

**North Carolina Coronavirus Relief Fund**  
**Frequently Asked Questions for Funding distributed to County Governments per S.L. 2020-4**

*Note that this information is provided as a reference and is current as of June 12, 2020. In the event of a conflict between this document and state law, federal law, or US Treasury guidance, the state and federal laws and guidance supersede this document.*

| Questions   | Response   |
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| <b>How do we apply for funds and where do we access the application documents?</b>  | You can access the application and W-9 on the NCPRO website - <a href="https://www.nc.gov/agencies/ncpro">https://www.nc.gov/agencies/ncpro</a> . You must submit both documents to <a href="mailto:NCPRO@osbm.nc.gov">NCPRO@osbm.nc.gov</a> to apply for funds.   |
| <b>I don't understand the "non-supplant" prohibition; salaries are already budgeted in annual budget and can be funded through CRF, but other line items in budget cannot be?</b>   | Supplanting is: If the county's most recently approved budget prior to March 27, 2020 had a provision to allocate \$10,000 for personal protective equipment (PPE) to address COVID-19. The County must use county funds to purchase \$10,000 of PPE and any amounts spent over \$10,000 for PPE can be covered by CRF monies. A cost meets this requirement if either:<br>1. The cost cannot lawfully be funded using a line item, allotment, or allocation within that budget, or<br>2. The cost is for a substantially different use from an expected use of funds in such a line item, allotment, or allocation.                             |
| <b>What is "the most recently approved" budget and how do adjustment, amendment or supplemental appropriations effect the use of CRF funds?</b>   | The "most recently approved" budget refers to the enacted budget for the relevant fiscal period for your county, without taking into account subsequent supplemental appropriations or other budgetary adjustments, or amendments made in response to COVID-19.<br><br>If your county made budget adjustments, amendments or supplemental appropriations prior to or after March 27, 2020, CRF funds can be used for those adjustment, amendments, or supplemental appropriations as long as the expenditures meet these two requirements: (1) Necessary expenditure incurred between March 1 and December 30, 2020 and (2) related to COVID-19. |
| <b>Under FEMA, there is Equipment Time that can be reimbursed for COVID-19-related travel. Is there something comparable under this funding?</b>  | There are no schedules for equipment time.   |
| <b>Generally, what expenses related to cleaning government buildings and facilities are allowable uses of the CRF funds?</b>  | Expenses for disinfection of public areas, buildings, parks, and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency, is an allowable expense. The US Treasury Guidance issued April 22, 2020 and the FAQs released May 4, 2020 are good resources for understanding eligible expenses.   |
| <b>Executive Order 124 prohibits utility service providers from disconnecting customers for nonpayment for 60 days following the EO. While the revenue lost for nonpayment is not eligible without Congressional amendment, would the costs incurred to reconnect the service; notify customers under the EO; and staff time dedicated to submit reports to the NC Utilities Commission and set up repayment plans be eligible as "other COVID-19-related expenses reasonably necessary to the function of government"?</b> | If a customer's electricity was previously disconnected for nonpayment, and due to EO 124, the county reconnected the customer electricity, the cost associated with reconnection is allowable. You can not turn around and bill the customer for this expense in the future. If employees are substantially redirected to other duties such as developing repayment plans for customers who have not made payments under EO 124, these expenses are allowable.  |

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| Can CRF funds be used to reimburse for expenses already incurred (dating back to 3/1/2020) or only for new expenses going forward?   | CRF monies can be used to reimburse counties for expenses already incurred dating back to March 1, 2020 assuming the expense meets the other requirements for use of the Coronavirus Relief Fund.<br><br>Per US Treasury guidance costs must have been incurred on or after March 1, 2020. Treasury guidance defines “incurred” as being “when the responsible unit of government has expended funds to cover the cost.” Thus, if a county obligated funds for COVID-19 related expenses prior to March 1, 2020 but had not yet expended those funds as of March 1, 2020 those expenses are an allowable use.   |
| Can CRF funds be used to pay for expenses in preparation for the coming hurricane season for public health/COVID-19 related measures such as curtains and temporary room dividers for social distancing in emergency shelters? | CRF funds can not be used to prepare for future disasters.  |
| Can CRF funds be used to match other federal funds (like EMGP-S grants)?   | At this time, the US Treasury has not provided guidance that would allow CRF money as Federal match. NCPRO is advise Counties not to use CRF money as a match for any federal programs until the US Treasury provide additional guidance.   |
| <b>UPDATED:</b><br>What is the CFDA number for these federal funds?  | The CDFA number assigned to the Fund is 21.019, pending completion of registration.   |
| What triggers the advertising of compensation for the Federal Funding Accountability and Transparency Act (FFATA) and how is advertising defined?  | If counties received 80 percent or more of your annual gross revenues AND \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements then the public must have access to information about the compensation of the senior executives of the county. To meet the FFATA requirements, periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. See FFATA § 2(b)(1). If reports are not filed by the county, then the county must advertise the information. Advertising includes an online listing of the names and salary of the senior executives. The online list must be available to the public for free and the salary information is updated at least annually. The UNC School of Government Salary Survey is an aggregate of salaries by position type and, thus, does not meet the requirements of FFATA." |
| <b>UPDATED:</b><br>Do we have to comply with the Uniform Guidance?   | Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.  |

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| <p><a href="#">SEE NEW GUIDANCE HERE.</a></p> <p><a href="#">How are CRF and FEMA funds related and which should be used first?</a></p>  | <p><del>OSBM advises counties to expend CRF funds first and before seeking FEMA reimbursement for expenses that are eligible under both funding sources. CRF should be expenses first since there is no matching requirement and since these funds have a short usage period, March 1 to December 30, 2020.</del></p> <p>Since expenses incurred prior to March 1, 2020 are not eligible for CRF funding, NC PRO recommends that local governments should consider seeking reimbursement from FEMA for eligible expenses incurred between 1/20/2020 and March 1, 2020 (the FEMA incident period for the COVID-19 event began on 1/20/2020).</p>   |
| <p><b>Will receiving CRF funds impact or limit the amount of FEMA Category B reimbursement that counties (and other potential sub-subrecipients) are eligible for?</b></p>   | <p>Unlike CRF funding, which was appropriated in specific total dollar amounts, the total dollar amounts of FEMA Category B reimbursement that an applicant may receive is not capped at an overall dollar amount. If a local government exhausts its CRF funds and still has COVID-19 expenses that are eligible for FEMA Category B reimbursement, it may still apply to FEMA for reimbursement of those funds.</p> <p>It is important to avoid duplication of benefits. Expenses paid for with CRF funds cannot also be reimbursed by FEMA, and vice versa. Counties (and other potential sub-subrecipients) should carefully track both their COVID-19 expenses along with all sources of federal funds used to pay for those expenses to avoid duplication of benefits and to be prepared to document no duplication of benefits if requested by NC PRO or any federal funder.</p> |
| <p><b>Can the county use a portion of its distribution to set up a county-administered grant program, including programs to non-profits that funding to non-profits that serve homeless, hungry, mental health or other impacted groups?</b></p> | <p>Yes, the county can set up and administer a grant program as long as the grants are directly related to remediating or responding to COVID-19. Counties must provide oversight and monitoring of their subrecipients and are subject to the sanctions of S.L. 2020-4 if their sub-subrecipients misuse CRF funds.</p>  |
| <p><b>If a county shares a portion of its allocation with a city, who is accountable for the funds?</b></p>  | <p>Counties are responsible for a grantee's use of funds and must provide oversight and monitoring of their CRF subrecipients. Counties are subject to the sanctions of S.L. 2020-4 if sub-subrecipients misuse CRF funds.</p>  |
| <p><b>Is there a methodology or formula for counties to use in sharing a portion of their allocation with municipalities?</b></p>  | <p>We are not issuing guidance on county allocations to cities because circumstances are so varied across the state. Counties may choose to allocate or not and, if so, may choose their own allocation methods in sharing CRF funds with cities.</p>   |
| <p><b>What happens to the interest that is earned on CRF monies that are advanced to the county?</b></p>   | <p>Interest or other proceeds earned on CRF funds can only be used as prescribed in the US Treasury Guidance.</p>   |

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| <p><b>When can CRF funds be used to cover payroll expenses of employees on leave?</b></p>                  | <p>In order for a county to use CRF money to pay for leave, the leave must comply with the leave required in the Family First Coronavirus Relief Act. If the county cannot ensure that the leave was taken for reasons outlined in FFCRA, then CRF money cannot be used for leave (such as leave taken because an employee cannot work from home). Regardless of what your government calls the leave - bonus leave, emergency leave, etc. - the leave is reimbursable if used for FFCRA leave.</p> <p>OSBM suggests structuring leave under the FFCRA leave types and making sure that employees properly recording time. Budget amendments and changes to your government's budget do not affect the ability to reimburse these expenses.</p>                                   |
| <p><b>UPDATED:</b><br/> <b>Can CRF be used for hazard pay and how should hazard pay be determined?</b></p> | <p>Hazard or incentive pay is an allowable expense. The local government must determine the rate of hazard pay to be provided and that should be set forth in a County policy. Hazard or incentive pay can be a one-time bonus, a percentage of base pay, or compensatory leave; it is up to the local government. General bonuses to all employees not for hazard pay is not a COVID-19 expense and, thus, not an allowable CRF expense. Hazard pay is a form of payroll expense and so Fund payments may only be used to cover hazard pay for individuals that meet the other requirements for CRF payroll expenses.</p>  |
| <p><b>Can payroll expenses, which are already budgeted, be funded by CRF funds?</b></p>                    | <p>CRF money can be used for payroll expenses for all public health and public safety employees, such as Health Department managers, EMS, law enforcement, etc. Further, the payroll expenses of employees that have been redirected or reassigned and are "substantially dedicated" to mitigating or responding to COVID-19, payroll cost are allowable expenses. Per US Treasury guidance, these are eligible CRF expenses even though the previously approved budget includes funds for these employees to perform their regular duties because they are working on Covid-19 mitigation or response.</p> <p>CRF funds can also be used for payroll expenses of staff hired to meet COVID-19 response needs (such as additional EMS, contact tracers, grant monitors, etc.)</p> |

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| <b>What constitutes "substantially dedicated" for payroll expenses of which employees can be funded with CRF funds?</b>   | <p>Based on the US Treasury Guidance published on May 4, 2020, all county or municipality public safety and public health employees are presumed to be "substantially dedicated" to mitigating or responding to the Covid-19 public health emergency; this designation is not based on a percentage of time dedicated to COVID-19 activities. All payroll costs including salary, benefits, and hazard pay related to these employee are allowable.</p> <p>Other employees (essential, nonessential, administrative, etc...) must meet the Treasury guidance on "substantially different use" for payroll expenses of these employees to be an eligible CRF expense. This guidance states that "costs of personnel that were budgeted in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions" may be funded with CRF fund. Examples include the costs of redeployed educational support staff to develop online learning that is not part of the staff's ordinary responsibilities or library staff delivering meal to senior citizen and at-risk individuals.</p> |
| <b>Must counties keep time sheets or other accounting of the time that an employee spends on COVID-19 related work to document that the employee is "substantially dedicated"?</b>  | For employees not considered to be Public Health or Public Safety employees, you must meet the time and effort requirements as stated in 2 CFR 200.430 since the US Treasury has not waived any of these requirements.  |
| <b>Please explain payroll costs.</b>  | Payroll cost include salaries and benefits, hazard pay and overtime cost.   |
| <b>Because of the short time period to develop the plan, can it be modified after June 1?</b>   | Yes, the plan can be modified.  |
| <b>Can plans be modified and will NC PRO approve the plan and amendments? If the county spends CRF funds in a manner different than identify in the approved plan, is it a violation and subject to HB1043 sanctions even if the expenses are eligible?</b> | Plans can be modified. NC PRO will approve the plan and amendments to the plan as needed. If the expenses are eligible, then there will be no sanctions.  |
| <b>What about park reservation refunds given to customers due to park shutdowns?</b>  | Refunds provided to customers would be consider an unallowable expense since it would be revenue replacement.   |
| <b>When can counties expect to receive their funds and will funds be released on a reimbursement basis?</b>   | OSBM is working diligently with the Office of the State Controller to certify and start issuing funds. Once this occurs and the counties submits the appropriate paperwork (application and substitute W-9), funds will be released. OSBM will release 100% of the allocation upfront, not on a reimbursement basis.  |
| <b>Are these dollars considered State funds or federal funds and are there any special accounting requirements?</b>   | These are fund federal and should be account for in the same manner as other federal funds.   |

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| <b>Can any of these funds be used for school expenses including equipment to help accomplish completing assignments during the stay at home order?</b> | Fund may be used for certain school expenses. However, school systems are receiving other pots of money from the CARES Act so it may not be prudent to use CRF monies for schools. See US Treasury Guidance and FAQs at: <a href="https://home.treasury.gov/policy-issues/cares/state-and-local-governments">https://home.treasury.gov/policy-issues/cares/state-and-local-governments</a>   |
| <b>Can counties use CRF for business grants and if so, are there criteria around such grant programs?</b>  | Business grants are allowable. A program should assist businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance.  |
| <b>What types of expenses are allowable?</b>   | <p>There are two criteria to assess to determine if an expense is allowed: (1) Is the expense a necessary expenditure incurred between March 1 and December 30, 2020 and (2) is the expense related to COVID-19. If both of these criteria are met, and the expense was not included in your most recently authorized budget, it is an allowable CRF expense.</p> <p>For example, costs of renovations to create a 6' separation or a physical barrier between employee and customer; technology to enable mandated services while complying with safety precautions; warehouse and temporary space needs would all be considered allowable expenses, assuming they occurred after March 1, 2020, because they are directly related to COVID-19 remediation, response or recovery.</p> |
| <b>New As of May 27, 2020:</b>   |  |
| <b>What is the definition of "Substantially dedicated"?</b>  | The US Treasury did not provide a definition of substantially dedicated. NC PRO recommends a conservative approach to this designation given audit requirements. If your county deems an employee substantially dedicated, it is up to the county to ensure documentation and justification of that decision.  |
| <b>When is a cost incurred?</b>  | A cost is incurred when the responsible party has expended funds to cover the cost. This means when a check or electronic fund transfers are issued. This includes subawards to municipalities. If a municipality does not spend the funds (issue check or electronic fund transfers), it must be returned to the county. The county must then return any funds that remain unspent after December 30, 2020 back to the State.   |

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| <b>How is Public Safety employee defined?</b>   | The US Treasury has not provided a definition of Public Safety employee. However, NC PRO is recommending the use of Federal Law 42 U.S.C. section 3796b(9)(A) defines public safety officer as “an individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or as a member of a rescue squad or ambulance crew.”<br>and<br>42 U.S.C. section 3796b(9)(C) which also includes an employee of a State, local, or tribal emergency management or civil defense agency who is performing official duties in cooperation with the Federal Emergency Management Agency in an area, if those official duties--<br>(i) are related to a major disaster or emergency that has been, or is later, declared to exist with respect to the area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ( 42 U.S.C. 5121 et seq. ); and<br>(ii) are determined by the head of the agency to be hazardous duties   |
| <b>What constitutes a "substantially different use" of funds</b>  | Based on the US Treasury, costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. Employees whose salary were budgeted but have stopped performing their usual job duties and are reassigned or redeployed to different job duties related to COVID-19 would be considered "substantially different use". Examples of “substantially different use” are:<br>-An auditor stops auditing and is reassigned as the Grant Coordinator for COVID-19 funding - this is a substantially different use.<br>-Parks are closed so park employees are redeployed to work in the county buildings sanitizing common areas - this is a substantially different use.<br>-A budget analyst that is reassigned to work on COVID-19 budget work is not a substantially different use since the employee continues to perform budget work.<br>-A park employees who normally provides in-person tours is providing virtual tours instead. This is not a substantially different use of the employee. |
| <b>If the county encumbers funds, would this be consider spent?</b>                                       | No. The US Treasury considers "incurred" as money being spent, checks issued, payments made, etc. Therefore, encumbrances and/or obligations are not consider an incurred expense.   |
| <b>Can we establish a business loan program?</b>  | Yes. However, all loan repayments as of or after December 30, 2020 must be returned to the NC Pandemic Recovery Office for return to the US Treasury. Loan repayments cannot be placed into an unrestricted fund for future use by the local government.   |
| <b>Can we prepay for services or goods that will be provided or received after December 30, 2020?</b>     | No. Prepayment for any goods or services is not allowed.   |
| <b>Can we use CRF to cover a percentage of administration cost of oversee and administer these funds?</b> | No. There is no allowance for administration cost.   |

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| <b>What documentation must a county retain for audit purposes?</b>   | The county shall retain documentation to allow an auditor to conclude the purchase is needed, proper purchasing methods were followed and there is evidence the service or goods were received. A county is responsible for compliance with the provision is 2 CFR for audit documentation, and financial management .   |
| <b>How are CRF and FEMA funds related and which should be used first?</b>  | Due to the new federal guidance that states and locals can use CRF to match FEMA funds, OSBM/NCPRO is reversing its opinion on priority use of funds. For expenses that are eligible for both FEMA-PA and CRF, counties should use FEMA PA first and use CRF funds second.   |
| <b>Can we use CRF to cover the expenses of an audit conducted under the Single Audit Act?</b>  | Yes, such expenses would be eligible expenditures, subject to the limitations set forth in 2 C.F.R. § 200.425.   |
| <b>Are we required to apply for FEMA reimbursement before paying for an eligible expense with CRF funds?</b>   | While NCPRO is not imposing a mandatory requirement that counties (and cities receiving a portion of their county's CRF allocation) seek FEMA PA reimbursement first, NCPRO strongly recommends that counties (and cities) do so. This approach enables counties (and cities) to maximize use of their CRF funds by applying those funds toward COVID-19 expenses for which there is not another federal funding source. Unlike CRF funds, which are capped at a specific dollar amount, the FEMA Public Assistance Program does not place a total dollar cap on reimbursement under that program. While FEMA must approve the expenses for reimbursement, there is no cap on the total amount of reimbursement an eligible applicant may receive. |
| <b>We know that CRF funds cannot be used to pay for expenses incurred prior to March 1, 2020. Can we seek FEMA reimbursement for expenses incurred prior to March 1st?</b>   | Yes. The COVID-19 incident period for purposes of FEMA Public Assistance reimbursement began on 1/20/2020 and is still ongoing. Counties may apply to FEMA for reimbursement for eligible COVID-19 emergency protective measures expenses incurred on or after 1/20/2020.  |
| <b>New As of JUNE 5, 2020:</b>   |  |
| <b>What is the definition of "substantially dedicated"?</b>  | An employee must work 50% or more of scheduled hours on mitigations or response to the COVID-19 health pandemic activities to be "substantially dedicated". Only COVID-19 hours worked will be charged to CRF. Adequate documentation must be maintained to support payroll expenses. Public Health and Public Safety employee would not be required to document time since they are presumed to be substantially dedicated.   |
| <b>New As of JUNE 12, 2020:</b>  |  |
| <b>Since all Public Safety and Public Health employees are presumed to be substantially dedicated to activities related to COVID-19, does this included administrative staff within our police, fire, emergency service, and health departments?</b> | No. Administrative staff within public safety and public health departments are not presumed to be "substantially dedicated".<br><br>To use CRF funds for payroll cost related to administrative personnel, the administrative personnel would have to be reassigned to a "substantially different use". For further guidance on "substantially different use" see the FAQ: What constitutes a "substantially different use" of funds?<br><br>In addition, if you have to hire new staff, which was not included in the most recent enacted budget as of March 27, 2020, to manage COVID-19 administrative work, CRF funds may be used to cover payroll cost for these new positions.  |