

GUIDANCE

U.S. Department of Education Clarifying Guidance on American Recovery and Reinvestment Act of 2009 Section 1512 Quarterly Reporting



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U.S. Department of Education

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**U.S Department of Education
Clarifying Guidance on
American Recovery and Reinvestment Act of 2009 (Recovery Act)
Section 1512 Quarterly Reporting
September 2009**

SECTION I: GUIDANCE AND INSTRUCTIONS APPLICABLE TO RECIPIENTS OF RECOVERY ACT FINANCIAL ASSISTANCE FROM THE U.S. DEPARTMENT OF EDUCATION

I.1 What guidance and instructions must be followed by recipients of U.S. Department of Education (the Department) Recovery Act financial assistance?

Government-wide guidance for reporting under the requirements of Section 1512 of the Recovery Act was published by the U.S. Office of Management and Budget (OMB) on June 22, 2009. (OMB M-09-21) Please see:

(1) Guidance on reporting

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21.pdf

(2) A list of programs that are subject to the reporting requirements

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-suppl.pdf

On August 6, 2009, OMB published Frequently Asked Questions to clarify and expand on the guidance. See:

http://www.whitehouse.gov/omb/recovery_faqs/

Recipient Reporting Information, including the data dictionary and formats for data entry are available on the [Recovery.gov](http://www.recovery.gov) website. See:

<http://www.recovery.gov/?q=content/recipient-reporting>

Instructions for registering and using the [FederalReporting.gov](http://www.FederalReporting.gov) data collection system are available at www.FederalReporting.gov. Frequently asked questions about registration and reporting are also available on [FederalReporting.gov](http://www.FederalReporting.gov). See:

<https://www.federalreporting.gov/federalreporting/faq.do>.

I.2 What Department of Education guidance on Section 1512 reporting is available?

All of the Department's guidance on Section 1512 reporting is available at

<http://www.ed.gov/policy/gen/leg/recovery/section-1512.html>.

Any additional guidance or updates to current guidance will be posted at this site.

For each Recovery Act grant program that has made awards, the Department provides a reporting tip sheet. These tip sheets will assist recipients to locate, by program, where on the Grant Award Notification the prime recipient can find some of the data it must report, including the Grant Award Number, the Amount of Award (obligation), Award

Date, and the Dun and Bradstreet, Data Universal Numbering System (DUNS) number. The tip sheets also provide the Treasury Account Symbol (TAS) for the programs and suggested responses to questions including Project Name, Project Description, Activity Code, Area of Benefit, and Project Status.

The Department's "Clarifying Guidance on Reporting on Jobs Creation/Retention Estimates by Recipients" is a separate document on the same web site.

The Department will publish guidance on Section 1512 reporting for Department of Education Recovery Act competitive grant programs later this calendar year.

SECTION II: CLARIFYING GUIDANCE AND EXAMPLES OF SUB-RECIPIENTS, VENDORS AND INDIVIDUALS

There are four categories of entities for the purposes of reporting under Section 1512 of the Recovery Act: (1) prime recipient, (2) prime recipient vendor, (3) sub-recipient, and (4) sub-recipient vendor.

This guidance addresses the Section 1512 reporting requirements as they apply to the Department's direct grantee, called the 'prime recipient' in OMB's guidance. It also addresses the requirements for reporting the grants and contracts that the Department's direct grantees make to other agencies and companies. Recipients of these sub-awards (usually in the form of grants) are called 'sub-recipients.' Companies that receive contracts from the Department's grantees and sub-recipients are called 'vendors.' While 'individuals' do not have to submit reports directly to FederalReporting.gov, prime recipients are required to capture and report specific information regarding sub-awards made to individuals.

II.1 In general, what is the difference between a sub-recipient and a vendor?

The OMB Guidance provides the following definitions of sub-recipient and vendor:

A sub-recipient:

- (1) Is a non-federal entity that expends federal awards received from another entity to carry out a federal program;
- (2) Does not include an individual who is a beneficiary of such a program;
- (3) Is awarded Recovery Act funding from the prime recipient to support the performance of any portion of the substantive project or program for which the prime recipient received the Recovery Act funding; and
- (4) The terms and conditions of the federal award are carried forward to the sub-recipient.

A vendor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the federal program; and
- (5) Is not subject to compliance requirements of the federal program.

The definition of 'vendor' is found in OMB circular A-133 at: <http://www.whitehouse.gov/omb/rewrite/circulars/a133/a133.html> and OMB M-09-21 Section 2.2.

Examples:

1. If a state educational agency makes competitive grants to local educational agencies to support a program of professional development for teachers in the district, the district is a sub-recipient.
2. If a state educational agency contracts with a professional development company for a package of professional development materials and to hold three regional training conferences in the state over the course of a year, the company is a vendor.

II.2 What is an 'individual' for purposes of reporting under Section 1512? How is information about payments to individuals reported?

The OMB guidance section 2.2 states that 'In general, individuals receiving benefit payments or other types of federal awards are excluded from reporting information under Section 1512 of the Act. In certain cases, individual loan recipients (as either prime- or sub-recipients) may be required to comply with Section 1512 reporting requirements — for example, if the recipient is a sole proprietorship. Individuals other than sole-proprietorships are not subject to Section 1512 reporting requirements.'

Teachers or other employees whose salaries are paid in part or in full by Recovery Act funds are not 'individuals' as defined for the Section 1512 report because they did not receive a grant or a sub-grant. In general, the Department does not expect any Department of Education Recovery Act programs will support individual benefit payments or other awards to individuals. If a recipient thinks it may use Recovery Act funds for individual payments, it should contact the Department's relevant program office for additional guidance.

If a prime recipient makes an award to an individual, as defined for the purpose of this report, in the individual's own name and personal social security number, that award is reported by the prime recipient. Awards to individuals are only reported as part of an aggregate amount of payments to individuals. See OMB M-09-21 Section 2.4 for information on aggregating awards to individuals.

II.3 In the Vocational Rehabilitation (VR) State Grants Program, services are typically provided by community rehabilitation programs, public and private educational and training institutions, and other public and private organizations. The service provision agreements are typically in the form of contracts or fee-for-service arrangements. Are VR service providers sub-recipients or vendors?

VR service providers are categorized as vendors because they fit the criteria for a vendor found in OMB circular A-133 and the OMB guidance (OMB M-09-21).

Individuals with Disabilities Education Act (IDEA) Part C

II.4 In the IDEA Part C program, when is the early intervention service (EIS) program or EIS provider a prime recipient, a sub-recipient, or a vendor?

For the IDEA Part C program, the prime recipient for Section 1512 reporting is the state lead agency whose DUNS number appears on the Grant Award Notification. The question of whether a Part C early intervention service (EIS) program or EIS provider is a prime recipient vendor, sub-recipient, or sub-recipient vendor for Section 1512 reporting purposes will depend on which criteria are met by the EIS program or provider.

The state lead agency as the prime recipient will need to make a specific determination for Section 1512 reporting as to whether each EIS program or EIS provider under IDEA Part C Recovery Act is a prime recipient vendor or a sub-recipient. In general, a prime recipient vendor is an entity that the state lead agency contracts or has another arrangement with to provide a specific service, and a sub-recipient vendor is an entity that a sub-recipient contracts with to provide a specific service. For example, an entity that has a contractual arrangement with the prime recipient or a sub-recipient to provide a discrete service or set of services, such as speech or occupational therapy, would be a vendor.

On the other hand, an entity that, under a contract or other arrangement with a prime recipient, has the responsibility for managing the overall early intervention service program, including overseeing the delivery of all Part C services and ensuring compliance with the federal requirements, would be a sub-recipient. State lead agencies have designated entities as “EIS programs” for purposes of annual performance reporting under IDEA Sections 616 and 642. Many of these EIS programs are responsible for ensuring compliance with federal requirements in addition to providing Part C services. The determination of whether an EIS program is a vendor or a sub-recipient is a separate determination that is made for Section 1512 reporting purposes only. Because the IDEA Part C program is administered by states in a variety of ways, distinguishing sub-recipients from vendors may not always be clear. The state lead agency should carefully review all available information in making its determinations.

Under the OMB guidance (OMB M-09-21), the prime recipient may delegate the responsibility to report information into the central reporting system at FederalReporting.gov to sub-recipients that receive all or a portion of Recovery funding from a prime recipient. The prime recipient may not delegate this responsibility to vendors.

II.5 What are the responsibilities of IDEA Part C sub-recipients under Section 1512 of the Recovery Act and prime recipients related to the sub-recipients?

There are at least two implications under Section 1512 to being designated a sub-recipient for IDEA Part C.

- (1) All sub-recipients must obtain a DUNS number and register in the CCR (regardless of whether the sub-recipient is delegated direct reporting authority by the state lead agency as the prime recipient); and

- (2) If the prime recipient (lead agency) delegates Section 1512 reporting responsibilities to the sub-recipient, the sub-recipient must submit quarterly information directly into FederalReporting.gov on projects/activities and expenditures.

If the prime recipient (lead agency) has designated an EIS program or EIS provider as a sub-recipient, the lead agency must:

- (1) Remind all IDEA Part C Recovery Act sub-recipients to register in CCR and obtain a DUNS number (regardless of whether the sub-recipient is delegated responsibility for reporting Section 1512 data directly into FederalReporting.gov); and
- (2) Inform all sub-recipients whether they are delegated the quarterly reporting responsibility under Section 1512.

If sub-recipients are delegated reporting responsibilities, the state lead agency must:

- (1) Inform the sub-recipients that they must register as soon as possible in FederalReporting.gov (after obtaining a DUNS number and CCR registration);
- (2) Let grantees know that they need to begin assembling the required information for the sub-recipient and any sub-recipient vendors;
- (3) Direct sub-recipients to the “Education Department Recipient Reporting Tip Sheets for the Reports on Use of Funds,” which are posted on the Department’s website, for information on reporting requirements;
- (4) Inform all sub-recipients that the data must be submitted within 10 days of the end of the quarter; and
- (5) Inform all sub-recipients that they must complete the first Section 1512 reporting between October 1 and October 10, 2009.

The state lead agency, as prime recipient, must include in its report the projects, activities, and expenditure data on an aggregated basis for all entities to which the lead agency has provided IDEA Part C Recovery Act funds and which entities are not sub-recipients (e.g., these entities include the prime recipient vendors and other state agencies).

II.6 In the IDEA Part C program, if the lead agency, for example the state educational agency, transfers Recovery Act funds to another state agency, such as the State Health Department, is the State Health Department the prime recipient, a sub-recipient or a vendor?

For the IDEA Part C program, the state lead agency whose name and DUNS number appears on the Grant Award Notification is the prime recipient for Section 1512 reporting purposes and is listed as the prime recipient in FederalReporting.gov. Any other state agency that receives IDEA Part C Recovery Act funds from the state lead agency is not a prime recipient, sub-recipient, or a vendor for Section 1512 reporting purposes. The state lead agency, as prime recipient, must include in its Section 1512 report all project/activity and expenditure data for all other state agencies to which it provides IDEA Part C Recovery Act funds. In turn, the other state agency(s) must provide the state lead agency with the information required to be reported by prime recipients, such as data related to any sub-recipients or vendors. Thus, in this example, the state educational agency, as the lead agency and prime recipient, must include in its Section 1512 report the data from the State Health Department to which the state educational agency provided IDEA Part C Recovery Act funds to deliver Part C services.

SECTION III: CLARIFICATION IN THE CASE OF STATE AGENCIES THAT ARE THE PRIME RECIPIENT

III.1 In general, if the Department awards a grant to one state agency and that state agency transfers grant funds to another state agency, is the receiving agency a sub-recipient?

No. If grant funds are transferred from one state agency to another for purposes of administering or carrying out the program, the state agency whose name and DUNS number appear on the Grant Award Notification is the prime recipient for reporting purposes, and that agency's name and DUNS number are reported in FederalReporting.gov for that grant. The other state agency is not a sub-recipient for reporting purposes.

This policy applies to all Department grants, including the State Fiscal Stabilization Government Services Fund and Education Stabilization Fund. If a state agency performs administrative functions for the Governor's Office, or carries out a portion of the grant activities, the Governor's Office is still the prime recipient. For example, if the Governor's Office provides funding to the State Police Department from the Government Services Fund, the State Police Department does not report separately from the Governor's Office. The Governor's Office submits a report that consolidates the State Police Department's data on expenditures, sub-recipients, and vendors with the data from all other state agencies that received Government Services Funds. The Governor's Office submits this report under the name and DUNS number that appear on the Grant Award Notification.

As a result of this policy, the state must collect data from all state agencies that receive funds from a particular grant, summarize the activities and expenditures, and report them as the activities and expenditures in the prime recipient section of the report. This includes collecting and reporting on all vendor contracts issued by state agencies with the funds from that grant. All contracts awarded by all participating state agencies are reported as contracts of the prime recipient.

III.2 If a state has a State Higher Education Agency and that agency administers a portion of the Education Stabilization Fund, does the State Higher Education Agency report as a separate prime recipient?

No. Similar to the State Police Department in the example above, the State Higher Education Agency's data are included with the prime recipient data and reported under the Governor's Office name and DUNS number (which appear on the Grant Award Notification.)

III.3 State-funded universities and other state-funded institutions of higher education (State IHEs) are considered state agencies in some states, but not in other states. Should State IHEs that receive funded under the State Fiscal Stabilization program be regarded as sub-recipients?

Yes. Because state-funded universities are not consistently part of the state executive branch, State IHEs are regarded as sub-recipients for purposes of reporting in all cases

in which they receive funding from the Governor's Office. This rule applies even in states that, for other purposes, consider their State IHEs state agencies.

III.4 If the agency that has the authority to draw funds from the Department of Education's Grants Administration and Payment System (GAPS/G5) is not the same as the eligible entity that received the award, which agency is listed as the prime recipient in the report?

A state grantee may authorize another state agency, such as the budget or finance office, to draw funds from the Department's GAPS/G5 system on behalf of the grantee agency. This does not affect who is considered the grant recipient for purposes of Section 1512 reporting. Data about the grant is reported under the agency name and DUNS number that appear on the Grant Award Notification.

III.5 In the IDEA Part C (Early Intervention) program, what state agency is the prime recipient?

Under the IDEA Part C program, the prime recipient is the state lead agency whose DUNS number appears on the Grant Award Notification. See question II.6.

III.6 Most of the Section 1512 guidance discusses the role of state agencies as prime recipients. Can school districts and other local agencies be prime recipients?

Any organization can be a prime recipient or a sub-recipient. Many organizations will be both a prime recipient and a sub-recipient. An organization reports data as a prime recipient for the grants it receives directly from the Department, and reports as a sub-recipient for the grants to it that are passed through a direct grantee. For example, a school district that receives an Impact Aid Construction grant submits data as a prime recipient of that grant, and submits data as a sub-recipient for formula grants it receives from the state educational agency, under such programs as ESEA Title I and IDEA Part B.

SECTION IV: REGISTRATION AND REPORTING

IV.1 What information is available regarding registration requirements for Section 1512 reporting?

Many of the most frequently asked questions about registration requirements are answered in OMB guidance. See "Technical Recipient Reporting Solution FAQ" at: http://www.whitehouse.gov/omb/recovery_faqs/.

IV.2 What agencies enter data into the FederalReporting.gov system?

Generally, prime recipients enter their own data into FederalReporting.gov.

A prime recipient may delegate reporting responsibility to its sub-recipients, or the prime recipient may collect and enter the sub-recipients' data in FederalReporting.gov. If the prime recipient enters the data about its sub-recipients, the prime recipient needs to collect data from its sub-recipients, including data on the sub-recipients' vendors.

See: www.FederalReporting.gov and OMB M-09-21 Section 3.4-3.5.

Some states are coordinating the data entry across the entire state government, so the responsibility for data entry may vary from this general rule for some recipients.

IV.3 Are there sub-recipient data that the prime recipient must collect from its sub-recipients, regardless of whether sub-recipients enter data in FederalReporting.gov?

Yes. The prime recipient needs to collect data about sub-recipients' jobs created and retained, and sub-recipients' infrastructure investments because these fields are only in the prime recipient report.

IV.4 What registration processes do prime recipients need to complete?

All Department of Education direct grant recipients already have a DUNS number, which they used to apply for their grant. Grantees should ensure their information is up to date in the Dun and Bradstreet system.

As prime recipients, all Department of Education direct grant recipients must register in the Central Contract Registration (CCR) database. If the prime recipient organization is already registered, check the registration and update it as necessary. Once registered in CCR, and using the DUNS number on the Recovery Act grant award, the prime recipient assigns individuals in the agency to have access to the [FederalReporting.gov](http://www.FederalReporting.gov) system (users), and the users must register in [FederalReporting.gov](http://www.FederalReporting.gov). Registration must be completed in time to enter the data between October 1 and October 10, 2009. The full registration process (including CCR registration) typically takes about 8 days, and may take longer as the October 1 reporting period draws near. Please register early.

IV.5 What registration processes do sub-recipients need to complete?

All sub-recipients must obtain a DUNS number and register in CCR. Prime recipients must require their sub-recipients to complete these registrations.

OMB's 'Frequently Asked Questions' document published on [Recovery.gov](http://www.Recovery.gov) states that sub-recipients must register in CCR (see <http://www.recovery.gov/?q=content/frequently-asked-questions#recipients>). Although sub-recipient CCR numbers are not currently part of the [FederalReporting.gov](http://www.FederalReporting.gov) system, all Recovery Act recipients are required to register in CCR. This requirement is a condition attached to each Department of Education Recovery Act grant. Prime recipients should include CCR registration (which requires a DUNS number) as a condition of the sub-awards issued with Department of Education Recovery Act grants, and promote timely CCR registration among their sub-recipients.

Sub-recipients that are delegated the responsibility to enter their own data directly into [FederalReporting.gov](http://www.FederalReporting.gov) must have their users register in that system prior to entering data. Prime recipients that require sub-recipients to enter data into [FederalReporting.gov](http://www.FederalReporting.gov) should notify the sub-recipients as soon as possible and should instruct them to register in [FederalReporting.gov](http://www.FederalReporting.gov).

IV.6 Do charter schools that receive Recovery Act funding need DUNS numbers?

A charter school must have a DUNS number if it receives a Recovery Act grant directly from the Department of Education or if it receives a Recovery Act sub-award from its state educational agency. Therefore, a charter school that is a local educational agency must obtain a DUNS number. If the charter school is a school within a public school district, rather than its own local educational agency, and it participates in activities its school district funds with a Recovery Act grant, the school district—not the charter school—is subject to the reporting requirements for that grant.

IV.7 When and how do the individuals who will enter and review data for recipient organizations register in FederalReporting.gov?

Agencies that are not already registered when they receive a new Recovery Act grant are expected to have their users register at FederalReporting.gov within 10 business days of receiving the award.

Information about user registration is available on Recovery.gov at www.recovery.gov/?q=content/frequently-asked-questions#recipients. Additional instructions are in the reporting system at www.FederalReporting.gov.

IV.8 Are vendors required to register at FederalReporting.gov or CCR?

No. Vendors do not enter data about their contracts with recipients and sub-recipients into FederalReporting.gov, so they do not register in the system. Nor do vendors need a DUNS number or CCR registration. If the recipient's or sub-recipient's vendor has a DUNS number, the recipient or sub-recipient reports the DUNS number for its vendors. If the vendor does not have a DUNS number, the recipient (or sub-recipient) can provide the vendor's name and the zip code+4 of the vendor's headquarters to identify the company.

IV.9 Do prime recipients need to create access to FederalReporting.gov for sub-recipients that will enter data into the system?

No. Sub-Recipients who have been delegated reporting responsibility by the prime recipient will register in FederalReporting.gov like any other entity tasked with entering Section 1512 reporting data. The Department's grant award number and the prime recipient's DUNS number link the sub-recipient's data to the prime recipient's report. Prime recipients need to ensure that their sub-recipients who have been delegated reporting responsibility have the correct Department of Education grant award number and prime recipient DUNS number as they appear on the Grant Award Notification.

1V.10 Why is a DUNS number required?

In order to aggregate data on recipients of funds from multiple federal sources, a unique identifier is needed. A government-wide policy went into effect October 1, 2003, requiring the use of DUNS numbers when applying for federal grants or cooperative agreements. This policy established the DUNS number as the unique identifier for the USASpending.gov system that provides public access to information about federal grants and contracts.

Recovery.gov will provide the same type of information as USASpending.gov – not only for direct grantees, but also for their sub-recipients. Like USASpending.gov, Recovery.gov requires a unique identifier for data aggregation, and the DUNS number serves that function.

IV.11 Why is CCR registration required?

CCR registration allows the FederalReporting.gov data system to verify DUNS numbers and link them to one source for an organization's name, address, and other information.

SECTION V: WHEN TO REPORT, REVIEW AND CORRECT DATA

V.1 What is the timeline for the Section 1512 reporting cycle?

The OMB guidance provides a detailed timeline for the reporting, review, and publication of the Section 1512 report data. (OMB M-09-21 Section 3.2) Recipients' reports are due in the FederalReporting.gov system between the 1st and 10th calendar day of the month following the end of the quarter. The first report is due on October 10, 2009.

V.2 It may take some agencies more than 10 days to reconcile their accounts. What does a recipient do if it reconciles its accounts and closes its books more than 10 days after the end of the quarter?

Recipients may make changes to their reports until the 21st day after the end of the quarter, so they may update their reports to reflect new data available during that period. Between days 22 and 29 after the end of the quarter, the recipient should contact the program officer at the Department if reconciliation results in a material difference from the data that were reported for the quarter. The Department can reopen a recipient's report to allow the recipient to make corrections. After day 21, if the difference is not material, it is acceptable to wait till the next report to update the data. Because the reports are cumulative, the reconciliation will be reflected in the report the following quarter.

V.3 When does an agency start reporting on a Recovery Act grant?

Recipients start reporting on a grant at the end of the first quarter in which they receive the grant award, even if there are no expenditures during the quarter. For example, an agency that receives a new Recovery Act grant in November 2009 will report for the first time on that grant by January 10, 2010 (for the period ending December 31, 2009). If the agency did not expend any funds on that grant by December 31, 2009, it enters the

grant information (such as the award number and the award amount) and reports zero expenditures.

SECTION VI: WHAT TO REPORT

VI.1 What is a project/activity for the purpose of this report?

A project/activity is the whole of the grant. If an agency receives a formula grant that supports many different types of services, the project/activity for purposes of the Section 1512 report encompasses all the services and purchases made with that grant. All of the required data for a federal grant are reported in one prime recipient report.

Data elements about projects – that is, ‘Project Status,’ ‘Project Description,’ and ‘Activity Code’ – require a summary or average across all the services and purchases supported by the grant. Recipients do not report separate information about sub-projects of a grant (such as teacher salaries, professional development, and assessment development).

To capture the diverse uses of a formula grant, recipients can choose multiple codes for the ‘Activity Code’ field. The tip sheets provide suggested answers for this field.

VI.2 What is the difference between the ‘Award Description’ and the ‘Quarterly Activities/Project Description’?

According to the OMB Data Dictionary definitions, the ‘Award Description’ is a very general description of the overall purpose of the federal grant program – it will not change from quarter to quarter. The tip sheets contain suggested responses for this field, by program.

The ‘Quarterly Activities/Project Description’ is more detailed information about the recipient’s activities and expected impact of the grant. For some programs, such as Impact Aid Construction and competitive grants, the ‘Quarterly Activities/Project Description’ will change over time as the grant activities change. When reporting on a formula grant, recipients may provide a general summary of the activities supported by the formula grant. Because formula grants tend to support ongoing activities, the ‘Quarterly Activities/Project Description’ of formula grants may not change from quarter to quarter. The tip sheets contain suggested responses for this field. Recipients of formula grants should feel free to provide information about their quarterly activities in addition to the general activity description that is offered in the tip sheet.

VI.3 The OMB guidance states that recipients do not have to report on administrative funds. What is considered ‘administrative’ and how should recipients account for administrative spending in the Section 1512 report?

At the beginning of the prime recipient report, there is a field for ‘Amount of Award (obligation).’ This is the total amount of the award from the federal agency to the grantee shown on the Grant Award Notification, so the amount in that field includes the amount of funds that the recipient may set aside for administration or charge to indirect costs. The ‘Federal Expenditure’ field tracks the expenditure of the entire ‘Amount of the

Award.' Note that not all of the Department's programs allow for the use of Recovery Act funds for administration.

The goal of the sub-recipient data in the Section 1512 report is to follow those expenditures to cities, counties, school districts, and companies. Therefore, the sub-award level of reporting does not include the prime recipient's expenditures on administrative and ancillary expenses. As a result, the total of the reported sub-awards may not necessarily total to the amount of the federal award.

VI.4 The Department will award the State Fiscal Stabilization Fund grants in phases, with the second phase award contingent on an application and other requirements. How does the prime recipient report the award amount and the sub-award amounts for grants that are supplemented after September 30, 2009?

On the October 2009 report, the state reports the amount of the first installment(s) received by September 30, 2009. The state also reports the amount of the sub-awards it made from that first phase of funding.

After the second (or subsequent) phase of funding is awarded, the state will subsequently report the revised total amount of the award, including the supplement. The state will also report the revised amounts of the sub-awards to reflect the state-to-local allocations that include the second phase of funding. Therefore, after the second phase award is made, the state will likely have additional sub-recipients with allocations of \$25,000 or more to report on. (See OMB guidance section 2.4 regarding the aggregation of data on grants under \$25,000.)

VI.5 The Recovery Act and section 2.4 of the OMB guidance allow prime recipients to aggregate sub-awards and vendor payments of less than \$25,000. If it is easier for the prime recipient (particularly, a state agency) to produce a report that includes complete data on all sub-awards and vendor payments, including those less than \$25,000, may the prime recipient submit its data with small awards reported separately?

REVISED – October 5, 2009. ED is revising its previous guidance on aggregating vendor data. Please see OMB guidance including the following, from section “CLARIFICATION ON AGGREGATION OF RECIPIENT REPORT” AT [HTTP://WWW.WHITEHOUSE.GOV/OMB/RECOVERY_FAQS/#AGG4](http://www.whitehouse.gov/omb/recovery_faqs/#agg4).

Q2. Though the M-09-21 Guidance allows aggregate reporting for sub-awards less than \$25,000, sub-awards to individuals, and payments to vendors less than \$25,000, are prime recipients *required* to submit aggregate reports? Or can prime recipients choose to submit separate, distinct records for each sub-award?

A. Prime recipients must submit aggregate reports on all sub-awards to individuals. However, prime recipients are not required to aggregate its awards for instances where sub-awards are less than \$25,000 and where payments to vendors are less than \$25,000.

VI.6 If a prime recipient enters into two contracts with one vendor, funded out of the same Recovery Act grant, and each contract has an expected value of \$20,000, do those contracts get added to the aggregate or reported separately?

REVISED – October 5, 2009. ED is withdrawing its previous guidance on aggregating vendor data. Please see OMB guidance including the following, from section “CLARIFICATION ON AGGREGATION OF RECIPIENT REPORT” AT [HTTP://WWW.WHITEHOUSE.GOV/OMB/RECOVERY_FAQS/#AGG4](http://www.whitehouse.gov/omb/recovery_faqs/#agg4).

Q4. Do I need to disaggregate payments to vendors under \$25,000, paid in a previous quarter, if I reach the \$25,000 threshold through additional payments in subsequent quarters?

A. The guidance published on June 22, 2009 (M-09-21) *allows* recipients to aggregate payments to vendors less than \$25,000. The guidance *does not require* recipients to aggregate this information, therefore, recipients may also choose to disaggregate and report all vendors separately.

If a recipient chooses to aggregate this information in a previous quarter, additional vendor payments in subsequent quarters will not automatically trigger the \$25,000 threshold and require disaggregated reporting for that vendor. The \$25,000 *threshold* is triggered by individual payments to a vendor within a quarter and not cumulative payments to a vendor over the life of the project. However, the number of aggregated vendor payments and associated dollars should be reported cumulatively in the respective data elements.

For example, if a vendor receives a payment for \$17,000 in Q1 and receives another payment for \$17,000 in Q2, the vendor does not have to be separately reported in Q2 because the cumulative amount paid over the two quarters exceeds \$25,000. The vendor payments in this example can be aggregated in both Q1 and Q2, since the individual payments in each quarter fall under the threshold of \$25,000.

If using the same example, but both payments occur within the same quarter, the vendor payments can still be aggregated. For example, if a vendor receives a payment for \$17,000 in Q1 from State agency A and \$17,000 in Q1 from State agency B, the vendor does not have to be separately reported in Q1 since the individual payments fall under the threshold of \$25,000.

VI.7 If a grant supports multiple contracts, each of \$25,000 or more, with the same vendor, do recipients aggregate all contracts to the vendor and report them on one row in the vendor reporting data section?

REVISED – October 5, 2009. ED is withdrawing its previous guidance on aggregating vendor data. See QVI.6 above.

VI.8 How does a recipient determine the ‘Project Status’?

The prime recipient section of the report includes the data element ‘Project Status.’ The report provides a choice of four categories, in the form of a dropdown menu: Not started; Less than 50% completed; Completed 50% or more; Fully completed.

For Department of Education formula grants, and other awards funding multiple services and products, recipients need to provide a best estimate of the completion status of all projects or activities supported by the whole grant. For grants that are distributed by formula to sub-recipients, such as local educational agencies, and then used by the sub-recipients for a variety of expenses, the prime recipient reports the percentage of its award that has been drawn down as the percent completed. For example, Governor’s Offices may use the percentage of the Education Stabilization Fund that has been drawn down as the completion status for that program.

For grants that fund discrete projects, such as the Impact Aid Construction Grant, the recipient bases the ‘Project Status’ on the progress of the funded work, not on the percentage of the grant funds that have been drawn down.

VI.9 Most Department of Education grants support statewide services. How do recipients report the Congressional District for grants that serve the whole state or serve multiple Congressional Districts? Where can the Congressional District Codes be found?

For grants that provide services statewide or in multiple districts, report the Congressional District Code that corresponds to the address of the reporting agency. The two digit Congressional District codes can be looked up from www.house.gov or www.census.gov/geo/www/ansi/ansi.html.

VI.10 When reporting on grants made under Title I of the Elementary and Secondary Education Act, how should Title I, Part D, Subpart 2 activities supported with funds provided through Title I, Part A formula be reported?

For purposes of the Section 1512 report, Title I, Part D, Subpart 2 activities should be included as part of the Title I, Part A report. There is no need to distinguish between Title I, Part A activities and Title I, Part D, Subpart 2 activities.

Reporting on infrastructure

VI.11 What is the definition of ‘infrastructure’ for purposes of this report?

For the purposes of Section 1512 reporting, the Department has defined an infrastructure investment as follows.

‘An infrastructure investment is financial support for a physical asset or structure needed for the operation of a larger enterprise. Therefore, infrastructure investments include support for tangible assets or structures such as roads, public buildings (including schools), mass transit systems, water and sewage systems, communication and utility systems and other assets or structures that provide a reliable flow of products and services essential to the defense and economic security of the United States, the smooth functioning of government at all levels, and society as a whole.’

VI.12 What Department of Education Recovery Act programs may fund infrastructure investments?

Funds may be used for infrastructure investments under the following Department of Education Recovery Act programs:

- State Fiscal Stabilization, Government Services Fund
- State Fiscal Stabilization, Education Stabilization Fund
- Impact Aid Construction
- IDEA Part B (Sections 611 and 619)
- IDEA Part C
- Vocational Rehabilitation State Grants.

For more information about infrastructure investments with Department of Education Recovery Act funding, please see the program guidance at: <http://www.ed.gov/policy/gen/leg/recovery/programs.html> or call your program office for further assistance.

VI.13 What data must be reported about infrastructure investments?

The prime recipient section of the report contains a data element, ‘Total Federal ARRA Infrastructure Expenditure’ and ‘Infrastructure Purpose and Rationale,’ as well as contact information for an individual at the prime recipient agency who can provide information about the infrastructure investments.

If infrastructure expenditures are authorized under the sub-awards, the prime recipient must collect data from the sub-recipients on their infrastructure expenditures and the purpose of their projects. The prime recipient reports a total amount of infrastructure expenditures (by the prime plus that by the sub-recipients), and reports a general ‘Purpose and Rationale’ appropriate to all of the projects. Prime recipients do not report the amount and purpose of each local project.

SECTION VII: AWARD AMOUNTS AND EXPENDITURE DATA

- VII.1 Most of the grants the Department is awarding with funds provided by the Recovery Act provide supplemental funding for existing programs (e.g., ESEA Title I, IDEA, and Vocational Rehabilitation). Furthermore, grantees are using some Recovery Act funds to replace or supplement state and local funding. Are recipients required to report separately on Recovery Act expenditures?**

Yes, recipients must separate out Recovery Act expenditures from support from other federal sources and non-federal sources. The Department assigned new CFDA numbers to the Recovery Act-funded grant programs, so the Recovery Act grants are separate from the regular FY 2009 grants. On the Section 1512 report, report only the expenditures on those grants that were funded by the Recovery Act.

- VII.2 Are the expenditures reported each quarter cumulative?**

Yes, each quarterly report includes the cumulative expenditures from the start of the grant to the end of the quarter. This may include pre-award costs that date from February 17, 2009, for programs that allow grantees to charge pre-award costs to the grant. Expenditures will continue to be reported from the start of the grant through the end of the grant, even though the performance period is longer than one year. The reports are not based on a fiscal year or a calendar year.

- VII.3 What should prime recipients report for the data element, 'Total Federal Amount ARRA Funds Received/Invoiced'?**

In this field, report the amount the prime recipient has drawn from its grant. This information is available in the Department's grant payment system, GAPS/G5.

- VII.4 What should prime recipients report for the data element, 'Total Federal Amount of ARRA Expenditures'?**

In this field, report the cumulative total amount of expenditures for the grant. Prime recipients should refer to the OMB data dictionary for an explanation of how to calculate expenditures. The data dictionary is at: (<http://www.recovery.gov/?q=content/recipient-reporting>)

- VII.5 How does a state educational agency that makes federal grant fund payments to local educational agencies on a reimbursement basis report its expenditures of payment to the local educational agencies? How do the local educational agencies report their expenditures as sub-recipients – do they report their local payments on grant-related expenses or report their reimbursements from the state educational agency?**

The OMB Data Dictionary definition of 'Total Federal Amount of ARRA Expenditures' includes information on how to handle the reporting of expenditures for recipients using cash accounting and for those using accounting on an accrual basis. Within that guidance, the state educational agency has flexibility to establish its methodology. The state's ability to reconcile the Section 1512 report with its finance system will be better if

the state reports as expenditures the amount it pays out in reimbursements to the local educational agencies. States may not have reliable information about local educational agencies' expenditures of local funds before the local educational agencies submit their reimbursement requests. Similarly, the reconciliation and accuracy of the local educational agency's reports are likely to be better if it reports as expenditures the amount of the reimbursements it receives from the state. It is important that the state establish, document, and communicate a methodology for all its local educational agencies to follow. States that would like additional assistance with this issue may contact the Department of Education program office for technical assistance.

VII.6 Some Department of Education programs permit the use of funds awarded under one formula grant program to be expended under the authority of another formula grant program. If a state applies this flexibility to its Recovery Act funds, how would the state report it?

If a state expends funds under a different authority than the program for which the grant is made, the state reports the funds under the grant from which the funds were received (that is, under the CFDA number and Grant Award Number from the Grant Award Notification). Describe the use of funds under another program authority by including the purpose of that program in the 'Quarterly Activities/Project Description' field.

VII.7 In some cases, due to the particular method that a state uses to flow funds to local sub-recipients, a state may finish expending its federal funds before the local sub-recipients complete the expenditures on the grant. Is it possible for a prime recipient to report the project status as 'complete' before all the sub-recipients have expended all their funds?

Yes, it is possible. The Department understands that states use a variety of methods to make funds available to districts and to make payments, including reimbursement and advance payments. As a result, the expenditures reported at the sub-recipient level may not add to the expenditures at the prime recipient level at the end of any given quarter. States should watch for major disparities because that could be an indication that the state or the local agencies may be out of compliance with federal cash management rules and may be required to return interest to the federal government.

SECTION VIII: DATA QUALITY REVIEW

VIII.1 What data quality review requirements apply to recipients?

Section 4 of the OMB guidance (OMB M-09-21) describes the requirements and the process for the recipients' data quality review. Additional information from OMB is available in the section, "Technical Recipient Reporting Solution FAQ" at http://www.whitehouse.gov/omb/recovery_faqs/

VIII.2 If errors are found during the data quality review, who can correct them?

Only the agency that entered the data into FederalReporting.gov may correct it. Therefore, if a prime recipient delegates reporting in FederalReporting.gov to a sub-recipient and then finds an error, the prime recipient must contact the sub-recipient to

make the corrections. If the prime recipient entered the sub-recipient data and then finds an error – or is notified by the Department that there is an error – the prime recipient must make the changes.

VIII.3 If the Department identifies errors or has questions about the data as a result of its review process, how is the reporting agency notified?

If the Department identifies an issue with a report, the Department sends a message by e-mail to the registered user that entered the data. If the concern is about sub-recipient data that was submitted by the sub-recipient, the prime recipient receives a ‘courtesy copy’ of the notice sent to the sub-recipient.

VIII.4 What data quality checks does the Department of Education perform on these reports?

The Department conducts two types of data quality review: an automated and a manual review.

The automated data quality review validates the following data elements:

- Prime Award Number
- Recipient DUNS number
- Program Source (TAFS)
- CFDA Number
- Amount of Award
- Federal Expenditures (compares recipient-reported expenditure to draws recorded in GAPS/G5)

From this review, the Department determines which direct grant awards have no report submitted or are missing information; which DUNS, Award Numbers, and CFDA numbers reported are not relevant to Recovery Act funding from the Department of Education; which direct grants do not reflect the correct Amount of Award, CFDA or TAFS information; and which direct grant awards report federal expenditures that are greater than the Award Amount or greater than the actual payments reflected in GAPS/G5 for the reporting period.

Note that if a recipient duplicates the report on a specific grant, the system accepts the latest submission. Therefore the Department’s data quality review does not identify or control for duplicated reports. Prime recipients must establish reporting procedures that ensure registered users do not over-write each other’s submissions.

Following the automated review, the Department staff performs a manual review of the data. The focus of this review is to identify ‘outliers’ in certain data elements. From this review, the Department will determine, for example, whether reported projects/activities and contracts are allowable expenses for the program and whether the reported number of sub-recipients is reasonable.

The Department will also check whether the draws recorded in GAPS/G5 are reasonable given the expected expenditure rate for the program. The Department recommends that direct recipients conduct a similar review of their sub-recipients’ expenditure rates.

SECTION IX: RISK MANAGEMENT AND INTERNAL CONTROLS OVER DATA QUALITY

IX.1 What actions does the Department recommend agencies subject to Section 1512 requirements take to mitigate the risks associated with the data collection and reporting?

The Department recommends the following steps to mitigate risks associated with data collection and reporting:

- Design control procedures for data entry. Ensure the prime recipient can control the data entry both by its own staff and by sub-recipient agencies; design checks for duplicated reporting; and ensure that individuals assigned responsibility for reporting have backup and the backups are registered in [FederalReporting.gov](https://www.federalreporting.gov).
- Design a data quality review methodology and internal procedures for conducting it, as well as procedures for making corrections. Consider using a risk-based approach to the data review, by focusing the review on data elements that are most likely to contain errors and on entities that have demonstrated limited capacity for reporting or failure to comply with reporting requirements. Document the review procedure and train staff that will participate in the review.
- Identify the sources of data for each data field. Ensure that the data can be drawn from existing finance and grants management systems. Design a data collection system or modify existing systems to add any elements that are not currently captured (for example, the DUNS numbers of sub-recipients are currently not captured by most grantees).
- Maintain documentation of the data quality procedures. The Department can review grantees' procedures as part of regular program monitoring.
- If the prime recipient identifies material omissions or significant reporting errors in its reports (or that of its sub-recipients), take action to correct the deficiencies. If the report cannot be corrected or if a known deficiency cannot be remedied, contact the Department of Education to advise it of the deficiencies and the actions being taken to correct the deficiency, and for technical assistance. See OMB guidance section 4.3 through 4.6 for additional guidance for conducting data quality reviews and associated requirements.
- Plan to document the expenditures that the prime and sub-recipients report, and establish an appropriate recordkeeping system. Department of Education grantees are required to comply with all applicable federal requirements and administrative procedures, including record retention requirements, and the common rules applicable to all federal financial requirements. See the Department's regulations in title 34 of the Code of Federal Regulations, sections 74.53 (IHEs and non-profits); 75.730-733 (direct grantees); 76.730-731 (state-administered programs); 80.42 (state and local governments) for regulations affecting recordkeeping.

SECTION X: OTHER REPORTING REQUIREMENTS

X.1 Do the Section 1512 reporting requirements supersede or eliminate other reporting requirements associated with Department of Education grant programs, such as the Consolidated State Performance Report or annual performance reports?

No, the Section 1512 reporting requirements are in addition to program performance reports. Please see the program-specific guidance for information about program-specific reporting requirements for the Department of Education Recovery Act-funded grants.

FOR FURTHER INFORMATION

Questions about Section 1512 reporting requirements may be directed to the e-mailbox that serves your Recovery Act program. The addresses are listed in the program guidance on www.ED.gov/recovery under the 'Programs' section. The e-mail addresses include:

- ESEA and McKinney-Vento Homeless programs: OESE@ed.gov
- Impact Aid: ImpactAid@ed.gov
- IDEA programs: IDEARecoveryComments@ed.gov
- Vocational Rehabilitation and Independent Living programs: RSARecoveryActComments@ed.gov.