Contra Costa County

Office of COUNTY AUDITOR-CONTROLLER

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Stephen J. Ybarra Auditor-Controller Elizabeth A. Verigin Assistant Auditor-Controller

May 27, 2009

To:

All Department Heads

From:

Stephen J. Ybarra, Auditor-Controller

By: Elizabeth Verigin, Assistant Auditor-Controller

RE:

American Recovery and Reinvestment Act of 2009 Funding

The American Recovery and Reinvestment Act of 2009 (ARRA) includes certain reporting requirements to track and monitor all Recovery funds. ARRA requires that recipients of funds made available under the ARRA separately account for and report on how those funds are expended.

In order for the County to comply with the ARRA's federal reporting requirements and use of funds, departments must follow the attached accounting procedures to segregate ARRA funds and activities.

If you have any questions, please contact Marie Rulloda, Chief Auditor, at 925-646-2186 or at mrull@ac.cccounty.us.

American Recovery and Reinvestment Act of 2009 Accounting Procedures

1) Establishment of a New Fund for ARRA Activities

The County's existing fund structure in the Finance System should be sufficient to support federal reporting requirements pertaining to ARRA. However, if a new fund is required for your department's ARRA activities, please submit a written request to the Office of the Auditor-Controller, Attention-Special Accounting Division, to obtain approval to establish a new fund. The request must be signed by the department head or his/her designee. The Auditor-Controller's Office will notify departments of the status of each request.

2) Recording Revenues

The Office of the Auditor-Controller will establish new Revenue Line Item Accounts for ARRA funds to record the following types of revenues:

9201 - ARRA/State Sub-recipient

To record receipt of Federal ARRA money from the state and other government entities or agencies designated as pass-through money.

9480 - ARRA/Federal Direct

To record receipt of ARRA money received directly from the federal government and attributed to the American Recovery and Reinvestment Act of 2009.

9611 - ARRA/Charges for Svcs

To record the receipt of money from other governmental entities or agencies for provisions of fees/charges for services for ARRA related activities.

Please contact Office of the Auditor-Controller if you have questions regarding how to record ARRA related revenue.

3) Recording Expenditures

The federal government's initial guidance is specific to the need to segregate ARRA funding and spending activity from any and all similar programmatic activity. ARRA funding or expenditure activity should be segregated from other federal activity. ARRA supplemental awards must clearly be identified and segregated from any activity that occurs as a result of any prior award. That is achieved by utilizing the ARRA revenue accounts indicated above and creating separate program, org unit, and project codes.

Departments are directed to use ARRA-Specific Org/Project/Program Codes to record ARRA eligible expenditures. The Finance system allows <u>25 characters</u> in the Title field. When establishing a new project, org unit, or program code for ARRA-funded projects or programs, <u>use ARRA in the Project</u>, <u>Org Unit or</u>

<u>Program title as the first (4) letters of the title</u>. As soon as you receive notification that your Department is approved to receive ARRA funds, please submit your request in writing to the Office of the Auditor-Controller, Attention – Special Accounting Division.

Any Department that already has already incurred ARRA expenditures for FY 2008/09 should immediately contact the Office of the Auditor-Controller so that a 2008/09 ARRA Budget unit can be assigned and the expenditures expeditiously appropriated and reclassified.

4) Establishment of a New Fund for ARRA Activities

The County's existing fund structure in the Finance System should be sufficient to support federal reporting requirements pertaining to ARRA. However, if a new fund is required for your department's ARRA activities, please submit a written request to the Office of the Auditor-Controller, Attention-Special Accounting Division, to obtain approval to establish a new fund. The fund establishment request must be signed by the department head or his/her designee. The Office of the Auditor-Controller will notify departments of the status of each request.

5) Indirect/Administrative Costs

Allowable administrative charges will vary depending upon the terms of the federal award and any applicable sub-recipient agreement. Departments are responsible for ensuring compliance with all of the terms and conditions of their federal awards.

6) Single Audit Reporting and Compliance

The Federal Single Audit, as amended and the Federal Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, direct recipients that by accepting Federal awards, departments are responsible for complying with the terms and conditions of the Federal award, the Single Audit Act, and applicable circulars. Departments are also responsible for the monitoring of grantees, sub-recipients and vendors for compliance with the terms and conditions of any federal awards that they receive.

Departments are required to enter expenditures of federal awards onto the Auditor-Controller provided Federal Financial Assistance Program Inventory Listing (Inventory Listing) and Grant Information Requests. Grant Information Requests will be required for <u>all</u> expenditures of federal awards, including expenditures of ARRA funds. ARRA awards should be entered according to expenditures made during a specified fiscal year.

Every federal award has its own distinct Catalogue of Federal Domestic Assistance (CFDA) number. It is the department's responsibility to provide this

number to the Auditor-Controller on the Inventory Listing and Grant Information Request. For each CFDA number there is a corresponding compliance supplement. Departments are responsible for understanding and implementing the requirements of the applicable compliance supplement for each award. Compliance supplements are updated annually. Compliance supplements can be located in the Audit Requirements section at:

http://www.whitehouse.gov/omb/grants/grants_circulars.html#audit

In addition to the Single Audit reporting, there may be other reporting requirements. For example, funding received directly from the federal government will trigger quarterly reporting that must include certain data elements. Grantee departments are responsible for compliance with any additional reporting requirements. The following web site will serve as the gateway for recipients of Federal funds to meet the reporting requirements of Sec. 1512 of the American Recovery and Reinvestment Act of 2009:

http://www.federalreporting.gov

Each recipient of ARRA dollars should coordinate with the Office of the Auditor-Controller and the County Administrator's Office for assistance with any reporting requirements that are in addition to Single Audit reporting.

ACCOUNTABILITY AND TRANSPARENCY

"We cannot overstate the importance of this effort. We are asking the American people to trust their government with an unprecedented level of funding to address the economic emergency. In return, we must prove to them that their dollars are being invested in initiatives and strategies that make a difference in their communities and across the country. Following through on our commitments for accountability and openness will create a foundation upon which we can build as we continue to tackle the economic crisis and the many other challenges facing our nation."

Memorandum to Head of Departments and Agencies, February 9, 2009

cc: Board of Supervisors
Assistant Department Heads
Finance Personnel
Lisa Driscoll, County Finance Director
Julie Enea, Senior Deputy CAO
Dorothy Sansoe, Senior Deputy CAO
Rich Seithel, Acting Senior Deputy CAO