



Virginia Department of Accounts  
Financial Accountability. Reporting Excellence.  
**ARRA Stimulus Bulletin**

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The *ARRA Stimulus Bulletin* is published periodically to provide agencies with guidance regarding the American Recovery and Reinvestment Act (ARRA).

**Questions?**

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## Overview

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### Introduction

Agencies and institutions have begun—or will soon begin—receiving federal funds for economic recovery pursuant to the ARRA. The ARRA carries stringent reporting requirements to ensure accountability and to allow accurate and transparent reporting. This is the first of what the Department of Accounts anticipates to be a series of bulletins to provide information essential to the appropriate reporting of ARRA funds.

DOA will distribute these bulletins to agency fiscal officers and the contact named by each agency as the official responsible for coordinating recovery-related efforts across your agency. New bulletins will be issued as the accounting and reporting information becomes available.

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## Accountability Objectives

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### Objectives

Agencies must include the following accountability objectives in the risk mitigation process governing the ARRA funds—

- Funds are both awarded and distributed in a prompt, fair and reasonable manner.
- Agencies clearly and accurately report the recipients and uses of all funds in a timely manner. This reporting will allow the use and benefit of the funds to be transparent to the general public.
- Funds are used solely for authorized purposes and any instances of fraud, waste, abuse or error are properly mitigated.
- Any projects funded under the ARRA avoid both delays and cost overruns.
- Program goals are achieved, including specific program outcomes and improved economic conditions.

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## Significant Fiscal Processes and Internal Controls

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### Processes and Internal Controls

For all agencies and institutions receiving ARRA funds, the accounting and reporting requirements for ARRA funds represent a significant fiscal process under the Commonwealth's internal control framework. As such and in accordance with ARMICS, agencies must ensure that the ARRA requirements

- are well-documented,
- key controls identified, documented and tested, and
- control weaknesses both identified and mitigated.

The Office of Management and Budget (OMB) has identified several common risk concerns that all agencies receiving ARRA must address through their controls and procedures. The guidance includes the requirement that agencies take steps to mitigate the risk of fraud, waste and abuse. These required steps may entail control procedures that extend beyond what agencies currently may be conducting for federally funded programs. Key accountability objectives include

- Program/Economic Outcomes Achieved,
- Competitive Opportunities Maximized,
- Waste, Fraud and Abuse Identified and Minimized,
- Funds Obligated/Expended Timely,
- Improper Payments Minimized, and,
- Timely and Accurate Data Reporting.

Refer to *Section 3—Governance, Risk Management, and Program Integrity* (pp. 29-37) and *Appendix 4* (pp. 85-86) of the OMB's April 3<sup>rd</sup> **Updated**

**Implementing Guidance for the American Recovery and Reinvestment Act of 2009** posted on DOA's stimulus webpage.

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## Readiness Assessments

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### Risk-Based Assessments

The ARMICS documentation referenced above must be available for review, upon request, by DOA ARMICS and Financial Reporting Quality Assurance staff.

DOA plans to conduct agency readiness assessments in most agencies expecting to receive ARRA funds. The review schedule will be prioritized based upon relative risks identified including

- the amounts of funds expected to be received,
- previous related audit findings, and
- other risk factors yet to be determined.

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## Readiness Assessments, Continued

### GAO Readiness Questions

The General Accountability Office (GAO) announced the selection of 16 states and some of these states' localities to be followed over the next few years to provide an ongoing analysis of the use of funds under the ARRA. Although Virginia was not one of the 16 states, GAO will also be reviewing reports from all 50 states as part of its oversight responsibilities.

In conjunction with its reviews, the GAO has been asking the states and localities it has been working with a number of questions that are posted on DOA's stimulus webpage: [http://www.doa.virginia.gov/Stimulus/Stimulus\\_Information.cfm](http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm). These questions provide valuable insight into the accountability and transparency expectations governing ARRA funds. Each question is identified as having been asked to the various central entities including the Governor (or designee), Recovery Czar, State Auditor, State Budget Director, State Comptroller, Chief Information Officer, Chief Procurement Officer, and State Treasurer. However, questions are also directed to program areas including Community and Economic Development, Education, Health, Highways and Transportation, Homeland Security, Housing, Social Services, and a State Evaluation Entity.

**Agencies and institutions receiving ARRA funds must develop answers to these questions and retain the answers on file and available for review by DOA staff during the readiness assessments.**

## Reporting Strategy

### CARS Fund Reporting

While many questions remain unanswered regarding specific requirements and additional information will be forthcoming from the federal cognizant agencies in the coming weeks, the Commonwealth has developed a strategy to accommodate the currently-known reporting requirements.

As agencies receive ARRA funds, these funds must be maintained and reported separately from existing federal funds. To accomplish this requirement, the following steps are being taken:

Step	Action
1	Separate fund/fund details will be established in the Commonwealth's Accounting and Reporting System (CARS) in the federal fund (Fund 10) and in the 12XX and 13XX series, as needed.
2	Each separate ARRA program will be assigned a CARS fund/fund detail based upon the Catalog of Federal Domestic Assistance (CFDA) number.

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## Reporting Strategy, Continued

Step	Action
3	If ARRA funds are received for existing federal programs, the agency must still identify the ARRA funds and report these amounts separately in the unique ARRA CARS fund/fund detail.
4	If there are numerous purposes within each ARRA CFDA program, then agencies will need to use unique project codes in the ARRA CARS fund/fund detail to track the individual activity.

### CARS Disbursement Processing

With the exception of disbursements to individuals (e.g. unemployment compensation), agencies will generally be required to separately identify the recipient of all ARRA disbursements. To accomplish this reporting requirement, the following steps are being taken:

Step	Action
1	Agencies must record all ARRA disbursements in the appropriate CARS fund/fund detail(s) previously discussed.
2	Since individual ARRA transactions must retain the specific recipient identity, agencies must record the detailed transactions in CARS to the established ARRA fund/fund detail.  As such, agencies will not be allowed to record transactions affecting ARRA funds via Agency Transaction Vouchers (ATV) or Interagency Transfer Vouchers (IAT) in order to retain the required transparency.
3	Agencies must provide the information currently required pursuant to the Federal Funding Accountability and Transparency Act (FFATA) to the appropriate federal cognizant agency and any additional ARRA reporting specified by OMB.

### Assignment of ARRA CARS Fund/Fund Detail

DOA will assign a specific ARRA CARS fund/fund detail number for each ARRA CFDA number and will make this listing available on the DOA website at [http://www.doa.virginia.gov/Stimulus/Stimulus\\_Information.cfm](http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm)

**Prior to either receiving ARRA funds, executing purchases or recording any disbursements that will ultimately be paid with ARRA funds,** agencies must notify DOA to have the specific ARRA CARS fund/fund detail established for their individual agency. Agencies must coordinate with the Department of Planning and Budget to obtain the necessary appropriations and allotments prior to disbursing any ARRA funds. In order to address the timing issues pertaining to cash flows, DOA will remove all CARS cash controls for the ARRA CARS fund/fund details. DOA will monitor the cash balances in the ARRA CARS fund/fund details to ensure agencies draw down the ARRA funds timely.

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## Reporting Strategy, Continued

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### Sub-Recipient Information

ARRA reporting requirements apply to the prime recipients of Federal funding, which in many cases are state agencies and institutions. Prime recipients are responsible for reporting on their use of funds as well as any sub-awards, including sub-grants and subcontracts. The data elements proposed for reporting prime recipient and sub-recipient activity under Section 1512 of the ARRA have been published by OMB and are contained within Appendix 9 of the April 3 Updated OMB Implementation Guidance, which is posted on DOA's stimulus webpage at [http://www.doa.virginia.gov/Stimulus/Stimulus\\_Information.cfm](http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm).

Under these requirements, prime recipients and their sub-recipients (non-individual, first-tier) must maintain current registrations in the Central Contractor Registration (CCR) during the period in which they have active ARRA awards. A Dun and Bradstreet Universal Numbering System (DUNS) Number is one of the requirements for registration in the CCR.

As these general data requirements become finalized, state agencies must be aware that federal agencies may issue specific additional programmatic data reporting requirements unique to their particular program.

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### eVA Requirements

Required ARRA reporting includes much information related to procurement activities. An on-going evaluation of eVA reporting requirements is being conducted by DPS to determine both the information that is currently available and potential reporting modifications to capture additional procurement data. Updates will be forthcoming as determinations are made.

In the meantime, it has been determined that all agencies and institutions of higher education are required to:

- Create eVA purchase orders for all ARRA-funded purchases and provide eVA all such data as may be required to satisfy ARRA reporting requirements.
  - Because the current eVA interface standards do not support all ARRA reporting requirements, such purchase orders must be created directly in eVA and not transmitted to eVA via the interface.
- Record the ARRA CARS fund/fund detail in the appropriate eVA purchase order accounting data fields to ensure consistent reporting of both the procurement and accounting transactions.

Although selected ARRA procurement reporting information is included in this bulletin, DPS will also be issuing guidance on ARRA procurement compliance and reporting requirements in separate procurement bulletins.

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## Future Reporting

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### Federal Reporting Deadlines and Approach

Federal guidance indicates that OMB plans to work with federal agencies to determine an appropriate method for collecting information from prime recipients for July 10, 2009, reporting. However, the statutory deadline of October 10, 2009, has been established to report cumulative ARRA activity, including sub-awards. Detailed reporting instructions will be made available at [www.FederalReporting.gov](http://www.FederalReporting.gov) no less than 45 days before the October 10 reporting deadline.

OMB reports that it plans to collect prime recipient ARRA reports centrally, including any additional information required by specific federal agencies choosing to collect additional data elements. However, OMB may grant exceptions to federal agencies to collect data outside of the central system.

The reporting data-flow model is clearly a work-in-process which will require careful monitoring by DOA and prime recipient agencies and institutions in the coming months. **However, OMB has clearly required States to assign a responsible office to oversee ARRA Section 1512 data collection to ensure quality, completeness, and timeliness of data submissions made by state agencies and institutions.** DOA will be contacting state agency personnel in the coming weeks to work out the details of this process.

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### ARRA Stimulus Bulletins

The Department of Accounts will continue to prepare periodic bulletins to distribute information as it becomes available.

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### ARRA Program Performance Reports

Required ARRA reporting includes significant performance and accountability reporting. DOA will be working closely with the Department of Planning and Budget to determine the applicability of providing central performance tracking and monitoring methods as more guidance is obtained from the federal government. In the meantime, agencies must carefully develop plans for meeting the performance and accountability requirements mandated by their federal cognizant agency, OMB, GAO, and the ARRA Oversight Board prior to initiating procurements and spending ARRA funds. Instructions regarding the process for appropriating ARRA funds will be communicated to agencies by the Department of Planning and Budget in a separate document.

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### ARRA Stimulus Directive

The specific CARS strategies outlined in this bulletin will not facilitate ARRA accountability and transparency goals for **Tier 3 higher education institutions, decentralized higher education institutions, or purchase card transactions** since CARS will not capture the required reporting details for these spending situations. In these instances, the affected agencies and institutions will provide this information via specialized template formats.

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## Future Reporting, Continued

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In addition, there are extensive reporting requirements associated with the ARRA funds that are not available in CARS. DOA is developing an ARRA Stimulus Directive to capture this required data. More information will be forthcoming as the template format and associated instructions are finalized.

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### Reporting Requirements Availability

DOA has added a page to its website to provide a central location for reporting requirements. This page will house links to

- key federal documents and ARRA related websites,
- all DOA-issued ARRA Stimulus Bulletins, and
- the ARRA Stimulus Financial Reporting Directive.

As additional reporting information becomes available, the applicable links will be included on this web page.

While DOA will attempt to provide agencies with key reporting information, agencies should continue to communicate with the applicable federal agencies and adhere to the federal reporting requirements, including ARRA, specific to their individual federal programs.

Further, agencies must realize there are many unanswered questions at this time. While ARRA reporting requirements will be included on both the federal and state websites, it is currently unclear who is actually responsible for populating these sites and the flow of information to and from these sites. DOA will communicate this information once these determinations are made.

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### Indirect Cost Recovery

DOA anticipates that indirect cost recoveries for ARRA programs will need to be identified and reported separately. DOA will establish the following funds and revenue source codes:

- **CARS Funds 1380, 1381, 1382, and 1383** to record indirect cost recoveries for ARRA programs, and
- **CARS Revenue Source Code 09076** to record the Statewide indirect cost recoveries for ARRA programs.

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## Future Reporting, Continued

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To prepare for the potential new reporting requirements for ARRA programs, DOA requests that agencies consider the feasibility of the following options:

1. Recovering a higher percentage of statewide and/or agency indirect costs as a result of additional funds received through ARRA programs (i.e., applying the current indirect cost recovery percentage to a larger pool of federal activity) and/or
2. The possibility of negotiating a higher indirect cost rate with your cognizant agency to increase recoveries to support statewide and agency ARRA accounting and transparency requirements.

DOA may solicit additional input from selected agencies to facilitate this potential reporting requirement. In addition, DOA will provide additional information as guidance becomes available.

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