



Arkansas Recovery Hotline: 1-877-682-1515

Commissioner's Memo

Number: FIN-10-069

Subject: Monitoring Requirements for American Recovery & Reinvestment Act

Date: March 2, 2010

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Transparency and accountability are emphasized throughout the guidance and regulations pertaining to the American Recovery and Reinvestment Act (ARRA). Arkansas is fully committed to these concepts and state agencies have been asked to implement additional monitoring processes pertaining to ARRA funds.

The Arkansas Department of Education (ADE) has developed a quarterly monitoring process for local educational agencies (LEAs) expenditures charged to ARRA funds. At the end of each calendar quarter, ADE obtains a listing of all LEA ARRA expenditures and selects a sample for on-site monitoring. APSCN Financial Field Support personnel conduct the monitoring to ensure the selected expenditures are allowable, coded properly, and are supported by adequate documentation. The monitoring also verifies compliance with procurement laws and regulations, and that fixed assets are tagged and inventoried.

Some of the common findings resulting from ADE monitoring of ARRA expenditures are:

- Use of improper program code for purchase of computers (capital outlay items) costing less than \$2500, i.e., - capital outlay items costing \$2500 or more were not charged to a program code in the 050-055 range. According to Commissioner's Memo FIN-09-077, dated 5/07/2009, program codes 050 through 055 should be used for capital outlay items with a unit cost of \$2500 or more. Capital outlay of less than \$2500 should be charged to program code 058.
- Expenditures were not charged to the correct function or object code as specified in the APSCN Financial Accounting Manual.
- Expenditures were not included, or were not identifiable, in the ARRA plan submitted to ADE by the LEA.
- Personnel cost allocations exceeded the FTE (full-time equivalency) percentage shown in ARRA plan.

In addition to monitoring conducted by ADE, the Arkansas Department of Finance and Administration (DFA) has and will continue to conduct on-site monitoring of ARRA expenditures. Federal monitors will also include ARRA compliance in on-site visits to selected LEAs within the state.

LEAs are also required to increase the internal monitoring processes regarding ARRA expenditures. ADE and DFA have developed the attached forms to help LEAs with the increased monitoring responsibilities related to ARRA expenditures.

There is a separate version of an "Acknowledgment of Understanding" form for each different type of ARRA grant. These forms should be completed, reviewed, signed by the appropriate Program Manager, and maintained in the grant's permanent file at the LEA. Beginning immediately, one of these forms should be completed for each employee paid with ARRA funds and filed by employee in the payroll office of the LEA.

In addition, there is a separate version of a "Certification Checklist" for each different type of ARRA grant. The checklist should be completed for each non-payroll related ARRA expenditure exceeding \$2500 and filed with the supporting documentation for that expenditure. The "Certification Checklist" only applies to ARRA expenditures made after February 28, 2010.