

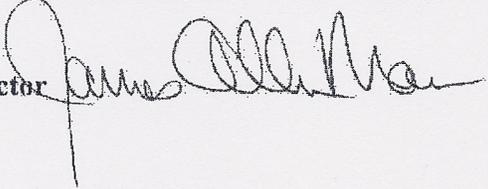


BOB RILEY
GOVERNOR

STATE OF ALABAMA
STATE CAPITOL
MONTGOMERY, ALABAMA 36130

(334) 242-7160
FAX: (334) 353-3300

TO: Chief Executive Officers of Departments and Agencies/Institutions
Receiving Federal Funds

FROM: James Allen Main, Finance Director 

DATE: April 9, 2009

SUBJECT: Guidance on the American Recovery and Reinvestment Act of 2009

As Finance Director I have been designated to implement the Governor's Executive Order issued on this date. This Memorandum is intended to provide the chief executive officers of state departments, agencies/institutions and other State entities receiving federal Recovery funds with specific state-wide guidance for carrying out the programs and activities funded by the American Recovery and Reinvestment Act of 2009 ("Recovery Act"). This Memorandum will address the immediate need for plans regarding obtaining grants and using Recovery funds and provide guidance on reporting requirements and compliance with the Act.

A. Immediate Action Required under the Recovery Act.

The Recovery Act provides Alabama with a unique opportunity to obtain billions of dollars in new federal aid, and we must act quickly and strategically to take full advantage of it. The chief executive officers of each department and agency/institution are personally responsible for ensuring that the State maximizes its revenues from the Recovery Act and uses such funds wisely.

Each department and agency/institution must take immediate steps in developing a comprehensive plan to adequately address the challenges and opportunities presented by these new federal Recovery funds, which include both formula-driven funds and competitive grant opportunities. In addition, departments and Agencies/Institutions will be expected to coordinate their efforts to maximize competitive grants which will flow into the State.

1. Immediate Plans for Formula Driven Federal Funds

The State has received increased funds through the Recovery Act in a number of formula-driven programs. Each department and agency/institution must determine the proper uses for their formula driven funds, as provided by the Recovery Act, and subsequent federal guidance and regulations. *By April 17, 2009, a short summary outlining your plans for using the formula driven funds you expect your department or agency/institution to receive must be received by this Office.* This plan should show your plans for the remaining portion of this fiscal year as well as any future fiscal year for which Recovery Act funds are available.

2. Immediate Plans for Competitive Grants

In addition, State departments and Agencies/Institutions should work together to coordinate their efforts to apply for and receive all competitive grants which are available to Alabama. Because some grant application deadlines are rapidly approaching, department and agency/institution chief executive officers must make reviewing available grants a priority. *By April 17, 2009, a list of the competitive grants available to your department or agency/institution from Recovery funds and a brief summary of your plans to apply for and use each of these grants, along with the deadlines for submitting these grants to the extent known, must be submitted to this office. Document your coordinated efforts in your summary.* Each department and agency/institution will be responsible for submitting applications for competitive grants where appropriate.

These reports will assist us in developing a comprehensive plan for meeting the oversight, reporting and compliance requirements of the Recovery Act; and help assure that the State receives the maximum benefit of this stimulus without exposure to Federal sanction. Departments will be required to regularly update the Finance Department on the status of their efforts to obtain grants and use Recovery Act funds.

B. Initial Guidance on Reporting Requirements and Compliance with the Recovery Act

As Governor Riley has expressed in his Executive Order of this date, the Recovery Act imposes upon States a higher level of accountability and transparency for the use of Federal funds received under that Act than have previously been experienced and has placed upon the Governor the duty for State compliance. That duty is shared by you as the chief executive officer of the State's Agencies/Institutions and departments.

Each State department and agency/institution chief executive officers will be personally responsible for assuring that all Recovery Act funds in their department or agency/institution are properly managed and reported. Your knowledge of the Recovery Act, the guidance provided by OMB and by other Federal Agencies is imperative for your department or agency/institution to be in compliance with both the Federal and State requirements.

You should note that in its Updated Implementing Guidance issued on April 3, 2009, OMB specifies that the reporting required by Section 1512 of the Recovery Act is the minimum which must be collected and establishes a mechanism for Federal Agencies to require additional data. It is also pointed out that these new reporting requirements will be in addition to the existing agency/institution and program reporting requirements. In this same Guidance, OMB states that it intends to expand funds tracking through the State to local governments or other organizations to the ultimate recipient.

1. Reporting Requirements

As required by Section 1512 of the Recovery Act, the State will submit its first report to OMB on July 10, 2009. Finance will be gathering this information from you well in advance of this date to assure a system is in place that will adequately and fully meet these new accountability and transparency requirements. I want to make certain that each state department and agency/institution is aware of the minimal information that Section 1512 dictates the State must report. It includes the following:

- A. The total amount of Recovery funds received from the agency/institution.
- B. The amount of Recovery funds obligated and expended to projects or activities. This report shall also include unobligated allotment balances to facilitate reconciliations.
- C. A detailed list of all projects for which Recovery funds were obligated including:
 - 1) The name of the project or activity
 - 2) A description of the project or activity
 - 3) An evaluation of the completion status of the project or activity
 - 4) An estimate of the number of jobs created or retained by the project or activity.
 - 5) For infrastructure investments, the purpose, total cost, and rationale of the agency/institution funding the infrastructure investment and the name of the contact person at the agency/institution.
 - 6) Detailed information on subcontracts or subgrants awarded in compliance with Federal Funding Accountability and Transparency Act of 2006.

These Recovery Act reporting requirements apply only to State awards funded through discretionary appropriations. These reporting requirements do not apply to funding received through entitlement or other mandatory programs except as specifically required by Office of Management and Budget ("OMB").

2. Reporting Jobs Created

Your attention is called to Section 2.13 of the April 3, 2009 OMB Updated Implementing Guidance. You should analyze that provision for application to your situation.

3. Segregation of all Recovery Act Funds

Starting immediately, all departments and Agencies/Institutions must ensure all funds provided by the Recovery Act are clearly distinguishable from non-Recovery Act funds in all agency/institution financial systems, business systems (i.e., grant and contract writing systems), and reporting systems. State department and agency/institution chief executive officers will be personally responsible for assuring that all Recovery Act funds in your department or agency/institution are properly segregated. You have previously been given direction in this regard by the Executive Budget Office. If further assistance is needed, contact your agency/institution's budget analyst.

4. Mitigate Possible Risks to Compliance

State department or agency/institution chief executive officers or his or her designee will have the responsibility of monitoring compliance with both the traditional reporting requirements and the Recovery Act reporting requirements. *Document your Compliance designee for your agency/institution on the attached form.* As Federal funds are received and sub-recipients and sub-grantees are considered for awards, the department chief executive officer, and/or Compliance designee in each department will initiate a risk management strategy to assure that comprehensive compliance can be anticipated from those selected to receive funds. Much of the information needed to fulfill the reporting requirements will have to come from sub-recipients and grantees. We will need assurances that this information will be provided timely, accurately and completely.

5. Coordination with ISD for maintenance of Website

State department and agency/institution chief executive officers shall designate a contact person to work with Information Systems Department ("ISD") to coordinate accountability and accuracy of information reported on the Governor's website. *Document your ISD designee on the attached form.* The department or agency/institution chief executive officer shall assure that their department's website is in compliance with recommended uniform reporting requirements.

6. Coordination of Legal and Fund Related Advice

The Recovery Act has raised questions as to how to proceed in order to be in compliance with new demands when competing for grants and other federal discretionary appropriations as well as meeting the reporting requirements. The Finance Director's office has developed four working groups with a contact person from his office working with each group. All questions regarding Recovery Act funds and reporting should be directed to your designated working group contact person. It is important that all levels of fund related and legal advice be coordinated through these channels so that we have a consistent statewide methodology as to how to address the requirements of the Recovery Act.

7. Coordination of all ARRA Submitted to & Received from Federal Agencies

All copies of documents to and from the federal ARRA agencies should be directed to your designated working group contact person. Items to Washington may include letters of certification, grant applications, correspondence, requests for waivers, quarterly/annual reporting, requests for guidance, etc. Items from Washington may include grant awards, approval of waivers, answers to questions, schedules and deadlines, etc. It is important that all information related to your grant be shared with your contact person to ensure that all statewide ARRA information is available in one location.

Each of you will be called upon by the Department of Finance to provide information and feedback as we develop our internal system for meeting these new Federal reporting requirements. Your cooperation and high level participation in the development of this process is essential to its success so that the State and its Agencies/Institutions are to receive the full benefit of this Stimulus without exposure to Federal Sanctions.

**To: James Allen Main
Director
Department of Finance**

From: _____
(Agency/Institution Director) (Agency/Institution)

RE: Certification of Compliance with Guidance Memorandum

Date: April 9, 2009

As the Chief Executive Officer of this Agency/Institution, I certify that I have read the Executive Order issued by Governor Bob Riley and the Guidance memorandum issued by James Allen Main, Finance Director, on the State's use of Federal Funds received under the American Recovery and Reinvestment Act of 2009 ("Recovery Act") and compliance with the regulations and rules related thereto, and I agree to comply with the terms of the Executive Order and Guidance Memorandum in my oversight, management and reporting of Federal funds received under the Recovery Act until I receive further Guidance regarding requirements for use of Recovery Act funds. I agree to make the Executive Order and the Guidance Memorandum expectations known to all agency/institution or department personnel.

_____ has been designated as the Compliance Officer of this Agency/Institution for purposes of the Recovery Act and relate regulations and rules.

_____ has been designated as the Agency/Institution Contact person for this Agency/Institution for the purposes of the Recovery Act and related regulations and rules.

(Department or Agency/Institution Director)

(Date)

COMPLIANCE OFFICER DESIGNATION

Please list the name and contact information for the person that you have chosen as the Compliance Officer for your agency/institution or department.

Agency/Institution Compliance Officer: _____

Title: _____ Phone #: _____

Email: _____ Fax #: _____

Agency/Institution Contact Person (Alternate)-this person can be contacted when the ACO is not available and is the designated person to work with Information Systems Department ("ISD") to coordinate accountability and accuracy of information reported on the Governor's website.

Agency/Institution Contact Person: _____

Title: _____ Phone #: _____

Email: _____ Fax #: _____

Please return form by April 17, 2009. Fax to (334) 353-3300, Attn: James Allen Main

EXECUTIVE ORDER NUMBER 47

WHEREAS, the American Recovery and Reinvestment Act of 2009 ("Recovery Act") places upon the Governor of each state the responsibility for the proper use of taxpayer dollars appropriated by that Act. It is clear from the language of the Act, the directions provided by the leadership of the House of Representatives and the Senate, and the President and his representatives, that the administration of the provisions of this Act shall be open and transparent and that there shall be accountability at levels of detail and timeliness not seen before. However, compliance with the requirements of this law is a small burden to bear when measured against the level of fiscal relief and resulting benefits it will produce for the citizens of the State of Alabama; and

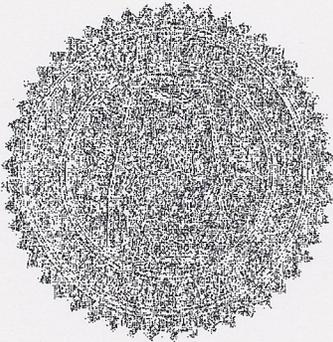
WHEREAS, the mandates of the Recovery Act require that the Governor make certifications to the federal government prior to the receipt of federal funds and upon the occurrence of certain events thereafter. In addition, reporting requirements are imposed directing that specific data be provided to the federal government both as a condition of the receipt of funds and to avoid implied sanctions for noncompliance. To a higher degree than heretofore required by federal programs, the certifications and reporting under the Recovery Act must be accurate and timely;

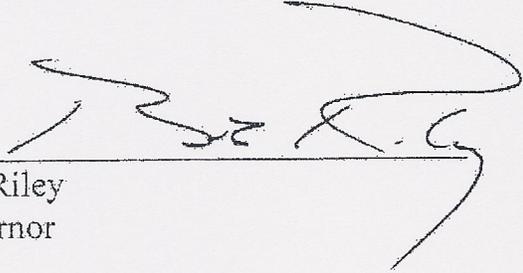
NOW THEREFORE, based on these considerations, and for other good and valid reasons that relate thereto, I, Bob Riley, Governor of the State of Alabama, by virtue of the authority vested in me by the Constitution and laws of the State of Alabama, do direct each state department and agency chief executive officer to comply with the terms of this Executive Order and the Initial Guidance attached hereto to meet the new state responsibilities under the Recovery Act.

BE IT ORDERED that each agency and department of the State of Alabama, and each institution of higher education, through its chief executive officer, shall provide this office with the data mandated in the Recovery Act and by related rules and regulations, in accordance with the schedule that will be provided by this office. The chief executive officer of each state department and agency, and institution of higher education, is responsible to the Governor for compliance in all respects. A designated agency Compliance Officer is to be identified to the Finance Director by April 17, 2009.

BE IT FURTHER ORDERED that the Finance Director is designated as the official charged with collecting the required information, verifying its accuracy, reporting it to this office, monitoring competitive grants and formula driven federal funds, and otherwise determining that the state is in compliance with all requirements imposed by the Recovery Act and its implementing rules and regulations. Representatives of the Finance Director will contact the Compliance Officers regarding the procedures for implementing and enforcing this Order.

DONE and ORDERED this 8th day of April 2009.





Bob Riley
Governor

Attested:



Beth Chapman
Secretary of State