

American Recovery and Reinvestment Act of 2009 (ARRA)



<http://www.recovery.gov/>

<http://www.recovery.arkansas.gov/>

State of Arkansas – Recovery Hotlines:

1-877-682-1515 (toll-free)

501-683-5767 (local)

IGS/BUDGET/ACCOUNTING INTERNAL PROCESSES FOR ARRA FUNDS

DFA – Office of Intergovernmental Services (IGS):

- Tab 1 – Application for Federal Assistance (SF-424) – FROM AGENCY
- Tab 2 – State Clearinghouse Application Supplement – FROM AGENCY
- Tab 3 – Compliance & Monitoring Report/Agency Notification – TO AGENCY
- Tab 4 – State Clearinghouse Fiscal Review & Comment Form – TO BUDGET

DFA – Office of Budget:

- Tab 5 – Tracking Form/Check List
- Tab 6 – Certification of Income (COI) Form – FROM AGENCY
- Tab 7 – Miscellaneous Federal Grant (MFG) Form – FROM AGENCY
- Tab 8 – Cost Center Request Form – FROM AGENCY

DFA – Office of Accounting:

- Tab 9 – Project Definition/WBS Elements – TO AGENCY
- Tab 10 – Create Fund Form – FROM BUDGET
- Tab 11 – Create Funds Center Form – TO BUDGET
- Tab 12 – Method of Finance (MOF) Form – FROM AGENCY
- Tab 13 – Compliance Audit
- Tab 14 – Fraud Reporting
- Tab 15 – Accounting Entries/Reporting

Competitive/Discretionary Grants:

DFA – Office of Intergovernmental Services:

- IGS forwards a copy of the Application for Federal Assistance (SF-424), State Clearinghouse Application Supplement, and State Clearinghouse Fiscal Review and Comment Form to DFA-OB for analysis to determine appropriation needs;
- Budget Analyst and Budget Administrator sign off on Fiscal Review and Comment Form;
- DFA-OB will return a copy of the signed Fiscal Review and Comment Form to IGS in .pdf;
- Agency completes and returns to IGS the Compliance & Monitoring Report, leaving #3 - Fiscal Control Number (i.e. AASIS Project Definition) and #4 – ARRA Clearinghouse Number (IGS unique tracking number from database) blank;
- Agency receives notification of award and sends a copy of award notification to IGS;
- IGS forwards a copy of the agency's award notification to DFA-OB, OA and CAFR Section;

DFA – Office of Budget:

- Receipt of award notification by DFA-OB will initiate request for Certification of Income and Cash Increase Letter / Miscellaneous Federal Grant (MFG) form for position and/or appropriation needs;
- **MFG/Cash Increase Letter is submitted to PEER and receives favorable review...**
- Agency can set up Project Definition and WBS element(s) in AASIS – this information is required for completion of Cost Center Request Form;
- Agency submits Cost Center Request Form to DFA-OB;
- DFA-OB verifies the agency has used the correct naming convention for Project Definition/WBS element(s) and works with the agency to correct errors as needed;
- DFA-OB approves the Cost Center Request Form;

DFA – Office of Accounting:

- DFA-OB attaches the original Cost Center Request Form and Create Fund Form (if needed) to the MFG form/Cash Increase Letter as part of the PEER packet for the *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)*;
- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will forward the Create Fund Form to *DFA-OA-CAFR Section (agency liaison/manager)* for approval and complete a Create Funds Center Form to establish new funds centers/sub-funds centers as needed;
- Once the funds center or sub-funds center and fund (if needed) have been created in AASIS, DFA-OB will determine what structure will be allowed below CI-52 and set that structure in AASIS;
- The *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will transfer the appropriation to CI-52 and give the original Cost Center Request Form to Danny Hurt for creation in AASIS;
- *DFA-OA (Danny Hurt/Beth Harris)* will create the cost center and take the original form to DFA-OB (Sandy Thomas) for assignment and send .pdf copies of all ARRA cost centers to *DFA-OA-CAFR Section (Linda Huck)* and IGS (Noele Douthitt);

DFA – Office of Budget:

- AASIS Service Center will notify DFA-OB (Sandy Thomas) when assignments are complete; Sandy will make note on the original form and return it to the Budget Analyst for that agency;
- ARRA approval process and check list is signed by the Budget Administrator, returned to the DFA-OB analyst, unblock document is completed by DFA-OB analyst and forwarded to *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* with a copy of the Certification of Income form and ARRA approval process and check list signed by the Budget Administrator;
- DFA-OB analyst parks document moving appropriation from CI-52 to spendable commitment items and takes to *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)*;

DFA – Office of Accounting:

- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will post the transfer document;
- If transfer is construction related, an approved Method of Finance (MOF) form will need to be on file with DFA-OA before document will be posted;
- ARRA approval process and check list is signed by the Accounting Administrator and a copy returned to the Budget Administrator;

Compliance Audit/Fraud Reporting:

DFA – Office of Accounting – Internal Audit

- Agencies receiving ARRA funds must file a preliminary internal audit plan with *DFA-OA Internal Audit Section (Ricky Quattlebaum/Anna Dowell)*;
- *DFA-OA Internal Audit Section (Ricky Quattlebaum/Anna Dowell)* will be available to assist agencies without internal audit functions in the development of their plan.

Accounting Entries/Reporting:

DFA – Office of Intergovernmental Services / DFA – Office of Accounting – CAFR Section

- Reporting category requirements for ARRA funds at the sub-recipient level.

Formula Grants – FY2010 Appropriation Act:

DFA – Office of Intergovernmental Services:

- Agency receives notification of award and sends a copy of award notification to IGS;
- IGS sends notification of receipt of application along with Compliance & Monitoring Report back to agency;
- IGS forwards a copy of the agency's award notification to DFA-OB, OA and CAFR Section;

DFA – Office of Budget:

- Receipt of award notification by DFA-OB will initiate request for Certification of Income and Cost Center Request Form for sub-funds center;
- Agency can set up Project Definition and WBS element(s) in AASIS – this information is required for completion of Cost Center Request Form;
- Agency submits Cost Center Request Form to DFA-OB;
- DFA-OB verifies the agency has used the correct naming convention for Project Definition/WBS element(s) and works with the agency to correct errors as needed;

DFA – Office of Accounting:

- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will complete a Create Funds Center Form to establish a sub-funds center for CI-52 if one has not already been established;
- DFA-OB brings the original Cost Center Request Form and Create Fund Form (if needed) to the *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)*;
- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will forward the Create Fund Form to *DFA-OA-CAFR Section (agency liaison/manager)* for approval;
- Once the funds center or sub-funds center and fund (if needed) have been created in AASIS, DFA-OB will determine what structure will be allowed below CI-52 and set that structure in AASIS;
- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will give the original Cost Center Request Form to Danny Hurt for creation in AASIS;
- *DFA-OA (Danny Hurt/Beth Harris)* will create the cost center and take the original form to DFA-OB (Sandy Thomas) for assignment and send .pdf copies of all ARRA cost centers to *DFA-OA-CAFR Section (Linda Huck)* and IGS (Noele Douthitt);

DFA – Office of Budget:

- AASIS Service Center will notify DFA-OB (Sandy Thomas) when assignments are complete; Sandy will make note on the original form and return it to the Budget Analyst for that agency;
- ARRA approval process and check list is signed by the Budget Administrator, returned to the DFA-OB analyst, unblock document is completed by DFA-OB analyst and forwarded to *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* with a copy of the Certification of Income form and ARRA approval process and check list signed by the Budget Administrator;
- DFA-OB analyst parks document moving appropriation from CI-52 to spendable commitment items and takes to *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)*;

DFA – Office of Accounting:

- *DFA-OA Accounting Division Manager (Lisa Wilkerson/Linda Hehemann)* will post the transfer document;
- If transfer is construction related, an approved Method of Finance (MOF) form will need to be on file with DFA-OA before document will be posted;
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Compliance Audit/Fraud Reporting:

DFA – Office of Accounting – Internal Audit

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- *DFA-OA Internal Audit Section (Ricky Quattlebaum/Anna Dowell)* will be available to assist agencies without internal audit functions in the development of their plan.

Accounting Entries/Reporting:

DFA – Office of Intergovernmental Services / DFA – Office of Accounting – CAFR Section

- Reporting category requirements for ARRA funds at the sub-recipient level.



STATE OF ARKANSAS

**MIKE BEEBE
GOVERNOR**

March 24, 2009

Dear Recovery Cabinet:

Thank you for your continued commitment to the State of Arkansas and our Recovery and Reinvestment Act. As you know, the American Recovery and Reinvestment Act of 2009 (ARRA) presents our State with a remarkable opportunity to advance projects and initiatives that will promote jobs and future growth within our State.

During the initial meeting of the Arkansas Recovery Cabinet, Governor Beebe emphasized the need for absolute accountability in the process of allocating stimulus funds. We have now reached the point that projects are being certified and the federal government is beginning to release funds. The Governor has promised Arkansans that this process will be completely transparent, and we will uphold that promise to the fullest.

Arkansans expect a timely and accurate accounting of every federal dollar received by our State. Providing this will require specific action by your respective agencies. Attached, please find the Governor's Guidance regarding the measures established by the Department of Finance and Administration (DF&A). These measures, along with the accounting and auditing procedures outlined within the ARRA, provide the framework for accounting for the stimulus funds flowing into our State. Once you have read and understood these guidelines, please complete and return the attached compliance acknowledgement form. This compliance will continue to be updated as needed, and you will also be able to access this document at Recovery.Arkansas.gov and via the DFA-OA-IA Web site. We will be reviewing these guidelines in greater detail with each affected agency, but for immediate questions about accounting measures, please feel free to contact Paul Louthian at (501)682-1515 or Ann Purvis at (501)682-5242 with DF&A.

In addition to this Guidance, our office asks that you submit a timeline, specific to your agency's recovery efforts, by Monday, March 30. It should include dates for any certifications or letters of assurance, report deadlines, and program funding announcements. Further, before State Agencies submit funding proposals, plans, or applications to federal agency counterparts, these must first be signed-off on by the State Recovery Office. Please also note that all funding and program announcements will be coordinated to the public through the Recovery Office, as well. I emphasize the importance of these measures to the success of our State.

As I have mentioned to many of you before, I will begin conducting weekly meetings with impacted state agencies to discuss ARRA implementation and to address any problems or questions. Amanda Richardson will follow up with your office about setting the meeting times, and I will follow up with an agenda to be used at the meeting.

Again, I thank you for your cooperation, hard work, and dedication to this effort that will ensure that our State reaps the full benefit of the stimulus funds and strengthens our ability to keep Arkansans at work. If you have questions or concerns, please contact me at (501)683-6424 for further direction.

Sincerely,

A handwritten signature in black ink that reads "Chris Masingill". The signature is written in a cursive, flowing style.

Chris Masingill
State ARRA Implementation Officer

CM: amr/jb



Office of Governor Mike Beebe
American Recovery and Reinvestment Act of 2009
State Agency Compliance Guide
Version 1, as of March 24, 2009

The Department of Finance and Administration has established transparency measures, as well as auditing and accounting procedures for all aspects of federal spending related to the American Recovery and Reinvestment Act of 2009 (ARRA). The accountability and transparency will be accomplished utilizing the current framework and structures supported by the State's Accounting System. As explained below, agencies will utilize current tracking mechanisms to segregate the funds received and expenditures made from ARRA funds as required by the DFA Offices of Budget and Accounting. Agencies that receive additional funding in a program as an increased cap or allotment must also request a Miscellaneous Federal Grant (MFG) for these additional funds so that reporting for them can flow through the special commitment item 590:00:52 as an expenditure. These expenditures must not be comingled with the appropriation provided for the program prior to the increased cap or allotment.

Moreover, all appropriation related to ARRA will be blocked until all control mechanisms are in place and verified by the Department of Finance and Administration, (DFA).

DFA Office of Accounting - Internal Audit will work with every state agency to implement additional requirements to mitigate the risk of fraud and waste inherent in attempting to fund programs in the aggressive manner required by the Act. DFA Office of State Procurement will expedite state agency ARRA requests and publish a report of those contracts.

DFA Office of Intergovernmental Services will operate the Arkansas Office of Recovery and Reinvestment Act that will be the ARRA clearinghouse for information on programs and projects. The Arkansas Recovery Web site, <http://www.recovery.arkansas.gov>, has been designed to provide transparency regarding the allocation and expenditure of the ARRA funds. The Arkansas ARRA Office will assist agencies in updating information on the Web site, post the projects for citizen comments, answer questions regarding programs or projects, and support agencies in reporting the information required by ARRA. As indicated by the federal Office of Management and Budget, the ARRA unique reporting requirements are currently being reviewed for the various spending levels of programs and projects. The Arkansas ARRA Office will notify state agencies of guidance issued by OMB.

Audit

State agencies will be required to file a preliminary compliance audit plan covering the programs and grants that will receive funding from the ARRA.

The plan must detail the monitoring or compliance work to be done in the next 27 months to comply with the requirements of the ARRA and the State of Arkansas Accounting and Budgeting Procedures law.

The preliminary compliance audit plan must be postmarked within 20 days of this letter outlining these requirements.

- Within 15 days of issuance of guidance for compliance requirements by the federal cognizant agency, the State agency will have a final compliance audit plan finished and submitted to the Department of Finance and Administration (DFA) Office of Accounting - Internal Audit.
- DFA will review the audit plan and make recommendations for change as necessary. Further guidance will be provided on the DFA –OA - IA Web site.

State agencies that have Internal Audit functions will be required to assign adequate staff to perform internal audits sufficient to mitigate the risk of fraud or abuse of the funds from the ARRA.

- Agencies will report their audit results and corrective action plans to the DFA - Office of Accounting within 30 days of the end of the grant-reporting period (i.e. quarterly).

State agencies that do not have internal auditors will receive assistance from the DFA – Office of Accounting - Internal Audit staff in devising a plan for compliance testing and provide guidance to the agency personnel that will monitor the programs.

- DFA will assist the agency in developing corrective actions necessary to mitigate risk at the program level.

DFA – Office of Accounting will provide additional specific guidance about accounting procedures and audit compliance as further information is provided by the federal government through letters and additional postings on the DFA Web site.

Office of Accounting / Office of Budget

Accounting and Financial Reporting Issues

State agencies utilizing AASIS, except for the Department of Human Services and the Health Department, will use WBS elements for project accounting to track revenue and expenditures. The framework and naming conventions will be provided by DFA for the agency to use in naming the WBS element to apply for cost center assignment.

1. The WBS elements assigned to the ARRA Act funds must have ARRA as the first four letters following the business area in the naming convention.
 - a. At least two level 2 WBS elements must be used for proper tracking.
 - i. One WBS element will be used for the Revenue and Transfer of Funds accounting;
 - ii. The second WBS element will be used to record the expenditures.

- iii. An additional WBS element will need to be used for any payments to sub-recipients.

DFA will provide the agencies with the naming conventions for projects and WBS elements in a separate letter and will post the information on the DFA – OA Web site.

The Department of Human Services and the Health Department will continue to use Internal Orders for tracking purposes to support their cost-allocation systems. New Internal Orders must be assigned to track the ARRA receipts and expenditures separately.

- 2. New general ledger codes for federal revenue and transfers will be established in AASIS for tracking purposes.
 - a. The revenue code will be 4050005000 titled “Federal Funds – ARRA”.
 - b. The funds transfer codes will be the following:
 - i. 6060009800 – “Inter Agency Federal ARRA Transfer In (InterAg FedRA X In)”,
 - ii. 6061009800 – “Inter Agency Federal ARRA Act Transfer Out (InterAg FedRA X Out)”,
 - iii. 6060009900 – “Intra Agency Federal ARRA Transfer In (IntraAg FedRA X In)”,
and
 - iv. 6061009900 – “Intra Agency Federal ARRA Transfer Out (IntraAg FedRA X Out)”.

The non-spendable commitment item, 590:00:52, will be used to track allowable expenditures.

Appropriation transfers will be made to sub-funds centers for agencies to utilize for spending purposes. New sub-fund centers will require new cost centers.

Budget structure within AASIS will be utilized to control appropriation transfers to spendable commitment items.

With approval from the Governor’s office, any new competitive or discretionary grants or existing grants that require additional position requests will be processed **exclusively** through the existing Miscellaneous Federal Grant (MFG) process. Such position requests will be reviewed by the DFA – Office of Personnel Management as is currently done.

All appropriation related to ARRA will be blocked until all control mechanisms are in place and verified by the Department of Finance and Administration.

Office of Intergovernmental Services

The State Clearinghouse is the **single point of contact** for coordinating public review of applications for federal funding assistance available from the various federal government agencies to units of state and local governments, as well as to private for-profit and private nonprofit organizations. The State will use this review process to provide the people of Arkansas an opportunity to review and comment on the programs and projects funded by ARRA.

Ark Code §19-7-604 requires that all applications for federal funds for grants, aids and reimbursements originated by a state agency, board, commission, department or institution (state agencies) shall be submitted to DFA Office of Intergovernmental Services (IGS) prior to their submission to the granting source.

State Agencies are responsible for providing information as requested by the Arkansas ARRA Office in order to keep project information current on www.arkansas.recovery.gov, for having staff available to respond to citizen comments and program information requests, and for filing the ARRA monthly project report. By the fifth day of the end of a quarter, agency directors shall certify to the Arkansas ARRA Office that the information contained in the Arkansas Reporting American Recovery and Reinvestment Act is current and accurate.

ARRA Application for Federal Assistance

Initial Process

- In order to comply with State and federal reporting and audit requirements for ARRA, a state form has been developed, 'Arkansas Reporting Form for American Recovery and Reinvestment Act of 2009' (electronic form available the week of 3/23/2009);
 - The federal SF 424 form Application for Federal Assistance (OMB SF 424) will continue to be used, as well;
- For tracking purposes, the federal government will assign new CFDA (Catalog of Federal Domestic Assistance Number) for ARRA federal funds, which the state agency will provide on the forms;
- Agency will submit notice of award to IGS. IGS will forward copy of award to Office of Budget to initiate OB's contact with the agency for submission of a cost center assignment form. The agency shall follow the Project Definition and WBS element(s) naming conventions as outlined in the guidelines provided by DFA-Office of Accounting. IGS will input the Project Definition name into the program/project tracking system;
- An abbreviated review and comment period will be used for ARRA projects;
- For competitive programs (preliminary proposals), the state agency shall notify the State Clearinghouse the amount of the federal award.

Reporting requirements:

- Agencies will be required to update monthly and complete Arkansas ARRA Quarterly Project reports online at www.recovery.arkansas.gov.
- The State Clearinghouse shall make the project information available to the public.

All documents, announcements, and agency Web sites regarding ARRA programs and projects shall have the federal recovery logo and the state recovery logo affixed as indicated below:



**American Recovery and Reinvestment Act of 2009
Justice Assistance Grant**



Guidelines for agency ARRA Web pages may be found at:

www.recovery.arkansas.gov/websiteguidelines

Office of State Procurement

ARRA Instructions for Procurement

Design Professionals for Construction Projects

A list of qualified Design Professionals will be located on the Office of State Procurement Web site. When needed, each state agency will select qualified firms from the list to conduct interviews to determine the awarded design professional. There shall be no less than three (3), and no more than five (5), finalists selected for interviews.

To insure that the appropriate type of design professional is selected for each project, agencies subject to ABA review shall submit a brief description of the project scope and type of design services desired to the ABA State Architect and State Engineer for review prior to selecting firms for interview. If an agency chooses not to use this list, it may follow existing procedures. Both offices are working to condense the process to meet the ARRA timelines. Legislative changes are being requested to further compress the timelines for review, etc. As those changes progress, they will be communicated to the agencies.

Information and lists may be found at http://www.arkansas.gov/dfa/procurement/pro_contracts.html , the statewide contract page.

Existing Contracts

Governmental entities may procure commodities or services from an existing statewide contract from the Office of Procurement's website:

http://www.arkansas.gov/dfa/procurement/pro_contracts.html.

Formal Solicitations

Agencies whose formal solicitations (>\$25,000) are processed by the Office of State Procurement must identify the solicitation as one funded by the American Recovery & Reinvestment Act. These solicitations will be expedited to insure timelines are met.

Sole Source

Agencies that are required to have the Office of State Procurement's approval on a sole source purchase should identify it as one funded by the American Recovery and Reinvestment Act. Proper documentation must be submitted with purchase order for review. Follow the guidelines provided at:

<http://www.arkansas.gov/dfa/procurement/documents/policysolesourcepurchases0806.pdf>

Minority Participation

The State of Arkansas supports equal opportunity, as well as economic development, in every sector. We encourage agencies to support to the fullest all possible participation of firms owned and controlled by minority persons in the purchase of goods and services for the State.



Office of Governor Mike Beebe
American Recovery and Reinvestment Act of 2009
Arkansas State Agency Deadlines
Updated: March 24, 2009



- ❖ Prior to drawing down ARRA federal funds or when applying for those funds:
 - File the Arkansas Reporting Form or enter the information online and submit to the Arkansas Recovery Office;
 - Do not access or expend funds until your agency receives notification from the Office of Budget; and
 - If applicable, forward federal award notification to the Arkansas Recovery Office.
- ❖ File the Preliminary Audit Plan within twenty (20) days of the date of the cover letter to the DFA Office of Accounting-Internal Audit.
- ❖ Within 15 days of issuance of guidance for compliance requirements by the federal cognizant agency, the State Agency shall file a final compliance audit plan with DFA Office of Accounting-Internal Audit.
- ❖ State agencies with adequate staff shall perform internal audits sufficient to mitigate the risk of fraud and abuse, and submit findings and corrective action plans within 30 days of the end of the quarterly grant-reporting period.
- ❖ State Agencies shall update program and project information on a monthly basis in the Arkansas Reporting American Recovery and Reinvestment Act Web application.
- ❖ By the fifth day of the end of a quarter, agency directors shall certify to the Recovery Office that the information contained in the Arkansas Reporting American Recovery and Reinvestment Act is current and accurate.



Office of Governor Mike Beebe
American Recovery and Reinvestment Act of 2009
State Agency Compliance Guide

Compliance Acknowledgement Statement

I understand that my signature on this document indicates that I have read the State Agency Compliance Guide for the American Recovery and Reinvestment Act of 2009 and will comply with the requirements therein. My department will cooperate fully to insure that the required accountability and transparency measures are met.

Printed Name (Director/Head of Agency)

Department/Agency

Signature

Date

The original signed acknowledgement shall be returned by April 3, 2009, to Amanda Richardson, Office of the Governor, State Capitol, Suite 238, Little Rock, AR 72201.