

Checklist

The latest changes to the U.S. Department of the Treasury’s [Interim Final Rule on Obligation](#) (known as the Obligation IFR) the [updated FAQs](#), and updated [Compliance and Reporting Guidance](#) impact those managing State and Local Fiscal Recovery Funds (SLFRF). Keeping up with changing

compliance and reporting requirements may feel overwhelming. It is critical to understand how to navigate and adjust to every small change in definition and deadline that impacts how you effectively manage SLFRF-funded programs.

This checklist provides a step-by-step guide to help grant managers work through the changes that most impact their grant management process. Use it to evaluate your current processes and systems so you can streamline your process as you adjust to new requirements.

Agreement and Fund Allocation

Confirm New Definitions and Agreement Standards

- Review changes to the definition of “obligation” in CFRF Part 35 Subpart A Section 35.3.
- Ensure all contracts, subawards, and transactions involving SLFRF funds meet the definition.
- Confirm that all agreements with subrecipients and contractors include the broadened scope of eligible activity costs.
- Verify that interagency agreements, such as every Memoranda of Understanding (MOU), are legally binding, involve SLFRF funds, and are signed by all parties.
- Ensure documentation of any interagency agreements is included in reporting.

Adjust Budgeting and Fund Allocations

- Adjust financial plans to meet the extended obligation deadline up to December 31, 2024.
- Include allowed personnel and contract expenses by the December 31, 2024 obligation deadline.
- Adjust operational plans to meet the new expenditure deadline of December 31, 2026.

References: CFR Part 35 Subpart A Section 35.3; SLFRF Final Rule FAQs Sections 16.3, 17.10–17.13, and 17.6

Cost Management and Reporting

Expand Eligible Cost Categories

- Add personnel costs for roles created and filled by December 31, 2024.

- Add infrastructure projects, water and sewer infrastructure, broadband, and capital expenditures as eligible cost categories.
- Document justification for all cost category expansions thoroughly, including for any contract changes or contingencies.
- Report *Revenue Loss Eligible Use Category* projects under Expenditure Categories 6.1 or 6.2, using either the standard allowance or calculated revenue loss per the final rule formula.

Make Reporting and Compliance Process Adjustments

- Prepare to meet the new reporting deadline of January 31, 2025, for quarterly reporters, and April 30, 2025 for annual reporters (see Tables 3 & 4 in the SLFRF Compliance and Reporting Guidance for subsequent due dates).
- Document all expenditures and obligations in detail for compliance and audit readiness.
- Implement new requirements for reporting on interagency agreements used to obligate funds.
- Prepare to provide detailed metrics on the impact of projects on underserved communities, including reduced disparities in health, economic, and social outcomes.
- Add new climate resiliency and sustainability reporting metrics for infrastructure and economic development projects, including energy efficiency, renewable energy use, and greenhouse gas reductions for infrastructure projects.
- Use “Direct Payment” as a placeholder for estimated subaward expenses and update once actual expenses are confirmed.
- Clarify and document the obligation of administrative costs, including both direct and indirect costs. Use the negotiated cost rate (NICRA) or a 10% de minimus rate as applicable.

References: SLFRF Final Rule FAQs Sections 17.2, 17.8, and 17.17; Treasury’s Updated Compliance and Reporting Guidance

Subrecipient and Contractor Management

Adjust Subrecipient Oversight

- Check that subrecipients understand and comply with the new obligation definitions and deadlines.
- Confirm that subrecipients don’t need additional steps to obligate funds once they have entered into a contract.

Establish Contract Replacement Procedures

- Create a process for replacing contracts or subawards due to contract default or significant changes.
- Make sure any new contracts are substantially the same in scope and purpose.

References: SLFRF Final Rule FAQs Sections 17.16 and 17.17

Review and Documentation

Conduct Final Reviews

- Conduct final reviews of all SLFRF fund applications and obligations to verify all uses of funds are allowable.
- Check that all applications have corresponding documentation and justifications for the funding request, including project descriptions, budgets, expected outcomes, and alignment with SLFRF objectives.
- Maintain accurate records of all decision-making processes, approvals, and adjustments made in case of audit and for future reference.

References: 31 CFR 35.6(b)(4)

Stakeholder Engagement and System Evaluation

Proactive Stakeholder Engagement

- Communicate changes and requirements with all involved, including internal teams and subrecipients.
- Discuss potential impacts on existing roles and contracts.

Assess Technology and System Needs

- Evaluate existing processes and technology to identify gaps and improvements needed to ensure you can handle the updated obligations and reporting.
- Optimize your use of technology, such as a grant management system (GMS), to efficiently manage and comply with updated obligations and reporting requirements.

Steps for Leveraging SLFRF Funds for GMS Purchase

If you do not yet have a grant management system, take the following steps by the obligation deadline to leverage SLFRF cost eligibility:

- Document the decision process and secure approval to ensure the obligation aligns with SLFRF regulations.
- Determine the amount of SLFRF funds needed to cover the cost of a GMS.
- Report the estimated costs for purchasing and implementing a GMS to the Treasury by the obligation deadline (i.e., July 31, 2024 for quarterly reporters; December 31, 2024 for annual reporters), even if the actual expenditure will occur later. Include an explanation of how the amount was determined.
- Report the final amount expended for these costs at award closeout.

If actual costs to cover legal and administrative requirements (such as a GMS) are lower than the initial estimate submitted by the obligation deadline, you can use unspent funds on other SLFRF-eligible costs obligated before December 31, 2024. Otherwise, funds not used by December 31, 2026, must be returned to the Treasury.*

References: SLFRF Final Rule FAQs Sections 17.10 through 17.13; Treasury Compliance and Reporting Guidance

*The insights shared here regarding the IFR and updated FAQs should not be interpreted as legal or financial counsel. Please confer with your in-house counsel or financial advisor to ensure alignment with our interpretation of the direction provided by the U.S. Dept. of Treasury.

Ongoing Practices for SLFRF Compliance

Revisit and Refine Compliance Strategies

- Regularly review internal policies and update your compliance procedures to make sure they remain aligned with any SLFRF regulation changes.
- Hold training sessions to update staff on new requirements.
- Use audits and feedback to improve practices.

Organize Proactive Planning Sessions

- Set up routine meetings with key stakeholders to discuss these updates and upcoming regulatory changes and brainstorm potential challenges.
- Develop a strategy to respond to changing requirements.
- Adjust operational plans as needed to minimize disruptions.

Updated Guide on SLFRF Reporting Requirements

Revised to reflect State and Local Fiscal Recovery Funds (SLFRF) program updates, this guide provides an overview of the current SLFRF program reporting requirements—incorporating the latest changes and clarifications from the Treasury. Whether you're a grant manager in state, local, territorial, or Tribal government, this resource will help you understand SLFRF reporting requirements and deadlines to maintain compliance.

Download the Guide for guidance on:

- How to get ready for quarterly and annual reporting
- Key requirements for each of the 3 main types of reports for SLFRF programs
- Next steps for staying compliant with changes

[Download Guide](#)

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