



MEMORANDUM

TO: Department Heads
Finance Directors

FROM: Nani Coloretti, Mayor's Budget Director
Naomi Kelly, Purchaser
Rob Maerz, Deputy City Attorney
Ben Rosenfield, Controller
Chris Vein, Chief Information Officer

DATE: April 9, 2009

**SUBJECT: Preliminary Guidance on Federal Stimulus Bill
Administrative Procedures**

The recently-adopted federal stimulus bill – titled the “American Recovery and Reinvestment Act” (ARRA) – contains new transparency and reporting requirements that reflect the high expectations that these funds will be carefully tracked, benefits will be clearly quantified, and results reported in a transparent manner.

While the federal government is still developing the specific administrative requirements, our offices have established a working group to identify the work ahead. We will let you know as the Office of Management and Budget (OMB) and various federal agencies adopt specific recipient grant requirements. Departments already applying for these grants given early due dates should be aware that future reporting requirements will be attached to specific programs by the granting federal agency in months to come. In the interim, we ask each department applying for or receiving stimulus funds to adhere to the following procedures:

- Given the need to coordinate these activities citywide, grant applications must have approval of the Mayor's Office prior to submission to any federal or state program.
- Given that the ultimate administrative burden for tracking and monitoring of these funds is still unclear, indirect costs allowances in specific programs should not be waived in applications, if they are allowable.
- Grant funds will be appropriated either through the annual budget process or the “accept and expend” process. To facilitate an expedited process, award letters should

be submitted to the Controller's Office Grants Unit and your Mayor's Office budget analyst to ensure proper set-up in the financial system.

- Proper budget set-up in the system is particularly critical for future tracking of ARRA funds. We have established a unique subfund specific to the ARRA, and a unique Catalog of Federal Domestic Assistance (CFDA) number will be issued, even for augmentations to existing federal formula grants. Tutorials on the accept and expend process and details on grant budget set-ups area available on the intranet at <http://famis.sfgov.org/controllerspolicies>.
- There will be an unprecedented amount of oversight around the use of these funds. To ensure public transparency, Mayor Newsom has directed the Department of Technology to create a user-friendly local version of the Recovery.gov website – www.recoverysf.org – to educate the public on our grant awards, public meetings and input, compliance reports, and other future reporting needs. More detailed guidance on reporting though this site will be available in the next few months.
- All departments receiving and spending ARRA funds must have strong controls in place to ensure compliance with contracting, purchasing, accounting, reconciliation, and reporting requirements. Subsequent quality reviews and Single Audits will focus on these requirements in the ARRA.
- For transactions to be submitted to the Office of Contract Administration (OCA), we are developing unique coding for FAMIS/ADPICS to identify and track ARRA funded transactions. This will be a similar to the process used to identify and track homeland security (UASI) grant transactions. OCA is also working with the City Attorney to develop standard templates for terms and conditions for bids and contracts using ARRA funds. Guidelines for both will be issued soon. If you need to submit a requisition or blanket to OCA before these guidelines are put in place, please do the following: (1) in the notepad, flag that ARRA funds are paying for the purchase; (2) call or e-mail the buyer in OCA to review the situation.
- We will be scheduling a brief finance officer training on these and other requirements as federal guidelines and requirements become clearer. Please plan to attend if your department will be seeking ARRA funds.

We appreciate your cooperation and support of this effort. Please call any of us should you have any questions or comments about this issue.