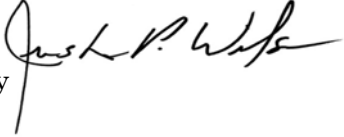




STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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MEMORANDUM

TO: County Mayors, Finance Directors, Directors of Schools, School Finance Directors, County Trustees

FROM: Justin P. Wilson, Comptroller of the Treasury 

SUBJECT: Compliance with the American Recovery and Reinvestment Act

DATE: October 12, 2009

I consider it a distinct honor to have served as Comptroller of the Treasury of the State of Tennessee for the past nine months. I have found the job both rewarding and challenging. The Comptroller wears many hats but I am writing this letter, as head of the Department of Audit, to address a common challenge we face. It is a challenge we cannot ignore and that we will meet by working together.

For many years, local governments have received grants from the federal government and have properly administered those grants. However, on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA). The rules have changed drastically with the passage of ARRA. Federal agencies have committed that ARRA grants will be subject to an unprecedented level of transparency and accountability. Because of this commitment, many new administrative and reporting requirements apply to ARRA grants. Local governments that apply for and receive ARRA grants have entered into a contract to implement these strict requirements. Just as local governments have the contractual responsibility for implementing these requirements, the Department of Audit, Division of County Audit has a statutory responsibility for determining and reporting compliance with those requirements.

Local governments should be aware that the Division of County Audit will be placing special emphasis on ARRA grants. The Division of County Audit will do this during the normal post audit process by reviewing every ARRA grant regardless of size. In addition, the Division of County Audit will be performing real-time reviews of ARRA grants in selected counties. During these reviews, ARRA grants will be reviewed within the fiscal year they are received. The Division of County Audit has already begun the real-time review process and has discovered several matters of noncompliance.

The Division of County Audit has made various ARRA implementation tools available on the Comptroller's website (www.tn.gov/comptroller) including directives from the Tennessee Office of Recovery Act Management and a Ten Step ARRA Compliance checklist developed by the Division of County Audit. I strongly encourage county officials to visit the ARRA website for additional information. The implementation guidance presented there is mandatory. The County Technical Assistance Service (CTAS) is another implementation resource. CTAS also has technical implementation guidance on their website and their field representatives are knowledgeable of ARRA implementation requirements.

In addition to this memorandum, I have attached an **ARRA Fraud and Abuse Hotline Notice**. Please print, distribute, and post this notice in prominent places within the county.

As always, the Comptroller's office stands ready to assist local governments. Feel free to contact the Division of County Audit if you need assistance in understanding ARRA requirements or in implementing those requirements.

cc: Mike Garland, Executive Director, CTAS