



September 4, 2020

Mr. Richard Delmar, Acting Treasury Inspector General
Ms. Deborah Harker, Treasury Deputy Inspector General
United States Treasury
Office of the Inspector General
Washington, DC

Dear Mr. Delmar and Ms. Harker:

On behalf of organizations representing our nation's state finance officials, we are writing to reiterate our ongoing concern with the detailed quarterly reporting of the Treasury's Coronavirus Relief Fund (CRF). We appreciate the Treasury Office of Inspector General's ongoing outreach and collaboration as we seek to ensure the nation's taxpayers receive the greatest amount of transparency over the dollars being distributed to address the COVID-19 pandemic. However, we strongly believe that there are several actions that could prevent potential reporting errors that are likely to occur in undertaking such a huge reporting effort in such a condensed timeframe.

One action would be to delay the September 21 reporting deadline. A delay will allow enough time for systems to be amended, and in some cases created, to capture and report the desired information. By the time the Office of Inspector General finalized its guidance on reporting at the end of July, many states had already forwarded funds to subrecipients and were not aware of the expenditure categories. Additionally, states are currently developing business processes, and we understand that the required reporting may require manual intervention. Manual intervention will require that staff be reassigned to appropriately capture and report subrecipient information.

We believe that a September 21 reporting deadline is unrealistic given that training on the new portal, scheduled to be operational on September 1, is just now getting underway. Treasury needs sufficient time to stand up a new reporting portal and train those who will utilize it. Similarly, recipients need sufficient time to accurately capture and report the desired information. We believe delaying the September 21 reporting deadline will be beneficial for all parties and will allow for a more developed process, which in turn will significantly reduce the opportunity for error. Accurate data is key to providing appropriate accountability to the nation's taxpayers.

We believe that a batch upload feature is a necessary component to alleviate the significant burden of reporting subrecipient information and should be made available to all recipients. Smaller units of governments will struggle to report expenditure information in the 18 required categories. We are aware that Treasury has spoken to numerous states about the volume of data that will be reported and that for practical purposes the deadline for batch reporting will likely be in November. This is a welcome delay for those states that will have the batch load capability. However, this upload feature is not being made available to all recipients, and we anticipate those governments will struggle to comply. Making the feature available to all units of government will significantly improve the reporting process.

Finally, we would like to point out the contradictory statements regarding presumption and administrative convenience made in the Treasury Frequently Asked Questions (FAQs) document dated August 10th (although included in earlier iterations) and the FAQs document issued by your office on August 28th. Question number 2 on page 1 of the FAQ document issued by Treasury management provides that “as a matter of administrative convenience, in light of the emergency nature of this program, a State, territorial, local, or Tribal government may **presume** that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.” Similarly, question number 47 on page 9 of the Treasury FAQs indicates that “as a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020. An employer **may also** track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.” Taken together, questions number 2 and 47 would indicate that the entire payroll cost of such public safety employees could be charged to the Coronavirus Relief Fund (CRF) and that it is at the government’s discretion to track the information related to COVID -19 and apply fund payments in that manner.

The FAQs issued by the Office of Inspector General dated August 28th states that “documents and financial records, as defined in the Treasury OIG memorandum *Coronavirus Relief Fund Recipient Reporting and Record Retention Requirements* must be maintained to support the use of CRF payments for when the presumption is made that payroll costs is substantially dedicated to mitigating or responding to the COVID-19 emergency. Documents should include those sufficient to support decisions made with respect to its use of CRF payments.” Questions 69-71 specifically state that detailed records will be necessary to demonstrate and substantiate that an employee’s functions/duties were in fact substantially dedicated to mitigating the emergency. We believe this requirement is in direct contradiction to the FAQ issued by Treasury management.

Recipients have relied on the Treasury management FAQ document which was issued well before the August 28th guidance released by your office. We are concerned that states will be put under an enormous burden to capture this detailed level of payroll information which was seemingly not required by the Treasury management document. We understand that the guidance has been updated to reflect the inconsistency however we remain concerned about the ability to retroactively capture this information. We believe a delay could assist recipients in establishing an appropriate mechanism to capture this type of wage data.

Thank you for the outreach you have done to date. We sincerely appreciate the OIG’s commitment to collaboration and look forward to a continued partnership as we navigate these unusual times. Should you wish to discuss any of these recommendations further, please feel free to contact us.

Sincerely,



R. Kinney Poynter, Executive Director
National Association of State Auditors,
Comptrollers and Treasurers



Shelby Kerns, Executive Director
National Association of State Budget Officers