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ARKANSAS DEPARTMENT OF EDUCATION
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ARKANSAS DEPARTMENT OF EDUCATION

American Recovery and Reinvestment Act of 2009

GUIDANCE FOR ARKANSAS LOCAL EDUCATION AGENCIES

(Title I, IDEA, State Fiscal Stabilization Fund)

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OVERVIEW

"The economics in states all across the country are hurting, and that's putting a lot on you. We've tried to provide some relief here, but what we don't want to do is put more money into the same old system. We want to see if we can also use this crisis as an opportunity to turn things around." President Obama

On March 6 and April 1, the United States Department of Education (USDoE) issued its initial guidance regarding the American Recovery and Reinvestment Act *(ARRA)*. With this document, the Arkansas Department of Education (ADE) is providing additional state direction to local education agencies (LEAs) so Arkansas can capitalize on the opportunity to use this unprecedented amount of money to increase student academic achievement. This guidance will be updated as needed if further information is received from the Arkansas Recovery Office or the USDoE. All LEA Superintendents and Directors, as well as other leadership personnel, should review and become familiar with the guidance provided by the USDoE in order to stay in compliance with and meet the expectations of the ARRA (http://www.ed.gov/policy/gen/leg/recovery/index.html#apps).

The USDoE states that "the overall goals of the *ARRA* are to stimulate the economy in the short term, and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education sections in the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance *ARRA*'s short-term economic goals by investing quickly, and we must support *ARRA's* long-term economic goals by investing wisely, using these funds to **strengthen education, drive reforms, and improve results** for students from early learning through post-secondary education."

The success of this Act will lay the foundation for future education reform (reauthorization of the Elementary and Secondary Education Act, education appropriations, etc.). The four guiding principles – or "assurances" – for ARRA expenditures include:

- Spending funds quickly to save and create jobs.
- Improving student achievement through school improvement and reform by focusing on the following goals:
  - Making progress toward rigorous **college- and career-ready** standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities.
  - Establishing pre-K to college and career **data systems** that track progress and foster continuous improvement.
  - Making improvements in **teacher effectiveness** and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;
  - Providing **intensive support and effective interventions** for the lowest-performing schools.

- Ensuring transparency, reporting and accountability. State and local education agencies (LEAs – school districts or open-enrollment charter schools) are accountable for every penny.

- Investing one-time ARRA funds thoughtfully to minimize the "funding cliff." (Funds should be invested in ways that do NOT result in unsustainable, continuing commitments after the funding expires. At the same time, LEAs need to think differently in regard to how ARRA funds are utilized. LEAs need to ask: **What can this funding do in the short term that could not be done without the funds?**)

ARRA – Education Components

American Recovery and Reinvestment Act

Stabilization Funds

Education Secretary's Portion

- Competitive Grant Applications
- Based on how well the state has used the Governor's Portion of the Stabilization Funds

Governor's Portion

18.2%

- Used for Public Safety Initiatives – can be used for education

81.8%

- Distributed between K-12 and Higher Education to cover budget shortfalls
- Based on State Funding Formulas

- **Leftover Funds** – those funds that were not needed to cover budget shortfalls
  - Funds will be distributed to LEAs based on their portion of the Title I Allocations
  - NOT Title I Funds – can be used for any activity under ESEA, IDEA, Perkins, Adult & Family Literacy and/or for new construction modernization, renovation, and repair.

Increases to Formula Grants

- Title I-A Allocation (Target and EFIG Only)
  - School Improvement Grants (1003 (g) Funds)
- IDEA
- Innovation and Incentive
  - Teacher Incentive Fund
- Educational Technology Grant
- Homeless Grant

Developed by the National Title I Association, an Association of National Title I Directors

LEA USES OF FUNDS

Funds provided for Part A of Title I, ESEA and Part B of IDEA are an excellent opportunity to improve education for at-risk students, close achievement gaps and improve outcomes for children and youth with disabilities. LEAs must focus use of these funds on **one-time, short-term** investments with the potential for long-term benefits, rather than making unsustainable, ongoing commitments.

State Fiscal Stabilization Funds (SFSF) can be used for any activity authorized under the Elementary and Secondary Education Act (ESEA) (including new construction, modernization, renovation, or repair of public school facilities), the Individuals with Disabilities Education Act, the Carl D. Perkins Career and Technical Education Act, and the Adult Education and Family Literacy Act. For a sample of activities authorized under these laws, please go to the ADE website at http://arkansased.org/ and click on *Recovery Information* at the bottom of the screen.

LEAs with schools that are in any phase of school improvement should exercise the leadership necessary to use stimulus funds to implement appropriate interventions outlined in the state's Smart Accountability plan. ADE will be closely monitoring the use of funds for schools in an intensive phase of improvement or state directed status. LEAs should allocate the funds in an appropriate way to support their lowest performing schools. LEAs with schools that are in year 6 or beyond of school improvement may use stimulus funds to hire a state improvement director in accordance with the state's Smart Accountability plan.

Because the USDoE will hold State Education Agencies (SEA) accountable for meeting the four assurances above with ARRA expenditures, the ADE recommends that LEAs use the following decision-making process when selecting programs, activities or items in which to invest ARRA funds.

1. Ascertain if the proposed expenditure passes through the following four filters:
    a. **Will it invest in the economy?**
    b. **Is it a one-time, short-term (no longer than two years) investment with long-term benefits?**
    c. **Is the expenditure allowable under the funding mechanism** (Title I, IDEA, SFSF {*ESEA, IDEA, Perkins, Adult and Family Literacy, definitions (see below) of new construction, modernization, repair and renovation*)**?**
    d. **Can the LEA define (through performance measures) how the program, activity or item proposed can lead to improved student academic achievement?**

2. Once it is determined that the proposed expenditure passes through the above filters, determine that it advances one or more of the four goals listed for improving student achievement and utilizes an appropriate funding source. If so, it will fit into one or more of the cells in the following rubric. If there is no cell where the proposed expenditure fits, then it likely is not an appropriate use of ARRA funds and should be disregarded. Several examples are given in the rubric in *Attachment A* to assist LEAs in its decision-making; however these are only suggestions, not requirements. ADE encourages leaders to think "outside-the-box" as they make decisions on the best use of these funds for the LEA.

BUILDING CAPACITY TO ENHANCE STUDENT ACHIEVEMENT				
Goals → **Funding Sources ↓**	**College- and Career-Ready Preparation** (including programs for ELL and SPED students)	**Data-Driven Programs or Processes** to track progress and foster continuous Improvement	**Teacher Effectiveness and Equitable Distribution of Highly Qualified Teachers**	**Intensive Support and Effective Interventions**
TITLE 1, PART A ($111.1 million*) Federal program requirements remain				
IDEA Part B ($117.7 million*) Federal program requirements remain				
State Fiscal Stabilization Fund (81.8 percent = $363.1 million**) *Funds can be used for any approved program under ESEA (including new construction, modernization, renovation, or repair of public school facilities), IDEA, Perkins, and the Adult Education and Family Literacy Act.*				

- Estimated dollar figure allocated for Arkansas through the ARRA (updated 4-6-09).
- ** Estimated dollar figure allocated for Arkansas to first help restore support for public elementary, secondary, and postsecondary education to the greater of FY 2008 or FY 2009 level. After these needs have been met, the remainder of the funds will be sent to LEAs based on their relative Title I share but not subject to Title I program requirements. $21,961,862 will be provided to Higher Education to restore funding levels. The remaining $341,091,157 will be distributed to LEAs (updated 4-10-09).

New Construction, Modernization, Renovation and Repair (SFSF)

This section provides definitions and examples for LEAs who choose to use at least part of their SFSF allocation for new construction, school modernization, renovation, and/or repair. According to the National Clearinghouse for Educational Facilities (NCEF) (http://www.ncef.org/school-modernization/#what-can-you-do-now), LEAs should include the following additional steps when determining which facilities projects meet the goals of the stimulus funding. Keep in mind that all funds should be used to enhance the teaching and learning environment of the school.

Above all, think "high performing schools, high performing students." To help in your planning process NCEF recommends LEAs make a list of potential improvement projects and discuss them with the entire school faculty and staff. The following questions should be asked of each project:

1) **Is it educationally appropriate?** Some projects, like fixing a leaky roof, are an outright necessity, but many are judgment calls. Is money better spent on security cameras or improving classroom acoustics? Teachers need to be given an effective voice in these matters. The idea is to make both school buildings *and* students high performing.

2) **Is it neighborhood friendly?** School improvement projects often have an impact on the surrounding neighborhood. Consult with neighbors and give them the opportunity to voice their opinions. Treated with consideration, neighbors can be strong allies.

3) **Is it environmentally sound?** Energy efficiency and indoor environmental quality should be a high priority for every project. But not all design professionals understand the ways lighting, acoustics, indoor air quality, comfort, and safety enhance learning. Be picky. Hire consultants who know how to save energy *and* enhance the learning environment.

4) **What is its long term impact?** Some schools need major short-term repairs just to keep functioning. For them, the economic stimulus will appear to be a godsend. But could the stimulus money be better spent as a partial contribution to a complete building overhaul? Although this question may have no easy answer, think it through. Don't let the stimulus funding make you throw good money after bad. Be creative. Try to develop a spending plan based on the long term.

Definitions:

- ***New Construction***: Any improvement to an academic facility that brings the state of condition or efficiency of the academic facility to a state of condition or efficiency better than the academic facility's original condition or efficiency. New construction includes additions to existing academic facilities and new academic facilities.

- ***Modernization:*** Any construction project that 1) upgrades, 2) brings to current code or standards, or 3) modernizes a facility or component thereof. The project must have the intended purpose of bringing the facility or component to higher standard either for operational necessity or to meet industry or lawful standard. A project may include equipment, which would be normally considered part of the facility, and that equipment which has specific academic purposes and is attached to the facility.

- ***Renovation:*** Any construction that changes, rearranges, replaces or improves the condition without adding to the overall foot print (square footage) of the facility. Renovation may be either interior or exterior. Renovation may not substantially replace a facility 100 percent. Renovation may include maintenance as part of the general scope of work, but it can not be funded with ARRA stabilization funds.

- ***Repair:*** Any construction project that brings the condition of a facility or component of the facility back to its original condition through either partial or complete replacement (repair by replacement) without improvement, other than by law or code.

Authorized actions regarding the expenditure of SFSF for facilities:

SFSF may be used on a project in conjunction with or matched by other non-federal funds. However, the project scope must meet both the program definition (new construction, modernization, repair or renovation) above and the project scope for which the non-federal funds were initially approved. It must also meet the required timelines of both programs. In other words, an LEA may use SFSF to match an Academic Facilities Partnership Program project if the scope of the partnership project meets the definitions in this guidance. For a project where a combination of funds are used for construction, the SFSF may only be applied to that portion of the scope which meets the definitions contained in this guidance and cannot be counter to any restriction or prohibition contained in this guidance.

- SFSF used on facilities should only be used in support of the academic initiatives which meet the goals of the ARRA.
- SFSF applicable for facilities may be applied to any academic facility meeting the criteria in the law.
- LEAs must use the definitions provided in this guidance for new construction, modernization, renovations and repairs to assist with reporting and transparency.
- SFSF may be used to pay for all aspects of design and construction associated with any applicable project.

Required actions for the use of stabilization funds for facility projects:

- The following are applicable to the administrative process in using the SFSF on facility projects:
  - ✦ Facility projects identified in the state's planning and tracking tool (see *Process and Timeline* below) for new construction, modernization, renovation, or repair must also be submitted via the state *Computerized Maintenance Management System* work order. Project descriptions must include complete scopes of work and the code or standard the project will achieve. The explanation must also include which ARRA goal the LEA is intending to focus on with the project and to what extent. If the plan is an approved Partnership Project, the explanation must also include the name of the project and the project funding year. The Division of Public School Academic Facilities and Transportation (Division) will be providing the work order (with the listed requirements) for stimulus projects.
  - ✦ If the LEA has an approved Partnership Program project and has passed a milliage to meet its local match, all requirements of the milliage must still be met.
  - ✦ An LEA facilities report schedule will be generated by the Division detailing the status of projects funded under the SFSF.
  - ✦ The LEA will track financial information, applicable to facilities projects, through established financial systems operated by the ADE.
  - ✦ All state laws pertaining to contracting and construction responsibilities and rules promulgated are applicable to all facilities projects.

Prohibitions on facility related matters:

Funding for facilities improvements to support the tenets of the law are restricted in a number of ways. Funds **may not** be spent for:

- Purchase or upgrade of vehicles (including school buses, vehicles for facility personnel, or other vehicles).
- The improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities. (This last prohibition includes funding the conversion from an academic facility to an administration building).
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.
- Maintenance and maintenance-related projects to include labor, materials and supplies for both in-house personnel and contracts.
- New construction, modernization, renovation or repair that is inconsistent with state law.

ADE recommends that LEAs do not use their SFSF for:

- **Engineer equipment, tools, and test equipment used by maintenance personnel in the normal course of their job or profession (except in those cases where the purchase of equipment and training of personnel is a component of the renovation or modernization contract).**
- **Equipment not attached to the facility which does not either support the facility or the academic program.**
- **Salaries and benefits for LEA maintenance, custodial and bus driver personnel.**
- **Retiring existing bond debt used for construction.**

Funding restrictions on facility-related matters:

The following restrictions apply to all obligations made regarding utilizing SFSF for new construction, repair, renovation and modernization.

- All SFSF must be obligated by September 30, 2011. An obligation is defined as a lawfully executed and signed construction contract.
- All SFSF must be liquidated within 90 days from the end of the allowable period. The allowable period ends September 30, 2011. Funds must be spent and dispersed by December 29, 2011.
- The *Buy American Act* is applicable in all construction contracts.
- All construction contracts must contain the necessary clauses to incorporate the *Davis Bacon* wage rates which are applicable for the area in which the construction will be conducted. Arkansas labor law (22-9-303 (c)) eliminates the exclusion for labor on an LEA construction projects if federal funds are used. This means that with any combination of funds, the non-federal share fall under the labor laws governing federal construction projects http://www.dol.gov/compliance/guide/dbra.htm.
- To the maximum extent possible, contracts funded under this Act shall be awarded as fixed-price contracts through the use of competitive procedures. Any contract awarded with such funds that is not fixed-price and not awarded using competitive procedures shall be reported to the ADE and to the Division.

General facility planning guidance:

- Invest in the Individual Learner: Look at the space the way the individual learner looks at it. Is it comfortable? Well lit? Does it have what the classroom needs to support the program?
- Invest in Green: Invest in projects that will reduce the operational costs of the facility. Use recycled and green materials where possible.

- <u>Understand Needs of Learners:</u> Invest in facility projects that assist in teaching the skill sets necessary for today's student.
- <u>Invest in Diversified Learning Spaces:</u> Develop projects that will allow for a broad and diverse use of spaces.
- <u>Invest in Space that Serves Larger Number of Users:</u> Invest in projects that develop multiple use and better utilization of space.

Please see Appendix B for examples of authorized and unauthorized facility expenditures.

PROHIBITED USE OF FUNDS

In addition to the prohibited use of funds explained in the new construction, modernization, repair and renovation section:

- An LEA may **NOT** use SFSF to provide financial assistance to students to attend private elementary or secondary schools.

- The ADE **<u>strongly discourages</u>** LEAs from using funds to hire faculty or staff that would constitute a long-term investment (especially for administrators/teachers/staff that are required to meet Standards for Accreditation).

- The ADE **<u>strongly discourages</u>** LEAs from putting ANY funds in its salary schedule or benefit plans.

PROCESS AND TIMELINE

- Planning, tracking and reporting for ARRA funds will occur external to the ACSIP process per federal guidance. Also, ARRA programs and projects should enhance school improvement activities.

- Before ARRA funds can flow to an LEA, the Commissioner of Education will ask each Superintendent or Director to sign and submit to ADE a *Statement of Assurance* that shows his/her commitment to using ARRA funds in fiscally prudent ways that meet the goals of the Act. This document (found at <u>http://arkansased.org/</u>; click on *Recovery Information* at the bottom of the screen) must be submitted to the ADE before any funds are released to the LEA.

- LEAs must submit a plan (with a detailed narrative and coding details) and a budget to ADE prior to expending ARRA funds. ADE will have software available for districts by May 15, 2009. Further information and guidance will be sent to LEAs on this process.

- The following percentages of funds will be released to states in the defined timeline according to the USDoE in the March guidance:

Date	Action
By the End of March 2009 ^	• Applications for the initial 67% of the **$341,091,157** * (81.8%) SFSF will be available. (SFSF funds will be released to the state by the US Department of Education within two weeks after completed applications are received.) This amount reflects the $21,961,862 taken off the top of the $363.1 for Higher Education shortfall. • 50% of the **$111,092,138** *Title I, Part A recovery funds will be available. • 50% of the **$112,177,929*** IDEA Part B Grants to States and 50% of the **$5,565,646*** IDEA Part B Preschool Grants will be available. • Education for Homeless Youth (**$644,553***)
July 1, 2009 – October 1, 2009 ^	• The remaining 33% of the SFSF will be available. • The remaining 50% of the IDEA, Part B and Preschool Grant funds will be available. • The remaining 50% of Title 1, Part A recovery funds will be available. • School lunch equipment grants will be available (**$1,240,000***).
Fall 2009 ^	• Education Technology State Grants will be available (**$7,163,976***). • Title I School Improvement Grants will be available. • State Incentive Grants and Local Innovation Grants will be competitively awarded in two rounds – Fall 2009 and Spring 2010. • Teacher Incentive Fund funding will be competitively awarded. • Statewide Data System funding will be competitively awarded.

* Arkansas estimated allocation (updated 4-13-09)
^ Tentative distribution dates to states under the Department's initial funding guidelines of March 6, 2009.

The remainder of the SFSF (available between July and October of 2009) will not be allocated to the state unless the state can show that the initial funds have been invested in a fiscally prudent way that improves teaching and learning. The Arkansas Department of Education will be expecting this evidence from the LEAs. All SFSF funds must be obligated by September 30, 2011 and liquidated by December 29, 2011.

LEAs should use the Title I, Part A (*ARRA*) funds expeditiously but sensibly. An LEA must obligate at least 85 percent of its total Title I, Part A (ARRA) funds by September 30, 2010. The remaining 15 percent must be obligated by September 30, 2011 and liquidated by December 29, 2011.

LEAs should use the IDEA (*ARRA*) funds expeditiously but sensibly as well. An LEA should obligate the majority of these funds by the end of the 2009-10 school year and the remainder during school year 2010–11. All IDEA ARRA funds must be obligated by September 30, 2011 and liquidated by December 29, 2011.

Additional guidance from USDoE is expected regarding further funding categories, which will be issued to the states through formula or competitive grants to be awarded through the fall of 2009. ADE will inform LEAs of their opportunities to apply for funds as they become available.

Maintenance of Effort and Supplement versus Supplant

State Fiscal Stabilization Fund (SFSF)

The ARRA does not include a supplement not supplant provision applicable to the SFSF. LEAs do not have a maintenance of effort requirement for the SFSF. This obligation is for the state only. SFSF may be used on a project, program or item in conjunction with or matched by other non-federal funds. **However, caution should be taken when mixing funds since it will be very difficult to separate local and federal funds for accountability purposes.**

Stimulus Funding for Existing Education Programs

Title VIII of the ARRA provides funding for existing elementary- and secondary-education programs, including Title I-A of ESEA, Part B of IDEA, and other elementary- and secondary-education programs. The ARRA does not include separate maintenance of effort or supplement not supplant requirements applicable to funding for these programs, but several of these programs, including Title I-A of ESEA and Part B of IDEA, have their own maintenance of effort and/or supplement not supplant provisions.

The ARRA does not provide for waiving or modifying maintenance of effort and supplement not supplant provisions under these other laws, although, waiver provisions for maintenance of effort (but not generally for supplement not supplant) are included in these laws. Thus, maintenance of effort and supplement not supplant requirements would continue in effect, both with regard to funds provided to these programs under the ARRA and with regard to regular annual appropriations for these programs.

Other provisions of the IDEA limit whether an LEA may reduce local effort under IDEA section 613(a)(2)(C) (34 CFR §300.305). Under IDEA section 616(f), if an SEA determines that an LEA is not meeting the requirements of Part B, including meeting targets in the state's performance plan, the SEA *must* prohibit that LEA from reducing its maintenance of effort under IDEA section 613(a)(2)(C) for any fiscal year. Therefore, an LEA must receive a determination under section 616 of "Meets Requirement" from the state in order to take advantage of this flexibility (see D-7 of the USDoE guidance concerning IDEA).

Fiscal Accounting Principles

Reporting

- ADE will provide a planning and tracking tool for LEAs to enter initial ARRA grant information such as coding structures, project name and narrative description, amount budgeted and timeline for expenditures. At least two people (ex: superintendent and business manager) at the LEA must verify and sign a certification statement that activities and expenditures fall within ARRA guidelines on a document provided by ADE. This information will be uploaded to the recovery Web site frequently. (LEAs will receive more information on this process as soon as possible).

- Source-of-fund codes will be set up in APSCN to separately track ARRA funds. LEAs shall post according to the source-of-funds and revenue codes assigned in the financial accounting handbook and as reflected on the remittance statement from ADE. Expenditures will use the same source-of-fund codes assigned to the grant that identifies the revenue being expended and will follow the standard chart of accounts in the financial accounting handbook for all other coding elements.

- The ADE Commissioner and Chief Fiscal Officer will certify on a quarterly basis that all expenditures made by ADE and the school districts are in compliance with recovery guidelines.

- ADE will monitor and audit expenditures made by school districts for compliance with recovery guidelines (LEAs will receive more information on this process as we receive guidance from the Arkansas Recovery Office).

Cash Management

The ADE recognizes that all districts have different cash flow needs. Therefore, after ADE reviews the LEA's ARRA plans, each LEA will receive five percent of its allocation of ARRA Title I, IDEA and SFSF as a cash advance. From that point forward, ADE will reimburse actual expenditures on a bi-weekly basis. Actual expenditures will be pulled from school district financial databases on a scheduled basis which will be posted on ADE's website (beginning June 20, 2009). (See cash management auditing information below.)

Transparency and Auditing

ARRA funds will need to be tracked and reported separately from regular annual formula funds to ensure transparency. The following actions must be taken by LEAs to meet this requirement:

- To facilitate transparency, ADE expects LEAs to establish a section on their existing website dedicated to its own ARRA efforts.

- LEAs must ensure all funds provided by the ARRA are clearly distinguishable from non-Recovery Act funds by coding expenditures properly into APSCN.

- School district personnel must conduct a compliance audit to ensure federal guidelines have been met. School districts must determine which of the following compliance requirements are applicable to the grant and those requirements must be considered in addition to any additional compliance requirements that are issued later by the Office of Management and Budget. The results of these audits must be submitted to ADE quarterly. ADE will provide audit guidelines once the information is available.

    - Activities Allowed or Prohibited
        - Identify the types of activities which are either specifically allowed or prohibited by the laws, regulations, and the provisions of contract or grant agreements pertaining to the program.
        - Verify that expenditures fall within these allowed activities.

- Allowable Costs/Cost Principles
  - Review OMB Circular A-87 to identify the allowable costs. Verify that the direct cost expenditures fall within these allowable costs.
  - Verify that any indirect cost taken is properly computed.
  - Review documentation that supports periodic time certifications for employees who work solely on a single federal program and monthly documentation for employees who work on multiple federal activities.

- Cash Management
  - Verify for grants that are funded on a reimbursement basis that program costs were paid for by the school district before requesting reimbursements from the ADE.
  - For grants that are advance funded, verify that minimal time elapsed between draw down and expenditure of funds.
  - No interest shall be earned on advanced funds.

- Eligibility
  - Identify applicable eligibility requirements for each grant found within the laws, regulations, and the provisions of contract or grant agreements.
  - Verify that recipients meet eligibility requirements.

- Equipment and Real Property Management
  - Verify that equipment and real property acquired with grant funds is used for the originally authorized purpose.
  - Verify that property is recorded on the fixed asset records at the proper cost.
  - Conduct a physical inventory at least once every two years.

- Matching, Level of Effort, and Earmarking
  - Identify any applicable matching, level of effort or earmarking requirements found within the laws, regulations, and the provisions of contract or grant agreements.
  - Matching – verify that required matching contributions were met and that the values placed on in-kind contributions are in accordance with regulations.
  - Level of Effort – verify that allowable categories of expenditures or other effort indications were included in the computation.
  - Earmarking – verify that the required minimum and/or maximum amount or percentage of the program's funding was used for the specified activities.

- Period of Availability of Funds
  - Review transactions near beginning and end of period of availability as outlined in grant award documents to ensure that transaction fall within the proper period.

- Procurement and Suspension and Debarment
  - The same procurement policies should be used for federal funds as are used for non-federal funds.
  - Verify that no procurement contracts, grants or cooperative agreements in excess of the applicable threshold were made to suspended or debarred parties.

- Program Income
  - Verify that program income used the appropriate method as outlined in the grant regulations (deducted from outlays, added to the project budget or used to meet matching requirements).

- Reporting
  - All reports should be reconciled to the accounting records and filed within the required timeframes.

- Special Requirements and Provisions
  - Identify any special requirements and provisions found within the laws, regulations, and the provisions of contract or grant agreements.
  - Verify that all requirements have been met.

RESOURCES

- Arkansas Recovery Web Page: http://recovery.arkansas.gov/

- White House Recovery Web Page: http://www.recovery.gov/

- United States Department of Education Recovery Web Page:
  http://www.ed.gov/policy/gen/leg/recovery/index.html

- Davis Bacon Reference - To find local prevailing wage rates:
  http://www.wdol.gov/dba.aspx#0

- AR Procurement References:
  http://www.arkansas.gov/dfa/procurement/pro_contracts.html#arra

- OMB Circular A-87 (REVISED 05/10/04)
  http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf