

# American Recovery and Reinvestment Act (ARRA) Workshop



## INTRODUCTION

### STATE REVOLVING FUND

## 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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## 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?



- **Additional Subsidization**
- **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 and on all paperwork**
  - **ARRA whistleblower protection poster on-site**

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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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# 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 /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 may be here to stay in SRF programs**
  - 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/site visits
  - Review invoices
- **State**
  - Has responsibility to 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



- **Perform audits, evaluations, and investigations of EPA, states, systems, and contractors to:**
  - Improve economy, efficiency, and effectiveness of Agency programs and
  - Prevent and detect fraud, waste, abuse, and mismanagement
  - Monitor funds received
    - ✦ Were funds expended and used as intended

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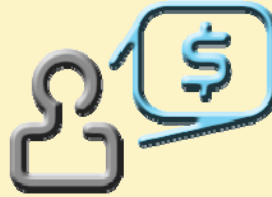
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# Single Audit



- OIG audit will review “Single Audit Act” reports
- Single audit required of systems receiving (expending) \$500,000 or more in federal funds in a year



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# Single Audit



- Includes:
  - Audit of the system’s financial statements and reporting on the Schedule of Expenditures of Federal Awards (SEFA)
  - Compliance audit of federal awards expended during the fiscal year
- Auditor is required to:
  - Determine compliance with laws, regulations and the provisions of contracts or grant agreements pertaining to federal awards

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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 / grant is made
- **Many systems hire engineering firms to take care of inspections and make sure specs are met**
  - For ARRA, systems need to take more active role
  - Keep yourself 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 / site visits
  - Technical and financial monitoring
- ARRA monitoring is similar to monitoring done for a typical infrastructure project

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## Monitoring the Project



- Technical Monitoring
  - Construction
  - Specifications
- Financial Monitoring
  - Disbursements
  - Payroll



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## Technical Monitoring



- **Ensure construction is proceeding in accordance with plans and specifications**
  - Verify materials meet project specifications
  - Especially important with BA and GPR
- **Confirm contractors are using appropriate construction methods**

## Technical Monitoring



- **Confirm that any change orders are appropriate**
- **Verify contractors/subcontractors are complying with BA and DB provisions as required**
- **Ask the contractors if you're concerned**
  - It's your project and your money (and the taxpayers' money)

# Financial Monitoring



- System should 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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**Kansas Public Water Supply Loan Fund (KPWSLF)**

<http://www.kdheks.gov/pws/loan/loanfund.htm>

• **ARRA Forms Online**

- ARRA Consultant Contract Provisions
- ARRA Construction Contract Provisions
- ARRA Bid Approval Checklist and Supporting Documents
- ARRA Jobs Reporting Form
- ARRA Buy American Assurance Form
- Davis Bacon Certification Assurance Form
- Davis Bacon Interview Form
- Guidance
  - ✦ ARRA Handbook
  - ✦ ARRA Buy American Questions and Answers

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## What Now? Implementing ARRA Requirements



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