ARPA and Other Federal Grants, What’s the Catch?

Free money is great but there are conditions.
The acceptance of federal grants obligates the recipient to comply with the federal grant regulations. The information included here is meant to assist Tennessee municipalities in complying with these federal grant requirements related specifically to Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) which is the program resulting from the passage of the American Rescue Plan Act (ARPA).

Each federal grant has specific requirements but there are many basic rules that apply to almost every federal grant. These rules are provided in the CFR Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB CFR Title 2. Subtitle A. Chapter 2. Part 200).

Federal grants are identified using an Assistance Listing Number (ALN) (formerly the CFDA number). The ALN for the CSLFRF grant is 21.027 and can be found here in the Assistance Listings provided in the System for Award Management.

Grant requirements for federal awards can be found in the 2 CFR Part 200, Appendix VI Compliance Supplement issued by the Office of Management and Budget (OMB). An addendum was issued for the Compliance Supplement for the CSLFRF: Treasury SLFRF Compliance Supplement Addendum 1. The Compliance Supplement includes a table that identifies which Uniform Guidance rules apply to each grant along with the specific requirements for each grant by ALN. This resource is very helpful when negotiating federal grant regulations.

MTAS recommends the following forms, guides, and policies/procedures to comply with federal grant requirements related to the CSLFRF.

Internal Controls
The State of Tennessee also requires written internal control policies. There is no one-size-fits-all internal control policy because every entity must develop the policies based on the level of operations, staffing and risk factors unique to their government.

MTAS has developed an "Internal Control Toolkit for Municipal Governments" and it is available here. The Toolkit includes a sample internal control manual, sample organizational charts, resolution to adopt an internal control policy, and more.

In the "Internal Control Toolkit for Municipal Governments," specifically look for the "MTAS Internal Controls Over State and Federal Grants" publication. This publication summarizes the key requirements related to internal controls and financial management for state and federal grants with references to the Uniform Administrative Requirements noted above.

Procurement/Purchasing Procedures and Policies
Procurement requirements for the most part require non-federal entities to have and use documented state and local purchasing policies.


Code of Ethics
The State of Tennessee requires the adoption a code of ethics; and a listing of codes adopted by Tennessee municipalities can be found on the Tennessee Ethics Commission website here.

MTAS has developed the following model code of ethics and personal interest disclosure form for Tennessee cities and towns. Links are provided here:
MTAS Model Code of Ethics
MTAS Model Code of Ethics Personal Interest Disclosure

For more information, contact your MTAS Management or Finance & Accounting Consultant.