

# City of Lakewood, WA

## ARPA Reporting Refresher

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**WEDNESDAY, JULY 31<sup>ST</sup>, 2023**

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**TED THELIN, ARPA COORDINATOR**

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[HTTPS://CITYOFLAKEWOOD.US/AMERICAN-RESCUE-PLAN-ACT-OF-2021/](https://cityoflakewood.us/american-rescue-plan-act-of-2021/)

➡ All training videos and slides can be found here: [Lakewood ARPA Technical Assistance](#)

# ARPA Funding Flow Chart

## Recipient:

Government unit that receives and distributes ARPA funding. (States, Counties, Cities, etc.)

U.S. Department of the Treasury

Recipient [Lakewood]

## Subrecipient:

Organization that is awarded ARPA funds from an ARPA **recipient** to perform work or distribute aid to **beneficiaries**.

Subrecipient [Your Org.]

## Beneficiary:

Person or organization that receives aid through an ARPA program.

Project Labor Costs

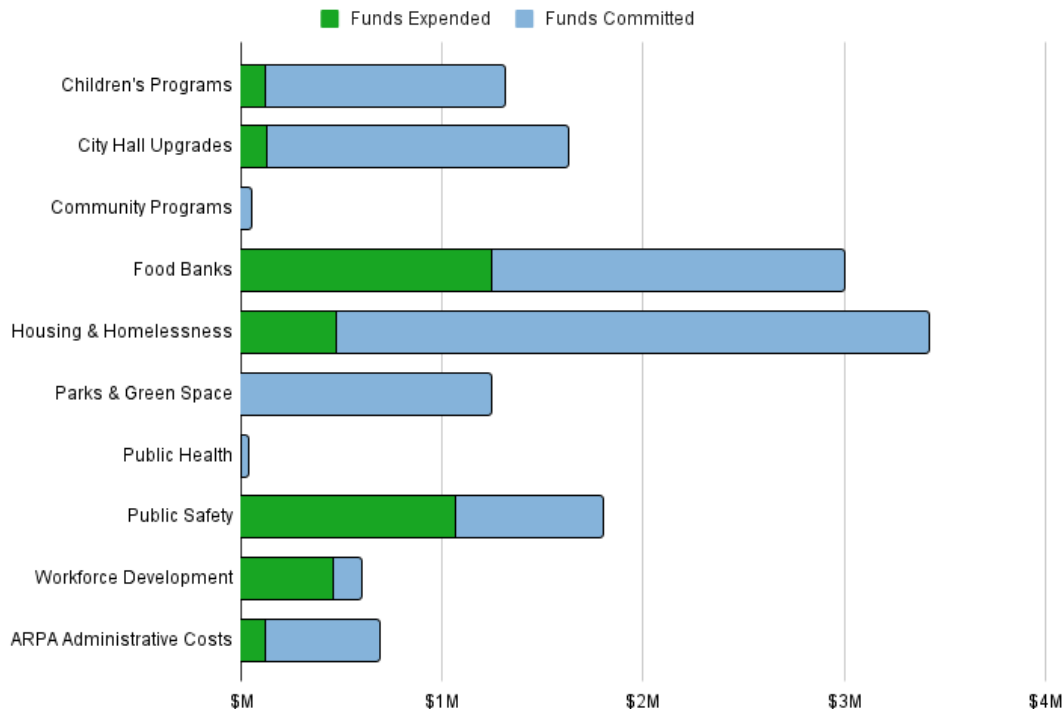
Project Material Costs

Cash aid to **Beneficiaries**

**Funds must be used for allowable costs in service to eligible activities**

# Lakewood Funding Obligation and Spending Deadlines

ARPA Spending by Category



## Program Deadlines:

- **December 31, 2024:**

- Recipients (Lakewood) must return funds not *obligated* by December 31, 2024

- **December 31, 2026:**

- Recipients (Lakewood) must return funds not *expended* by December 31, 2026

- **Subrecipients must return any funds not spent by November 15, 2026 to Lakewood**

- **December 31, 2031:**

- All ARPA financial and program records must be kept until **December 31, 2031**
- Project records and documentation must be kept until **December 31, 2031**
- *Record keeping is required regardless of the term of the subaward agreement.*

# Allowable Costs

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## 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
  - Subrecipients may not invoice for more than the total amount awarded.

## 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

# ARPA is different from normal grant processes

## 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, **expect to see audits**
- \$750,000 in federal award expenditures in a year automatically triggers single audit

## Receiving Federal Cash and Incurring Costs

- Federal cash is received by recipients (Lakewood) at the beginning (unique to ARPA)
  - Funds are reimbursed for costs with **adequate documentation**
- Eligible Subrecipient costs must be incurred during the term of each particular subaward agreement
  - Costs incurred before or after the term of the subaward agreement **WILL NOT BE REIMBURSED.**

# Federal Financial Requirements

## 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**

## Federal Fund Identification

- Able to differentiate federal funds from other sources of income
- Must be able to show that CSLFRF 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

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## 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**
- Personal information used to qualify beneficiaries must remain confidential

➔ <https://cityoflakewood.us/american-rescue-plan-act-of-2021/>

## 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"\*\*](#)

# Oversight, monitoring, and reporting requirements

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Remember: Compliance with ARPA is ultimately the responsibility of the City, and Lakewood will be held accountable for non-compliance of its Subrecipients. **As a result, Lakewood will be monitoring Subrecipients' use of ARPA funds. This includes but is not limited to:**

- Providing training or technical assistance ([12/6/21](#), [2/23/22](#), [6/29/22](#), [7/31/23](#), future dates TBA)
- Performing on-site monitoring visits (these will begin in 3<sup>rd</sup> Quarter 2022 and continue through the terms of contracts)
- Reviewing financial reports, audit reports, programmatic reports
- Performing, or have an independent auditor perform, agreed upon procedures
- Following up on any prior year corrective action plan
- Making sure the entity receives a single audit, if required\*
- Reviewing the results of the single audit
- Making sure the entity filed its report with the Federal Audit Clearing House (FAC)

**Important: If any audit findings, questioned costs, or other deficiencies are noted, the City must make management decisions regarding these issues.**

\*Recipients and Subrecipients that expend more than **\$750,000 total** in Federal awards (not limited to ARPA) during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at [2 CFR Part 200, Subpart F](#) regarding audit requirements.



# Potential Audit Questions:

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- Is the entity suspended or debarred at the state or federal level? (if yes to either, no funds will be awarded).
- Is the auditor's opinion modified?
- Are there any findings or management letter items?
- Has the entity had any questioned costs or unallowable payments?
- Are current assets sufficient to pay current liabilities?
- Does the entity have a negative fund balance?
- Does the entity have less than two months of reserves?
- Has the entity received a single audit in the past three years?
- Do the notes to the financial statements disclose related party transactions or conflicts of interest?
- Are there negative subsequent events, lawsuits, etc.?
- Is the Subrecipient experienced with federal programs?
- Has the Subrecipient experienced significant turnover in key staff?
- Does the City have prior experience with this Subrecipient?
- Based on prior experience, rate risk of non-compliance.
- Any borrowing to support operations?
- Does the entity submit documents in a timely manner?
- Is the accounting system sufficient to track federal funds separately from non-federal funds?
- Is the Subrecipient knowledgeable about federal requirements?

# Subrecipient Report Requirements

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## Identification:

- **Federal UEI** (unique entity identifier) number is required starting April 30<sup>th</sup>, 2022– request at [www.sam.gov](http://www.sam.gov)
- **DUNS** number is being replaced by **UEI**
- **Your UEI is not your EIN**
- Contact city staff if you need help understanding your UEI number

## Project Status:

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

## Project Demographics:

- Does the project serve a QCT or a disproportionately impacted community\*?
- Services provided to disproportionately impacted community areas
- Services provided to citizens in disproportionately impacted communities
- Low-income households and populations
- \* Households and populations residing in Qualified Census Tracts
- \* Households that qualify for certain federal programs
- \* Households receiving services provided by Tribal governments
- \* Households residing in the U.S. territories or receiving services from these governments

## Obligations (reserved) & Expenditures (spent):

- 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

# City of Lakewood Invoice Requirements

## Fill out invoice template

- Item description
- ARPA expenditure category
- 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 (can be brief)
- No more than 750 words total

## Submit as often as needed (not just quarterly)

- City will process and fund complete reimbursement requests within 30 days

Org. Name \_\_\_\_\_  
Address \_\_\_\_\_  
Address \_\_\_\_\_  
Phone \_\_\_\_\_  
Email \_\_\_\_\_

TO:  
Lakewood ARPA Program  
ATTN: Tiffany Speir  
6000 Main St SW  
Lakewood, WA 98499  
Phone: 253.983.7702  
[tspeir@cityoflakewood.us](mailto:tspeir@cityoflakewood.us)

## ARPA REIMBURSEMENT REQUEST

INVOICE # \_\_\_\_\_  
DATE: \_\_\_\_\_

TIME PERIOD COVERED BY INVOICE:

Start Date \_\_\_\_\_

End Date \_\_\_\_\_

CITY OF LAKEWOOD CONTACT	LAKEWOOD CONTRACT NO.	TERMS
Tiffany Speir	XXXX - XXX	30 Days

ITEM	DESCRIPTION	DOES THIS PRIMARILY SERVE DISADVANTAGED COMMUNITIES?	LIST ANY SUPPORTING DOCUMENTS ATTACHED	SUBTOTAL
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

TOTAL DUE

## Subrecipient Quarterly Expenditure Report due dates:

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



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*Thank you!*

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<https://cityoflakewood.us/american-rescue-plan-act-of-2021/>

# What other guidance is available?

## City Website

- <https://cityoflakewood.us/american-rescue-plan-act-of-2021/>

## Treasury Department SLFRF Information

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### Overall Page / YouTube Series

- 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> - 6/17/22
  - Please note that the compliance and reporting guidance has been updated as of 6/17/22.
  - Check your expenditure categories to ensure you are completing the required reporting
  - Ask City Staff if you are unsure which expenditure category best describes your project

## 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