

# THE POWER OF BEING UNDERSTOOD

# OVERSIGHT & COMPLIANCE: WHEN MONEY FALLS FROM TREES



Friday, November 18, 2022

Governor's Grants Office 2022 Annual Conference



# Session Overview

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As federal dollars continue to roll in, accountability professionals must manage the associated risk and make sure available funds are put to good use. Learn about strategic updates concerning the use of longstanding programmatic dollars and the more recent infusion of stimulus funds and hear recommendations for avoiding fraud, waste and abuse.

## Key Take-aways

- Review the latest initiatives and goals with stimulus funds and how to stay current with guidance.
- Compare and contrast leading practices against various guidance and understand the practical implications of how these programs function.
- Discover oversight and monitoring practices to mitigate fraud, waste and abuse in large programs.
- Gather best practices in the administration of federal stimulus programs and the use of contractors to support state and federal programs.

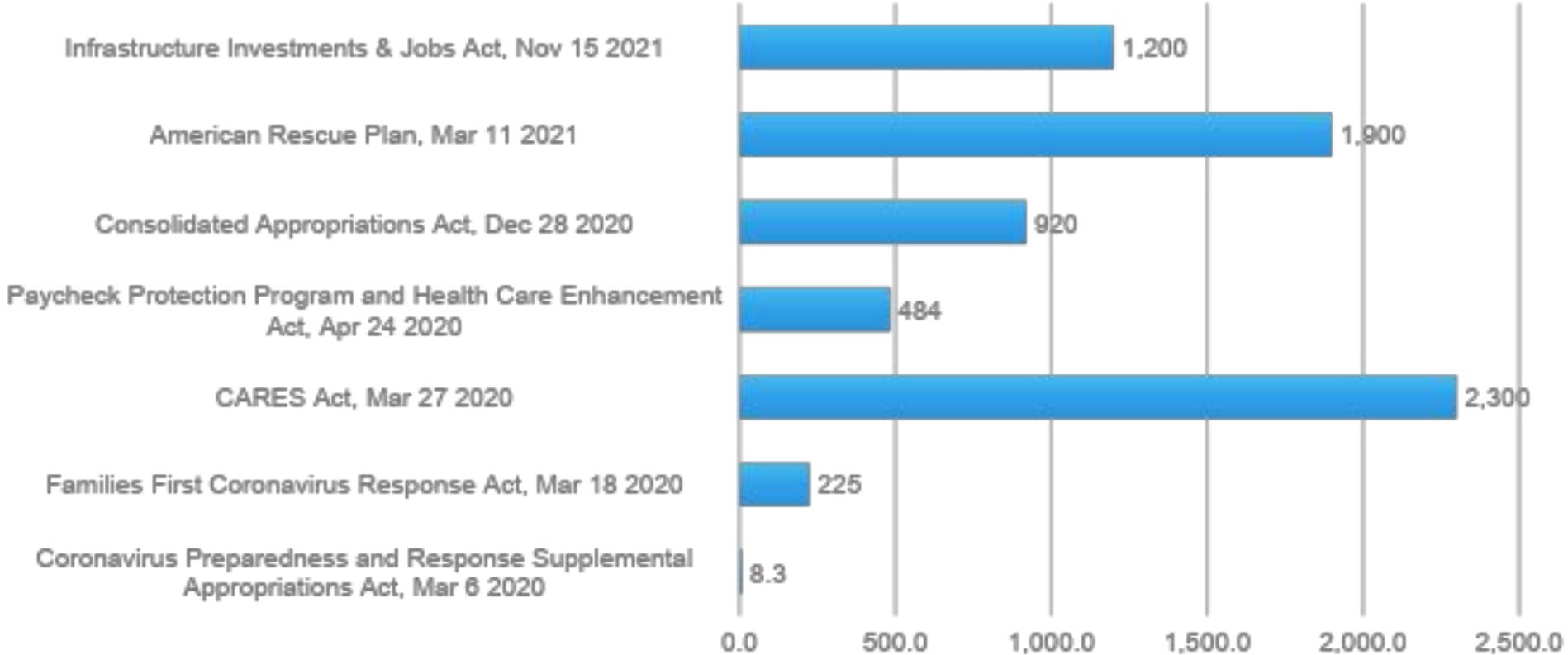


# Pandemic-Related Federal Stimulus Packages – Setting the Stage

- **\$4.5T** in approps (CARES, Consolidated Approps Act, ARP)
  - **\$4.3T** in obligations (CARES, Consolidated Approps Act, ARP)
  - **\$3.8T** in outlays (CARES, Consolidated Approps Act, ARP)
- 
- **\$1.2T** in approps for Infrastructure Investment and Jobs Act
  - **\$485B** in new spend via Inflation Reduction Act (IRA)



# Pandemic-Related Federal Stimulus Packages – Breaking it down





# EMERGENCY RENTAL ASSISTANCE (ERA)

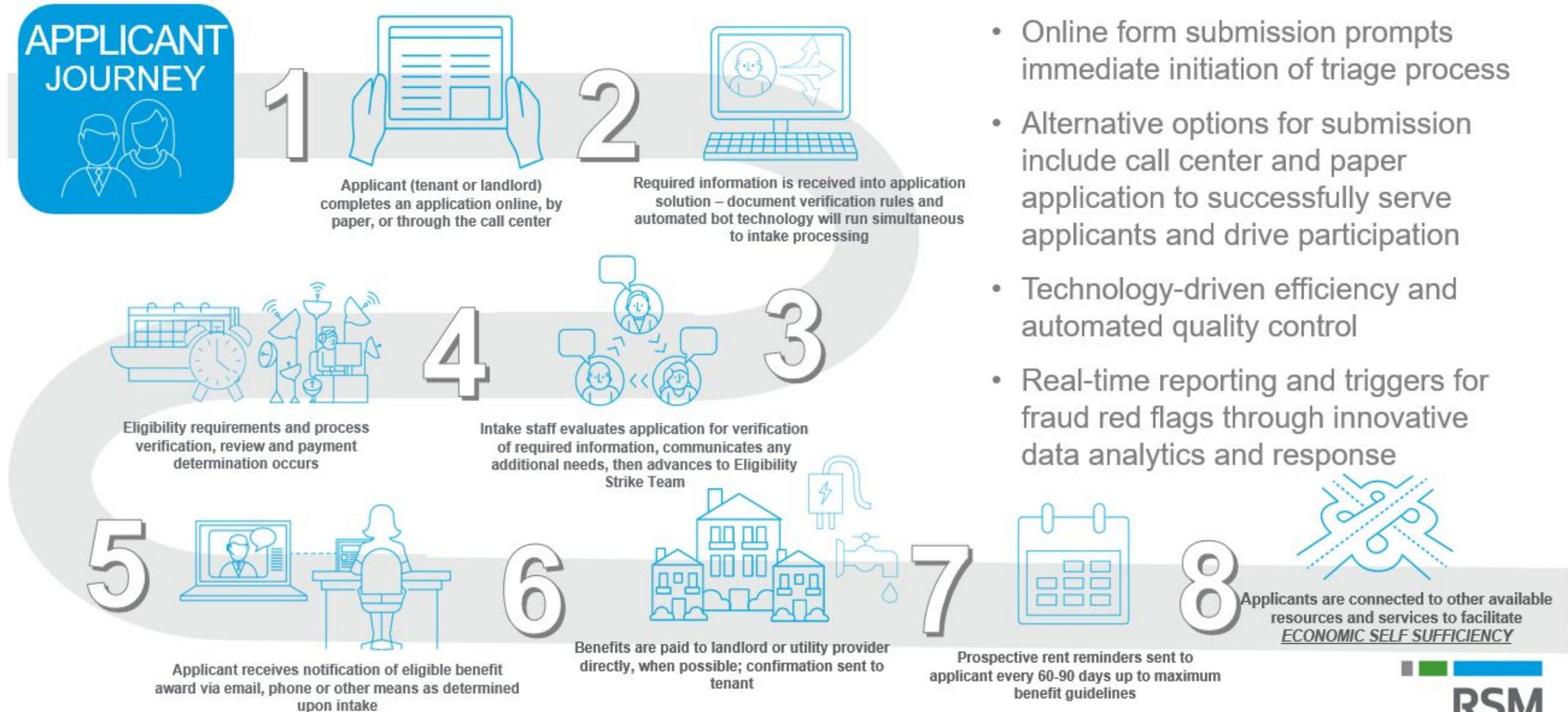
# Defining ERA

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- Millions of Americans face rental debt and fear of evictions
- The Emergency Rental Assistance (ERA) program makes funding available to assist households that are unable to pay rent or utilities
- Two programs have been established: ERA1 provides \$25 billion under the Consolidated Appropriations Act, 2021 and ERA2 provides \$21.55 billion under the American Rescue Plan Act of 2021
- The funds are provided directly to states, US territories, and local governments
- Grantees use the funds to aid eligible households through existing or newly created rental assistance programs



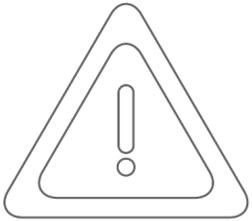
# Example ERA Application Process Flow



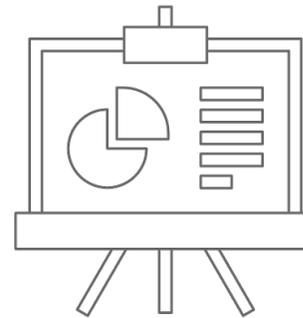
- Online form submission prompts immediate initiation of triage process
- Alternative options for submission include call center and paper application to successfully serve applicants and drive participation
- Technology-driven efficiency and automated quality control
- Real-time reporting and triggers for fraud red flags through innovative data analytics and response

# Potential Pitfalls

Similar to other government assistance programs, ERA has the potential for abuse. Fraud, waste and abuse subject matter experts help by applying lessons learned from other projects to ensure this abuse can be identified and minimized.



**Duplication of benefits**—Agencies that receive the same or similar funding should consider interagency agreements to compare payment data for analysis to identify potential duplicates.



**Internal tracking and reporting**—The systems that are used for the program administration do not always include adequate tracking and reporting functionality to meet both internal and federal compliance needs. There are multiple options on how to address this, but they will vary based on the agency's existing infrastructure and needs.

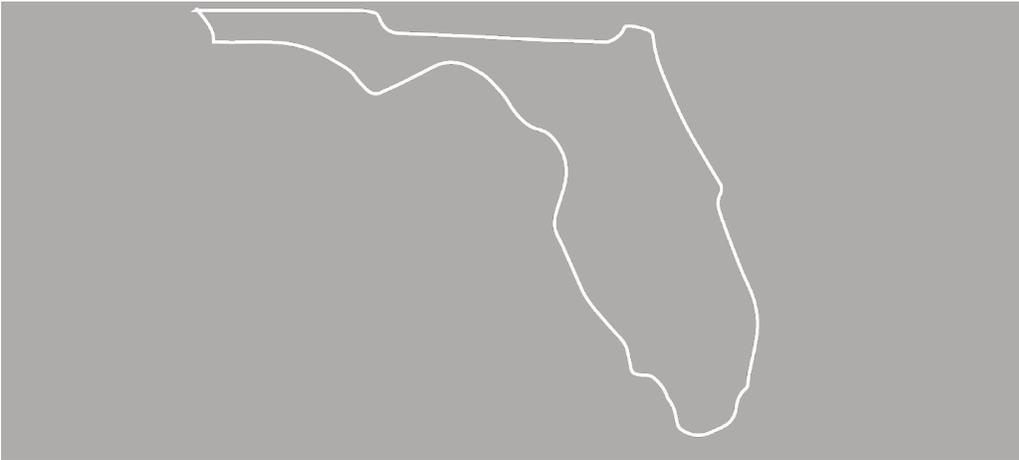


**Fraud detection**—Application intake and technology solutions should include automated controls to check for duplicated identifying factors (such as address, name, similar name, IP address) or other fraud risk indicators that can be further analyzed for a deeper analysis. Some payment processors may also offer payment protection in the event fraud is identified in order to recover funds.

# Lessons Learned

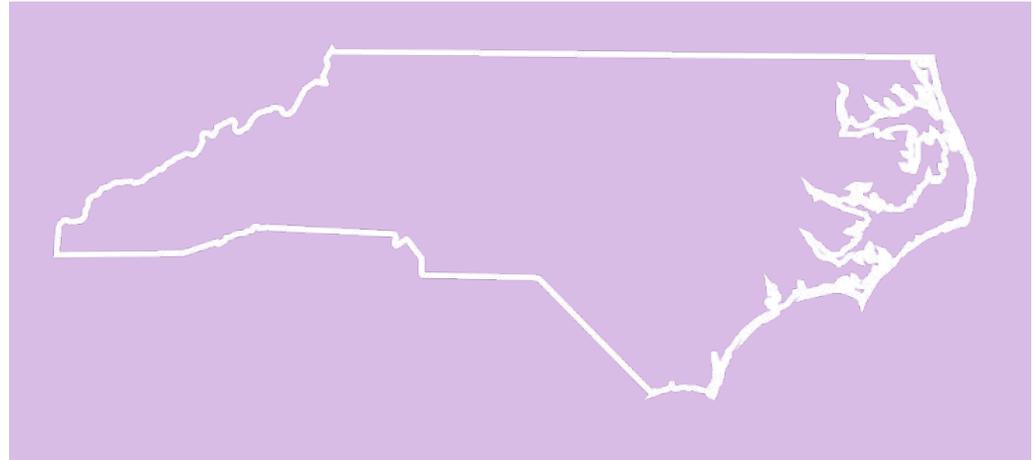
## State of Florida

RSM is part of a coalition of firms to administer the State of Florida's \$870 million ERAP program. RSM's role primarily includes performing post-payment review using a combination of data analysis, risk assessment and transaction testing. We also perform fraud investigations related to possible overpayments.



## State of North Carolina

RSM provided quality control and compliance review for NCORR's HOPE 1.0 (\$160 million) and HOPE 2.0 programs (\$546 million), which provide emergency rental assistance to eligible applicants in an effort to prevent eviction and homelessness. These programs are funded by multiple federal grants, including the Coronavirus Relief Fund (CRF), Community Development Block Grant-Coronavirus (CDBG-CV) and the Emergency Rental Assistance Program (ERAP).





# HOMEOWNER ASSISTANCE FUNDING (HAF)

# HAF Overview and Purpose

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- \$9.9 billion
- Prevent delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship after January 21, 2020.
- The law prioritizes funds for homeowners who have experienced the greatest hardships, leveraging local and national income indicators to maximize the impact.
- Socially disadvantaged individuals are prioritized.





# Who is Eligible?

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- Homeowners are eligible to receive relief for expenses related to their primary residences if:
  - They experienced a financial hardship after January 21, 2020 (including a hardship which began before but continued after).
  - Have income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater.
  - Their loans have a principal balance at or below the Federal Housing Finance Agency's (FHFA) conforming loan limits for Fannie Mae and Freddie Mac.

# Income Types – Examples w/ Documentation

Income Type	Documentation Requirement
<b>Wage Earner</b>	Two most recent paychecks or paystubs or letter from employer including pay and hours (within past 30 days)
<b>Self Employed</b>	YTD or most recent quarterly profit and loss statement for current year and three months personal and business bank statements or 2020 federal income tax return (line 11) or transcript with all schedules
<b>Pension Or Annuity</b>	Pension or annuity benefits statement or most recent bank statement within the last 60 days showing deposit amount
<b>Social Security</b>	Social Security benefits award letter or annual notice of benefits or 2020 SSA-199 statement or most recent bank statement showing deposit amount (within past 30 days)
<b>Alimony or child support</b>	Court order or written agreement and two months of bank statements showing support income deposits ( within past 30 days)
<b>VA Benefits</b>	VA Statement or most recent bank statement showing deposit amount ( within past 30 days)
<b>Unemployment Benefits</b>	Unemployment benefits most recent statement ( within past 30 days) ( Unemployment benefits are only included if the benefit is available for at least 6 additional months)
<b>Income-based Benefits</b>	SNAP, Medicaid, or state program benefits statement or a letter from a caseworker or other professional with knowledge of the applicant's household circumstances certifying that an applicant's household income qualifies for such assistance ( within past 30 days)
<b>No Income</b>	Documentation from a social service agency attesting to the applicant's lack of income

# What Assistance is Provided?

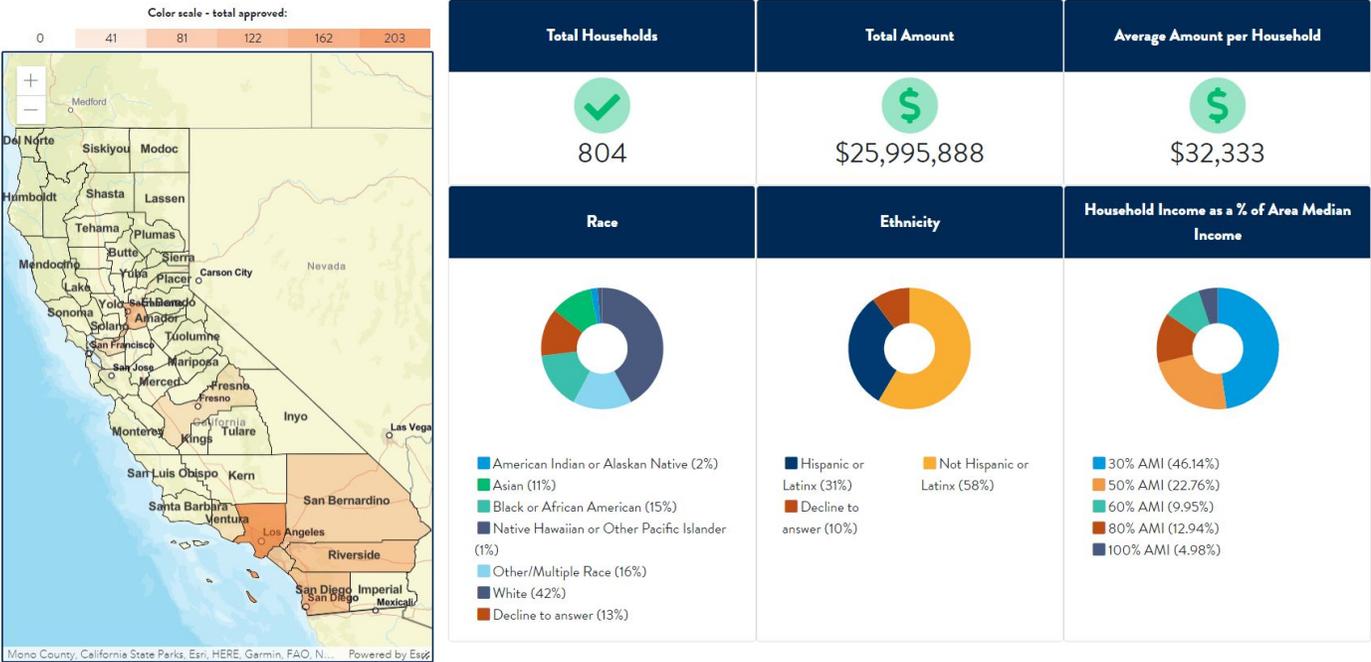
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- Including, but not limited to:
  - Mortgage payment
  - Assistance to allow homeowner to reinstate mortgage
  - Reducing mortgage principal
  - Facilitating mortgage interest rate reductions
  - Utilities
  - Internet services
  - Insurance: Homeowners, Flood, and Mortgage
  - HAS fees, condo fees, and other common charges
  - Down payment assistance loans
  - Delinquent property taxes
  - Repairs to maintain habitability of home
  - Housing counseling
  - Any other assistance to promote housing stability for homeowners, including preventing eviction, mortgage delinquency or default, foreclosure, or loss of utility or home energy service, as determined by the Secretary.



# State HAF Dashboarding

Several states<sup>1</sup> have launched information dashboards to track and communicate HAF Program results, including number of applications received and total funds distributed:



<sup>1</sup>National Council of State Housing Agencies (NCHSA) website: Alabama, Arizona, Arkansas, California, Michigan, New York, Pennsylvania, Road Island, Vermont



# Compliance/Required Reporting

## Required Treasury Reporting:

- Quarterly
  - Budget, metrics, demographics, required compliance, plus more.
- Annual
  - Same scope as quarterly, community engagement, coordinating with other HAF participants, and civil rights compliance.
- What do recipients and ultimately states need to be concerned about?
  - Funds are delivered in a timely and compliant manner to people in need.
  - Office of Inspector General (OIG) audits.



## Side Note: Tax Implications for Homeowners

Beneficiaries will not have to pay taxes on qualified assistance received through HAF.





# BROADBAND

# What is Broadband?



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The term broadband refers to high-speed and high-bandwidth communication infrastructure that commonly relates to high-speed internet services.

# Timeline Rewind

- **2019 and prior**
  - USDA ReConnect/FCC RDOF -
    - Focus primarily on rural America for the unserved
- **Coronavirus Aid Relief and Economic Security Act (CARES Act)**
  - Coronavirus Relief Fund - \$150 Billion in a year
    - Necessary to the pandemic – Some state used for broadband
  - Governor's Emergency Education Relief Fund - \$3 Billion in a year
    - Providing off-campus access to reliable, high-speed internet for students and teachers through the purchase of internet-connected devices/equipment, mobile hotspots, wireless service plans, or installation of Community Wi-Fi Hotspots, especially in underserved communities
- **American Rescue Plan Act (ARPA)**
  - Coronavirus State and Local Fiscal Recovery Funds - \$350 Billion over 2 years
    - Can be spent on a variety of things with no approval from UST
  - Capital Projects Fund - \$10 Billion in a year
    - Can be spent on a on broadband and digital equity, or other projects directly enable work, education, and health monitoring
    - Application needs approval from UST
- **Infrastructure Investment and Jobs Act (IIJA)**
  - NTIA received \$65.9 Billion
    - Solely for broadband and equity.



# Investing in Broadband Infrastructure

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Recognizing the acute need in certain communities, Treasury's Interim Final Rule provides that investments in broadband be made in areas that are currently unserved or underserved—in other words, lacking a **wireline** connection that reliably delivers minimum broadband speeds of 25 Mbps download and 3 Mbps upload.

- Final Rule allows recipients to invest in locations without reliable wireline speeds of 100 Mbps download and 20 Mbps upload.

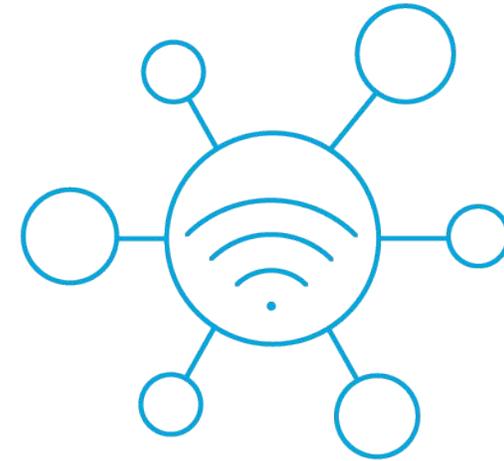
Recipients are also encouraged to **prioritize projects that achieve last-mile connections** to households and businesses. Projects must also meet high-speed technical standards.

# Investing in Broadband Infrastructure Continued

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Recipients must first identify the eligible areas for investment. These are prioritized as follows:

1. Locations without access to reliable wireline speeds of 100 Mbps download and 20 Mbps upload
2. Other identification of need, such as:
  - Lack of reliable service
  - Lack of affordability of service
  - Lack of access to a connection



*Note: Recovery Funds are also able to be used for modernization of cybersecurity*

# Investing in Water, Sewer & Broadband Infrastructure

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A couple of notes on compliance requirements for ALL infrastructure projects:

- Enrollment in a low-income subsidy program, such as the FCC's Affordable Connectivity Program to provide affordability to low-income customers
- National Environment Protection Act (NEPA) does not apply to these funds, though a project may still be subject to NEPA if it is jointly funded by ARPA and also a NEPA-required program
- Davis-Bacon Act requirements for prevailing wage rates do not apply to these funds, though a project may still be subject to comply if it is jointly funded by ARPA and also a DBA-required program

# How Many Miles of Broadband?

## CORE INTERNET BACKBONE

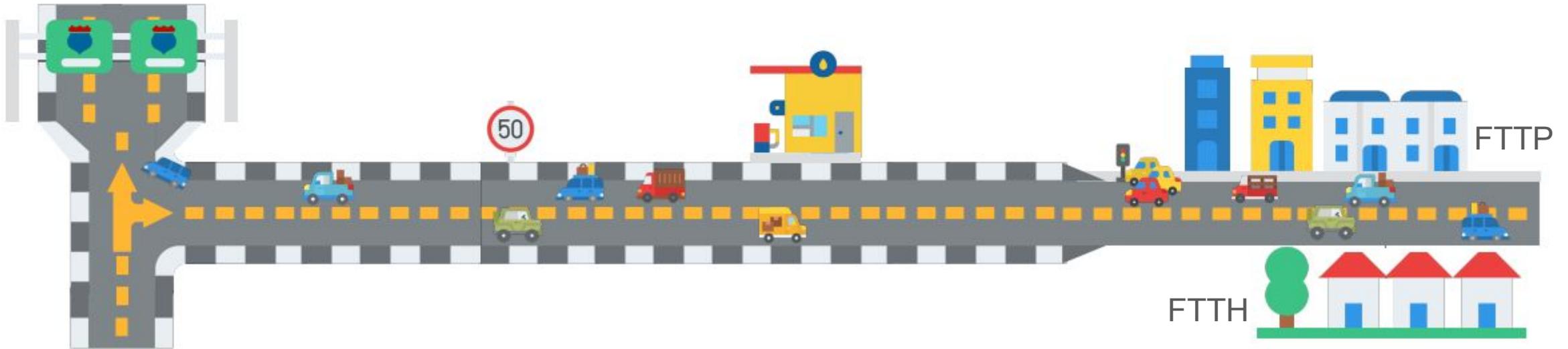
- ✓ “Interstate highways” of broadband
- ✓ Transmit data across the country (and around the world)

## MIDDLE MILE

- ✓ “State highways” of broadband
- ✓ Transmit data within a state or region and link end users to the core Internet

## LAST MILE

- ✓ “City streets” of broadband
- ✓ Transmit data from the middle mile to and from end users



- Fiber-to-the-home (FTTH) broadband connections refer to fiber optic cable connections for individual residences
- Fiber-to-the-premises (FTTP) is the installation of optical fiber direct to individual buildings such as multi-dwelling units and businesses to provide high-speed broadband access

# For Additional Broadband Information

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- NTIA Broadband Equity, Access, and Deployment (BEAD) Program <https://broadbandusa.ntia.doc.gov/resources/grant-programs/broadband-equity-access-and-deployment-bead-program>
- NTIA State Broadband Programs <https://broadbandusa.ntia.doc.gov/state-resources>
- NTIA Digital Inclusion <https://broadbandusa.ntia.doc.gov/resources/digital-inclusion/federal-di-resources>
- NTIA Data and Mapping <https://broadbandusa.ntia.doc.gov/resources/data-and-mapping> Indicators of Broadband Need Map <https://broadbandusa.ntia.doc.gov/resources/data-and-mapping>
- FCC Fixed Broadband Deployment Map <https://broadbandmap.fcc.gov/#/>
- FCC Affordable Connectivity Program <https://www.fcc.gov/acp>
- USDA ReConnect Program <https://www.usda.gov/reconnect/program-overview> and Service Area Map <https://ruraldevelopment.maps.arcgis.com/apps/webappviewer/index.html?id=51bbf8e72549dcb5374d0aa32e1736>
- Federal Funding Sources Listing / Search Site <https://broadbandusa.ntia.doc.gov/resources/federal/federal-funding>



# INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

# Infrastructure Investment & Jobs Act (IIJA)

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- ARPA's Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)
- Also called the Bipartisan Infrastructure Law
- ARPA focuses on projects that are related to the COVID-19 pandemic
- IIJA focuses on economic recovery innovation and modernization of infrastructure

# Commerce – NTIA - BEAD Program

## Broadband Equity, Access & Deployment Program (BEAD)

**\$42.45B**

**State &  
Territory  
formula  
program<sup>4</sup>**

**Program objective** | To close the availability gap, as Congress finds that "access to affordable, reliable, high-speed broadband is essential to full participation in modern life in the United States."<sup>2</sup>

### Program priorities

- 1 Unserved locations (No access to 25/3 Mbps<sup>3</sup>)
- 2 Underserved locations (No access to 100/20 Mbps<sup>3</sup>)
- 3 Community anchor institutions (Without gigabit connections)

Eligible entities must also prioritize persistent poverty / high-poverty areas, speed of proposed network, build time and demonstrated records on compliance with federal labor & employment laws. Eligible entities will also be required to offer a low-cost plan to all their subscribers. The details and rules around the low-cost plans will be part of each State's plan, which will have to be approved by NTIA.

**Eligible entities** | All 50 U.S. States and certain U.S. Territories (including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands)

# Commerce – NTIA - Tribal Connectivity Technical Amendments

## Tribal Connectivity Technical Amendments

**Program objective** | Provide new funds and extend expenditure deadlines for the Tribal Broadband Connectivity Program (established under the Consolidated Appropriations Act, 2021)<sup>5</sup>

### Key Amendments

- Add \$2 billion for NTIA to distribute to eligible entities, including to fund previously-proposed programs
- Relax time requirements of original program—eligible entities now have up to: (1) 6 months to submit applications, (2) 18 months to commit the funds to projects, once funds are received, and (3) 4 years to fully expend the grant funds, once funds are received
- Allow infrastructure grantees to expend up to 2.5% total project cost for related planning, feasibility and sustainability studies
- Preserving unused allocated funds for other Tribal broadband projects instead of reverting back to the Treasury

**Eligible entities** | Tribal Governments; Tribal Colleges or Universities; Tribal Organizations; Native Corporations; and The Department of Hawaiian Home Lands on behalf of the Native Hawaiian Community, including Native Hawaiian Education Programs.

**\$2.0B**

**4 Key  
Amendments  
to Tribal  
Broadband  
Connectivity  
Program**

# Commerce – NTIA - Digital Equity Act Programs

## Digital Equity Act Programs<sup>1</sup>

**Program objective** | Support the closure of the digital divide & promote equity and digital inclusion, so that "individuals and communities have the information technology capacity that is needed for full participation in the society and economy of the United States."<sup>2</sup>

**Program priorities** | Prioritizes covered populations:

- Individuals living in households earning at or below 150% of the poverty line
- Veterans
- Aging individuals
- Incarcerated individuals
- Individuals with a language barrier
- Individuals with disabilities
- Individuals who are members of a racial or ethnic minority group
- Individuals who primarily reside in a rural areas

**Eligible entities** | State Planning Grant Program: Any U.S. State, the District of Columbia & Puerto Rico. State Governors must appoint an 'administering entity,' which can be one, or a partnership of:

The State, political subdivision, agency, or instrumentality of State; An Indian Tribe, Alaska Native entity or Native Hawaiian organization located in the State; A foundation, corporation, institution, association, or coalition that is a not-for-profit, not a school, and is providing services in the State; A community anchor institution (not a school) located in the State; A local educational agency that is located in the State; An entity located in the State that carries out a workforce development program; An agency of the State that is responsible for administering or supervising adult education and literacy activities in the State; A public or multi-family housing authority that is located in the State

**\$2.75B**

**3**

**programs  
created**

# Commerce – NTIA - Enabling Middle Mile Infrastructure

## Enabling Middle Mile Infrastructure

**\$1.0B**

**Program objective** | To “[e]ncourage the expansion and extension of middle mile infrastructure to reduce the cost of connecting unserved and underserved areas . . . and to promote broadband connection resiliency . . .”<sup>3</sup>

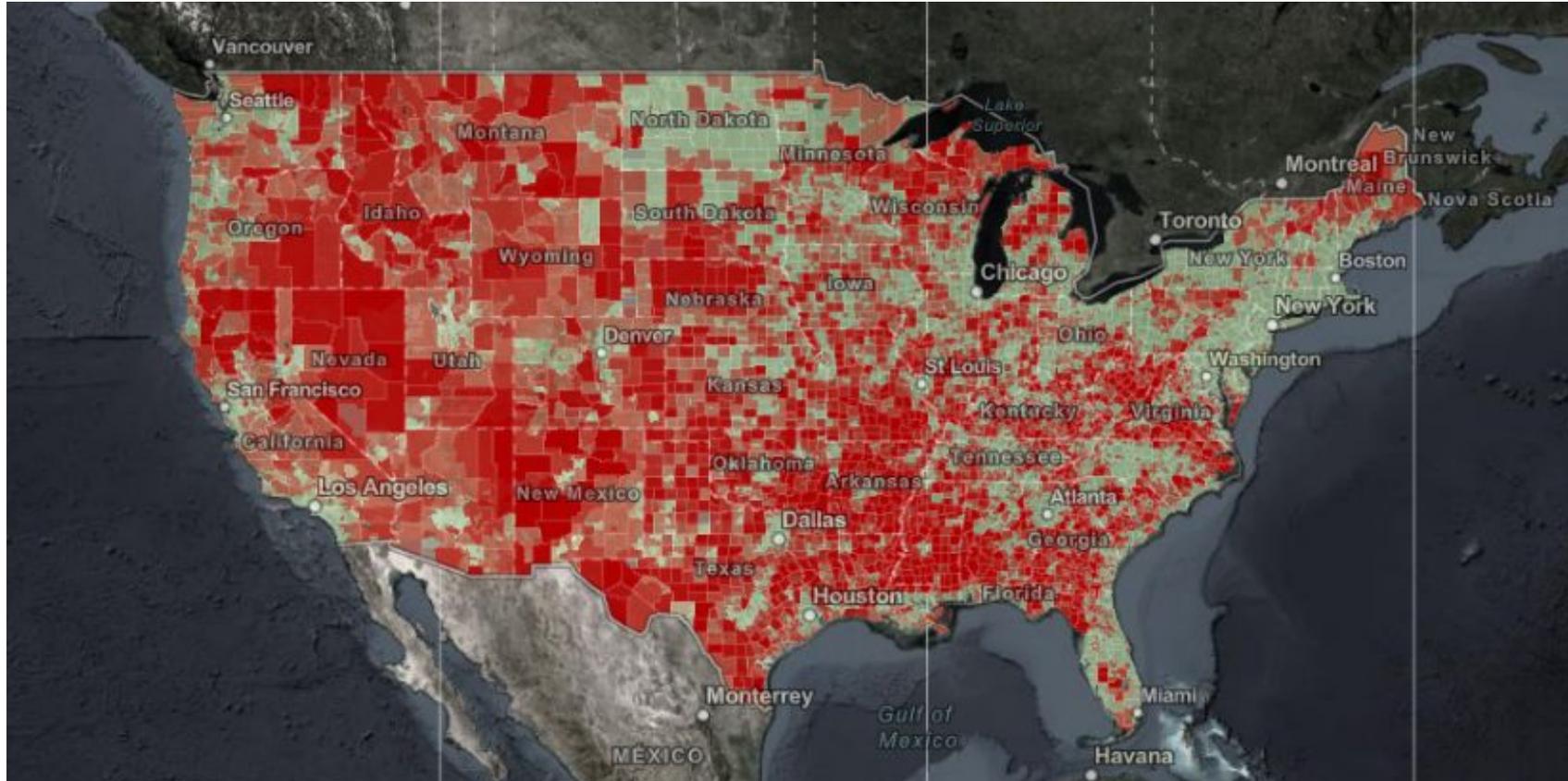
**Program priorities** | at least 2 of the 5 following conditions:

- Adopt "fiscally sustainable middle mile strategies"
- Commit to offering non-discriminatory interconnect
- Identify specific, documented and sustainable demand for middle mile interconnect
- Identify conditions/resources to speed up project
- Demonstrate benefits to national security interests

**Direct  
Competitive  
Grant on  
Technology-  
Neutral Basis**

**Eligible entities** | Can be one of the following or a partnership of multiple: State or its political subdivisions, Tribal government, Tech company, Electric utility, utility cooperative or public utility district, Telecom company or cooperative, Nonprofit foundation, corporation, institution, or association, Regional planning council, Native entity, Economic development authority

# NTIA Indicators of Broadband Need Map



- We have plenty of work to do...



# FEDERAL, STATE, & LOCAL COMPLIANCE EFFORTS

# Compliance Efforts

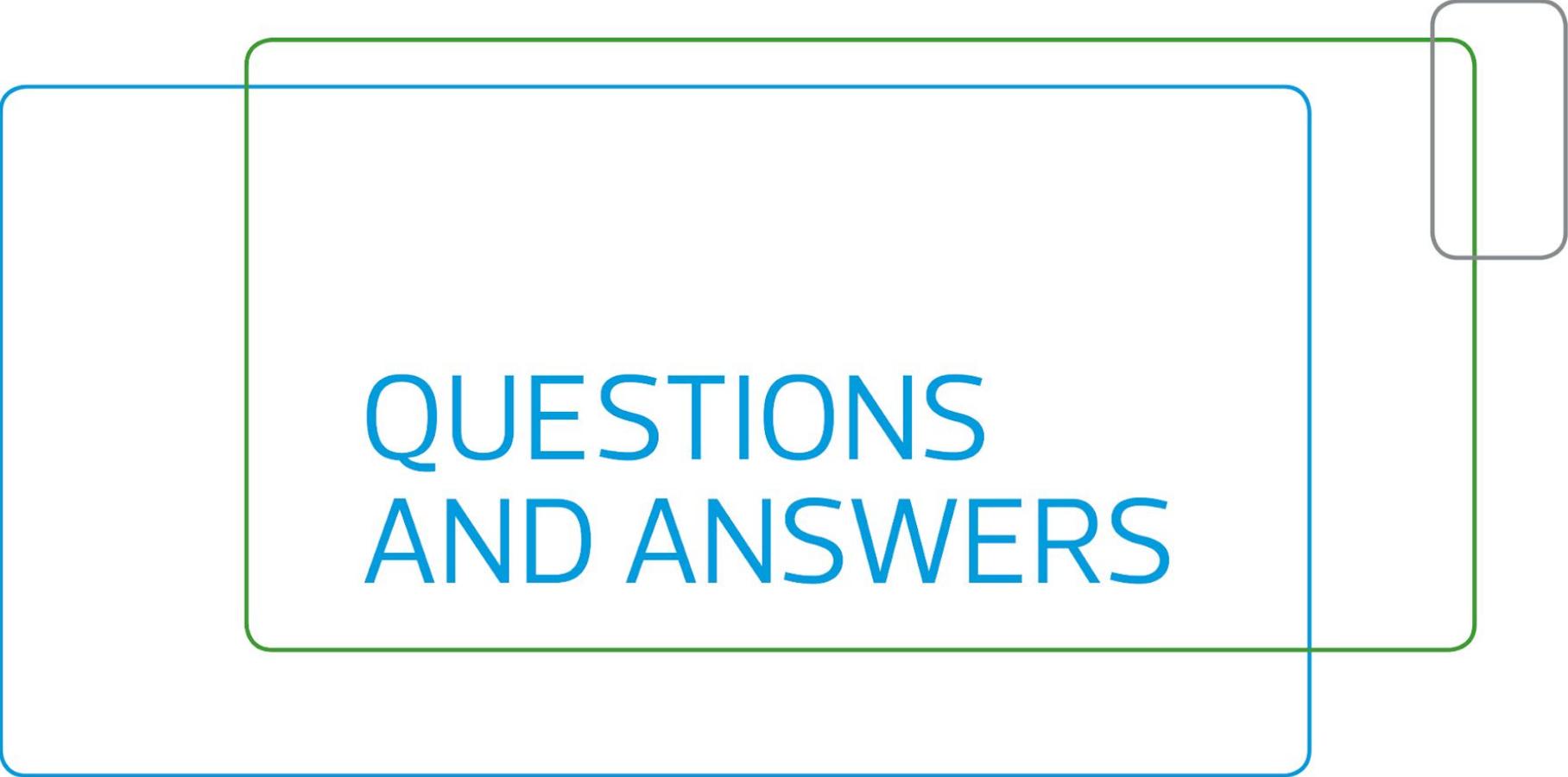


- What do your oversight & monitoring efforts entail?
- How do you keep up with ever changing guidance?
- How do you balance varying federal, state & local requirements for the same program?

# Overall Program Performance

- How are the various programs functioning in this post-pandemic environment?
- Are we prioritizing performance like we do compliance?
- Who owns performance related activities in an organization? Who should?





# QUESTIONS AND ANSWERS

# ARPA and Other Resources

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US Treasury

[Assistance for State, Local, and Tribal Governments | U.S. Department of the Treasury](#)

US Treasury CSLFRF Page

[Coronavirus State and Local Fiscal Recovery Funds | U.S. Department of the Treasury](#)

National Association of Counties

[COVID-19 Recovery Clearinghouse \(naco.org\)](#)

Government Accountability Office – OMB Compliance Supplement

[Treasury SLFRF Compliance Supplement Addendum 1 PDF.pdf \(cfo.gov\)](#)

# RSM US Resources

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RSM US Coronavirus Resource Center

[COVID-19 | Insights | RSM US](#)

RSM US Government Resources

[Government | Industries | RSM US](#)

THANK YOU FOR  
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