



State of Arizona Accounting Manual

Topic 70 Grants
Section 48 ARPA Act and SLFRF Funds

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INTRODUCTION

The Federal government enacted The American Rescue Plan Act (ARPA) of 2021 to provide the resources needed to address the ongoing COVID-19 public health crisis and spur an economic recovery.

The purpose of this section of SAAM is to set forth agency responsibilities for their role in helping the State meet its accounting and reporting obligations of State and Local Fiscal Recovery Funds (SLFRF) under ARPA. SLFRF funds will be received for the State by the Governor's Office directly from the Federal government. Any SLFRF funds received by other state agencies will be received indirectly from the Governor's Office.

Funds received under ARPA that are not SLFRF funds will be covered by a different policy after final guidance is available.

POLICIES & PROCEDURES

1. All SLFRF activity shall be reported in AZ360 Financial Fund XX2985, *CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND* (where "XX" represents the first two digits of the agency's AZ360 Financial three-letter acronym). Each agency will need to establish the fund prior to processing any documents in AZ360 Financial.
2. In accordance with SAAM 7005, SLFRF recipients shall enter their grant into eCivis. The SAI number provided is the Grant ID in AZ360 Financial and provides the link between eCivis and AZ360 Financial.
3. SLFRF recipients must set up a cost structure in AZ360 Financial. At a minimum, the following data elements are required: CFDA Number, Award agreement, Major Program Category Rollup or Program Category Rollup, Grant ID. Refer to SAAM 7065 for additional information.
 - 3.1. The SLFRF funding Major Program Category Rollup Category options are:
 - 18 – ARPA Direct Federal Gov (only the Governor's Office will be receiving direct SLFRF grants for the State of Arizona)
 - 19 – ARPA Pass through from a State agency
 - 3.2. The SLFRF funding Program Category Rollup Category options are:
 - 18 -- ARPA Direct Federal Government

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- 18EX – HRIS Exclude ARPA Direct Federal Government
- 19 – ARPA Pass Through from State Agency
- 19EX – HRIS Exclude ARPA Pass-Through from State Agency
4. Depending on the cost-structure, SLFRF activity must be identified by the Major Program Category Rollup or the Program Category Rollup.
 - 4.1. The Major Program Category Rollup should be used if a Major Program is used and the only funding source in the Major Program is SLFRF.
 - 4.2. If a Major Program has multiple sources of funding, then the Program Category Rollup will be used on the Programs to identify the different sources of funding. A program will be needed for each different source, including the SLFRF. No Major Program Category Rollup should be used in this case. SLFRF must be separately identifiable from any other funding source.
 5. All SLFRF grant revenues shall be reported using AZ360 Financial Revenue Source 4215, Federal ARPA COVID Stimulus. All revenues should have the appropriate SLFRF cost structure and Fund 2985, *CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND*.
 6. All SLFRF transfers between Agencies shall be reported using AZ360 Financial Revenue Source 4915, *Federal ARPA COVID Stimulus Transfers In* and Object 9115, *Federal ARPA COVID Stimulus Transfers Out*. The vendor number should always be left blank for these transactions. Both the paying and the receiving side of the transfer should be coded to the Major Program and Program Period (PPC) for the SLFRF grant and Fund 2985.
 7. Expenditures shall be reported utilizing appropriate Objects to facilitate reporting as follows:

OBJECT	ARPA Reporting Category
6000 – 6199	Recipient expenditures
6200 – 6499	Vendor expenditures
6500 – 6699	Recipient if employee travel reimbursement, otherwise Vendor Expenditures
6700 – 6799	Vendor expenditures
6800 – 6850	Sub-recipient expenditures
6851 – 6899	Aid to Individual expenditures

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7000 – 8699	Vendor expenditures
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- 7.1. All Expenditures should be recorded using the AZ360 Financial appropriate SLFRF Major Program, Program Period (PPC), and Fund 2985.
- 7.2. To record expenditures to a subrecipient (not another state agency):
 - 7.2.1. Use AZ360 Financial Objects 6811 through 6842.
 - 7.2.2. Include the appropriate subrecipient's vendor number on all forms and entries related to the underlying expenditure.
- 7.3. To record expenditures to a vendor:
 - 7.3.1. Use the appropriate AZ360 Financial Object.
 - 7.3.2. Include the appropriate vendor number on all forms and entries related to the underlying expenditure.
- 7.4. To record direct expenditures of the prime recipient:
 - 7.4.1. Use the appropriate AZ360 Financial Objects.
 - 7.4.2. Do not include a vendor number on any forms or entries related to the underlying expenditure.
8. For agencies that have already processed SLFRF activity in AZ360 Financial and have not utilized the above guidance, a correction will need to be made in AZ360 Financial.
9. The Economic Recovery Management Team (ERMT) has been charged by the Governor's Office to handle the SLFRF reporting. All agencies must adhere to ERMT requirements and GAO policies. These policies and procedures have been developed by the GAO in concert with the ERMT.
10. CFOs must coordinate with their SLFRF contacts with respect to the receipt and disbursement of SLFRF monies and meeting any accounting and reporting requirements related to SLFRF.
11. As with all Federal monies, appropriate agency personnel—such as CFOs or SLFRF contacts—are responsible for familiarizing themselves and complying with all applicable Federal and State laws, regulations, policies, procedures, and requirements related to SLFRF monies.
12. All agencies receiving monies from the Federal government, or another entity by grant or contract, must ascertain whether such monies are in whole or in part SLFRF monies.

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- 12.1. Agencies must ensure all SLFRF monies are clearly distinguishable from non-SLFRF monies in all agency financial, accounting, business and reporting systems.
- 12.2. Any agency receiving SLFRF monies must account for such monies separately from all other monies—including other Federal grant monies—it receives, transfers, expends or otherwise administers.
- 12.3. To support reporting requirements, agencies need to have the appropriate contract, grant or loan number recorded on any obligation, expenditure, and other transaction entry or document in their financial system.
13. Every agency involved in the receipt or expenditure of public monies is responsible for establishing and maintaining an appropriate system of internal controls to assure such monies are appropriately safeguarded, spent, reported upon, and accounted for in compliance with all pertinent laws and regulations.
 - 13.1. To that end, agencies must review their internal control policies and procedures, particularly as they may apply to the processes listed immediately below:
 - 13.1.1. The receipt or expenditure of SLFRF monies.
 - 13.1.2. Accounting for the receipt or expenditure of SLFRF monies.
 - 13.1.3. Procurement and purchasing activities involving SLFRF monies.
 - 13.1.4. The execution or award of contracts involving SLFRF monies.
 - 13.1.5. The administration of grants involving SLFRF monies.
 - 13.1.6. Complying with the reporting requirements for SLFRF monies.
 - 13.2. Consistent with Federal guidance for risk mitigation, agency internal control policies and procedures must address the following:
 - 13.2.1. Ensuring that qualified personnel oversee the administration of SLFRF monies.
 - 13.2.2. The appropriate competition of awards.
 - 13.2.3. The timely sub-award of SLFRF monies.
 - 13.2.4. The timely expenditure of SLFRF monies.
 - 13.2.5. The minimization of cost overruns.
 - 13.2.6. The minimization of improper payments.

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13.2.7. The proper monitoring of subrecipients and vendors.

13.2.8. The conduct of audits and investigations into the use of SLFRF monies to identify and prevent wasteful spending and minimize waste, fraud and abuse.

14. Agency management and personnel charged with the administration of SLFRF monies must, moreover, familiarize themselves and enforce compliance with certain legal requirements including, but not limited to:

14.1. [Title 2 Code of Federal Regulations 200](#).

14.2. The review of internal control policies and procedures related to the administration of SLFRF monies must be documented and such documentation must be retained for potential audit.