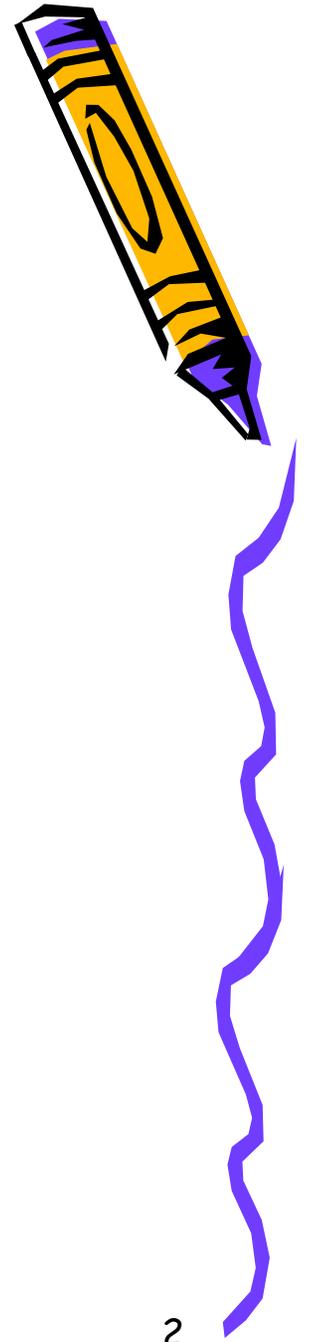# Fiscal Requirements for 21st Century Community Learning Centers Program

- Mark Gageby, Management Analyst

Education Agency Acronyms
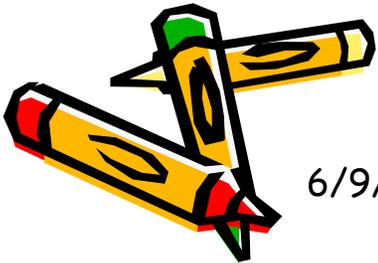
- SEA – State Education Agency (South Dakota Department of Education)

- US ED – US Department of Education
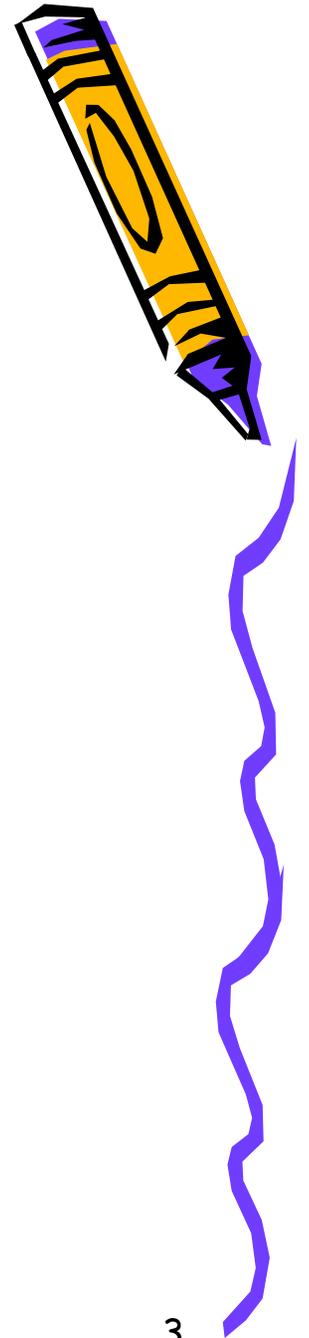
- DOE – Department of Education

Grant Year(s)

- **State Fiscal Year**
  - July 1, 2015-June 30, 2016
    - Award Letter-Governor-SEA
    - Continuation Letter years 2-5

- **Project Period**
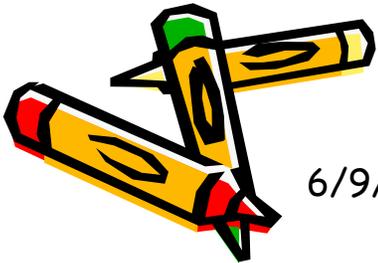 - July 1, 2015-June 30, 2020

6/9/2015

US ED Legislation, Regulations and Guidance

http://www2.ed.gov/programs/21stcclc/legislation.html

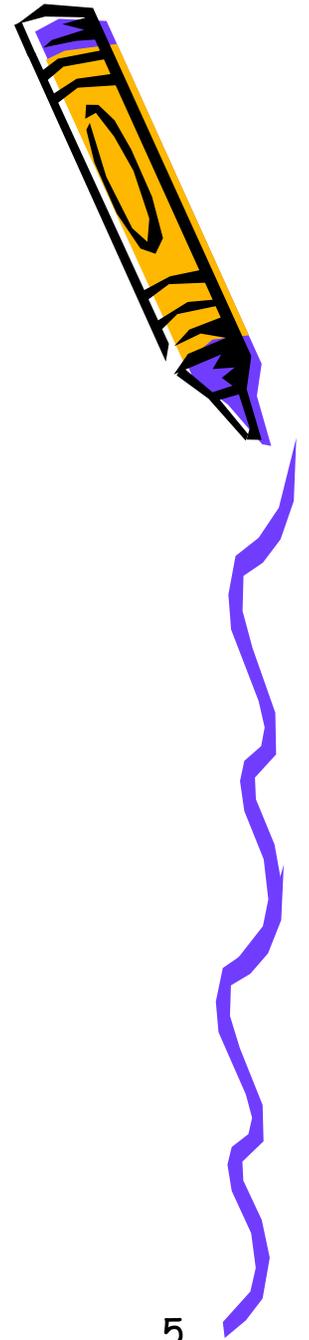# DOE 21st Century Website

http://doe.sd.gov/oatq/21cent.aspx

Determining Allowable Costs for Federal Programs

- Sub-grantees should:
  - Analyze costs to determine if they are allowable
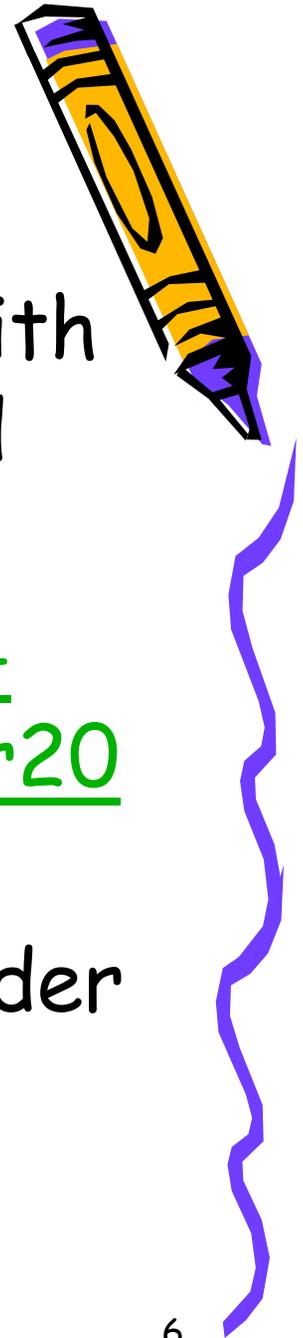 - Develop a formal process to ensure costs are allowable

Allowable Costs Questions

- Is the proposed cost consistent with federal cost principles (Uniformed Guidance 2 CFR Part 200)?

- http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

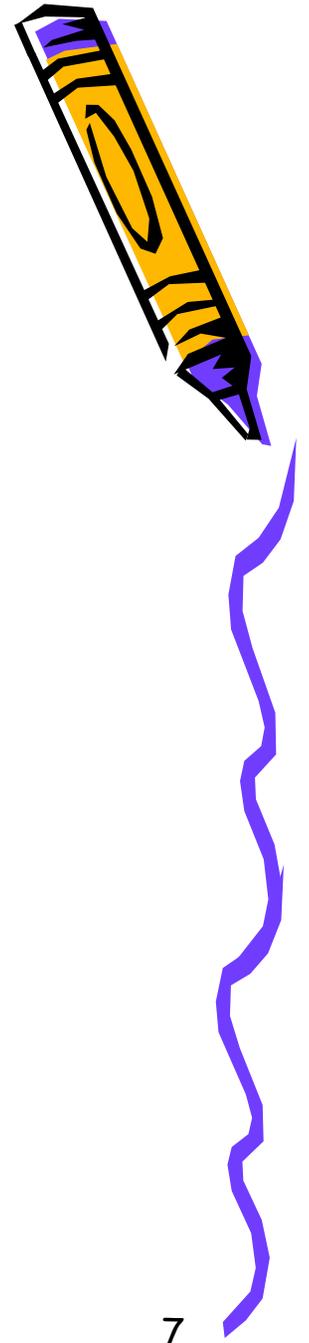- Is the proposed cost allowable under the grant program?

Questions Continued

- Is the proposed cost consistent with your approved application and budget?

- Is the proposed cost consistent with the needs of the program?

- Is the proposed cost consistent with EDGAR? Education Department General Administrative Regulations
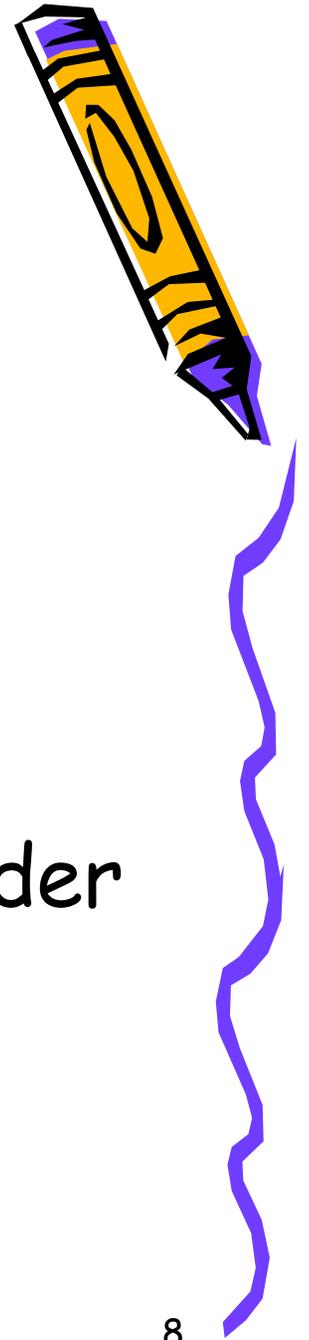
Basic Guidelines

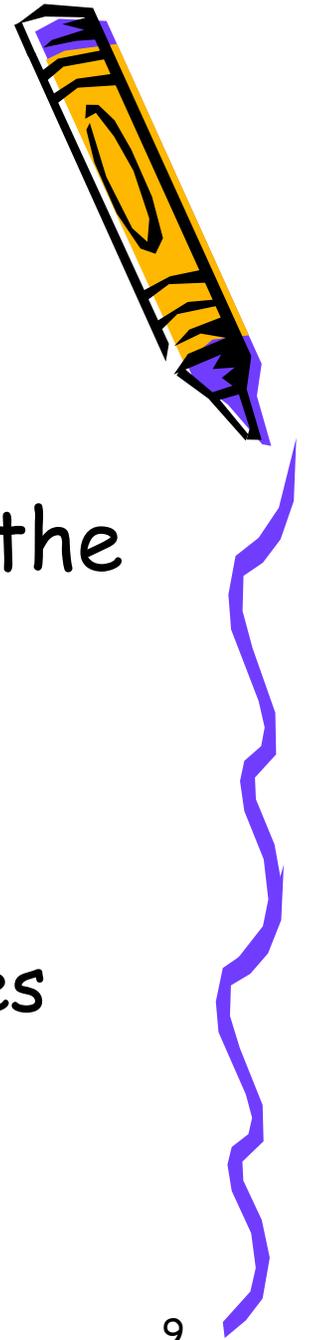- All Costs Must Be:
  - Necessary
  - Reasonable
  - Allocable
 - Authorized or not prohibited under state and local law

Necessary

- Must be necessary for the performance or administration of the grant

- Questioning "necessary"
  - Do we really need this?
 - Do we already have existing resources sufficient for this purpose?

Reasonable Costs

- Definition - A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision is made to incur the cost.
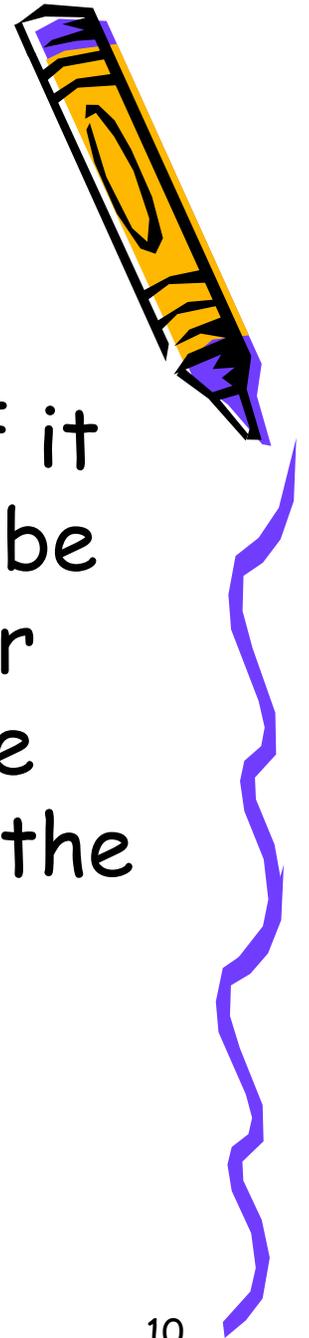
Reasonable Costs (cont.)

- Must follow sound business practices:
  - Arms length bargaining
  - Follow federal, state and local laws
  - Follow terms of the grant award
- Market prices for comparable goods or services
- No significant deviation from established practices of the sub-grantee. Example-Travel
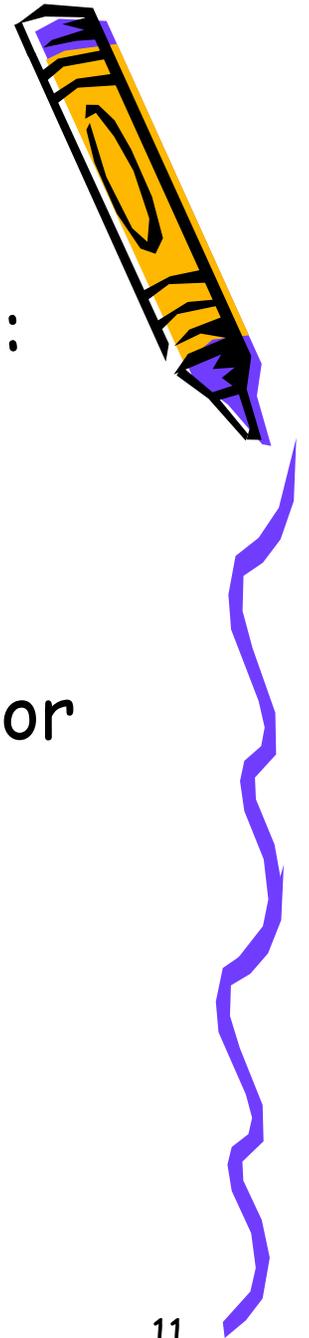
Questions - Reasonable

- Is the expense targeted to a legitimate program activity?
- Do we have the capacity to use what we are purchasing?
- Can we prove that we paid a fair rate?
- Would I be comfortable defending this purchase?
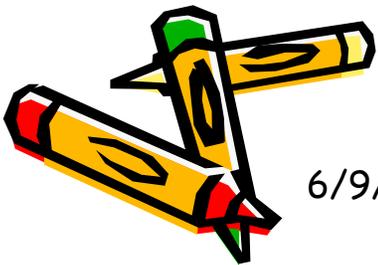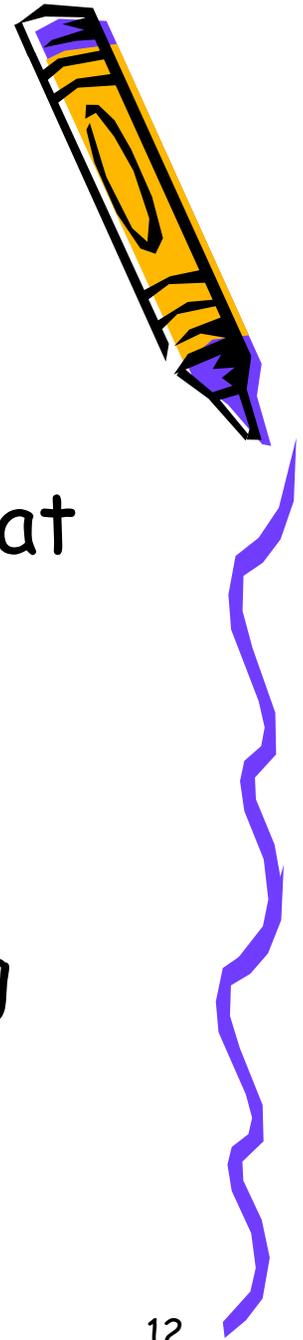
Allocable

- Can only charge in proportion to the value received by the program

- Example: The district purchases a computer to use 50% in the 21st Century program and 50% in a another program – can only charge half the cost to the 21st Century program
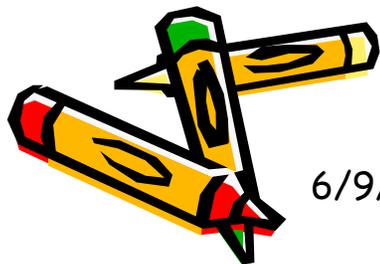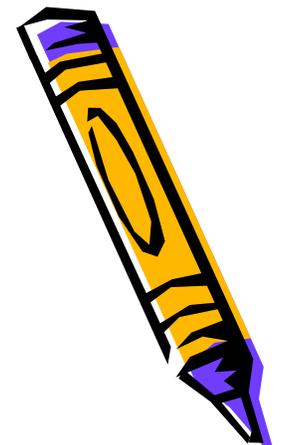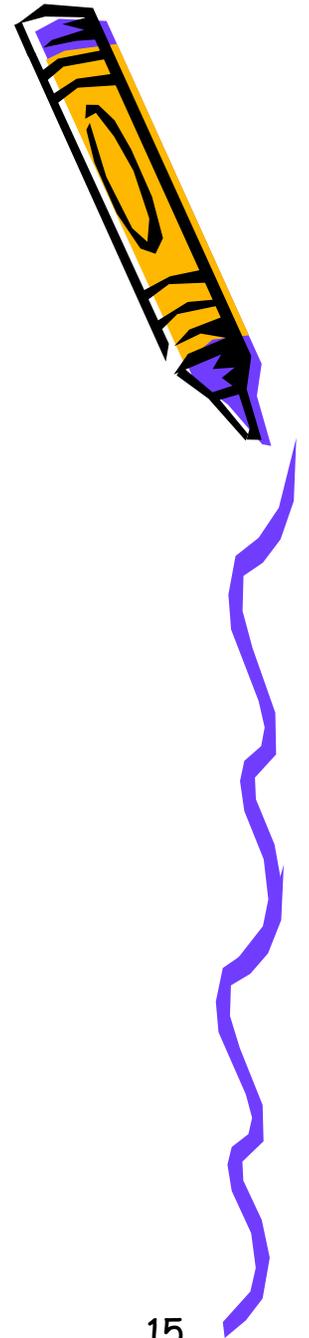
Questions - Allocable

- Can I prove the program benefited?

- Can I prove other programs are not the primarily beneficiary?
  - Ensure only authorized use
  - Incidental benefit is okay
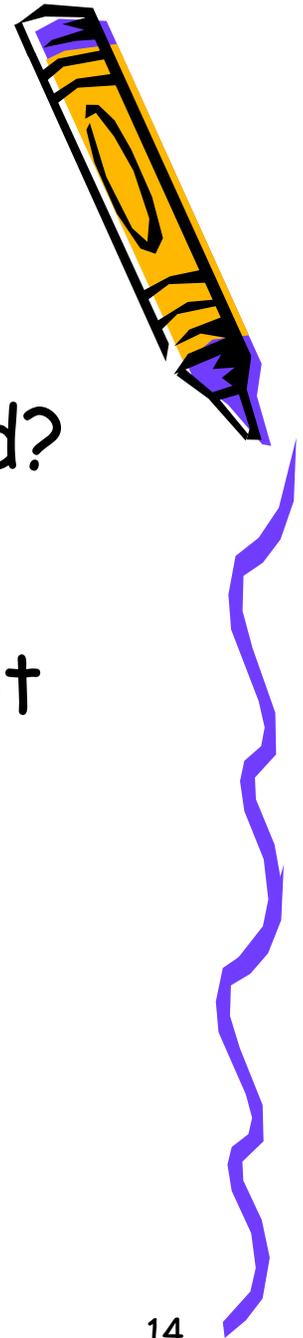
Other Basic Cost Guidelines

- Legal under state and local law
  - If not legal under state law, cannot pay with federal funds
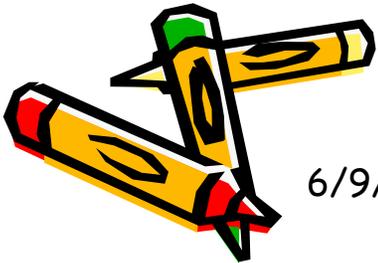- Conform with federal law & grant terms
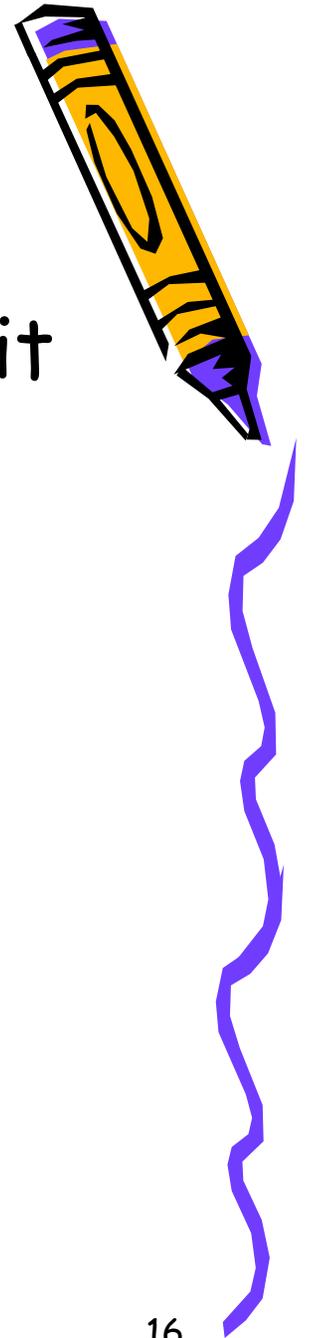
Adequate Documentation

- Lack of Documentation is #1 Audit Finding

Document the following

- Amount of funds under grant
- How the funds are used
- Total cost of the project
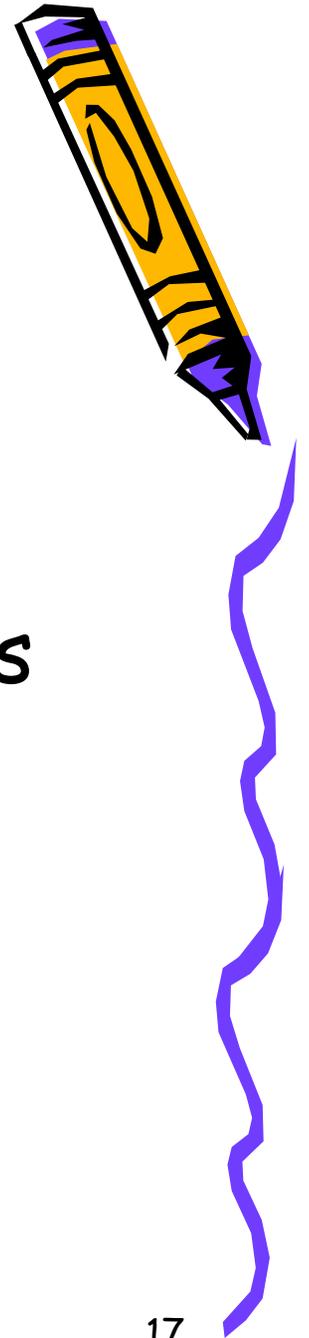- Share of costs provided by other sources

Adequate Documentation (cont.)

- Records that show compliance
- Records that show performance
- Evidence of monthly reconciliations of draw downs, disbursements, payments, and receipts
- Other records to facilitate an effective audit

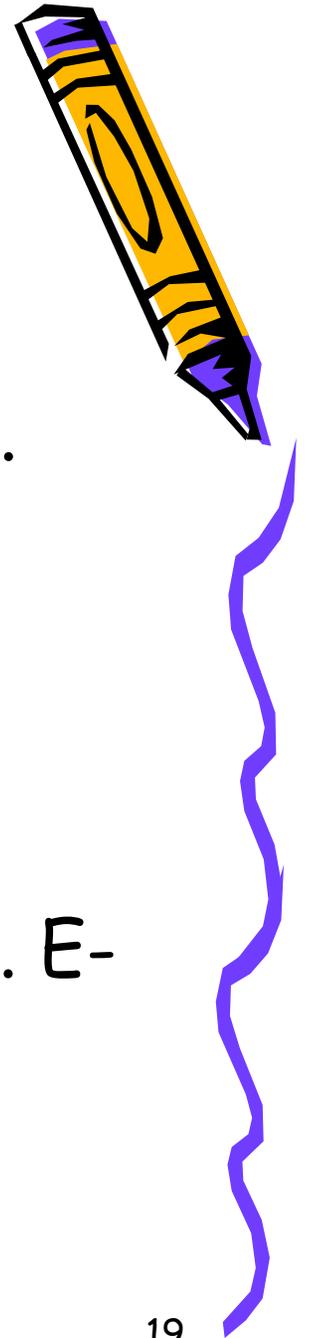6/9/2015

What are the most Frequent Audit Findings?

- Time & Effort documentation
- Inadequate or no internal controls-unable to reconcile books
- Inadequate or no financial recordkeeping-funds unaccounted for
- No written procedures for management or finance
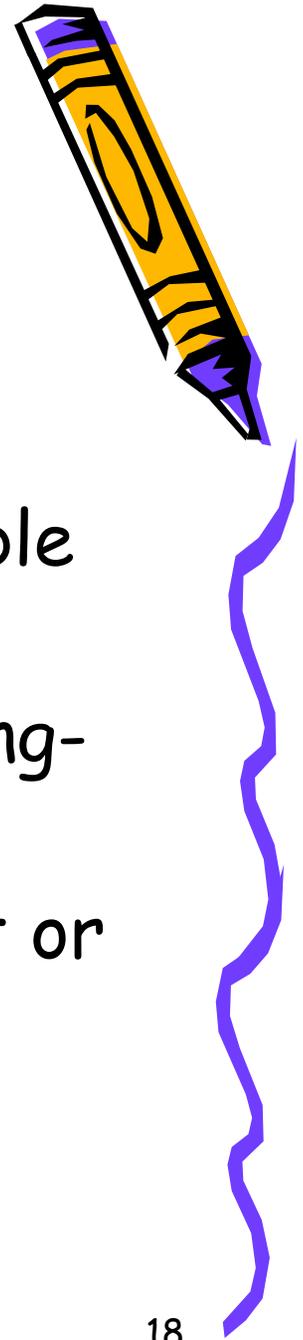
Remember

- Know what's in the approved application.
- Do what you say you are going to do.
- Keep regular track of your money.
- Be sure your report data is accurate.
- If you don't think it is allowable, even though it doesn't say it isn't, don't do it. E-mail your program officer and ask.
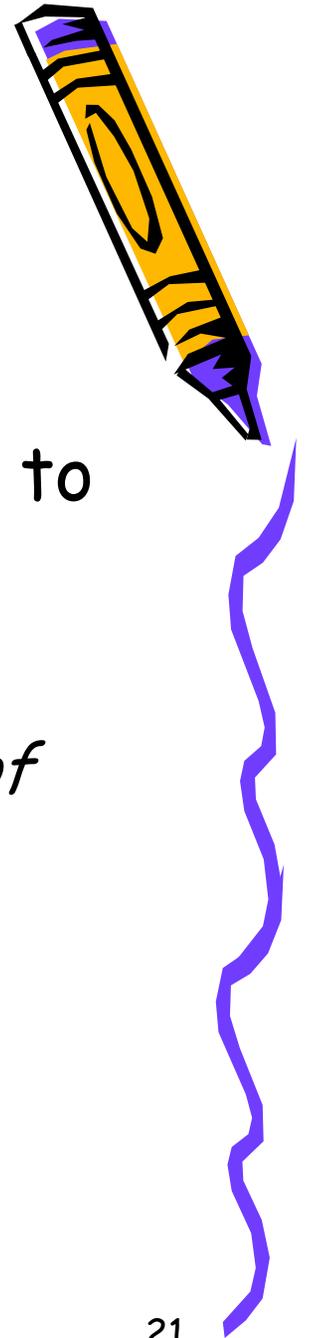
6/9/2015

19

Time & Effort Records

- Required to charge salaries & wages to federal programs

- Must demonstrate that the employees actually worked on the specific federal program

- Applies to all employees who are paid with federal funds
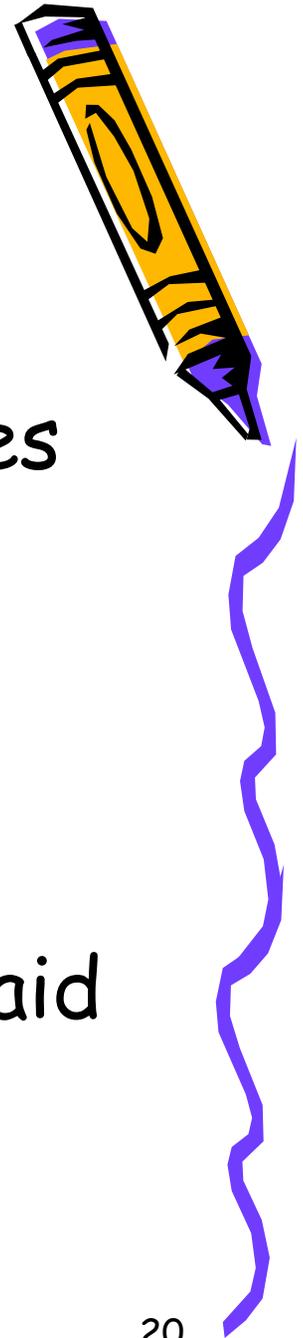
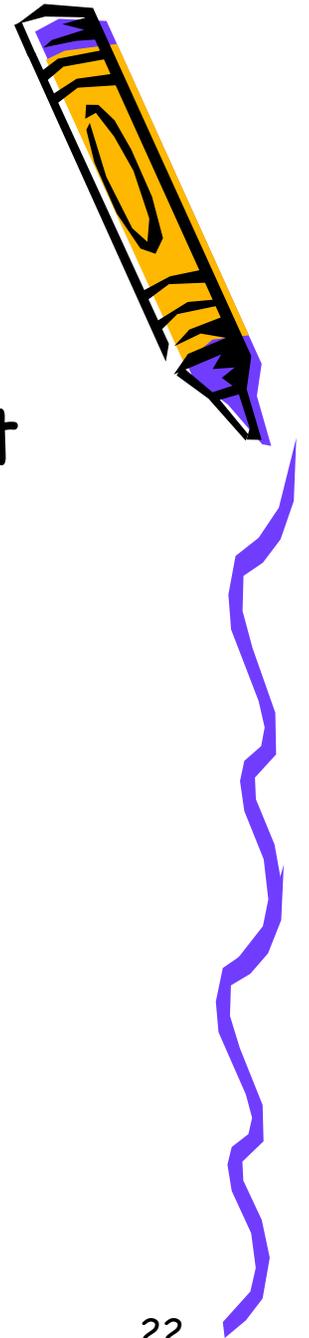6/9/2015

Required Time Records

- Depends on how many "cost objectives" the employee worked on

- The cost objectives must be connected to the employee's salary source

- What is a cost objective?

  - A specific grant award, *or other category of costs*, that requires the grantee to track specific cost information

Time Records for Single Cost Objectives

- If an employee works on a single cost objective:

  - Semi-Annual Certification

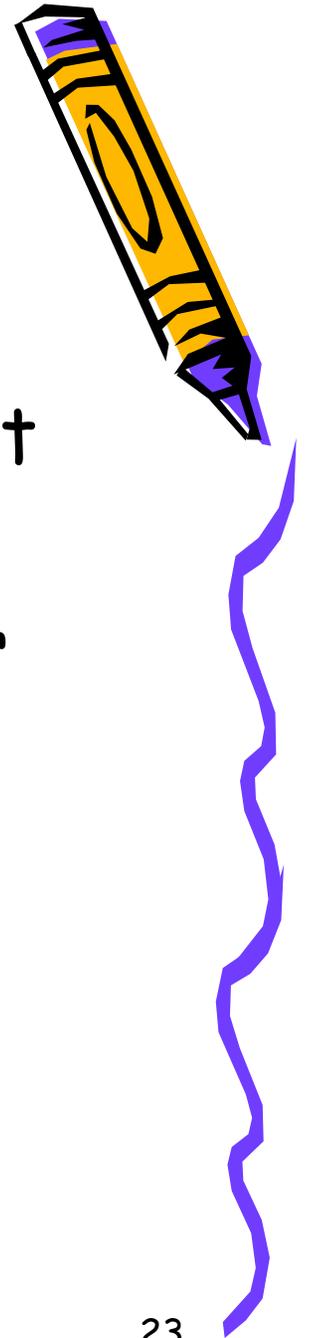 - Signed by employee or supervisor every six months

Time Records for Multiple Cost Objectives

- If an employee works on multiple cost objectives:

  – Personnel Activity Report (PAR) or equivalent documentation are required
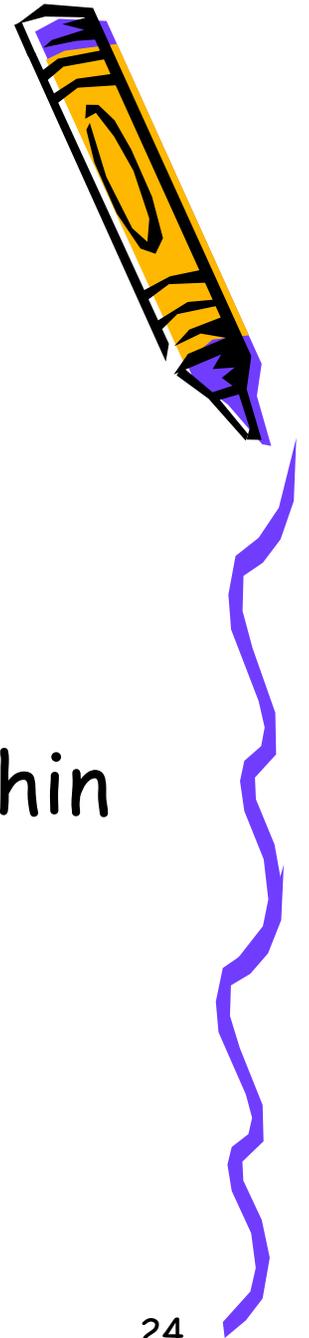
 – Non Profits must use Personnel Activity Report

Private Schools

- Sub-grantee must offer private schools equitable participation

- Private school must be located within sub-grantees attendance area
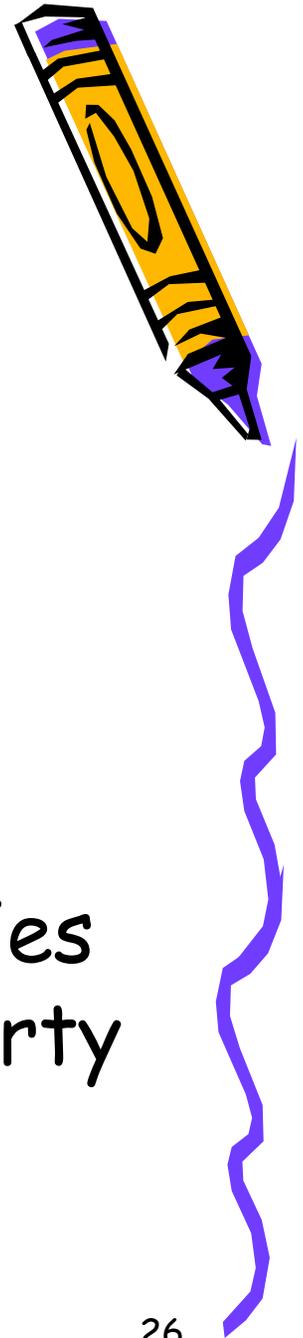
Funds for Private Schools

- Cannot use federal funds for:
  - Religious worship or instruction
  - Construction, remodeling, repair, operation, or maintenance of religious facility
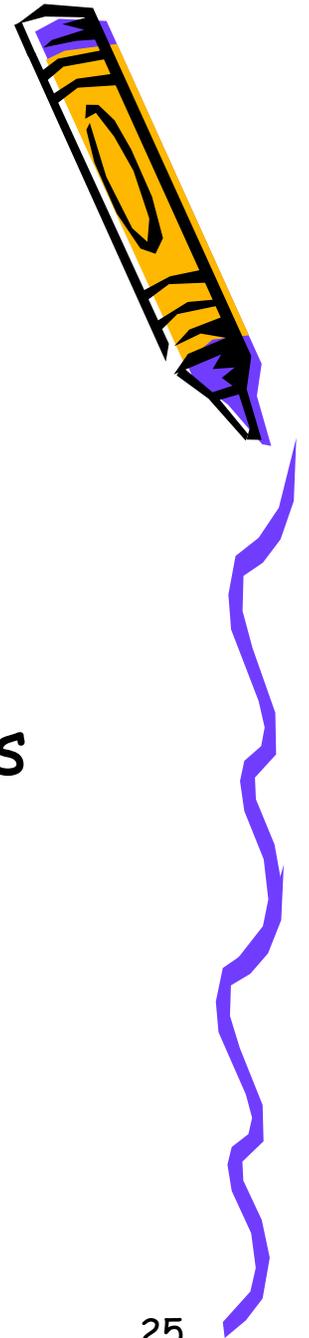
6/9/2015

# Control of Private School Services

- The sub-grantee must always maintain fiscal control over the programs

- Never give Private school officials money to conduct programs

- Equipment & non consumable supplies are and should be labeled as property of the sub-grantee

Program Responsibility

- Question - May private school officials order or purchase items needed for the programs and be reimbursed by the District?

- Answer – NO- The District must maintain complete control of funds, material, and equipment. No funds may be paid to a private school.
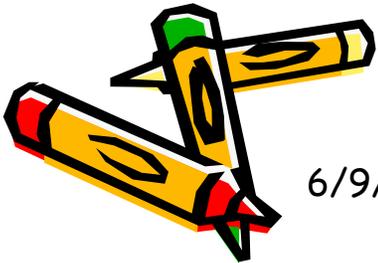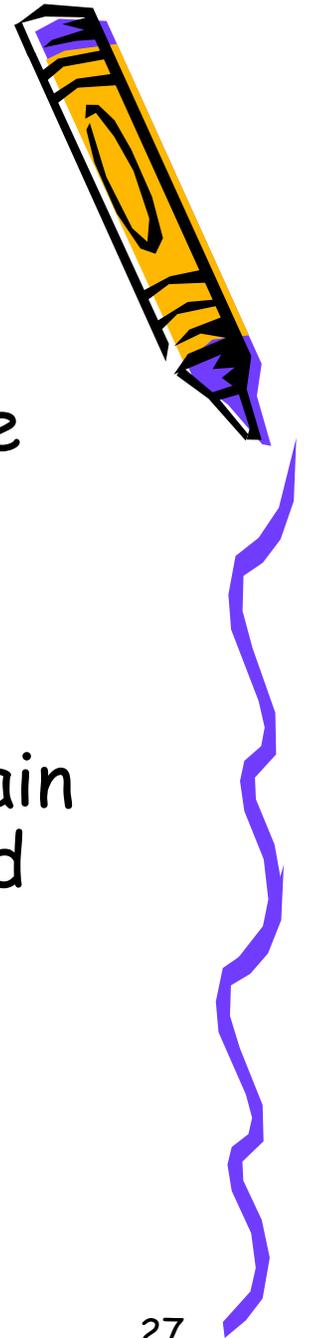
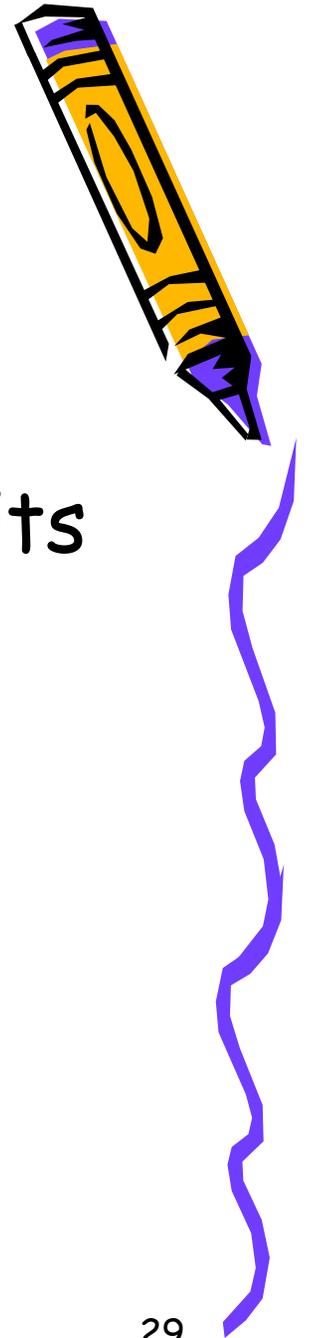# Inventory Management

- Equipment must be <u>needed</u> and used in the program for which it was acquired.

- May be used for other programs if,
  - will not interfere with the original program.
  - does not shorten the useful life of the equipment.
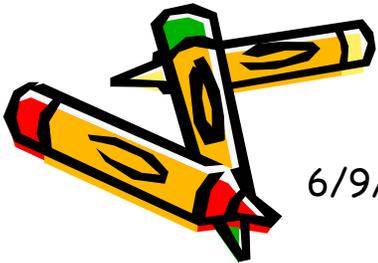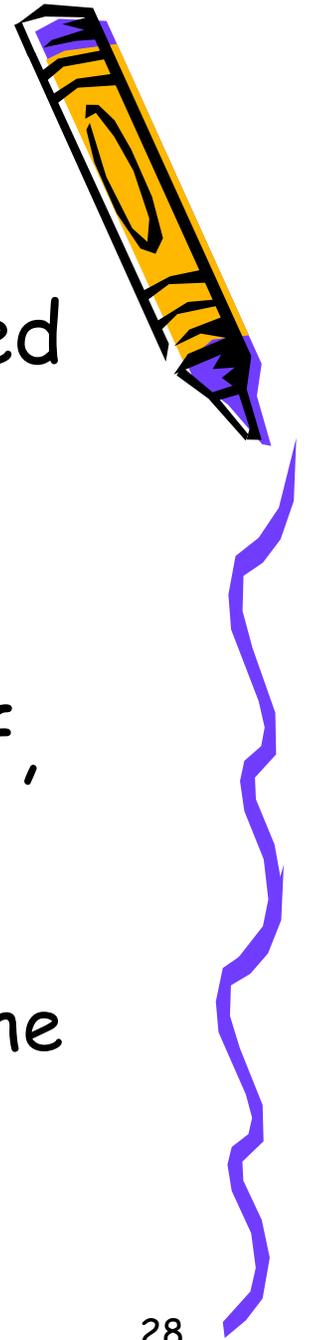
Equipment Inventory

- Non-consumable equipment that is tangible, nonexpendable, personal property that has a useful life of more than one year regardless of its acquisition cost
  - Computer Equipment, Electronic Equipment
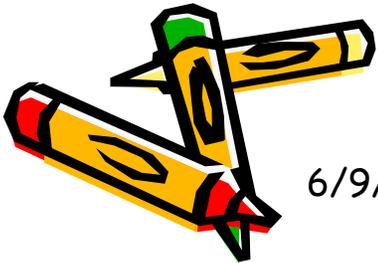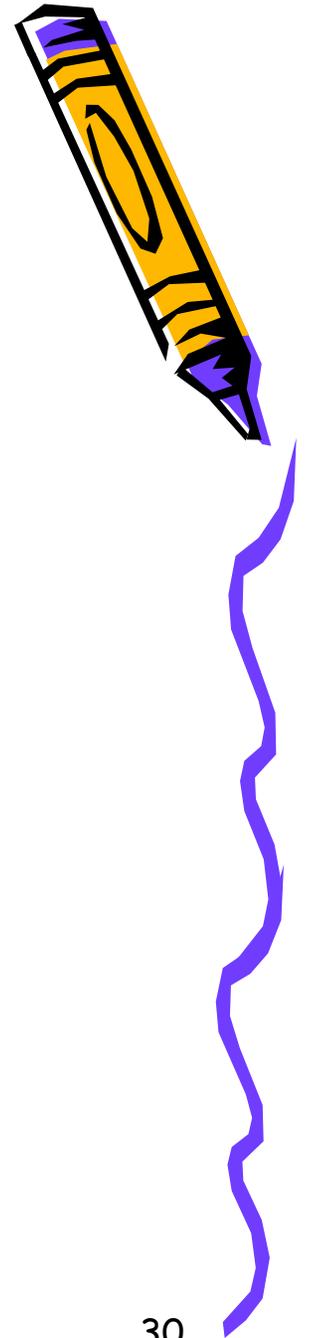 - Desks, Tables, Chairs

Inventory Management System

Must track funds to a level adequate to ensure the funds are used appropriately.

– What do we have?

– Where is it?
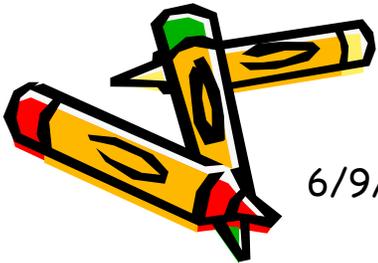
– Who is using it?

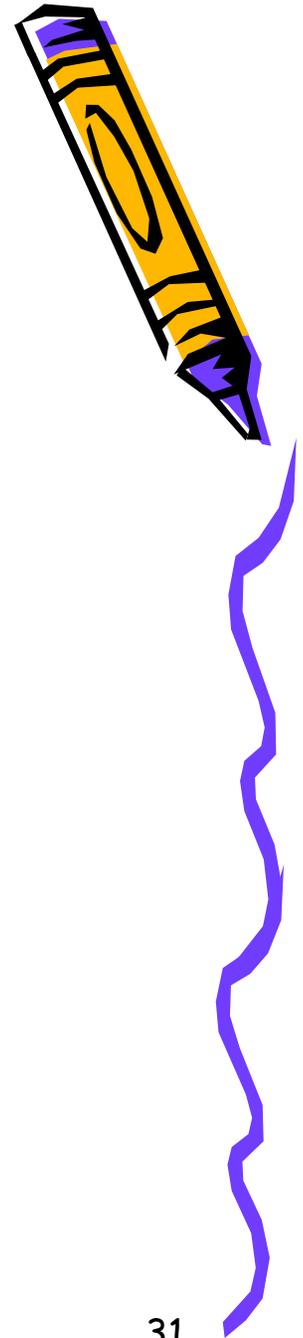– What is the funding source?

6/9/2015

30

Equipment & Non Consumable Supplies Inventory Management

- a description of the property
- a serial or other identification number
- source of funding
- who holds title
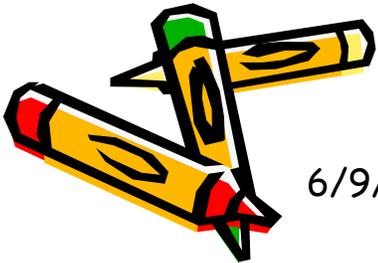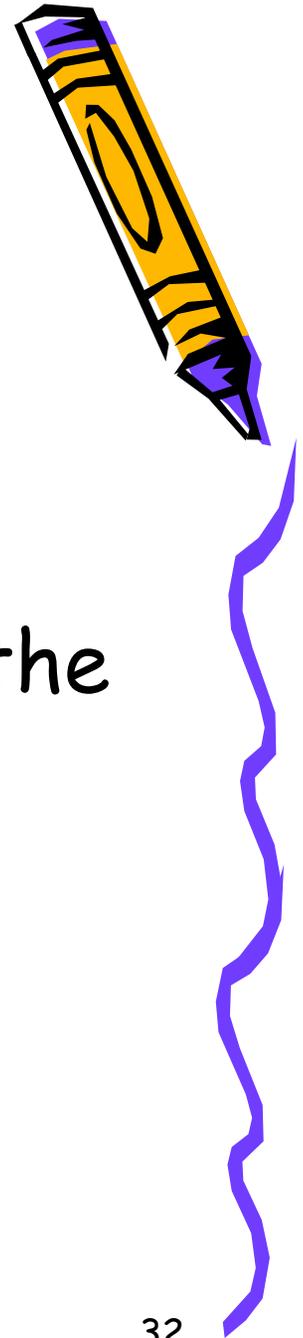- the acquisition date
- the cost of the property

6/9/2015

# Equipment & Non Consumable Supplies Inventory Management (Cont.)

- the percentage of Federal participation in the cost

- the location, use and condition of the property, and

- any ultimate disposition data including the date of disposal and sale price of the property.
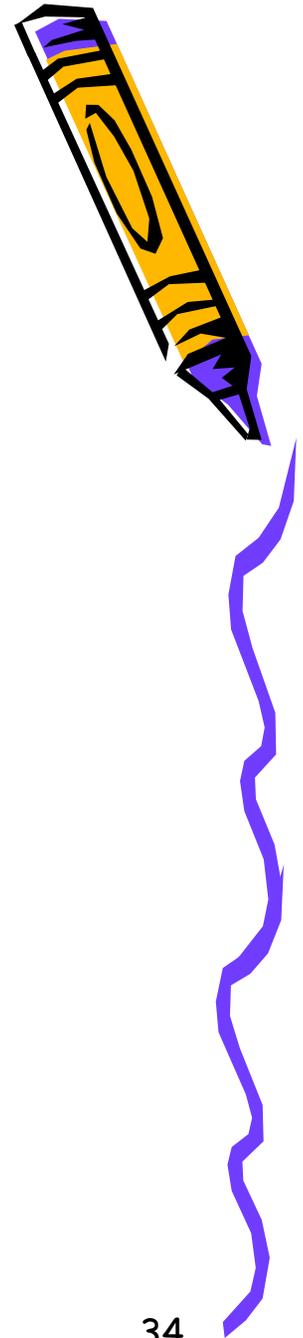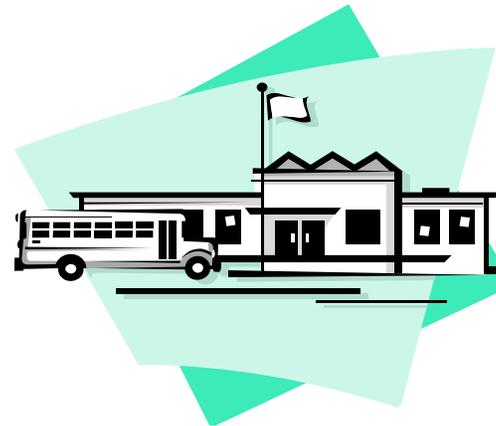
Equipment Inventory

- Physical inventory must be taken and results reconciled to inventory records at least once every two years.

- Control system to guard against loss, damage or theft.

- Ensure adequate maintenance to keep property in good condition
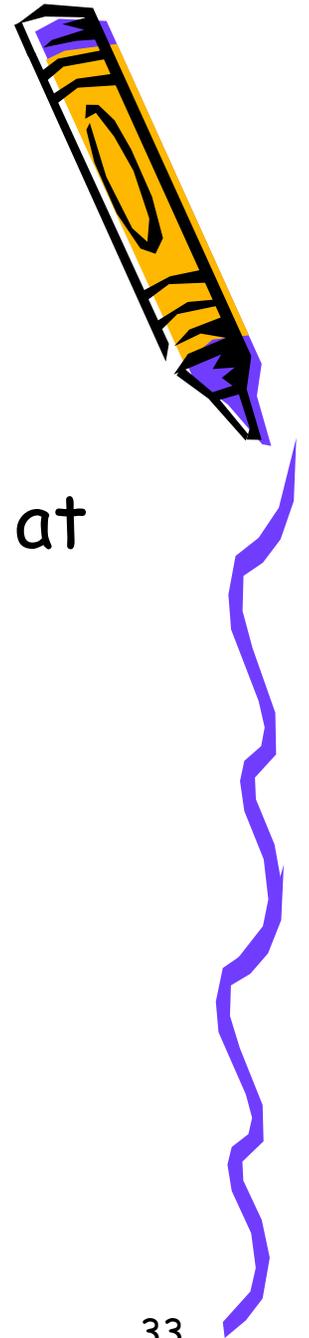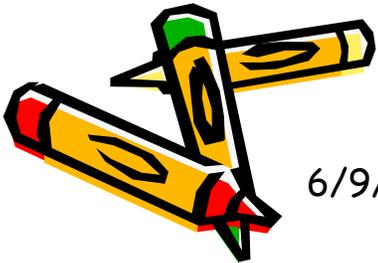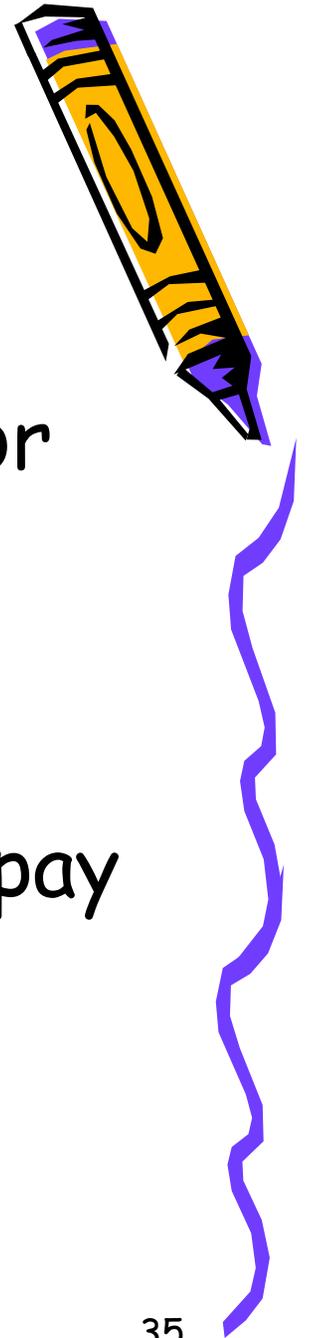
Real Property and Construction

- **Cannot use federal funds for:**
  - Acquisition of real property
  - Construction

Supplement Not Supplant

- Cannot use federal funds to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds

- Designed to ensure federal funds pay for something "extra"

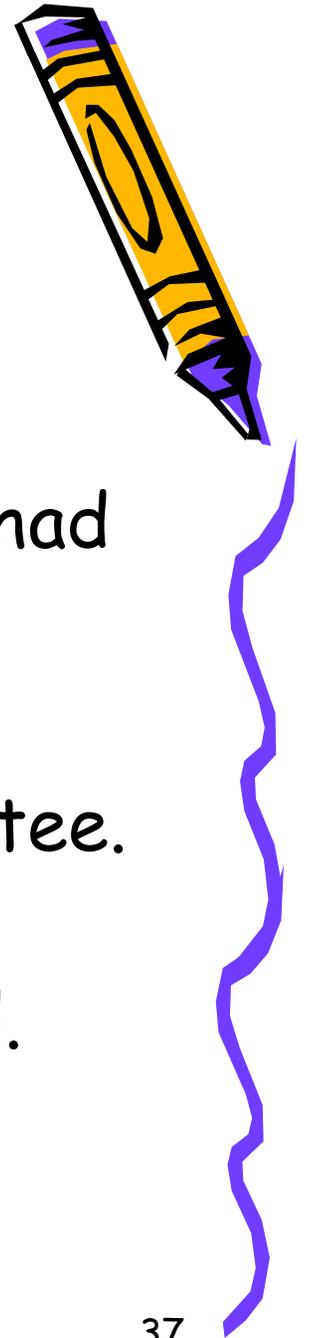6/9/2015

Presumption of Supplanting

- Federal funds were used to:

  - Provide services that are required under other federal, state or local law.

  - Provide services paid for with non-federal funds in the prior year.
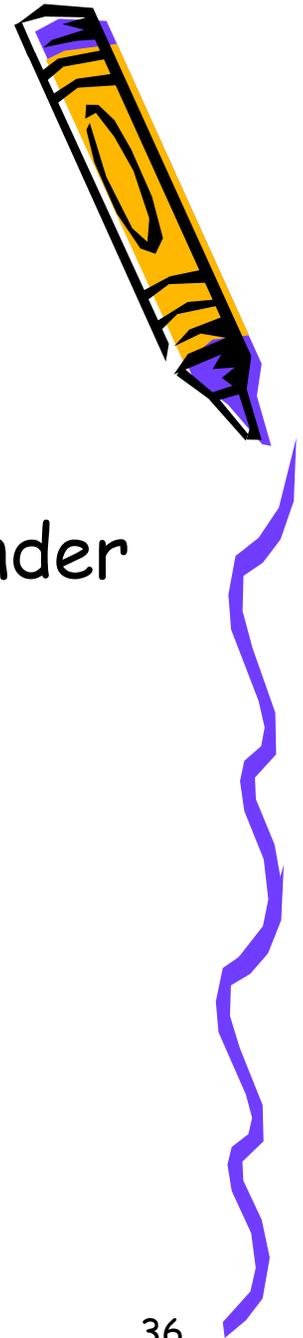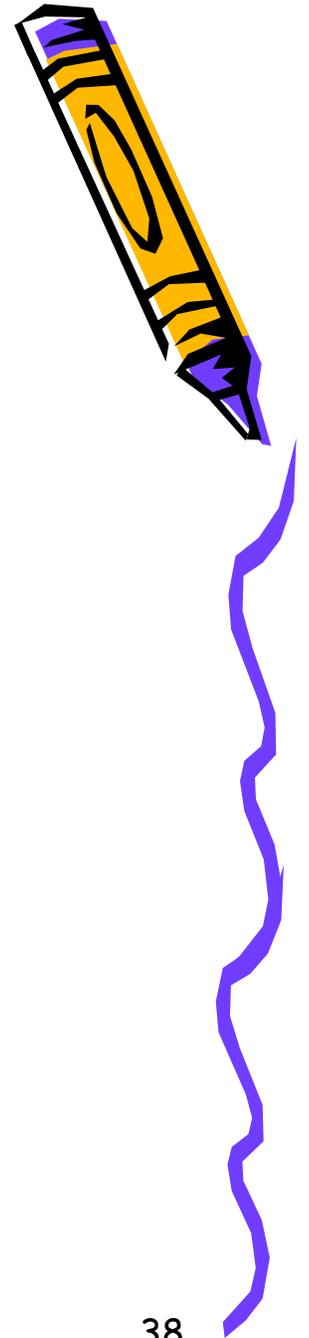
Contesting Presumption

- Must demonstrate that the services in question would not have been provided had the Federal funds not been available.

- The burden of proof is on the sub-grantee.

- Document in advance of funding the activity or the costs may be questioned.

Rebutting the Presumption

- Presumption may be rebutted:
  - If SEA or sub-grantee demonstrates it would <u>not</u> have provided the services with state or local funds if the federal funds were <u>not</u> available
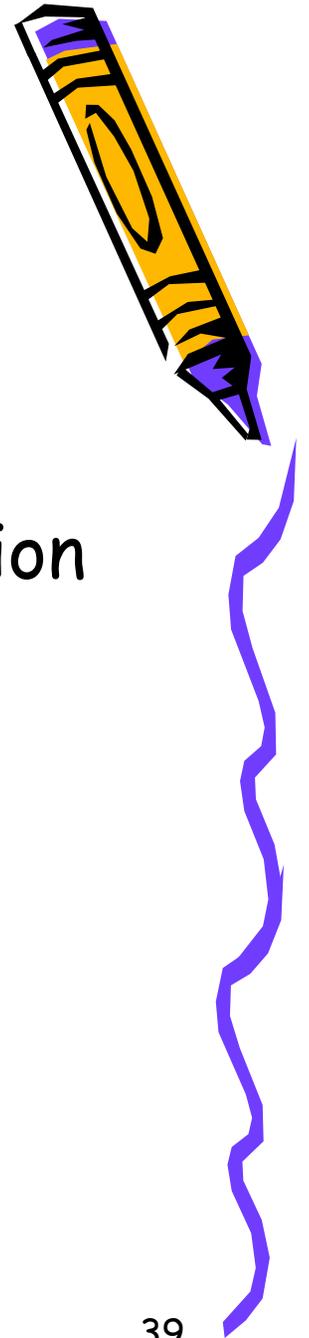
Rebutting the Presumption (Cont.)

- To rebut presumption show:
  - Fiscal and programmatic documentation to confirm that, in the absence of federal funds, would have eliminated staff/services in question
    - School Board action
    - Budget histories and information
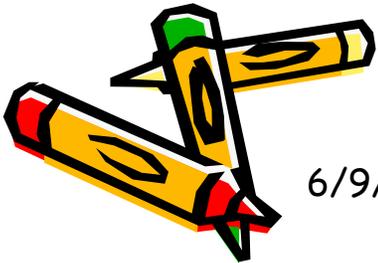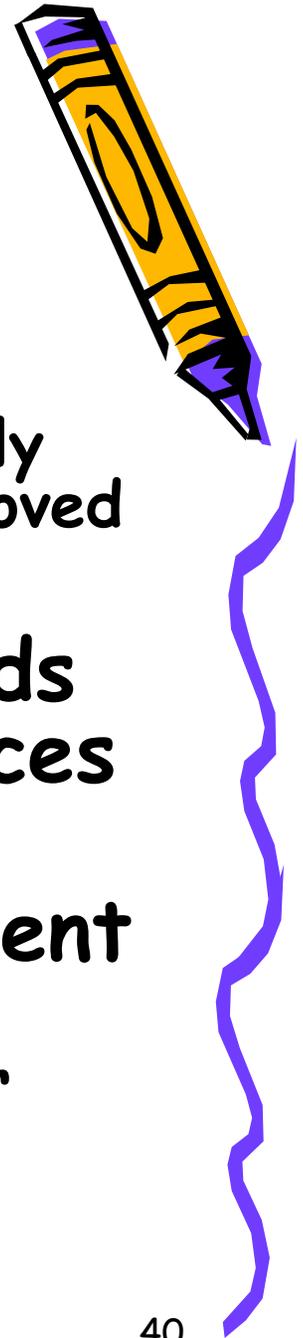   - Planning documents
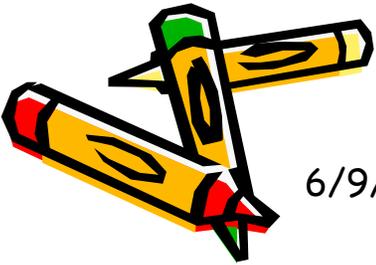
Timing of Obligations

- ## Cannot obligate funds until:
  - The 1st day of the Grant Period (generally July 1) Unless pre-award costs are approved

- ## When an obligation occurs depends on the type of property or services

- ## Acquisition of Supplies or Equipment
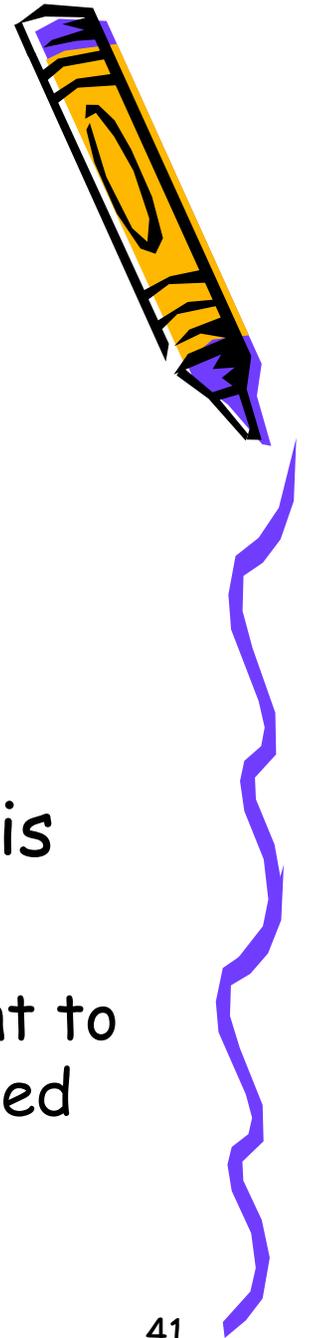 - Date a binding written commitment to acquire is made such as a purchase order

Timing of Obligations

- Services by an employee
  - Date services are performed
- Travel
  - When the travel is taken
- Services provided by a contractor who is not an employee
  - Date on which a binding written commitment to obtain the services, such as a contract signed
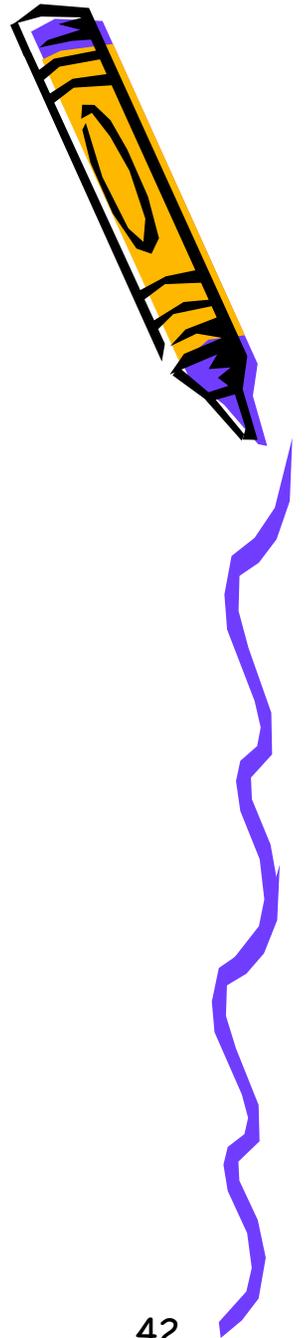
6/9/2015

41
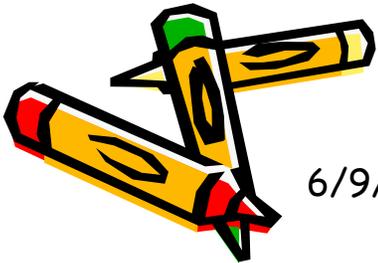
Submitting Claims

- New Grants Management System
- In Place for FY 2016 Claims
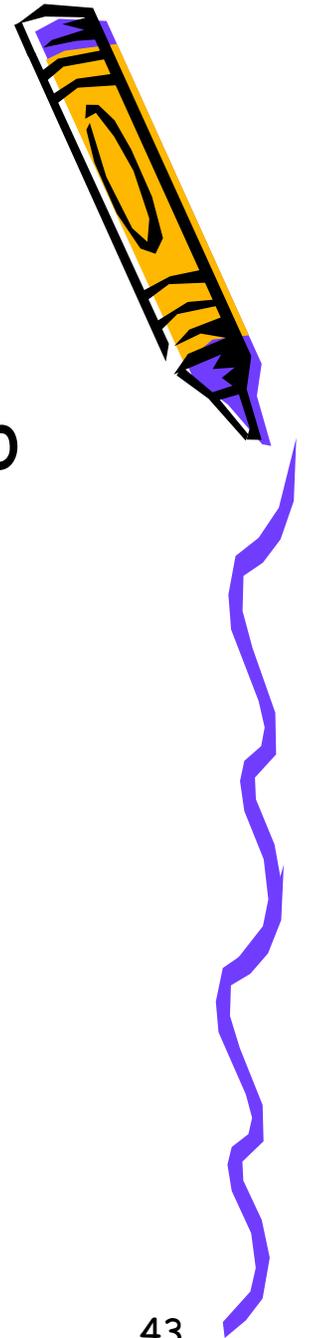- Training
- Claims must be entered by 10th of the month.

Amendments

- You must request an amendment to your budget if:
  - expenditures/obligations within a budget category exceed 10%
 - Changing scope of project

Carryover

- Carryover is 25% of the fiscal year award amount
  - Example: If your award amount was $100,000. Carryover would be $25,000
  - You cannot include the previous years carryover amount when calculating carryover. Only the previous years award amount.
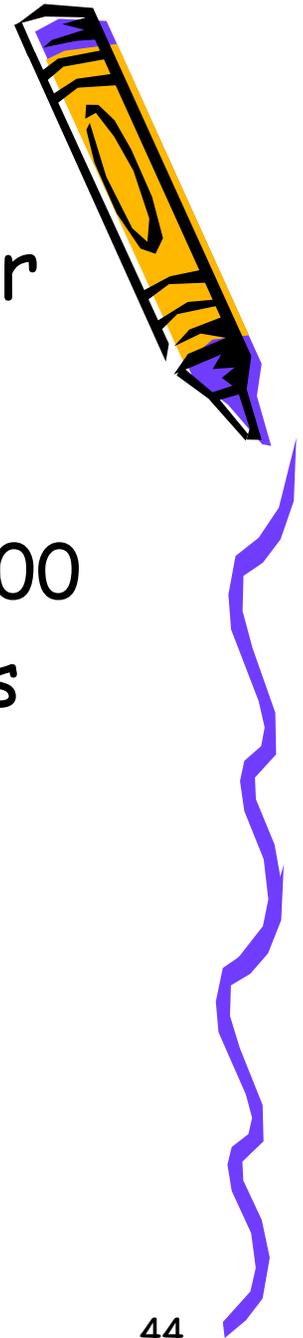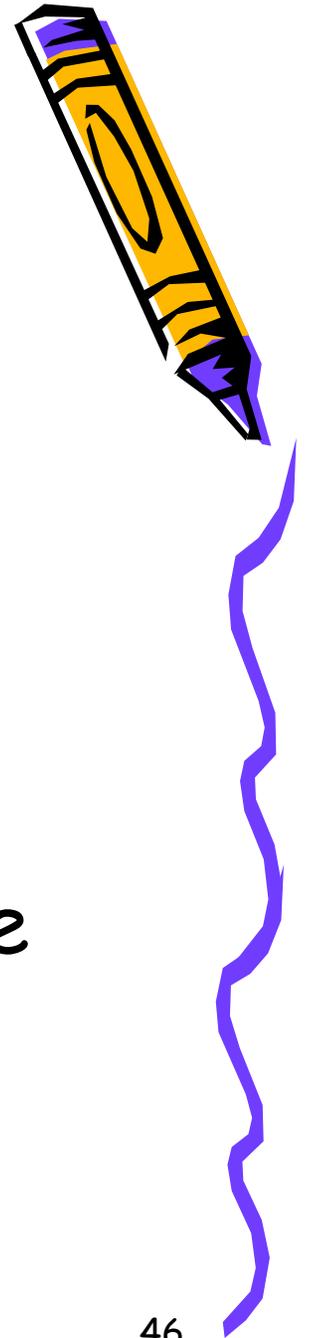
Carryover (Cont.)

- You must request approval from DOE to carryover funds.

- Request must include:
  - Narrative explaining request
  - Revised budget
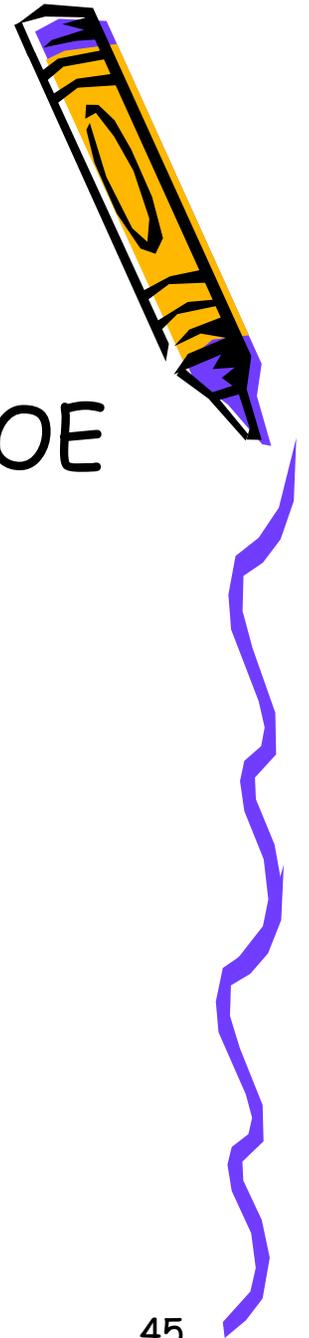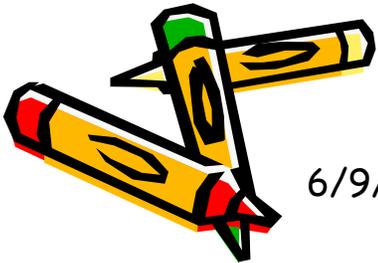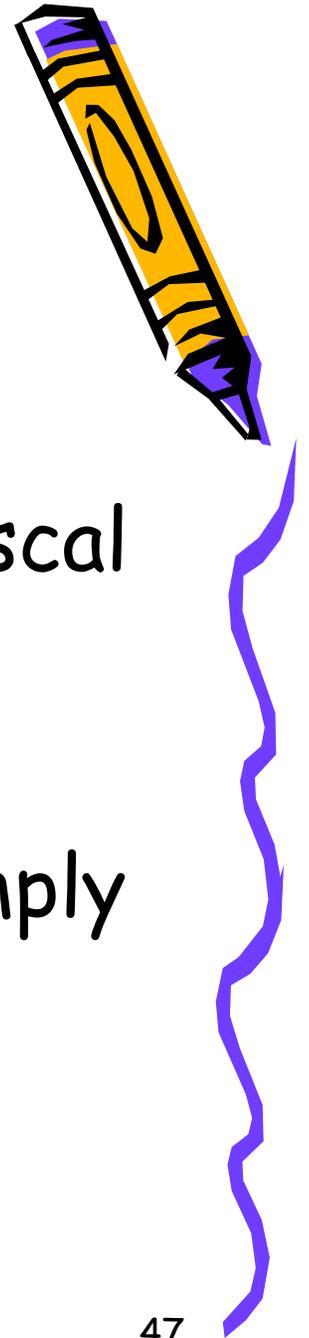
Increased Focus on Fiscal Monitoring

- Change of focus by US Ed in monitoring States and their sub-grantees

- State is responsible for ensuring lawful expenditures and compliance by its sub-grantees.
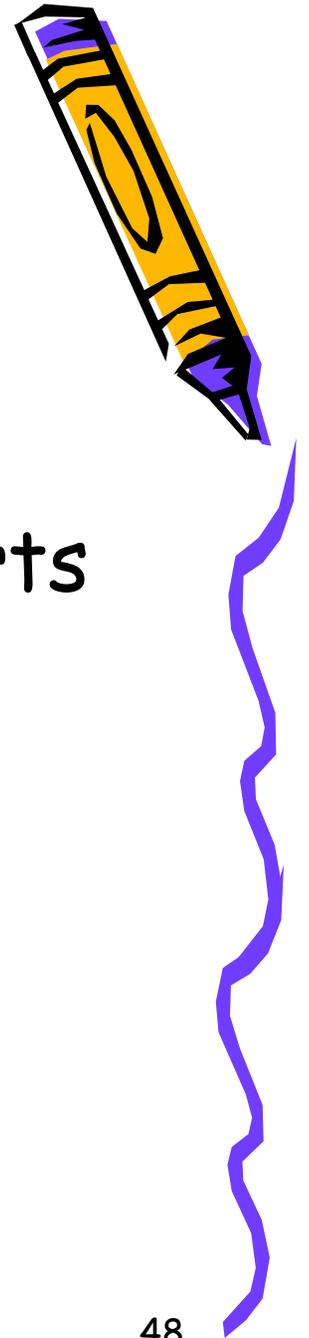
Sub-grantee Monitoring

- South Dakota Department of Education will be increasing the fiscal monitoring to ensure compliance.

- Sub-grantees are expected to comply with all program requirements.

Monitoring Requirements

- Following Program Applications
- Required Sub-grantee Audit Reports
- Increased Fiscal Monitoring
  - On site Reviews
  - Desk Reviews

6/9/2015

48

Questions

- Phone Number:
  605-773-3727

- Email:
  - mark.gageby@state.sd.us.