

American Recovery and Reinvestment Act



ARRA IMPLEMENTATION: PROMOTING A COMPLIANCE CULTURE IN PUERTO RICO

**SOCIETY OF RESEARCH ADMINISTRATORS
PUERTO RICO CHAPTER ANNUAL CONFERENCE
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Purpose of this Presentation



- Briefly describe AFI's role in the implementation of the American Recovery and Reinvestment Act of 2009 (ARRA) in Puerto Rico
- Provide an update on the implementation of the ARRA on the island
- Describe how AFI is tackling the issue of compliance within the ARRA effort
- Create a space to share ideas and best practices with SRA members, since you are some of the most experienced compliance managers in Puerto Rico

AFI & ARRA in Puerto Rico



AFI'S ROLE IN THE IMPLEMENTATION OF ARRA ON THE ISLAND

American Recovery and Reinvestment Act of 2009 (ARRA)

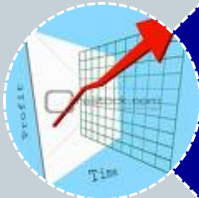


- **Bill signed by President Obama on 2/17/09**
- **\$787 billion total**
- **Designed to kick start the economy in the short term**
 - Additional \$ for existing programs
 - Investments in infrastructure and government services to be spent within 2 years
- **Promotes investments in long term goals:**
 - Energy
 - R & D
 - Training
- **Provides funds for:**
 - States (through agencies)
 - Municipalities
 - Institutions
 - Non-Government Entities
 - Companies
 - Individuals

ARRA Guiding Principles



**Spend Quickly to Save and
Create Jobs**



**Ensure Transparency and
Accountability**

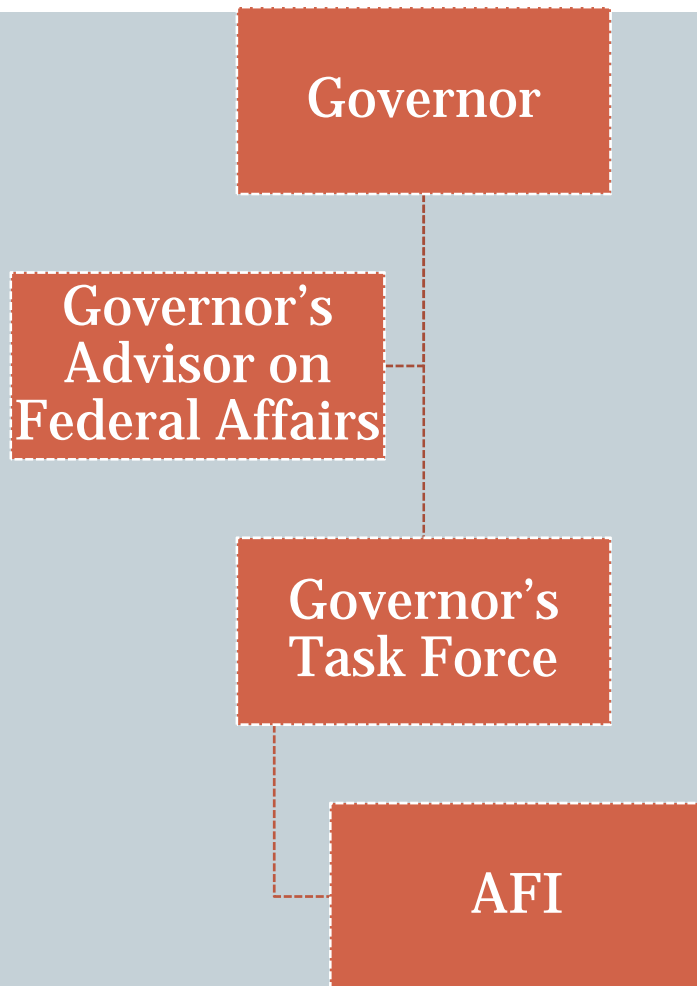


**Thoughtfully Invest One-time
Funds**



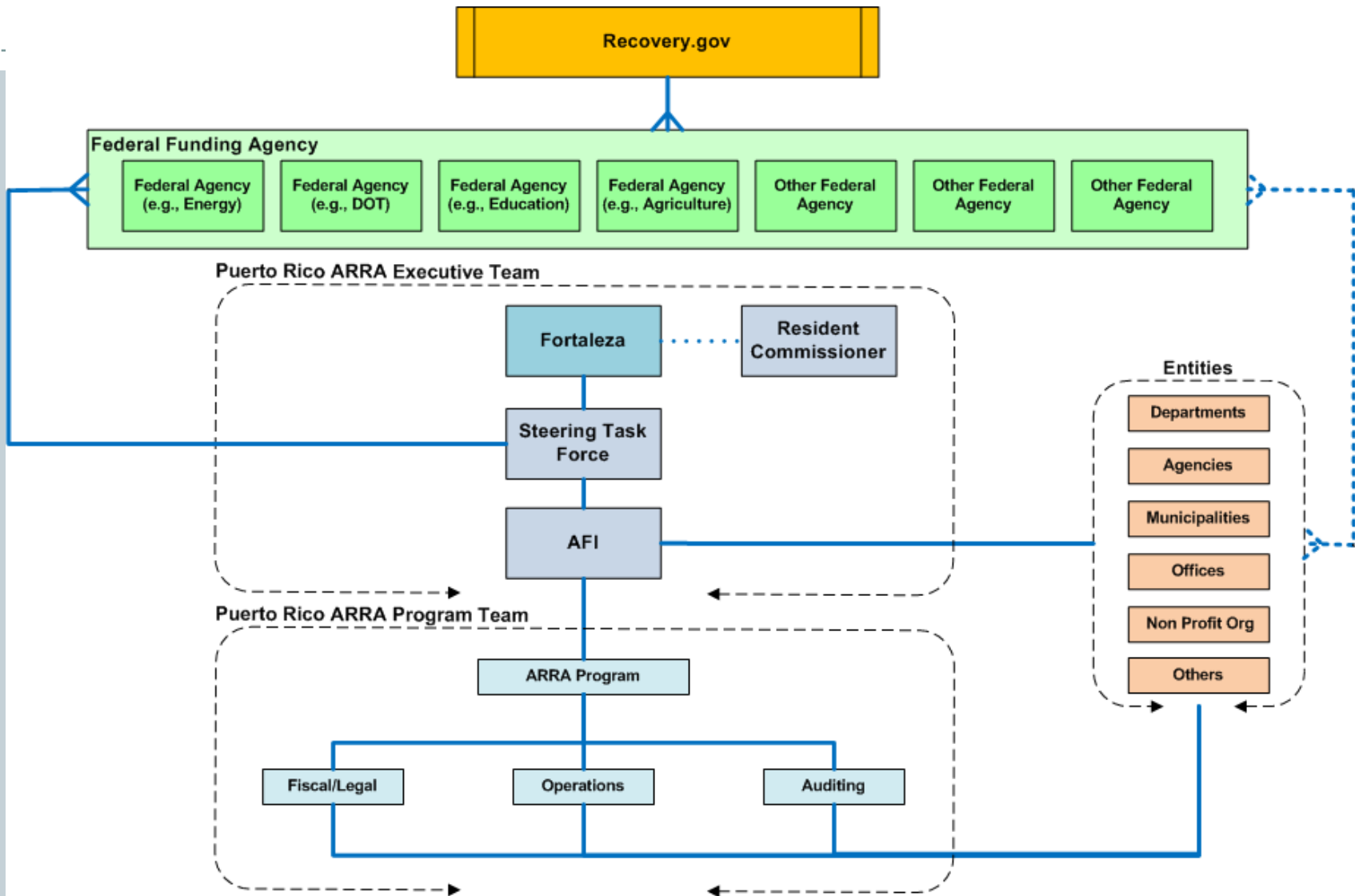
Advance Effective Reforms

How is the ARRA being Managed in PR?



- Governor is ultimately responsible
- Governor assigned a Task Force to lead the ARRA effort
 - Public policy
 - Major decisions
 - Composed of Agency Heads and 2 Mayors
- AFI is the Task Force's operational arm
 - Empowered by law
 - AFI has a team dedicated to this effort

PR ARRA Organization Chart



Status Update



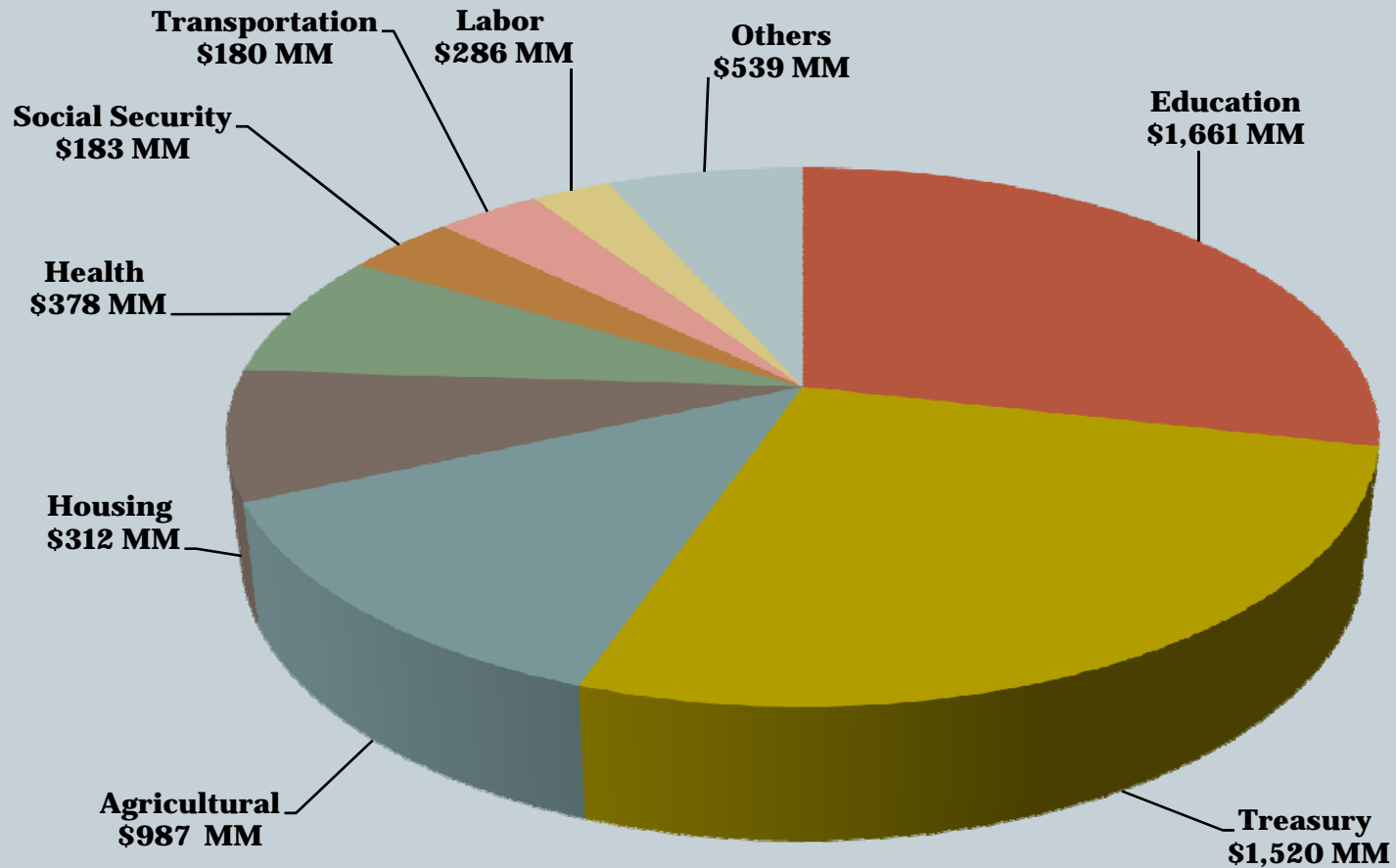
**HOW IS PUERTO RICO'S ARRA
IMPLEMENTATION PROGRESSING?**

ARRA Implementation Results, So Far



- **As of 8/17/09, PR has secured \$6.05 billion in ARRA funds**
 - \$1.05 billion over initial estimate
 - Projecting that this will contribute over 65,000 jobs in 3 years to our economy
 - \$609 million have already been disbursed
- **197 competitive proposals have been submitted**
 - So far, 15 have been awarded to PR entities
- **Construction projects and other initiatives are underway**

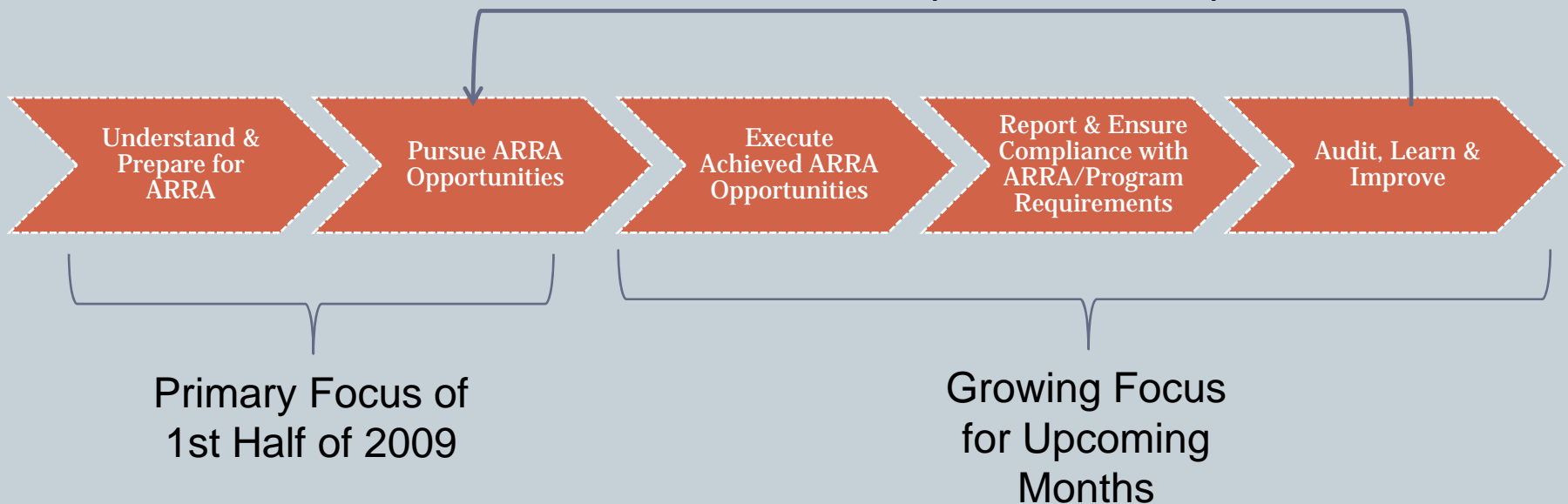
PR ARRA Fund Distribution



Moving Into the Next Phase of Implementation



Continuous Improvement Loop



The Role of Compliance

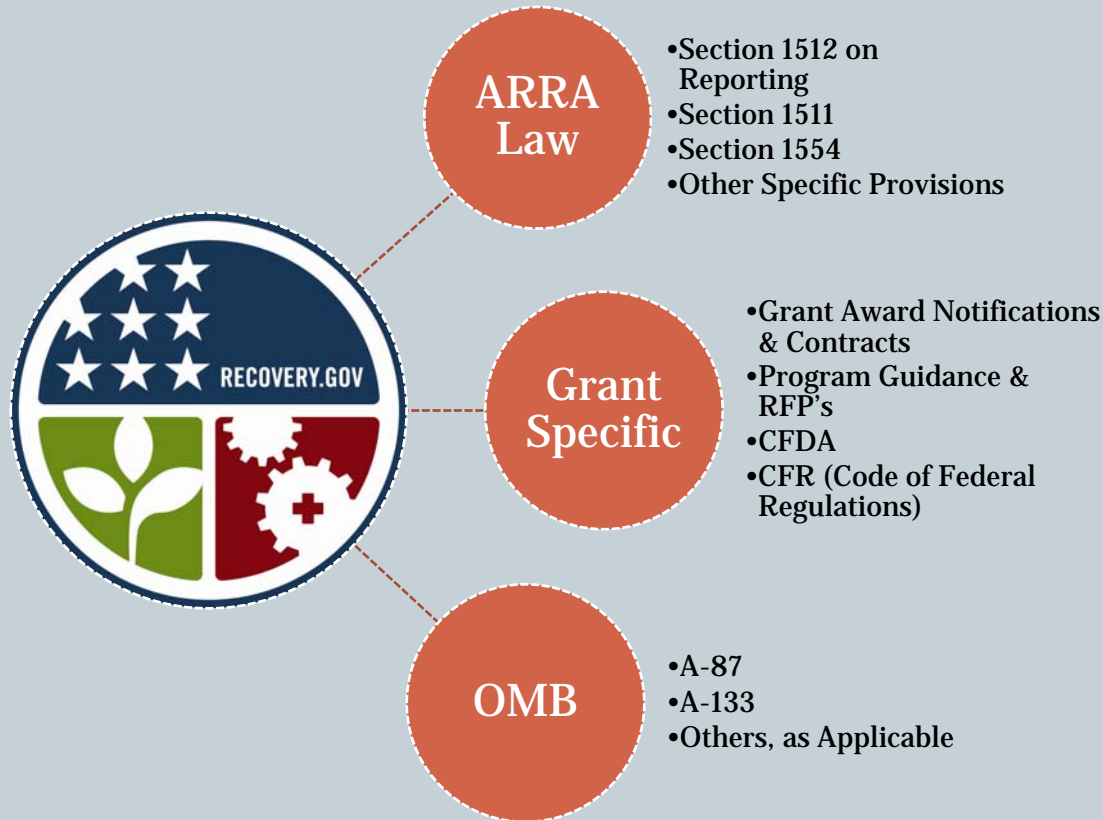


WHAT DO WE MEAN BY “COMPLIANCE”?

**WHY IS IT SO IMPORTANT FOR GRANT
MANAGEMENT IN PUERTO RICO?**

What Do We Mean by “Compliance”?

Ensuring that we follow all applicable laws and regulations related to grantor agencies and programs



What Does Compliance Mean for Us?



Challenges

- Recent episodes of non-compliance
- Knowledge of processes (especially those involving technology)
- Speed of implementation

Benefits

- Economic recovery
- Lower risk of losing funds
- Credibility

Opportunities

- Others have opted to not pursue funds
- Access to future funding
- Apply lessons to other federal and local programs

Compliance Historically a Problem for PR



- **Due to recurrent compliance issues, over the past decades Puerto Rican entities have, at times:**
 - Been required to return millions in awarded (and sometimes expended) grants
 - Missed out on key competitive opportunities
 - Been restricted to reimbursement-based grants
 - Suffered strained relationships with Federal entities or additional auditing and oversight
- **We all have a stake in Puerto Rico's success**
 - The reputation of some Puerto Rican entities may affect the grant fortunes of others
 - Cooperation is crucial

Possible Reasons for Past Episodes of Non-Compliance



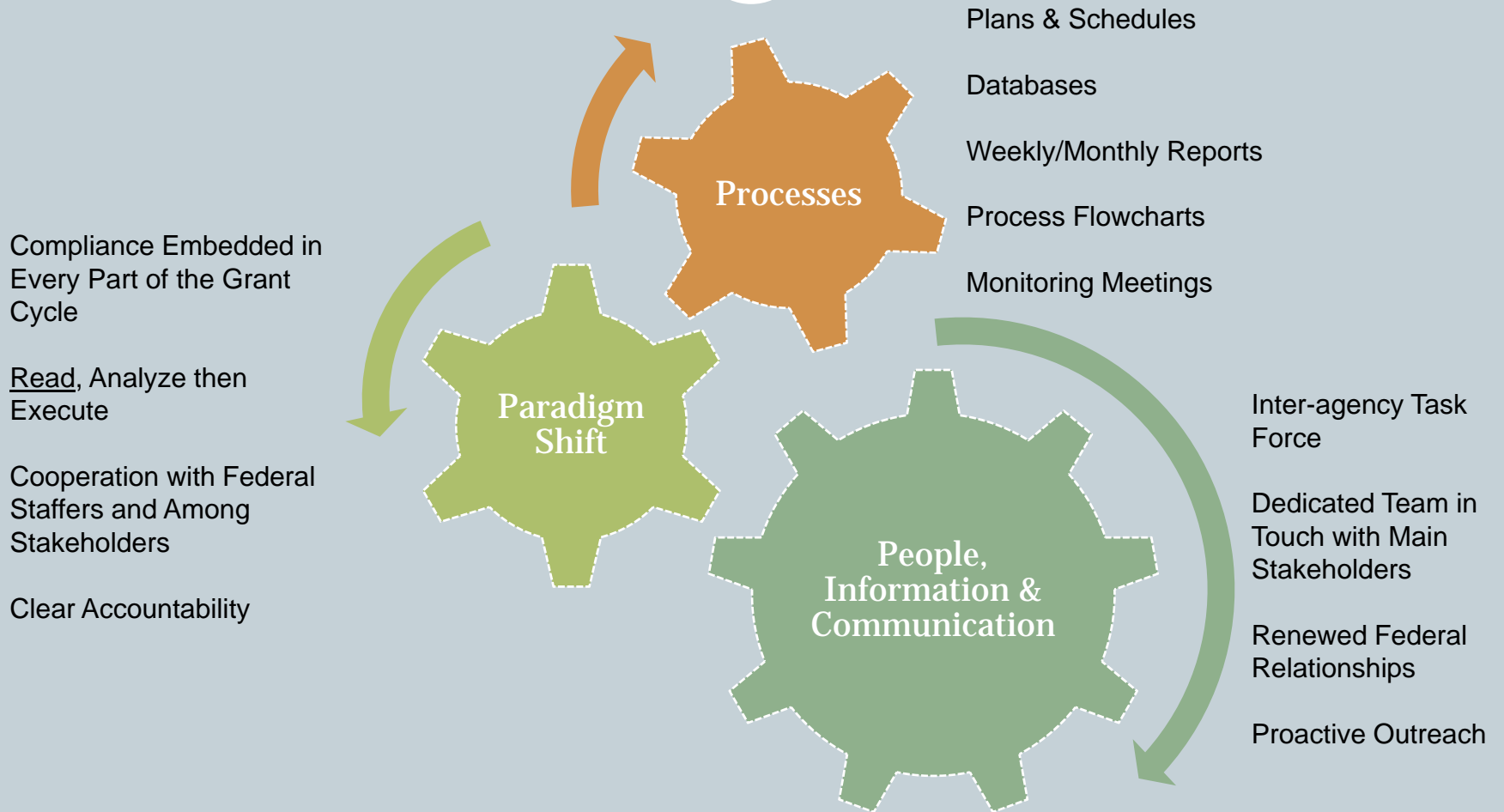
- Federal government has its own particular “language” and methodology
- Analysis paralysis
- Plans and processes as “dust collectors”, leading to ineffective follow up
- Diluted accountability
- Lack of inter-agency or inter-entity coordination
- “Don’t ask, don’t tell” relationship with Federal program staff and/or auditors
- View of compliance as the end of the cycle

Promoting the Compliance Culture



HOW IS AFI TACKLING THE ISSUE OF COMPLIANCE WITHIN THE ARRA EFFORT?

AFI's Approach to a Compliance Culture



People, Information & Communication



- **Inter-Agency Task Force**
 - To make sure all systems, financial infrastructure and resources are in place to pursue and execute opportunities
- **Dedicated Team in Touch with Main Stakeholders**
 - AFI has a network of professionals dedicated to communicating frequently with grantee and grantor staffs, as well as those pursuing opportunities and decision-makers
 - AFI provides assistance and monitors both programmatic and accounting staff within these organizations
- **Renewed Federal Relationships**
 - Actively reaching out for guidance to appropriate federal authorities
- **Proactive Outreach**
 - AFI has an outreach team that proactively seeks out non-profit organizations and stakeholders to ensure knowledge of ARRA and assist in matching existing initiatives with applicable programs

Paradigm Shift: Compliance Starts Before the Opportunity is Even Identified



Read & Understand Guidance, Regs

Answer RFP or Fill Out Application

Upon Award, Analyze Additional Regs & Execute the Plan

Monitor Initiative's Progress vs. the Plan & Report

Adjust the Plan Based on Monitoring & Federal Feedback

Define

Plan

Do

Check

Act

Assess the Opportunities & Possible Risks for your Entity

Create an Executable & Easy to Monitor Plan for What, Who, When, How Much

Clarify Concerns with Counterparts or Federal Staff & Set Up Your Monitoring & Reporting Systems

Use Multiple, Yet Complementary Levels of Monitoring

Learn, Share that Knowledge & Apply these Lessons

Processes



- **Plans & Schedules**

- Create a specific plan for each ARRA program
 - Initiatives or projects to be funded
 - Major activity, compliance and disbursement milestones
 - People responsible

- **Databases**

- AFI maintains a database of ARRA programs, pursued opportunities, disbursements, grant awards and other salient information
- This serves as the principal decision-making resource and communication tool for the ARRA implementation in PR

- **Weekly/Monthly Reports and Monitoring Meetings**

- Promote discipline and accountability by preparing weekly activity reports and holding monitoring meetings
- All local agencies are preparing monthly reports using the ARRA quarterly format to ensure prompt compliance with Section 1512

- **Process Flowcharts**

- Encourage agencies to chart their grant management and disbursement processes to promote critical thinking and efficiency



Reporting under ARRA



**WHO, WHAT, WHEN & HOW OF ARRA
REPORTING**

REPORTING COMPLIANCE IN PUERTO RICO

Who, What, When & How of ARRA Reporting (Section 1512)



• Who?

- Prime Recipients of:
 - ✦ Grants
 - ✦ Loans
 - ✦ Cooperative Agreements
- Not:
 - ✦ Individuals
 - ✦ Entitlement Recipients
 - ✦ Tax Incentive Recipients
 - ✦ Direct Contractors of the Federal Government

• What?

- Recipient, Sub-Recipient & Vendor Information
- Funds Disbursed
- Activities or Projects Funded
 - ✦ Level of Completion
 - ✦ Jobs Created or Retained

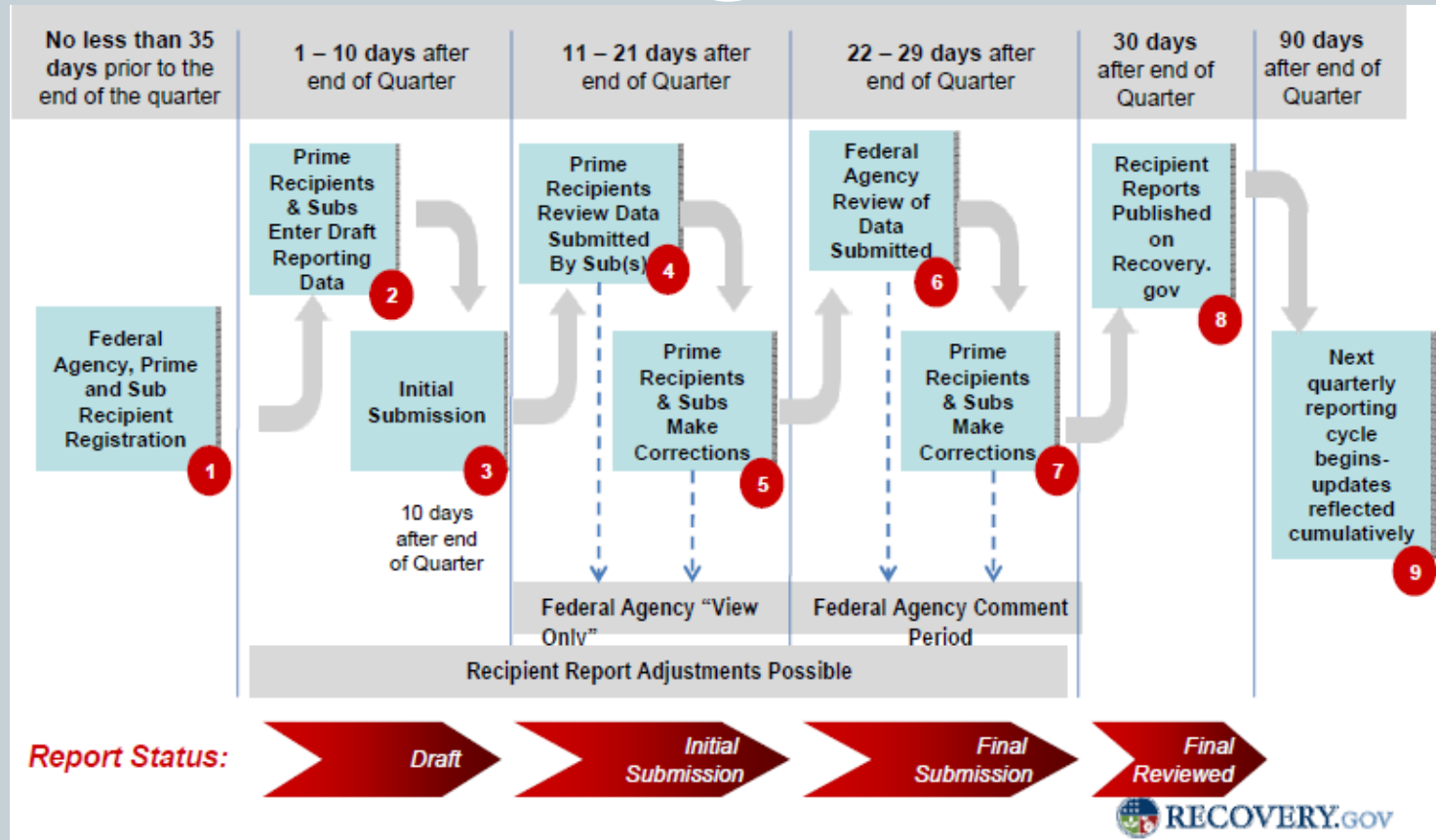
• When?

- Quarterly, starting on October 10, 2009

• How?

- www.federalreporting.gov

Federal Reporting Process for ARRA



PR government agencies & municipalities will be creating these reports on a monthly basis & sending them to AFI via arrareport@afi.gobierno.pr

Sources of Information on ARRA & the ARRA Implementation in Puerto Rico



www.grants.gov

www.recovery.gov

www.federalreporting.gov

www.buengobiernopr.com/arra

Questions & Answers



**SHARING OF IDEAS ON HOW TO PROMOTE
THE COMPLIANCE CULTURE IN PUERTO RICO**