



STATE OF TENNESSEE

Justin P. Wilson **C O M P T R O L L E R O F T H E T R E A S U R Y**
Comptroller

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0260
PHONE (615) 741-2501

October 12, 2009

MEMORANDUM

TO: Local Government Officials and Financial Personnel

FROM: Justin P. Wilson
Comptroller of the Treasury

SUBJECT: Compliance with the American Recovery and Reinvestment Act

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, nonprofits, and other entities that apply for and receive ARRA grants have entered into a contract to implement these strict requirements. Just as local governments, nonprofits, and other entities have the contractual responsibility for implementing these requirements, the Department of Audit, Division of Municipal Audit, has a statutory responsibility for determining and reporting compliance with those requirements.

Local governments, nonprofits, and other entities should be aware that the Division of Municipal Audit will be placing special emphasis on ARRA grants. The Division of Municipal 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 Municipal Audit. Modifications have been made to the chart of accounts by Local Government

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Data Processing to comply with the additional accounting and reporting requirements. Similar chart of account adjustments should be made by all agencies that do not use Local Government Data Processing. I strongly advise all ARRA recipients to visit the ARRA website for additional information. The implementation guidance presented there is mandatory. The Municipal Technical Advisory Service (MTAS) is another implementation resource. MTAS also has technical implementation guidance on their website and their field representatives are knowledgeable of ARRA implementation requirements.

As of the date of this memo, the Division of Municipal Audit is not able to confirm ARRA funding. Therefore, officials should direct their auditors to the individual departments awarding ARRA funds for this information until we are able to post the information on our site. Please check our website periodically for further updates on this and other ARRA developments.

As always, the Comptroller's Office stands ready to assist local governments, nonprofits, and other entities. Please feel free to contact the Division of Municipal Audit at (615) 532-4460 if you need assistance in understanding ARRA requirements or in implementing those requirements.

xc: Mike Tallent, Executive Director
Municipal Technical Advisory Service