food assistance, financial assistance for

lost wages, and other immediate needs. Please see pages 4 - 8 of the Overview of the 2023 Interim Final Rule ([SLFRF Overview of the 2023 IFR](#)) for a list of such eligible uses;

6. Use funds for Surface Transportation projects under certain programs administered by the U.S. Department of Transportation. Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a list of such eligible uses; and
7. Use funds for projects eligible under the programs established in Title I of the Housing and Community Development Act of 1974 (“Title I projects”), subject to certain requirements and limitations. Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of such eligible uses.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the Consolidated Appropriations Act, 2023 (“2023 CAA”), Pub. L. No. 117-328 (Dec. 29, 2022), authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “SLFRF”). SLFRF is administered by the U.S. Department of the Treasury (“Treasury”) and provides assistance in the form of direct payments for specified use. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

- (1) \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
- (2) \$4.5 billion reserved for making payments to the US territories;
- (3) \$20 billion reserved for making payments to Tribal governments;
- (4) \$45.57 billion reserved for making payments to metropolitan cities;
- (5) \$65.1 billion reserved for making payments to counties; and
- (6) \$19.53 billion reserved for making payments to NEUs.

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s 2021 Interim Final Rule on May 17, 2021. Treasury made a determination to allocate payments to Tribal governments based

on enrollment reported to the Bureau of Indian Affairs and employment data, as well as consultation with Tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required at 42 USC 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving an award under SLFRF. Eligible entities are required to use their award funds as set forth at 42 USC sections 802(c) and 803(c) and the SLFRF regulations set forth at 31 CFR Part 35, Subpart A, to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The SLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the 2023 CAA. The U.S. Department of the Treasury (Treasury) has implemented the statutory provisions applicable to FY 2024 through the [2021 Interim Final Rule](#), the [2022 Final Rule](#), the [2023 Interim Final Rule](#), and the [Obligation Interim Final Rule](#) at 31 CFR Part 35, Subpart A.

On January 6, 2022, Treasury adopted the 2022 Final Rule to implement the requirements of the SLFRF program. The 2022 Final Rule responded to comments Treasury received on the 2021 Interim Final Rule and took effect on April 1, 2022. Until that time, the 2021 Interim Final Rule remained in effect. Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the 2021 Interim Final Rule.

Treasury issued the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule](#) (“the Statement”) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients must comply with the 2022 Final Rule beginning on April 1, 2022, when the 2022 Final Rule took effect. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the 2022 Final Rule, and Treasury will not take action to enforce the 2021 Interim Final Rule if a use of funds is consistent with the terms of the 2022 Final Rule, regardless of when the SLFRF funds were used. Please see pages 3-4 of the Statement for specific guidance. For example, a recipient is not required to prepare or submit a written justification as required under the 2022 Final Rule for capital expenditures under the public health-negative economic impact eligible use category if the recipient (i) has taken significant steps toward obligating SLFRF funds for that project prior to January 6, 2022, or (ii) has obligated funds for such project prior to April 1, 2022.

Recipients must follow the requirements on award funds they expended for their fiscal year 2024 based on the requirements set forth at 42 USC sections 802 and 803, Treasury’s 2021 Interim Final Rule, Treasury’s 2022 Final Rule, Treasury’s 2023 Interim Final Rule, obligation Interim Final Rule, and [Frequently Asked Questions \(FAQs\)](#), as applicable.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, Tribal, and territorial governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act, 2021 for the original eligible uses. On September 20, 2023, the [2023 Interim Final Rule](#) implementing these additional eligible uses was published in the Federal Register and became effective. An additional resource that provides information on the 2023 Interim Final Rule is the [Overview of the 2023 Interim Final Rule](#).

Treasury also issued an Interim Final Rule describing an amendment to the definition of obligation in 31 CFR 35.3 and related guidance updates via the “[Obligation IFR](#).” The Obligation IFR was published in the Federal Register on November 20, 2023. See page 6 of the Obligation IFR for the definition of an obligation. Section 17 of Treasury’s [Frequently Asked Questions \(FAQs\)](#) also contains several important clarifications of the Obligation IFR’s definition of an obligation.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

SLFRF’s Compliance and Reporting Guidance can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>.

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient’s compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions (Please refer to: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>), the authorizing statute, the 2021 Interim Final Rule, 2022 Final Rule, and the 2023 Interim Final Rule, Obligation Interim Final Rule, as applicable, and other regulatory and statutory requirements.

The SLFRF FAQs are available on the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>. This document addresses questions regarding the eligible uses established under the 2022 Final Rule; new eligible uses established in the 2023 Interim Final Rule; and the definition of an obligation under the Obligation Interim Final Rule. Treasury intends to update this document periodically in response to new questions received from stakeholders.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients should also review the 2022 Final Rule for

additional information. Additionally, the [Overview of the 2023 Interim Final Rule](#) provides information regarding the 2023 Interim Final Rule, and Obligation IFRII.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, codified at 42 USC sections 802 and 803, and as amended by the 2023 CAA. Recipients may also use payments subject to the restrictions set forth in the 2021 Interim Final Rule (i.e., Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the 2021 Interim Final Rule), 2022 Final Rule, 2023 Interim Final Rule, and Obligation Interim Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

1. *Activities Allowed* – In general, recipients may use payments from SLFRF for one or more of the purposes described below. For full details on eligible uses, see 31 CFR 35.6, Overview of the 2022 Final Rule, 2023 Interim Final Rule, Obligation IFR, and SLFRF FAQs:
 - a. **Respond to the public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, non-profits, impacted industries, and the public sector recover from economic impacts of the pandemic.
 - b. **Replace lost public sector revenue** to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic. Note: Recipients can use SLFRF funds under the revenue loss eligible use category for any service traditionally provided by a government regardless of how the recipient previously budgeted, with documentation that sufficiently supports their funding determinations. This may include services currently or previously provided by the recipient, an expansion of existing services, or new services or programs.
 - c. **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors. The SLFRF statute and the 2022 final rule provide that recipients can use SLFRF funds to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency. The Public Health Emergency and National Emergency declarations terminated effective April 10, 2023. Therefore, recipients may not use SLFRF funds to provide premium pay to essential workers for work performed after April 10, 2023. Recipients may continue to make payments retroactively for premium pay for work performed between the start of the pandemic and April 10, 2023. The obligation to provide such premium pay must not have been incurred by the recipient prior to March 3, 2021.
 - d. **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.
 - e. **Provide emergency relief from natural disasters or the negative economic impacts of natural disasters** including temporary emergency housing, food assistance, financial assistance for lost wages, and other immediate needs. Please see pages 4 - 8 of the [Overview of the 2023 Interim Final Rule](#) (“SLFRF Overview of the 2023 IFR”) for a complete list of eligible uses.

- f. **Fund projects eligible under certain programs administered by the U.S. Department of Transportation** (“Surface Transportation projects”) through three pathways. Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a full list of programs; and
 - g. **Fund projects eligible under the programs established in Title I of the Housing and Community Development Act of 1974** (“Title I projects”), subject to certain requirements and limitations. Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of eligible Title I projects.
2. *Activities Unallowed* – The following costs are ineligible uses, restrictions, or limitations. For full details on the general restricted uses, see [the Overview of the 2022 Final Rule](#) (page 41).
- a. Offset a reduction in net tax revenue (applicable to states and territories)
 - b. Deposits into pension funds (applicable to all recipients except Tribes)
 - c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
 - d. Satisfaction of settlements and judgments (applicable to all recipients)
 - e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Under the 2022 Final Rule, recipients can elect a one-time “standard allowance” of \$10 million (not to exceed the recipient’s award amount) to spend on the “provision of government services” during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the 2022 Final Rule to determine the amount of SLFRF funds that can be used for the “provision of government services.” In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation. Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of “carrying out” a portion of a federal award. Recipients’ use of revenue loss funds does not give rise to subrecipient relationships.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to “provide government services” (which is one of seven eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all seven eligible use categories are

reported on the SEFA and not just the result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting.

B. Allowable Costs/Cost Principles

SLFRF is considered “other financial assistance” per 2 CFR section 200.1 and is administered as direct payments for specified use.

The auditor is not expected to determine whether the recipient exceeded the maximum limits for specified eligible use categories. Treasury will evaluate that the recipient was within the limits for the eligible use categories through reviewing the recipient’s reporting, which is subject to audit.

For the Surface Transportation projects eligible use category, recipients using SLFRF funds for projects eligible for Urbanized Formula Grants (ALN: 20.507), Fixed Guideway Capital Investment Grants (ALN: 20.500), Formula Grants for Rural Areas (ALN: 20.509), State of Good Repair Grants (ALN: 20..525), or Grants for Buses and Bus Facilities (ALN: 20.526) may not use SLFRF funds for operating expenses of these projects. Operating expenses are those costs necessary to operate and manage a public transportation system, including costs such as driver salaries, the cost of fuel, and the cost of equipment and supplies having a useful life of less than one year. Operating expenses do not include preventive maintenance activities. The limitation on operating expenses does not apply to other Surface Transportation projects or to other uses of SLFRF funds, including under the revenue loss eligible use category.

The 2 CFR Part 200, Subpart E is applicable to expenditures under SLFRF unless stated otherwise. Given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR Part 200, Subpart E apply to recipients’ use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and
- 200.404(e) Reasonable costs.

Per the SLFRF and CPF Supplementary Broadband Guidance (II.A.6.), Pages 2 – 3, internet service provider (ISP) subrecipients that receive fixed amount subawards are not required to comply with Subpart E Cost Principles of the Uniform Guidance. See <https://home.treasury.gov/system/files/136/SLFRF-and-CPF-Supplementary-Broadband-Guidance.pdf>. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

The Uniform Guidance permits agencies to provide an exception from the cost principles in the case of fixed amount subawards (See 2 CFR 200.1, 200.201(b), and 200.333). Treasury has provided that recipients may issue fixed amount subawards for broadband

infrastructure projects without further Treasury approval regardless of whether the value of the subaward exceeds \$250,000 and that recipients are not required to apply the cost principles of the Uniform Guidance to ISPs receiving such fixed amount subawards. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

G. Matching, Level of Effort, Earmarking

1. Matching

Generally, SLFRF recipients may use funds available under the revenue loss eligible use category to satisfy non-federal matching requirements. Funds under any other eligible use category, except as discussed below, may not be used to satisfy non-federal matching requirements.

Funds available under the revenue loss eligible use category (sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act) generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. However, note that SLFRF funds may not be used as the non-federal share for purposes of a state’s Medicaid and Children’s Health Insurance Programs (CHIP) because the Office of Management and Budget has approved a waiver as requested by the Centers for Medicare & Medicaid Services pursuant to 2 CFR 200.102 of the Uniform Guidance and related regulations.

If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement. SLFRF funds beyond those that are available under the revenue loss eligible use category may not be used to meet the non-federal match or cost-share requirements of other federal programs, other than as specifically provided for by statute. As an example, the Infrastructure Investment and Jobs Act provides that SLFRF funds may be used to meet the non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects. Recipients should consult the 2022 Final Rule for further details if they seek to utilize SLFRF funds as a match for these projects.

Under the Surface Transportation projects eligible use category, recipients may use SLFRF funds to satisfy non-federal share requirements for certain programs under Pathway Three. Under the Title I projects eligible use category, recipients may use SLFRF funds to satisfy the non-federal share requirements of a federal financial assistance program in support of activities that would be eligible under

the Community Development Block Grant (ALN: 14.218), and Indian Community Development Block Grant (ALN: 14.862).

Per the 2023 IFR, recipients may use SLFRF funds to provide emergency relief from natural disasters with a Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) (Stafford Act) declaration under the emergency relief from natural disasters eligible use category. If a recipient uses SLFRF funds to cover Stafford Act disaster losses under the emergency relief from natural disasters eligible use category, the Stafford Act's prohibition on duplication of benefits applies. However, emergency relief from natural disasters eligible use category does not permit recipients to use SLFRF funds for non-federal matching requirements for FEMA programs.

2. Level of Effort

Under the Surface Transportation projects and Title I projects eligible use categories, recipients must supplement, and not supplant, other federal, state, territorial, Tribal, and local government funds (as applicable) otherwise available for such uses. Recipients may not: 1) de-obligate funds and replace those previously obligated amounts with SLFRF funds under this eligible use category or 2) use SLFRF to replace federal or non-federal funds identified in a federal commitment, such as an award agreement. This supplement, not supplant requirement does not apply to the eligible use categories described in the 2022 final rule or the emergency relief from natural disasters eligible use category. See the Overview of the 2023 Interim Final Rule for more information.

3. Earmarking

Recipients may use payments from SLFRF to replace lost public sector revenue to provide government services. Recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

Under the 2022 Final Rule, recipients can elect a one-time “standard allowance” of \$10 million (not to exceed the recipient’s award amount) to spend on the “provision of government services” during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the 2022 Final Rule to determine the amount of SLFRF funds that can be used for the “provision of government services.”

In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation.

Under the Surface Transportation projects and Title I projects eligible use categories, the total amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects, taken together, cannot exceed the greater of \$10 million and 30% of a recipient's SLFRF allocation. However, the auditor is not expected to determine whether the recipient exceeded the maximum limits for specified eligible use categories. Treasury will evaluate that the recipient was within the limits for the eligible use categories through reviewing the recipient's reporting, which is subject to audit.

H. Period of Performance

For eligible use categories described in the 2022 Final Rule, recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, pursuant to the 2022 Final Rule at 31 CFR section 35.5(a). Recipients must liquidate all obligations incurred by December 31, 2024, under the award no later than December 31, 2026, which is the end of the period of performance. As such, program obligations or costs must be incurred from the period beginning on March 3, 2021 and ending on December 31, 2024. No new obligations or costs may be incurred during the period beginning January 1, 2025 and ending on December 31, 2026. During this two-year period from January 1, 2025, through December 31, 2026, recipients are only permitted to expend funds to satisfy obligations incurred by December 31, 2024.

For eligible use categories described in the 2023 Interim Final Rule, recipients may use SLFRF funds for the three new eligible uses for costs incurred beginning December 29, 2022. Consistent with the existing eligible uses, recipients must obligate SLFRF funds for the new eligible uses by December 31, 2024. An "obligation" continues to include an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment. However, under the revised definition, a recipient is also considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds per the [Obligation Interim Final Rule](#). Recipients must expend SLFRF funds obligated to provide emergency relief from natural disasters by December 31, 2026. Recipients must expend SLFRF funds obligated for Surface Transportation projects and Title I projects by September 30, 2026. Costs for projects described in the 2023 Interim Final Rule that are incurred by the recipient prior to December 29, 2022 are not eligible under these three eligible use categories.

I. Procurement and Suspension and Debarment

Recipients may use award funds to enter into contracts to procure goods and services necessary to implement one or more of the eligible purposes outlined in 42 USC sections 802(c) and 803(c) and Treasury's 2021 Interim Final Rule, and 2022 Final Rule,

and 2023 Interim Final Rule. As such, except as noted in the next paragraph, recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance.

In July 2022, Treasury released Final Rule FAQ 13.15, which explains that only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients' use of award funds under the revenue loss eligible use category. The requirements of 2 CFR sections 200.318 through 200.327 are not included in the list of requirements applicable to such funds.

Recipients may also refer to section 13 of the Final Rule FAQs, which includes FAQs related to procurement and other Uniform Guidance-related topics.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Title of Report: Project and Expenditure Report

PRA Number: 1505-0271

Reporting Cycle: Quarterly and Annual for more details see section B.1-B.2 in the [SLFRF Compliance and Reporting Guidance](#) (pages 18-19).

Authoritative Requirement: 2 CFR 200.328 and [31 CFR section 35.4\(c\) Reporting and requests for other information](#)

Recipient Compliance and Reporting responsibilities can be found at: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities.->

Report Instructions is located at: Reporting guidance is on pages 16 through 34 of <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>.

Report Corrections: Recipients will have an opportunity to reopen and provide edits to their submitted Project and Expenditure Reports any time before the reporting deadline. Recipients will then be required to re-certify and submit the report again to properly reflect any edits made. After the reporting deadline,

unless prompted by Treasury staff, recipients will not be able to edit their submitted report, any changes or revisions will need to be reflected in the next Project and Expenditure report.

The Office of Recovery Program's (ORP) reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of reports at any time.

Key Line Item(s)- The following line items contain critical information:

1. Obligations and Expenditures- Quantifiable Objective Criteria: Reported obligations and expenditures. (See pages 16 and 17 of the above links.)
 - a. Current period obligation
 - b. Cumulative obligation
 - c. Current period expenditure
 - d. Cumulative expenditure

Revenue loss calculation validation – Note-Recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance instead of using the full formula specified in the final rule. The standard allowance is available to all recipients. See page 30 for when recipients may modify their revenue loss election. Quantifiable Objective Criteria: Recipient's application of the revenue loss calculation is accurate if they did not elect the standard allowance. Specific information regarding the revenue loss formula can be found in [paragraph \(d\)\(2\) of 31 CFR § 35.6](#).

2. *Capital Expenditures*- Quantifiable Objective Criteria: The recipient has the required written justification in their grant file if the total of the capital expenditures costs for a project within the public health and negative economic impact eligible use category described in the 2022 Final Rule is greater than or equal to \$1 million and less than \$10 million; or, the recipient submitted the required justification to Treasury if (1) a project has total capital expenditures costs greater than \$10 million for capital expenditures enumerated by Treasury in the 2022 Final Rule; or (2) the total of a project's capital expenditures costs is greater than \$1 million for capital expenditures not enumerated by Treasury in the 2022 Final Rule. The recipient has submitted the required written justification to Treasury if the total of the capital expenditure costs for a project that is a mitigation activity within the emergency relief from natural disasters eligible use

category described in the 2023 interim final rule is greater than \$1 million. Note: Capital expenditures paid for using revenue replacement funds are not subject to this requirement. Tribal governments are not required to complete the written justification. (See [31 CFR section 35.6\(b\)\(4\)](#))

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)

Not Applicable

- a. Treasury received approval from the Office of Management and Budget (OMB) to increase the subaward reporting threshold outlined in 2 CFR Part 170 from \$30,000 to \$50,000 for CSLFRF.
- b. Although reporting on subaward information is applicable to SLFRF recipients pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the SLFRF Financial Assistance Agreement, SLFRF recipients' compliance with FFATA reporting requirements is not subject to audit.

M. Subrecipient Monitoring

See Part 3, Section M, "Subrecipient Monitoring" for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures. Note that subrecipient monitoring is not required for entities deemed to be beneficiaries. Because NEUs are considered by Treasury to be direct recipients of SLFRF (and not subrecipients or beneficiaries), states have no subrecipient monitoring responsibilities related to the funds distributed to NEUs.

Subrecipient monitoring is required by pass-through entities for all SLFRF funded projects. For broadband infrastructure investment projects, auditors should refer to Treasury's [SLFRF and CPF Supplementary Broadband Guidance](#) for special applicability considerations of the following 2 CFR 200 requirements to ISP subrecipients implementing broadband projects:

- Program income
- Cost principles, procurement practices and fixed amount subawards
- Ownership of Infrastructure
- Audit and monitoring requirements

The subrecipient or beneficiary designation is an important distinction as funding provided to beneficiaries is not subject to audit pursuant to the Single Audit Act and 2 CFR Part 200, Subpart F, but funding provided to subrecipients is subject to those audit

requirements. For example, when recipients of SLFRF provide award funds to entities to respond to the negative economic impacts of COVID-19 as end users, and not for the purpose of carrying out program requirements, the entities receiving such funding are beneficiaries of SLFRF. Alternatively, when recipients of SLFRF provide award funds to an entity to carry out a program on behalf of the SLFRF recipient, the entities receiving such funding are subrecipients.

Recipients may permit for-profit subrecipients to submit a consolidated audit that reflects their SLFRF expenditures across subawards and programs.

Also as discussed in [SLFRF FAQ 13.14](#), Treasury has determined that there are no subawards under the revenue loss eligible use category because a recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award. Therefore, subrecipient monitoring is not applicable to Expenditure Category Group 6 "Revenue Replacement." However, projects undertaken via revenue loss do not lose their federal character. [FAQ 13.15](#) specifies which requirements of the Uniformed Guidance apply to revenue loss funds.

Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships.

IV. OTHER INFORMATION

Please refer to the section entitled "Source of the Governing Requirements" above.
Schedule of Expenditures of Federal Awards (SEFA)

As noted above in Activities Allowed or Unallowed, the dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of seven eligible uses of SLFRF funds). For SEFA reporting purposes, the aggregate expenditures for all seven eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance.

Additionally, because NEUs are considered direct recipients under SLFRF, NEUs that do not elect or are not eligible for the alternative compliance examination engagement are required to report their award expenditures on the SEFA and data collection form as direct awards. Further, States must not report award funds that were required to be distributed to the NEUs on State SEFAs or data collection forms.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of seven eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all seven eligible use categories are reported on the SEFA and not the

result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting. Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving SLFRF Awards.

Section 2: Engagements Performed Under the Alternative Approach

I. ALTERNATIVE APPROACH OBJECTIVES

Treasury recognizes that many recipients of SLFRF may newly be required to complete a single audit or a program-specific audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received direct federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth at 2 CFR 200.501(a). This section describes an alternative approach for SLFRF recipients permitted by OMB that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it was not for the expenditures of SLFRF funds directly awarded by Treasury as further described in the Part 8, Appendix VII – Other Audit Advisories and as detailed below. However, an SLFRF recipient may still elect to undergo a single audit or a program-specific audit under 2 CFR Part 200, Subpart F.

A. Alternative Compliance Examination Engagement

The alternative approach to a single audit or program-specific audit under 2 CFR Part 200, Subpart F, permits eligible recipients to engage a practitioner to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) [Government Auditing Standards](#). The GAO *Government Auditing Standards* direct practitioners to conduct these engagements in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements. The AICPA attestation standards are codified in the AT-C section of the AICPA’s *Professional Standards* and [AT-C section 315, Compliance Attestation](#), which is the standard to be followed. This engagement, which results in an opinion on compliance, is to be directed at the compliance requirements described below in D. Compliance Requirements.

This alternative is intended to reduce the burden of a full single audit or program-specific audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be a good steward of federal funds. This balance of burden reduction and Treasury responsibility to be a good steward is achieved in several ways as follows:

1. A financial statement audit is not required for those eligible recipients that expend award funds from other Federal programs.
2. A compliance examination engagement simplifies the engagement for

both recipients and practitioners.

3. A formal schedule of expenditures of federal awards is not required as the practitioner opines directly on compliance for a single program.
4. The requirements for internal control in 2 CFR 200.514(c) are not relevant to the engagement, although AT-C 315, paragraph .15, still requires the practitioner to obtain an understanding of relevant portions of internal control over compliance sufficient to plan the engagement and to assess control risk for compliance with specified requirements.
5. The engagement still involves testing of the compliance requirements described below and results in a related examination opinion which is similar to the compliance opinion provided under 2 CFR Part 200, Subpart F.
6. The engagement reporting is simplified as compared to the audit report required by 2 CFR Part 200, Subpart F. One compliance examination opinion is issued (versus up to 3 reports for a single audit or program-specific audit) and the reporting allows for reporting findings that are noted in a similar manner to how they are reported for audits under 2 CFR Part 200, Subpart F.

The following subsections of this section align with normal OMB Compliance Supplement presentation for a Federal program; however, practitioners performing the alternative compliance examination engagement should use this “Other Information” section as a standalone document. Practitioners should not use Part 3 of the OMB *Compliance Supplement* or the full Part 4 section of the SLFRF Program Compliance Supplement (designated for audits of the program performed under 2 CFR Part 200, Subpart F) when testing compliance. Instead, the examination objectives and suggested examination procedures below should be used on their own.

B. Recipient Eligibility

Recipient eligibility to use this alternative approach is as follows: SLFRF recipients that expend \$750,000 or more during the recipient’s fiscal year in federal awards and which meet **both** criteria listed below have the option to follow the alternative SLFRF compliance examination engagement:

1. The recipient’s total SLFRF award received directly from Treasury or received (through states) as an NEU is at or below \$10 million; and
2. Other federal award funds the recipient expended (not including their direct SLFRF award funds) are less than \$750,000 during the recipient’s fiscal year.

C. Program Objectives

SLFRF provides direct payments to states (defined to include the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) NEU (collectively the “eligible entities”) to:

1. Respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency;
4. Make necessary investments in water, sewer, or broadband infrastructure;
5. Provide emergency relief from natural disasters or the negative economic impacts of natural disasters including temporary emergency housing, food assistance, financial assistance for lost wages, and other immediate needs. Please see pages 4 - 8 of the Overview of the 2023 Interim Final Rule ([SLFRF Overview of the 2023 IFR](#)) for a complete list of eligible uses;
6. Use funds for projects eligible under 26 programs administered by the U.S. Department of Transportation (“Surface Transportation projects”). Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a full list of programs; and
7. Use funds for projects eligible under Title I of the Housing and Community Development Act of 1974 (“Title I projects”). Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of eligible Title I projects.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC 802 and 803, and as amended by the Consolidated Appropriations Act, 2023 (“2023 CAA”), Pub. L. No. 117-328 (Dec. 29, 2022), authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “SLFRF”). SLFRF is administered by the U.S. Department of the Treasury (Treasury) and provides assistance in the form of direct payments for specified uses. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

1. \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
2. \$4.5 billion reserved for making payments to the US territories;
3. \$20 billion reserved for making payments to tribal governments;
4. \$45.57 billion reserved for making payments to metropolitan cities;
5. \$65.1 billion reserved for making payments to counties; and
6. \$19.53 billion reserved for making payments to states for distribution to NEUs.

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s 2021 Interim Final Rule on May 17, 2021. Treasury made a determination to allocate payments to Tribal governments based on enrollment reported to the Bureau of Indian Affairs and employment data, as well as consultation with Tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required by 42 USC 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving an award under SLFRF. Eligible entities are required to use their award funds as set forth in 42 USC sections 802(c) and 803(c) and the SLFRF regulations set forth at 31 CFR Part 35, Subpart A, to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The SLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the 2023 Consolidated Appropriations Act (2023 CAA). The U.S. Department of the Treasury (Treasury) has implemented the statutory provisions applicable to FY 2024 through the 2021 Interim Final Rule, 2022 Final Rule, 2023 Interim Final Rule at 31 CFR Part 35, Subpart A, as well as the Obligation Interim Final Rule.

On January 6, 2022, the Treasury adopted the 2022 Final Rule to implement the requirements of the SLFRF program. The Final Rule responded to comments Treasury received on the 2021 Interim Final Rule and took effect on April 1, 2022. Until that time, the Interim Final Rule remained in effect. Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the Interim Final Rule.

Treasury issued the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule](#) (the Statement) that clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients must comply with the 2022 Final Rule beginning on April 1, 2022, when the 2022 Final Rule took effect. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the 2022 Final Rule, and Treasury will not take action to enforce the 2021 Interim Final Rule if a use of funds is consistent with the terms of the 2022 Final Rule, regardless of when the SLFRF funds were used. Please see pages 3-4 of the Statement for specific guidance. For example, a recipient is not required to prepare or submit a written justification as required under the 2022 Final Rule for capital expenditures under the public health-negative economic impact eligible use category if the recipient (i) has taken significant steps toward obligating SLFRF funds for that project prior to January 6, 2022, or (ii) has obligated funds for such project prior to April 1, 2022.

Recipients must follow the requirements on award funds expended for their fiscal year 2024 based on the requirements set forth in 42 USC sections 802 and 803, Treasury's 2021 Interim Final Rule, Treasury's 2022 Final Rule, and Frequently Asked Questions (FAQs), as applicable.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, and Tribal governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act, 2021 for the original eligible uses. On September 20, 2023, the 2023 Interim Final Rule was published in the Federal Register and became effective. An additional resource that provides information on the 2023 Interim Final Rule is the [Overview of the 2023 Interim Final Rule](#).

Treasury also issued an Interim Final Rule describing an amendment to the definition of obligation in 31 CFR 35.3 and related guidance updates via the "Obligation IFR." The Obligation IFR was published in the Federal Register on November 20, 2023. See page 6 of the Obligation IFR for the definition.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury's website at [Coronavirus State and Local Fiscal Recovery Funds | US Department of the Treasury](#).

SLFRF's Compliance and Reporting Guidance can be found at [Recipient Compliance and Reporting Responsibilities | US Department of the Treasury](#).

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions. (Please refer to: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>), the authorizing statute, the 2021 Interim Final Rule, 2022 Final Rule, and the 2023 Interim Final Rule, as applicable, and other regulatory and statutory requirements.

SLFRF FAQs are available on the program webpage on Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

The FAQ documents include existing FAQs that address questions regarding the 2022 final rule, existing FAQs that have been updated to address the new eligible uses discussed in the 2023 interim final rule and the guidance in the Obligation IFR, and new FAQs that address the new eligible uses discussed in the 2023 interim final rule.

See <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients should also review the 2022 Final Rule for additional information.

Additionally, the [Overview of the 2023 Interim Final Rule](#) provides information regarding the 2023 Interim Final Rule.

III. COMPLIANCE REQUIREMENTS

Preconditions for the Compliance Examination Engagement- ACEEs should be performed consistent with, and in addition GAO's *Government Auditing Standards*, AT-C 205, [Examination Engagements](#), and AT-C 315, [Compliance Attestation](#). As a precondition to this compliance examination engagement, the practitioner should determine that:

1. management can provide evidence to the practitioner that it meets the recipient

eligibility criteria for the alternative compliance examination engagement as outlined in Section A, “Recipient Eligibility”;

2. management accepts responsibility for the entity's compliance with the compliance requirements below and the entity's internal control over compliance; and
3. management evaluates the entity's compliance with the compliance requirements in this section.

Compliance Requirements Relevant to the Compliance Examination Engagement-
The requirements noted with a “Y” in the “Matrix of Compliance Requirements” below are subject to the compliance examination engagement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	N	N	N

A. Activities Allowed or Unallowed

Examination Objective: Determine whether the recipients used SLFRF funds for ineligible uses. For full details on the general restricted uses, see SLFRF Final Rule Overview (page 41) and Overview of the 2023 Interim Final Rule (pages 11, 13, and 19).

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, as codified by 42 USC sections 802 and 803, and as amended by the 2023 CAA. Recipients may also use payments subject to the restrictions set forth in the 2021 Interim Final Rule, 2022 Final Rule, and 2023 Interim Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

1. *Activities Allowed* – Suggested Examination Procedures
 - a. Obtain an understanding of the design of relevant portions of internal control over compliance regarding unallowable activities by performing

some or all of the following:

- (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents
 - (3) Observation of the entity's activities and operations
- b. Review a sample of SLFRF expenditures to determine if recipients used SLFRF funds for ineligible uses. For full details of eligible uses, see 31 CFR 35.6 and the 2022 Final Rule FAQs.
2. *Activities Unallowed* – The following activities are ineligible uses, restrictions, or limitations. For full details on the general restricted uses, see [the Overview of the 2022 Final Rule](#) (page 41):
- a. Offset a reduction in net tax revenue (applicable to states and territories)
 - b. Deposits into pension funds (applicable to all recipients except Tribes)
 - c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
 - d. Satisfaction of settlements and judgments (applicable to all recipients)
 - e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

B. Allowable Cost/Cost Principles

Compliance Requirement – Recipients that are eligible for the alternative compliance examination engagement may elect the standard allowance for revenue loss, pursuant to which they could use the entirety of their allocation for the provision of government services. Recipients are required to comply with 2 CFR 200.404(e) regarding reasonable costs, and, as such, are required to not deviate from their established practices and policies regarding the incurrence of costs.

[2022 Final Rule FAQ 13.15](#) outlines that given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR part 200, Subpart E apply to recipients’ use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and

- 200.404(e) Reasonable costs.

Examination Objective – Determine whether the recipient significantly deviated from its established practices and policies regarding the incurrence of costs.

1. Suggested Examination Procedures

- a. Obtain an understanding of the design of relevant portions of internal control over compliance and established practices and policies regarding the incurrence of costs by performing some or all of the following:
 - (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents
 - (3) Observation of the entity's activities and operations
- b. Test a sample of SLFRF expenditures to determine that the recipient treated costs consistently with its established practices and policies.

L. REPORTING

As described in the GAO *Government Auditing Standards*, and elaborated upon in AICPA standards, the practitioner issues the following reporting in the alternative compliance examination engagement:

- Practitioner’s Examination Report prepared in accordance with [AT-C 315](#) and [Government Auditing Standards](#).
- Schedule of Findings and Responses (if applicable) that includes findings required to be reported under *Government Auditing Standards*.

IV. OTHER INFORMATION

COMPLIANCE EXAMINATION ENGAGEMENT SUBMISSION INSTRUCTIONS

The submission deadlines for the alternative compliance examination engagement (ACEE) are the same as those for single audits and program specific audits due in accordance with 2 CFR Part 200, Subpart F. Therefore, the results of the alternative compliance examination engagement must be submitted by the auditee within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The repository of the alternative compliance examination is expected to eventually be the Federal Audit Clearinghouse at www.fac.gov. However, at the time of this Supplement’s issuance, the FAC is unable to accept the alternative compliance examination engagement submissions. Treasury will be posting

additional instructions for where and how to submit the results of the ACEE on the Coronavirus State and Local Fiscal Recovery Funds' website. The FAC will also include updates on its ability to accept the ACEE on the FAC Web site.

Also, please refer to the related SLFRF certification statement on page 13 of the Single Audit Checklist, Instructions, and Form located at <https://facides.census.gov/Files/2022%20Checklist%20Instructions%20and%20Form.pdf>.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.029 CORONAVIRUS CAPITAL PROJECTS FUND****I. PROGRAM OBJECTIVES**

Note: The CPF permitted Tribal governments to leverage a consortium to accomplish the objectives of the CPF program. A consortium is an association of two or more Tribal governments pooling CPF resources together. Subject to agreement and/or delegation of authority, Tribal governments may receive money directly from Treasury and then provide funds to a consortium or a consortium may receive funds directly from Treasury and then provide the funds to Tribes. The distribution of CPF funds should be included as expenditures in the Schedules of Expenditures of Federal Awards (SEFA) of CPF recipients.

The purpose of the CPF is to provide grants to states (defined to include the 50 states, the District of Columbia and Puerto Rico), U.S. territories and freely associated states (United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau), and Tribal governments, to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).

II. PROGRAM PROCEDURES**A. Overview**

Section 604 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (the “Act”), Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 U.S.C. section 804, authorized the \$10 billion Coronavirus Capital Projects Fund (“CPF”). The CPF is administered by the U.S. Department of the Treasury (“Treasury”) and provides assistance in the form of grants.

Recipients may use CPF funds to carry out capital projects that (1) directly enable work, education, and health monitoring; (2) address a need that results from or was exacerbated by the COVID-19 public health emergency; and (3) address a critical need of unserved or underserved populations. Examples include:

- Investments in broadband infrastructure in eligible areas that meet certain speed requirements.
- Investments in digital connectivity technologies, such as devices, public computer facilities, and public Wi-Fi infrastructure that facilitate Internet access.
- Construction or renovation of multi-purpose community facilities that jointly enable work, education, and health monitoring.
- Other capital projects that meet the program requirements.

Under Section 42 U.S.C. section 804(b)(1)(A), each of the states (including the District of Columbia and Puerto Rico) is allocated a fixed amount of \$100 million, totaling \$5.2 billion. States may also receive a portion of the remaining \$4.6 billion, to be allocated in accordance with the requirements set forth in 42 U.S.C. section 804(b)(2)(A):

- 50 percent (\$2.3 billion) of such amount shall be allocated among the states based on the proportion that the population of each state bears to the population of all states;
- 25 percent (\$1.15 billion) of such amount shall be allocated among the states based on the proportion that the number of individuals living in rural areas in each state bears to the number of individuals living in rural areas in all states; and
- 25 percent (\$1.15 billion) of such amount shall be allocated among the states based on the proportion that the number of individuals with a household income that is below 150 percent of the poverty line applicable to a family of the size involved in each state bears to the number of such individuals in all states.

42 U.S.C. section 804(b)(1)(B) directs the secretary to pay a total of \$100 million divided in equal shares among United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. 42 U.S.C. section 804 (b)(1)(C) directs the secretary to pay a total of \$100 million divided in equal shares to tribal governments and the State of Hawaii for the exclusive use of the Department of Hawaiian Home Lands and the Native Hawaiian Education Programs. Using the statutory formulas found in 42 U.S.C. sections 804(b)(1) and (2) , Treasury calculated and published the allocation for each eligible entity along with the specific calculation methodologies used for all eligible entities (see “Allocation Information” at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>). State allocations vary. Each tribal government is allocated \$167,504. Each U.S. territory and freely associated state is allocated \$14,285,714.

Source of Governing Requirements

The CPF is authorized by section 604 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 U.S.C. 804; and is implemented by Treasury’s Guidance for States and Freely Associated States and Treasury’s Guidance for Tribal Governments (together, Treasury’s Guidance), link provided below.

Auditors should refer to the 42 U.S.C. section 804, Treasury’s Guidance, FAQs, Capital Projects Fund Compliance and Reporting Guidance for States, Territories, and Freely Associated States, Grant Agreements, and approved Grant Plans, and Program Plans. Treasury’s Guidance and the FAQs can be accessed on the Treasury website via the links provided below. The Grant Agreements and approved Grant Plans and Program Plans can be obtained from grant recipients.

Availability of Other Program Information

1. Treasury’s Guidance for States, Territories and Freely Associated States can be found at <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>. This guidance provides states, territories and freely associated states a summary of project eligibility and terms and conditions, as well as information about the process for applying for a grant under the CPF program.
 - Project eligibility is described starting on page 3.
 - An explanation of “directly enable work, education and healthcare” starting on page 7.
 - Eligible and ineligible costs starting on page 10. Please consult with FAQ’s in conjunction with this audit.
 - Period of Performance starting on page 12.
 - Certain other requirements are discussed starting on page 18.
 - FAQ #2.9 marks a change from the previously published guidance.

2. Treasury’s Guidance for Tribal Governments can be found at <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-Tribal-Governments.pdf>. This guidance provides Tribal Governments a summary of project eligibility and terms and conditions, as well as information about the process for applying for a grant under the CPF program.
 - Project eligibility is described starting on page 3.
 - An explanation of “directly enable work, education, and healthcare” starts on page 7.
 - Eligible and ineligible costs can be found beginning on page 10. FAQ’s in conjunction with this audit.
 - Other requirements discussed on page 16.
 - FAQ #2.9 marks a change from previously published guidance.

3. FAQs about the Fund are outlined on the program webpage on Treasury’s website at [Coronavirus Capital Projects Fund FAQs \(treasury.gov\)](https://www.treasury.gov/coronavirus/capital-projects-fund/faqs).

FAQs are considered to be guidance for the CPF program. FAQs generally clarify or supplement existing guidance, but may also modify existing guidance. New FAQs may be published in the future, and will include the date of publication.

4. Treasury’s Compliance and Reporting Guidance for States, Territories, and Freely Associated States (State Reporting Guidance) can be found at <https://home.treasury.gov/system/files/136/CPF-Reporting-Guidance-for-States.pdf>

This guidance provides additional detail and clarification about reporting and compliance responsibilities for States, territories, and freely associated states under the CPF Program.

Treasury’s Compliance and Reporting Guidance for Tribal Governments (Tribal Reporting Guidance) can be found at

<https://home.treasury.gov/system/files/136/CPF-Tribal-Reporting-Guidance.pdf>.

This guidance provides additional detail and clarification about compliance and reporting for Tribal Governments under the CPF Program.

5. [SLFRF and CPF Supplementary Broadband Guidance](https://home.treasury.gov/system/files/136/SLFRF-and-CPF-Supplementary-Broadband-Guidance.pdf), dated May 17, 2023 can be found at <https://home.treasury.gov/system/files/136/SLFRF-and-CPF-Supplementary-Broadband-Guidance.pdf>.

Treasury issued this guidance regarding the application of the Uniform Guidance to broadband infrastructure projects. This guidance applies to broadband infrastructure contracts and subawards funded by SLFRF and CPF for states, territories, freely associated states, and local governments, including those entered into prior to the release of this guidance. This guidance does not apply to Tribal Governments.

For purposes of this guidance, the term “ISP” includes subrecipients and contractors installing broadband infrastructure using SLFRF and CPF funds and is not limited to entities that provide retail Internet access service.

* Supplementary Broadband Guidance for Tribal Governments may be forthcoming. Please refer to <https://www.treasury.gov/cpf> for current guidance.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	N	Y	N	Y	N	Y	Y	N

The Compliance Requirements apply to both recipient types: states, territories, and freely associated states and Tribal Governments unless otherwise noted.

A. Activities Allowed or Unallowed

1. *Activities Allowed*

a. States, territories, and freely associated states and their subrecipients:

CPF is designed to provide funding for states, territories and freely associated states’ capital projects that meet all three criteria below:

- (1) directly enable work, education, and health monitoring,
- (2) designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency, and
- (3) designed to address a critical need of the community.

b. Presumptively eligible projects include:

- (1) Broadband infrastructure projects designed to deliver service that meets or exceeds symmetrical download and upload speeds of 100 Mbps.
- (2) Digital connectivity technology projects that involve the purchase and/or installation of devices and equipment to facilitate broadband internet access, where affordability has been identified by the Recipient as a barrier to broadband adoption and use.
- (3) Multi-purpose community facilities that are designed to jointly and

directly enable work, education, and health monitoring.

- c. If the recipient proposes a different use of funds, projects may additionally be approved by Treasury on a case-by-case basis provided they meet the enumerated criteria above, these criteria are described in detail in the Capital Projects Fund Guidance for States, Territories and Freely Associated States (*see I.C.c: Case-by-Case Review*).
- d. States, territories, and freely associated states may only use CPF funds for costs associated with Program Plans that have been approved by Treasury, or for eligible program administrative costs.
- e. Tribal Governments:
 - (1) An eligible Tribal government may apply individually, jointly with other Tribes, or through an organization, consortium, or similar entity. A designation letter, signed by the Tribal government's duly authorized Tribal official, must be received by Treasury if anyone other than the Tribal government is submitting the CPF application.
- f. An approved CPF application must meet all three criteria below:
 - (1) directly enable work, education, and health monitoring,
 - (2) designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency, and
 - (3) designed to address a critical need of the community.
- g. Presumptively eligible projects include:
 - (1) Broadband infrastructure projects designed to deliver service that meets or exceeds symmetrical download and upload speeds of 100 Mbps.
 - (2) Digital connectivity technology projects that involve the purchase and/or installation of devices and equipment to facilitate broadband internet access, where affordability has been identified by the Recipient as a barrier to broadband adoption and use.
 - (3) Multi-purpose community facilities that are designed to jointly and directly enable work, education, and health monitoring.
 - (4) Projects may additionally be approved by Treasury on a case-by-case basis provided they meet the enumerated criteria above. These criteria are described in detail in the Capital Projects Fund Guidance

for Tribal Governments.

- (5) Tribal recipients may only use CPF funds for costs associated with applications that have been approved by Treasury, or for eligible program administrative costs. Auditors should refer to the approved application when testing the compliance requirements.
- h. Tribal governments may only use award funds for program administrative costs and costs to carry out the projects described in the recipient's approved application subject to the Capital Projects Fund Guidance for Tribal Governments.

2. *Activities Unallowed*

- a. Activities that may not be funded by the CPF include but are not limited to:
 - (1) General infrastructure projects, such as highways, bridges, transit systems, and ports, are not eligible under the CPF program.
 - (2) General construction and improvement of hospitals and traditional schools are not presumed to be eligible, although, there may be opportunities for such projects to receive funding under the CPF program if they meet the project eligibility criteria. Such projects will be reviewed on a case-by-case basis.
- b. The following costs are not eligible, unless otherwise permitted by Treasury:
 - (1) Acquisition of spectrum licenses;
 - (2) Operating and maintenance expenses. (Except for program administrative costs associated with grant administration, subject to limitations stated in Compliance Requirement G.
 - (3) Short-term operating leases;
 - (4) Payment of interest or principal on outstanding debt instruments, or other debt service costs incurred prior to March 15, 2021;
 - (5) Fees or issuance costs associated with the issuance of new debt;
 - (6) Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding;
 - (7) To support or oppose collective bargaining. This does not affect the

ability to use funds to comply with 41 CFR Part 60-14.

B. Allowable Cost/Cost Principles

Treasury does not intend for the Uniform Guidance definition of “capital assets” to limit eligible investments under the CPF program. For purposes of the CPF program, “Capital Project” or “Project” means the construction, purchase, and installation of, and/or improvements to capital assets where the costs of such assets are capitalized or depreciated, including ancillary costs necessary to put the capital asset to use as further described in the Treasury’s guidance and FAQs. This definition may be found in Section IV of Treasury’s State Guidance and Tribal Guidance.

Infrastructure Projects

Infrastructure projects funded solely with CPF award funds are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58. CPF grant recipients may use CPF award funds to match other federal funds to the extent that such matches are explicitly permitted by statute. For example, CPF funds may be used to meet the matching requirements for the Infrastructure Investment and Jobs Act (IIJA) Division F, Title I, Sec. 60102 (h)(3)(B)(iii)(I)(dd). If using CPF award funds to meet matching requirements, CPF recipients should ensure that the program or project is an acceptable use of funds for the other federal funding stream. CPF grant funding may not be used for costs that will be reimbursed by the other federal or state funding stream; CPF funds must be used only for complementary purposes.

1. States, Territories, and Freely Associated States

Per the SLFRF and CPF Supplementary Broadband Guidance (II.A.6.), Pages 2 – 3, ISP subrecipients that receive fixed amount subawards are not required to comply with Subpart E Cost Principles of the Uniform Guidance. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

The Uniform Guidance permits agencies to provide an exception from the cost principles in the case of fixed amount subawards Treasury, has provided that recipients may issue fixed amount subawards for broadband infrastructure projects without further Treasury approval regardless of whether the value of the subaward exceeds \$250,000 and that recipients are not required to apply the cost principles of the Uniform Guidance to ISPs receiving such fixed amount subawards. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

2. Tribal Governments

Recipients may only use award funds for program administrative costs and costs to carry out the projects described in their approved application, subject to the Capital Projects Fund Guidance for Tribal Governments, and the requirements of the cost principles provided in 2 CFR Part 200, Subpart E.

Pre-Award Costs

Recipients are permitted to use CPF grant award funds for pre-award costs incurred after March 15, 2021, but before their Grant Agreement is executed, but only if they provided reasonable assurance to Treasury that the costs were incurred pursuant to the negotiation of and in anticipation of the Capital Projects Fund award and are necessary for the efficient and timely performance of the project. Such costs are allowable only to the extent they would have been allowable if incurred after the date of the Capital Projects Fund award and only with the written approval of Treasury. For the avoidance of doubt, unless otherwise provided, Treasury's approval of the recipient's applicable Program Plan (or Tribal Government application or grant plan) shall constitute written approval of pre-award costs that are identified in such Program Plan (or Tribal Government application or grant plan). Additional information regarding pre-award costs may be found at [State, Territory, and Freely Associated States Guidance](#) page 10, [Tribal Guidance](#) page 10, FAQ #1.4, FAQ 4.10, and on page 12 of the State Reporting Guidance.

Additional information regarding period of performance, in general, can be found at State, Territory, and Freely Associated States Guidance page 12, Tribal Guidance page 12, FAQ #1.4, FAQ #2.4, and FAQ #3.7.

C. Cash Management

1. *State and U.S. Territory Recipients* - Although not a requirement per 2 CFR 200.305, Treasury has assessed that as of calendar year 2022, all state and U.S. territory recipients are subject to Part B of the Cash Management Improvement Act. Additional guidance can be found on page 15 of the State Reporting Guidance.
2. *Tribal Recipients*- Treasury has made the determination that if a Tribal recipient fully disburses *award* funds before the end of the period of performance, the timing and number of advance payments made by Treasury are as close as is administratively feasible to the actual disbursements by a Tribal recipient and are therefore in compliance with 2 CFR 200.305(b)(1). Please see FAQ 3.7. Guidance related to Tribal government interest tracking and retention requirements may be found at FAQ 3.8 and 3.9.

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

Grant administration costs are limited to \$25,000 or 5 percent of the grant award, whichever is greater. CPF Recipients are not permitted to use CPF towards operating expenses.

See page 10 of the Guidance for the Coronavirus Capital Projects Fund for States, Territories & Freely Associated States located at the following link:

<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>

See page 10 of the Guidance for the Coronavirus Capital Projects Fund for Tribal Governments located at the following link:

<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-Tribal-Governments.pdf>

I. Procurement and Suspension and Debarment**1. Procurement**

See Part 3, Section I, “Procurement and Suspension and Debarment” for a general description of the compliance requirements associated with procurement, the related audit objectives, and suggested audit procedures.

Infrastructure projects funded solely with CPF award funds are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, codified at 42 USC section 804.

- a. Per the SLFRF and CPF Supplementary Broadband Guidance (II.A.6.), Pages 2 – 3, ISP subrecipients that receive fixed amount subawards must follow the “SLFRF and CPF Supplementary Broadband Guidance”. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

The Uniform Guidance permits agencies to provide an exception from the procurement requirements in the case of fixed amount subawards). Treasury has provided that recipients may issue fixed amount subawards for broadband infrastructure projects without further Treasury approval regardless of whether the value of the subaward exceeds \$250,000 and that recipients are not required to apply the procurement requirements of the Uniform Guidance to ISPs receiving such fixed amount subawards. Please see the SLFRF and CPF Supplementary Broadband Guidance for further

explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

2. *Suspension and Debarment*

See Part 3, Section I, “Procurement and Suspension and Debarment” for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures.

L. Reporting

NOTE: The FFATA Sub-award Reporting System (FSRS), was inaccessible to CPF recipients due to a technical configuration problem until August 2023. The configuration problem has been corrected and CPF recipients now have access to the FSRS system to fulfill their reporting requirements.

Treasury requested that recipients complete their FSRS reports by no later than June 30, 2024. Treasury recognizes that technical difficulties beyond the control of CPF recipients prevented them from timely reporting their subaward and executive compensation information pursuant to 2 CFR Part 170, Appendix A. Since the problem can be attributed to a third-party oversight, Treasury staff recommends that auditors take the above into consideration when conducting their single audits.

The following are the applicable reporting requirements for States, Territories, and Freely Associated States CPF recipients.

1. **Financial Reporting**

- a. *SF-270, Request for Advance or Reimbursement* –Applicable, submitted via Treasury’s reporting portal. Not applicable for Tribal Governments.
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, Federal Financial Report – Not Applicable. Note: Quarterly and Annual Obligations and Expenditure Reports (described below) are required in lieu of SF-425.

2. **Performance Reporting**

The following applies to States, Territories, and Freely Associated States. The most current listing of Project and Expenditure Report reporting requirements may be found on pages 4 – 10 of the State Reporting Guidance <https://home.treasury.gov/system/files/136/CPF-Reporting-Guidance-for-States.pdf>.

- a. *Project and Expenditure Report for States, Territories & Freely Associated States*

PRA Number: 1505-0277

Reporting Cycle: Quarterly

Authoritative Requirement: States, Territories & Freely Associated States:

<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>

Blank Copy of the Report: Coronavirus Capital Projects Funds Compliance and Reporting Guidance for States, Territories, and Freely Associated States

<https://home.treasury.gov/system/files/136/CPF-Reporting-Guidance-for-States.pdf>

Report Instructions: Coronavirus Capital Projects Funds Compliance and Reporting Guidance for States, Territories, and Freely Associated States can be found on pages 11 to 13 of the Guidance accessed via the following link

<https://home.treasury.gov/system/files/136/CPF-Reporting-Guidance-for-States.pdf>

Report Corrections: ORP's reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of this report at any time.

Key Line Items- The following line items contain critical information:

1. *Obligations and Expenditures*

- a. Quantifiable Objective Criteria: Subrecipient Reimbursement Documentation of reported obligations and expenditures do not exceed total award amount. (See pages 12 and 13 of the [Reporting Guidance](#))

- (1) Current period obligation
- (2) Cumulative obligation
- (3) Current period expenditure
- (4) Cumulative expenditure

2. *Administrative Expenses*

- a. Quantifiable Objective Criteria: Recipient Reimbursement Documentation for Administrative Expenses as reported, which does not exceed 5% of the total award or \$25,000, whichever is greater (unless Treasury specifically authorized a higher amount) (See page 3 of the Reporting Guidance)

- (1) Current period obligation
 - (2) Cumulative obligation
 - (3) Current period expenditure
 - (4) Cumulative expenditure
3. *Broadband Infrastructure Projects: Miles of Fiber Purchased using CPF/Reported (As Applicable)*
- a. Quantifiable Objective Criteria: Subrecipient Reimbursement Documentation for Miles of Fiber Purchased with CPF funds as Reported for Broadband Infrastructure Projects is within 10% difference or less from the total number reported. (See page 6 of the Reporting Guidance)
4. *Digital Connectivity Technology Projects: Total Number of Devices Purchased using CPF/Reported (As Applicable)*
- a. Quantifiable Objective Criteria: Subrecipient Reimbursement Documentation Supporting the Number of Devices Purchased with CPF Funding as Reported for Digital Connectivity Technology Projects is within 10% difference or less from the total number reported. (See page 7 of the Reporting Guidance)
5. *Multi-Purpose Community Facility Projects: Square Footage funded by CPF/Reported (As Applicable)*
- a. Quantifiable Objective Criteria: Subrecipient Reimbursement Documentation Supporting the Square Footage Reported for Multi-Purpose Community Facility Projects is within 10% difference or less from the total number reported. (See pages 7 and 8 of the Reporting Guidance)

The following are the applicable reporting requirements for Tribal Governments.

b. Obligations and Expenditure Report for Tribal Governments

PRA Number: 1505-0277

Reporting Cycle: Annual

Authoritative Requirement: Tribal Governments:

<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-Tribal-Governments.pdf>

Blank Copy of the Report: Coronavirus Capital Projects Funds Compliance and Reporting Guidance for Tribal Governments:

<https://home.treasury.gov/system/files/136/CPF-Tribal-Reporting-Guidance.pdf>

Report Instructions: Coronavirus Capital Projects Funds Compliance and Reporting Guidance for Tribal Governments can be found on pages 3 to 7 of the Guidance accessed via the following link <https://home.treasury.gov/system/files/136/CPF-Tribal-Reporting-Guidance.pdf>

Report Corrections: ORP's reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of this report at any time.

Key Line Items- The following line items contain critical information:

1. *Obligations and Expenditures*

- a. Quantifiable Objective Criteria: Reimbursement Documentation of reported obligations and expenditures do not exceed total award amount. (See page 4 of the [Reporting Guidance](#))
 1. Current period obligation
 2. Cumulative obligation
 3. Current period expenditure
 4. Cumulative expenditure

2. *Administrative Expenses*

- a. Quantifiable Objective Criteria: Reimbursement Documentation for Administrative Expenses as reported, which does not exceed \$25,000. (See page 3 of the Reporting Guidance)
 1. Current period obligation
 2. Cumulative obligation
 3. Current period expenditure
 4. Cumulative expenditure

3. *Broadband Infrastructure Projects: Miles of Fiber Purchased using CPF/Reported (As Applicable)*

- a. Quantifiable Objective Criteria: Reimbursement Documentation for Miles of Fiber Purchased with CPF funds as Reported for Broadband Infrastructure Projects is within 10% difference or less from the total number reported. (See page 5 of the Reporting Guidance)
4. *Digital Connectivity Technology Projects*: Total Number of Devices Purchased using CPF/Reported (As Applicable)
 - a. Quantifiable Objective Criteria: Reimbursement Documentation Supporting the Number of Devices Purchased with CPF Funding as Reported for Digital Connectivity Technology Projects is within 10% difference or less from the total number reported. (See page 6 of the Reporting Guidance)
5. *Purchasing Devices Projects*: Total Number of Devices Purchased using CPF/Report (As Applicable)
 - a. Quantifiable Objective Criteria: Reimbursement Documentation Supporting the Number of Devices Purchased with CPF Funding as Reported for Purchasing Devices Projects is within 10% difference or less from the total number reported. (See pages 6 - 7 of the Reporting Guidance)
6. *Multi-Purpose Community Facility Projects*: Square Footage funded by CPF/Reported (As Applicable)
 - a. Quantifiable Objective Criteria: Reimbursement Documentation Supporting the Square Footage Reported for Multi-Purpose Community Facility Projects is within 10% difference or less from the total number reported. (See pages 7 and 8 of the Reporting Guidance)

3. **Special Reporting**

Not Applicable.

4. **Special Reporting for Federal Funding Accountability and Transparency Act**

Applicable. See Part 3.L for audit guidance.

M. **Subrecipient Monitoring**

Recipients are required to monitor subrecipients; however, auditors should refer to Treasury's [SLFRF and CPF Supplementary Broadband Guidance](#) for special applicability considerations of the following 2 CFR 200 requirements to ISP subrecipients implementing broadband projects:

- Program income;
- Cost principles, procurement practices and fixed amount subawards;
- Ownership of Infrastructure; and
- Audit and monitoring requirements.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.032 LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND****I. PROGRAM OBJECTIVES**

Section 605 of the Social Security Act (the Act), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021) and codified by 42 U.S.C. 805, established the Local Assistance and Tribal Consistency Fund (LATCF). As originally enacted, the LATCF provides \$2 billion in total funding for payment by Treasury to eligible revenue sharing counties and eligible Tribal governments across fiscal years 2022 and 2023 for revenue enhancement.

Section 103 of Division LL of the Consolidated Appropriations Act, 2023, amended section 605 of the Act and made additional funding available for payment by Treasury to eligible revenue sharing consolidated governments across fiscal years 2023 and 2024. Treasury determined the allocation for eligible revenue sharing consolidated governments to be approximately \$10.5 million in total.

42 U.S.C. 805(c) provides that “an eligible revenue sharing county, an eligible Tribal government, or an eligible revenue sharing consolidated government may use funds provided under a payment made under this section for any governmental purpose other than a lobbying activity” (collectively “recipients”).)

II. PROGRAM PROCEDURES**A. Overview**

The LATCF reserves \$250 million to allocate and pay to eligible Tribal governments for each of the fiscal years 2022 and 2023 and reserves \$750 million to allocate and pay to eligible revenue sharing counties for each of the fiscal years 2022 and 2023. In addition, Treasury is authorized to allocate and pay approximately \$5.26 million to eligible revenue sharing consolidated governments for each of the fiscal years 2023 and 2024 for a total of approximately \$10.5 million.

Under this program, recipients have broad discretion on uses of funds, similar to the ways in which they may use funds generated from their own revenue sources.

All funds are available to recipients until expended or returned to Treasury.

B. Eligible Use of Funds

The LATCF provides flexible support for eligible revenue sharing counties, eligible Tribal governments, and eligible revenue sharing consolidated governments to meet their jurisdictions’ needs. Specifically, the statute provides that recipients may use funds for any governmental purpose other than a lobbying activity.

Programs, services, and capital expenditures that are traditionally undertaken by a government are considered to fulfill a “governmental purpose.” For Tribal governments, investing in activities undertaken by Tribal enterprises, such as operating or capital expenditures for businesses that are owned or controlled by a Tribal government, are

considered a governmental purpose. Recipients should refer to pages 3 and 4 of Treasury document *Guidance for the Local Assistance and Tribal Consistency Fund* (LATCF Guidance) for more information on eligible and ineligible uses.

Source of Governing Requirements

Section 605 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, codified at 42 U.S.C. 805, and as amended by section 103 of Division LL of the Consolidated Appropriations Act, 2023.

Availability of Other Program Information

- A. Treasury released LATCF guidance which can be found at https://home.treasury.gov/system/files/136/Local-Assistance-Tribal-Consistency-Fund-Guidance_202302.pdf (See pages 1 - 10) The guidance document provides detailed information on LATCF.
- B. Treasury published *Local Assistance and Tribal Consistency Fund Allocations to Eligible Tribal Governments*, which includes the methodology used to calculate allocation amounts to eligible Tribal governments, and can be found at <https://home.treasury.gov/system/files/136/605-LATCF-Allocation-Methodology-Summary.pdf> (See pages 1 - 6)
- C. Treasury published *Allocations to Eligible Revenue Sharing Counties and Eligible Revenue Sharing Consolidated Governments*, which includes a summary of the methodology used to calculate allocation amounts to eligible revenue sharing counties and eligible revenue sharing consolidated governments, which can be found at https://home.treasury.gov/system/files/136/LATCF-Eligibility-Allocation-Methodology-County-Consolidated-Governments_202302.pdf. (See pages 1 - 9)
- D. Treasury released *Reporting Guidance for the Local Assistance and Tribal Consistency Fund* (LATCF reporting guidance), which can be found at https://home.treasury.gov/system/files/136/Local-Assistance-Tribal-Consistency-Fund-Reporting-Guidance_202302.pdf (See pages 1 - 10)

Each recipient is responsible for submitting an annual Obligation and Expenditure report to Treasury. The reporting guidance details the reporting requirements for governments that receive LATCF funding including:

- Section I concerns the annual reporting requirements.
- Section II discusses required certifications.
- Section III discusses other information related to reporting, including compliance and record keeping.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Recipients may use LATCF funds for any governmental purpose other than a lobbying activity.
- b. As a general matter, LATCF recipients may treat these funds in a similar manner to how they treat funds generated from their own local revenue. Programs, services, and capital expenditures that are traditionally undertaken by a government are considered to fulfill a “governmental purpose.” For eligible Tribal governments, investing in activities undertaken by Tribal enterprises, such as operating or capital expenditures for businesses that are owned or controlled by a Tribal government, are considered a governmental purpose.
- c. A non-exhaustive list of example activities that fulfill a governmental purpose include, but are not limited to:

- (1) Provision of health services, educational services, court services, police, fire, emergency medical, and other public safety services, utilities or sanitation services, and direct assistance to households (including cash assistance);
 - (2) Capital expenditures on core facilities and equipment, including in housing and community development (e.g., schools, hospitals, childcare facilities, and parks and recreation facilities), public safety facilities and equipment (e.g., police vehicles), and government administration buildings;
 - (3) Infrastructure investments, including roads, bridges, water and sewer systems, utility systems, airports, public transit, and technology infrastructure;
 - (4) Long-term economic development activities, including affordable housing development, workforce development and other programs to strengthen local communities undergoing economic transitions;
 - (5) General government operations, such as general government administration, personnel costs, administrative facilities, record keeping, tax assessments, or election administration; and
 - (6) Meeting another federal program's non-federal match or cost-sharing requirements, unless barred by statute or other applicable law (as outlined on page 5 in LATCF [guidance](#)).
- d. Recipients also may use funds to cover costs of administering the LATCF program, including costs of consultants to support effective management and oversight as well as compliance with legal, regulatory, and other requirements.

2. *Activities Unallowed*

- a. LATCF recipients may not use federal funds to directly or indirectly pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, a jurisdiction, or an official of any government, to favor, adopt, or oppose, by vote or otherwise, any legislation, law, ratification, policy, or appropriation, whether before or after the introduction of any bill, measure, or resolution proposing such legislation, law, ratification, policy, or appropriation. Amounts that are used in violation of the lobbying restriction set forth in this guidance may be subject to recoupment.

B. Allowable Cost/Cost Principles

Given the LATCF's purpose as a general revenue enhancement program and the broad eligible uses of LATCF funds, Treasury has determined that funds available under the

LATCF program constitute revenue sharing. 2 CFR part 200 Subpart E does not apply to LATCF. Per the LATCF guidance (https://home.treasury.gov/system/files/136/Local-Assistance-Tribal-Consistency-Fund-Guidance_202302.pdf) this program is only subject to the following provisions in 2 CFR Part 200 (the Uniform Guidance):

- 2 CFR Subpart A (Acronyms);
- 2 CFR 200.100-110 (certain General Provisions);
- 2 CFR 200.203 (public notice of Federal financial assistance programs);
- 2 CFR 200.303 (internal controls); and
- Single Audit Act and its implementing regulations at 2 CFR Part 200 Subpart F.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Obligation and Expenditure Report

PRA Number: 1505-0276

Reporting Cycle: Annual

Authoritative Requirement: Section 605 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021 (42 USC 805) and as amended by section 103 of Division LL of the Consolidated Appropriations Act, 2023

Blank Copy of the Report: Reporting Guidance for the Local Assistance and Tribal Consistency Fund (https://home.treasury.gov/system/files/136/Local-Assistance-Tribal-Consistency-Fund-Reporting-Guidance_202302.pdf).

(See pages 5 - 6).

Report Instructions: (See pages 1 – 11.)

Report Corrections: Office of Recovery Programs' (ORP) reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted

report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of this report at any time.

Key Line Items- The following line items contain critical information:

1. *Quantifiable Objective Criteria:* Aggregate recipient-reported obligations and expenditures by governmental purpose reporting category matches the recipient's financial statements with no more than a 10 percent difference from the total amount reported (e.g., governmental services, capital expenditures, transportation/water/sewer/technology, other governmental service). (See pages 3 to 6 of the LATCF reporting guidance.)

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

Recipients meeting the applicable thresholds per the Federal Funding Accountability and Transparency Act of 2006 are only required to report on executive total compensation. See Part 3.L for audit guidance.