

From: [Johnson, Kathy](#)
Subject: The Importance of Using the Statewide Internal Order # for Coronavirus Response Costs
Date: Thursday, April 9, 2020 3:20:10 PM
Attachments: [image001.png](#)
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Importance: High

Good Afternoon State Agency Finance Contacts,

As a reminder, please continue to use the statewide internal order # that was created in SCEIS for COVID-19: IO# **98000018**. This statewide internal order # should be used by state agencies to capture and identify **any and all** costs incurred that are directly related to their agency's response to COVID-19.

As we move forward, there may be numerous sources of federal and state relief available for state agencies. As you know, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was recently passed and included within this Act is the creation of a **Coronavirus Relief Fund** for state, local and tribal governments. The estimated state allocation for South Carolina from this fund is \$1.996B, of which \$898M (45%) is for local government and \$1.098B (55%) would go to the state.

So far, we understand that these state relief funds can be used for costs that:

- Are necessary expenditures incurred due to COVID-19.
- Were not accounted for in the budget most recently approved as of the date of enactment of the CARES Act (3/27/2020).
- Were incurred during the period that begins March 1, 2020, and ends Dec. 30, 2020.

This initial guidance is fairly broad. The U.S. Dept. of Treasury, however, is expected to release additional guidance related to the requirements and use of these funds shortly after Easter and is further expecting to release the funds on **April 24**.

U.S. Treasury officials have stated that they do not want the process to be onerous on the front end, but noted that there will be an audit component in the future. Per Treasury: **states should be careful with record keeping and be able to produce receipts for the Inspector General afterwards to prove the full amount was used for public health emergency, so coding expenses is important.**

As you can see, good and detailed record keeping for expenses incurred due to COVID-19 will be important and agencies should definitely start thinking in terms of **identifying** costs incurred for which they may be able to seek reimbursement for in the future under various sources. I know some agencies have been incurring expenses in the current year for technology upgrades and equipment to comply with the Governor's orders for state employees to work remotely where possible. Even if your agency had future plans to make these purchases, if these costs were not included in the most recently enacted budget (FY2020 Appropriations Act) then these costs should be included as necessary expenses due to COVID-19 and identified by using the statewide internal order.

If agencies discover payments that did not include the statewide internal order but should have, journal entries can be recorded to reclass those expenses over to the internal order. Please contact me if you have any questions on recording these entries.

The overall theme and guidance for now is to be proactive in your agency's response to COVID-19 while at the same time being very transparent with good record keeping.

Please let me know if you have any questions or if we can assist in any way. We are (virtually) here to help!

Thank you,

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