

## **Steps Tribes Should Consider Now / Available Assistance**

April 7, 2020

The following outlines financial management areas Tribes should consider as they navigate through the current COVID-19 crisis. This is not a comprehensive list, and not all items may be relevant to your Tribe, but taking these proactive measures now will mitigate the inevitable negative impacts that are coming. Hope or wait-and-see is not a plan; preparedness helps to drive needed results. If you have questions, feel free to reach out to REDW and Corrine Wilson at [cwilson@redw.com](mailto:cwilson@redw.com) or 602.7303609.

### **Accounting**

- Establish accounting system ledger accounts and a fund for costs with no yet identified resources, to identify COVID-19 related costs.
- Ensure back-ups of data systems are current and housed at an off-site storage/location. Also develop plans to operate off-site or remote if needed, including identification of needed equipment and temporary controls.
- Review procurement policies and needed documentation for sole-sourcing purchases.
- Review A/R and reserve requirements; proactively collect A/R, including federal grant receivables.
- Review bonus liabilities for policies and agreements for potential of elimination/reduction/deferral of bonuses and/or discretionary bonuses.
- Review contractual liabilities and agreements and for existing projects that are affected, for clauses related to delay or incompleteness of projects due to unusual circumstances or adherence to local government directives/laws.
- Expenses to track:
  - Deep cleaning/sanitation of buildings/facilities.
  - Supplies for sanitizing, wipes, hand gel, healthcare and public safety response, etc.
  - Increased communication and telecommunication equipment costs to respond to community, employees, health and public safety employees.
  - Increased costs above annual routine federal funding for healthcare facilities; public safety; transportation; telecommunication; disaster plan implementation.
  - Extra personnel and benefit costs incurred related to responding to COVID-19.

### **Personnel and Benefits**

- Track furloughed employees, and any continuing benefits for furloughed employees.
- See our REDW Handout for Federal COVID-19 Resources, for the Families First COVID-19 related leave and benefit programs that address the following:
  - Assemble copies of the most recent pre-crisis and existing headcount records, including wages. Typically, your previously filed state quarterly wage reporting and unemployment insurance returns will suffice.

- Health insurance; review unemployment benefit guidelines.
- If you have FMLA in place, develop your policies to meet the FPA section of the CARES Act; requires you to track employees on leave and costs for COVID-19 (sick, quarantined, care for family quarantined, or children not in school). Consider establishing code in payroll system to track COVID-19 leaves.
- If you haven't adopted FMLA, develop emergency policies, confer with tribe's legal counsel, to meet the FPA section of the CARES Act, and track appropriately
- Check with you benefits brokers and vendors for guidance on costs and resources to provide to employees, e.g., Retirement Plans. Develop plan to update Plan documents if changes are needed.
- Have workers compensation forms and assistance available should the need arise for a claim, and if so, track all COVID-19 related claims.
- Document Executive directives for employee positions deemed essential who will be working during crises.

### **Risk Management**

- Review insurance policies for any potential claims, required notifications or exclusions that may apply for the crisis
- Keep track of all lost business income and revenue for each enterprise
- Review any local ordinances or tribal resolutions that would affect risk management

### **Cash Flow Management**

- Develop Cash flow analysis, determine cash resources and identify any restricted cash.
- Identify costs that are needed for crises and project amounts needed-
  - For each week and any know time frames for the crisis to last
  - Review prior years/prior month's financial statements or accounting reports to assist with recurring and fixed-type costs
  - Identify personnel, operating costs, crisis equipment or supply costs, and cash resources to meet costs
  - Determine cash in-flows and outflows, if necessary, prioritize costs to meet cash availability
  - Determine Tribe's eligibility for available federal assistance and/or loans and timing, see REDW Handout on COVID-19 Federal Acts.
  - Tribal Governments - If a large amount of government costs are from gaming distributions, and/or tax revenues from tribal businesses that are not operating, the Tribe's cash flow will be affected unless Tribe has sufficient unrestricted reserves to meet expenses not covered by federal awards
  - Tribal Businesses – If operations cease due to temporary closure; develop costs for maintaining idle facilities and costs for re-opening. Search for availability of resources to cover such costs. If operations are open but have significantly decreased revenues, plan to adjust costs to meet anticipated revenues or search for other resources to cover costs.

- Vendors – If Tribe relies on a few vendors, there is an increased risk that the crisis will cause disruption to supplier commitments, those need to be identified and considered for the crisis period. If Tribe has been paying vendors and payables weekly, this could have a negative effect on cash flow. Prioritize payable payments for due dates and vendor terms to meet anticipated cash resources. Speak to vendors to gain agreement to align payments with when cash resources are available.

### **Debt Service Management**

- Compile debt agreements and review debt compliance requirements.
- If determined that debt payments or required cash reserve provisions may not meet terms of agreement, review with legal and Tribal financial executives to determine what your options are. Contact debtor to make arrangements due to the circumstances if needed.

### **Grants Management**

- Consider need for extensions on grants, indirect costs, other allowable federal extensions.
- Review federal guidance to clarify, obtain grantor approval, for COVID-19 expenses and expenses affected by halting of federal program activities.
- See REDW Handout on COVID-19 Federal Summary

### **Capital Asset Management –**

- Maintain listing of any facilities not operating.
- Maintain listing of any emergency capital asset purchases required and resources used to purchase.
- Maintain listing of any equipment moved from location or departments to other locations.
- Maintain listing of any facilities converted to other uses for crisis needs.
- Ensure capital asset additions are promptly notified for insurance coverage.
- If necessary, consider capital assets that may be sold or converted to generate cash flow.
- Review any idle facilities for temporary or permanent impairment for accounting purposes.
- Identify any repurposed facilities and needed costs to re-purpose; any impacts to operating costs, insurance; security; sanitation, etc.

### **Operating Cost Reduction Considerations**

- Identify any leased spaces, prioritize any leases needed for critical facilities.
- If needed, initiate negotiations for temporary or permanent rent reductions, early lease terminations, etc.
- Review contracts for various services such as janitorial, food service, security and other services that may need to be reduced or temporarily halted
- Evaluate vendors and vendor management to generate economies; reach out to vendors for relief if needed including suppliers, etc.
- Evaluate any property/liability/business insurance impacts for reduced operations and any possible coverage for potential claims on business interruption

- If paying property taxes, review if there is any relief for property taxes.
- Review any opportunities for deferral of any costs due to crisis from federal or other applicable regulatory agencies. Keep listing of any deferrals taken and future due dates.

### **Reopening Plans and Costs –**

Initiate plans for re-opening such as:

- Enhanced cleaning of workplaces and needed supplies for those who enter
- New guidance and communication to employees for cleanliness and decontamination training
- Guidance to communicate to customers
- Replenishment of supplies or costs of goods for businesses
- Project cash in-flows and out-flows for monthly periods, at least 6 months' forward

### **Be Prepared for Audit and Disclosures – see the following by GFOA**

#### **Disclosures Related to COVID-19 Crisis Should Be Factual.**

- Governments may be facing various fiscal challenges due to the crisis. Further, some public sectors may be affected more immediately than others. While urgency is important, governments should take special care to put into context what these challenges are when choosing to disclose the various problems caused by COVID-19. In addition, disclosure should be factual and governments should be hesitant to disclose any estimates or projections of revenues and budgets just for the sake of providing such estimates or projections.
- Develop plan to complete audits if you elect to defer audit timelines; confer with your auditor.

#### **Watch out for Fraudsters! (also see Handout from FTC)**

- Ignore online offers for vaccinations and home testing kits. If there are medical breakthroughs, you won't hear about for the first time from an ad or sales pitch.
- Email and text scams – don't click on links from sources you don't know. It could download a virus onto your computer or device. Be sure anti-virus software is updated. If you get an unusual text from someone you know asking you to transfer funds, double-verify with that person, many scams are now made this way.
- Robocalls – Hang Up! Don't press any numbers.
- Government Relief Checks – The government will not ask you to pay anything up front to get this money, they will not call you to ask for your social security number, bank account or credit card number and anyone who calls you for that is a scammer.
- Unknown Vendors – if you get calls or online requests from vendors stating they have your order ready to ship and you have not placed an order with them, hang up and do not provide them any of your information or wire them any funds. Only do business and place orders with reputable vendors. Remember, if they offer you a deal that seems too good to be true, it is likely a scam!