

October 5, 2009

As you are likely aware, the American Recovery and Reinvestment Act of 2009 (Recovery Act) has imposed a number of requirements for obtaining, using, and reporting on stimulus monies received by state and local governments. We have been advised that local governments have been slow to register, when applicable, as a prime recipient of Recovery Act monies. Accordingly, we are encouraging school districts and charter schools who have not registered for Section 1512 reporting to do so, when applicable.

With respect to Section 1512 reporting, the Recovery Act includes a requirement that all entities that are a prime recipient complete such a report quarterly. An entity is classified as a prime recipient if it has received Recovery Act funding in the form of grants, loans or cooperative agreements directly from the Federal government. If an entity has received pass-through Recovery Act funding from the state or another local government, it would be considered a subrecipient. For federal grants received as a subrecipient, Section 1512 reporting at the federal level would not be required unless the subrecipient has been delegated by the prime recipient to report on Recovery Act monies. Additionally, a prime recipient may require subrecipients to provide detailed information to help complete its Section 1512 reporting.

As the direct recipient of funds, the State's Office of Economic Recovery (OER) will be completing Section 1512 reporting for the State Fiscal Stabilization Fund. The Arizona Department of Education (ADE) as the prime recipient for ARRA grants such as Title I, Title II, and IDEA, will complete the Section 1512 reporting for those programs utilizing the state's centralized reporting system. ADE will be using its existing grants management system to collect the necessary data for this reporting.

If you have received direct Recovery Act funding from the federal government or pass-through Recovery Act funding where the prime recipient has delegated Section 1512 reporting to you, please review the following guidance:

- Registration at www.federalreporting.gov is required of organizations receiving Recovery Act monies who are either the prime recipient of awards or who have been delegated to report on Recovery Act projects by the prime recipient.
- The Section 1512 report is required to be submitted at www.federalreport.gov for the quarter ending September 30, 2009 by October 10, 2009. The report is cumulative; therefore, all expenditures incurred for the period February 17, 2009 through September 30, 2009 should be included. Revisions to the report can be made for 29 days following the quarter. The report will contain detailed information on the projects and activities funded with Recovery Act monies.
- Reporting under Section 1512 is required for all Recovery Act awards listed in Supplement 1: List of Programs Subject to ARRA Section 1512 Recipient Reporting (see http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-supp1.pdf). Section 1512 reporting requirements apply to programs identified in Division A of the Act. Programs identified in Division B of the Act are not subject to section 1512 reporting requirements.
- Additional exceptions to the reporting requirements are entitlement or other mandatory programs, loan guarantees, and awards to individuals. Guidance on Section 1512 Reporting can be found in OMB Memorandum M-09-21 and additional Frequently Asked Questions (see http://www.whitehouse.gov/omb/recovery_default/).

If you have any questions regarding this e-mail, please contact Roger Walter, Amanda Winn, or Sara Thomas at (602) 553-0333, or e-mail us at asd@azauditor.gov.

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