

Directives

Introduction

The following initial set of directives is to establish the State of Tennessee's reporting and accountability requirements for the American Recovery and Reinvestment Act (ARRA) funds received directly by all state agencies and all state agencies' subrecipients.

The Office of the Tennessee Recovery Act Management (TRAM), with assistance from the Comptroller of the Treasury, established these directives to require all ARRA fund recipients to take immediate (and any and all subsequent required follow-up) action(s) necessary to implement a framework to meet the program, administrative, accountability and transparency objectives of the Act.

Directives:

- 1) All recipients and subrecipients of ARRA funds are required to designate a senior accountable official for Recovery Act activities.
- 2) All recipients and subrecipients of ARRA funds are required to ensure that all ARRA funds are accounted for separately from non-ARRA funds in financial and reporting systems to include sub-systems.
- 3) All recipients and subrecipients of ARRA funds are required to monitor the accountability objectives of the ARRA and all other federal, state and local laws, rules and regulations.
- 4) All recipients and subrecipients of ARRA funds are responsible for ensuring that proper procurement and grant and contract management procedures are established and followed.
- 5) All state recipients and subrecipients of ARRA funds are responsible for establishing an appropriate internal control environment over ARRA funds including approvals, adjustments, recordkeeping, reporting reconciliation, segregation of duties and supervision. The internal control environment must facilitate concurrent external monitoring and post-audit activities.
- 6) All local agencies, including city and county governments and nonprofit organizations receiving ARRA funds, must follow internal control guidance prescribed by the State of Tennessee Comptroller of the Treasury, Division of Municipal Audit and Division of County Audit.
- 7) All recipients and subrecipients of ARRA funds must ensure all contract and award documents include clauses to clarify that recipients are legally obligated to meet ARRA reporting requirements.
- 8) All recipients and subrecipients of ARRA funds are required to adopt a risk assessment process for all ARRA programs to include risk identification, risk evaluation and mitigation plans. The risk assessment must also include items that address meeting program

requirements and objectives. It is recommended that agencies utilize the Tennessee Financial Integrity Act or any subsequent guidance issued by a controlling federal agency as a platform for program accountability and risk assessment.

- 9) All recipients and subrecipients of ARRA funds are required to complete an action plan. Each action plan must include the following:
 - Program title and CFDA number (Catalogue of Federal Domestic Assistance) if applicable.
 - A plan detailing how the funds will be spent and how the agency will address the absence of federal funding, after the funds are discontinued.
 - Summary description of the program and objectives to be achieved. The goals and objectives shall demonstrate cost-effectiveness, in plain language that is concise and easily understood by an audience with no in-depth knowledge of the program.
 - Sources, description and amount of all ARRA funds that the agency is expected to receive for each program.
 - Federal program reporting requirements for the ARRA funds the agency is expected to receive.
 - Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes.
 - Documented written criteria for granting ARRA resources to subrecipients.
 - Procedures in place to ensure adequate data capture of information necessary to comply with ARRA, federal and state reporting requirements.
 - A description of the risk management plan as required in Directive 8, above.¹
- 10) All recipients and subrecipients of ARRA funds are required to submit state specific reports to TRAM, upon request.
- 11) All recipients and subrecipients of ARRA funds must ensure that ARRA-funded programs are carried out expeditiously in an effective and efficient manner.
- 12) All state agencies receiving and subsequently distributing ARRA funds to subrecipients are responsible for formally communicating these directives to all subrecipients, ensuring their complete understanding of ARRA fund accountability and transparency requirements.

¹ See April 3, 2009 OMB Implementation Guidance at <http://www.recovery.gov/sites/default/files/m09-15.pdf> and refer to www.Recovery.gov for subsequent guidance updates.