



## American Rescue Plan Act State and Local Fiscal Recovery Funds

### Why OCA did this project

The City of Tulsa was awarded \$87.8 million through the American Rescue Plan Act (ARPA). The funds were received in two distributions. An audit of the first distribution was completed in May 2023. The City Auditor's office has continued to monitor activities related to this grant because the funds must be spent quickly and in compliance with complex requirements.

### Project Scope

This audit focused on:

- Subrecipient monitoring
- Expenditure tracking procedures
- Audit readiness

### How OCA did this project

Project procedures included:

- Determine if the second round of ARPA funds awarded to subrecipients complied with grant requirements and internal procedures.
- Evaluate methods used to ensure ARPA grant expenditure deadlines are met.
- Research conditions that might trigger an inspector general review and identify any issues that might result in a negative outcome.
- Follow up on and evaluate action taken in response to previous internal audit recommendations.

### Key observations

1. Substantial changes were made to ARPA grant procedures after OCA audit of the first distribution. Additional staff were hired to manage the ARPA grant, and their reporting relationship was changed from the Mayor's Office to the Finance Department Grants section. This change provided the opportunity to reference procedures used for other grants and apply them to the management of ARPA

funds. It also allowed the personnel managing ARPA funds to more easily interact and learn from employees with extensive grant management experience.

2. A contract template was adopted that has been used to establish requirements for subrecipients. Standard contracts help make the contracting process quicker and more consistent. Audit observations regarding the contract template include:
  - The requirement for subrecipients to provide monthly activity reports was more stringent than necessary for grant compliance. Grants staff modified contract language to encourage, but not mandate, monthly reports. All subrecipients must provide evidence of compliance with contract and grant requirements before being fully reimbursed by the City.
  - Contracts for projects that involved construction required site inspections at completion phases of 25%, 50%, 75% and 100%. For the projects reviewed in the audit, it was not practical to conduct all four inspections. The contract language will be revised to allow for examining and inspecting the project prior to disbursement of funds as deemed necessary.
3. A form was created for city officials to disclose any conflict of interest. This change helps ensure compliance with grant requirements.
4. Grants staff tracks unspent ARPA funds and has identified additional projects where ARPA funds can be used if necessary to meet spending deadlines. Currently the City is on track to meet ARPA expenditure deadlines.
5. Our evaluation of a sample of ARPA projects found no issues that would cause failure of a federal review.