

INTRODUCED: July 25, 2022

AN ORDINANCE No. 2022-222

To amend Ord. No. 2022-055, adopted May 9, 2022, which adopted the Fiscal Year 2022-2023 General Fund Budget and made appropriations pursuant thereto, by accepting \$760,000.00 from the Virginia Tourism Corporation, and to appropriate these funds to the Fiscal Year 2022-2023 General Fund Budget by increasing estimated revenues and the amount appropriated to the Richmond Metropolitan Conventions & Visitors Bureau (Richmond Region Tourism) line item in the Non-Departmental agency by \$760,000.00 for the purpose of increasing visitor engagement and assisting with the recovery of the tourist and hospitality industries in the city of Richmond.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: SEP 12 2022 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer is authorized to accept funds in the amount of \$760,000.00 from the Virginia Tourism Corporation for the purpose of increasing visitor engagement and assisting with the recovery of the tourist and hospitality industries in the city of Richmond.

§ 2. That Ordinance No. 2022-055, adopted May 9, 2022, which adopted the General Fund Budget for the fiscal year commencing July 1, 2022, and ending June 30, 2023, and made

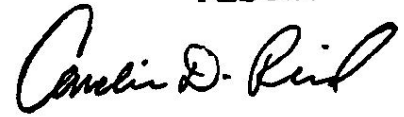
AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: SEP 12 2022 REJECTED: _____ STRICKEN: _____

appropriations thereto, is hereby amended by increasing estimated revenues from the funds accepted pursuant to section 1 of this ordinance and the amount appropriated by \$760,000.00 and appropriating funds in the total amount of \$760,000.00 to the Richmond Metropolitan Conventions & Visitors Bureau (Richmond Region Tourism) line item in the Non-Departmental agency by \$760,000.00 for the purpose of increasing visitor engagement and assisting with the recovery of the tourist and hospitality industries in the city of Richmond.

§ 3. This ordinance shall be in force and effect upon adoption.

**A TRUE COPY:
TESTE:**

A handwritten signature in black ink, appearing to read "Carlin D. Reed". The signature is written in a cursive, flowing style.

City Clerk

O&R Request

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CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: June 22, 2022 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg, Deputy Chief Administrative Officer

THROUGH: Sheila D. White, Director of Finance

FROM: Jason P. May, Director of Budget & Strategic Planning

RE: To Accept and Appropriate Funding to Richmond Region Tourism

PURPOSE: To amend ordinance number 2022-055, which adopted the Fiscal Year 2022-2023 Budgets by accepting and appropriating \$760,000 to the Non-Departmental line item titled Richmond Metropolitan Conventions & Visitors Bureau (Richmond Region Tourism).

Non-Departmental Budget Line Item	FY 23 Adopted Budget	Amendment	Modified Budget Amount
Richmond Metropolitan Conventions & Visitors Bureau (Richmond Region Tourism).	892,158	760,000	1,652,158

REASON: The State has awarded the City of Richmond \$760,000 in State ARPA funding. The City needs to accept this award and has decided to utilize Richmond Regional Tourism (RRT) to be the entity to administer the funds. RRT has developed a plan for use of the State ARPA funding that will be given to localities represented by RRT to help the region’s tourism industry recover.

BACKGROUND: Under Title IX of ARPA, the Social Security Act was amended to establish the State and Local Fiscal Recovery Fund (“SLFRF”), a \$350B appropriation in assistance to eligible States, local, territorial, and Tribal governments intended to provide support in responding to the impact of the COVID-19 pandemic. The total ARPA funding allocated to the state of Virginia \$7.20B. The U.S. Treasury managed the initial distribution of these funds in two separate sections. Section 602 establishes a fund for States, territories, and Tribal governments (the SFRF), while section 603 establishes a fund for metropolitan cities, non-entitlement units of local governments, and counties, as defined in the Act (“LFRF”). The Virginia local governments defined with under section 603 received their allocation of the \$2.91B directly from the Treasury.

The Commonwealth of Virginia is making available approximately \$28M from the State's remaining SFRF balance for additional funding to all 133 counties within Virginia, for the purpose of increasing visitor engagement and assisting with recovery of the tourism and hospitality industries in Virginia. The City of Richmond was allocated \$760,000 from the State.

RRT will be taking a collaborative approach to implement its recovery plan by utilizing the funding the state has provided to all seven of the jurisdictions that RRT represents. The seven jurisdictions include Henrico, Chesterfield, Hanover, New Kent, Colonial Heights, Ashland and the City of Richmond.

RECOMMENDATION: The City Administration recommends adoption.

FISCAL IMPACT / COST:

- **If Adopted:** The City will be able pass-through this funding to the Richmond Region Tourism
- **If Not Adopted:** The spending authority for these funds wouldn't be established.

FISCAL IMPLICATIONS: \$760,000 will be appropriated and available.

BUDGET AMENDMENT NECESSARY: Yes

REVENUE TO CITY: \$760,000

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: June 27, 2022

CITY COUNCIL PUBLIC HEARING DATE: July 25, 2022

REQUESTED AGENDA: Consent Agenda

RECOMMENDED COUNCIL COMMITTEE: N/A

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Finance, and Budget and Strategic Planning, and Non-Departmental.

RELATIONSHIP TO EXISTING ORD. OR RES.: 2022-055

REQUIRED CHANGES TO WORK PROGRAM(S): N/A

O&R Request

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ATTACHMENTS: Yes

STAFF: Jason May

Commonwealth of Virginia ARPA Tourism Recovery Plan

Recipient Guidelines,
Terms & Conditions

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I. Applicability

These guidelines outline the terms and conditions that apply to eligible recipients of payments distributed in the form of “grants” under 2 *CFR* §200.40 from the State of Virginia’s funds received under the State Fiscal Recovery Fund (“SFRF”) established within section 602 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act (“ARPA”)¹. An eligible recipient is defined as any of the 133 Virginia counties and independent cities within the state of Virginia (each a “Locality” or “recipient”). Each Locality will be encouraged to work with its applicable Destination Marketing Organizations (“DMOs”) within the Commonwealth of Virginia.

The interests and responsibilities of the State will be executed by the Virginia Tourism Corporation unless otherwise indicated herein or as required by law. The Locality’s official representative, who will acknowledge and agree to the terms and conditions outlined in this guidance document, will execute the interest and responsibilities of the Locality.

These requirements are in addition to any that can be found within the Virginia ARPA Tourism Recovery Program portal (the “Portal”), to which recipients agree when accepting the funds. Other state and federal requirements and conditions may apply to the funds, including but not limited to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. Part 200, and applicable subparts; the state funding announcement under which funding payments are distributed; and any applicable documents referenced in the documents and sources listed herein.

To the extent the terms and conditions outlined in this guidance do not address a particular circumstance or are otherwise unclear or ambiguous, such terms and conditions are to be construed consistent with the general objectives, expectations and purposes of this manual and in all cases, according to its fair meaning. The parties acknowledge that each party and its counsel have reviewed these guidelines and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these guidelines. Any vague, ambiguous or conflicting terms shall be interpreted and construed in such a manner as to accomplish the purpose of the guidelines.

¹ <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>

II. Background

A. The American Rescue Plan Act (ARPA)

Under Title IX of ARPA, the Social Security Act was amended to establish the State and Local Fiscal Recovery Fund (“SLFRF”), a \$350B appropriation in assistance to eligible States, local, territorial, and Tribal governments intended to provide support in responding to the impact of the COVID-19 pandemic. The total ARPA funding allocated to the state of Virginia \$7.20B. The U.S. Treasury managed the initial distribution of these funds in two separate sections. Section 602 establishes a fund for States, territories, and Tribal governments (the SFRF), while section 603 establishes a fund for metropolitan cities, non-entitlement units of local governments, and counties, as defined in the Act (“LFRF”). The Virginia local governments defined with under section 603 received their allocation of the \$2.91B directly from the Treasury.

The Commonwealth of Virginia is making available approximately \$28M from the State’s remaining SFRF balance for additional funding to all 133 counties within Virginia, for the purpose of increasing visitor engagement and assisting with recovery of the tourism and hospitality industries in Virginia. The total amount allocated to each county and independent city can be found in the appendices at the end of the guidelines.

B. U.S. Department of Treasury ARPA Guidance

The U.S. Department of the Treasury has released ARPA guidance via their website².

- Coronavirus State and Local Fiscal Recovery Funds Relief Fund Interim Final Rule³
- Coronavirus State and Local Fiscal Recovery Funds Relief Fund Frequently Asked Questions⁴

The Commonwealth of Virginia encourages all recipients to review this guidance to understand federal guidance on eligible and ineligible expenditures. Please also note that Virginia has its own requirements, in addition to the Federal requirements, which are described further below.

² <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

³ <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

⁴ <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

III. Roles and Responsibilities

A. U.S. Department of the Treasury

The U.S. Department of the Treasury is the national treasury of the federal government of the United States and serves as an executive department.

The Treasury was directed by the U.S. Congress under ARPA to make payments available to States, local, territorial, and Tribal governments via the SLFRF totaling \$350B through fiscal year 2026 no later than 30 days after enactment of the Act.

B. Office of Inspector General

The Office of Inspector General (“OIG”) conducts independent audits, investigations and reviews to help the Treasury Department accomplish its mission; improve its program and operations; promote economy, efficiency and effectiveness; and prevent and detect fraud and abuse.

Under ARPA, if there is a determination that a State, Tribal government, or unit of local government has failed to comply with the eligible use of funds requirement in ARPA or the associated regulatory guidance, the amount equal to the amount of funds used in violation of such requirement shall be booked as a debt of such entity owed to the Federal Government. Amounts recovered shall be deposited into the general fund of the Treasury.

C. State Government

Under ARPA, the term “State” means the 50 States and the District of Columbia. The Commonwealth of Virginia has the authority to use the funds provided under the SFRF to cover eligible costs of the State.

The Commonwealth of Virginia is making available approximately \$28M of their available SFRF funding to the counties and independent cities to be used in collaboration with their applicable Destination Marketing Organizations for their eligible expenditures related to tourism industry recovery efforts to aid the response to COVID-19. Please see the appendices below for a summary of these available amounts.

D. Pass-through Entities

Under the U.S. Code of Federal Regulations, 2 *CFR* §200.74, the term “Pass-Through entity” means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Virginia Tourism Corporation (“VTC”) will serve as a pass-through entity between the U.S. Treasury and the eligible subrecipients. VTC will oversee the administration of the program. This will allow funds to be administered timely and effectively. Approved eligible Funds will be paid by VTC directly to Localities.

E. Destination Marketing Organizations

Under this program, the Commonwealth of Virginia has allocated funds among all the counties and independent cities (Localities) and the intent is for the funds to be used in collaboration with each Locality’s designated Destination Marketing Organizations (“DMO”) throughout the state. While Localities will receive funding under the program, DMOs are encouraged to work with their applicable localities to develop a spending plan that is consistent with the objectives of the program. A table listing the allocated funding amounts by county can be found in the appendices below.

F. Virginia Disbursing Entity

The Virginia Tourism Corporation will manage the disbursement process for the Commonwealth of Virginia’s ARPA Tourism Recovery Program funds. Funds will be disbursed using an electronic funds transfer system.

IV. Available Allocations

A. Locality Allocations

The Commonwealth of Virginia has designated \$28M of ARPA funds to be distributed to designated localities to work with the local and/or regional DMOs, as applicable in their area.

Each Locality will be required to submit a spending plan detailing their planned expenditures. Spending plans are due no later than December 31, 2022. Upon approval of the spending plan, the Locality will be advanced 50% of their allocation. In order to access the remaining 50%, Localities must provide supporting documentation adequate to substantiate expenditure of the advanced amount. Once the advanced amount is exhausted, Localities may request funds only on a

reimbursement basis. Supporting documentation must be provided to substantiate all allocated funds. Funds must be fully committed and obligated by December 31, 2023 and fully expended by June 30, 2024. All reimbursement requests must be submitted by June 30, 2024. As appropriate, sufficient documentation evidencing obligation of the funds and expenditure of the funds will be required in order to receive all funds.

V. Use of Funds

ARPA provides that payments from the SFRF may only be used to cover costs that:

- (1) aid in the economic response to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (2) address and specifically responds to the harmful consequences;
- (3) are obligated between the period of March 3, 2021 and December 31, 2024.⁵

The guidance that follows sets forth the Department of the Treasury's interpretation of these limitations.

A. Aid in the economic response to the pandemic or its negative economic impacts

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

B. Costs obligated during the period that begins on March 3, 2021, and ends on December 31, 2024

Finally, ARPA provides that payments from the Fund may only be used to cover costs that were obligated during the period that begins on March 3, 2021, and ends on December 31, 2024 (the "covered period"). Additionally the Federal period of

⁵ See Section 602 of the Social Security Act, as added by section 9901 of ARPA.

performance ends December 31, 2026⁶. Putting this requirement together with the other provisions discussed above, section 602 may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover costs that aid in the economic response to the pandemic, by addressing or specifically responding to the harmful consequences, and which are incurred during the covered period.

Goods delivered in the covered period must be used during the covered period. For example, the cost of a good that must be delivered in December 2023 in order to be available for use in January 2024 could be covered using payments from the Fund.

Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, e.g., the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by December 31, 2026, the failure of a vendor to complete delivery or services by December 31, 2026, will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient's control.

This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

⁶ Note that these are the Federal deadlines, but the State of Virginia is imposing earlier deadlines for this fund (December 31, 2023 and June 30, 2024) to ensure compliance with all Federal deadlines.

VI. Eligible Expenses

Under the Virginia ARPA Tourism Recovery Program, expenses will only be considered eligible if the expenses are obligated within the period beginning March 3, 2021 and ending December 31, 2023, and the goods and services purchased are delivered or performed by June 30, 2024. Guidance released by the U.S. Treasury regarding the use of these funds states that for a cost to be considered to have been incurred, performance or delivery and payment of funds must occur during that time.

Funds may only be used on costs incurred that respond to the public health emergency with respect to COVID-19 or its negative economic impacts.

Without limitation, examples of eligible expenses include:

- Expenses incurred to promote the resumption of tourism activities or steps taken to ensure implementation of health/safety guidelines for visitors related to COVID-19.
- Expenses for promoting or publicizing a destination, specific attraction, convention/event facility, or scheduled event as now being open for business or occurring.
- Expenses for demonstrating or promoting that the destination/attraction/facility/event is a safe experience for visitors/attendees; and COVID-19 response messaging/imagery may include but is not limited to encouraging or demonstrating the need for visitors/attendees to utilize face coverings, follow social distancing guidelines, wash hands often and thoroughly, and limit attendance/close contact when visiting attractions/attending events.
- As a result of COVID-19, a need for a shift in travel messaging where new design, production, signage, marketing tools or media may be needed.
- Costs to provide health and safety services for facilities or tourism events owned or produced by the Locality's affiliated DMO, including but not limited to: Expenses necessary to help protect employees, customers, and others from the spread of COVID-19; for example, expenses associated with managing ingress and egress of events, checking temperatures at points of entry, PPE for guests and installation of additional hand sanitizing stations.
- Expenses related to visitor safety including but not limited to: Signage, floor stickers, clings, branded masks, hand sanitizer to ensure consumer is clearly informed of safety precautions.

VII. Ineligible Expenses

ARPA funds must be used for new projects geared at increasing visitation. ARPA funding cannot be used to supplant or replace a locality's existing tourism funding commitment for existing DMO budgets, marketing and/or staffing.

The following is a non-exhaustive list of examples of costs that would not be eligible expenditures of these funds.

- Administrative costs, payroll costs
- VTC LOVEwork creation
- Enrollment fees for Virginia Welcome Centers and Safety Rest Area Partnership Marketing Advertising Program
- VTC Industry Advertising Co-op Program
- Net reduction in tax revenue
- Deposits into pension funds.
- Participation fees for VTC Domestic Sales client events and programs
- Partners are encouraged to participate with their existing general budget funds, but ARPA funds may not be used for VTC's Domestic Sales co-op opportunities.
- Tourism education registrations
- Hosting and maintenance fees in association with website development
- Industry event registrations such as VA-1 Tourism Summit
- Registrations or expenses related to award ceremonies, fundraisers or political events
- Maintenance fees
- Tourism master plan development or strategic planning
- General infrastructure costs such as water or sewer
- Rainy day funds or financial reserves
- Promotional products
- Prize money
- Purchase or production of items for resale
- Acquisition of land or buildings
- Payments of debt, legal settlements, or judgments
- Ads or content that appear on a political or unsavory website or publication, determined at the discretion of VTC
- Personal Protective Equipment products
- Purchase of alcohol for meetings, events, sponsorships, etc.
- Tourism Development Financing Program

- Certified Tourism Information Centers infrastructure updates

VIII. Fund Payment Terms and Conditions

A. Legal Authority to Apply

As part of the certification process in the Portal, the Locality's authorized representative shall certify that the Locality possesses legal authority to accept these terms and conditions and accept payments for which the Locality is eligible pursuant to the funding announcement. The individual signing this agreement must be authorized by the Locality to commit the Locality to these terms and conditions.

B. Period of Performance

Funding has been authorized for eligible expenditures obligated between March 3, 2021 and December 31, 2023 and incurred by June 30, 2024. All expenditures must be obligated and paid with funds within the performance period. The State will not provide funding or reimbursement for expenses obligated after the performance period and the recipient shall return to the State all funds received and not expended by the recipient and approved by the State on or before the performance period end date of June 30, 2024. A cost is incurred when the responsible unit of government has expended funds to cover the cost, and the goods or services purchased have been received or performed.

The State is the primary recipient. The Localities (subrecipients) are subject to a shortened period of performance (relative to the Federal requirements) in order to ensure compliance with Federal expense requirements.

C. Financial Management

Localities must keep financial records sufficient to demonstrate that the expenditure of funds they have received are in accordance with section 602 of the Social Security Act. The Locality is responsible for the integrity of the fiscal and programmatic management of the funds; accountability for all funds received; and compliance with state guidelines, policies and procedures and applicable federal and state laws and regulations.

The Locality agrees to maintain an accounting system integrated with adequate internal fiscal and management controls to capture and report data with accuracy, providing full accountability of funds use. This system shall provide reasonable

assurance that the Locality is managing federal and state financial assistance programs in compliance with all applicable laws and regulations.

Localities must provide requested electronic payment information to the Virginia Tourism Corporation, as part of submitting a spending plan in the Portal, prior to receiving any payments from the Fund.

Funding for the State's ARPA funds is appropriated under ARPA, enacted on March 11, 2021, for the purposes noted herein. All expenditures under the Fund must be made in accordance with these guidelines and any other applicable laws, rules or regulations. Further, all funds are subject to recapture and repayment for non-compliance.

A Locality may submit a spending plan for the allocation amount in the Portal. Upon approval of the plan, up to 50% of the funds will be advanced to the Locality, with the balance available on a reimbursement basis after all advanced funds have been exhausted. Supporting documentation will be required to be uploaded into the Portal before funds are released to the Locality. Additionally, all expense documentation must be submitted by June 30, 2024. Extensions will not be granted.

D. Record Retention

Recipients must maintain appropriate records to provide accountability and facilitate review of all expenditures claimed and funding provided from the Commonwealth of Virginia under the Fund. Records maintained by the recipient will, at a minimum, identify the supporting documentation prepared by the recipient to permit an audit of its accounting systems and payment verification with respect to the expenditure of any funds.

E. Audits and Reviews

All records and expenditures are subject to, and the recipient agrees to comply with, monitoring and/or audits conducted by the United States, the Office of Inspector General (OIG), the Commonwealth of Virginia, the Virginia Tourism Corporation, or any other appropriate State agency in Virginia. Further, should a federal audit (OIG) later find that an expense was unallowable, the recipient must return the associated funds to the Commonwealth of Virginia.

The recipient shall maintain adequate records for examination by these entities. The record retention period is governed by provisions of 2 CFR 200, which generally requires records to be retained by fund recipients for at least 3 years from the time they are last submitted to the Portal.

F. Compliance with Federal Laws and Regulations

The recipient acknowledges that all federal financial assistance will be used in accordance with ARPA and accompanying U.S. Department of Treasury guidance. The recipient will comply with all applicable federal law, regulations, executive orders, policies, procedures, and directives.

Fund payments are federal financial assistance subject to the Uniform Guidance (found at 2 CFR §200) and the Single Audit Act (31 U.S.C. §§ 7501-7507). Fund payments count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F regarding audit requirements. Recipients are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501(a) when they spend \$750,000 or more in federal awards during their fiscal year.

Any recipient expending \$750,000 or more in federal funds during their entity's fiscal year must have a single or program-specific audit in accordance with Single Audit Requirements in 2 CFR §200, Subpart F – Audit Requirements, found at: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl.

The audit must be completed and the data collection and reporting package described in 2 CFR 200.512 must be submitted to the Federal Audit Clearinghouse ("FAC") within 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, whichever is earlier.

G. Amendments and Changes to Terms and Conditions

Virginia Tourism Corporation may make changes to these terms and conditions at any time. Changes include, but are not limited to, modifying the scope of the funds, adding funds to previously un-awarded cost items or categories, changing funds in any awarded cost items or category, reallocating awarded funds, or changing Fund officials. In the event the Virginia Tourism Corporation determines that changes are necessary to the award document after an award has been made, including changes to period of performance or terms and conditions, recipients will be notified of the changes in writing. Notwithstanding this requirement, it is understood and agreed by the parties hereto that changes in local, state and federal rules, regulations or laws applicable hereto may occur during the term of this funding agreement and that any such changes shall be automatically incorporated into this funding agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

The recipient has no right or entitlement to payment or reimbursement with federal funds. The recipient agrees that any act, action or representation by either party, their

agents or employees that purports to waive or alter the terms of this agreement or increase the maximum liability of the State is void unless an amendment to this agreement is signed by the Locality and documented in the Portal. The recipient agrees that nothing in this agreement will be interpreted to create an obligation or liability of the State in excess of the availability of funds for reimbursement as provided in the funding announcement.

H. Remedies for Non-Compliance

Virginia Tourism Corporation shall have the right to terminate a recipient's funding and require repayment of any funds spent in a manner that is not allowed under these guidelines and all applicable laws, rules, and regulations.

I. Appeal Procedure

Should the Locality wish to dispute any approval or disbursement determinations made under this program, the appeal procedure will be posted on the VTC ARPA program webpage, and determinations made under that procedure will be final.

J. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Fund payments are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200), more commonly known as the Uniform Guidance⁷.

IX. Payments and Required Documentation

A. Virginia ARPA Tourism Recovery Program Portal ("Portal")

ARPA Tourism Recovery Program funds will be advanced and reimbursed through the Tourism Recovery Program online portal (the "Portal"). The Portal is a user-friendly tool that allows recipients to submit Spending Plans and Requests for Funding and upload the necessary supporting documentation for each request. The Portal will allow recipients to monitor the status of these requests and keep track of the remaining available funds. The following sections include further description of the Portal's functions.

⁷ <https://www.govinfo.gov/content/pkg/CFR-2021-title2-vol1/pdf/CFR-2021-title2-vol1-part200.pdf>

B. Spending Plan Submission Form

The Portal contains a form for submission of the Locality's spending plan. Submission of a spending plan is required for access to the funds. The spending plan form includes the ability to submit all required documentation, as well optional additional documentation. The spending plan form also contains the ability to submit the signed copy of this recipient guidelines and terms and conditions document.

C. Expense Documentation Form

This Expense documentation module allows recipients to submit documentation substantiating expenses against their advanced funds, and requests for reimbursement including the associated expense documentation. Expense documentation is submitted directly in the Portal. The module enables the recipient to attach supporting documentation, monitor the approval process, and the subsequent payment.

D. Required Supporting Documentation

The Portal will provide the user with the ability to upload the necessary supporting documentation related to their costs incurred. Such documentation shall include, but not be limited to, copies of checks issued for payment executed contracts, to show actual time spent by personnel needed to carry out the funded project, itemized vendors' and suppliers' invoices or vouchers, a description of the purpose of the expenditure, and other supporting documentation. The expense documentation process will require the user to upload supporting documentation for the expenses spent from advanced funds, and for expenses they would like to access reimbursement funds for. This exchange of information through the Portal will streamline the advancement and reimbursement processes and help accelerate the transfer of funds to the recipient.

X. Closeout of Funds

The funding provided to a recipient will be closed-out when all available funds have been distributed, required administrative actions have been completed, and all supporting documentation has been provided by that recipient. The Virginia Tourism Corporation will perform a final accounting of funds provided to the recipient and all access to the Portal previously provided to the recipient will be cancelled. Additionally, no spending plans submitted after December 31, 2022 will be approved, but spending plans submitted before December 31, 2022 may include a detailed plan showing how

funds will be obligated by December 31, 2023 and spent before June 30, 2024. If the spending plan is approved, 50% of funds will be advanced to the Locality, with the remaining 50% disbursed on reimbursement basis after the advanced funds have been exhausted and documentation substantiating use of the advanced funds is submitted. Disbursement of the remaining funds will be on a reimbursement basis, and only occur after documentation showing the actual expenditures have been made prior to June 30, 2024. In the event that the Locality has failed to spend, or provide documentation substantiating expenditure of, all advanced funds by June 30, 2024, any unspent (or unsubstantiated) funds shall become repayable by the Locality to Virginia Tourism Corporation or the Commonwealth of Virginia.

XI. Signature of Authorized Representative of Locality

By signature below, the representative of the Locality certifies that they have the authority to act on behalf of the Locality, and acting as the Locality's authorized representative, the signatory below certifies that the Locality acknowledges and agrees to these guidelines, terms and conditions in exchange for receipt and acceptance of the funds under this program.

By: _____

Name: _____

Title: _____

Date: _____

XII. Appendices

- A. Allocation Table
- B. Frequently Asked Questions (FAQs), as of Oct 29, 2021
- C. Single Audit Act

Appendix A – Allocation Table

LOCALITY	ALLOCATION
Accomack County	\$260,000
Albemarle County	\$400,000
Alexandria City	\$990,000
Alleghany County	\$40,000
Amelia County	\$30,000
Amherst County	\$30,000
Appomattox County	\$30,000
Arlington County	\$3,250,000
Augusta County	\$150,000
Bath County	\$220,000
Bedford County	\$140,000
Bland County	\$30,000
Botetourt County	\$60,000
Bristol City	\$70,000
Brunswick County	\$50,000
Buchanan County	\$30,000
Buckingham County	\$30,000
Buena Vista City	\$30,000
Campbell County	\$60,000
Caroline County	\$110,000
Carroll County	\$90,000
Charles City County	\$30,000
Charlotte County	\$30,000
Charlottesville City	\$280,000
Chesapeake City	\$450,000
Chesterfield County	\$520,000
Clarke County	\$30,000
Colonial Heights City	\$50,000
Covington City	\$30,000
Craig County	\$30,000
Culpeper County	\$50,000
Cumberland County	\$30,000
Danville City	\$100,000
Dickenson County	\$30,000
Dinwiddie County	\$30,000

LOCALITY	ALLOCATION
Emporia City	\$40,000
Essex County	\$40,000
Fairfax City	\$150,000
Fairfax County	\$4,170,000
Falls Church City	\$80,000
Fauquier County	\$220,000
Floyd County	\$30,000
Fluvanna County	\$60,000
Franklin City	\$30,000
Franklin County	\$120,000
Frederick County	\$160,000
Fredericksburg City	\$210,000
Galax City	\$30,000
Giles County	\$40,000
Gloucester County	\$60,000
Goochland County	\$30,000
Grayson County	\$30,000
Greene County	\$30,000
Greensville County	\$30,000
Halifax County	\$50,000
Hampton City	\$320,000
Hanover County	\$240,000
Harrisonburg City	\$140,000
Henrico County	\$900,000
Henry County	\$50,000
Highland County	\$30,000
Hopewell City	\$30,000
Isle of Wight County	\$50,000
James City County	\$570,000
King and Queen County	\$30,000
King George County	\$30,000
King William County	\$30,000
Lancaster County	\$100,000
Lee County	\$30,000
Lexington City	\$40,000

LOCALITY	ALLOCATION
Loudoun County	\$1,240,000
Louisa County	\$100,000
Lunenburg County	\$30,000
Lynchburg City	\$230,000
Madison County	\$40,000
Manassas City	\$90,000
Manassas Park City	\$30,000
Martinsville City	\$30,000
Mathews County	\$40,000
Mecklenburg County	\$180,000
Middlesex County	\$120,000
Montgomery County	\$180,000
Nelson County	\$240,000
New Kent County	\$40,000
Newport News City	\$350,000
Norfolk City	\$850,000
Northampton County	\$100,000
Northumberland County	\$70,000
Norton City	\$30,000
Nottoway County	\$30,000
Orange County	\$60,000
Page County	\$90,000
Patrick County	\$40,000
Petersburg City	\$60,000
Pittsylvania County	\$110,000
Poquoson City	\$30,000
Portsmouth City	\$100,000
Powhatan County	\$30,000
Prince Edward County	\$30,000
Prince George County	\$90,000
Prince William County	\$680,000
Pulaski County	\$70,000

LOCALITY	ALLOCATION
Radford City	\$30,000
Rappahannock County	\$30,000
Richmond City	\$760,000
Richmond County	\$30,000
Roanoke City	\$440,000
Roanoke County	\$200,000
Rockbridge County	\$140,000
Rockingham County	\$230,000
Russell County	\$30,000
Salem City	\$70,000
Scott County	\$30,000
Shenandoah County	\$260,000
Smyth County	\$40,000
Southampton County	\$30,000
Spotsylvania County	\$180,000
Stafford County	\$160,000
Staunton City	\$60,000
Suffolk City	\$110,000
Surry County	\$30,000
Sussex County	\$30,000
Tazewell County	\$60,000
Virginia Beach City	\$1,930,000
Warren County	\$170,000
Washington County	\$130,000
Waynesboro City	\$40,000
Westmoreland County	\$70,000
Williamsburg City	\$670,000
Winchester City	\$130,000
Wise County	\$40,000
Wythe County	\$170,000
York County	\$300,000

FAQ's

(updated Oct. 29, 2021)

If your question is not answered below, please contact support@vatourismarpa.com

1) Who will be receiving these funds?

The ARPA Tourism Recovery Program will provide ARPA recovery funds to all 133 Virginia counties and independent cities through their local governments.

2) How much money will each locality be receiving?

The allocation amounts for each locality will be available once the online portal opens. Recipients will have access to an online dashboard showing their total allocation and the available balance of funds throughout the duration of the program.

3) Does every locality get an allocation, or do we have to compete for the money?

Every locality will get a set allocation. These funds are not competitive.

4) How were the allocations determined?

VTC determined every locality's allocation based on the share each locality contributed to state tax revenue generated by tourism in the year 2019. Each locality's share of the total allocation pool is similar to that share.

5) Why are the localities getting the funds instead of the DMOs?

Available funds have been allocated based on the relative share of each locality to total state tax revenue attributable to tourism in 2019, based on VTC's annual Economic Impact of Visitors in Virginia report issued by the US Travel Association. Locality results of this study are only provided at the county and county-equivalent independent city levels in Virginia – not at sub-county geographies such as towns.

6) Why are towns not receiving allocations?

VTC does not have uniform or standardized data available to comparatively measure the impact of travel & tourism across Virginia's towns. Comparative data for localities is only available at the county and independent city level for Virginia's 133 county and county-equivalent political subdivisions and is provided from VTC's annual Economic Impact of Visitors in Virginia report issued by the US Travel Association. Towns and town-based DMOs are encouraged to work with their surrounding counties in development of expenditure plans. Note that for counties that include a town-based DMO(s), the county **MUST** include a letter of support from the town-based DMO(s).

7) Does the locality need to work with our Destination Marketing Organization (DMO)?

All plans submitted should be developed in conjunction with a locality's existing DMO(s). If your locality has an officially VTC recognized DMO (as of July 31, 2021), a DMO Letter of Support **MUST** be included with your application. If there are multiple DMOs within your locality, each DMO **MUST** submit a Letter of Support.

8) How is the primary contact in each locality identified?

The primary contact will be the chief executive of each locality, such as the Administrator or City Manager. That person can then designate anyone as the secondary, but someone authorized to commit the locality to the terms and conditions will have to be the person to fully submit the plan.

9) Can the funds available from this program be given to other government departments such as parks and recreation?

Yes, but only if used for tourism activities such as sports or meeting facility enhancements which increases the locality's ability to attract regional, state, or national events. However, the locality must be the one submitting the submission plans.

10) May a locality authorize a DMO to handle all aspects of this program on their behalf?

Yes, but to do so, the primary contact will have to advise us via the online portal to do so.

11) What can these funds be used for?

These funds must be used for tourism marketing and development, including media buys, advertising, public relations, sales, and product development. Funds may not be used for any expenses that are not related to tourism marketing and development, including but not limited to staffing, maintenance, replacing an existing budget, etc. For a list of eligible items that can be used with ARPA funds, click [here](#).

12) What will my locality need to do to receive these funds?

Localities must submit an expenditure plan on how the allocated funds will be spent, which will include reporting and documentation requirements necessary to meet the federal instructions related to the appropriate uses of the funds. All plans must be submitted via the online portal provided.

13) Can we submit multiple plans?

No, you must submit a single plan that lists each of the separate components of your overall plan. That will enable us to track the money more easily.

14) Is there the ability to revise spending plans once submitted?

Yes, you will have an opportunity to modify your plan after submission, but you must contact Horne to re-open it. Any new expenses would have to be pre-approved for them to be eligible.

15) Is there any kind of draft review for submission plans?

There is no review planned, but VTC is available to assist as you develop the plan while it is under development.

16) Can the submission plans include retroactive spending?

No, funds must be used for new projects.

17) How will the funds be distributed and when will localities receive the funds?

Localities will be able to draw up to 50% of their allocated funds upon approval of the submitted expenditure plan. Once localities have substantiated the initial advancement of funds, recipients

will be able to request funds as they incur eligible costs. Each recipient will have access to the online portal where these requests are made. All Requests for Funding (RFFs) must include attached supporting documentation for expenses incurred. Payments will be made as soon as administratively possible after your request is approved. First advance funds for allocations are expected to begin January 2022.

18) Is there a limit on the number of Requests for Reimbursement (RFFs) that a recipient may submit?

No. A recipient may submit an unlimited number of RFFs for eligible expenses under this program. If a recipient submits RFFs for an amount over and above its allocation, those RFFs will be held in the system and not reimbursed unless corrected.

19) What substantiating documentation for program expenses will be required?

Supporting documentation can include and may not be limited to receipts, invoices, and proof of payment, which can include check stubs, credit card statements, bank statements, or any other documentation sufficient to demonstrate that the expense was actually paid by the recipient. Recipients should also include a narrative with their reimbursement request providing more detail stating what the expenses were used for and how the expense aids in recovery response.

20) When are expenditure plans due?

Expenditure plan submissions can begin as early as October 29, 2021. Plan submissions must be received by no later than December 31, 2022. Approvals will be made as plans are submitted and reviewed.

21) How will my locality receive the payment for the reimbursement?

Payments will be made following the settings associated with your supplier ID in the online portal.

22) What is the deadline to spend the funds?

Recipients must commit to spending all funds and submit the appropriate reporting requirements by December 31, 2023, or else submit a request by then including a detailed plan explaining how they will spend their remaining fund balance before the deadline, along with their RFF demonstrating what that expense is, when payment is due, and how the expense aids in recovery response to COVID-19. Reimbursements for expenses after this deadline will not be reimbursed until proof of payment is supplied through the online portal.

23) Are there ways localities can work with VTC on using these funds?

Yes! The following programs are available for partners to use as is beneficial to their ARPA-funded marketing and/or tourism product development efforts. Your use of these resources is **optional**, not a requirement of ARPA funding, and you are welcome to use them in any combination that is helpful for you. Please review this comprehensive list of **Eligible and Ineligible Items**.

Marketing Resources for Partners:

- **WanderLove Creative**

- For: Partners seeking campaign creative to use in their marketing programs.
- What: The newly refreshed WanderLove creative brings a sense of whimsy and nostalgia to this widely successful campaign. The focus will remain on road trips and safe travel experiences.
- **Paid Media Program**
 - For: Partners seeking strategic media vendors to help achieve their marketing goals.
 - What: VTC is providing vetted advertising programs for consideration, but partners may ultimately choose to work with any vendor they'd like.
- **Paid Media Guidelines**
 - For: Partners seeking budget guidance media planning tips for paid advertising.
 - What: VTC has compiled budget examples and media planning tips to help you build your own paid media plan.

Product Development Options for Partners:

- **ARPA Tourism Product Development** – VTC has opportunities for DMOs to utilize their ARPA grant funding for community tourism development projects identified through the DRIVE 2.0 program. The DRIVE 2.0 program focuses on identifying a community's most competitive tourism product development need. These projects may be eligible for ARPA grant funding.
- In addition, communities may also use ARPA funds for general Tourism Development projects as long as it is completed and fully available to the consumer for usage by ARPA deadline and can show that it helped with economic recovery by attracting new travelers.

24) Will funds to support bringing in meetings and sports events to our locality be available?

VTC has set aside ARPA funds for sports and meetings as well. More details will be forthcoming on that program.

25) Our locality is applying/has applied for other federal or VTC grants. Can we still receive allocations?

Yes! Localities can submit plans for ARPA funds regardless of other grants they have already applied for. However, localities must be clear on their submitted expenditure plans about how the ARPA funds will be used. Programs using funds from other grants may complement each other, but the locality cannot use ARPA funds and funds from other grants for the exact same project.

26) Who do I contact with any questions?

Any questions regarding the online portal for expenditure plan submissions can be directed to **support@vatourismarpa.com**.

31 USC Ch. 75: REQUIREMENTS FOR SINGLE AUDITS**From Title 31—MONEY AND FINANCE****SUBTITLE V—GENERAL ASSISTANCE ADMINISTRATION****CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS**

Sec.

7501.	Definitions.
7502.	Audit requirements; exemptions.
7503.	Relation to other audit requirements.
7504.	Federal agency responsibilities and relations with non-Federal entities.
7505.	Regulations.
7506.	Effective date.

AMENDMENTS

2016—Pub. L. 114–301, §2(a)(2), Dec. 16, 2016, 130 Stat. 1514, added item 7506 and struck out former items 7506 "Monitoring responsibilities of the Comptroller General" and 7507 "Effective date".

1996—Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1396, amended chapter analysis generally, substituting in item 7504 "Federal agency responsibilities and relations with non-Federal entities" for "Cognizant agency responsibilities" and in item 7507 "Effective date" for "Effective date; report".

§7501. Definitions

(a) As used in this chapter, the term—

- (1) "Comptroller General" means the Comptroller General of the United States;
- (2) "Director" means the Director of the Office of Management and Budget;
- (3) "Federal agency" has the same meaning as the term "agency" in section 551(1) of title 5;
- (4) "Federal awards" means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities;
- (5) "Federal financial assistance" means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director;
- (6) "Federal program" means all Federal awards to a non-Federal entity assigned a single number in the Catalog of Federal Domestic Assistance or encompassed in a group of numbers or other category as defined by the Director;
- (7) "generally accepted government auditing standards" means the government auditing standards issued by the Comptroller General;
- (8) "independent auditor" means—
 - (A) an external State or local government auditor who meets the independence standards included in generally accepted government auditing standards; or
 - (B) a public accountant who meets such independence standards;
- (9) "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or village corporation (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;
- (10) "internal controls" means a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (A) Effectiveness and efficiency of operations.¹
 - (B) Reliability of financial reporting.¹
 - (C) Compliance with applicable laws and regulations;

(11) "local government" means any unit of local government within a State, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, any other instrumentality of local government and, in accordance with guidelines issued by the Director, a group of local governments;

(12) "major program" means a Federal program identified in accordance with risk-based criteria prescribed by the Director under this chapter, subject to the limitations described under subsection (b);

(13) "non-Federal entity" means a State, local government, or nonprofit organization;

(14) "nonprofit organization" means any corporation, trust, association, cooperative, or other organization that—
 (A) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
 (B) is not organized primarily for profit; and
 (C) uses net proceeds to maintain, improve, or expand the operations of the organization;

(15) "pass-through entity" means a non-Federal entity that provides Federal awards to a subrecipient to carry out a Federal program;

(16) "program-specific audit" means an audit of one Federal program;

(17) "recipient" means a non-Federal entity that receives awards directly from a Federal agency to carry out a Federal program;

(18) "single audit" means an audit, as described under section 7502(d), of a non-Federal entity that includes the entity's financial statements and Federal awards;

(19) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, any multi-State, regional, or interstate entity which has governmental functions, and any Indian tribe; and

(20) "subrecipient" means a non-Federal entity that receives Federal awards through another non-Federal entity to carry out a Federal program, but does not include an individual who receives financial assistance through such awards.

(b) In prescribing risk-based program selection criteria for major programs, the Director shall not require more programs to be identified as major for a particular non-Federal entity, except as prescribed under subsection (c) or as provided under subsection (d), than would be identified if the major programs were defined as any program for which total expenditures of Federal awards by the non-Federal entity during the applicable year exceed—

(1) the larger of \$30,000,000 or 0.15 percent of the non-Federal entity's total Federal expenditures, in the case of a non-Federal entity for which such total expenditures for all programs exceed \$10,000,000,000;

(2) the larger of \$3,000,000, or 0.30 percent of the non-Federal entity's total Federal expenditures, in the case of a non-Federal entity for which such total expenditures for all programs exceed \$100,000,000 but are less than or equal to \$10,000,000,000; or

(3) the larger of \$300,000, or 3 percent of such total Federal expenditures for all programs, in the case of a non-Federal entity for which such total expenditures for all programs equal or exceed \$300,000 but are less than or equal to \$100,000,000.

(c) When the total expenditures of a non-Federal entity's major programs are less than 50 percent of the non-Federal entity's total expenditures of all Federal awards (or such lower percentage as specified by the Director), the auditor shall select and test additional programs as major programs as necessary to achieve audit coverage of at least 50 percent of Federal expenditures by the non-Federal entity (or such lower percentage as specified by the Director), in accordance with guidance issued by the Director.

(d) Loan or loan guarantee programs, as specified by the Director, shall not be subject to the application of subsection (b).

(Added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2327; amended Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1396.)

REFERENCES IN TEXT

The Alaskan Native Claims Settlement Act, referred to in subsec. (a)(9), probably means the Alaska Native Claims Settlement Act, Pub. L. 92–203, Dec. 18, 1971, 85 Stat. 688, as amended, which is classified generally to chapter 33 (§1601 et seq.) of Title 43, Public Lands. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 43 and Tables.

AMENDMENTS

1996—Pub. L. 104–156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions defining terms used in this chapter.

SHORT TITLE OF 2016 AMENDMENT

Pub. L. 114–301, §1, Dec. 16, 2016, 130 Stat. 1514, provided that: "This Act [amending section 5226 of Title 12, Banks and Banking, section 280g–15 of Title 42, The Public Health and Welfare, and section 114 of Title 49, Transportation, renumbering section 7507 of this title as section 7506, repealing section 7506 of this title, amending provisions set out as notes under section 78m of Title 15, Commerce and Trade, and section

5189a of Title 42, and repealing provisions set out as a note under section 1395l of Title 42] may be cited as the 'GAO Mandates Revision Act of 2016'."

SHORT TITLE OF 1996 AMENDMENT

Pub. L. 104–156, §1(a), July 5, 1996, 110 Stat. 1396, provided that: "This Act [amending this chapter and enacting provisions set out as notes below] may be cited as the 'Single Audit Act Amendments of 1996'."

SHORT TITLE OF 1984 AMENDMENT

Pub. L. 98–502, §1(a), Oct. 19, 1984, 98 Stat. 2327, provided that: "This Act [enacting this chapter and provisions set out as notes under this section] may be cited as the 'Single Audit Act of 1984'."

TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

TRANSITIONAL APPLICATION

Pub. L. 104–156, §3, July 5, 1996, 110 Stat. 1404, provided that: "Subject to [former] section 7507 of title 31, United States Code (as amended by section 2 of this Act) [now 31 U.S.C. 7506] the provisions of chapter 75 of such title (before amendment by section 2 of this Act) shall continue to apply to any State or local government with respect to any of its fiscal years beginning before July 1, 1996."

CONGRESSIONAL STATEMENT OF PURPOSE

Pub. L. 104–156, §1(b), July 5, 1996, 110 Stat. 1396, provided that: "The purposes of this Act [see Short Title of 1996 Amendment note above] are to—

"(1) promote sound financial management, including effective internal controls, with respect to Federal awards administered by non-Federal entities;

"(2) establish uniform requirements for audits of Federal awards administered by non-Federal entities;

"(3) promote the efficient and effective use of audit resources;

"(4) reduce burdens on State and local governments, Indian tribes, and nonprofit organizations; and

"(5) ensure that Federal departments and agencies, to the maximum extent practicable, rely upon and use audit work done pursuant to chapter 75 of title 31, United States Code (as amended by this Act)."

Pub. L. 98–502, §1(b), Oct. 19, 1984, 98 Stat. 2327, provided that: "It is the purpose of this Act [enacting this chapter and provisions set out as notes under this section]—

"(1) to improve the financial management of State and local governments with respect to Federal financial assistance programs;

"(2) to establish uniform requirements for audits of Federal financial assistance provided to State and local governments;

"(3) to promote the efficient and effective use of audit resources; and

"(4) to ensure that Federal departments and agencies, to the maximum extent practicable, rely upon and use audit work done pursuant to chapter 75 of title 31, United States Code (as added by this Act)."

TENNESSEE VALLEY AUTHORITY AUDITS UNAFFECTED BY SINGLE AUDIT REQUIREMENTS

Pub. L. 98–502, §2(b), Oct. 19, 1984, 98 Stat. 2334, provided that: "The provisions of this Act [enacting this chapter and provisions set out as notes under this section] shall not diminish or otherwise affect the authority of the Tennessee Valley Authority to conduct its own audits of any matter involving funds disbursed by the Tennessee Valley Authority."

¹ *So in original.*

§7502. Audit requirements; exemptions

(a)(1)(A) Each non-Federal entity that expends a total amount of Federal awards equal to or in excess of \$300,000 or such other amount specified by the Director under subsection (a)(3) in any fiscal year of such non-Federal entity shall have either a single audit or a program-specific audit made for such fiscal year in accordance with the requirements of this chapter.

(B) Each such non-Federal entity that expends Federal awards under more than one Federal program shall undergo a single audit in accordance with the requirements of subsections (b) through (i) of this section and guidance issued by the Director under section 7505.

(C) Each such non-Federal entity that expends awards under only one Federal program and is not subject to laws, regulations, or Federal award agreements that require a financial statement audit of the non-Federal entity, may elect to have a program-specific audit conducted in accordance with applicable provisions of this section and guidance issued by the Director under section 7505.

(2)(A) Each non-Federal entity that expends a total amount of Federal awards of less than \$300,000 or such other amount specified by the Director under subsection (a)(3) in any fiscal year of such entity, shall be exempt for such fiscal year from compliance with—

- (i) the audit requirements of this chapter; and
- (ii) any applicable requirements concerning financial audits contained in Federal statutes and regulations governing programs under which such Federal awards are provided to that non-Federal entity.

(B) The provisions of subparagraph (A)(ii) of this paragraph shall not exempt a non-Federal entity from compliance with any provision of a Federal statute or regulation that requires such non-Federal entity to maintain records concerning Federal awards provided to such non-Federal entity or that permits a Federal agency, pass-through entity, or the Comptroller General access to such records.

(3) Every 2 years, the Director shall review the amount for requiring audits prescribed under paragraph (1)(A) and may adjust such dollar amount consistent with the purposes of this chapter, provided the Director does not make such adjustments below \$300,000.

(b)(1) Except as provided in paragraphs (2) and (3), audits conducted pursuant to this chapter shall be conducted annually.

(2) A State or local government that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this chapter biennially. Audits conducted biennially under the provisions of this paragraph shall cover both years within the biennial period.

(3) Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits pursuant to this chapter biennially. Audits conducted biennially under the provisions of this paragraph shall cover both years within the biennial period.

(c) Each audit conducted pursuant to subsection (a) shall be conducted by an independent auditor in accordance with generally accepted government auditing standards, except that, for the purposes of this chapter, performance audits shall not be required except as authorized by the Director.

(d) Each single audit conducted pursuant to subsection (a) for any fiscal year shall—

- (1) cover the operations of the entire non-Federal entity; or
- (2) at the option of such non-Federal entity such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal awards for each such department, agency, and organizational unit, which shall be considered to be a non-Federal entity.

(e) The auditor shall—

- (1) determine whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles;
- (2) determine whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole;
- (3) with respect to internal controls pertaining to the compliance requirements for each major program—
 - (A) obtain an understanding of such internal controls;
 - (B) assess control risk; and
 - (C) perform tests of controls unless the controls are deemed to be ineffective; and

(4) determine whether the non-Federal entity has complied with the provisions of laws, regulations, and contracts or grants pertaining to Federal awards that have a direct and material effect on each major program.

(f)(1) Each Federal agency which provides Federal awards to a recipient shall—

- (A) provide such recipient the program names (and any identifying numbers) from which such awards are derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter; and
- (B) review the audit of a recipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the recipient by the Federal agency.

(2) Each pass-through entity shall—

- (A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter;
- (B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means;

(C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity; and

(D) require each of its subrecipients of Federal awards to permit, as a condition of receiving Federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

(g)(1) The auditor shall report on the results of any audit conducted pursuant to this section, in accordance with guidance issued by the Director.

(2) When reporting on any single audit, the auditor shall include a summary of the auditor's results regarding the non-Federal entity's financial statements, internal controls, and compliance with laws and regulations.

(h) The non-Federal entity shall transmit the reporting package, in an electronic form in accordance with the data standards established under chapter 64 and which shall include the non-Federal entity's financial statements, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor's reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection within the earlier of—

(1) 30 days after receipt of the auditor's report; or

(2)(A) for a transition period of at least 2 years after the effective date of the Single Audit Act Amendments of 1996, as established by the Director, 13 months after the end of the period audited; or

(B) for fiscal years beginning after the period specified in subparagraph (A), 9 months after the end of the period audited, or within a longer timeframe authorized by the Federal agency, determined under criteria issued under section 7504, when the 9-month timeframe would place an undue burden on the non-Federal entity.

(i) If an audit conducted pursuant to this section discloses any audit findings, as defined by the Director, including material noncompliance with individual compliance requirements for a major program by, or reportable conditions in the internal controls of, the non-Federal entity with respect to the matters described in subsection (e), the non-Federal entity shall submit to Federal officials designated by the Director, a plan for corrective action to eliminate such audit findings or reportable conditions or a statement describing the reasons that corrective action is not necessary. Such plan shall be consistent with the audit resolution standard promulgated by the Comptroller General (as part of the standards for internal controls in the Federal Government) pursuant to section 3512(c).

(j) The Director may authorize pilot projects to test alternative methods of achieving the purposes of this chapter. Such pilot projects may begin only after consultation with the Chair and Ranking Minority Member of the Committee on Governmental Affairs of the Senate and the Chair and Ranking Minority Member of the Committee on Government Reform and Oversight of the House of Representatives.

(Added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2329; amended Pub. L. 103–272, §4(f)(1)(W), July 5, 1994, 108 Stat. 1363; Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1399; Pub. L. 116–103, §5(a)(1), Dec. 30, 2019, 133 Stat. 3270.)

REFERENCES IN TEXT

The effective date of the Single Audit Act Amendments of 1996, referred to in subsec. (h)(2)(A), is the effective date of Pub. L. 104–156, which is classified generally to this chapter. See section 7506 of this title.

AMENDMENTS

2019—Subsec. (h). Pub. L. 116–103 inserted "in an electronic form in accordance with the data standards established under chapter 64 and" after "the reporting package," in introductory provisions.

1996—Pub. L. 104–156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to audit requirements and exemptions from such requirements for State and local governments receiving Federal financial assistance of \$100,000 or more in any fiscal year and requiring audits to be conducted annually in most instances, to cover entirety of government operations, for reports to be made on audits in specified time period, and for appropriate corrective action plans to be submitted to Federal officials for any material State or local noncompliance with Federal laws and regulations.

1994—Subsec. (b)(2). Pub. L. 103–272, §4(f)(1)(W), substituted "October 19, 1984" for "the date of enactment of this chapter" in subpar. (A) and for "such date" in subpar. (B).

Subsec. (d)(5), (6). Pub. L. 103–272, §4(f)(1)(W)(iii), redesignated par. (6) as (5) and struck out former par. (5) which read as follows: "Each State or local government which, in any fiscal year of such government, receives directly from the Department of the Treasury a total of \$25,000 or more under chapter 67 of this title (relating to general revenue sharing) and which is required to conduct an audit pursuant to this chapter for such fiscal year shall not have the option provided by paragraph (1)(A) for such fiscal year."

Subsec. (g). Pub. L. 103–272, §4(f)(1)(W)(iv), substituted "section 3512(c)" for "section 3512(b)".

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Reform and Oversight of House of Representatives changed to Committee on Government Reform of House of Representatives by House Resolution No. 5, One Hundred Sixth Congress, Jan. 6, 1999. Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007. Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019.

§7503. Relation to other audit requirements

(a) An audit conducted in accordance with this chapter shall be in lieu of any financial audit of Federal awards which a non-Federal entity is required to undergo under any other Federal law or regulation. To the extent that such audit provides a Federal agency with the information it requires to carry out its responsibilities under Federal law or regulation, a Federal agency shall rely upon and use that information.

(b) Notwithstanding subsection (a), a Federal agency may conduct or arrange for additional audits which are necessary to carry out its responsibilities under Federal law or regulation. The provisions of this chapter do not authorize any non-Federal entity (or subrecipient thereof) to constrain, in any manner, such agency from carrying out or arranging for such additional audits, except that the Federal agency shall plan such audits to not be duplicative of other audits of Federal awards.

(c) The provisions of this chapter do not limit the authority of Federal agencies to conduct, or arrange for the conduct of, audits and evaluations of Federal awards, nor limit the authority of any Federal agency Inspector General or other Federal official.

(d) Subsection (a) shall apply to a non-Federal entity which undergoes an audit in accordance with this chapter even though it is not required by section 7502(a) to have such an audit.

(e) A Federal agency that provides Federal awards and conducts or arranges for audits of non-Federal entities receiving such awards that are in addition to the audits of non-Federal entities conducted pursuant to this chapter shall, consistent with other applicable law, arrange for funding the full cost of such additional audits. Any such additional audits shall be coordinated with the Federal agency determined under criteria issued under section 7504 to preclude duplication of the audits conducted pursuant to this chapter or other additional audits.

(f) Upon request by a Federal agency or the Comptroller General, any independent auditor conducting an audit pursuant to this chapter shall make the auditor's working papers available to the Federal agency or the Comptroller General as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this chapter. Such access to auditor's working papers shall include the right to obtain copies.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2332; amended Pub. L. 103-272, §4(f)(1)(X), July 5, 1994, 108 Stat. 1363; Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1401.)

AMENDMENTS

1996—Pub. L. 104-156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to other audit requirements, including compliance and evaluation audits of individual Federal assistance programs, audits by State and local governmental entities, and provisions requiring Federal agencies to arrange for funding cost of conducting audits that are in addition to audits required by this chapter.

1994—Subsec. (a). Pub. L. 103-272 substituted "extent" for "extend" in second sentence.

§7504. Federal agency responsibilities and relations with non-Federal entities

(a) Each Federal agency shall, in accordance with guidance issued by the Director under section 7505, with regard to Federal awards provided by the agency—

(1) monitor non-Federal entity use of Federal awards, and

(2) assess the quality of audits conducted under this chapter for audits of entities for which the agency is the single Federal agency determined under subsection (b).

(b) Each non-Federal entity shall have a single Federal agency, determined in accordance with criteria established by the Director, to provide the non-Federal entity with technical assistance and assist with implementation of this chapter.

(c) The Director shall designate a Federal clearinghouse to—

- (1) receive copies of all reporting packages developed in accordance with this chapter;
- (2) identify recipients that expend \$300,000 or more in Federal awards or such other amount specified by the Director under section 7502(a)(3) during the recipient's fiscal year but did not undergo an audit in accordance with this chapter; and
- (3) perform analyses to assist the Director in carrying out responsibilities under this chapter.

(Added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1402.)

AMENDMENTS

1996—Pub. L. 104–156 substituted "Federal agency responsibilities and relations with non-Federal entities" for "Cognizant agency responsibilities" in section catchline and amended text generally. Prior to amendment, text read as follows:

"(a) The Director shall designate cognizant agencies for audits conducted pursuant to this chapter.

"(b) A cognizant agency shall—

"(1) ensure that audits are made in a timely manner and in accordance with the requirements of this chapter;

"(2) ensure that the audit reports and corrective action plans made pursuant to section 7502 of this title are transmitted to the appropriate Federal officials; and

"(3)(A) coordinate, to the extent practicable, audits done by or under contract with Federal agencies that are in addition to the audits conducted pursuant to this chapter; and (B) ensure that such additional audits build upon the audits conducted pursuant to this chapter."

§7505. Regulations

(a) The Director, after consultation with the Comptroller General, and appropriate officials from Federal, State, and local governments and nonprofit organizations shall prescribe guidance to implement this chapter. Each Federal agency shall promulgate such amendments to its regulations as may be necessary to conform such regulations to the requirements of this chapter and of such guidance.

(b)(1) The guidance prescribed pursuant to subsection (a) shall include criteria for determining the appropriate charges to Federal awards for the cost of audits. Such criteria shall prohibit a non-Federal entity from charging to any Federal awards—

(A) the cost of any audit which is—

(i) not conducted in accordance with this chapter; or

(ii) conducted in accordance with this chapter when expenditures of Federal awards are less than amounts cited in section 7502(a)(1)(A) or specified by the Director under section 7502(a)(3), except that the Director may allow the cost of limited scope audits to monitor subrecipients in accordance with section 7502(f)(2)(B); and

(B) more than a reasonably proportionate share of the cost of any such audit that is conducted in accordance with this chapter.

(2) The criteria prescribed pursuant to paragraph (1) shall not, in the absence of documentation demonstrating a higher actual cost, permit the percentage of the cost of audits performed pursuant to this chapter charged to Federal awards, to exceed the ratio of total Federal awards expended by such non-Federal entity during the applicable fiscal year or years, to such non-Federal entity's total expenditures during such fiscal year or years.

(c) Such guidance shall include such provisions as may be necessary to ensure that small business concerns, qualified HUBZone small business concerns, and business concerns owned and controlled by socially and economically disadvantaged individuals will have the opportunity to participate in the performance of contracts awarded to fulfill the audit requirements of this chapter.

(d) Such guidance shall require audit-related information reported under this chapter to be reported in an electronic form in accordance with the data standards established under chapter 64.

(Added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1403; Pub. L. 105–135, title VI, §604(e)(3), Dec. 2, 1997, 111 Stat. 2634; Pub. L. 116–103, §5(a)(2), Dec. 30, 2019, 133 Stat. 3270.)

AMENDMENTS

2019—Subsec. (d). Pub. L. 116–103 added subsec. (d).

1997—Subsec. (c). Pub. L. 105–135 substituted "small business concerns, qualified HUBZone small business concerns, and" for "small business concerns and".

1996—Pub. L. 104–156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to regulations, including implementation guidelines for regulations, criteria for determining appropriate charges to programs of Federal financial

assistance for cost of audits, and guidelines to ensure that small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals have opportunity to participate in contracts awarded to fulfill audit requirements of this chapter.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–135 effective Oct. 1, 1997, see section 3 of Pub. L. 105–135, set out as a note under section 631 of Title 15, Commerce and Trade.

GUIDANCE

Pub. L. 116–103, §5(b), Dec. 30, 2019, 133 Stat. 3270, provided that: "Not later than 3 years after the date of enactment of this Act [Dec. 30, 2019], the Director [of the Office of Management and Budget] shall issue guidance requiring audit-related information reported under chapter 75 of title 31, United States Code, to be reported in an electronic form consistent with the data standards established under chapter 64 of that title, as added by section 4(a) of this Act."

GUIDELINES FOR ACCEPTANCE OF AUDITS BY STATE AND LOCAL GOVERNMENTS RECEIVING FEDERAL ASSISTANCE

Pub. L. 104–201, div. A, title VIII, §808(c), Sept. 23, 1996, 110 Stat. 2607, provided that: "The Director of the Office of Management and Budget shall issue guidelines to ensure that an audit of indirect costs performed by the Federal Government is accepted by State and local governments that receive Federal funds under contracts, grants, or other Federal assistance programs."

§7506. Effective date

This chapter shall apply to any non-Federal entity with respect to any of its fiscal years which begin after June 30, 1996.

(Added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2334, §7507; amended Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1404; renumbered §7506, Pub. L. 114–301, §2(a)(1)(B), Dec. 16, 2016, 130 Stat. 1514.)

PRIOR PROVISIONS

A prior section 7506, added Pub. L. 98–502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104–156, §2, July 5, 1996, 110 Stat. 1403, related to the monitoring responsibilities of the Comptroller General, prior to repeal by Pub. L. 114–301, §2(a)(1)(A), Dec. 16, 2016, 130 Stat. 1514.

AMENDMENTS

2016—Pub. L. 114–301 renumbered section 7507 of this title as this section.

1996—Pub. L. 104–156 struck out "; report" after "Effective date" in section catchline and amended text generally. Prior to amendment, text read as follows:

"(a) This chapter shall apply to any State or local government with respect to any of its fiscal years which begin after December 31, 1984.

"(b) The Director, on or before May 1, 1987, and annually thereafter, shall submit to each House of Congress a report on operations under this chapter. Each such report shall specifically identify each Federal agency or State or local government which is failing to comply with this chapter."