

## **Operating Procedures to Manage ARRA funds (revised 7/30/10)**

Within our Banner, we must separately track expenditures related to Recovery Act funding. In some cases, we may need to use Recovery Act funds in conjunction with other funds to complete project. We may do so, but we must separately track and report the use of the Recovery Act funds for these project.

### **Fund Set:**

Sponsored Programs Administration will flag these awards on the blue award sheet. Funds will start with 35

Division will be identified by the third digit

- 350 MSU Funds
- 351 CVM Funds
- 352 MAFES Funds
- 353 FWRC Funds
- 354 MSU-ES Funds

Funding agencies will be identified by the last three digits

### **Supplements:**

ARRA supplement to an existing award that is non-ARRA:

On FZMSPGB, a field will be checked and the Parent fund identified if a supplement to an existing project.

How is managing ARRA funds different from managing non-ARRA funds:

PI/Department will need to pay detailed attention to managing ARRA supplements. In managing ARRA supplements, P/Department may:

- \*NOT carryover unobligated ARRA funds to parent grants
- \* NOT rebudget between non-ARRA parent grants and ARRA supplements
- \*NOT separate budget tracking from the parent grant

PI/Departments must:

- \*report ARRA supplements separately from the parent award
- \*spend ARRA supplements by the end date on the supplement not the parent.

### **Prime Recipients:**

Prime Recipients are non-Federal entities that receive Recovery Act funds as Federal awards in the form of grants, loans, or cooperative agreements directly from the Federal government. Payments made by prime recipients of Federal award dollars can be classified into two categories – payments to sub-recipients and payments to vendors.

The prime recipient is ultimately responsible for the reporting of all data required by Section 1512 of the Recovery Act and the OMC Guidance, including the FFATC data elements for the sub-recipients of the prime recipient required under 1512(c)(4). Prime recipients may delegate certain reporting requirements to sub-recipients.

## **Sub-recipient:**

Sub-recipient is a non-Federal entity that expends Federal awards received from another entity to carry out a Federal program but does not include an individual who is a beneficiary of such a program.

## **Human Resources Management (HRM) Instructions:**

1. A Position Approval Request Form (PARF) should be completed and submitted for administrative and HRM approval to hire employees that will be assigned to the ARRA Grant. Approval of the PARF must be obtained in advance of any work being performed by an employee on the grant.
2. The PARF requires fund number(s) information
  - a. The ARRA fund number information must be obtained prior to completing the PARF
  - b. The ARRA fund number information must be accurately listed on the PARF
  - c. A new required field will be added to the PARF
    - i. Will funds from an ARRA Grant be used to pay the salary for this position  
(Yes, No)
  - d. The position number for new positions must be obtained in advance from the Budget Office and correctly listed on the PARF
3. The above procedures must be followed whether the position is to be posted and advertised or filled through an approved waiver.
4. Reporting
  - a. An estimate of the number of jobs created and the number of jobs retained by the project or activity will be required for reporting purposes. Data from the PARF will be used to collect the following information
    - i. Title of the Position – must be a valid MSU Title or one that has been reviewed and approved by HRM in advance. Departments should contact their HRM Generalist prior to completing the PARF for title information
    - ii. Percent FTE assigned to the ARRA fund number
  - b. Sponsored Programs Accounting will report jobs on a quarterly basis. Updated guidance from Office of Management and Budget dated December 18, 2009 says recipients will report job estimates on a quarterly, rather than cumulative basis. In addition, recipients will no longer be required to make a subjective judgment on whether jobs were created or retained. Instead, recipients will report on jobs funded with Recovery Act dollars.

## **Procurement Requirements:**

1. Must advertise and get sealed bids on anything over \$25,000
2. Must advertise 1 time and open bids not less than 10 working days after ad.
3. Must send notification of ad to contract procurement center
4. If public works (construction, repair, renovation) must include clause to use American made iron, steel and manufactured goods.
5. If public works must include prevailing wage clause.

6. Must include mandatory terms and conditions (where are they)
7. Award of all contracts must be posted on DFA site
8. May not make any purchases that are expected to equal or exceed \$25,000 from a vendor on the Federal Excluded Parties list. Must check <https://www.epls.gov/> prior to making **any** purchase (requisition, P-card, or direct pay) where total purchases from said vendor are expected to equal or exceed \$25,000. A notation must be made indicating the list has been checked. The notation should be made on the requisition or, if using the p-card or direct pay, the notation should be made directly on the invoice. The notation must be signed by an appropriate party. Print and attach the page where EPLS list says the vendor is not on the list.

*[For example, if a department expects to pay \$50,000 on supplies from Office Depot for a federal grant, even though they may only spend \$5,000 for any particular invoice, the department would still need to verify Office Depot was not on the EPLS, since the department expects to spend more than \$25,000 with Office Depot.]*

### **Reporting Requirements: (Sponsored Programs Accounting will submit the quarterly report – the department will provide assistance)**

As required by Section 1512 of the Recovery Act and OMB each recipient is required to report the following information to the Federal agency providing the award **10 days** after the end of each calendar quarter (beginning the quarter ending September 30, 2009). OMB has worked with the Recovery Accountability and Transparency Board to deploy a nationwide data collection system at the website: [www.FederalReporting.gov](http://www.FederalReporting.gov)

These reports will include the following data elements, as prescribed by the Recovery Act:

1. The total amount of recovery funds received from the agency.
2. The amount of recovery funds received that were obligated and expended to projects or activities. This reporting will also include unobligated Allotment balances to facilitate reconciliations.
3. The PI/Department will need to provide a detailed list of all project or activities for which recovery funds were obligated and expended by the 28<sup>th</sup> of the last day of the quarter, including: (Sponsored Program Accounting will provide an excel spreadsheet for the department to complete)
  - a. The name of the project or activity;
  - b. A description of the project or activity;
  - c. An evaluation of the completion status of the project or activity; OMB prescribes four possible progress statuses:
    - Not Started
    - Less than 50% completed
    - More than 50% completed
    - Fully completed
  - c. Assist with the description of the jobs funded by ARRA. We will follow OMB guidance, unless an agency gives us specific instructions.
  - d. For infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the

infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.

4. Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282) allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of OMB.

\*Vendors paid over \$25,000 require the following data elements

- \*\*DUNS number if available, if not name and zip code of the vendor's headquarters
- \*\*Amount of the payment
- \*\*description of what was obtained in exchange for the payment

### **Restrictions on Use of Funds:**

\*Buy American

Recipients may not use ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or public work unless the iron, steel, and manufactured goods are produced or manufactured in the United States (certain exceptions may be approved by sponsors)

\*Wage Rate Requirements

All laborers and mechanics employed on projects using recovery funds shall be paid at a rate not less than the prevailing rate for similar projects in the area

\*Preference for Quick Start Activities

If using funds for infrastructure investment, preference should be given to activities that can be started and completed expeditiously, including a goal of using 50 percent of monies for activities which can be started within 120 days of enactment.

\*Limit on Funds

No ARRA funds may be used for a casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool (Sec. 1604)

### **Federal Schedule:**

Must separately identify ARRA expenditures on the Schedule of Expenditures on Federal Awards and the Data Collection Form required by A-133

### **Audit/Control Considerations**

Given the American Recovery and Reinvestment Act's emphasis on "Accountability and Transparency", it is logical to conclude that ARRA funds will receive increased scrutiny from internal, financial (A-133), state and federal auditors. These auditors will evaluate not only compliance with additional ARRA requirements but other federal guidelines, such as OMB A-21 as well. Please be aware of the following procedures that should be followed to assure compliance with university policy and OMB A-21:

Account Reconciliation Review By Principal Investigators

The university account reconciliation policy (61.01) requires that Principal Investigators review their research account reconciliations. Reconciliation and review should be supported by a detailed Banner Monthly Ledger (FWREXDP) signed by both the reconciler and the PI on the provided signature lines.

Confirmation of Effort

Confirmation of Effort Reports must be based upon actual effort of the employee being reported. Therefore, Confirmation of Effort reports should be reviewed, updated (if necessary), and signed by the employee being reported. Alternatively, the report could be reviewed, updated (if necessary) and signed by a direct supervisor or an administrator with direct, sufficient, and verifiable knowledge of the work being performed. Verifiable knowledge should be accompanied by some form of written correspondence and documentation.