

State of Georgia

Designing Internal Controls For Federal Programs

ARRA Objective: Determine and report the number of jobs 'created' for the ABC Grant

Risks Identified:

- 1 Double Counting jobs
- 2 Inaccurate counting of split-time positions
- 3 Employing illegal immigrants
- 4 ARRA funds used for pay increases/bonuses, not for creation of new jobs
- 5 FTE's will be overstated
- 6 FTE's will be understated
- 7 Jobs will be counted that already exists
- 8 Contractors and sub-contracts will not correctly calculate FTE's
- 9 Unqualified workers will be hired
- 10 New positions will be used to re-employ retired workers, not putting unemployed back to work
- 11 Putting people in jobs that can't do the job
- 12 Contractor/sub-contractor fraudulent reporting
- 13 ARRA funds will be used for prohibited costs

Compliance Requirement Categories Applicable:

- 1 Reporting
- 2 Sub-recipient monitoring
- 3 Eligibility
- 4 Allowable Costs/Cost Principles
- 5 Special Tests and Provisions???

Control	Risk No.	Compliance Requirement Category	Manual or IT?	Preventive or Detective?
1 Compare contractor payroll records to baseline of # of employees on contractors payroll 1 month prior to contract award.	1,5,6,7,8,12	Reporting, Monitoring	Manual	Detective
2 Contracts are reviewed to ensure that accurate definitions of 'jobs created' and 'jobs retained' are included prior to being mailed to the contractor for signature and execution.	8	Reporting	Manual	Preventive
3 Compare FTE's reported by the contractor to billable hour records to ensure FTE's are accurately stated.	1,4,5,6,12	Reporting, Monitoring	Manual	Detective
4 Obtain written certification from contractor that FTE's reported were not funded by other stimulus funds.	1,5,12	Reporting	Manual	Preventive
5 Verify existence of new hired employee by checking proper identification (Drivers License).	12	Reporting, Monitoring	Manual	Detective
6 Sample contractor invoices and compare charges to ARRA grant agreements to determine if the expenditure is allowable.	13	Reporting, Monitoring, Allow. Costs	Manual	Detective
7 Compare new job descriptions with definition of 'created' jobs to ensure job qualified as 'created' job.	5,6,8	Reporting, Monitoring	Manual	Detective
8 Compare contractor baseline payroll to monthly payrolls to ensure ARRA funds have not been used for pay increases of existing employees.	4	Reporting, Monitoring	Manual	Detective
9 Obtain and review job interview documentation to ensure new employee is qualified and eligible for the new job.	3,9,10,11	Eligibility, Reporting	Manual	Detective
10 On-site monitors should recalculate 'jobs created' from payroll registers and compare to FTE's reported by the contractor.	5,6,7,8,12	Reporting, Monitoring	Manual	Detective
11 Interview split-time employees to determine % of time that should be charged to the ARRA position and compare for consistency with time sheets and FTE's calculated and submitted.	2	Reporting, Monitoring, Allow. Costs	Manual	Detective
12 Verify that contractor personnel has received training in calculating FTE's.	1,5,6,7,8,12	Reporting	Manual	Preventive
13 Verify that contractor is using the same forms/methodology for calculating 'jobs created'	1,5,6,7,8,12	Reporting	Manual	Preventive