

## **New ARRA Guidance Clarifies Noncompliance, Project Narratives**

Washington, Sept. 30 — New Office of Management and Budget guidance for American Recovery and Reinvestment Act award recipients clarifies numerous lingering concerns, such as how to define a “noncompliant” recipient and how to include more details in project narrative descriptions.

In April 2010, President Obama issued a memo requiring federal agencies to take aggressive action to address recipient noncompliance. In its latest guidance, the OMB clarified how a “noncompliant” recipient differs from a “nonreporting” recipient.

A nonreporting recipient is a Recovery Act recipient that does not submit a report to [FederalReporting.gov](http://FederalReporting.gov) detailing the information required under Section 1512, or does not submit a paper report meeting the requirements. A nonreporting recipient is also considered noncompliant unless it meets one or more of the following exclusions:

- it was not required to report (e.g., grant or loan less than \$25,000);
- the federal program was exempted from Section 1512 reporting;
- the award was deobligated;
- the award was cancelled or terminated;
- the award is classified;
- the awardee received an extension for “extraordinary circumstances;” or
- the final report was previously submitted to [FederalReporting.gov](http://FederalReporting.gov).

Extraordinary circumstances must be determined by the federal awarding agency, which must explain to the OMB why it granted the extension, the timeframe it covers and a full listing of exempted recipients.

The OMB guidance stated that recipients must report electronically through [FederalReporting.gov](http://FederalReporting.gov). However, if they are unable to do so electronically, they may e-mail, fax or mail a paper copy of the completed reporting template to the awarding federal agency. The agency must receive these reports by the normal filing deadline to be considered compliant. The awarding agency must certify that a recipient cannot report electronically, and that it is not filing paper reports when it is capable of filing electronically. Agencies must submit qualified paper reports to the OMB in time to allow for review and approval prior to the end of the reporting period.

### **Narrative Descriptions**

Several recent Government Accountability Office reports have urged the OMB to require grantees to better describe how they will use federal funds in the project narrative fields of their quarterly reports. In response, the OMB now encourages recipients’ narrative descriptions of Recovery Act projects to be complete and detailed. When providing information in the “award description” and “quarterly activities/project description for prime and subrecipients” fields, recipients should:

- explain all abbreviations and acronyms that may be unfamiliar to the general public;
- use complete sentences;

- adhere to instructions and examples for narrative fields in OMB and agency-specific guidance; and
- provide clear and complete information on the award's purpose, scope and nature of activities, outcomes and status of activities.

However, in cases where a full description would disclose proprietary information or information that would impact national security, recipients should limit the details provided.

The OMB further stated that a Recovery Act project is considered final for reporting purposes when the following requirements are met:

- all Recovery Act funds associated with the award have been spent at the prime recipient level;
- all or nearly all Recovery Act funds associated with the award have been invoiced and received;
- no additional jobs will be funded;
- the project status is complete per agency requirements and/or performance measures; and
- the project status is marked as “fully complete.”

It also clarifies that a recipient or federal agency may amend a prior recipient report if the agency deems it appropriate. The federal agency must determine whether the change is “material” to permit it. Information is “material” if its omission or misstatement in the prior-period report could mislead the public on how Recovery Act funds were spent.

In other matters, the guidance addresses: Recovery Act reporting requirements applicable to Education Jobs Fund recipients; the expiration of DUNS or CCR numbers; the definition of “award date”; and other specific data elements clarifications.

### **For More Information**

The guidance is available at

<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2010/m-10-34.pdf>.

— *Jerry Ashworth*