

Sound Strategies to Manage ARPA Funding

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With the enactment of the *American Rescue Plan Act of 2021* (ARPA), the federal government has once again earmarked extensive relief funds for state, local, and tribal governments to aid with the COVID-19 recovery efforts. ARPA gives governmental entities greater flexibility to address current acute needs, *i.e.*, setting up programs for vulnerable residents and small businesses, enhancing testing and vaccination efforts, and recovering lost revenue. Beyond these areas, it also allows governments to strategically consider their longer-term needs.

Due to changes in the funding allocation methodology, many governmental entities will become direct recipients of pandemic-related federal funds for the first time. Taken from our experience assisting state, local, and tribal governments with previous COVID-19 relief funding, the following are strategies to help you effectively implement ARPA funding while also addressing compliance requirements.

Assess Your Current & Future Needs

Prior to any money being expended, a key first step is to conduct an in-depth analysis to understand the needs of your community, as well as the various community program initiatives that are receiving funding, how much they have already received in past relief bills, and how much new funding your jurisdiction is going to receive. ARPA's new funding programs extend through December 31, 2024, which means you can allocate funds to address near-term needs now and retool investments for future projects, such as infrastructure, housing, or broadband expansion. As a best practice, we believe it's also beneficial to engage community and business leaders in this process to identify potential overlap or duplication of programs, as well as gain support for the strategy within the community. The insight gained from this analysis will then inform how you should address critical COVID-19 relief needs, as well as enable you to view remaining funding through a broadened strategy for medium- to long-term needs.

The How	The Why
<ul style="list-style-type: none"> Assess community needs related to the major ARPA programs, what additional programs are needed, and the appropriate funding allocations for each Review lost revenue and incurred projected costs to analyze exposure Consider other available funding sources to meet the identified needs, such as the <i>Coronavirus Aid, Relief, and Economic Security Act</i> (CARES Act), FEMA, or other sources 	<ul style="list-style-type: none"> Assist leaders in making informed decisions in a fair, transparent manner Gain a better understanding of programmatic landscape to help allocate funding to make the greatest appropriate impact Have confidence you're not "leaving any money on the table" by not considering all available funding sources for your needs

What BKD Can Do to Help

Effectively surveying the lay of land related to your community's needs can be a difficult task, particularly when working with limited internal resources. But you don't have to do it alone. With years of grants management experience, BKD can provide you with the tools and resources you need. We also can provide proven assessment and program initiation resources to help guide you in identifying and implementing programmatic needs and appropriate funding sources.

Implement a Sound Funding Application Process

As a direct recipient responsible for distributing funding under established programs, providing an efficient, streamlined process to apply for funding will be of great benefit for applicants. The application process should be easy to understand and assist the applicant in providing the documentation necessary to meet the eligibility requirements of the applicable program. Such a system also makes the application approval or denial process more straightforward and provides for consistency in the decision process.

The How	The Why
<ul style="list-style-type: none"> • Establish a management team to oversee and coordinate grant administration • Implement an easy-to-understand digital platform for the review and consideration of applications, as well as review of required supporting documentation • Document decisions made to assist in any potential future audits 	<ul style="list-style-type: none"> • Demonstrate responsible oversight and commitment to spending funds effectively • Standardization and consistency in processing means greater efficiency in fund distribution • Clear articulation of decisions made and why they were made

What BKD Can Do to Help

The benefit of a turnkey solution for both processing applications as well as housing subrecipient documentation cannot be understated. BKD has built a digital grants management solution that streamlines the grants life cycle from application to closeout. We have designed our solution to help reduce organizational and programmatic risk while allowing project teams to easily store, retrieve, and share program information. This platform also enables us to help our clients efficiently classify, organize, and conduct analytics on a significant volume of related documents.

Monitor with Strong Compliance Management & Reporting Programs

Much of the funding received through the CARES Act was determined to be subject to the *Single Audit Act* (USC 31 Sections 7501 to 7507) and the related provisions of the Uniform Guidance (2 CFR 200). We anticipate ARPA funding may follow suit. Therefore, it's important to have appropriate program and compliance management functions to oversee program implementation, guard against duplication of benefits, and monitor program activities. Recipients should implement policies and procedures outlining management of fund disbursements to eligible parties. A strong compliance program can assist you in the upstream reporting that's likely to be required by the U.S. Department of the Treasury (Treasury) on the use of the funding, as well as safeguard against the need to return misspent funds.

The How	The Why
<ul style="list-style-type: none"> • Evaluate each subrecipient’s financial and administrative capacity to compliantly expend funds by the established deadlines • Periodically monitor subrecipient performance and compliance through the review of supporting documentation • Provide technical assistance to subrecipients on an as-needed basis 	<ul style="list-style-type: none"> • All of the adjacent best practices are designed to help mitigate the risk of noncompliance or fund mismanagement and allow for accurate reporting to Treasury

What BKD Can Do to Help

Since the beginning of the pandemic, BKD has been working with numerous state and local governmental clients, providing a variety of grants administration services, including subrecipient monitoring. We have a built a diverse team of trusted advisors with pertinent expertise in working with a wide variety of subrecipients.

Conclusion

While there’s no question ARPA has provided governments with an array of options to help communities and citizens get back to normal life, it creates additional layers of intricacy and risk, particularly related to operational capacity. If your jurisdiction lacks the internal resources to implement the strategies mentioned above, BKD can help. Our flexible approach means we can help you navigate issues—big or small—and scale our approach according to your needs.

If you would like more information about how we can help, don’t hesitate to reach out.

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