

Instructions for Subrecipients and Vendors

Section 1512 Compliance American Recovery and Reinvestment Act

For Entities Receiving Funds from the Commonwealth of Pennsylvania
August 31, 2009

INTRODUCTION

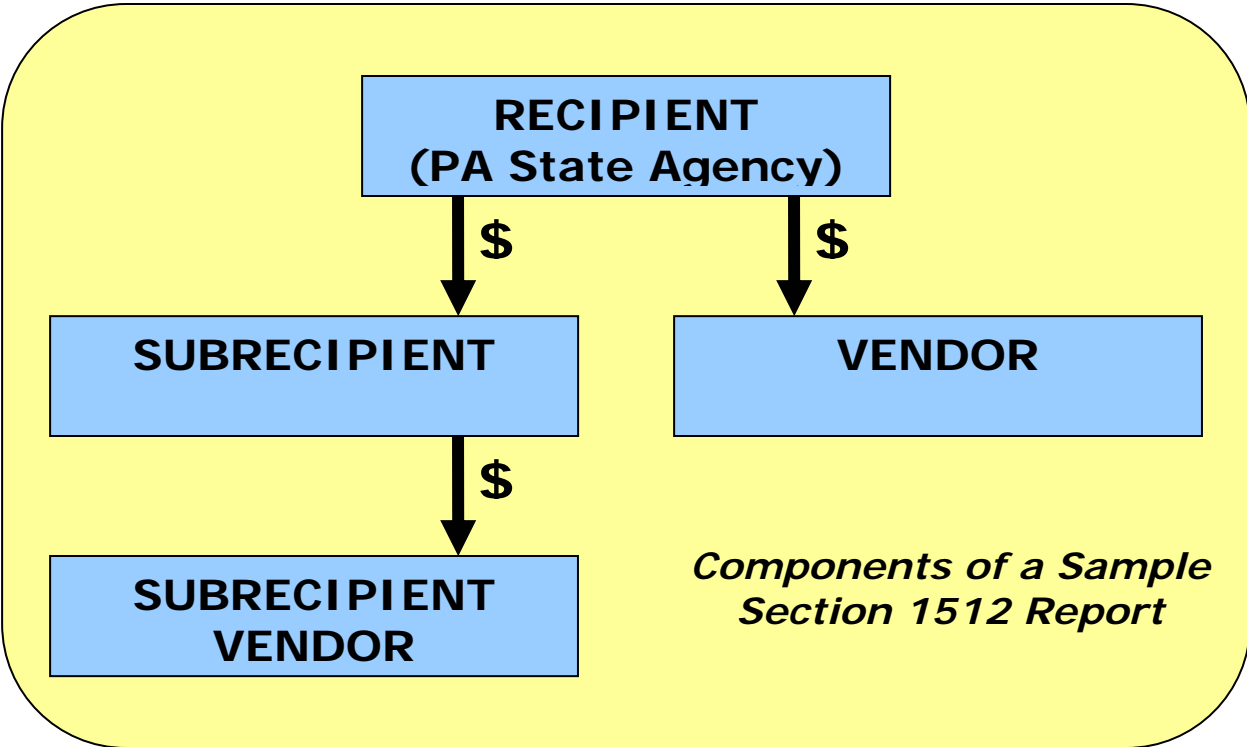
On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act into law (ARRA, or the "Recovery Act"). Section 1512 of this Act requires that recipients of Recovery Act funds provide regular reports to the federal government on how they are using this money, along with information on their vendors and subrecipients.

This document is intended to serve as a resource for entities that are receiving ARRA funds through a Pennsylvania state agency. Your organization may also be receiving Recovery Act funds directly from a federal agency. If this is the case, you are responsible for submitting your own Section 1512 reports for those funds. Information pertaining to funds received directly from the federal agency should not be included with the information you provide to the state agencies through which you receive ARRA funds.

REPORT STRUCTURE

Recipients of ARRA funds are required to file a separate quarterly report for each federal award. A single report will contain information for up to four different kinds of entities: a recipient, plus its subrecipients, vendors, and subrecipient vendors.

Figure 1: Entities Appearing in a Section 1512 Report



The state agency that provided you with Recovery Act funds is the *recipient*; there will only be one recipient on any given award. An organization that receives ARRA money from a state agency will either be a *subrecipient* or a *vendor*, depending upon the intended use of the funds and the process through which they were awarded, among other factors.

When staff from your funding state agency contact you in order to start gathering information under Section 1512, they will be able to tell you whether your organization has been identified as a subrecipient or a vendor. In general, units of local government and local educational agencies will be considered subrecipients for the purpose of these reports. Raw material suppliers and prime contractors for highway construction projects will be treated as vendors.

Finally, these reports must contain information on *subrecipient vendors*, which are entities furnishing goods or services to subrecipients.

REPORTING REQUIREMENTS

Reports must be submitted by the 10th calendar day after the close of each quarter for each federal award, beginning on October 10, 2009. These reports will be cumulative, meaning that each quarter's report will provide information on all activities supported by the Recovery Act, dating back to February 17, 2009.

The reporting requirements for Section 1512 have been defined by the Office of Management and Budget (OMB), which is a component of the Executive Office of the President of the United States. These requirements have continued to evolve over the course of the past six months, and OMB has already indicated that they are likely to be modified again before the next reports are due in January 2010.

Key reference documents are available at OMB's website; these will be of particular interest if your organization is also a direct recipient of ARRA funds.¹ *Supplement 1* to *Memorandum M-09-21* is the most recent list of Recovery Act programs that are subject to Section 1512's reporting requirements. With the exception of certain entitlement programs, most ARRA programs are in-scope for the Section 1512 reports. *Supplement 2* contains the most recent version of OMB's data model.

DATA MODEL

The current data model contains 99 fields; two-thirds of these are at the recipient level, and will be addressed by your funding state agency. Another 26 fields apply to subrecipients. The remaining data elements relate to vendors and subrecipient vendors.

¹ http://www.whitehouse.gov/omb/recovery_default/

Subrecipients will not be forced to report on each of these 26 items every quarter, for each award through which they receive financial support. The values for several data elements can either be extracted quarterly from the Commonwealth's financial systems, or else can be captured once from each subrecipient, and then used over and over again in successive reports.

Ten of these 26 fields will be automatically populated by the Central Contractor Registration system (CCR), which is the federal government's vendor registry. All recipients and subrecipients must identify themselves in their Section 1512 reports by their Data Universal Numbering System (DUNS) numbers, which are issued by Dun & Bradstreet (D&B). Based upon the DUNS numbers provided in each report, OMB's reporting solution will search the D&B and CCR systems for the associated records, and will retrieve an organization's name, address, and type of business.

REGISTRATIONS

The fact that so many fields in each Section 1512 report will be automatically populated from the D&B and CCR systems means that the importance of maintaining current and accurate DUNS and CCR registrations cannot be overemphasized.

The federal Recovery Accountability and Transparency Board (RATB) has mandated that all recipients and subrecipients of ARRA funds register in CCR.² This may trigger a two-step process for some organizations, because obtaining a DUNS number from Dun & Bradstreet is a precondition of CCR registration.

Registration in both systems is free, but can be time-consuming.³ You can obtain a DUNS number online at <http://fedgov.dnb.com/webform>. This process is relatively simple; an approval will generally arrive within 24-72 hours.

Afterwards, you will be able to register with CCR by going here: <http://www.ccr.gov/Start.aspx>. Be aware that you will need access to a broad range of information about your organization in order to successfully complete this process.⁴ Once you have submitted your request for access to this system, there is often a two-day delay before a response appears.

If you have existing DUNS and/or CCR accounts, make sure that the organization's name and address fields are correct. DUNS records can be updated through this

² "All organizations reporting Recovery Act data are encouraged to register with CCR. CCR registration is mandatory for Prime Recipients and Sub Recipients of financial assistance (i.e., grants and loans)." *ARRA In-Bound Recipient Reporting FederalReporting.gov Recipient Point of Contact / DUNS Administrator User Guide – Registration and Next Steps Version 1.0 pg. 3*

³ For more information on the various registration processes, you may wish to consult the Frequently Asked Questions page at <https://www.federalreporting.gov/federalreporting/faq.do>.

⁴ Details on the specific information required to obtain a CCR registration are available here: <https://www.bpn.gov/ccr/StartRegistration.aspx>.

webform: <http://fedgov.dnb.com/webform/pages/CCRSearch.jsp>. You can revise your CCR record by logging in at <http://www.ccr.gov>.

DELEGATION

On June 22, 2009, OMB released *Memorandum M-09-21*, which authorized recipients of Recovery Act funds to delegate responsibility for submitting Section 1512 reports to their subrecipients. Delegation to vendors is not permitted.

The Commonwealth is not delegating its reporting responsibilities to its subrecipients.

What this means for subrecipients is that most of the compliance burden will be retained by state agencies. The Commonwealth will submit comprehensive Section 1512 reports for each federal award, which will contain information on the recipient state agency, along with its subrecipients, vendors, and subrecipient vendors. The individual state agencies that provide ARRA funds to outside organizations will be responsible for conducting the outreach that is required in order to collect the subrecipient and vendor records needed for each report.

The Commonwealth's decision not to delegate also means that a subrecipient that only receives ARRA funds through Pennsylvania state agencies will not need to register at <http://www.federalreporting.gov>.

ROLES OF STATE AGENCIES

The state's program agencies will be responsible for conducting the outreach to subrecipients and vendors, for a variety of reasons. As opposed to employees of the state's central offices, program agency staff have:

- Existing relationships with subrecipient and vendor points of contact.
- A better understanding of the programs that ARRA funds are supporting.
- Access to supplemental Section 1512 instructions issued by federal program agencies.

The program agency is the one you are accustomed to dealing with – the Department of Education, Health, or Transportation, for instance.

Our central agencies have been tasked with establishing the common guidance and IT infrastructure that will support the Commonwealth's Section 1512 reporting processes. In association with our program agencies, the central government will conduct quality assurance reviews of all data that is intended to be incorporated into the Commonwealth's Section 1512 reports.

DATA COLLECTION AND REVIEW

Most of the data elements that must be captured under Section 1512 can be thought of as being either “one-time” or “quarterly” items. One-time items are records that can be collected once per subrecipient or subaward, and then used in each successive quarter’s reports. For instance, once a state agency collects a subrecipient’s DUNS number, the agency will not need to collect it again.

Quarterly items are those that will require a state agency to conduct outreach in advance of each quarter’s Section 1512 report. For instance, subrecipients must provide information each quarter on the identities of their subrecipient vendors.

Throughout the month of September 2009, state agencies will be reaching out to subrecipients and vendors in order to collect one-time records and to disseminate instructions on compiling quarterly items. Our goal is to collect as much information in September as possible. This is why one-time records are due back to your state agency by September 14th – to give agencies time to review responses and to reach out to subrecipients in cases where changes or clarifications may be required. We intend to have all one-time records reviewed and approved internally by September 25th.

There are, however, certain pieces of information that can only be finalized after the current quarter’s books close on September 30th. This means that subrecipients will not be able to finalize and transmit certain pieces of information until October 1st. You must provide your quarterly records to your state agency by the close of business on October 5th. This will provide the Commonwealth with a limited period of time to review the quarterly records, combine them with the one-time items, and transmit the completed Section 1512 reports to the federal government.

Although all reports must be transmitted to federal authorities by October 10th, this is not the end of the review process. Between October 22nd and 29th, federal agencies will review and comment upon our Section 1512 submissions – we must respond to each of these comments and make the appropriate changes by the 30th, at which point the reports will automatically be finalized. During late October, you may be contacted by your funding state agency in order to obtain clarifications or additional information.

DATA QUALITY

The Commonwealth is ultimately responsible for submitting accurate and complete Section 1512 reports to the federal government, including the records that will be captured from subrecipients and vendors. We take this obligation seriously. As a result, your funding agency will be asking you to identify a point of contact for each award. It is especially important that this person be available between October 1st and 10th (when the initial report is being prepared) and again between October 22nd and 29th (when the report is receiving final review by the federal funding agency).

TIMELINE

The following is a rough timeline for major events relating to the reports that will be submitted for the period between February 17, 2009 and September 30, 2009. Projected deadlines appear in parentheses:

Wk of Aug 31	<ul style="list-style-type: none">• State program agencies receive pre-populated templates for each existing award, which identify the subrecipients and vendors requiring outreach (no later than 5PM, R 9/3)• State program agencies distribute <u>Instructions for Subrecipients and Vendors</u> and start collecting one-time records
Wk of Sept 7	<ul style="list-style-type: none">• Subrecipients and vendors work to compile one-time records
Wk of Sept 14	<ul style="list-style-type: none">• Deadline for subrecipients and vendors to submit one-time records to their state program agencies (5PM, M 9/14)
Wk of Sept 21	<ul style="list-style-type: none">• State program agencies reach out to subrecipients and vendors for clarifications on one-time records, as required
Wk of Sept 28	<ul style="list-style-type: none">• Agencies continue to verify one-time records, and also reach out to any new vendors that receive their initial ARRA funds in late September• State agencies, subrecipients, and vendors begin to compile time-sensitive records, such as jobs (R 10/1)
Wk of Oct 5	<ul style="list-style-type: none">• Deadline for subrecipients and vendors to submit all data to state program agencies (5PM, M 10/5)• State program agencies must upload all recipient, subrecipient, vendor, and subrecipient vendor data into the state's central 1512 system (5PM, T 10/6)• State program agencies must give final approval for each Section 1512 report (Noon, R 10/8)• Central agencies start exporting and transmitting Section 1512 reports (Noon, R 10/8)• All reports must be received by OMB (11:59 PM, Sa 10/10)• Section 1512 reports are made available at Recovery.Gov (Su 10/11)

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- Wk of Oct 12**
- State program agencies follow-up with subrecipients and vendors on any questionable responses
 - State program agencies work through the central agencies to revise/resubmit Section 1512 reports, if necessary
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- Wk of Oct 19**
- Federal agencies begin to flag individual records (R 10/22)
 - State program agencies continue to follow-up with subrecipients and vendors on any responses that a federal agency may highlight for further review
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- Wk of Oct 26**
- Cut-off for state to edit its Section 1512 reports with federal agency's permission; outreach to subrecipients and vendors ends for this quarter (5PM, R 10/29)
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TYPES OF RECORDS

You will soon receive detailed instructions and field definitions from your funding state agency. In the meantime, here is a brief overview of the information required of subrecipients under Section 1512:

One-Time

- DUNS Number
- Congressional District (For the address associated with the DUNS number)
- Subaward Date (Contract date with the state agency)
- Place of Performance (Location where the work is being performed)
- Executive Compensation
 - Does your organization have to report? (Three-point test)
 - If so, name and compensation for top five officials

Quarterly

- Number of Jobs Created/Retained
- Description of Jobs Created/Retained
- Quarterly Activities
- Subrecipient Vendors
 - Identification (DUNS number or Name and HQ ZIP code)
 - Description of the goods and/or services purchased
 - Payment amount

Vendors will likely only be asked to provide quarterly information on jobs created and retained.

THINGS TO REMEMBER

Registrations

If you are identified as a subrecipient, then you must register for a DUNS number and a CCR account, if you do not already have one. You do not need to register at FederalReporting.gov, unless you are a direct recipient of federal funds.

Data Collection

State agencies will need to collect one-time and quarterly information from you. The burden is greater for subrecipients than it is for vendors, because subrecipients play a greater role than vendors in administering the program that is receiving federal funding. Subrecipients must also provide information on their own vendors.

Timeline

State agencies will start to collect information from their subrecipients and vendors during the first few days of September. Responses must be submitted to the agencies by September 14th. Quarterly data must be turned in by October 5th.

Compliance

The Commonwealth is only submitting Section 1512 reports on funds that are distributed through Pennsylvania state agencies. Entities that also receive ARRA funds from other organizations or directly from the federal government must make their own arrangements to comply with the Recovery Act.

The Commonwealth has chosen not to delegate reporting responsibilities to subrecipients. This means that subrecipients will be required to provide the necessary information to complete the Section 1512 reports to their funding state agencies. Failure to provide complete and accurate information could result in loss of funding to subrecipients.

The recipient state agency will transmit one report each quarter for each federal award. Organizations that receive funds through multiple awards must be able to provide separate information on jobs and subrecipient vendors for each award. Double-counting and commingling are prohibited.

Also, note that these instructions focus exclusively on the reports that must be filed under Section 1512 of the Recovery Act. Your state agency may ask you to provide additional information in support of other state and federal compliance activities.

Templates

You will soon receive a data collection template that will be accompanied by detailed field-by-field instructions. If you have any questions regarding these materials, please contact your funding state agency.