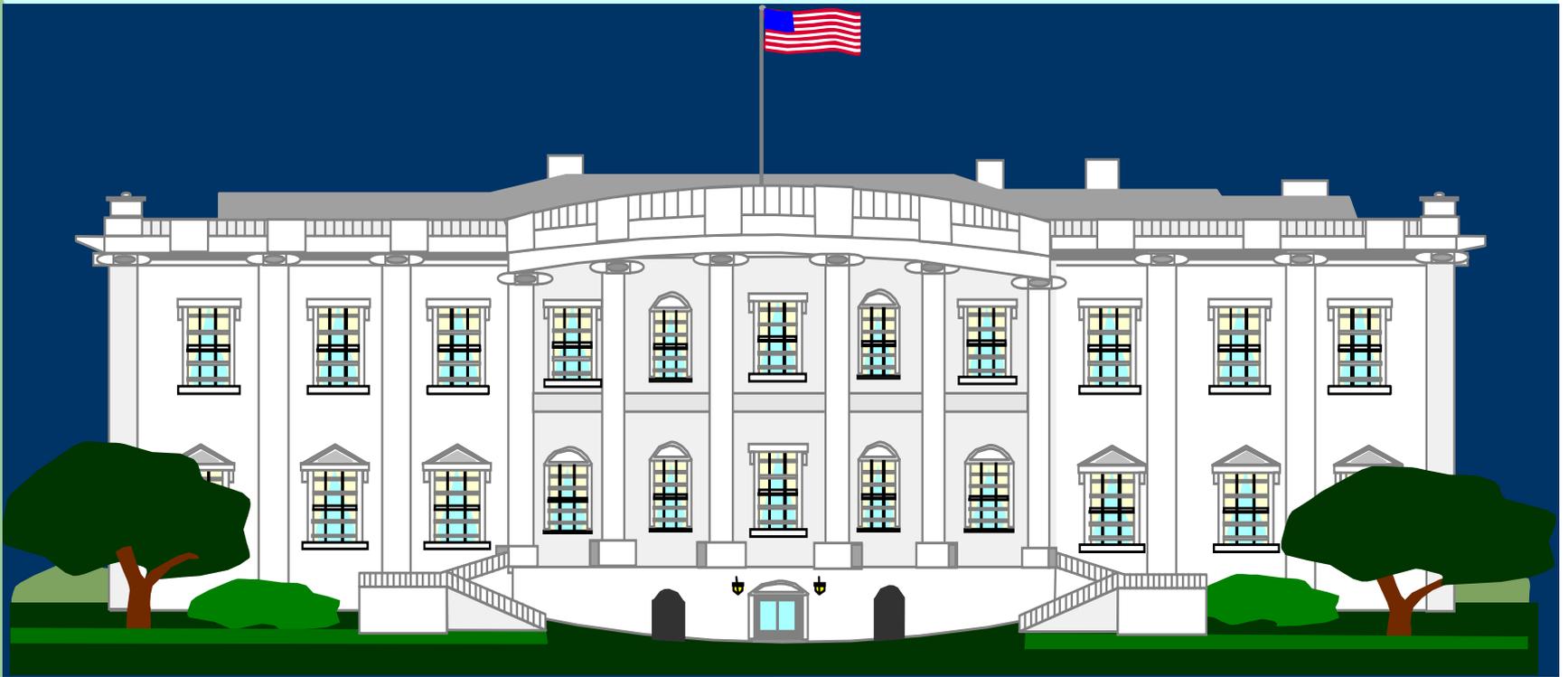


Recovery Act Audits

Gilbert Tran, OMB





“Unprecedented Measures”

“I know that some are skeptical about the size and scale of this recovery plan. I understand that skepticism, which is why this recovery plan will include unprecedented measures that will allow the American people to hold my Administration accountable.”

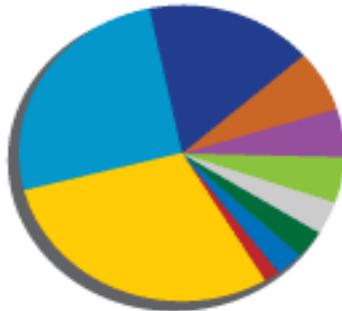
President Obama, January 28, 2009



Welcome to Maryland's Recovery & Reinvestment



**TOTAL ALLOCATIONS
IN MARYLAND
\$4.36 Billion**



- education \$1,292
- health \$1,127
- transport. \$722
- housing \$291
- workforce \$233
- family \$214
- fiscal stabiliz. \$160
- environment \$133
- energy \$117
- public safety \$70
- other \$4

* to date — in Millions >





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SUNDAY, MAY 24, 2009

PARADISE

New Plans
for Homeland
Security

Will Stimulus
Funds Be
Stolen?

Edie Falco's
New Loves

Chef
Bobby Flay:

Start
Summer
With a
Better





➤ **OMB Guidance -- 02/18/09, 04/03/09, 06/22/09, 12/18/09, 3/22/10, 5/4/10**

- Agency use SA for program risk assessment
- Agency use SA for program monitor
- Separate ARRA CEQA separate reporting on SEEA and DCF

(including subrecipients)

- Federal Audit Clearinghouse to display summary of all single audits
 - **Review of Single Audits – Quick audit resolution**
 - **Review and Resolution of Pilot Findings**
 - **No more extension**
 - **Review of FAC Special report**
 - **Report of summary audit findings**
 - **Report of QCRs synopses**
- **Presidential Executive Memorandum 4/6/10**
- **Combating Noncompliance with ARRA reporting requirement**



What is Audited

- Financial Statement audit
- Major Program
 - Compliance with laws and regulations
 - Internal control over compliance
- Major Programs are based on auditor judgment
- Major Program Selection
 - Size of Program
 - Prior Audit Experience
 - Federal Guidance



14 Types of Compliance Requirements

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis-Bacon Act
- E. Eligibility
- F. Equipment & real property management
- G. Matching, level of effort, earmarking



14 Types of Compliance Requirements

- H. Period of availability of Federal funds
- I. Procurement & suspension & debarment
- J. Program income
- K. Real property acquisition & relocation assistance
- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions



Focus - Part 4 Agency Program Requirements

- Discusses program specifics
 - Objective
 - Procedures
 - Compliance requirements
- Bulk of the CS



Appendices

Provides additional information, e.g

- Appendix III – Federal Agency Contacts
- Appendix V - List of Changes for 2010 CS
- Appendix VII – Other OMB Circular A-133 Advisories
 - ARRA



2010 Compliance Supplement

- Effective for audits of FY beginning after 6/30/2009
- Available on OMB home page
- Government Printing Office – hard copy purchase



2010 Compliance Supplement

2010 CS Contains

- 160+ programs
- 19 Federal Departments with specific programs requirements
- Used in the conduct of 35,000+ audits



Appendix VII Changes

- ARRA
 - Effect of ARRA awards on major program determination
 - SEFA & SF-SAC presentation of ARRA awards
- Non-ARRA
 - Granting of extensions suspended
 - Low-risk auditee criteria clarified
 - Loan program safe harbor



Clusters with ARRA Expenditures

- If new ARRA CFDA added to cluster in 2010 Supplement and new ARRA CFDA has current year expenditures then cluster not qualify as low-risk
 - Cluster with new ARRA CFDA considered new program
 - Therefore cannot qualify as low-risk Type A program as not pass the two-year look-back criteria
- SFA & R&D Excluded
 - ARRA portion of Pell Grant Program and Work-Study not identified to Grantee - SFA see Part 5-3, Section IV
 - R&D, e.g., CFDA numbers not listed in Supplement



Type A Program or Clusters with ARRA Expenditures

- SFA Excluded
- Rule – If ARRA expenditures then not low-risk
 - Inherent risk associated with transparency and accountability requirements for ARRA funds preclude being low-risk
- Exception if ALL of the following met:
 - Had ARRA expenditures in 2009
 - Audited as major program in 2009
 - ARRA expenditures in current audit period less than 20% of total expenditures for program or cluster
 - Otherwise determined low-risk under § ____.520(c) and § ____.525



Type B Programs and Clusters with ARRA Expenditures

- SFA Excluded
- Programs with ARRA expenditures considered programs of higher risk inherent risk (§ ____ .525(d))
- When Type B programs are required to be selected as major under § ____ .520(e)(2), presumption is the programs with ARRA expenditures would be selected first.
 - However, auditor is not precluded from selecting an especially risky Type B program that does not have ARRA expenditures.



Identification of ARRA Funding

- Specific identification of ARRA funding required:
 - SEFA
 - Data Collection Form
- Recipients identification to subrecipients at time of:
 - Subaward
 - Disbursement
- Identification includes:
 - Federal award number
 - Program name and CFDA number
 - Amount of ARRA funds



Granting of Extensions Suspended Low-Risk Auditee Criteria Clarified

- M-10-14, Updated Guidance on the American Recovery and Reinvestment Act (March 22, 2010)

“Due to the importance of the Single Audits and the reliance of Federal agencies on the audit results to monitor the accountability of Recovery Act programs, agencies should not grant any extension request to grantees for fiscal years 2009 through 2011.

In order to meet the criteria for a low-risk auditee (OMB Circular A-133 § __.530) in the current year, the prior two years audits must have met the requirements of OMB Circular A-133, including report submission to the FAC by the due date (OMB Circular A-133 § __.320).”



Part 3 Updates for ARRA Requirements

- A, “Activities Allowed or Unallowed” to include limitations on activities funded with ARRA funds.
- D, “Davis-Bacon Act,” for coverage under ARRA.
- I, “Procurement and Suspension and Debarment,” to add ARRA Buy American requirements.
- L, Reporting
 - Added testing 1512 Reporting
 - Award Number
 - Award Amount
 - Total Federal Amount ARRA Funds Received/Invoiced
 - Total Federal Amount of ARRA Expenditures



Part 3 Major Changes

- M, Subrecipient Monitoring updates
 - Requirement for use Central Contractor Registry (CCR)
- N, “Special Tests and Provisions,” for ARRA-funded expenditures.
 - Separate accountability for ARRA Funding
 - Presentation on SEFA and Data Collection Form
 - Subrecipient Monitoring



Conclusion

Accountability
Counts.

