



OPA Guidance for American Recovery and Reinvestment Act of 2009 ARRA

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- ARRA funds have unprecedented reporting requirements, unprecedented quarterly reporting
- Governors will be held to unprecedented levels of scrutiny
- ARRA has challenged Auditors to provide real time guidance and real time audits so as to minimize waste, fraud and abuse
- Collaborate effort
 - Early and continuing engagement
 - Enhanced communication
 - Less emphasis on report findings and more on improving the process



Caveat

- OPA Guidance provided not all inclusive as OMB and other guidance may still be developed
- Responsibility of management and designated staff to be informed as to ARRA requirements
- Joint responsibility of auditors to be informed as to ARRA and work collaboratively with entities
- We all want our government to succeed and report successfully
- OPA vision “Guam is the model of good governance in the Pacific”



- Relevant information at
 - Guam State Clearinghouse
www.guamclearinghouse.com “ARRA Recovery Locker”
 - Guam Recovery website
www.recovery.guam.gov
 - Guam OPA website www.guamopa.org
 - National Association of State Auditors, Comptrollers and Treasurers www.nasact.org



- OMB June 22, 2009 M 09-21 *Implementing Guidance for the Reports on Use of Funds Pursuant to American Recovery and Reinvestment Act of 2009*
- Provides information to implement reporting requirements in Sect. 1512
- *U.S. Department of Education Guidance on the State Fiscal Stabilization Fund Program for the Insular Areas*, June 2009
- BBMR Circular No. 09-06, September 10, 2009



- Recovery Accountability & Transparency Board, chaired by Earl Devaney, Department of Interior Inspector General, has two principal goals:
 - To prevent and detect, waste, fraud, and mismanagement
 - To provide the American People with extraordinary transparency on how Recovery Act Funds are being used by states, local governments and private recipients



OMB M 09-21

- Guidance composed of five sections and two supplements
 - Section 1—General information
 - Section 2—Basic Principles and Requirements of Recovery Act Recipient Reporting
 - Section 3—Recipient Reporting Process
 - Section 4—Data Quality Requirements
 - Section 5—Reporting on Jobs Creation Estimates by Recipients



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- Supplement 1—List of Programs Subject to Recipient Reporting
- Supplement 2—Recipient Reporting Data Model



Section 1

General Information

- Clarifies what information will be required to be reported into www.FederalReporting.gov and what will be reported on www.Recovery.gov
- Instructs recipients on steps to meet the reporting requirements



Sect. 2 Basic Principles & Requirements of Reporting

- Prime recipients of all programs **ultimately responsible** for reporting all data required by Sect. 1512 of ARRA
- Sub-recipients awarded Recovery funding through legal instrument from the prime recipient
- Sub-recipients that receive Recovery funding from prime recipients may be delegated responsibility by prime recipient to report information at www.FederalReporting.gov.



Sect. 2

- Prime recipients and delegated sub-recipients begin reporting the quarter in which an award it made to it. If no receipt or expenditures report “\$0”. (Sect. 2.5)
- NOTE for Guam agencies that have received their notice of award they must report this first quarter ending Sept. 30, 2009 even if no receipt or expenditure of ARRA funds



Sect. 2

- Who are the government of Guam prime recipients?
- Generally all autonomous entities who have applied for and received an ARRA award. Known awards include GIAA, GHURA, DOE, GCC, UOG, GWA, KGTF
- Similarly for line entities; known awards include DPHSS, DOL, BSP, DYA, DOA



Sect. 2

- Who are Guam Sub-Recipients?
- Generally an agency that receives funds from another agency under a legal arrangement
 - BSP the Prime Recipient for USDOJ Office of Justice Grants; Sub Recipients include AGO, Guam Police, Judiciary
 - Governor's Office for State Fiscal Stabilization Fund by US DOE; Sub Recipients include Guam DOE, UOG & GCC



Sect. 2

- Are there other Prime Recipients such as non profit organizations and private companies? Yes
- Known Prime Recipients include Big Brothers, Big Sisters and Guam Shipyard
- As Prime Recipients these non government entities responsible for own reporting. Governor's Office should ensure that it will not be held responsible
- Relevant government entities should be pro active & ensure these non-government entities report accordingly under Sect. 1512; Ex. DYA should coordinate with Big Brothers, Big Sisters. For Guam Shipyard...



Sect. 2

- The first report **due no later than October 10, 2009** to include all funding from February 17, 2009 to Sept. 30, 2009.
- And quarterly thereafter **no later than 10 days after the quarter**
- No waivers will be granted to any recipient required to report under Sect. 1512. (Sect. 2.7)
- Prime recipients and delegated sub-recipients that have not submitted their data reports by 10th of month will be considered non-compliant with the recipient reporting requirements



Sect. 2

Avoid Double Counting (Sect. 2.9)

- Prime recipients that decentralize reporting and/or delegate reporting responsibilities **must take precautions to ensure coordinated reporting**
- Prime recipients must maintain an updated inventory of sub-recipient delegations and crosscheck all data records to make sure no double counting is occurring



Required Data Elements* and Responsibilities

◆ Prime Recipient

1. Federal Funding Agency Name
2. Award identification
3. Recipient D-U-N-S
4. Parent D-U-N-S
5. Recipient CCR information
6. CFDA number, if applicable
7. Recipient account number
8. Project/grant period
9. Award type, date, description, and amount
10. Amount of Federal Recovery Act funds expended to projects/activities
11. Activity code and description
12. Project description and status
13. Job creation narrative and number
14. Infrastructure expenditures and rationale, if applicable
15. Recipient primary place of performance
16. Recipient area of benefit
17. Recipient officer names and compensation (Top 5)
18. Total number and amount of small sub-awards; less than \$25,000

◆ Recipient Vendor

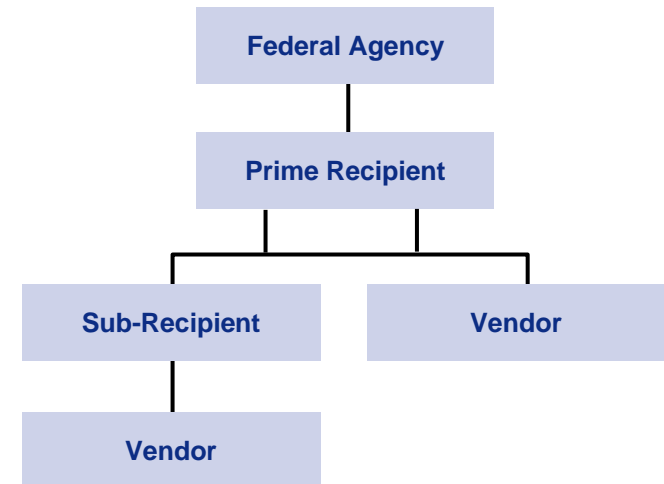
1. D-U-N-S or Name and zip code of Headquarters (HQ)
2. Expenditure amount
3. Expenditure description

◆ Sub-Recipient (also referred to as FFATA Data Elements)

1. Sub-recipient D-U-N-S
2. Sub-recipient CCR information
3. Sub-recipient type
4. Amount received by sub-recipient
5. Amount awarded to sub-recipient
6. Sub-award date
7. Sub-award period
8. Sub-recipient place of performance
9. Sub-recipient area of benefit
10. Sub-recipient officer names and compensation (Top 5)

◆ Sub-Recipient Vendor

1. D-U-N-S or Name and zip code of HQ



* Static data elements are shown in red.



Sect. 2 Reporting

- Prime recipients and sub recipients reporting (Sect. 2.1)
 - Total amount of funds received; and of that, the amount spent on projects and activities;
 - A list of those projects and activities funded by name to include
 - Description
 - Completion status
 - Estimate on jobs created or retained
 - Details of sub-awards and other payments
- See Ex. in Guidance pg. 11 for specifics



Sect. 2 Reporting

- Prime recipients and sub recipients must report any payment greater than \$25,000 for each vendor
 - D-U-N-S number or Name and zip code of headquarters
 - Amount of payment
 - Description of what was obtained for payment
- Vendors less than \$25,000 are accumulated
 - Should subsequent orders bring a vendor to greater than \$25,000, in that quarter list the vendor individually as greater than \$25,000



Sect. 2

Decentralized Reporting

- Decentralize reporting at the prime recipient level (Sect. 2.9)
 - Prime Recipient does not establish a single point of entry for submitting required data to www.FederalReporting.gov on State's behalf
 - State designates variety of officials at departments and agencies to enter relevant information at www.FederalReporting.gov
 - Prime recipients may find it prudent to register multiple individuals to report in the event the principal designee is not available.
 - See BBMR Circular No. 09-06 Sept. 10, 2009



Sect. 3

Recipient Reporting Process

- Reporting recipients must be registered as authorized parties prior to submitting recipient reports
- Register at www.FederalReporting.gov
- Prompt registration encouraged (started Aug. 16)
- Prime recipients must have a D-U-N-S number and be registered in the Central Contractor Registration (CCR)



Sect. 3

- As a Reporting recipient you will need to register at three different websites (Sect. 3.4 & 3.5)
 - Dunn & Bradstreet website, www.dnb.com click on DUNS Number For Government Purposes
 - D&B maintains a business database containing information on more than 100 million businesses
 - Central Contractor Registration www.ccr.gov
 - CCR MPIN Marketing Partner Identification Number—password that allows user to other government systems
 - CCR is the primary contractor database for the US Federal Government
 - FederalReporting.gov Registration
- Identify the key user(s) to register & submit the data



Sect. 3

- Registering with CCR and/or D&B requires additional processing time for the two organizations to validate user information
- Similarly for FederalReporting.gov
- Only registered Recipient users will be able to submit and/or review data through FederalReporting.gov
- BBMR deadline to complete registration 9/25/09
- Expected number of registered recipients >90,000



Sect. 3

- During days 1- 10 following end of quarter (first reporting period Oct. 1 to 10, 2009) prime recipients & delegated recipients prepare & enter their reporting information
- Three methods to submit reporting to www.FederalReporting.gov
 - Online data entry into web browser
 - Uploading of OMB Excel spreadsheets
 - Custom software extract in XML
- Common underlying data dictionary regardless of method selected



Sect. 3

- Most GovGuam agencies to use OMB Excel spreadsheets to submit required data
- Sect. 3.6 provides detail instructions on how to submit data
- Data will assume the status of “submitted” and conform with Section 1512 reporting requirements only when the reporting entity explicitly submits it using the web site functions
- First deadline is Oct. 10, 2009. BBMR deadline Oct. 5, 2009
- Become familiar with website, OMB Excel spreadsheets and reporting requirements



Sect. 3

- During days 11-21 (Oct. 11 to 21) prime recipients perform data quality review
- Prime recipients responsible for verifying submitted information for all Recovery funds for which they are responsible, notifying sub recipients of reporting errors, and ensuring data corrections timely done



Sect. 3

- During days 22-29 (Oct. 22 to 29) Federal agencies perform data quality review and classify data as:
 - Not Reviewed by agency
 - Reviewed by agency, no material omissions or significant reporting errors identified
 - Reviewed by agency, material omissions or significant reporting errors identified

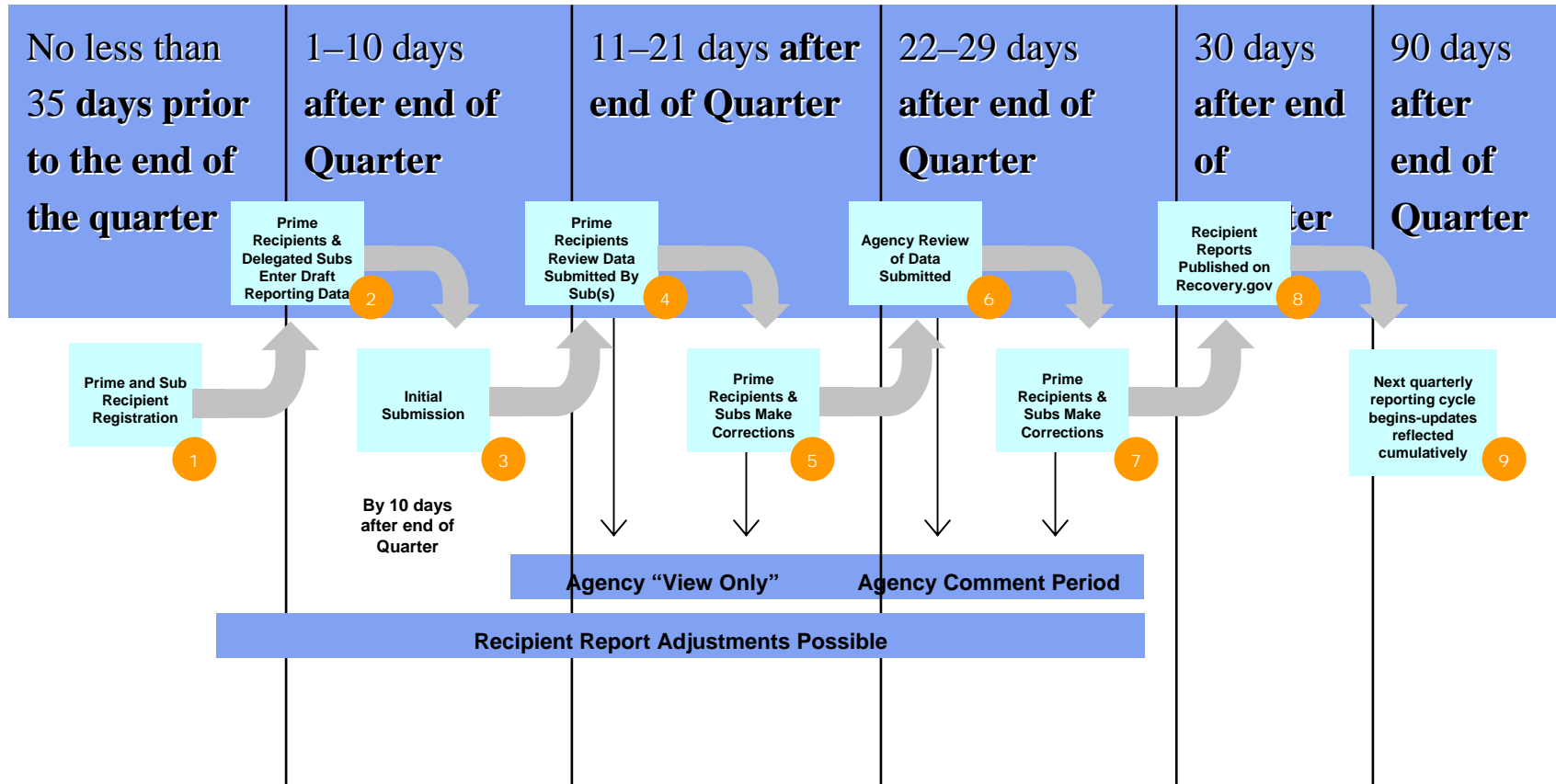


Sect. 3

- If material omissions or significant reporting errors identified, Federal agency reports such findings to the Recovery Board, which will be made public on www.Recovery.gov



Reporting Time Line



Source: OMB "Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009" 6/22/09



Sect. 4. Data Quality

- Prime recipients, as owners of data submitted, have principal responsibility for the quality of information submitted
- Sub-recipients delegated to report share in this responsibility
- **All reporting levels should establish controls to help ensure data quality—accuracy , completeness & timely reporting of information**
- Guidance on data quality (Sect. 4.1)
 - Material Omissions and
 - Significant Reporting Errors



Sect. 4 Data Quality

- Material Omissions—instances where required data is not reported or reported information is not otherwise responsive to the data requests resulting in significant risk that the public is not fully informed as to the status of a Recovery Act project or activity
 - Ex. Recipient fails to report the current percentage of completion for a project and/or activity that has been funded by ARRA
 - Ex. Purchase made from a vendor may not provide sufficient detail in the description for the reader to derive the nature of the purchase



Sect. 4 Data Quality

- Significant Reporting Errors—instances where required data is not reported accurately and such erroneous reporting results in significant risk that the public will be misled or confused by the recipient report in question
 - Ex. Recipient reports expenditures in excess of amount awarded by Federal agency, excluding funding resulting from match requirements
- Federal agencies to coordinate how to apply definitions of material omission and significant reporting errors in given program areas or across programs in a given agency



Sect. 4 Data Quality

- Recipients both primes and subs
 - Implement internal control measures as appropriate to ensure accurate and complete information; ensure data quality, completeness, accuracy and timely reporting of all amounts funded by the Recovery Act
- Possible approaches (Sect. 4.3)
 - Establish control totals (e.g., total number of projects subject to reporting, total dollars allocated to projects) and verify that reported information matches the established control totals;



Sect. 4 Data Quality

- Possible approaches cont. (Sect. 4.3)
 - Establish a data review protocol or automated process that identifies incongruous results (e.g. total amount spent on a project or activity is equal to or greater than the previous reporting)
 - Establish procedures and/cross-validation of data to identify and/or eliminate potential “double counting” due to delegation of reporting to sub recipients



Sect. 4 Data Quality

- Process & time of data quality review (Sect. 4.4)
- Post submission review period from 11th day to 21st day of the reporting month (Oct. 11 to 21)
- Significant reporting errors and/or material omissions that are discovered can be corrected using www.federalReporting.gov solution.
- Specific instructions for submitting new or corrected data will be provided at website
- All corrections by recipients and sub-recipients during this 10 day phase of review must be transmitted by the 21st day of the reporting month



Sect. 4 Data Quality

- Official Federal agency review process begins on the 22nd day of the reporting month until the 29th day; although Federal agency has access to data from 11th day
- If problems identified Federal agency required to alert relevant recipient of nature of problem
- All corrections by recipients during this phase of review must be transmitted no later than 29th day
- After 29th day, no further corrections can be made. Corrections not made will be incorporated into following quarter's data report of recipients



Sect. 5 Reporting on Jobs Creation by Recipients

- Prime recipients required to report estimate of jobs directly created or retained by project, activity or contract, and sub recipient
- Recipients to provide narrative description of employment impact
- A job created is a new position created and filled or an existing unfilled position that is filled as a result of the Recovery Act
- A job retained is an existing position that would not have been continued to be filled were it not for Recovery Act funding.
- A job cannot be counted as both created and retained ³⁷



Sect. 5

- Estimate of number of jobs expressed as “full time equivalents” (FTE) calculated as total hours worked in jobs created or retained divided by number of hours in full time scheduled (2080 hours is full time)
- FTE estimates reported cumulatively each quarter.
- FY 2010 Budget Act, no jobs lost due to budgetary shortfalls, unlike many states



Supplement 1

List of Programs

- There are 305 programs that have been identified as subject to Sect. 1512
- CFDA numbers have not been included for all programs subject to Sect. 1512 reporting



Supplement 2 Recipient Reporting Data Model V2.01

- Provides listing of updated data elements and definitions
- Provides examples in the various data elements
- Updated data elements include 99 data fields:
 - Recipient data fields: 66
 - Sub recipient data fields: 26
 - Vendor data fields: 7



Other Reporting Requirements

- Guidance on the State Fiscal Stabilization Fund Program for the Insular Areas VII-4 pg. 20 requires annual Stabilization fund report
- An Insular Area will submit a report to the Secretary, at such time and in such manner as the Secretary may require that includes:
 - Uses of funds within the Insular Area;
 - How the Insular Area distributed the funds it received;
 - Number of jobs that the governor estimates were saved or created with the funds



Other Reporting Requirements

- Annual reporting requirements continued
 - Insular Area’s progress in the programmatic and financial management assurances; and
 - Description of each modernization, renovation or repair project funded, including the amounts awarded and project costs.
- USDOE also intends to collect detailed data on
 - Insular Area’s compliance with MOE requirements and
 - Construction activities supported with Stabilization funds



- Identify and record each ARRA grant in a separate account. Do not commingle with other grants or funds. DOA identifying ARRA grants with AR
- Consider separate bank account for the expenditure and receipt of all ARRA funds; It is safer and prudent



Auditing Requirements

- Generally all ARRA grants will be treated at TYPE A major programs subject to audit
- Audit fees by independent auditors likely to increase due to ARRA
- Separate reporting of ARRA grants on Schedule of Expenditures of Federal Awards (SEFA)
- Additional audit work due to ARRA funding should be adequately documented for possible indirect cost reimbursement



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Compliance Supplement

- Activities Allowed or Unallowed: No casino or gaming establishments, zoos, golf courses or swimming pools
- Davis-Bacon Act: Payment of prevailing wages
- Procurement & Suspension & Debarment:
 - Buy American requirement—all iron, steel, & manufactured goods used in project are produced in the United States
 - Waivers granted by awarding Federal agency
 - Generally Guam departments should seek waivers



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Compliance Supplement

- Matching, level of effort, earmarking
 - In each of FY 2009, 2010 & 2011, Insular Area maintain non-federal support for elementary & secondary education at least at the level of such support in FY 2006 (USDOE Guidance to Insular Areas)
- Reporting: reporting requirements imposed by Sect. 1512 not applicable for audit periods with ending dates in June, July, Aug. of 2009
 - Guam fiscal year Sept. 30, 2009, so ARRA grants awarded will be audited and reported.



- GAO looking at Single Audit as major compliance tool for ARRA funds
- However Single Audit reporting deadline (9 months after fiscal year end) too late to provide audit results in time for audited entity to take action on deficiencies noted in ARRA programs
- OMB vetting a pilot program for early written communication of internal control deficiencies for Recovery Act programs



- Initial movement by GAO to shorten Single Audit deadline from nine months to six months effective for fiscal year 2010; however push back from states
- Bill in Congress to provide .5% (1/2%) to states for ARRA administration and oversight
- Entities should plan to issue FY 2009 audits under 9 months by April 30, 2010 in anticipation of 6 month reporting deadline for Single Audit



- Auditors are encourage to promptly inform management of identified control deficiencies related to ARRA funding
- Entities receiving ARRA funds may face a material increase in resources needed to
 - Properly manage ARRA
 - Monitor and account for federal awards
 - Effectively operate related internal controls
- Auditors should consider “capacity” issues as part of internal controls considerations



- Primary recipients and sub recipients required to adopt a risk assessment process for all ARRA programs to include risk identification, risk evaluation & mitigation plans
- Management is responsible for performing risk assessment procedures for establishing & maintaining a system of internal controls based on the risk assessment
- See handout for more details on Risk Assessment



- Questions?