

# American Recovery and Reinvestment Act (ARRA) Workshop



## INTRODUCTION

### STATE REVOLVING FUND

## Disclaimer



*Some of the information and examples included in this presentation are intended for discussion purposes only. The statutory provisions and grant conditions described in this presentation contain legally binding requirements. This presentation is not a regulation itself, nor does it change or substitute for those provisions and regulations. Thus, it does not impose legally binding requirements on EPA, states, or SRF assistance recipients. This guidance does not confer legal rights or impose legal obligations upon any member of the public. While every effort has been made to ensure the accuracy of the discussion in this presentation, the obligations of the SRF assistance recipients are determined by statutes, regulations, grant conditions, or other legally binding requirements. In the event of a conflict between the discussion in this presentation and any statute, regulation, or grant condition, this presentation would not be controlling.*

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## Defining Terms



- “State” - agency receiving the capitalization grant from EPA
  - Recipient
- “System” - the borrower, also referred to as:
  - Sub-recipient
  - Assistance recipient

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## Introduction to Cadmus Group



- EPA prime contractor for 26 years
  - Provide support to EPA's Office of Water
    - ✦ Drinking water program implementation
    - ✦ Drinking water standards
    - ✦ Source water protection, water quality, and watershed management support
- 300 professional employees
  - Scientists, engineers, economists, public policy analysts, and others

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## ARRA and the SRF Program



- Preserve and create jobs and promote economic recovery
- Assist those most impacted by the recession
- Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits

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## ARRA and the SRF Program



- **ARRA**
  - One time infusion of money to stimulate infrastructure investment, with strings attached
- **ARRA and SRF**
  - Core elements of the SRF Program have been in place for over 10 years
  - ARRA utilized the existing program elements to distribute funds
  - SRF Program may see changes

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## What's New?



- Prevailing Wages (Davis-Bacon Act)
- Buy American (BA) Provisions
- Reporting on ARRA Funds and Jobs
- Green Project Reserve (GPR)



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## What's New?



- For States...
  - Additional Subsidization
  - Section 1511 Certification
  - Can not use 15% set-aside
  - Funds not subject to matching or cost share requirements
- For Systems...
  - Limits on eligible projects
    - ✦ No zoos, casinos, golf courses, aquariums, or swimming pools
    - ✦ Limits on land acquisition
  - ARRA logo posted at all job sites
  - ARRA whistleblower protection poster onsite

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## Green Project Reserve (GPR)



- **Core goal of the SRF**
  - Public health protection
  - Promote water quality
- **Benefits of GPR projects may include:**
  - Better utility practices
  - Long-term monetary savings
- **Goals of GPR**
  - Improve sustainability of water and wastewater utilities
  - Jump-start green economy
  - Fund improvements that may not normally rank high enough to be funded through the SRF

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## Green Project Reserve (GPR)



- GPR was required in base program as part of FY 2010 appropriations
- EPA may issue additional GPR guidance for future SRF allocations
- **System**
  - Retain documentation of eligibility
    - ✦ Verify GPR components
  - Site inspections and/or site visits
  - Review invoices
- **State**
  - Ensure funds managed appropriately
  - Ensure GPR components conform to contract specifications and business case (if applicable)

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# Why is Compliance Important?



## AMERICAN RECOVERY & REINVESTMENT ACT (ARRA)

# Why is Compliance Important?



- Proper management of ARRA funds
  - Responsibility of states and systems
- EPA program reviews of ARRA projects
- Office of Inspector General (OIG) audits and investigations

## Section 1515 of ARRA



- **Authority of the OIG**
  - OIG may examine any records or interview any employee or officers working on this contract - including the contractor, its subcontractors, or other firms
    - ✦ \$20 million to spend
    - ✦ Office of Investigations
    - ✦ Office of Audit Services



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## EPA OIG



- **Office of Investigations**
  - Manages, sets policy, coordinates, and has overall responsibility for criminal investigations of allegations of financial fraud

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# EPA OIG



- **Office of Audit**
  - Designs and implements long-term, nationwide audit plans to:
    - ✦ Improve economy, efficiency, and effectiveness of EPA programs and
    - ✦ Prevent fraud, waste, and mismanagement
  - Monitors funds received
    - ✦ Were funds expended and used as intended?
  - Review of:
    - ✦ Financial statements, contracts, assistance agreements,
    - ✦ Internal controls, program performance and manpower analysis

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# Single Audit



- Prevents duplication of effort if an entity receives federal funding from many agencies
- Applies if an entity receives more than \$500,000 per year in total from all federal sources
  - Recipient must hire an auditor and prepare an audit annually
- OIG will review Single Audit Act reports

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# Single Audit



- Includes:
  - Audit of compliance with applicable laws, regulations, contracts and grant agreements
    - ✦ Described in OMB Circular A-133
  - Audit of internal controls to identify control deficiencies and material weaknesses that might impair compliance
  - Recommendations on remedies for control deficiencies and material weaknesses which, if not corrected, could lead to corrective action by the award official

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# Project Management



**AMERICAN RECOVERY & REINVESTMENT ACT  
(ARRA)**

# Importance of Project Management



- **System is the sub-recipient of ARRA funds**
  - Responsible for monitoring their project
    - ✦ Monitoring begins when loan or grant is made
- **Many systems hire engineering firms to handle inspections and make sure specs are met**
  - For ARRA, systems need to take more active role
  - Stay involved and informed

# Project Management is...



- **Coordinating and overseeing all aspects of the project, including:**
  - Due diligence of engineers and contractors
  - Being involved in the project from start to finish
  - On-site inspections or site visits
  - Technical and financial monitoring
- **ARRA monitoring is similar to monitoring for a typical infrastructure project**

# Technical Monitoring



- **Ensure construction is proceeding in accordance with plans and specifications**
  - Verify materials meet project specifications
    - ✦ Especially for BA and GPR
  - Verify compliance with BA and DB provisions
- **Confirm appropriateness of construction methods and change orders**
- **If you're concerned, ask!**

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# Financial Monitoring



- **Monitor billing and invoices from contractors, subcontractors, and suppliers to verify:**
  - Labor rates and charges
  - Billings are in-line with project completion and milestones
  - Hours on payroll correlate to invoices

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# State Inspections



- **Expect the State to:**

- Perform site visits
- Review records



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**ADEM**

Alabama Department of Environmental Management

Home > More Information > American Recovery & Reinvestment Act of 2009 (ARRA)



<http://www.adem.state.al.us/MoreInfo/stimulus.cnt>

## State Revolving Fund Information

- SRF Supplemental General Conditions
- Recovery Emblem for Project Signs
- ARRA Inspection Form
- ARRA Whistleblower Poster
- Davis-Bacon Workplace Sign
- Davis-Bacon Payroll Form
- Davis-Bacon Workplace Sign (Spanish)
- Labor Standards Interview Form – GSA Form No. 1445
- Buy American Waiver Guidance
- EPA Buy American Waivers
- EPA ARRA Page Buy American Q&A Part
- Substantial Transformation Guidance for Buy American
- EPA Buy American Presentations 11-12-09
- EPA Davis-Bacon Presentation 11-12-09
- EPA Fraud Briefing 11-12-09

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# What Now? Implementing ARRA Requirements



**THE CADMUS GROUP, Inc.**  
**SRF PROGRAM SUPPORT**

**KIMBERLY MARSH**

**[KIMBERLY.MARSH@CADMUSGROUP.COM](mailto:KIMBERLY.MARSH@CADMUSGROUP.COM)**

**303.389.2532**

**MIKE GRIMM**

**[MICHAEL.GRIMM@CADMUSGROUP.COM](mailto:MICHAEL.GRIMM@CADMUSGROUP.COM)**

**503.760.1855**

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# American Recovery and Reinvestment Act (ARRA) Workshop



## REPORTING REQUIREMENTS:

### STATE REVOLVING FUND

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# Agenda



- Overview
- Revised OMB Guidance
- Jobs Reporting Requirements
- Other Reporting Requirements
- Additional Resources
- Questions

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# Overview



**AMERICAN RECOVERY & REINVESTMENT ACT  
(ARRA)**

## Overview: Goals



- Section 1512 reporting requirements
- OMB Guidance (June 22, 2009)
  - Requires quarterly reporting by **systems and States** receiving ARRA funds
  - “When published on [www.Recovery.gov](http://www.Recovery.gov), these reports will provide the public an unprecedented level of transparency into how federal dollars are being spent and will help drive accountability for the timely, prudent, and effectively spending of recovery dollars”
  - Guidance revised December 2009

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## Overview: Roles and Responsibilities



Entity	Reports to	Frequency	Reporting Format	Report on
System	State*	As directed	Via quarterly, monthly, or weekly reporting forms	Project-specific data, financial data, job estimates and impact, project milestones, and vendor payments
State SRF Program	EPA	Weekly as changes occur	Enter into benefits reporting system	Project specific data and State-level data
	OMB	Quarterly	Via FederalReporting.gov	Project completion status, job estimates and impact, ARRA disbursements
EPA	OMB	Weekly	Details posted on EPA's Web site.	Project details and grant details, including outlays of federal dollars

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# Revised OMB Guidance



## AMERICAN RECOVERY & REINVESTMENT ACT (ARRA)

# Revised OMB Guidance



- **Initial guidance revised December 18, 2009**
  - Revisions based on feedback and lessons learned from 3<sup>rd</sup> Qtr 2009 reporting
  - Primary focus of guidance is to improve quality of data
  - Simplifies formula used to calculate job estimates
  - Eliminates subjective assessment of whether a job is created or retained

## Revised OMB Guidance



- Job created is a new job that is funded by ARRA
- Job retained is an existing position that is now funded by ARRA
- Report number of jobs for current reporting quarter
  - No longer cumulative
- Provide brief description of job creation and employment impact
- May report on jobs before funds are requested via disbursement request

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## Jobs Reporting



**AMERICAN RECOVERY & REINVESTMENT ACT  
(ARRA)**

## Collecting and Estimating Jobs: System



- **Collect all job hours worked during the reporting quarter**
  - From all contractors and subcontractors (direct employees) who worked on the project
  - From all engineering consultants, labor compliance officers, other vendors who worked on the project
  - For system personnel overseeing or working on the project (if being funded by loan/grant)
  - Exclude indirect hours

Community	Company	October	November	December	Total for Quarter
Community C	Contractor A	1,463.00	1,476.50	1,211.00	4,150.50
	Subcontractor C	234.50	159.00	180.50	574.00
	Water System	199.00	143.00	115.50	457.50
	City Police (security)	82.00	77.50	70.00	229.50
	Contractor B		32.00	36.00	68.00
	Subcontractor A			9.00	9.00
	Subcontractor B	80.00			80.00

## Collecting and Estimating Jobs: System



- **After collecting all job hours worked on the project:**
  - Submit job hours to the State based on their direction and requested frequency
- **State will enter job data for the reporting period**



## Recordkeeping for Jobs



- **No guidance on documentation to support reported job estimates**
  - System should update or develop document retention policy
    - ✦ State can review and confirm appropriateness
  - State and systems should be prepared to justify estimates: use reasonable judgment
    - ✦ Maintain written documentation
      - Accounting records, weekly payroll, etc.
    - ✦ Keep any electronic files/transmissions
    - ✦ Consider retaining documentation for the lifetime of the loan

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## Additional Reporting Requirements



**AMERICAN RECOVERY & REINVESTMENT ACT  
(ARRA)**

## Sec. 1512 & Other Requirements



- OMB requires quarterly updates on:
  - Project completion
  - Project-level disbursements
  - Economic impact (i.e., jobs)
  - Vendor information
- Notify State when changes occur to system or project-level data
- Data is used by EPA HQ to monitor progress of the national SRF program

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## Vendor Information



- Vendor information
  - If vendor receives *payments* greater than \$25,000 (per reporting quarter)
  - Report DUNS number or Name and ZIP Code
- Vendors includes entities from which the system procures goods or services
  - Engineers hired for design and/or construction management
  - Labor compliance consultant

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## Single Audit Report



- **Non-federal entities are required by the Single Audit Act Amendments of 1996 and OMB Circular A-133 to have an annual audit for their Federal awards, including ARRA programs**
  - Required if system receives (expends) \$500,000 or more in federal funds per year (combined over all programs)
  - Audit must address compliance requirements that apply to the project
- **EPA will review these reports and take action on them**

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## CWSRF Reporting



- **Oberstar Reporting**
  - House Transportation and Infrastructure (T&I) Committee
  - State reports monthly on CWSRF projects
  - Utilities asked to provide job data and associated payroll
    - ✦ Reporting on payroll is specific to the T&I report

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## CWSRF Reporting, Continued



- **T&I Reporting Requirements**
  - Monthly reporting (by the 20th of each month)
  - Report:
    - × Number of direct, on-project jobs created or sustained by ARRA funds
      - Total job hours and FTE
      - Requirements in OMB Guidance on jobs reporting apply
        - Includes assistance recipients, prime contractors, subcontractors, and consultants
        - Exclude indirect jobs (clerical, administrative, manufacturer, etc.)
    - × Total payroll of job hours created or sustained by ARRA funds (as of reporting cut-off date)
    - × Specific requirements vary by State (e.g., cumulative or non-cumulative, reporting time span, etc.)

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## Common Reporting Questions



- **Why am I being asked to report my project details?**
  - **Accountability and transparency**
- **What if I discover that I've made a mistake in the data submitted in a previous quarter?**
  - **Provide updated information to the State**
  - **Data can be corrected once published on Recovery.gov**

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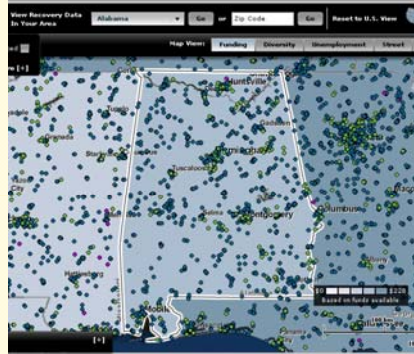
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## Reporting Requirements



- Data reported is being used to by the EPA HQ's to monitor progress of the national SRF program
- Data on your project is posted on [www.recovery.gov](http://www.recovery.gov)



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## Good Practices



- Keep documentation on data and methodology used to calculate jobs
- Develop standardized format and process for contractors and subcontractors to report job hours
- Track hours by company or entity
- Verify job hours reported

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## Additional Resources



### AMERICAN RECOVERY & REINVESTMENT ACT (ARRA)

## Reference Links



- **EPA Guidance:**
  - [http://www.epa.gov/ow/eparecovery/docs/2009\\_09\\_30\\_SRF\\_Tracking\\_and\\_Reporting\\_Guidance\\_FINAL.pdf](http://www.epa.gov/ow/eparecovery/docs/2009_09_30_SRF_Tracking_and_Reporting_Guidance_FINAL.pdf)
  - [http://www.epa.gov/water/eparecovery/docs/2009\\_09\\_30\\_Clarification\\_on\\_CBR-PBR\\_reporting.pdf](http://www.epa.gov/water/eparecovery/docs/2009_09_30_Clarification_on_CBR-PBR_reporting.pdf)
  - <http://www.epa.gov/recovery/supplement2.html>
  - [http://www.epa.gov/recovery/pdfs/ recip\\_faq.pdf](http://www.epa.gov/recovery/pdfs/ recip_faq.pdf)
- **OMB – Frequently Asked Questions and Revised Guidance**
  - [http://www.whitehouse.gov/omb/recovery\\_faqs/](http://www.whitehouse.gov/omb/recovery_faqs/)
  - [http://www.whitehouse.gov/omb/assets/memoranda\\_2010/m10-08.pdf](http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf)
  - [http://www.whitehouse.gov/omb/assets/memoranda\\_2010/m10-14.pdf](http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-14.pdf)
- **Single Audit Circular No. A-133**
  - <http://www.whitehouse.gov/omb/assets/omb/circulars/a133/a133.pdf>

# Questions?



**THE CADMUS GROUP –  
SRF PROGRAM SUPPORT**

**KIMBERLY MARSH**

**[KIMBERLY.MARSH@CADMUSGROUP.COM](mailto:KIMBERLY.MARSH@CADMUSGROUP.COM)**

**303.382.2532**

**MIKE GRIMM**

**[MICHAEL.GRIMM@CADMUSGROUP.COM](mailto:MICHAEL.GRIMM@CADMUSGROUP.COM)**

**503.760.1855**