
City of Lakewood ARPA Reporting Webinar

WEDNESDAY, FEBRUARY 23RD, 2022

➔ VIEW RECORDING OF WEBINAR [HERE](#)

Are you a subrecipient, a contractor, or a beneficiary?

Recipients:

- Government Units
 - City of Lakewood

Subrecipients:

- Organizations which are awarded federal funds in order to run programs intended to promote recovery from the Covid-19 emergency
- Federal funds are still federal funds in the hands of subrecipients
- Federal record keeping requirements pass from recipients (Lakewood) to subrecipients (Non-Profit Orgs)
- **Most projects will fall under this category**

Contractors:

- Sell goods or services to a federal fund recipient
- Operates in a competitive environment, providing services to many different purchasers

Beneficiaries:

- Receive funds as a direct aid response to the COVID-19 pandemic from recipients or subrecipients
 - Individuals
 - Households
 - Small Businesses
 - Other Government Entities
 - Non-Profit Organizations

ARPA is different from the normal grant process

The ARPA Grant Award Process:

- Solicitation of Available Funds
- Application Period
- **Awarding Agency Review**
- Award Agreements
- **Recipients Incur Cost**
- Prepare Documentation
- **Recipients Receive Federal Cash as Reimbursement**
- Submit Periodic Financial Reports (Federal Claims)
- Close-Out
- Audit
- Continuing Accountability

Awarding Agency Review

- The ARPA program puts federal funds into the hands of municipalities, skipping agency review
- This means your program documentation and financial reports essentially become an ex post facto grant application
- Since there is no federal agency review of ARPA awards, we can expect to see audits
- \$750,000 in federal award expenditures in a year automatically triggers single audit

Receiving Federal Cash and Incurring Costs

- Due to the unique circumstances around the ARPA program, federal cash is received by recipients (Lakewood) at the beginning
 - Funds are reimbursed for costs with **adequate documentation**
- Some costs can be incurred before funds are received (as early as March 3rd, 2021)
 - Eligible subrecipient costs must be incurred during the term of each particular subaward agreement

Program Deadlines

December 31st, 2024:

- Recipients must return funds obligated after December 31st, 2024

December 31st, 2026:

- Recipients must return funds not disbursed by December 31st, 2026

December 31st, 2031:

- All financial and program records of ARPA awards must be kept until December 31st, 2031
- Project records and documentation must be kept until December 31st, 2031, regardless of the term of the subaward agreement

Subaward agreements run for the term specified in each particular agreement

The above timeline explains the deadlines of the program itself

Federal Expectations of Financial Responsibilities

Subrecipients are subject to the same federal financial requirements as Recipients (Lakewood)

- Internal controls, financial statements
- Compliance - adherence to program guidelines
- GASB Standards

Timely and Accurate Reporting

- Late reporting affects your audit status

Effective Internal Control over Cash, Property, and Other Assets

- Chart of accounts
- Program budgets

Budgetary Control

- There is no approved budget from a federal agency on the front end of this project
- This is done by the subrecipient, in this case

Federal Fund Identification

- Able to differentiate federal funds from other sources of income
- In cases of partial funding, must be able to show that CLFRF funds were not obligated to costs already covered by other funding
 - (no double-dipping)

Written Procedures to Determine Cost Allowability

- No specific procedure required
- Show that your purchasing procedures are documented and followed
- Since pre-award approvals are not required, audits are very likely!

Written cash management procedures

- No specific procedure required
- Show that your cash management procedures are documented and followed

Sample federal project worksheets:

- [Budget Information for Non-Construction Programs \(SF-424A\)](#)
- [Budget Information for Construction Programs \(SF-424C\)](#)

ARPA Documentation Information

General Documentation:

- Auditors will be checking that documentation supports the budget and scope of work
- Following written procedures
- Program financial records
- **Timing of costs incurred**
 - Checked against your subaward agreement
- Personal information used to qualify beneficiaries must remain confidential

Audit Documentation:

If audited, your documentation will need to show that funds were expended for **allowable costs** performing **eligible activities**

Financial Statements

- Financial position
- Results of operations
- Changes in net assets
- Where appropriate, cash flows for fiscal year
- Schedule of Expenditures of Federal Awards

Auditor's "Cheat Sheet"

Lakewood Supported Eligible Activities

Eligible Activities and who they apply to:

- **Replace lost public sector revenue**
 - Funding to provide government services up to the amount of revenue lost due to the pandemic
 - **This applies to the City of Lakewood itself - not beneficiaries, subrecipients, or contractors**
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**
 - Supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
 - **Most ARPA Subawards will fall under this category**
- **Invest in water, sewer, and broadband infrastructure**
 - Making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet
 - **Situational to infrastructure projects**

Allowable Costs

What costs are allowable?

- The answer to “Is this cost allowable?” is usually:
 - **it depends**

Direct Costs

- Identified specifically with an award
- Assigned relatively easily with a high degree of accuracy

Indirect Costs

- Necessary for overall operations although a direct relationship is hard to show without “effort disproportionate to the benefit received”
- Subrecipients may identify indirect costs **within their total award.**

Costs must pass the “prudent person” test: **2 CFR 200.404**

- Ordinary and necessary expense
- The result of sound business practices
- Market prices for comparable goods or services in the area
- Act with prudence to responsibilities
- Does not significantly deviate from established practices and policies

Essentially, if it is purchased in order to achieve the goals of the project being funded, it is allowable so long as:

- Federal guidelines are followed; and,
- It is not specifically prohibited
 - i.e. Alcoholic beverages

What goes into a Subrecipient report?

Identification:

- **UEI** (unique entity identifier) number is **required** starting April 30th - administered at www.sam.gov
- **DUNS** number is being replaced by **UEI**

Project Status:

- Not Started
- Completed less than 50 percent
- Completed 50 percent or more
- Completed

Project Demographics:

- Does the project serve a QCT or a disproportionately impacted community?
 - Services provided to disproportionately impacted communities
 - Services provided to citizens in disproportionately impacted communities

Obligations & Expenditures:

- Current period obligation
- Cumulative obligation
- Current period expenditure
- Cumulative expenditure

Expenditure Details:

- Pay to workers
 - Payroll
 - Benefits
- Goods, Services, Equipment:
 - Receipts
 - Contracts
 - Service Agreements
- Funds distributed to beneficiaries
 - Program agreement
 - Sign-in sheet

Subrecipient Reporting Schedule

Subrecipient Quarterly Project and Expenditure Report due dates:

- **1st qtr: April 15th**
- **2nd qtr: July 15th**
- **3rd qtr: Oct 15th**
- **4th qtr: Jan 15th**

Subrecipients may be invited to report to city council in addition to providing data to the city

City Council Reports

- April 25th 2021 Year end report
- May 9th, 1st qtr 2022
- Sept 12th, 2nd qtr 2022
- Dec 12th, 3rd qtr 2022

Multi year subaward agreements will be renewed on a yearly basis:

- We will evaluate projects on the accuracy of budget and scope of work
- This is a Lakewood internal process independent of subrecipient reporting

City of Lakewood Invoice Requirements

Fill out invoice template

- Item description
- ARPA expenditure category (input from subaward agreement)
- Total amount

Attach supporting documents

- Bills
- Payroll
- Receipts
- Other costs identified for reimbursement

Provide a project status report

- Status specific to the requested reimbursement
- Status of overall project
- No more than 750 words total

What other guidance is available?

Treasury Department SLFRF Information

- [SLFRF FAQ](#)
- [Overview of the Final Rule](#)
 - [Treasury Interim Final Rule](#)
 - [Treasury Final Rule](#)
 - [Compliance Supplement Addendum Assistance Listing 21.027 \(Auditor's "Cheat Sheet"\)](#)
- <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> – 2/28/22
 - [Treasury Compliance and Reporting Guidance for Recipients and Subrecipients \(Auditor's Handbook\)](#)

Code of Federal Regulations

- [2 CFR 200, Grants and Agreements](#)
- [2 CFR 200, Subpart E: Cost Principles](#)
- [2 CFR 200, Subpart F: Audit Requirements](#)
- [Treasury Selected Items of Cost](#)