2nd Stimulus
Status and Quality Assurance Meeting

Tuesday, December 15, 2009

Woolfolk Room 145

Department of Finance and Administration

Agenda

- Welcome
- October 10 Reporting Observations
  - The State's View
  - GAO's View
- NGA Task Force
  - 1512 Data Elements Discussion
  - Counting and Calculating New/Retained Jobs
- Quality Assurance – (OFM)
  - Decentralized Reporting
  - Leveraging Activities
- Administrative Cost
- Stimulus360 – Mississippi's Reporting Solution
- Gearing up for January 10 Reporting
- Q&A

Welcome

- Objectives
  - Share information from NGA and other sources - OMB Guidance on jobs calculation expected December 15, 2009
  - Provide ARRA discussion forum
  - Issue quality assurance reminders
- Housekeeping
  - Check In/Sign In
  - Location of Rest Rooms
  - Please Hold Your Questions - Question Cards

October 10 Reporting Observations
The State's View

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- Most state agencies filed their reports timely, but some did not.
- Most state agencies provided a copy of their 1512 reports to stimulusreports@governor.state.ms.us, but some did not.
- Some agency compliance designees ensured their respective agency filed and sent copies of their 1512 reports to stimulusreports@governor.state.ms.us, but some did not. After DFA follow-up, all 1512 copies have been received.

October 10 Reporting Observations
Government Accounting Office (GAO)

- What was good?
  - Ability of the reporting mechanism to handle the volume of data was a solid first step in moving toward accountability and transparency in using federal funds.
  - States had quality review processes in place.
  - OMB, RATB, and federal agencies provided guidance to states, primes, and sub-recipients.
  - There was a good faith effort to report complete and accurate data.

October 10 Reporting Observations
Government Accounting Office (GAO)

- What wasn't so good?
  - Varying interpretations of reporting guidance—some federal agencies issued their own guidance that did not necessarily track with OMB guidance.
  - Variation in determining the performance period for calculating jobs.
  - Variation in understanding how to calculate a full-time equivalent jobs number.
  - Confusion about the definition of a job retained and how to count it.
  - Confusion about definitions of data elements.

National Governors Association (NGA) Task Force

- Purpose
  - Created in November 2009 during a meeting of state stimulus representatives in Washington, D.C., to discuss the challenges that states faced during the 1512 reporting process.
  - Created two state task force groups to review data models and job calculations.

National Governors Association (NGA) Task Force

- Data Model Task Force Objectives
  - Identify data elements that would benefit from being defined at the federal agency level and recommend a standard template for agencies to use.
  - Identify data elements that need additional guidance for the upcoming reporting period, provide analysis of how states are currently implementing, and make recommendations for standard guidance to increase consistency between states.

National Governors Association (NGA)
Task Force Recommendations

- Create a standard Notice of Award template that includes the following Data Elements:
  - Funding Agency Code
  - Awarding Agency Code
  - Program Source (TAS)
  - Sub Account Number for Program Source (TAS)
  - Award Number
  - Recipient DUNS Number
  - CFDA Number
  - Government Contracting Office Code
  - Award Type
  - Award Date
  - Award Description
  - Project Name or Project/Program Title
  - Activity Code (NAICS or NTEE-NPC)
  - Amount of Award
  - Infrastructure Purpose and Rationale
  - Include indicator to identify if grant should have infrastructure expenditures
  - Template would be used for grants awarded after 10/01/2009

National Governors Association (NGA)
Task Force Recommendations

- Remove Congressional Districts from data model.
- Remove "invoiced" from ARRA Funds Received/Invoiced fields.
- Clarify that ARRA Expenditures includes expenditures regardless of whether federal draw-down or reimbursement has taken place.
- Clarify that amount and number of sub-awards, including those less than $25,000/award, should include aggregate values since inception, not "cumulative for the reporting period."

National Governors Association (NGA)
Task Force Recommendations

- Confirm that only Prime Recipient vendor payments under the $25,000 threshold are included on the Prime Recipient tab, and not combined Prime and Sub Recipients vendor payments.
- Confirm that the $25,000 amount is a true minimum threshold for purposes of reporting sub recipient vendor information.
  - The current data model does not provide an opportunity for aggregation of sub recipient vendor data below the $25,000 threshold.
- Confirm that the $25,000 threshold is triggered by individual vendor payments over $25,000 and not cumulative payments to a vendor over the life of the award/project.
  - A vendor with detailed transactions above $25,000 can also be represented in aggregation fields under the Prime Recipient tab.

National Governors Association (NGA)
Jobs Task Force

- Thirty-four states and three territories responded to the Task Force Questionnaire for the following questions:
  - What should be counted with regard to jobs? Hours worked? Jobs per quarter? Total jobs created?
  - What date should be used to determine the number of hours in the denominator of the FTE calculation?
  - How should temporary jobs be counted? What about projects with firm end dates – when do you stop counting?
  - What is a direct job?
  - How do you count jobs that are only partially funded by ARRA dollars?
  - How should a state aggregate jobs for purposes of batch reporting?
  - What is the definitive list of programs for which recipients must count jobs?
  - Should a state count jobs created when a state expends funds in anticipation of receiving ARRA dollars?

National Governors Association (NGA)
Task Force Recommendations

- Jobs Calculation Recommendation
  - Count the cumulative number of hours worked on a project or activity as the number of work hours available starting when work began on a project <u>or</u> when the project is scheduled to begin and ending when the project ends.
  - Numerator should be total number of hours worked – auditable via use of payroll records.
  - Denominator should be number of work hours available from the time work begins, or a project is scheduled to begin.
  - Implement any changes AFTER January 10 reporting period.

State Standards Jobs Reporting
Created vs. Retained

- Job Created – Defined as a new position created and filled or an existing unfilled position that has been filled as direct result of Recovery funding.
- Job Retained – Defined as an existing position that would not have been continued to be filled without Recovery funding.
- Recipients must distinguish between created and retained.
  - Jobs cannot be counted as both created and retained
  - Jobs retained and created are reported in aggregate

State Standards Jobs Reporting
Created vs. Retained

- **Must communicate to:**
  - State agencies receiving sub-allocations
  - Sub-recipients
  - Your vendors
- Do not include indirect jobs or employees not directly charged to Recovery Act supported projects/activities
- Jobs reported **must be funded** with Stimulus dollars!

State Standards Jobs Reporting Calculations

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- Document all sources of information used in the calculation of jobs created and retained.
  - W2s
  - Minutes from meetings where job cuts due to lack of funding were discussed
  - Paperwork showing terminations and rehires due to budget issues
  - Documents showing estimated job cuts due to budget cuts
- Use the methodology provided in OMB Guidance M-09-21 Section 5 to calculate jobs created and retained. (www.whitehouse.gov/omb/recovery_faqs/#s1) OR by the specific federal agency awarding the grant when substantiated by published documentation.
- Document instructions given to agencies receiving sub-allocations, sub-recipients, and vendors regarding jobs calculations.
- Jobs calculations MUST be supported and verifiable!

State Standards Jobs Reporting Calculations

- Cannot just divide hours into money received and declare job created or retained
- OMB guidance requires estimates to be reported as “full-time” equivalents (FTE)
  - FTE is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule
  - Converts part-time or temporary jobs into FTEs
  - Partial effort can be applicable, i.e., individual charging 50% effort to ARRA funded project counts as .5 FTE

JOBS
Check your knowledge #1

Your vendor has been conducting training assistance to place individuals in jobs. The vendor added 8 trainers to meet the increased demand. This additional training also resulted in 25 individuals being trained and then placed in positions. During the training, participants received a stipend for their time.

Q: How many FTEs should your agency note as jobs created from this example?

JOBS
Check your knowledge #1

A: Assuming the additional 8 trainers were funded through ARRA monies, they would be included in your calculation. The 25 individuals who were placed in positions are considered indirect jobs as their positions are/were not funded through ARRA dollars, even though they received a stipend. The 25 should not be included in the calculation.

JOBS
Check your knowledge #2

Your agency is providing ARRA funds to child care vendors. These funds make it possible for individuals to seek and gain employment while their children are in day care. Your vendors have indicated that at least 50 parents have returned to or secured full time employment.

Q: How many FTEs should your agency note as jobs created?

JOBS
Check your knowledge #2

A: Zero jobs created. The individuals gaining employment as a result of day care being provided counts only as an indirect job as their positions are not being funded by ARRA. However, if the daycare provided added staff to meet the increased demand and these FTEs were funded by ARRA, these FTEs can be counted as part of jobs created.

JOBS
Check your knowledge #3

Your ARRA grant includes two new positions for your agency. Because existing employees are eligible to interview for these positions, you may have a case where you fill the ARRA position with an existing employee, but then have a vacancy in the former position, which you are unable to fill due to a hiring freeze.

Q: What should your agency note as jobs created?

JOBS
Check your knowledge #3

A: Either 0, 1, or 2.

- If both ARRA positions are filled by existing employees whose former positions go unfilled, then 0 is the correct answer.
- If one ARRA position is filled by either an outside candidate or an existing employee whose job is backfilled, and one ARRA position is filled by an existing employee whose position is not backfilled, then 1 is the correct answer.
- If both positions are filled either with external candidates or existing employees whose positions are backfilled, then 2 is the answer (assuming the jobs are paid with ARRA monies).

Quality Assurance Plan

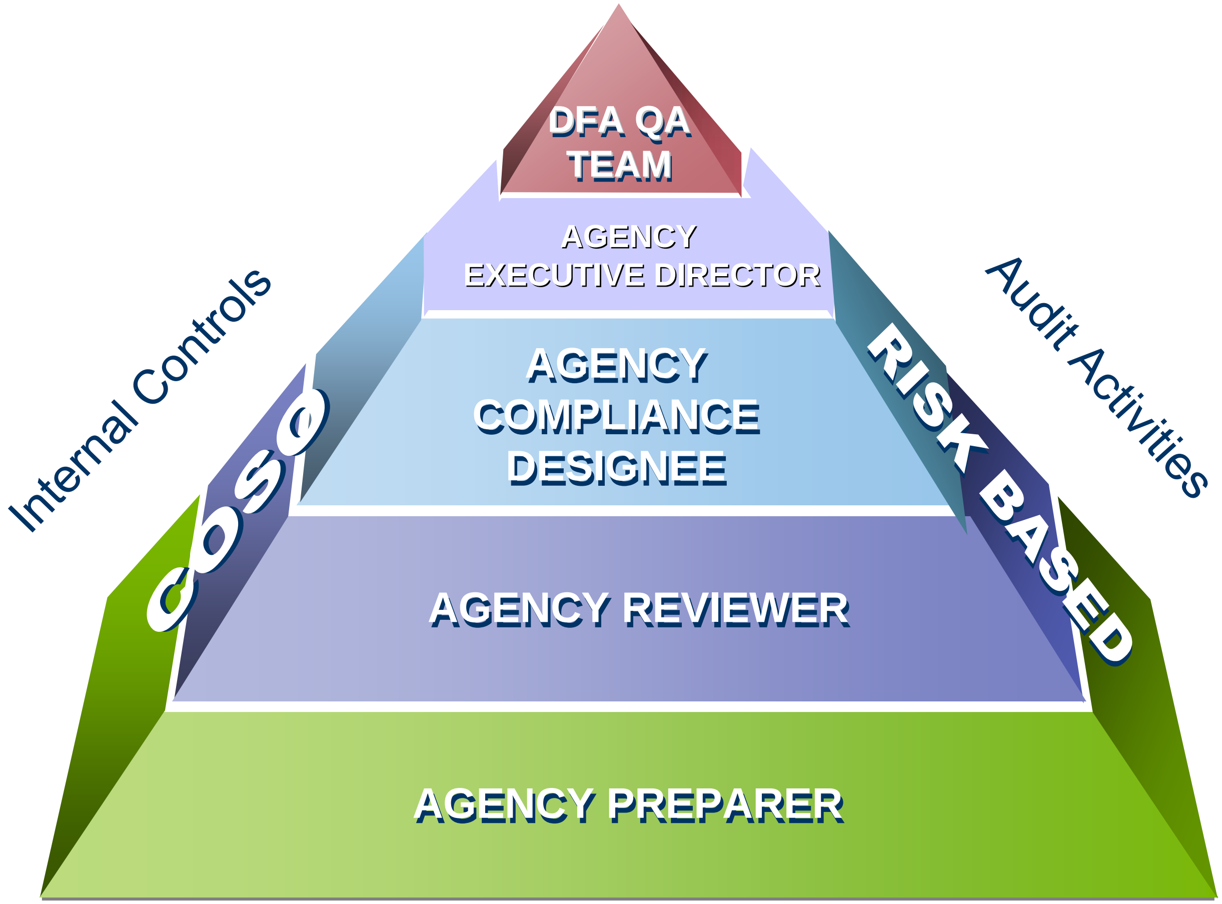
- Mississippi is a ‘De-Centralized State’ for ARRA 1512 Reporting.
- State agency heads are responsible for agency compliance with ARRA policies and procedures and Section 1512 reporting.
- DFA, on behalf of the Governor, is developing Mississippi’s Quality Assurance Plan.

Quality Assurance

“Data quality is an important responsibility of key stakeholders identified in the Recovery Act. Prime recipients, as owners of the data submitted, have the principal responsibility for the quality of the information submitted.”

Source: ***Implementing Guidance for Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009, OMB, June 22, 2009***

Mississippi's 1512 Quality Assurance Plan: Decentralized Reporting



Drives testing and decisions at an Agency level with oversight from DFA 1512 Team

Quality Assurance – COSO

- **Control Environment –** The control environment sets the tone of an organization, influencing the control consciousness of its people
- **Risk Assessment –** Every entity faces a variety of risks from external and internal sources that must be assessed both at the entity and the activity level

Internal Control - Integrated Framework, COSO

- **Control Activities –** These policies and procedures help ensure management directives are carried out
- **Information and Communication –** Pertinent information must be identified, captured and communicated in a form and time frame that supports all other control components
- **Monitoring –** Internal control systems need to be monitored – a process that assesses the quality of the system's performance over time

Leveraging Activities to Help Ensure Maximum Coverage without Redundancy

Agency / Statewide	Activity	Control Components
Agency Preparer	➢ Compiles information from: programs, SAAS, subrecipients, suballocants and vendors & completes supporting schedules ➢ Prepares reporting template ➢ Maintains sufficient documentation for review/ verification ➢ Completes preparer's checklist	➢ Control Activities ➢ Information and Communication
Agency Reviewer	➢ Re-performs and verifies data elements against supporting docs ➢ Completes reviewer's checklist ➢ Documents issues and exceptions	➢ Control Activities

Leveraging Activities to Help Ensure Maximum Coverage without Redundancy

Agency / Statewide	Activity	Control Components
Agency Compliance Designee	➢ Assumes responsibility for agency compliance with all ARRA rules & regulations (i.e., reporting, monitoring and oversight of program compliance) ➢ Reviews the check-list prepared by agency reviewer ➢ Oversees corrective action	➢ Control Environment ➢ Information and Communication
Agency Internal Audit *	➢ Performs risk based reviews ➢ Leverages checklist ➢ Ties to source on a sample basis ➢ Reports on control and compliance weaknesses	➢ Risk Assessment ➢ Monitoring

*** Internal Audit cannot design or perform specific control activities. Internal Audit's role is to monitor the overall effectiveness of the controls established and executed by management.**

Leveraging Activities to Help Ensure Maximum Coverage without Redundancy

Agency / Statewide	Activity	Control Components
Agency Executive Director	➢ Ultimately responsible for all agency activity and compliance.	➢ Control Environment ➢ Information and Communication
DFA QA Team	➢ Establishes procedures for recording & tracking ARRA funds ➢ Disseminates information, guidance & rules to agencies ➢ Reviews compliance with 1512 reporting requirements ➢ Emphasizes agency internal controls ➢ Monitors agency ARRA compliance ➢ Assists GAO in its review & reporting	➢ Risk Assessment ➢ Control Activities ➢ Monitoring ➢ Information & Communication ➢ Control Environment

Monitoring ARRA Compliance

- KPMG LLP has been selected to assist DFA in monitoring ARRA compliance in State agencies.
- We need to gather some information about your October 10^{th} 1512 reporting that will be used in determining the plans for each agency as KPMG begins its work.
- Complete the form (Questionnaire Regarding Agency's Use of Preparer's and Reviewer's Checklists) you received when you checked in and return it to us. Make any necessary changes and add grants issued after September 30.

ARRA Administrative Costs

- OMB is allowing states to recover ARRA administrative costs through a supplemental SWCAP for:
  - Data collection (Stimulus 360)
  - Monitoring (DFA's ARRA monitoring)
  - Investigations of waste, fraud, and abuse (Auditor's Office)

- DFA is in the process of preparing the plan and is proposing to use Section II Billed Services to recover ARRA administrative costs.

Stimulus360 – The State's Reporting Solution Overview

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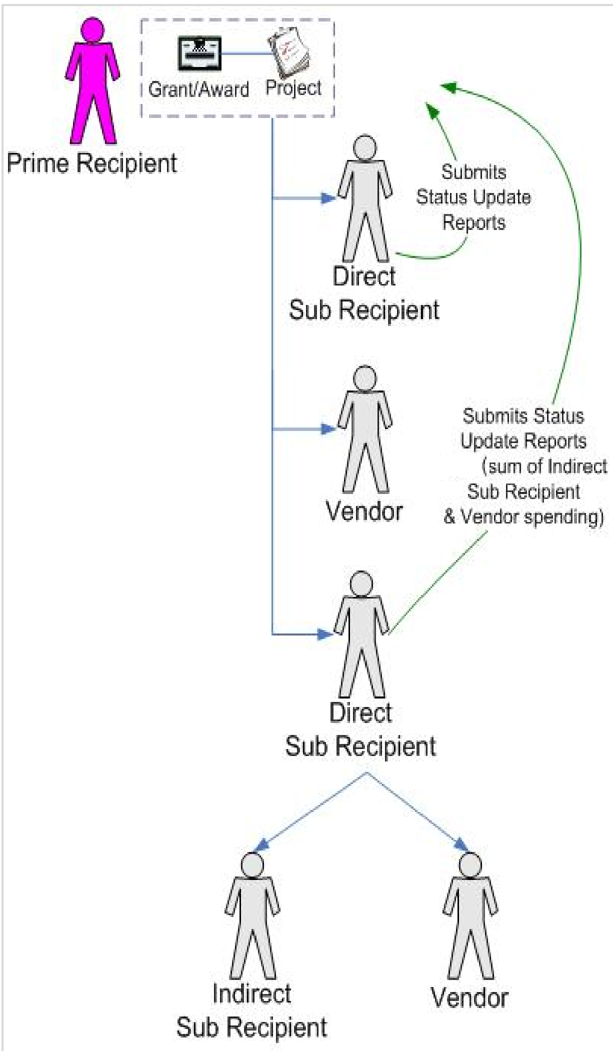


1512 Aggregation Report

- The Prime Recipient updates system with Sub Recipient inputs and reviews aggregate totals from all projects for a specified award during a given time period

Add 1512 Update Report

- The Prime Recipient creates/updates 1512 reports for each award

Run 512 Validation Helper Report

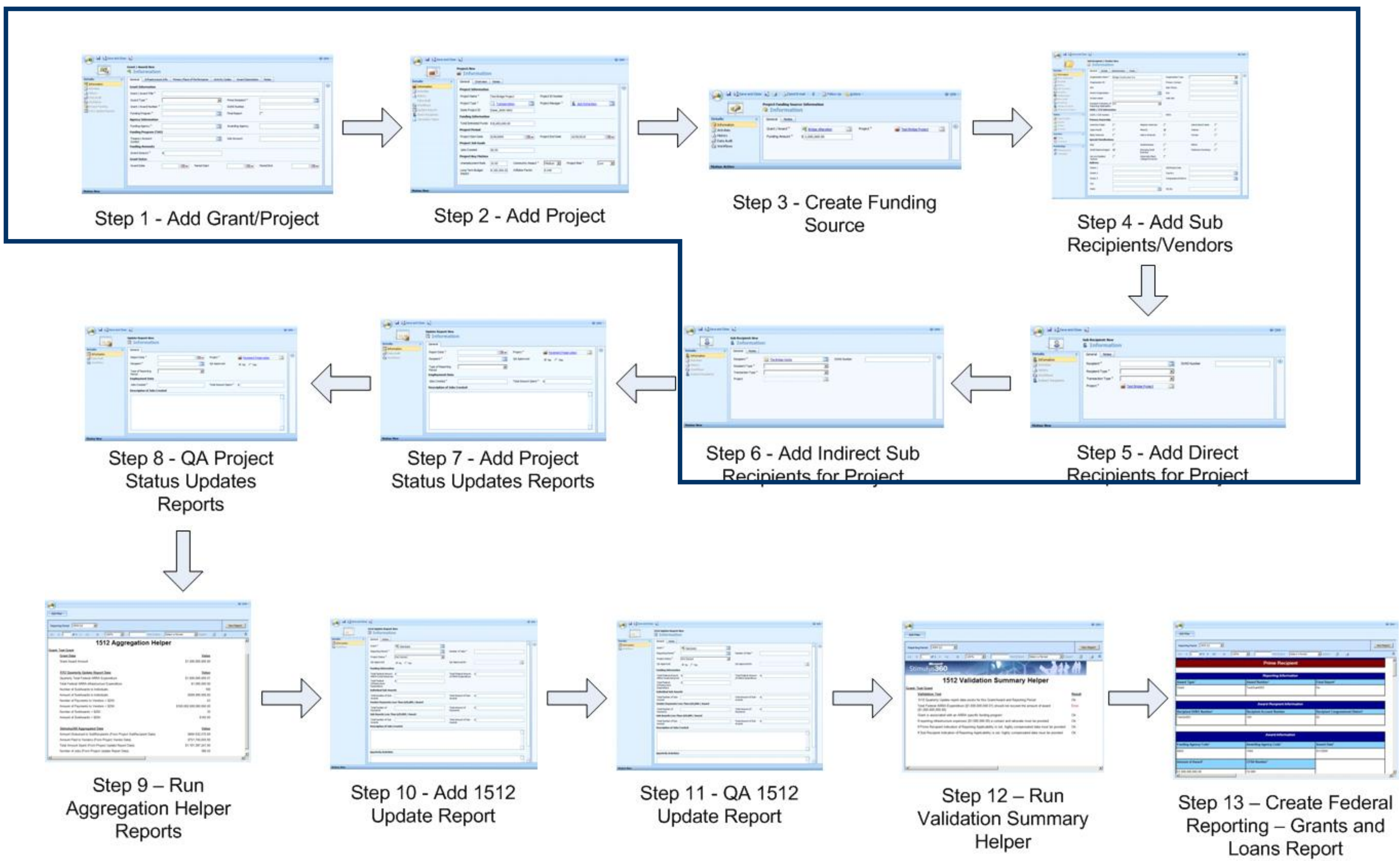
- The Prime Recipient validates 1512 reports.

Generate Federal Reporting

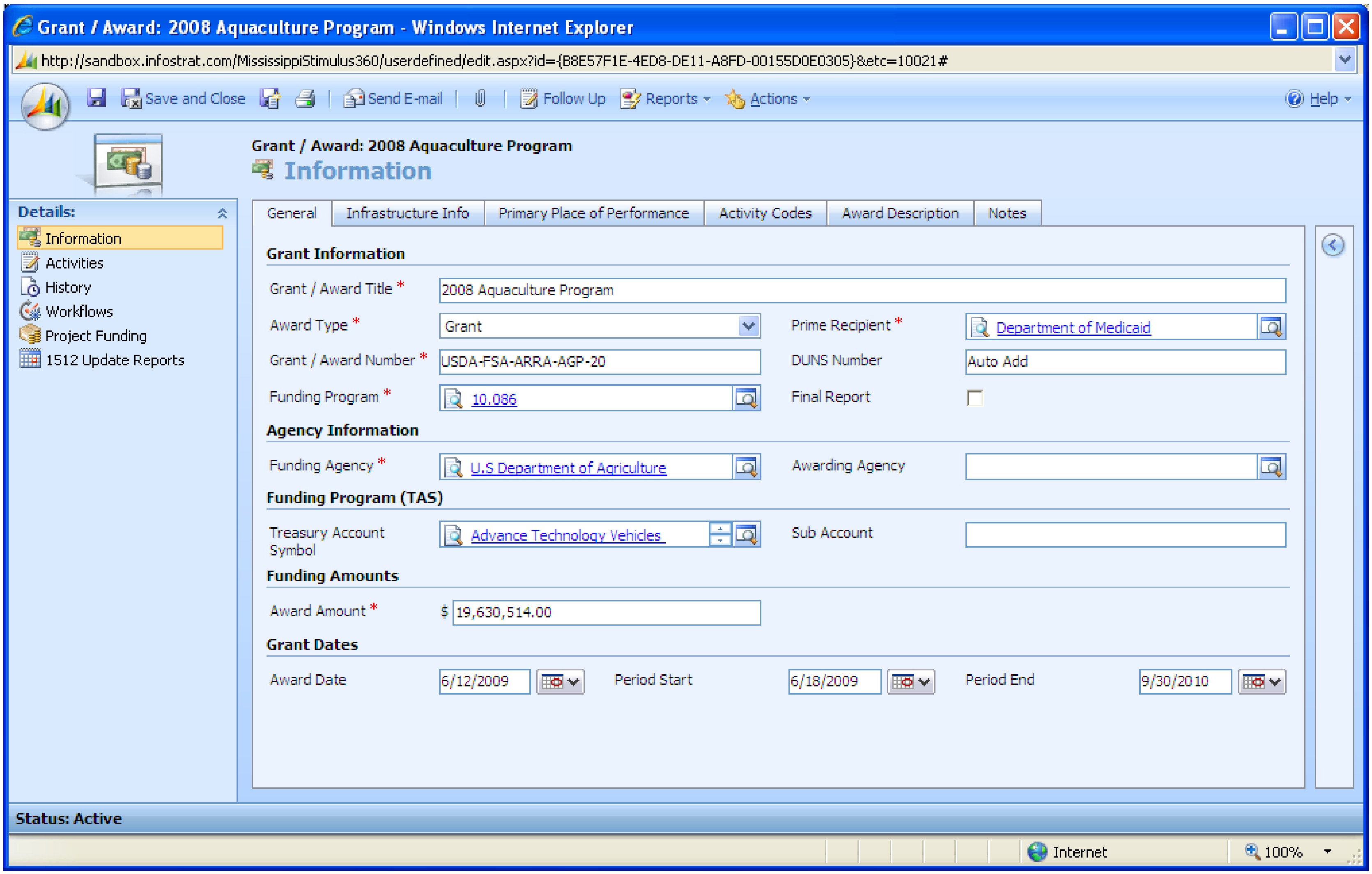
- The Prime Recipient submits excel or XML files on FederalReporting.gov

Stimulus360 Solution Overview

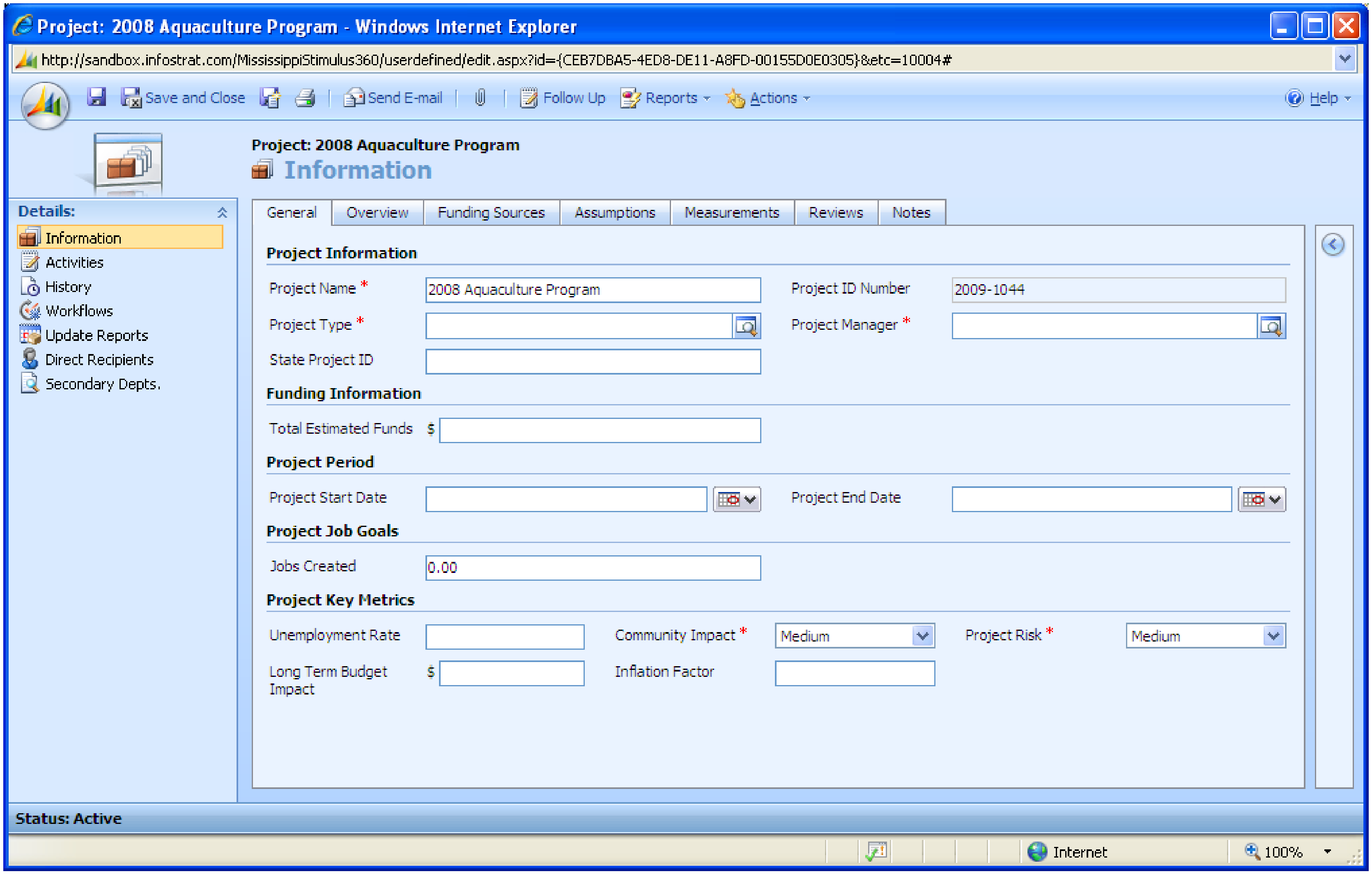
The following process is used to generate quarterly 1512 reports. The first 6 steps will be automatically “completed” using 1512 reports submitted as of February 1, 2010.



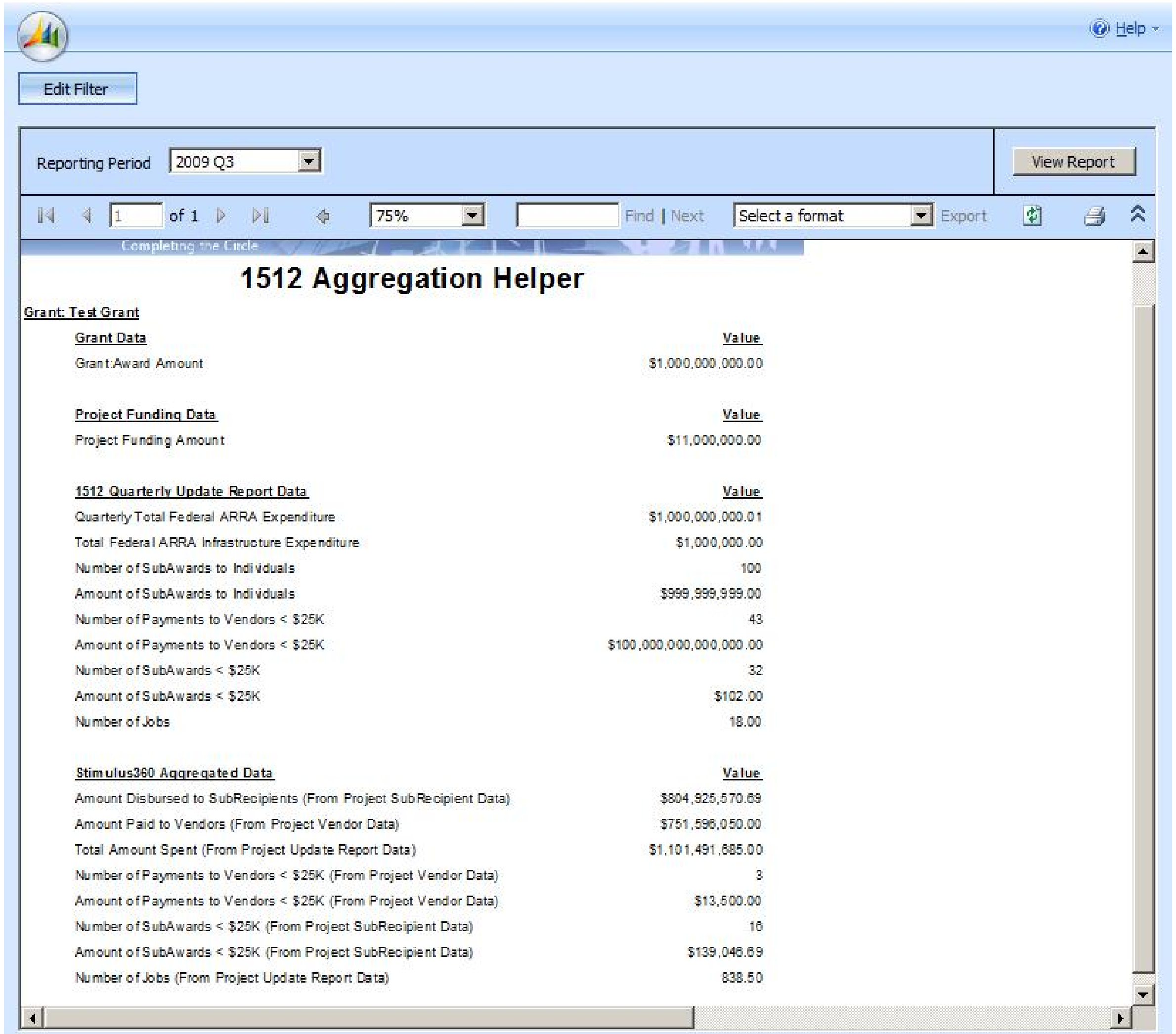
Stimulus360 Sample Award Screen



Stimulus360 Sample Project Screen



Stimulus360 1512 Aggregation



1512 Aggregation Helper

Grant: Test Grant

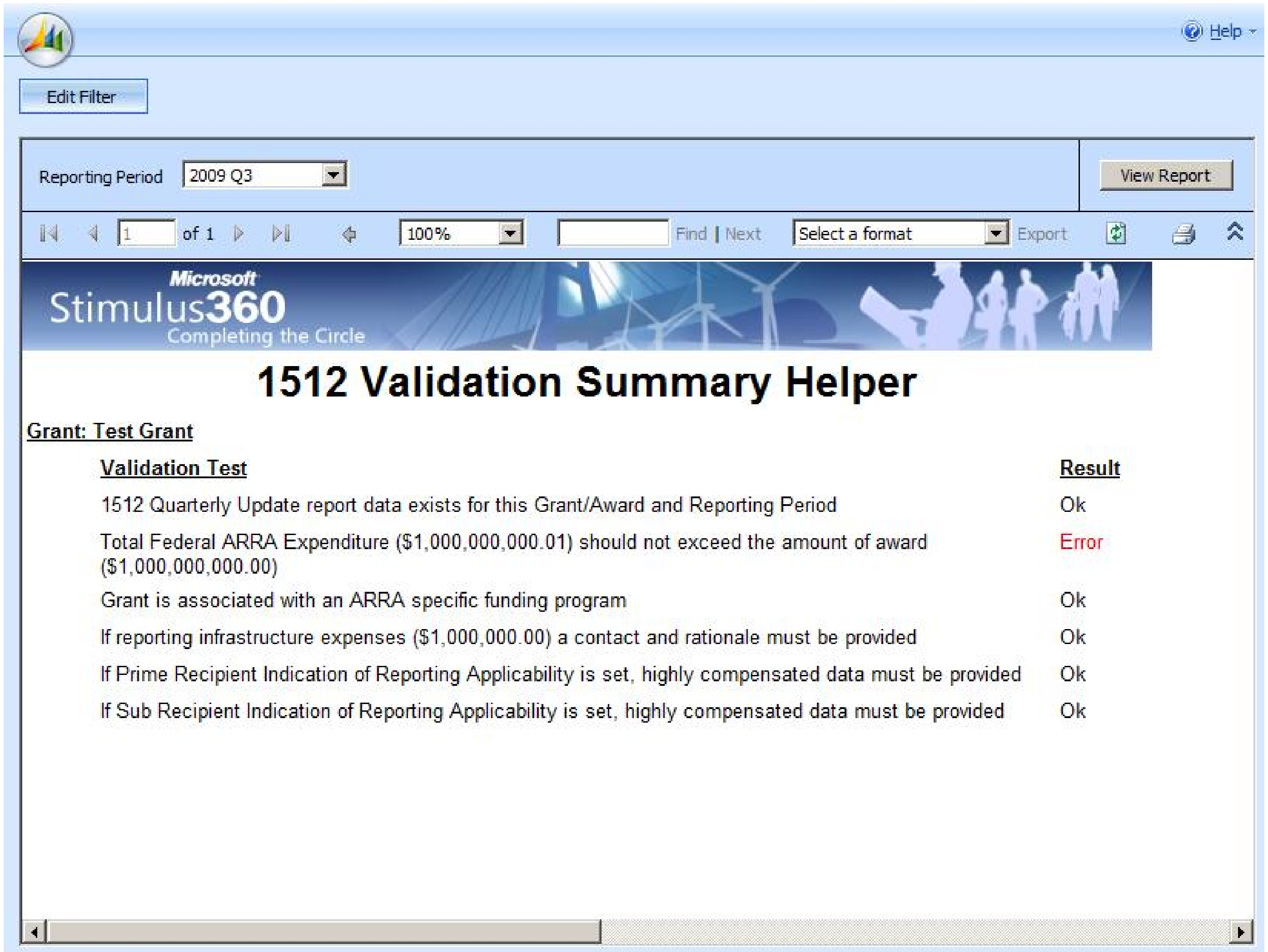
Grant Data	Value
Grant:Award Amount	$1,000,000,000.00

Project Funding Data	Value
Project Funding Amount	$11,000,000.00

1512 Quarterly Update Report Data	Value
Quarterly Total Federal ARRA Expenditure	$1,000,000,000.01
Total Federal ARRA Infrastructure Expenditure	$1,000,000.00
Number of SubAwards to Individuals	100
Amount of SubAwards to Individuals	$999,999,999.00
Number of Payments to Vendors < $25K	43
Amount of Payments to Vendors < $25K	$100,000,000,000,000.00
Number of SubAwards < $25K	32
Amount of SubAwards < $25K	$102.00
Number of Jobs	18.00

Stimulus360 Aggregated Data	Value
Amount Disbursed to SubRecipients (From Project SubRecipient Data)	$804,925,570.69
Amount Paid to Vendors (From Project Vendor Data)	$751,596,050.00
Total Amount Spent (From Project Update Report Data)	$1,101,491,685.00
Number of Payments to Vendors < $25K (From Project Vendor Data)	3
Amount of Payments to Vendors < $25K (From Project Vendor Data)	$13,500.00
Number of SubAwards < $25K (From Project SubRecipient Data)	16
Amount of SubAwards < $25K (From Project SubRecipient Data)	$139,046.69
Number of Jobs (From Project Update Report Data)	838.50

Stimulus360 1512 Validation

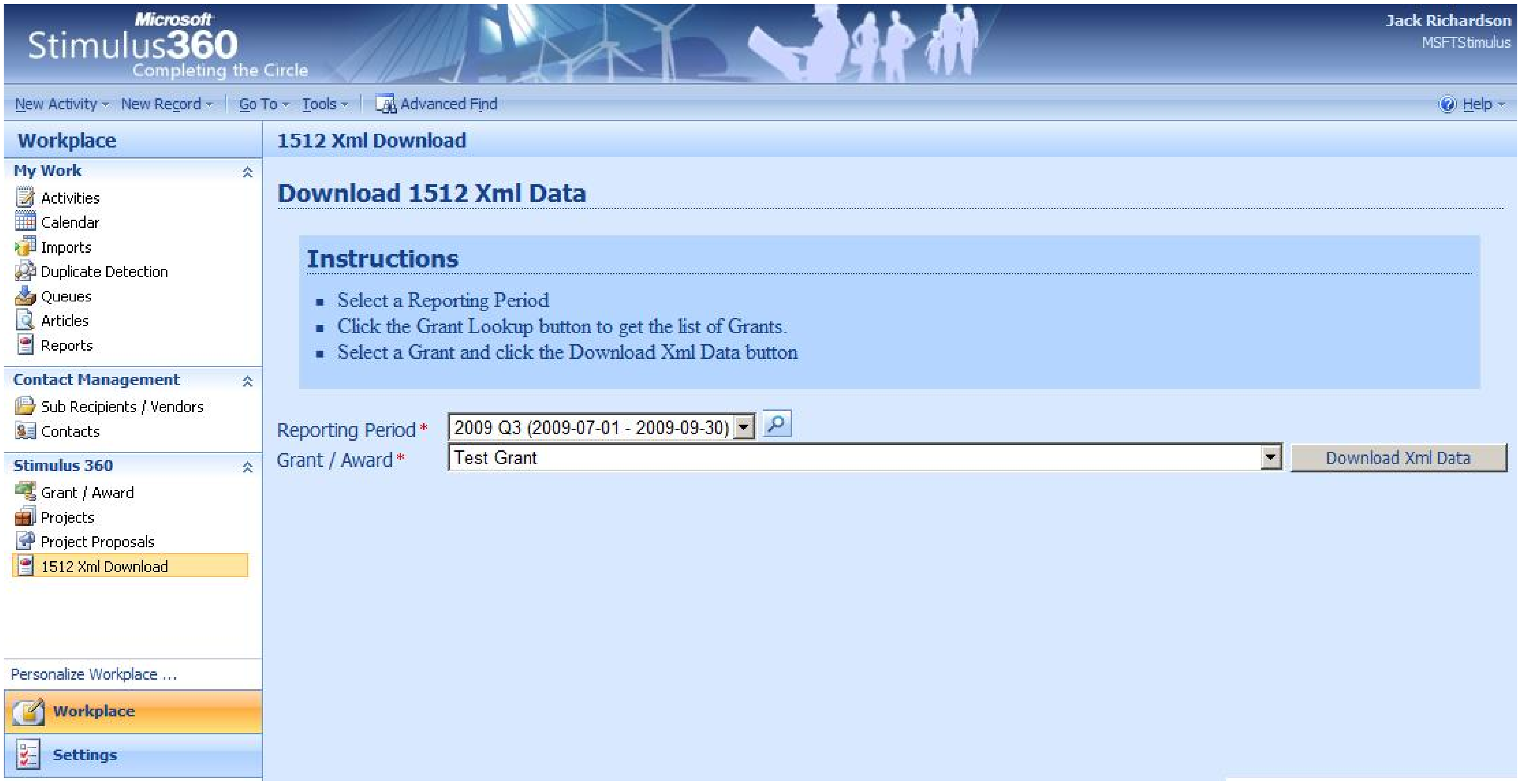


1512 Validation Summary Helper

Grant: Test Grant

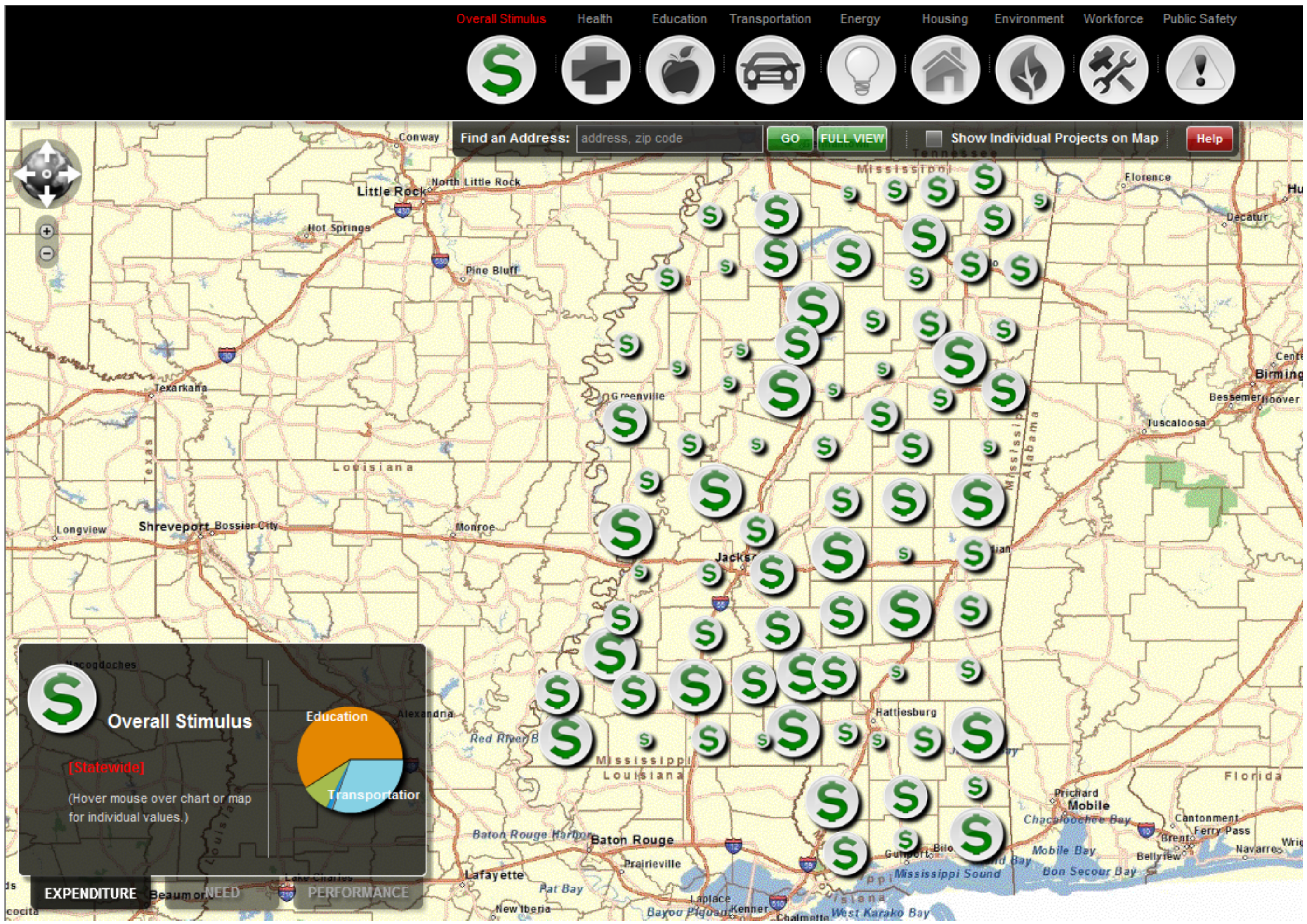
Validation Test	Result
1512 Quarterly Update report data exists for this Grant/Award and Reporting Period	Ok
Total Federal ARRA Expenditure ($1,000,000,000.01) should not exceed the amount of award ($1,000,000,000.00)	Error
Grant is associated with an ARRA specific funding program	Ok
If reporting infrastructure expenses ($1,000,000.00) a contact and rationale must be provided	Ok
If Prime Recipient Indication of Reporting Applicability is set, highly compensated data must be provided	Ok
If Sub Recipient Indication of Reporting Applicability is set, highly compensated data must be provided	Ok

Stimulus360 1512 XML Submittal



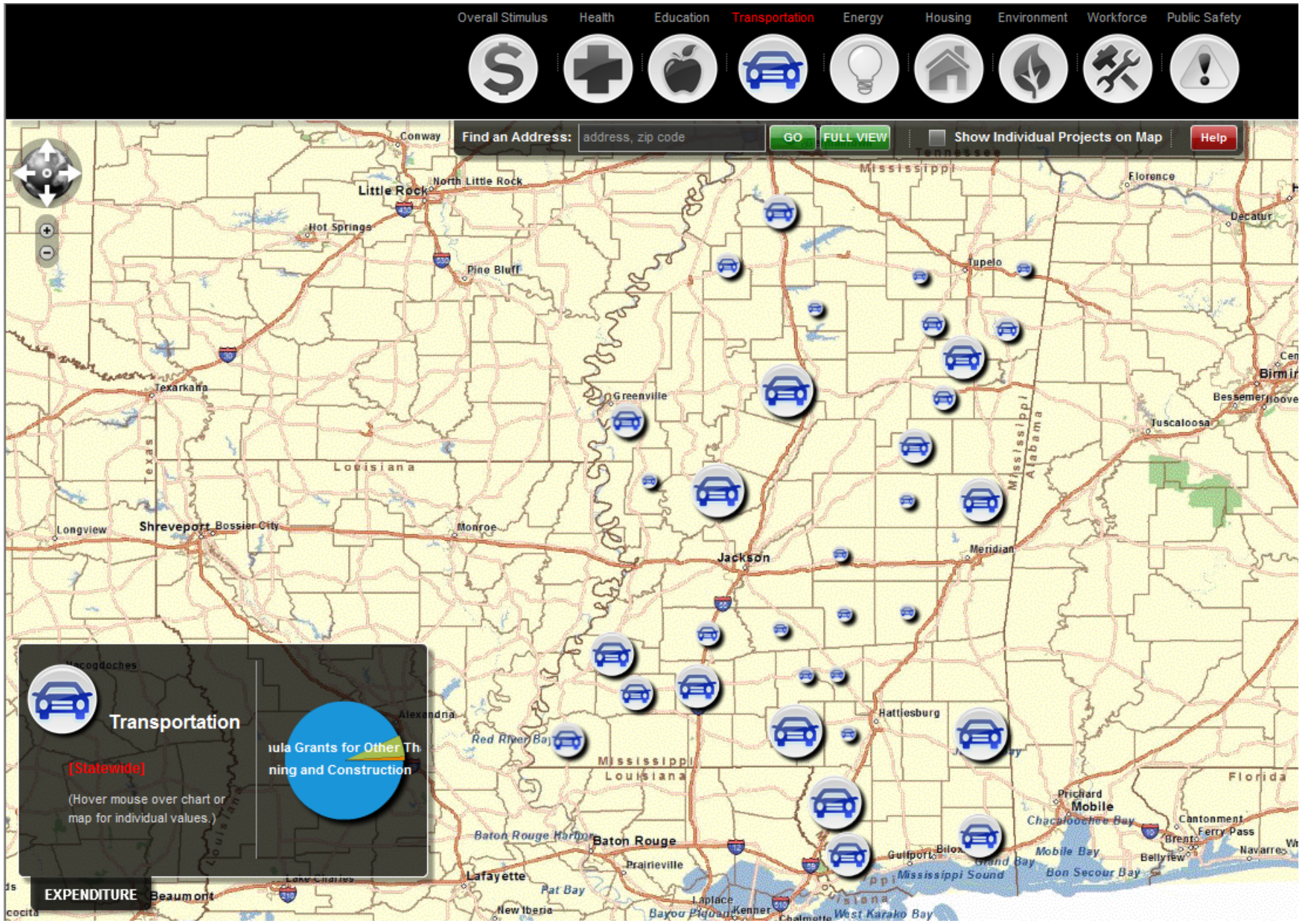
Stimulus360 Transparency

The Stimulus360 solution will be used to provide transparency reporting for ARRA expenditures.



Stimulus360 Transparency

The Stimulus360 solution will be used to provide transparency reporting for ARRA expenditures.



Gearing Up – January 10 Reporting
Possible Changes to FederalReporting.gov per RATB

- Quality Edit Check – the system will display hard error and alert messages for data inaccuracy with pre-selected data elements (i.e. – congressional district, number of jobs, and award amount received/expended.
  - Hard error messages will result in submission rejection
  - Alert messages will allow successful submission
- Email notices after submission – Recipient users will receive emails indicating successful or unsuccessful submission.
  - If warning messages are displayed, the email will clearly state that the report has been successfully submitted, but with a warning message. User then has a choice to correct the information or leave it as is.
- List of federal agencies – list will be validated as to which federal agencies can make awards.

Gearing Up – January 10 Reporting

Possible Changes to FederalReporting.gov per RATB

- Copy Function – Users will have the ability to copy a submitted report from the previous quarter to the current quarter or copy report within the current quarter (available online only).
- FederalReporting.gov pin (FRPIN) Communication – Upon FRPIN approval, the system will send an inbox notification to users in addition to the FRPIN email.
- Extended reporting deadline – Board is considering whether to extend the reporting deadline due to a tight timeline – really only 5 business days.
- Extended review – Board may open the system into February to allow more QA time.
- RATB has asked OMB to clarify existing guidelines.
- RATB set up a question email box. Send any questions or comments to: feedback@ratb.gov.

Gearing Up
January 10 Reporting

- Deadlines
  - January 1-10 – Reports submitted – Timeline is very tight due to holidays.
  - January 11-20 – Primes complete quality reviews.
  - January 21-29 – Federal Agencies complete quality reviews.
  - January 30 – Reports for Grants/Loans pushed to Recovery.gov.

Gearing up for January 10 Reporting
Memos and Instructions

Easy Way To Policies and Procedures

http://stimulus.ms.gov/

Gearing up for January 10 Reporting
Call Center Assistance

- Email questions or comments to: STIMULUS-INFO@dfa.state.ms.us
- MMRS Call Center available 5 days/week from 8:00 AM – 4:30 PM at 601-359-1343 or via email at mash@dfa.state.ms.us
- Call Center will not be available on week-ends

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Q&A

2^{nd} Stimulus Status and Quality Assurance Meeting

For More Information:

Governor: Stimulus@governor.state.ms.us

DFA: Stimulus-info@dfa.state.ms.us

To File Reports:

Governor: StimulusReports@governor.state.ms.us

Department of Finance and Administration