

ALASBO Power Lunch Jan. 19, 2010

ARRA Audit Challenges

American Recovery and Reinvestment Act of 2009

Mollie Morrison

mmorrison@mcc-cpa.com

(907) 278-8878



Challenges of ARRA for auditors and recipients alike:

- Heightened scrutiny of use of ARRA funds by granting agencies, the state, OMB and the public
- Continually evolving reporting rules, deadlines, requirements, understanding and availability of guidance to recipients and auditors
- Complicated reporting requirements
- Recipient accounting for funds separately from other funds received for programs – risk of intermingling ARRA funds with other funds
- Lack of knowledge or understanding of requirements and responsibilities by recipients of awards including section 1512 reporting, jobs creation and Buy American provision
- Confusion at granting agencies
- Failure of granting agencies to properly identify Recovery Act funds to recipients in their zeal to get the funds out

Auditee responsibilities:

- Separately identify ARRA awards on SEFA
- Separately account for use of ARRA award Funds, do not intermingle with non-ARRA funds, even if for same project
- Meet reporting requirements to granting agency and pass through agency as required
- Use ARRA funds for intended purposes
- Educate yourselves on special requirements and challenges
- Remember, these funds are subject to greater scrutiny from the government and public – you don't want to get bad publicity for your use of the funds
- Avail yourselves of resources at Granting agency websites, webinars at Recovery.gov, etc.

ARRA Section 1512 Reporting :

Reporting website -

<https://www.federalreporting.gov/federalreporting/home.do>

Education Department Recipient Reporting Tip Sheets:

<http://www.ed.gov/policy/gen/leg/recovery/section-1512.html>

State Fiscal Stabilization Fund programs CFDA 84.394 and 84.397

Formula Elementary and Secondary programs:

Title I A Recovery Act	84.389
Education of Homeless Children Recovery Act	84.387
School Improvement Grants Recovery Act	84.388
E2T2 Recovery Act	84.386
Impact Aid Construction Recovery Act	84.404
Teacher Incentive Fund Recovery Act	84.385
Title VI, Part B 611 Recovery Act	84.391
Title VI, part B 619 Recovery Act	84.392
Title VI, Part C Recovery Act	84.393

Section 1512 reporting requirements – Prime recipient or subrecipient?

If prime recipient, you must report @ federalreporting.gov by report due date. If you are a subrecipient of ARRA funds, you must follow the reporting requirements of the prime recipient who awarded you the funds – generally the State of Alaska DEED. The prime recipient can require the subrecipient to submit report on federalreporting.gov or submit the report to them before the reporting deadline.

Must report receipt of award within reporting period following quarter that you received the award, EVEN IF YOU DIDN'T SPEND ANY MONEY. So if you received the notice of the award in March, you must upload a report by April 10 that you received the award and haven't spent or received any funds.

Report is due within 10 days of quarter (they gave a 5 day grace period in January to January 15) Per federalreporting.gov, the reporting deadline has been extended to Jan 22, but the website also says that reports submitted after Jan 15 will be considered late. Report by the report date with the best information that you have at that time. There are two more opportunities to modify and correct the uploaded report. At this time, the OMB has not yet issued guidance on how to correct reports submitted in prior periods. That guidance is supposed to be provided by February 2.

The OMB issued new clarification on how to report jobs created/retained on December 18. There is an interesting transcript of a conference call with OMB and some of the agencies, including Department of Ed about 1512 reporting, particularly how to report jobs created or retained. The Transcript is @ above website. The job activity is now being reported on the basis of the numbers of hours worked and paid for with Recovery Act dollars. The hours are translated into a full time job figure or an FTE, full time equivalency, by dividing the total number of hours worked by and funded by the Recovery Act by the hours in a full time schedule for that quarter.

State DEED Recovery Act website: <http://www.eed.state.ak.us/stim/home.html>

There is a great deal of information on this website including fact sheets for each program, accounting requirements, reporting requirements and the State jobs reporting worksheet, which apparently has not been updated per Dec 18th guidance.

ARRA Section 1605:

Provides (subject to certain exceptions) that "[n]one of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States."

Need to determine if your particular grant contains this requirement, and what provisions there are for exceptions to this requirement.

ARRA Section 1606:

Requires the payment of not less than the prevailing wages under the Davis-Bacon Act to "all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act."

Applies to construction projects – generally for Districts that use State Fiscal Stabilization Funds for construction or renovation of school facilities – including Impact Aid construction projects