STATE OF SOUTH CAROLINA
ACCOUNTING GUIDANCE FOR STATE AGENCIES

CORONAVIRUS RELIEF FUND REIMBURSEMENTS

Last update: 10/8/2020

CARES Act – South Carolina Legislation

State of South Carolina Act 142 – CARES Appropriations

A JOINT RESOLUTION TO AUTHORIZE THE EXPENDITURE OF FEDERAL FUNDS DISBURSED TO THE STATE IN THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT, AND TO SPECIFY THE MANNER IN WHICH THE FUNDS MAY BE EXPENDED.

PART I

Expenditure Authorizations and Reimbursement

SECTION 1. The source of revenue authorized for expenditure in SECTION 3 is the federal funds disbursed to the State pursuant to the federal "Coronavirus Aid, Relief, and Economic Security Act" (hereinafter referred to as the CARES Act) currently on deposit in the Coronavirus Relief Fund established and maintained by the Executive Budget Office pursuant to Act 135 of 2020.

Part II

Directives to Receiving Entities

SECTION 6. (A) State agencies, institutions of higher learning, counties, municipalities, and special purpose districts are authorized to apply for reimbursement of expenditures incurred March 1, 2020, through June 30, 2020, that were necessary for the response to the COVID-19 public health emergency.

(B) The Executive Budget Office, in consultation with the grant manager procured through SECTION 11 of this act and Part II, Section 2 of Act 135 of 2020, will develop an application process for reimbursement of eligible expenditures. All entities applying for reimbursement must include an attestation that the expenditures are not eligible for reimbursement from any other funding source. Expenditures approved for reimbursement must comply with all federal requirements and are subject to immediate repayment by the recipient or subrecipient if disallowed.

Coronavirus Relief Fund (CRF) Reimbursements

For all state agencies that transact in SCEIS, the Department of Administration will record approved CRF reimbursements via SCEIS journal entry.

The Executive Budget Office will work in conjunction with the CG's Office and SCEIS to ensure fund 51C10000 is validated and new grants are created for agencies with approved reimbursements.

Example of reimbursement JE:

G/L Acct	G/L Acct Description	D/C	Amount	Bus Area	Fund	Grant
5171000000	ALLOCATION - CORONAVIRUS RELIEF FUND (CRF)	Debit	5,000.00	D500	51C10000	D5001CARES20
4280025000	FEDERAL GRANT - CORONAVIRUS RELIEF FUND	Credit	5,000.00	E120	51C10000	E1201CARES20

Coronavirus Relief Fund (CRF) Reimbursements

All receiving agencies will then need to record journal entries to reclass their reimbursed COVID expenses over to fund 51C10000/CRF grant.

Since this round of reimbursements was for expenses incurred in FY2020, they will be recorded as refunds of prior year expenditures in FY2021 in the fund where the expense was initially incurred.

NOTE: Fund 51C10000 should only be used by agencies to account for CRF reimbursements. No *initial* expenditures should be recorded against this fund.

Just like other grants, in the end revenues and expenses should be equal.

Coronavirus Relief Fund (CRF) Reimbursements

Example of JE to reclass expenses to federal fund when the expenses were incurred in FY2020 in Fund 30350000:

G/L Acct	G/L Acct Description	D/C	Amount	Bus Area	Fund	Grant
5032410000	MED SCIENT & LAB SUPPLIES	Debit	2,500.00	E120	51C10000	E1201CARES20
5031479203	JANITORIAL SUPPLIES	Debit	2,500.00	E120	51C10000	E1201CARES20
4520010000	REFUND PRIOR YR EXPENDITURE	Credit	5,000.00	E120	30350000	NOT RELEVANT

CRF Reimbursements – Budget Authority

NOTE: The increase of expenses in fund 51C10000 does consume budget. Therefore, for this reclass JE to successfully post, there must be **sufficient budget.** You may need to submit a budget document to increase budget authority – particularly if your agency does not normally have any federal grants.

To get the 5000-level budget authority for your reimbursement, you'll need to submit an FMBB budget document with the following:

Process: Supplement

Document Type: BDAJ

SFP: (whichever SFP it will end up in)

Fund: 51C10000

Commitment Item: 512001

Grant: CARES grant set up for your agency. Example: E1201CARES20

Type: BADJ

Text: SC CARES Reimbursement

Amount: $XXXXXXX

Attachments: attach whatever method of notification you received that shows you got the reimbursement.

General Fund CRF Reimbursements

If the initial fund that incurred the expense in FY2020 was the General Fund 1001XXXX, then a reimbursement in a *subsequent year* would normally go to fund 28370000 and would be inaccessible to the agency in the current year (GF spent the initial $ so the GF gets the reimbursement).

However, for the CRF reimbursements, the Executive Budget Office worked with state legislative staff and agreed that under §11-9-125 state agencies may retain these General Fund dollars that are freed up due to those expenses being reimbursed by the CRF as the intent of H.5202 (Act 142) is to refund actual expenditures

SECTION 11-9-125. Order of expenditure of funds by state agencies; remittance of certain funds to state general fund.

Federal and other funds must be expended before funds appropriated from the general fund of the State, to the extent possible, and any excess balances in accounts resulting from matching fund programs must be remitted to the general fund of the State. Federal or other funds generated by the expenditure of state funds, including refunds from prior year general fund expenditures, must be remitted to the general fund of the State if there is no federal or state requirement governing the specific use of the funds. It has recently been determined that having retention legislation precludes those specific agencies from having to go in front of the **Other Funds Committee** in order to increase their budget in the current year for a disaster reimbursement.

General Fund CRF Reimbursements

As stated, if the reimbursed COVID expenses were initially incurred in the previous fiscal year in the General Fund (1001XXXX), agencies will be allowed to retain their current year reimbursements by following the same steps as in the previous slides but using a newly created *earmarked* fund for this scenario:

Fund 30350099: COVID-19 – RETENTION OF GENERAL FUND REIMBURSEMENTS

An earmarked 3XXXXXXX fund was created since additional cash and budget authority cannot be given in 1001XXXX.

If this scenario applies to your agency, you will need to submit a Fund Validation Form to the CG's Office for fund 30350099*. The form can be found here:

https://cg.sc.gov/guidance-and-forms-state-agencies/cgs-accounting-policies-and-procedures

* *If needed, fund 30359099 will be created for any financial statement agencies that may have this scenario.*

General Fund CRF Reimbursements

Example of FY2021 JE to reclass expenses to fund 51C10000 when the expenses were initially incurred in FY2020 in Funds 30350000 ($4,000) and 10010000 ($1,000):

G/L Acct	G/L Acct Description	D/C	Amount	Bus Area	Fund	Grant
5032410000	MED SCIENT & LAB SUPPLIES	Debit	2,500.00	E120	51C10000	E1201CARES20
5031479203	JANITORIAL SUPPLIES	Debit	2,500.00	E120	51C10000	E1201CARES20
4520010000	REFUND PRIOR YR EXPENDITURE	Credit	4,000.00	E120	30350000	NOT RELEVANT
4520010000	REFUND PRIOR YR EXPENDITURE	Credit	1,000.00	E120	30350099	NOT RELEVANT

CRF Reimbursements - Assets

If an agency receives a reimbursement for COVID related **assets** purchased, then a slightly modified approach is needed. Because asset purchases are recorded and capitalized using an 1801XXXXXXX asset G/L account, agencies won't have an *expense* to move over to the federal fund.

For this scenario, a new expense G/L has been created:

G/L 5035100000 – ASSET PURCHASES ELIGIBLE FOR FEDERAL REIMBURSEMENT

Example of FY2021 JE to reclass expenses to fund 51C10000 when being reimbursed for assets purchased in FY2020: $100,000 in fund 30350000 and $200,000 in fund 10010000:

G/L Acct	G/L Acct Description	D/C	Amount	Bus Area	Fund	Grant
5035100000	ASSET PURCHASES ELIGIBLE FOR FEDERAL REIMBURSEMENT	Debit	300,000.00	E120	51C10000	E1201CARES20
4520010000	REFUND PRIOR YR EXPENDITURE	Credit	100,000.00	E120	30350000	NOT RELEVANT
4520010000	REFUND PRIOR YR EXPENDITURE	Credit	200,000.00	E120	30350099	NOT RELEVANT

Additional Information

If an agency chooses to seek additional budget authority for their CRF reimbursements, the *Request for Other Funds Authorization* form can be found on the Executive Budget Office's website:

https://www.admin.sc.gov/budget/forms

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THE SOUTH CAROLINA DEPARTMENT of ADMINISTRATION
Marcia S. Adams, Executive Director

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GS-7 Form Instructions

Federal Project Review (FPR) Form (Revised 01/08/18)

Federal Project Review Form Instructions (Revised 01/08/18)

GCR-6 Report of Research/Student Aid Grant Form