

Getting It Right the Last Time

ARRA Audit Readiness and Reporting



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About Fedarra

- Federal system administration, reporting and audit readiness services for federally funded organizations
- Full-service expert based solutions (not software)
- Thousands of federal reports completed annually for hundreds of clients
- First reporter in nation in every ARRA reporting period
- 100% satisfaction guarantee
- Veteran-owned small business
- Telephone: 877-281-2772 Website: www.fedarra.com

Agenda

- **ARRA background and compliance**
- **ARRA audit readiness hints and tips**
 - Audit Basics
 - The ARRA extras
 - Mastering the “citizen” audit
 - Changes to the annual audit
 - Audit documentation
- **Getting it right last time**
- **ARRA impact on future funding**

ARRA Background

- **The Federal Funding Accountability and Transparency Act of 2006**
- **The American Recovery and Reinvestment Act of 2009 (ARRA) funds are viewed as a high audit risk**
- **Multiple oversight agencies**
 - Recovery Accountability and Transparency Board (RATB)
 - Office of Management and Budget (OMB)
 - Office of the Inspector General (OIG)
 - General Accountability Office (GAO)
 - Federal Agencies
 - State Agencies
- **Transparency makes ARRA different**

What Every Auditor Wants

- **Proper accounting of funds**
- **Compliance with Federal internal control standards**
 - **Control Environment**
 - **Risk Assessment**
 - **Control Activities**
 - **Information and Communications**
 - **Monitoring**
- **A demonstration of management capacity**

The ARRA Extras

- **Active CCR accounts – prime and sub-recipient**
- **On-time quarterly reporting**
- **The “citizen” audit**
- **Extreme sensitivity to job creation**
- **Additional compliance criteria**
 - **Section 1512 - mandates quarterly reporting**
 - **Section 1553 – whistleblower protections**
 - **Section 1605 – Buy American**
 - **Construction, maintenance, and repair projects**
 - **Iron, steel and manufactured goods**
 - **Section 1606 – Davis-Bacon requirements**
 - **Prevailing wage for all laborers and mechanics**
 - **Section 1609 – NEPA reviews completed expeditiously**
- **Additional ARRA funding may trigger an A-133 Single Audit**

ARRA Impact on A-133 Guidelines

- The 2010 OMB A-133 Compliance Supplement was issued in late July
- ARRA funds are considered a higher audit risk
 - New transparency requirements
 - Management capacity to handle additional funds effectively
- Focal areas
 - Separate accountability of ARRA funds
 - Timesheets
 - ARRA 1512 reporting timeliness and accuracy (federalreporting.gov and CCR)
 - Buy American contract language
 - Agency waivers
 - Double check obligation and expenditure dates
- Not required to test job accuracy

“The single audit process will be a key factor in the achievement of the following accountability objectives in the OMB Guidance: (1) the recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner; and (2) funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated. “

Follow the Money - ARRA

- **Avoid co-mingling of ARRA funds with other funds**
- **Monitor spending for unnecessary delays and cost overruns**
- **Carefully review the monthly and quarterly numbers:**
 - **Make sure reported expenditures match the government funding systems**
 - **List all vendors with contracts of at least \$25,000**
 - **Count all payments made to vendors receiving less than \$25,000**
 - **Eliminate inconsistencies before report submission**

Understanding Job Impact

- **Review funding agency guidelines on job estimates**
- **Key questions:**
 - What kind of work was done this quarter?
 - How many people and for how long?
 - Full time work?
 - ARRA funded?
- **Validate the report and carefully review any warnings**
- **Don't use a generic formula**
- **Does the answer make sense?**

Mastering the Citizen Audit

- **Only 25% of reports meet GAO transparency criteria (May 2010)**
- **GAO's transparency evaluation criteria**
 - General purpose of award and amendments
 - Nature of project
 - Location
 - Cost
 - % complete
 - Outcomes – planned and achieved
 - Scope (e.g. how many units impacted)

Mastering the Citizen Audit

- **Integrate latest agency guidance**
- **Award description – benefits and scope changes**
- **Quarterly Status Report**
 - Tell your story!
 - Key activities accomplished
 - Measurable outcomes tied to agency guidance
- **Job Impact Analysis**
 - Types of jobs created
 - Process used to estimate job impact – OMB 10-08
- **Publishing your success story**
 - Brief your board
 - Local news coverage
 - Sharing with the national Recovery Board

Audit Documentation Readiness

- **Keep a separate set of files for ARRA funding**
- **Start with standard contract and financial documentation**
- **Each quarter produce a single set of ARRA 1512 and agency report documentation**
 - **Separate and document roles and responsibilities**
 - **Establish a report preparation log**
 - **Give more information on the job estimation process and keep supporting documents**
 - **Explain the “judgment calls”**
 - Highly compensated
 - Infrastructure
 - Sub-award or Vendor
 - **Keep system confirmation and reviewer emails**
- **Keep records in a secure off-site facility**

Getting ARRA Right the Last Time

- Keep your oversight board informed and involved
- Document the public benefits in the ARRA 1512 report
- Close out the grant in all systems
- Validate the final job numbers
- Review final supporting paperwork on Davis-Bacon, Buy American and job creation
- Review sub-recipients and vendor documentation
- Archive the records
- Author an ARRA success story for local media and the Recovery Board

ARRA's impact on future funding



Questions

Contact Us

We can help!

Fedarra

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