

State of Vermont

CRF Supply Chain Disruptions – Guidance and Documentation

Agency of Administration – COVID 19 Financial Office

**This guidance is considered approved by Douglas R. Farnham, Chief
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Supply Chain Disruptions Impacting Timeline of CRF Incurred Costs

Relevant Treasury Guidance and Analysis

Introduction

Treasury Guidance on the use of the Coronavirus Relief Fund states that the Fund may only be used to cover costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (covered period).¹ Several entities have reached out to the Vermont COVID-19 Financial Office (CFO) for additional guidance on Treasury's requirement that costs be incurred during the covered period. Further, entities have requested additional guidance on how to document supply chain disruptions that may delay performance or delivery beyond December 30, 2020.

U.S. Treasury Definition of "Costs Incurred"

Treasury defines costs incurred as follows: "for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred)."²

Further, Treasury specifies that CRF may only be used "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."³

Vermont agencies, departments, and sub-recipients receiving CRF should ensure that CRF is only used to cover necessary costs of goods or services that are needed during the covered period and delivered during the covered period.

So long as the costs are incurred during the covered period, with performance and/or delivery completed during the covered period, Treasury allows for payments that extend beyond December 30, 2020, where necessary. CRF payments should be made no later than 90 days of a cost being incurred.

Documenting Supply Chain Disruptions

Treasury recognizes the possibility of supply chain disruptions affecting the timeline for delivery of goods or performance of services during the COVID-19 public health emergency.

Specifically, Treasury states that:

¹ U.S. Department of Treasury, Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments, Updated as of September 2, 2020 (p.1)

² U.S. Department of Treasury, Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments, Updated as of September 2, 2020 (p.2)

³ U.S. Department of Treasury, Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments, Updated as of September 2, 2020 (p.3)

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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 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020, 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."⁴

In cases where performance or delivery is delayed beyond December 30, 2020, due to supply chain disruptions beyond the recipient's control, the following documentation should be maintained for the impacted contracts/subcontracts:

- The signed contracts/subcontracts, evidencing a performance period that ends on December 30, 2020, at the latest
- Agreed delivery timelines with the vendor, evidencing an agreement that services and/or goods would be fully delivered during the covered period
- Written communication from the vendor/supplier notifying the recipient/sub-recipient of the expected delay of performance or delivery beyond December 30, 2020 – this should include:
 - The revised anticipated timeline for completion (extension to the contracted performance end date)
 - The reason for revising the previously agreed timeline
 - The specific supply chain disruptions impacting the previously agreed timeline
 - Supporting evidence that the supply chain disruptions were beyond the contractor/subcontractor's control
- Reports and other supporting evidence that can document the recipient/subrecipient's monitoring of vendors, including evidence that the recipient/sub-recipient followed-up with the vendor on these supply chain disruptions to ensure, to the extent possible, that delivery would occur during the covered period.

This list is non-exhaustive. Recipients/subrecipients should include any additional documentation that can help evidence the plan to use CRF only for costs incurred during the covered period and the unforeseen supply chain disruptions, due to circumstances outside of the recipient's control, that impacted delivery timelines.

In cases where the delivery timeline is extended due to supply chain disruptions beyond the recipient's control, Guidehouse recommends a maximum extension of 90 days from the end of the covered period.

Any recipients that have been notified of supply chain disruptions that could potentially impact their project timelines, extending delivery beyond December 30, 2020, should contact the Vermont COVID-19 Financial Office by emailing Douglas Farnham [Douglas.Farnham@vermont.gov].

⁴ U.S. Department of Treasury, Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments, Updated as of September 2, 2020 (p.2-3)