

TWPD via City of Dallas NOFA – Texas House District 111

American Rescue Plan Act

Coronavirus State and Local Fiscal Recovery Funds Guidance for Subrecipients on Compliance and Regulatory Requirements

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program. This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. The City of Dallas is one such local government and will be administering ARPA SLFRF funding internally as well and through subrecipients and contractors identified via competitive procurement. This document was amended from the “Compliance and Reporting Guidance: State and Local Fiscal Recovery Funds” document published by the United States Treasury on June 17, 2021 (Version 1.0) for the purposes of providing information on regulatory requirements, reporting, and programming criteria to potential ARPA SLFRF funds subrecipients and contractors.

This document is amended from guidance provided by the Treasury to provide additional detail and clarification for each recipient’s compliance and reporting responsibilities under the SLFRF program, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the [SLFRF implementing regulation](#), and other regulatory and statutory requirements, including regulatory requirements under [the Uniform Guidance \(2 CRF Part 200\)](#). Please see the [Assistance Listing](#) in SAM.gov under assistance listing number (formerly known as CFDA number), 21.027 for more information.

Please Note: This guidance document applies to the SLFRF program only and does not change nor impact reporting and compliance requirements for the Coronavirus Relief Fund (“CRF”) established by the CARES Act. The City may, as needed, make adjustments to this document in order to remain alignment with CSLFRF guidance and/or to provide additional information or clarification as needed.

The City of Dallas is the subrecipient of funding from the Texas Parks and Wildlife Department. Recipients under the SLFRF program are the eligible entities identified in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (the “SLFRF statute”) that receive a SLFRF award. Subrecipients under the SLFRF program are entities that receive a subaward from a recipient to carry out the purposes (program or project) of the SLFRF award on behalf of the recipient.

Recipients are accountable to Treasury for oversight of their subrecipients, including ensuring their subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, Treasury’s Interim Final Rule, and reporting requirements, as applicable.

The applicant for this funding will be considered a subrecipient of the City of Dallas.

Key Principles

There are several guiding principles for developing your own effective compliance regimes:

- Recipients and subrecipients are the first line of defense, and responsible for ensuring the SLFRF award funds are not used for ineligible purposes, and there is no fraud, waste, and abuse associated with their SLFRF award;
- Many SLFRF-funded projects respond to the COVID-19 public health emergency and meet urgent community needs. Swift and effective implementation is vital, and recipients must balance facilitating simple and rapid program access widely across the community and maintaining a robust documentation and compliance regime;
- SLFRF-funded projects should advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities, as outlined in [Executive Order 13985, On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#); and
- Transparency and public accountability for SLFRF award funds and use of such funds are critical to upholding program integrity and trust in all levels of government, and SLFRF award funds should

be managed consistent with Administration guidance per [Memorandum M-21-20](#) and [Memorandum M-20-21](#).

Statutory Eligible Uses

A recipient on an SLFRF award has substantial discretion to use the award funds in the ways that best suit the needs of the City's constituents – as long as such use fits into one of the following four statutory categories:

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work;
3. For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency; and
4. To make necessary investments in water, sewer, or broadband infrastructure.

The City has been awarded funding from a State agency as a subrecipient. The City will administer funding to community organizations that will be subrecipients of the City. Potential subrecipients responding to a Request for Bids, Request for Proposals, or other procurement solicitation should ensure submitted bids and proposals are in alignment with the scope put forth by the City of Dallas in the solicitation. The eligible categories are broad, however there are rules and limitations to use. As the recipient, it is the City's responsibility to comply with eligible use of funds.

Uniform Administrative Requirements

The SLFRF awards are generally subject to the requirements set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, [2 CFR Part 200](#) (the "Uniform Guidance"). In all instances, your organization should review the Uniform Guidance requirements applicable to your organization's use of SLFRF funds, and SLFRF-funded projects. Recipients should consider how and whether certain aspects of the Uniform Guidance apply.

The following sections provide a general summary of your organization's compliance responsibilities under applicable statutes and regulations, including the Uniform Guidance, as described in the [2020 OMB Compliance Supplement Part 3. Compliance Requirements \(issued August 18, 2020\)](#). Note that the descriptions below are only general summaries and all recipients and subrecipients are advised to carefully review the Uniform Guidance requirements and any additional regulatory and statutory requirements applicable to the program.

1. **Allowable Activities.** Each recipient should review program requirements, including Treasury's Interim Final Rule and the recipient's Award Terms and Conditions, to determine and record eligible uses of SLFRF funds. Per 2 CFR 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.
2. **Allowable Costs/Cost Principles.** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

SLFRF Funds may be, but are not required to be, used along with other funding sources for a given project. Note that SLFRF Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.²

Treasury's Interim Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonable proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed, or not in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost

Principles for more information.

- a. Administrative costs:** Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.³ Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the SLFRF Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.⁴⁵ Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. A subrecipient may receive funding for administrative costs by applying a Negotiated Indirect Costs Rate Agreement (NICRA) or a de minimis rate of 10 percent of the modified program costs pursuant to 2 CFR 200.414(f) or by itemizing and requesting payment for actual administrative costs. Generally, the maximum allowable percentage of a total contract that can be expended on administrative costs is 10 percent, regardless of a subrecipient's NICRA, unless the specifications for the specific project state otherwise. Unless stated in the specifications, subrecipients may choose to apply an indirect cost rate or to request defined indirect costs within the project budget and with appropriate supporting documentation. A subrecipient must elect either to apply a rate or defined costs and may not do both.
 - b. Salaries and Expenses:** In general, certain employees' wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury's Interim Final Rule for details.
- 3. Eligibility.** Under this program, recipients are responsible for ensuring funds are used for eligible purposes. Subrecipients must develop and implement policies and procedures, and record retention, to determine and monitor implementation of criteria for determining the eligibility of beneficiaries and/or subrecipients. Subrecipient(s) administering a program on behalf of the City of Dallas, will need to maintain procedures for obtaining information evidencing a given beneficiary/client, subrecipient, or contractor's eligibility including a valid SAM.gov registration. Implementing risk-based due diligence for eligibility determinations is a best practice to augment your organization's existing controls. Subrecipients' eligibility criteria should align with those set forth in the scope of work within the solicitation.
- 4. Equipment and Real Property Management.** Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Equipment and real property acquired under this program must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the City of Dallas. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations. Equipment refers to property with a per-unit cost of \$5,000 or more and having a useful life of more than one year.
- 5. Acquisition and Construction Projects.** Projects including the acquisition of real property and/or construction may have additional federal and state regulations to follow. To ensure relevant laws and regulations are followed, construction activity should not be started prior to an executed grant agreement. Per Texas Parks and Wildlife Department, the City must contact TWPD for approval prior to any construction or acquisition of land using TWPD funds.
- 6. Matching, Level of Effort, Earmarking.** There are no matching, level of effort, or earmarking compliance responsibilities associated with the SLFRF award. SLFRF funds may only be used for non-Federal match in other programs where costs are eligible under both SLFRF and the other program and use of such funds is not prohibited by the other program.
- 7. Procurement, Suspension & Debarment.** Recipients are responsible for ensuring that any procurement using SLFRF funds, or payments under procurement contracts using such funds are

consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true: the item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate.⁶ Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. The Uniform Guidance requires an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.

8. **Program Income.** Generally, program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards and principal and interest on loans made with Federal award funds. Program income does not include interest earned on advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts. Recipients of SLFRF funds should calculate, document, and record the organization's program income. Additional controls that your organization should implement include written policies that explicitly identify appropriate allocation methods, accounting standards and principles, compliance monitoring checks for program income calculations, and records.

The Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307. Treasury intends to provide additional guidance regarding program income and the application of 2 CFR 200.307(e)(1), including with respect to lending programs.

9. **Reporting.** All subrecipients of the City of Dallas's federal funds must complete financial, performance, and compliance reporting as required and outlined in this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

In addition, where appropriate, your organization needs to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting.

10. **Subrecipient Monitoring.** SLFRF recipients that are pass-through entities as defined under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

11. **Special Tests and Provisions.** Treasury set a deadline of July 16, 2021, for receipt of public comment on its Interim Final Rule and will adopt a final rule responding to these comments. In addition, Treasury may add clarifications to the implementing guidance.

Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history

Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

Award Terms and Conditions

The Award Terms and Conditions of the SLFRF financial assistance agreement sets forth the compliance obligations for recipients pursuant to the SLFRF statute, the Uniform Guidance, and Treasury's Interim Final Rule. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items in addition to those described above:

1. *SAM.gov Requirements.* All eligible recipients are also required to have an active registration with the System for Award Management (SAM) (<https://www.sam.gov>). To ensure timely receipt of funding, Treasury has stated that Non-entitlement Units of Government (NEUs) who have not previously registered with SAM.gov may do so after receipt of the award, but before the submission of mandatory reporting.⁷
2. *Recordkeeping Requirements.* Generally, your organization must maintain records and financial documents for five years after all funds have been expended or returned to Treasury, as outlined in paragraph 4.c. of the Award Terms and Conditions. Treasury may request transfer of records of long-term value at the end of such period. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

Your organization must agree to provide or make available such records to the City of Dallas and/or the Treasury upon request, and to any authorized oversight body, including but not limited to the Government Accountability Office ("GAO"), Treasury's Office of Inspector General ("OIG"), and the Pandemic Relief Accountability Committee ("PRAC").

3. *Single Audit Requirements.* Subrecipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.⁸ Recipients and subrecipients may also refer to the [Office of Management and Budget \(OMB\) Compliance Supplements for audits of federal funds and related guidance](#) and the [Federal Audit Clearinghouse](#) to see examples and single audit submissions.
4. *Civil Rights Compliance.* Entities receiving Federal financial assistance from the Treasury may not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.

Pass Through Requirements

As a recipient of funds, City of Dallas is required to implement subrecipient monitoring (see Uniform Administrative Requirements, 9. Subrecipient Monitoring). Within 90 days of contract execution, the City of Dallas will provide subrecipients with required information.

Projects and Eligibility

Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding.

Project Demographic Distribution

Recognizing the disproportionate impact of the pandemic-related recession on low-income communities, there are requirements to report whether certain types of projects are targeted to economically

disadvantaged communities, as defined by HUD's Qualified Census Tracts.

To minimize administrative burden on subrecipients while ensuring that this important aspect of program performance is tracked, subrecipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on:

- A program or service is provided at a physical location in a Qualified Census Tract (for multi-site projects, if a majority of sites are within Qualified Census Tracts);
- A program or service where the primary intended beneficiaries live within a Qualified Census Tract;
- A program or service for which the eligibility criteria are such that the primary intended beneficiaries earn less than 60 percent of the median income for the relevant jurisdiction (e.g., State, county, metropolitan area, or other jurisdiction); or
- A program or service for which the eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

Subrecipients may use reasonable estimates to determine if a project meets one of these criteria, including identifying the intended beneficiaries of a program or service in terms of income characteristics, geographic location, or otherwise estimating the beneficiaries of a program based on its eligibility criteria. Such determinations should be in alignment with any criteria set forth in the Request for Proposals, Request for Competitive Sealed Proposals, Request for Bids or solicitation, as applicable. Subrecipients do not need to track information on each individual beneficiary to make the determination of whether or not the project is serving an economically disadvantaged community. If a recipient is unable to measure economic characteristics of the primary intended beneficiaries of a program or service due to data limitations or for other reasons, that program or service may not be counted as targeted to economically disadvantaged communities.

Uses of Funds

Subrecipients should be able to describe any strategies employed to maximize programmatic impact and effective, efficient, and equitable outcomes, explaining how the funds will support the target population.

Promoting equitable outcomes

Subrecipients should be able to describe how planned use of funds prioritizes economic and racial equity as a goal, name specific targets intended to produce meaningful equity results at scale and articulate the strategies to achieve those targets.

Use of Evidence

Subrecipients must identify whether funds are being used for evidence-based interventions and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. Subrecipients describe the goals of the project, and the evidence base for the interventions funded by the project and specifically identify the dollar amount of the total project spending that is allocated towards evidence-based interventions.

Required Performance Indicators and Programmatic Data

Subrecipients must identify the amount of the total funds that are allocated to *evidence-based interventions*.

Applicable Guidance

The information in this document is meant to be informative and to simplify relevant guidance with the regards to State and Local Fiscal Recovery Funding administered by the City of Dallas. The below matrix includes links to additional information related to SLFRF guidance from the U.S. Department of the Treasury as well as grants management standards for the State of Texas. Funding for this project is being administered by the City of Dallas on behalf of the Texas Parks and Wildlife Department, the recipient.

Guidance	Link	Purpose
31 CFR Part 35: SLFRF Interim Final Rule: U.S. Treasury	Obligation Interim Final Rule 2023.pdf (treasury.gov)	Provides eligible and restricted used for State and Local Fiscal Recovery Funds and other requirements from the U.S. Treasury. Additional restrictions from Texas Parks and Wildlife

		Department or City of Dallas may apply.
Overview of Interim Final Rule: U.S. Treasury	Overview-of-the-2023-Interim-Final-Rule.pdf (treasury.gov)	A summary of major provisions of final rule for informational purposes in a simplified format
State and Local Fiscal Recovery Funds FAQ: U.S. Treasury	SLFRF-Final-Rule-FAQ.pdf (treasury.gov)	Answers to frequently asked questions regarding SLFRF program.
Compliance and Reporting Guidance SLFRF: U.S. Treasury	Coronavirus State and Local Fiscal Recovery Funds (treasury.gov)	Required reporting and compliance guidance for recipients of SLFRF and their sub-recipients. TWPD or the City may have additional requirements of subrecipients.
2 CFR 200 Subparts B, C, D, E & F	eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	Uniform administrative requirements, cost principles, and audit requirements for federal grant awards to non-federal entities.
2 CFR 25	www.ecfr.gov	Universal Identifier and System for Award Management
2 CFR 170	https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-170	Reporting Subaward and executive compensation information
2 CFR 180	https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-180	OMB guidelines to agencies on governmentwide debarment and suspension (non-procurement)
Texas Grants Management Standards	comptroller.texas.gov	Applies to grants and contracts governed by Chapter 783 of the Texas Government Code