



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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Administration of ARRA Funds

Administrative Set Aside

While ARRA allows an administrative set aside under some programs, agencies and institutions should not assume that such a set aside will be authorized when developing the program implementation plans. Agencies and institutions should work with the assigned Department of Planning and Budget (DPB) analyst to request a set aside. DPB in turn will work with the Governor's office to secure a decision through the normal process. No appropriation authority will be granted until the process is complete. If an agency or institution has already assumed an administrative set aside in the program funding distributions without written approval from DPB or the Governor's office, this process should be followed immediately.

Implementation Plans

Agencies must submit to the Chief of Staff, through the appropriate cabinet secretary, recommended implementation plans for all ARRA programs, funding, and bonds. No project funding awards should be announced or made until the Governor's Office has had an opportunity to review and comment on such plans.

Reporting Process

OMB Guidance

On June 22, 2009, the Office of Management and Budget (OMB) issued **Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009** (available at http://www.doa.virginia.gov/Stimulus/OMB_ARRA_Reporting_Guidance.pdf). This document builds on previously issued guidance material, including clarifications and, in some cases, modifications to previously issued requirements. Specifically, the guidance:

- Answers questions and clarifies issues related to the mechanics and timing of recipient reporting required by ARRA.
- Introduces the web-based application designed by OMB for collection of ARRA information. Agencies and institutions will enter ARRA information using this application, referred to in the guidance as the Central Reporting Solution (<http://www.federalreporting.gov/>).
- Provides clarification regarding the information to be reported via the Central Reporting Solution and explains how this relates to information that will be included on www.recovery.gov.
- Instructs recipients on steps that must be taken to meet reporting requirements, including incorporation of sub-recipient reporting requirements.

The guidance includes a link (<http://www.federalreporting.gov/>) to the Central Reporting Solution; however, the application is not yet available. OMB expects to make it available for registration no later than August 17, 2009, with a first reporting deadline of October 10, 2009 (for cumulative reporting of all ARRA activity from February 17, 2009 through September 30, 2009). DOA will inform agencies/institutions as soon as the Central Reporting Solution becomes available.

Agencies and institutions receiving ARRA funds are required to register in the Central Contractor Registration (CCR) database and must have a Data Universal Numbering System (DUNS) number. Agencies/institutions will not be able to register on the Central Reporting Solution (<http://www.federalreporting.gov/>) until both are completed. In addition, DUNS and CCR numbers are required reporting elements for prime recipients and DUNS numbers are required for all sub-recipients. Therefore, agencies/institutions must ensure that all sub-recipients have a valid DUNS number. Note that vendors are not required to obtain a DUNS number.

Note: The Central Reporting Solution will be used to collect information for compliance with ARRA Section 1512 reporting requirements. Individual federal agencies may require recipients to report information in addition to items reported via the Central Reporting Solution (<http://www.federalreporting.gov/>). Agencies/institutions must ensure compliance with any additional requirements promulgated by the federal funding agencies.

Reporting Process, continued

Prime Recipient Defined

For disbursements made directly from the federal government to any of the Commonwealth's agencies or institutions, the Commonwealth of Virginia as a whole is considered the prime recipient. However, the Commonwealth has chosen to decentralize ARRA reporting to the agency/institution level. The agency/institution that receives the initial award (whether from the federal government or from a non-state entity such as the Nature Conservancy) will be responsible for reporting ARRA information via the Central Reporting Solution (<http://www.federalreporting.gov/>).

Because the Commonwealth of Virginia is the prime recipient, agencies and institutions must be aware that pass-through of funds from one state agency to another state agency does not represent a sub-recipient disbursement. For ARRA reporting purposes, a reportable transaction does not occur until funds are disbursed to a non-state entity (vendor, sub-recipient locality/non-profit, etc., or individual). See the **ARRA Reporting Example** section below for additional guidance related to pass-through of funds between state entities.

Sub-recipient information

OMB Option: OMB's June 22nd Guidance (referenced above) allows the prime recipient (the Commonwealth of Virginia) to delegate certain reporting responsibilities to sub-recipients. Under this scenario, sub-recipients would be required to enter information directly into the Central Reporting Solution (<http://www.federalreporting.gov/>) instead of providing required information to the state agency/institution for reporting. However, the state agency/institution would still be responsible for the accuracy, completeness and timeliness of all reporting requirements.

Commonwealth Policy: The Commonwealth will not adopt the optional OMB sub-recipient reporting delegation. Accordingly, agencies and institutions will generally **not** be allowed to delegate this responsibility to sub-recipients. Instead, each agency and institution will be required to enter sub-recipient information into the Central Reporting Solution (<http://www.federalreporting.gov/>). This policy will allow the Commonwealth (through accountable agencies and institutions) to better control the accuracy, completeness and timeliness of reported information. If agency/institution personnel believe that adherence to this policy will create an undue hardship, they should contact DOA to request an exception. DOA will be contacting agencies and institutions shortly to request a list of 1) all ARRA sub-recipients and 2) all state agencies to which ARRA funds will be disbursed.

Reporting Process, continued

Entry of Information into the Central Reporting Solution

OMB Options: OMB's June 22nd Guidance (referenced above) allows the prime recipient to enter data into the Central Reporting Solution (<http://www.federalreporting.gov/>) using one of the following methods:

Option 1 – Online data entry directly into the Central Reporting Solution (<http://www.federalreporting.gov/>). Under this option, the agency/institution would be required to manually key all information each quarter, within ten days after the end of the quarter.

Option 2 – OMB will make a Microsoft Excel spreadsheet template available at <http://www.federalreporting.gov/>. The user will be able to download this spreadsheet and populate the required data elements. When the Central Reporting Solution (<http://www.federalreporting.gov/>) becomes available (on October 1st, 2009 and on the first day after the end of each subsequent quarter), the user will be able to upload and submit the completed spreadsheet to meet Section 1512 reporting requirements.

Option 3 – Organizations may choose to submit required information via a properly formatted Extensible Markup Language (XML) file.

Commonwealth Policy: All agencies and institutions are required to use **Option 2** (the Microsoft Excel template) for reporting of ARRA Section 1512 data elements. Since OMB has not yet made the template available, DOA will create a draft template for agency/institution use as discussed in the **Quality Assurance Review** section on page 7 of this Bulletin. This template will be available no later than August 5, 2009, and DOA will notify agencies/institutions when the template is available at http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm. Agencies and institutions must use the DOA template until the OMB template is available. While DOA anticipates that the draft template will be similar to the final OMB template, agencies/institutions will need to copy information from the draft template to the OMB template before uploading to the Central Reporting Solution (<http://www.federalreporting.gov/>). This will lessen the likelihood of submission errors due to formatting differences.

ARRA Reporting Example

Example: Pass-through of Funds between State Agencies

In some instances, one state agency or institution receives funds from the federal government, and then subsequently provides all or part of these federal resources to another state agency or institution. Since the award documents and other pertinent information are maintained by the agency/institution that initially receives funds from the federal government, this agency/institution will be responsible for reporting ARRA information via the Central Reporting Solution (<http://www.federalreporting.gov/>). However, since the actual disbursements to sub-recipients/vendors are made by the agency/institution receiving the pass-through funds, personnel from the receiving agency/institution will need to provide appropriate information to the agency responsible for reporting.

For example, Agency A receives \$1 million in ARRA funds from the federal government. Agency A then provides \$750,000 to Agency B and \$250,000 to Locality C to carry-out award requirements. Agency B provides all \$750,000 to a contractor to procure services.

In this example, Agency A should record the following in CARS:

- \$1 million in federal revenue;
- \$750,000 transfer out (based on the pass-through accounting procedures for the amount provided to Agency B); and,
- \$250,000 in expenditures for the disbursement to Locality C.

Agency A will be responsible for ARRA reporting via the Central Reporting Solution (<http://www.federalreporting.gov/>) for the entire \$1 million disbursed. However, Agency B will have to provide Agency A with all required data elements related to the \$750,000 contractor payment and Locality C will have to provide Agency A with required sub-recipient and sub-recipient vendor data elements related to the \$250,000. OMB's Recipient Reporting Data Model (available on DOA's website at http://www.doa.virginia.gov/Stimulus/OMB_Supplement_2.pdf) includes all required data elements and descriptions of these elements. In addition to reporting via the Central Reporting Solution (<http://www.federalreporting.gov/>), Agency A will be responsible for all other reporting requirements as directed by the federal grantor agency.

Continuing the example, Agency B should record the following in CARS:

- \$750,000 transfer in (based on the pass-through accounting procedures for the amount received from Agency A);
 - \$750,000 in expenditures for the disbursement to a contractor.
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ARRA Reporting Example, continued

Example: Pass-through of Funds between State Agencies, continued

Agency B will also be responsible for any other non-ARRA Section 1512 federal reporting requirements as directed by the federal grantor agency or Agency A. As noted above, Agency B will not report ARRA information via the Central Reporting Solution (<http://www.federalreporting.gov/>), but Agency B will be responsible for providing Agency A with all information necessary to comply with ARRA reporting requirements.

Note: The \$750,000 pass-through of funds from Agency A to Agency B is **not** reported via the Central Reporting Solution (<http://www.federalreporting.gov/>). Since funds did not leave the Commonwealth (i.e., the prime recipient), no transaction is deemed to have occurred for ARRA reporting purposes. The \$750,000 is not reported until the disbursement is made to the contractor.

ARRA Training

Training

DOA is in the process of developing a training program to provide agencies and institutions with pertinent information related to ARRA, with a particular focus on ARRA Section 1512 reporting. More information will be forthcoming when the program is finalized.

ARRA Oversight

Readiness Assessments

As mentioned in Stimulus Bulletin #2009-01, DOA's Financial Reporting Quality Assurance staff has been conducting readiness assessments for agencies and institutions that have received, or expect to receive, ARRA funds. This process involved meeting with agency/institution personnel to discuss responses to questions provided by DOA in advance of the meeting and the agency/institution responses to the GAO site visit questions (available on DOA's website at http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm). The readiness assessment process is now complete. However, DOA will follow up on any issues noted during this process when performing the agency/institution's ARRA Quality Assurance Review (discussed on page 7).

ARRA Oversight, continued

Quality Assurance Reviews DOA is responsible for ARRA reporting oversight for the Commonwealth. As previously discussed, DOA will follow up with agencies/institutions to ensure completion of any pending items noted during the readiness assessment process. DOA will also review reporting information and materials at individual agencies and institutions during each quarter prior to the submission due dates. Because of the tight reporting deadline (ten days after quarter end), agencies and institutions will be expected to maintain the Microsoft Excel template showing the appropriate recipient, sub-recipient and vendor data elements. Agencies/institutions will be required to update this template at least monthly, within five days after the end of each month. As discussed above, the draft template will be available on DOA's website no later than August 5, 2009. This draft template must be used until the OMB template is available. The template and related supporting documentation must be maintained by the agency/institution and made available for review by DOA Quality Assurance Analysts. DOA plans to begin conducting these reviews beginning the week of August 17 to evaluate each agency/institution's capacity to ensure the required data elements are available, accurate and ready for compilation and entry into the Central Reporting Solution. The first Quality Assurance reviews will confirm that cumulative data for all ARRA activities from inception through July 31, 2009, has been provided.

ARRA 1512 Data Element – Congressional District

Congressional District Source One of the ARRA Section 1512 required data elements for prime recipients is reporting of the Primary Place of Performance (POP), including the Congressional District of the POP. The website for the United States House of Representatives includes a link (<https://writerep.house.gov/writerep/welcome.shtml>) that will provide the Congressional District for any zip code + 4 in the United States.

Schedule of Expenditures of Federal Awards (SEFA)

Modified SEFA Reporting The only significant change to the SEFA reporting templates results from the ARRA requirement to separate the ARRA funds from non-ARRA funds. Accordingly, agencies and institutions will be required to separately report ARRA funds on the fiscal year 2009 SEFA templates. The detailed instructions for the SEFA templates are located within the applicable annual financial statement directive located on DOA's website at http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm

ARRA Directive

Directive Format As mentioned in Stimulus Bulletin #2009-01, DOA plans to create an ARRA Directive to capture required ARRA information for the Commonwealth's website (<http://www.stimulus.virginia.gov/>). DOA will provide additional information after decisions are finalized regarding required data elements and determinations are made about the feasibility of leveraging information reported via the Central Reporting Solution. To the extent possible, DOA will design the Directive to minimize data entry by the agency/institution. The ARRA Directive will also provide a comprehensive source for the Commonwealth's ARRA accounting and reporting policies. Agencies/institutions should be aware that the Directive will likely require transaction level reporting of vendor and sub-recipient information for ARRA disbursements less than \$25,000. While this information is aggregated for ARRA Section 1512 reporting on the Central Reporting Solution, it is likely this information will be disaggregated for the Commonwealth's website.

Payroll Reporting

Payroll Bulletin #2009-11 The ARRA reporting requirements associated with coding payroll expenditures, recording information in PMIS, and reporting COBRA subsidies are outlined in DOA's Payroll Bulletin #2009-11 at http://www.doa.virginia.gov/Payroll/Payroll_Bulletins/Payroll_Bulletins_Main.cfm.

Budgetary Information

DPB Guidance The Department of Planning and Budget has issued separate guidance outlining the budget requirements associated with ARRA at <http://dpb.virginia.gov/forms/stimulus/AgencyInstructionsFedStim.doc>. If agencies and institutions have any questions regarding this guidance, contact the assigned DPB analyst.

GAO Bimonthly Reporting

GAO Reporting Requirement

As part of the ARRA, the United States Government Accountability Office (GAO) is required to perform bimonthly reviews of selected state and local governments to evaluate the use of funds. The first two reports have been issued and include information on:

- Uses and planning of ARRA funds
- Accountability Approaches
- Plans to evaluate the impact of ARRA funds received

While Virginia is not one of the selected states, much of the information available in these reports could prove beneficial in Virginia's ARRA activities.

Accordingly, agencies and institutions are strongly encouraged to review these bimonthly reports. The first two reports are located on DOA's website at

http://www.doa.virginia.gov/Stimulus/GAO_4_2009.pdf and
http://www.doa.virginia.gov/Stimulus/GAO_09_829.pdf.

Department of Justice Information

Antitrust Division Recovery Initiative

The Antitrust Division of the U. S. Department of Justice has launched a Recovery Initiative aimed at training government officials and contractors to recognize and report efforts by parties to unlawfully profit from stimulus projects. The Initiative principally involves training procurement and grant officials, government contractors, and agency auditors and investigators, on techniques for identifying the "red flags of collusion" before stimulus awards are made and taxpayer money is wasted. This information is available on the DOA website at

http://www.doa.virginia.gov/Stimulus/Stimulus_Information.cfm.
