



A Primer for Public Schools: Reporting of and Accounting for Stimulus Funds

by Amy J. Borman and Patrick J. Downey

In February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) became law. The stated purpose for ARRA is to stimulate the U.S. economy through massive federal spending (Stimulus Funds). ARRA includes provisions that are intended to ensure transparency, reporting and accountability in awarding and expending ARRA funds.

Ohio's public education system is a major recipient of Stimulus Funds, including State Fiscal Stabilization Funds (SFSF). One of the major goals of the SFSF is to enable states to maintain the size of their educational bureaucracies despite the revenue losses that have resulted from the economic downturn. ARRA also provides for additional funding under Title I, Part A programs and the Individuals with Disabilities in Education Act, Part B.

ARRA also sets aside over \$4 billion that is to be used to award competitive educational grants to some of the states (Race to the Top Funds). The U.S. Department of Education recently finalized and promulgated guidance on the selection criteria it will use to award the Race to the Top grants and released the grant application.

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Reporting Obligations

Section 1512 of ARRA imposes quarterly reporting requirements on recipients of Stimulus Funds directly from the federal government (Direct Recipients). Direct Recipients are authorized to delegate some reporting obligations to their grantees. The reports are required to provide an estimate of the number of jobs that were created or saved through the expenditure of the Stimulus Funds and to describe the program goals that are achieved. The first quarterly report addressed the period from February 17, 2009, through September 30, 2009. All following reports will cover the subsequent calendar quarters. The information included in each quarterly report will be cumulative.


The Ohio Department of Education (ODE) will be the Direct Recipient of most of the education Stimulus Funds distributed in Ohio and most of the Stimulus Funds that public schools will receive will come from the ODE. ODE has not delegated any Section 1512 reporting obligations to its grantees yet. However, public schools will be subject to ARRA Section 1512 for any Stimulus Funds they receive directly from the federal government. Entities that are subject to Section 1512 submit their reports through the online web portal at <http://www.FederalReporting.gov>.

The federal government's Stimulus Funds reporting system requires each Direct Recipient and its first-tier recipients of Stimulus Funds maintain their registry with the federal government's Central Contractors Register (CCR). A school can register with CCR by phone at 888-227-2423 or online at <http://www.ccr.gov>. To register with the CCR an entity will have to obtain a Data Universal Numbering System (DUNS) number if it does not already have one. See the Dun & Bradstreet Web site at <http://fedgov.dnb.com/webform/display/HomePage.do> to register for a DUNS number.

Each agency of the State of Ohio that has reporting obligations under Section 1512 will submit the required information to the Ohio Office of Budget and Management (OBM). The OBM then will submit the Section 1512 data to the federal government. To comply with its reporting obligations, ODE will be required to obtain information from the various entities to which it has granted Stimulus Funds.

The entities that receive Stimulus Funds from ODE are required to only provide ODE with an estimate of the number of jobs saved or created with the Stimulus Funds, a brief description of those jobs and information on the vendors with which the entity has contracted using Stimulus Funds. The required vendor information is limited to the vendor's name, the vendor's nine digit zip code and the entity's identifying number for the contract. The information is reported online through the ODE's web site at <http://ode.state.oh.us> using the reporting entity's individual SAFE account. Recipients of Stimulus Funds from ODE were required to submit their first report to ODE on or before September 10, 2009.

State law grants the Auditor of the State of Ohio (AOS) the authority to require that the recipients of public funds provide financial reports. Pursuant to that authority, the AOS is requiring most governmental recipients of Stimulus Funds to report their receipt within 10 days using the AOS's online Stimulus Tracker at <https://secure.auditor.state.oh.us/FederalStimulusTracking/Login.aspx>. Stimulus



recipients also will be required to report their Stimulus Fund expenditures to the AOS within 10 days following the end of each calendar quarter using the Stimulus Tracker. State governmental entities that submit reports on Stimulus Funds through the Ohio Administrative Knowledge System (OAKS) are exempted from these reporting requirements.

Accounting and Audit Issues

The AOS, through its audits, will have the primary responsibility for ensuring the Stimulus Funds Ohio receives are properly accounted for and expended. When a state public office receives \$500,000 or more in federal funds, the AOS is obligated to conduct a Federal Single Audit. In addition to examining the public entity's books and records, a Federal Single Audit also examines whether the public office has adequate internal controls and properly followed federal rules in expending and accounting for the federal funds. The Stimulus Funds likely will greatly increase the number of schools that are subject to Federal Single Audits in the years the Stimulus Funds are distributed.

Each recipient of Stimulus Funds that is subject to OMB Circular A-133 for Federal Single Audits must separately account for the Stimulus Funds on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form. Every Direct Recipient is obligated to require its grantees complete their SEFA report in a similar manner. Although much of the ARRA educational funding is temporarily increasing the funding levels of existing federal education programs, the education Stimulus Funds are being assigned different Catalog of Federal Domestic Assistance (CFDA) numbers from those assigned to the regular funding streams. For example the regular Title I funding (CFDA 84.010) and the Title I Stimulus Funds (CFDA 84.389) are assigned different CFDA numbers. The separate CFDA numbers should be used to report Stimulus Funds on a school's SEFA.

Every entity subject to a Federal Single Audit is required to submit their SEFA to the auditor. The auditor uses the SEFA to plan the audit, i.e., perform risk assessment and select the major programs that will be audited. The Office of Management and Budget has indicated in Appendix VII to the latest A-133 Compliance Supplement that auditors should presume Stimulus Fund programs are high-risk unless he or she determines they are low-risk and clearly documents the basis for that determination. Consequently, there is a high likelihood that the auditor will audit a recipient's Stimulus Fund programs.

In Bulletin 2009-005, the AOS has provided notice that it will be performing interim audits of certain Stimulus Fund recipients as a part of the entity's annual Federal Single Audit. The interim audits will examine the books for the current fiscal year before the end of the fiscal year. The interim audits will focus on examining whether the:

- entity has proper controls in place and operating,
- Stimulus Funds are separately identified and
- Stimulus Funds are being expended in compliance with the law.

Due to ARRA's emphasis on transparency and accountability, Stimulus Fund recipients will be subject to a heightened level of scrutiny by the AOS and ODE. Stimulus Fund recipients must ensure their expenditures of Stimulus Funds are for approved purposes and retain sufficient documentation to demonstrate the validity of those expenditures. Public schools will be expected to show that each expenditure was for a proper purpose and an eligible use, and the use supplements, but does not supplant, current programs. If you have any questions or would like assistance in ensuring that your organization is properly expending and accounting for its Stimulus Funds, please contact Amy J. Borman (614-564-1449) or Patrick J. Downey (419-247-1634).

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