



THE COMMONWEALTH OF MASSACHUSETTS

CvRF Risk Management and Compliance Discussion

December 2020

CORONAVIRUS RELIEF FUND GUIDANCE

For the Coronavirus Relief Fund, the U.S. Treasury Department and ANF have issued guidance.

MA'S CVRF ALLOCATION



- The CARES Act created the federal Coronavirus Relief Fund (“CvRF”) administered by the US Department of the Treasury with oversight provided by the US Treasury Office of Inspector General (“Treasury OIG”).
- The federal CvRF included \$150 billion for state and local governments allocated on a per capita basis.
- The Commonwealth of Massachusetts (the “Commonwealth”) received approximately \$2.67 billion, with **approximately \$121 million provided directly to the City of Boston, and approximately \$91 million provided directly to Plymouth County.**
 - The City of Boston and Plymouth County are not subject to Commonwealth oversight of their CvRF funds.
- The Commonwealth created a state-level CvRF to receive and distribute funds from the federal CvRF. **Up to \$502 million of the CvRF is available to municipalities** (excluding Boston and municipalities in Plymouth County).

CORONAVIRUS RELIEF FUND (CVRF)



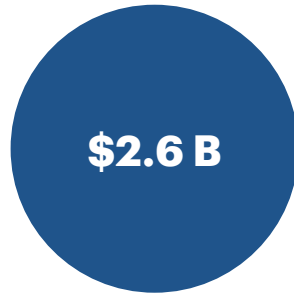
Purpose

The Coronavirus Relief Fund (CvRF) provided, in Section 5001, \$150 billion to be used to make specific payments to states and local governments to offset certain costs associated with the COVID-19 Pandemic.

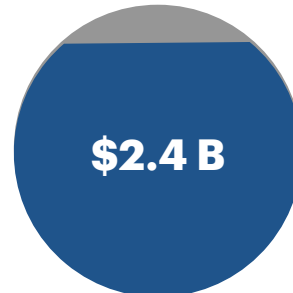
Restrictions

- CvRF can only be used for certain expenditures:
- Necessary public health (COVID-19) emergency expenses
 - Not accounted for in the budget approved as March 27, 2020
 - Incurred from March 1 to December 30, 2020¹

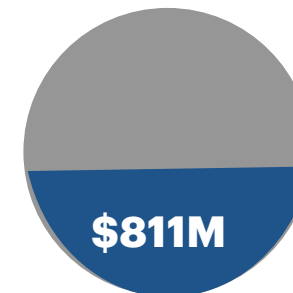
The State's portion of the CvRF is being distributed across municipalities and state agencies:



State-Wide Allocation
Including direct portions to the City of Boston and Plymouth County



State Portion
Without City of Boston and Plymouth County portions



Allocated Distribution
For state agencies (not including municipal CvRF allocation to the Department of Revenue)

CVRF – PROHIBITED USES



PROHIBITED USES

- CvRF funds can only be used on expenses that are "necessary expenditures" incurred due to COVID-19, were not accounted for in the latest budget in effect as of March 27, 2020, and were incurred between March 1, 2020 and December 30, 2020.
- Among other ineligible uses, CvRF funds cannot be used to fund:
 - insurance damages, payroll or benefits for employees not substantially dedicated to mitigating or responding to COVID-19;
 - expenses that have been or will be reimbursed under any federal or state programs or budgets;
 - reimbursements to donors;
 - workforce bonuses other than hazard pay or overtime;
 - severance pay; and
 - legal settlements.

DUPLICATION OF BENEFITS

- A duplication of benefits occurs when an entity receives multiple sources of federal funding assistance for a specific eligible cost or activity where funding has already been used for the entirety of that particular cost or activity, or in excess of the amount needed for that specific eligible cost or activity.
- The CARES Act requires agencies to ensure there are adequate procedures in place to prevent duplication of benefits¹

¹As required by section 312 of the Stafford Act, as amended by section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115-254; 42 U.S.C. 5121 et seq.) and all applicable Federal Register notices, including FR-6218-N-01.

DOCUMENTATION



A substantial federal audit of CvRF will be conducted and it is imperative agencies follow proper documentation procedures

Recipients of CvRF payments are required to maintain and make available to the Treasury OIG **upon request** all documents and financial records sufficient to establish compliance with the CARES Act. To facilitate this process, the Federal Funds Office is requiring state agencies and their sub-recipients to supply documentation upon request. Records to support compliance may include, but are not limited to, copies of the following:

<p>General ledger and subsidiary ledgers used to account for the receipt of CvRF payments and the disbursements from such payments to meet eligible expenses</p>	<p>Budget records for 2019 and 2020</p>	<p>Payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19</p>	<p>Receipts of purchases made related to addressing the public health emergency due to COVID-19</p>	<p>Contracts and subcontracts entered into using CvRF payments and all documents related to such contracts</p>
<p>Grant agreements and grant subaward agreements entered into using CvRF payments and all documents related to such awards</p>	<p>All documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipient</p>	<p>All documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and other grant recipient subawards</p>	<p>All internal and external email/electronic communications related to use of Coronavirus Relief Fund payments</p>	<p>All investigative files and inquiring reports involving CvRF payments</p>