

Vermont Coronavirus Relief Fund Eligibility Payroll Guidance
Agency of Administration – Department of Finance & Management
August 11, 2020 – Revised 4:00 PM

Purpose

The purpose of this document is to provide additional guidance and examples to assist agencies and department staff in:

- Determining which payroll costs are eligible for Coronavirus Relief Fund (CRF) reimbursement
- The correct reporting categories for CRF eligible payroll costs
- Requirements for support documentation and audit, and
- Making corrections to costs/categories previously reported in the 7/17/20 CRF Interim Report

Payroll Cost Categories

- Two (2) of the ten (10) CRF reporting categories required by the US Treasury (UST) obviously relate to payroll costs: a) *Payroll for public health and safety employees, and b) Budgeted personnel and services diverted to a substantially different use.* However, according to CRF guidance and based on consultation with Guidehouse, Vermont’s COVID-19 consultant, costs (including payroll) for the administration of CRF programs is eligible for CRF reimbursement - assuming justification and documentation. These costs should not be included in the two previously mentioned categories. Rather, administrative payroll costs should be reported in the remaining categories to which the costs relate (e.g. Distance Learning, Economic Support, Public Health, etc.)

Payroll Cost Eligibility Criteria

Category: Payroll for public health and safety employees (a.k.a. Substantially Dedicated)

- (1) Vermont has adopted Treasury’s list of departments normally assumed allowable in this category. Only employees from public safety, public health (VDH), health care (VDH), human services, SEOC, and HOC are automatically considered “substantially dedicated” and should be reported in this category, based on hours reported or documented justification.
- (2) For employees outside the departments listed in (1):
 - a. Whether within or outside of the requirements of their position – caused by or to support the entities’ efforts to mitigate and respond to the public health emergency.
 - i. Example: BGS employees directed by SEOC to transport PPE
 - b. An employee is performing work outside the routine hours required of their positions due to or in an effort to support the entities’ efforts to mitigate and respond to the public health emergency.
 - i. Example: Overtime specifically worked at SEOC or HOC direction.
 - c. An employee has been assigned to perform work as a direct result of the need to backfill positions of employees who are “substantially dedicated” to mitigation and response to the public health emergency, as defined above, for the continuity of government operations.
 - i. Example: the employees that create and maintain the state’s daily COVID-19 tracking website has moved away from their normal tasks; the employees moved in to cover those normal tasks is coverable

Category: Budgeted personnel and services diverted to a substantially different use:

- (1) An employee performing a function that is outside the traditional roles and responsibilities of an assigned position or job duty.
 - Example: An auditor becomes the grant manager for a designated source of funding.
 - Example: ACCD Vermont Training Program (usually billed to Vermont Training Program and General Fund) staff that usually work with businesses to provide training and execute training grants have been answering phone calls and emails about business closures.
 - Example: ACCD Procurement Technical Assistance Center (usually billed to Federal Grant) staff participated in daily COVID-19 response unit calls and handled overflow calls and emails about COVID-19 (non-eligible for their normal grant).
- (2) An employee who, due to COVID-19, has stopped performing their usual job duties and has been redeployed or reassigned to different job duties related to the mitigation, response, or continuity of government related to the pandemic.
 - Example: AOT staff assigned at Because libraries are closed, librarians manage the implementation of a meals-for-seniors food delivery program.
 - Example: DHR Wellness staff assigned to handle registration calls for VDH pop-up testing sites
- (3) An employee normally charged to an existing federally funded program, but who was unable to perform their assigned duties remotely for various reasons, including but not limited to: lack of computer/Wi-Fi, no child care, work must be done in the field, employee takes sick time for themselves or family member with COVID symptoms, etc. **must first be charged to their existing federally funded program** per “Allowability of salaries and other project activities” –

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2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405. Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee. A warding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services. <https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-17.pdf>

If the awarding agency does not allow for this, or allows only a portion to be changed to the existing federally funded program, then and only then, is the remaining portion eligible to be charged to the CRF category *Budgeted personnel and services diverted to a substantially different use*. Justification must document how you determined the awarding agency would either reject or only partially allow funding.

- REVISED** (4) An employee not is not normally paid by an existing federally funded program, but who was unable to perform their assigned duties remotely for various reasons, including but not limited to: lack of computer/Wi-Fi, no child care, work must be done in the field, employee takes sick time for themselves or family member with COVID symptoms, etc. is to be considered on “**administrative leave**” for purposes of CRF eligibility. Allowing the employee to essentially be paid while in this status must be documented. Question 48 in the CRF FAQs, revised 8-10/20 allow CRF to be charged (use CRF category: *Budgeted personnel and services diverted to a substantially different use*).

*Q. 48. May Fund payments be used to cover increased **administrative leave costs** of public employees who could not telework in the event of a stay at home order or a case of COVID-19 in the workplace? The statute requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. As stated in the Guidance, a cost meets this requirement 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. If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund.*

Other Categories: Cost of Adminstrating CRF

- (1) Reasonable payroll cost for administering CRF programs is eligible for CRF funding, assuming justification and time documentation. Report these costs under the category to which the program directly relates.
 - **Example: Staff setting up and administering CRF specific grant programs**

Corrections to Submitted Costs

We want to leave the initial Interim Report and the accounting records for FY 2020 as they are. Any corrections to funding in VISION and any cost category transfers in the reporting will be made in FY 2021 and the next quarterly CRF reporting period.

- (1) Any payroll costs reported in the 7/17/2020 CRF Interim report (for costs expended through 6/30/20) which are ineligible for CRF reimbursement must be identified and included in the department's FY 2021 full budget request using state funds to cover these prior year expenses and refund CRF. If sufficient state funds do not exist, appropriate budget adjustments must be made to accommodate these additional costs. Please work with your Budget Analyst as soon as you have identified ineligible costs from the Interim report. **Corrections in VISION transferring funding from CRF to an appropriate state funding alternative should be made as an FY 2021 transaction.**
- (2) Any payroll costs recorded in the CRF 7/17/2020 Interim Report which are being reclassified to a different reporting category will be made as part of the second CRF reporting period (7/1/20 – 9/30/20). In addition to including these changes in the excel spreadsheet for the second CRF report, these corrections will likely be reported in the new GrantSolutions portal scheduled to be available from the US Treasury OIG in early September. If the portal is not available in time, expect another manual reporting cycle.

CRF Payroll Cost Documentation and General Documentation

Payroll Documentation: For all payroll costs reported in the Interim Report or to be reported in the new portal, documentation of justification is required. On the advice of our consultant, the State has determined VTHR reports showing the time reported by employee and the resulting cost calculation by themselves are not sufficient documentation. The timesheet must have descriptive comments included which describes the duties and tasks performed. In the absence of this, departments should prepare written documentation stating the justification for the deployment/assignment of employees by division or program (if assigned as a group) or for each employee. Justification should include categorizing them as **substantially dedicated**, **substantially different**, or **CRF administration**. Articulate why the group or person was assigned to CRF duties. The narrative may be added directly to existing documentation, such as an excel spreadsheet or as a separate document. A copy of all corrections, a reconciliation showing corrections reassigned or eliminated from the original 7/17/20 Interim report and any resulting documentation should be posted to your CRF ERR SharePoint site.

General Documentation: As a reminder, below is the description of the documentation required for payroll and all other costs reported as CRF eligible. All such documentation should be posted in your CRF ERR SharePoint site. While the documentation provided to date is supportive of the costs, additional documentation is needed for several departments. Having this documentation in one place will allow us to retain the records for audit anytime within the next 5 years (required retention period). This will also allow departments to handle document retention as you normally do without having to make exceptions for CRF backup.

Excerpt from the OIG Treasury Letter, dated July 2, 2020:

Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following:

1. general ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
2. budget records for 2019 and 2020;
3. payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
4. receipts of purchases made related to addressing the public health emergency due to COVID-19;
5. contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
6. grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
7. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
8. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
9. all internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
10. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.

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