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Guidance for the 2009 American Recovery and Reinvestment Act

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Today's Objectives

- General understanding of impact of the [American Recovery and Reinvestment Act of 2009](#) (ARRA) on recipients and subrecipients
- Understanding of guidance released by Office of Management and Budget (OMB)
- Understanding of need for an internal controls assessment to meet stringent requirements of Recovery Act

Purpose of the Recovery Act

- The Recovery Act is designed to stimulate the economy through measures that ...
 - Modernize infrastructure
 - Enhance energy independence
 - Expand educational opportunities
 - Preserve/Improve access to affordable healthcare
 - Preserve and create jobs

Grant Funds

- ARRA results in more than \$300 billion in grant funds covered by recipient reporting requirements
 - Supplement existing programs
 - Create new programs
 - Provide broad fiscal relief
- Congress is very committed to ensuring that Recovery Act funds are spent and that every effort be made to ensure that there is minimal waste, fraud, or abuse associated with these funds

Awards and Payments

Where we are:

- Excluding the tax relief
- \$20 Billion has been awarded as of 6/30/09
- \$8.5 Billion paid as of 6/30/09
 - \$4.2 Billion - Labor
 - \$3.4 Billion - Education
 - \$92 Million - Housing
 - \$22.4 Million - Health & Human Services
 - \$5.7 Million - Water & Environment
 - \$726 Million – Governor’s Discretionary Fund
 - \$61 Million - Other

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The President's Memorandum

- The March 20, 2009 Memorandum
- Ensuring Responsible Spending of Recovery Act Funds
 - Accountability and Transparency
 - Merit-Based Decision Making
 - Avoid Imprudent Projects
 - Restrictions in working with Registered Lobbyists

Official Websites

- The Recovery Act mandates that there be an unprecedented amount of accountability and transparency
- The Office of Management and Budget set up a website (www.Recovery.gov) to quickly establish a central point to disseminate information
- California has a website (www.Recovery.ca.gov)



New Governance

Recovery Accountability and Transparency Board

- In the May 15th Board meeting, the Board approved
 - Mission Statement
 - Bylaws
 - Governing Guidelines

- OMB will support Board in its oversight role

OMB Guidance

- 2.18.09 – Initial Implementing Guidance
- 4.3.09 – Updated Implementing Guidance
- 5.11.09 – Payments to State Grantees for Administrative Costs of Recovery Act Activities
- 5.26.09 – OMB Circular No. A-133 Single Audit Compliance Supplement
- 6.22.09 – Implementing Guidance for the Reports on Use of Funds Pursuant to the Recovery Act
- 8.5.09 – OMB Circular No. A-133 Compliance Supplement Addendum #1



OMB Reporting

- Most Significant Areas of Impact to Grantees
 - Data Reporting
 - Grants and Cooperative Agreements
 - Davis Bacon
 - Buy American (iron, steel and manufactured goods)
 - Job creation or retention

Quarterly Reporting Requirements

- For recipients and first-tier subrecipients
 - Reporting requirements will be provided by Federal agencies in the standard terms and conditions of individual award agreements
 - 180 days from enactment (October 10, 2009) and quarterly thereafter (due within 10 days)
 - Standardized guidance to come at least 45 days before October 10, 2009
 - Heavy emphasis on reporting either jobs created or jobs retained



Quarterly Reporting

- Supplement 2 - Recipient Reporting Data Model @ www.whitehouse.gov/omb/recovery
- Data Elements
 - Recipient data (including compensation information)
 - Award amount and funds received
 - Award period
 - Amount spent on projects and activities
 - Jobs created or retained
 - Details on sub-awards and subcontracts
 - Vendor reporting (Verify that Contractors have not been debarred or suspended)
 - Congressional District



Projects and Activities

- Nature of the project and activities
 - Rationale of the award
 - Expenditures other than infrastructure
 - Infrastructure
 - Breakdown of total costs – Federal (Recovery and non-recovery), State and local recipient participation (including in-kind services)
 - Percentage complete

Detail on Sub-awards and Subcontracts

- Total number of sub-awards and/or subcontractors
- Total dollar amount of each
- Other pertinent information
 - Type of entity, name, location, size
- Date of contract
- Award period or contract period
- All information that is a requirement of recipient is also required of sub-recipients or subcontractors
- Compensation of officers

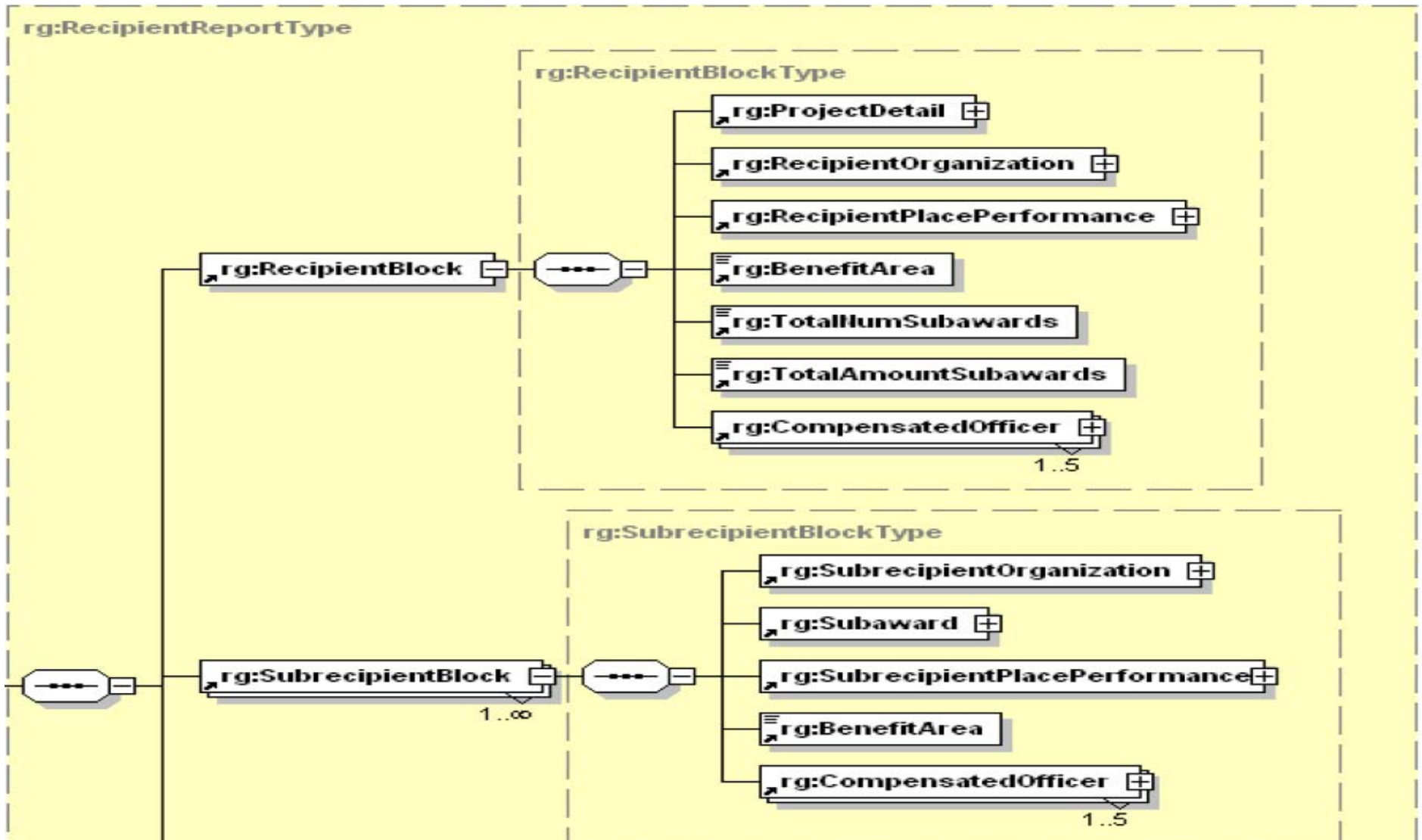
Vendor Reporting

- For each vendor paid more than \$25,000
 - Duns number or name and zip code, if none
 - Contract or award identifying number
 - Amount of contract and amount paid
 - Description of product or service

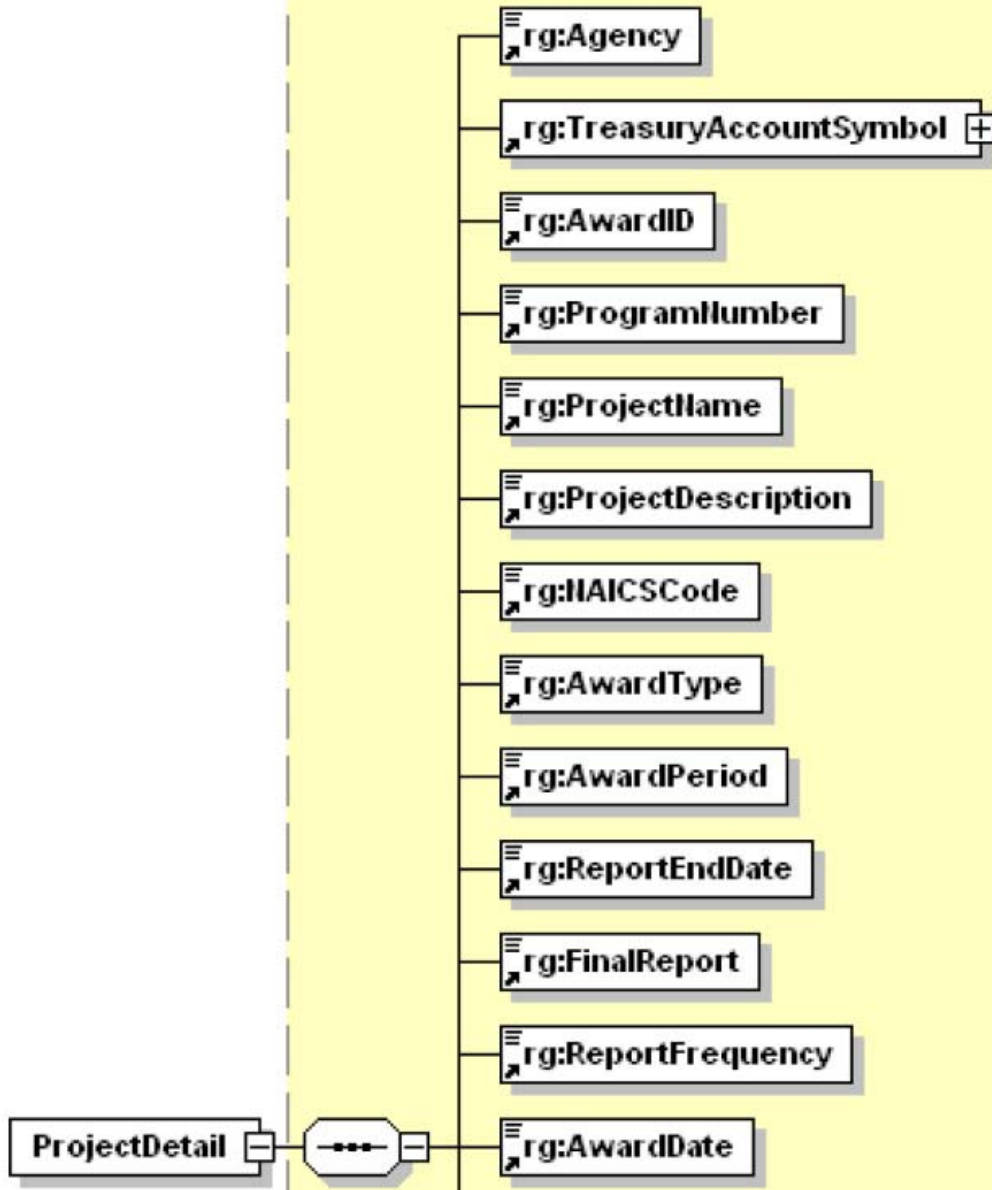
- Same information as needed for sub-award

External Reporting

- The Federal Audit Clearinghouse (FAC) is also required to make publicly available on the Internet all single audit reports filed with the FAC for fiscal years ending September 30, 2009, and later
- There will be a link from www.recovery.gov to the single audit reports. It is unclear at this time whether the reports required to be made public are only those with Recovery Act funds



rg:ProjectDetailType



Federal Oversight

- Federal agencies required to initiate additional oversight to address unique implementation risks of ARRA
- Expectation is that federal agencies, in some cases partnering with states receiving federal funds, will establish defined strategies to prevent or timely detect waste, fraud, or abuse
- Federal agencies also expected to use the single audit process as a means of promoting accountability for Recovery Act funds



OMB Compliance Supplement

- OMB issued 2009 Compliance Supplement
 - New Recovery Act guidance in Appendix VII
- OMB Compliance Supplement Addendum #1
 - Dated June 30, 2009 issued August 2009
 - Add new programs
 - Modify existing programs
 - Add compliance requirements
 - Internal control for compliance for major programs
 - Identify clusters

Recipient Responsibilities and Controls

- Recovery Act funds will have a significant impact on many of your single audits; begin your planning now
 - Control procedures over federal expenditures are appropriate, working properly and adequately designed
 - Additional controls to ensure that Recovery Act funds are separately identified and tracked
 - New controls needed to meet the stringent reporting requirements back to federal agencies



OMB Audit Requirements

- OMB issued 2009 Compliance Supplement and Addendum #1
 - Recovery Act funds to be considered higher-risk
 - Clusters with newly added Recovery Act funds should be considered a “new program” for purposes of risk assessment
 - Develop compliance requirements through award documents, OMB website, and framework in OMB Compliance Supplement and Addendum #1
 - Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form



Next Steps

- Continue to monitor information as released
 - OMB
 - Federal Agencies
 - Inspector General
- Review and document new systems for reporting and compliance
- Monitoring

Questions & Contact Info

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