House Bill No. 419, 2023 Regular Session

Tourism Recovery for Direct Marketing Organizations

**Coronavirus State and Local Fiscal Recovery Funds** **Letter**

In 2021, the American Rescue Plan Act (ARPA) was signed into law and established the Federal Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Program. SLFRF provides support to state governments and others from the U.S. Treasury Department (Treasury) through CFDA 21.027 in responding to the economic and public health impacts of COVID-19 and containing impacts on local communities, residents and businesses. U.S. Treasury Guidance and FAQs for State, Local and Tribal Governments can be found at [SLFRF-Final-Rule-FAQ.pdf (treasury.gov)](https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf).

Recipients under the SLFRF program are the eligible entities identified in Section 602 and 603 of the Social Security Act, as added by section 9901 of ARPA and includes the State of Mississippi. Entities that receive a subaward from the State to carry out the purposes of the SLFRF award on behalf of the State are referred to as subrecipients. Mississippi is accountable to Treasury for oversight of their subrecipients. Subrecipients must have an active registration on [www.sam.gov](http://www.sam.gov) and have a unique entity identifier number assigned to them.

ARPA provides that recipients may use SLFRF funds to support the COVID-19 public health and economic response by addressing COVID-19 and its impact on public health as well as addressing economic harms to households, small businesses, nonprofits, impacted industries, and the public sector. Recipients can use funds for programs, services, or capital expenditures that respond to the public health and negative economic impacts of the pandemic. Public health eligible uses include COVID-19 mitigation and prevention, medical expenses, behavioral healthcare, and preventing and responding to violence.

##### *Restrictions on Use*

It is the subrecipient’s responsibility to ensure all SLFRF award funds are used in compliance with the program’s requirements. Treasury’s final rule provides restrictions on use of SLFRF award funds, including that recipients may not deposit SLFRF funds into a pension fund; and recipients may not use SLFRF funds directly to service debt, satisfy a judgment or settlement, or contribute to a “rainy day” fund. Other applicable laws and regulations, outside of SLFRF program requirements, also apply (e.g., laws around procurement, contracting, conflicts-of-interest, environmental standards, or civil rights).

Eligible uses of the SLFRF program may overlap with allowable uses of other federal grants and reimbursements. It is imperative that SLFRF funding is not in addition to any other federal funding for the same expenditure.

##### *Available Funds*

Based on the responses received, certain organizations have received a funding allocation. Such amounts will be available for organizations to request upon certifications to the Mississippi Department of Finance and Administration that grant terms will be followed. Any advance funding requests will need to be made in accordance with the instructions provided with this memo. All funds received must be used for obligations incurred by December 31, 2024 and expended by December 31, 2026.

##### *Audit Provisions and Documentation*

Federal SLFRF expenditures are subject to audit by an Inspector General within the Treasury, the Office of the State Auditor for Mississippi, and Mississippi Department of Finance and Administration. Documenting that expenditures are eligible uses of SLFRF funds is essential to managing compliance risk and to minimizing the possibility that the expenditures are ultimately deemed ineligible, which could require the organization and the State to return funds to the federal government.

***Certification***

Eligibility to receive payment from the State’s portion of funds from the SLFRF Program is contingent upon the subrecipient certifying, in writing that the subrecipient will: (1) use the funds in a lawful manner and (2) will comply with any and all policies and directives issued by the Mississippi Department of Finance and Administration related to the Coronavirus SLFRF program.

***Recoupment***

The Inspector General of the Treasury is required to conduct monitoring and oversight of the receipt, disbursement, and use of funds made available under this section. If it is determined that the unit of Organization has failed to comply with requirements of the SLFRF program, funds used in violation shall be considered, by the State of Mississippi, as a debt of the subrecipient owed directly to the Federal Government.

Expenditure of SLFRF in a manner not allowed or inconsistent with the law may result in future awards being suspended or terminated.

***Process to Request Advance Funds***

Step 1 – Complete the Prequalification Application Form and make sure to have documentation that the organization was created by local and private laws of the State of Mississippi for the purpose of tourism promotion and funded by special local tax levies.

Step 2 – Read and sign this SLFRF Letter

Step 3 - Complete SLFRF Grant Agreement and the related certifications before applying for any advance. This document will be on file with the Mississippi Department of Finance and Administration and will not need to be attached with each subsequent report.

Step 4 – Complete the subrecipient questionnaire. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (“Uniform Guidance”), specifically §200.331, requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level. This questionnaire is used to help determine a subrecipient organization’s financial and management strength, which helps assess risk and dictates the monitoring plan for subrecipients. Pass-through entities are then required to monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable federal statutes and regulations and terms of the subaward and to verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

Step 5 – Submit marketing plan with budgetary amounts using the financial and performance plan template.

***Approval / Denial of Funds Request***

Complete the advance request with the appropriate supporting documentation. Supporting documentation will be reviewed to ensure the requests meet the eligible use of funds requirements before being approved.

***Procurement and Suspension and Debarment Requirements***

*Procurement*

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 sections 602(c) and 603(c) of the Act and Treasury’s Interim Final Rule. As such, recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance. Specifically, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds and comply with 2 CFR §§ 200.321, 200.322, and 200.323. States must also ensure that every contract includes the applicable contract clauses required by 2 CFR § 200.327. All other entities under the program, including subrecipients of a State, must follow the procurement standards in 2 CFR §§ 200.318 through 200.327, including ensuring that the procurement method used for the contracts are appropriate based on the dollar amount and conditions specified in 2 CFR § 200.320.

*Suspension and Debarment*

Prior to enter in subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR § 19.300.

***Reporting Requirements***

2 CFR 200.331 requires that pass-through entities monitor the activities of the subrecipient as necessary to ensure that the sub-agreement is used for authorized purposes. This is done by reviewing financial and performance reports required by the pass-through entity, following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award; and issuing a management decision for audit findings pertaining to the Federal award. Organizations that have requested advance funds have monthly reporting requirements to complete. The organizations must submit financial and performance status reports. The financial reports will detail the expenditures the organizations have incurred and spent. The performance status reports will describe how the funds were used, including specific deliverables achieved, and progress against the objectives and outcomes expected to be achieved. **On a monthly basis, Organizations will need to complete the financial and performance summary status report template and submit together with the financial payroll expense report template and financial other expense report template, to include all expenditures incurred the previous month**.

If costs are submitted that are not supported with appropriate documentation or do not meet eligible use of funds conditions, such requests will be returned with explanation of the denial and can be resubmitted once the reason for the original denial has been addressed.

**The reports are due on the 10th day of each month after you receive funding and continues through closeout of the subaward.** If the 10th falls on a weekend or holiday, you must submit your report on the following business day. The closeout of the subaward will be determined by Mississippi Department of Finance and Administration based upon final review of the status reports submitted by the organizations. Indirect costs rates can be charged to the SLFRF, as provided by an entity’s Negotiated Indirect Cost Rate Agreement (NICRA) established with a Federal Cognizant Agency. Alternatively, if you do not have a NICRA, a rate of 10 percent of direct costs incurred may be used.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_