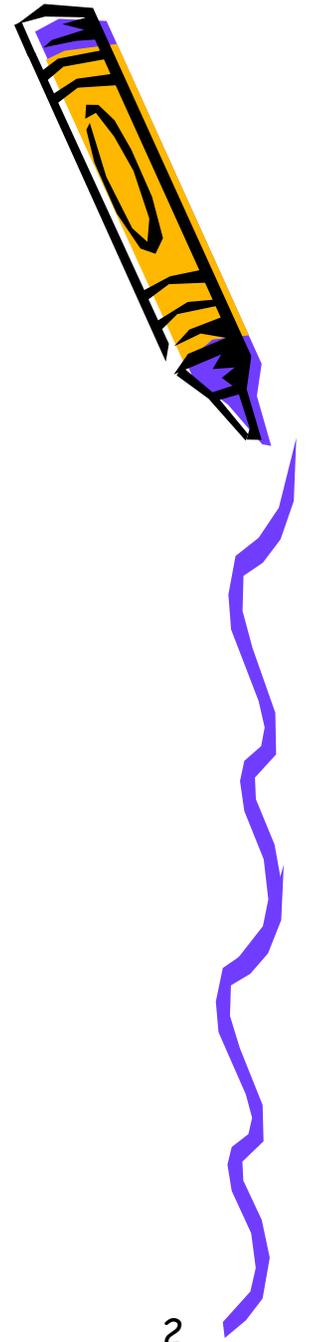


Fiscal Requirements for 21st Century Community Learning Centers Program

- Mark Gageby, Management Analyst

Education Agency Acronyms

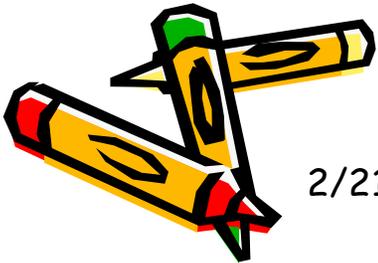
- SEA - State Education Agency (South Dakota Department of Education)
- US ED - US Department of Education
- DOE - Department of Education



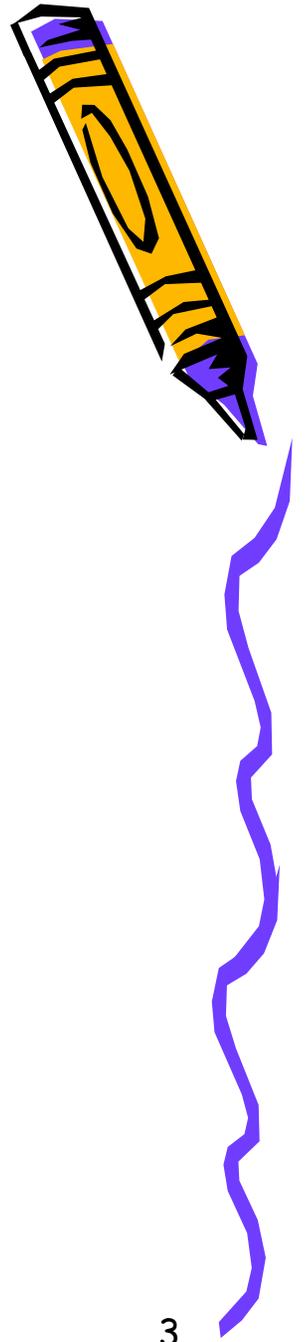
2/21/2013

Grant Year(s)

- **State Fiscal Year**
 - July 1, 2011-June 30, 2012
 - Award Letter-Governor-SEA
 - Continuation Letter years 2-5
- **Project Period**
 - July 1, 2011-June 30, 2016



2/21/2013



US ED Legislation, Regulations and Guidance

<http://www2.ed.gov/programs/21sttcclc/legislation.html>

DOE 21st Century Website

- <http://www.doe.sd.gov/oatq/21cent.asp>



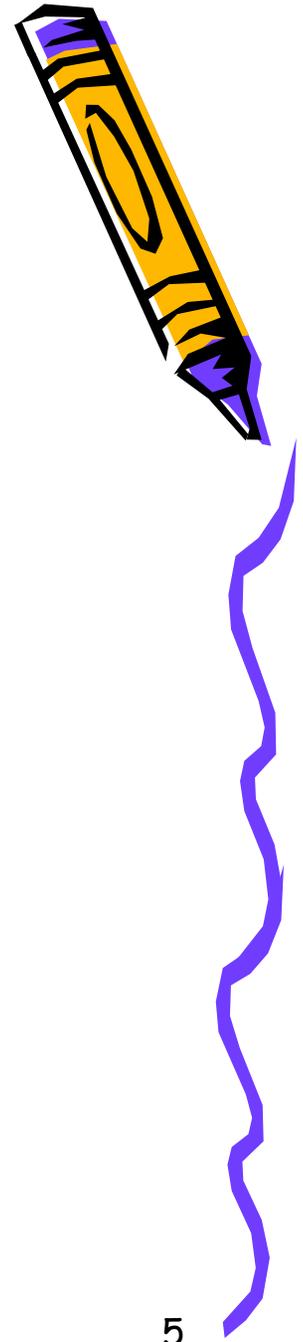
2/21/2013

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

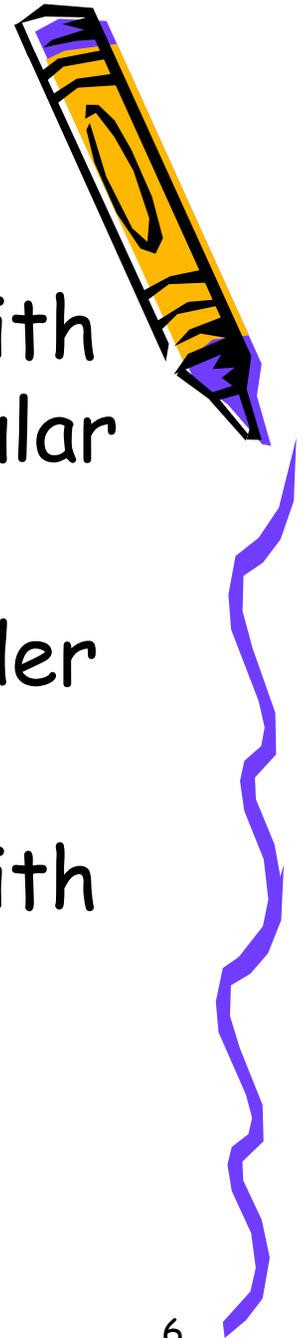


2/21/2013



Allowable Costs Questions

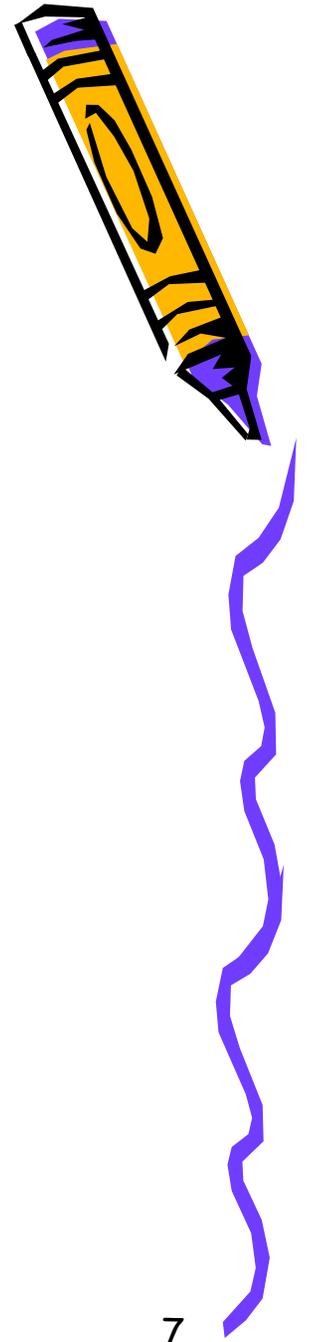
- Is the proposed cost consistent with federal cost principles (OMB Circular A-87 & A-122)?
- Is the proposed cost allowable under the grant program?
- Is the proposed cost consistent with your approved application and budget?



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Questions Continued

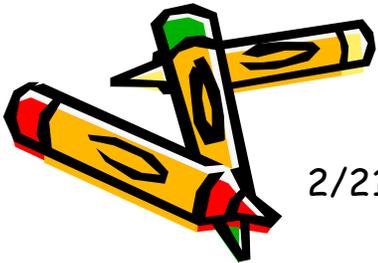
- Is the proposed cost consistent with the needs of the program?
- Is the proposed cost consistent with EDGAR? Education Department General Administrative Regulations



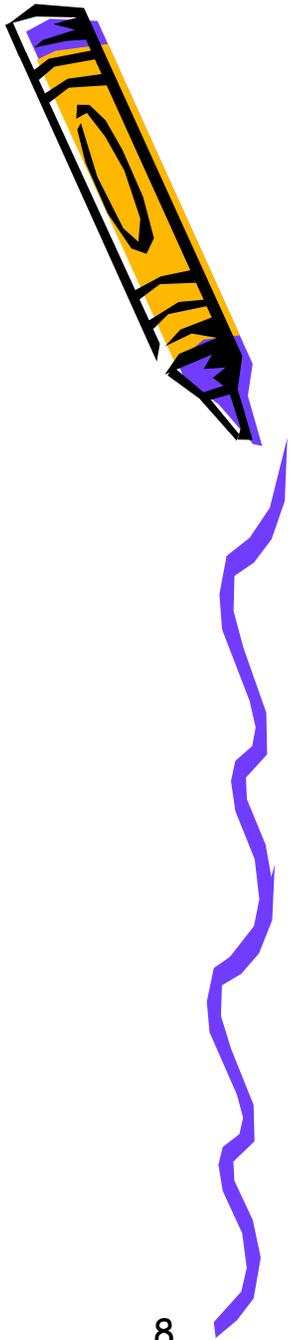
2/21/2013

Federal Cost Principles

- OMB Circular A-87 Cost Principles for State, Local & Indian Tribal Governments
- Applies to School Districts
- Available at OMB website:
- http://www.whitehouse.gov/omb/circulars_a087_2004/

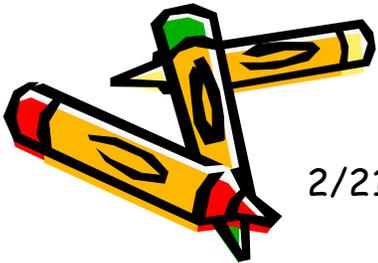


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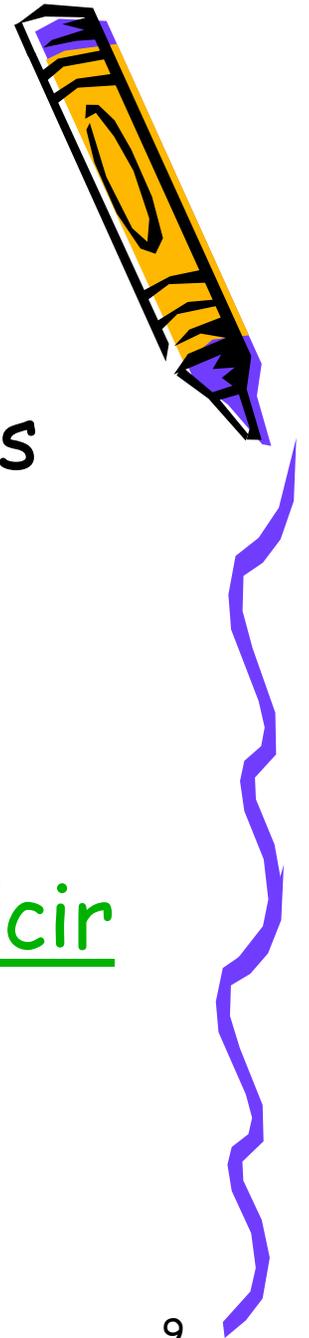


Federal Cost Principles

- OMB Circular A-122 Cost Principles for Non-Profit Organizations
- Applies to Non-Profits
- Available at OMB website:
- http://www.whitehouse.gov/omb/circulars_a122_2004/

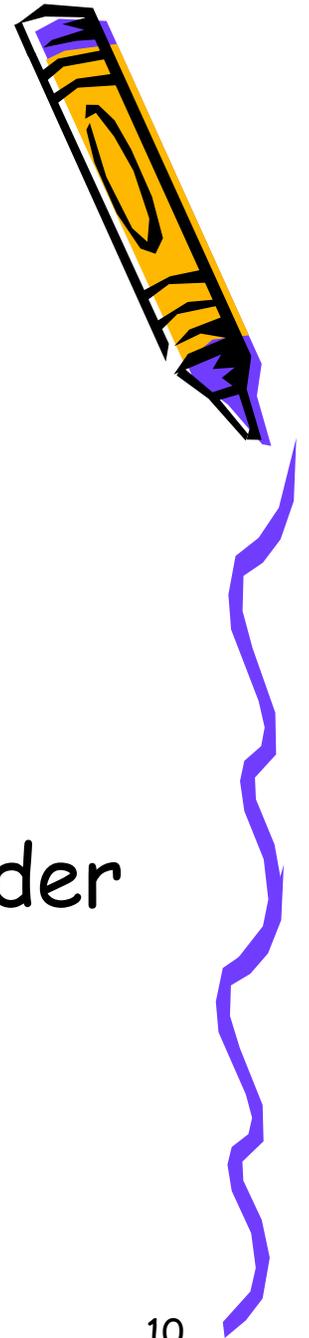


2/21/2013



Basic Guidelines

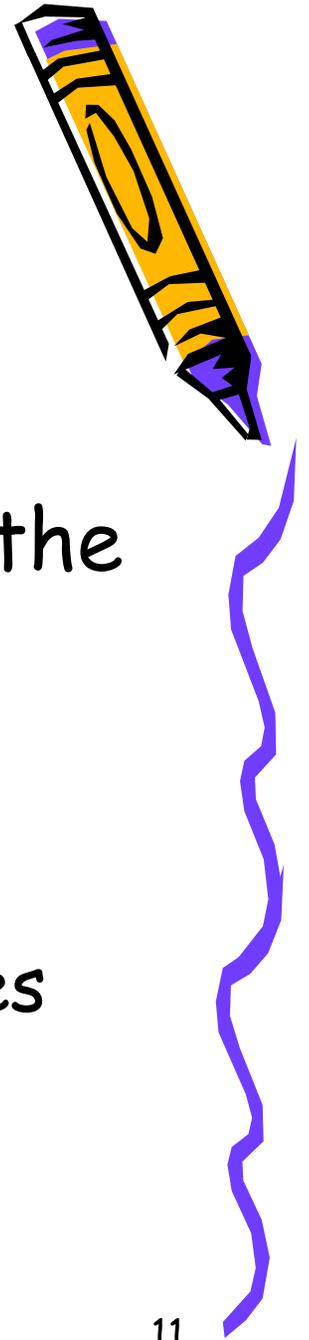
- All Costs Must Be:
 - Necessary
 - Reasonable
 - Allocable
 - Authorized or not prohibited under state and local law



2/21/2013

Necessary

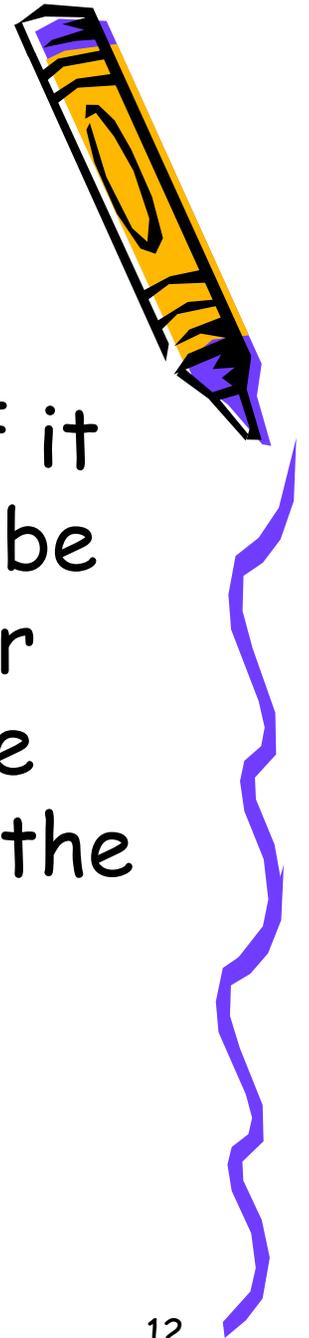
- Must be necessary for the performance or administration of the grant
- Questioning "necessary"
 - Do we really need this?
 - Do we already have existing resources sufficient for this purpose?



2/21/2013

Reasonable Costs

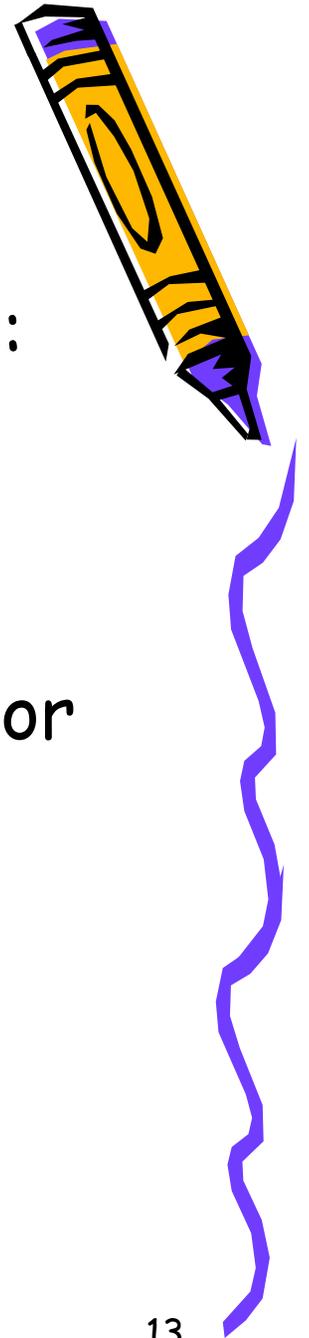
- Definition - A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision is made to incur the cost.



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Reasonable Costs

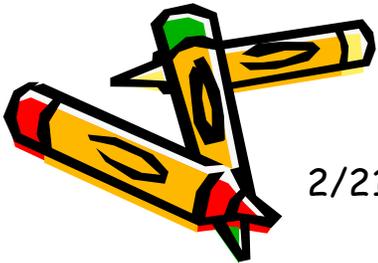
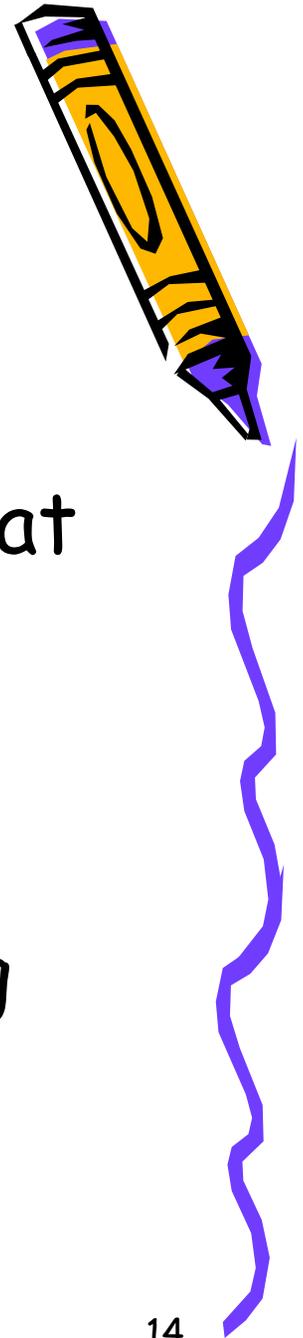
- Must follow sound business practices:
 - Arms length bargaining
 - Follow federal, state and local laws
 - Follow terms of the grant award
- Market prices for comparable goods or services
- No significant deviation from established practices of the sub-grantee. Example-Travel



2/21/2013

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?



2/21/2013

Allocable

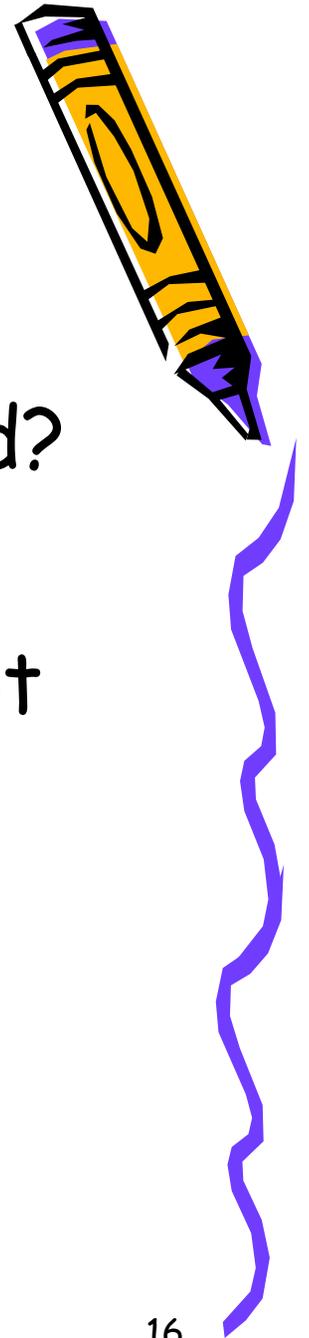
- Can only charge in proportion to the value received by the program
- Example: The district purchases a computer to use 50% in the 21st Century program and 50% in a another program - can only charge half the cost to the 21st Century program



2/21/2013

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



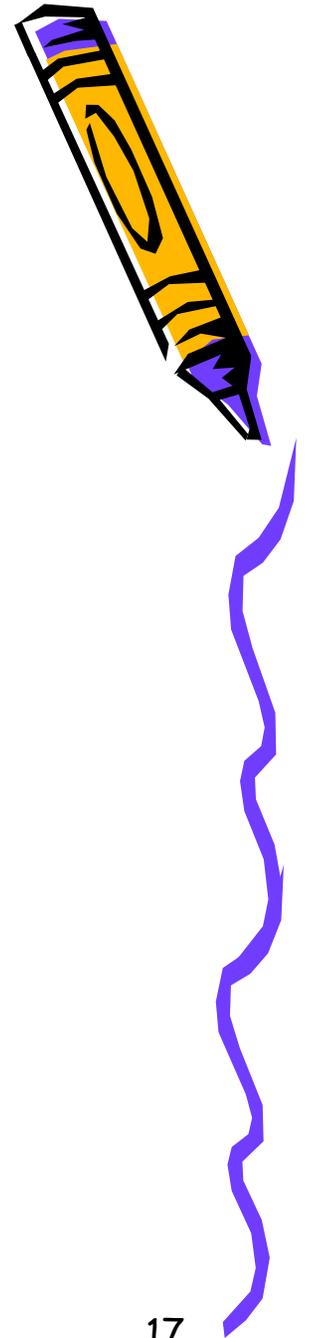
2/21/2013

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
- Consistently treated
 - Must follow uniform policies that apply equally to federal and non-federal activities



2/21/2013

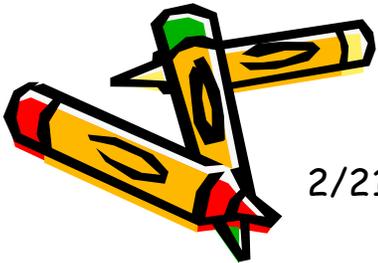


Adequate Documentation

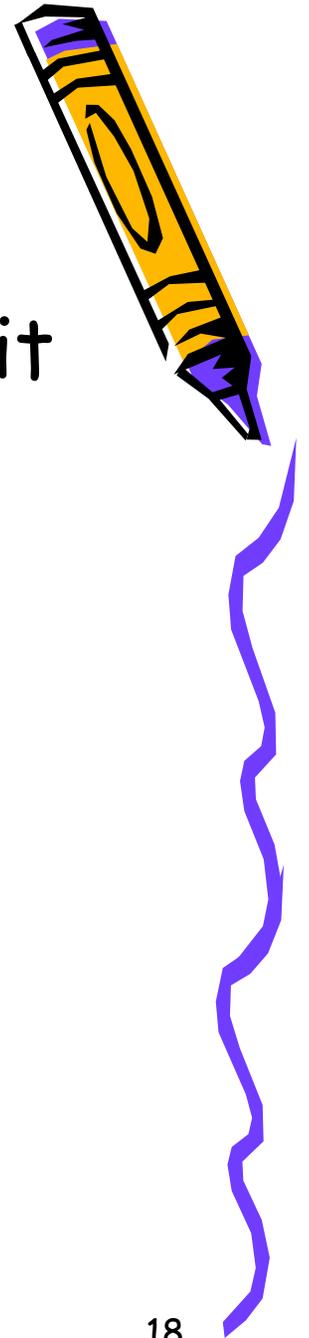
- Lack of Documentation is #1 Audit Finding

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

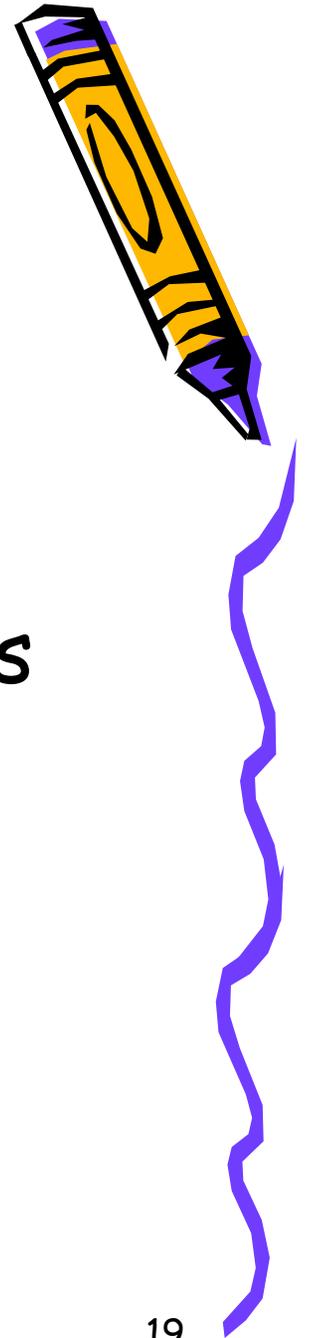


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Adequate Documentation (cont.)

- 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



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What are the most Frequent Audit Findings?

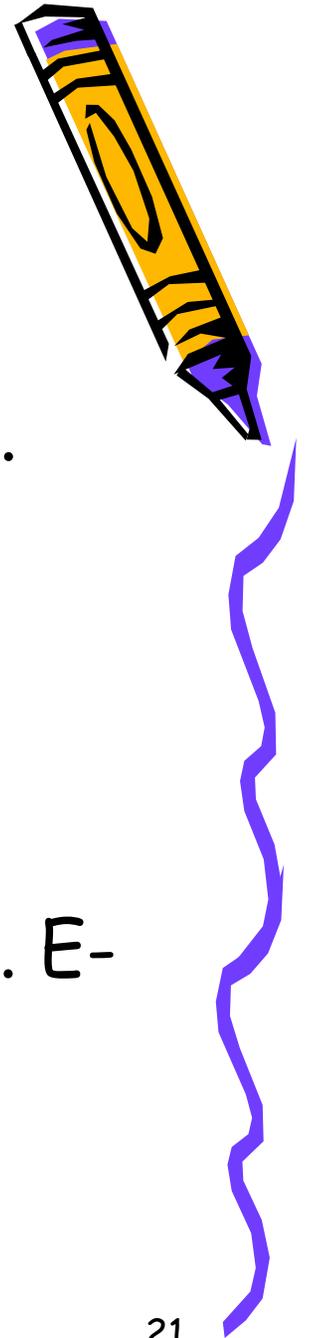
- Inadequate or no internal controls-unable to reconcile books
- Inadequate or no financial recordkeeping-funds unaccounted for
- No written procedures for management, finance, or personnel matters
- Inaccurate performance report data



2/21/2013

Remember

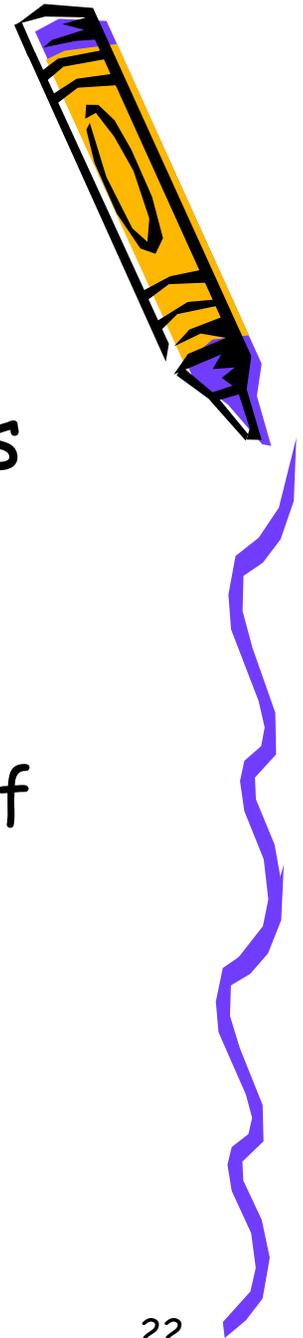
- Know what's in the approved application.
- Do what you say you are going to do.
- Keep regular track of your money.
- Be sure your report data is accurate.
- If you don't think it is allowable, even though it doesn't say it isn't, don't do it. E-mail your program officer and ask.



2/21/2013

Selected Items of Cost

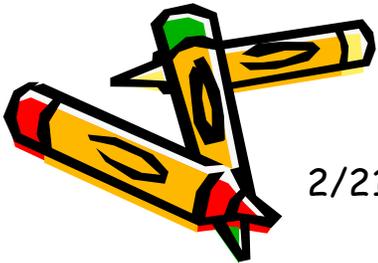
- Special rules for specific expenses
- Still subject to basic guidelines
- Example:
 - Salaries and Wages: Allowable only if time distribution records maintained



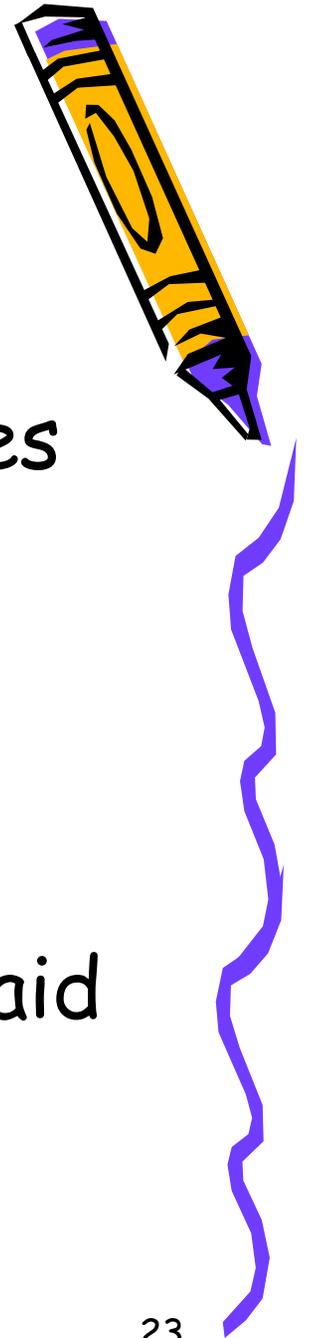
2/21/2013

Time Distribution 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

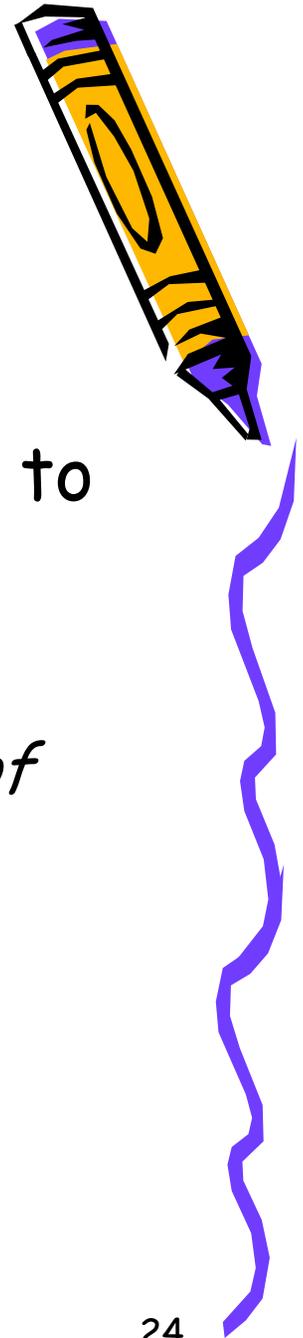


2/21/2013



Required Time Records

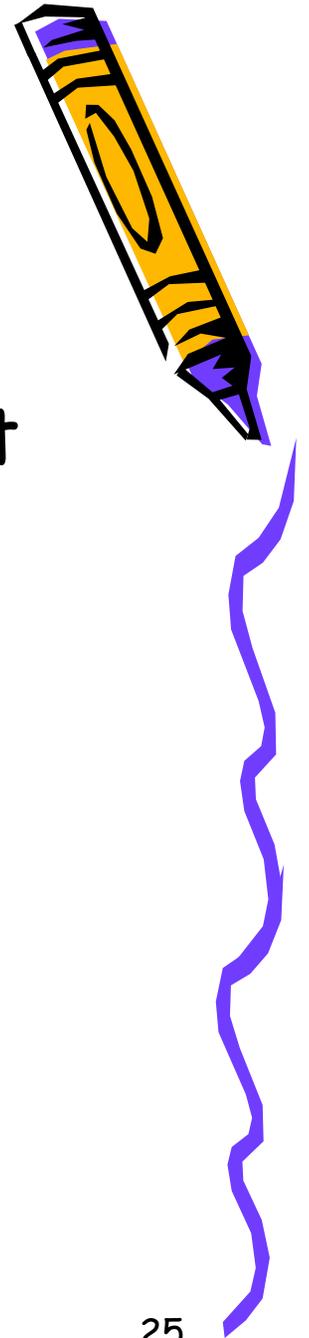
- Depends on how many "cost objectives" the employee worked on
- The cost objectives must be connected to the employee's salary source
- What is a cost objective?
 - A specific grant award, *or other category of costs*, that requires the grantee to track specific cost information



2/21/2013

Time Records for Single Cost Objectives

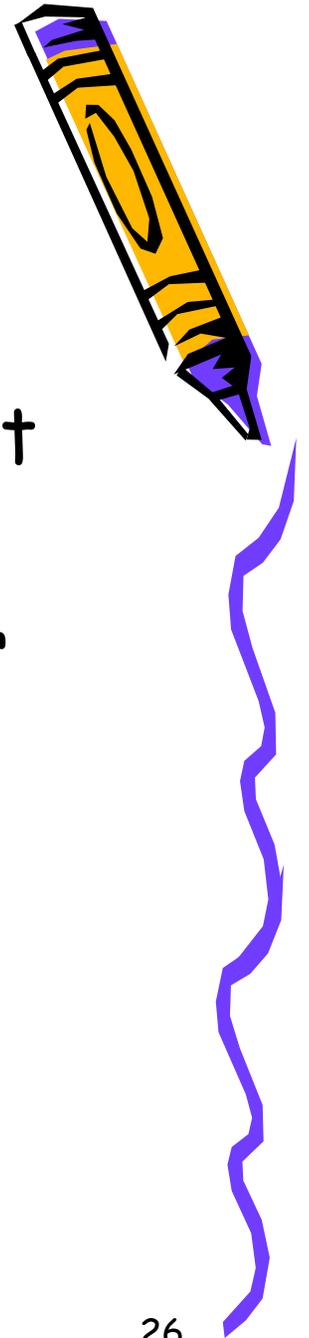
- If an employee works on a single cost objective:
 - Semi-Annual Certification
 - Signed by employee or supervisor every six months



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Time Records for Multiple Cost Objectives

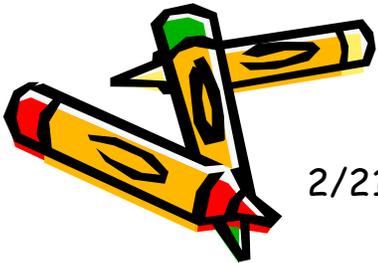
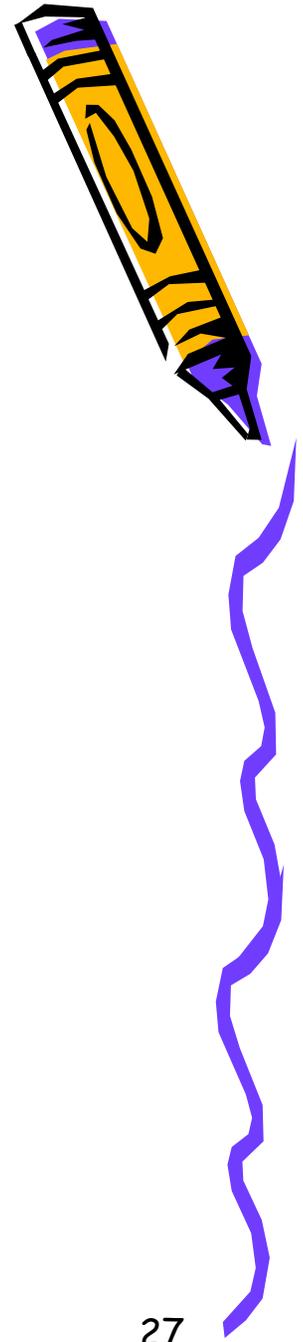
- If an employee works on multiple cost objectives:
 - Personnel Activity Report (PAR) or equivalent documentation are required



2/21/2013

Real Property and Construction

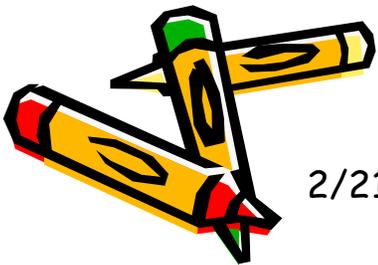
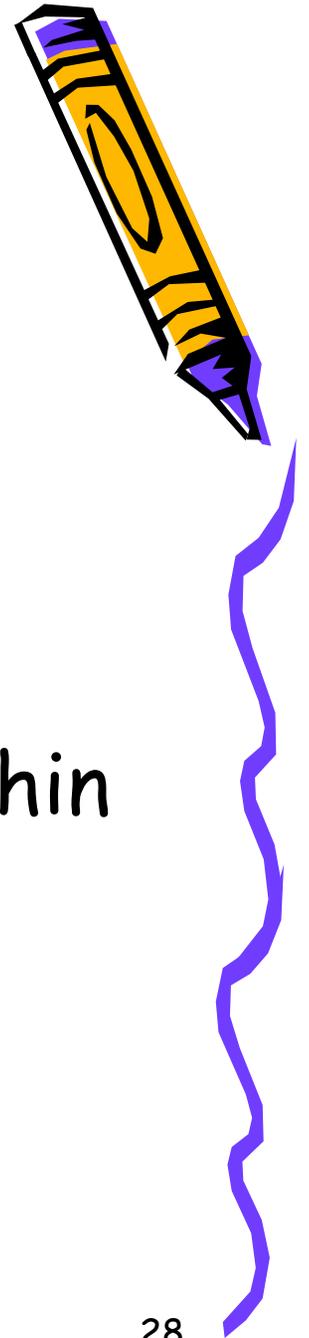
- Cannot use federal funds for:
 - Acquisition of real property
 - Construction



2/21/2013

Private Schools

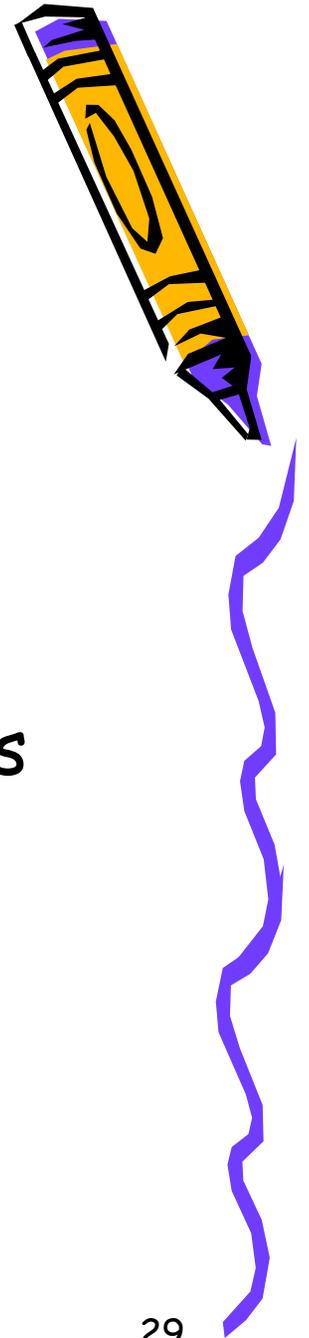
- Sub-grantee must offer private schools equitable participation
- Private school must be located within sub-grantees attendance area



2/21/2013

Funds for Private Schools

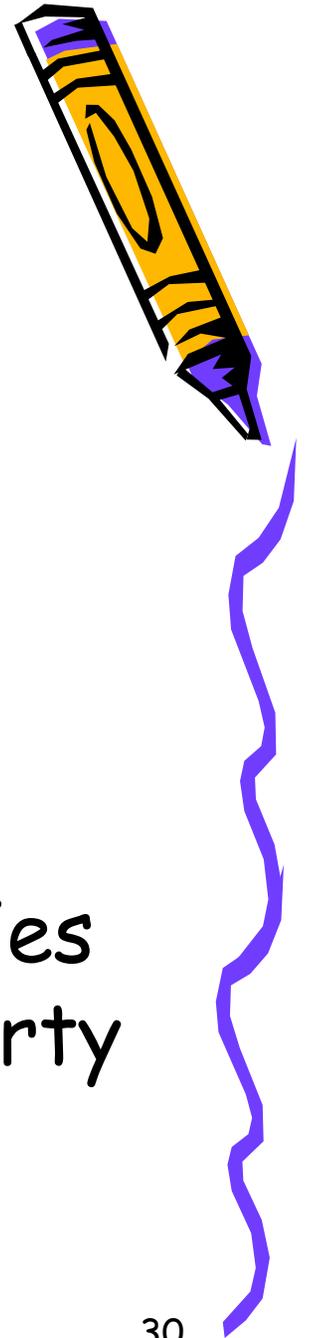
- Cannot use federal funds for:
 - Religious worship or instruction
 - Construction, remodeling, repair, operation, or maintenance of religious facility



2/21/2013

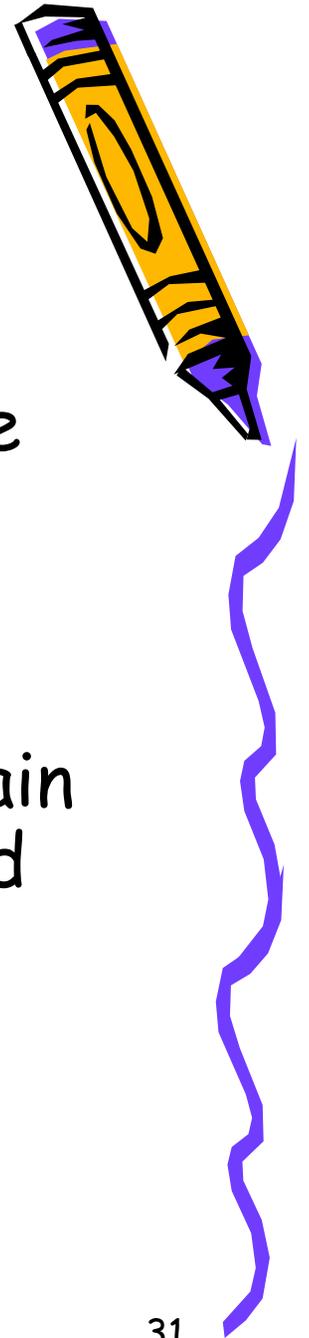
Control of Private School Services

- 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

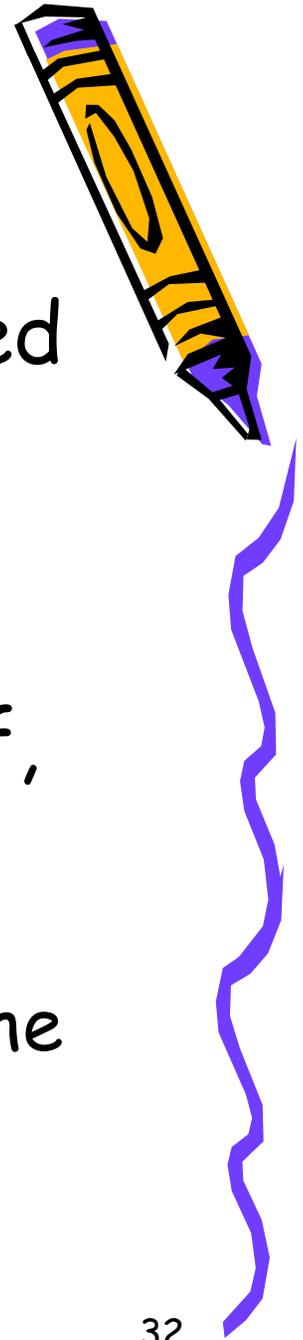
- Question - May private school officials order or purchase items needed for the programs and be reimbursed by the District?
- Answer - NO- The District must maintain complete control of funds, material, and equipment. No funds may be paid to a private school.



2/21/2013

Inventory Management

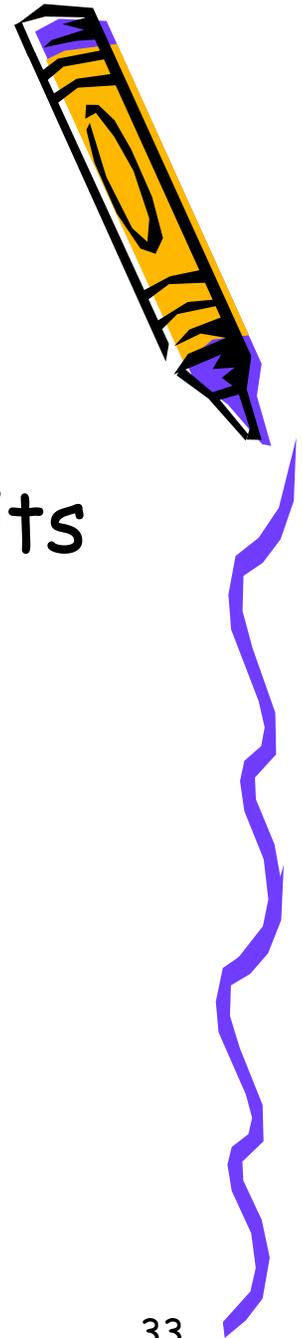
- Equipment must be needed and used in the program for which it was acquired.
- May be used for other programs if,
 - will not interfere with the original program.
 - does not shorten the useful life of the equipment.



2/21/2013

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



2/21/2013

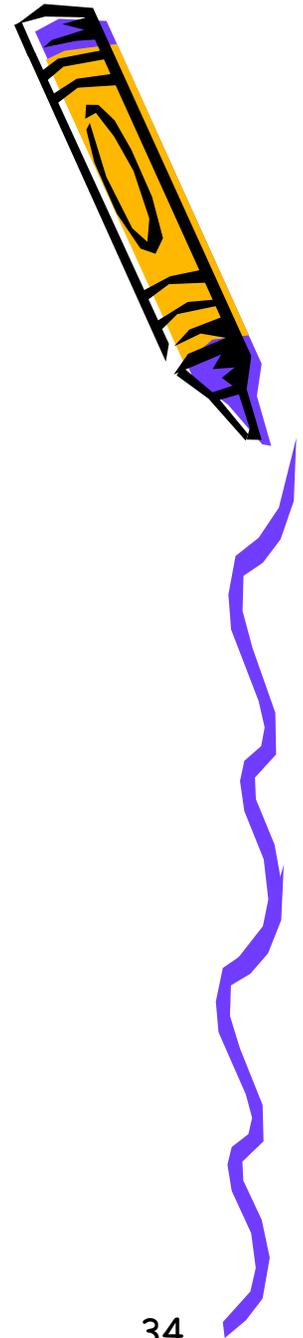
Inventory Management System

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

- Including consumable supplies
- What do we have?
- Where is it?
- Who is using it?
- What is the funding source?

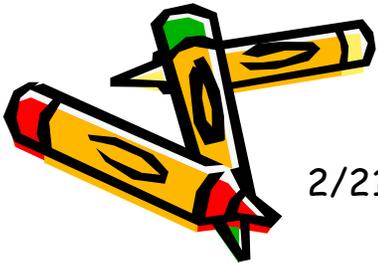


2/21/2013

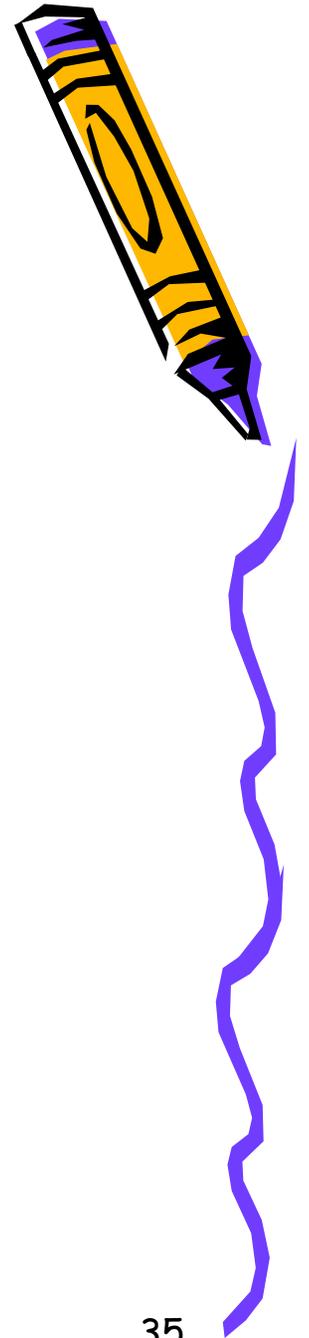


Equipment & Non Consumable Supplies Inventory Management

- 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

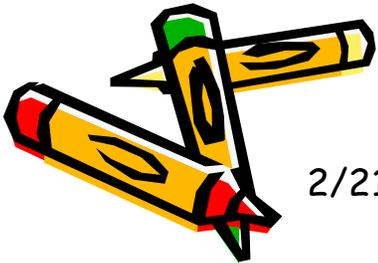
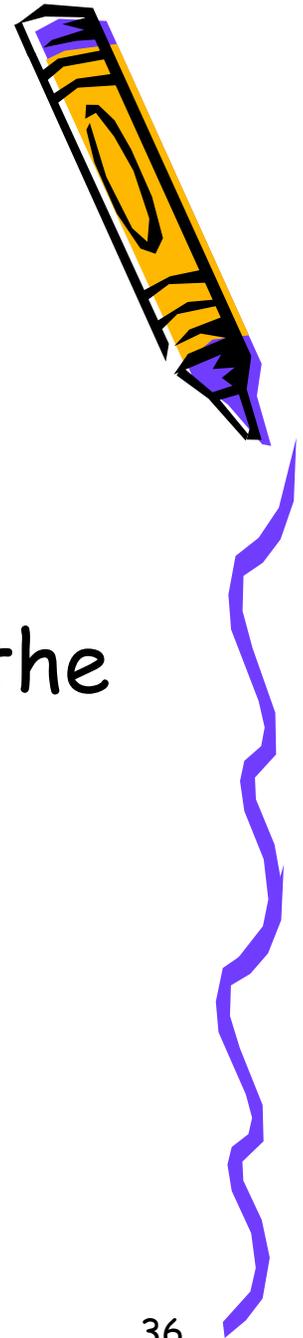


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Equipment & Non Consumable Supplies Inventory Management (Cont.)

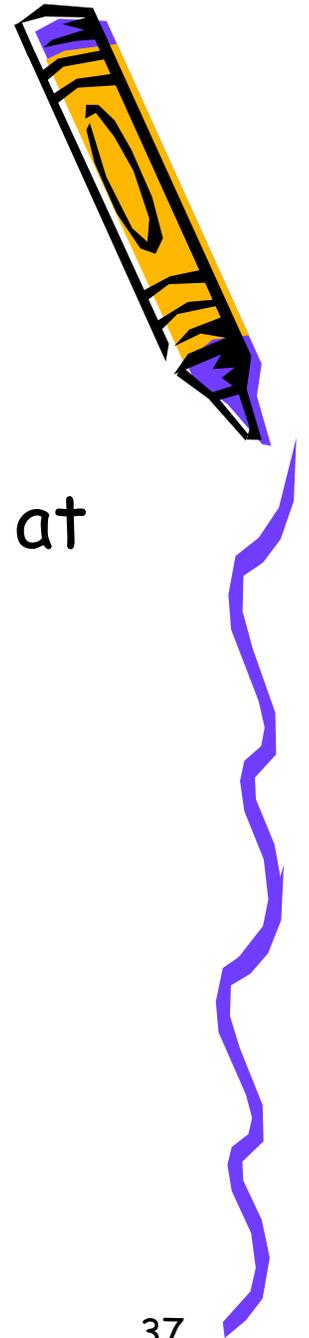
- the percentage of Federal participation in the cost
- the location, use and condition of the property, and
- any ultimate disposition data including the date of disposal and sale price of the property.



2/21/2013

Equipment Inventory

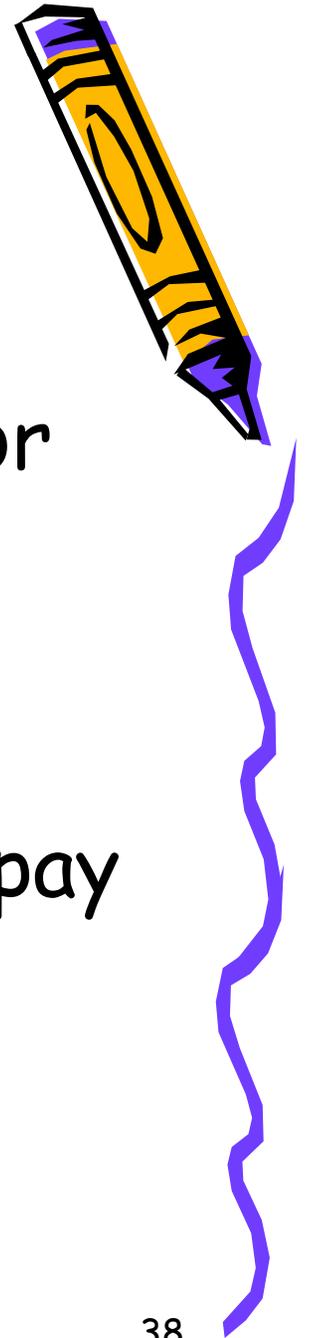
- Physical inventory must be taken and results reconciled to inventory records at least once every two years.
- Control system to guard against loss, damage or theft.
- Ensure adequate maintenance to keep property in good condition



2/21/2013

Supplement Not Supplant

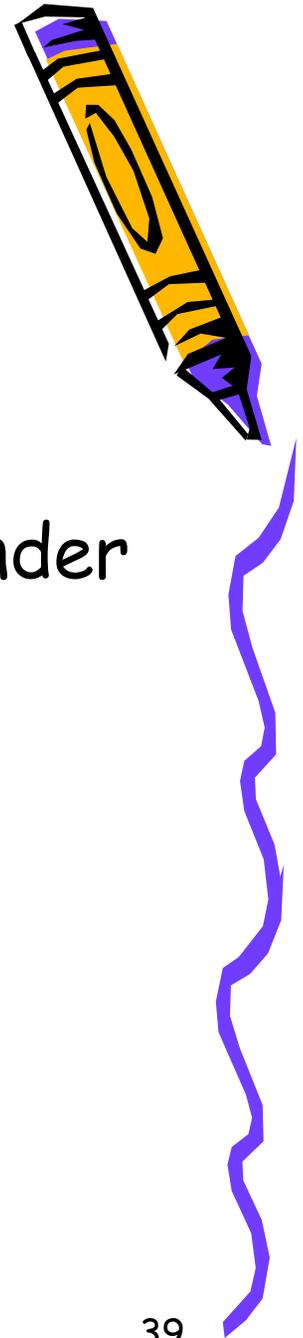
- Cannot use federal funds to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds
- Designed to ensure federal funds pay for something "extra"



2/21/2013

Presumption of Supplanting

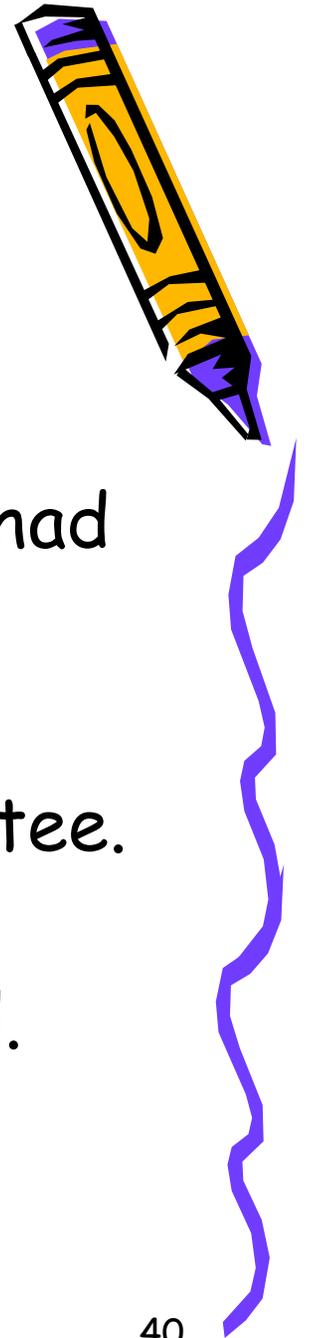
- Federal funds were used to:
 - Provide services that are required under other federal, state or local law.
 - Provide services paid for with non-federal funds in the prior year.



2/21/2013

Contesting Presumption

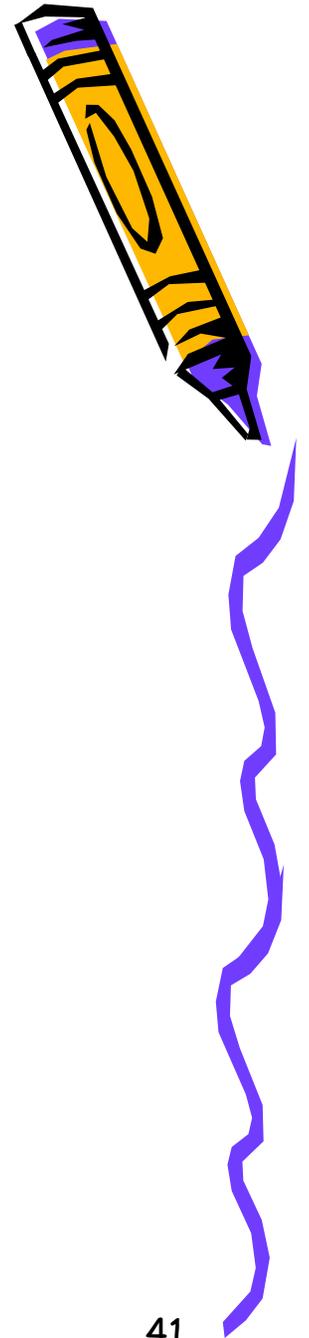
- Must demonstrate that the services in question would not have been provided had the Federal funds not been available.
- The burden of proof is on the sub-grantee.
- Document in advance of funding the activity or the costs may be questioned.



2/21/2013

Rebutting the Presumption

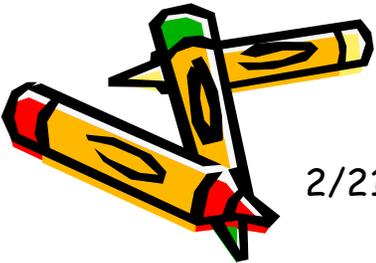
- Presumption may be rebutted:
 - If SEA or sub-grantee demonstrates it would not have provided the services with state or local funds if the federal funds were not available



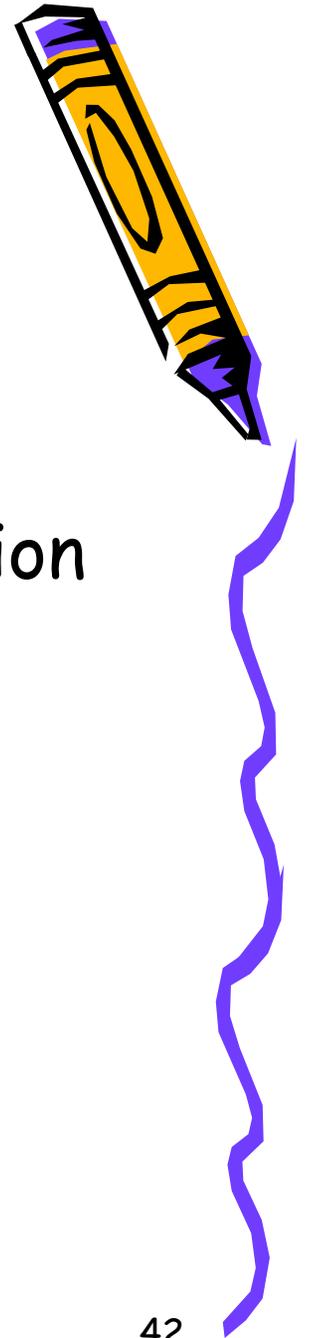
2/21/2013

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



2/21/2013



Timing of Obligations

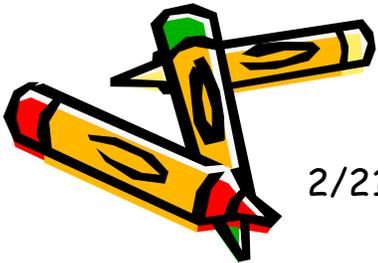
- **Cannot obligate funds until:**
 - The 1st day of the Grant Period (generally July 1)
- **When an obligation occurs depends on the type of property or services**
- **Acquisition of Supplies or Equipment**
 - Date a binding written commitment to acquire is made such as a purchase order



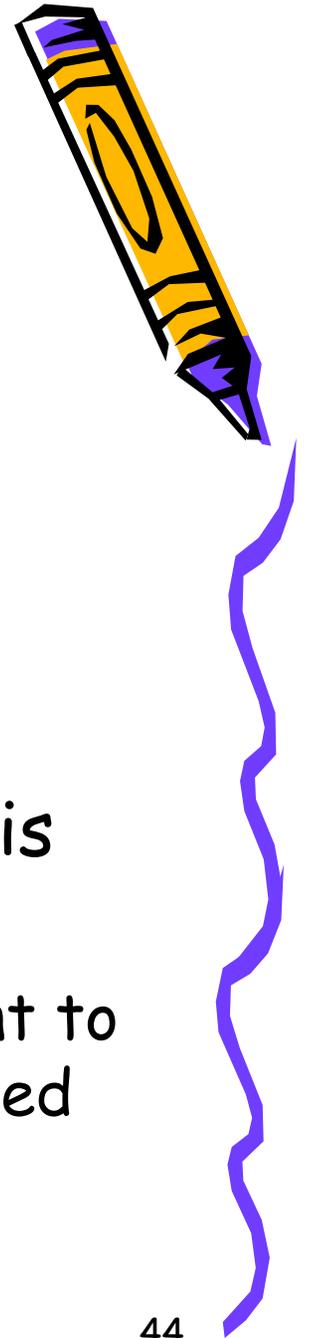
2/21/2013

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

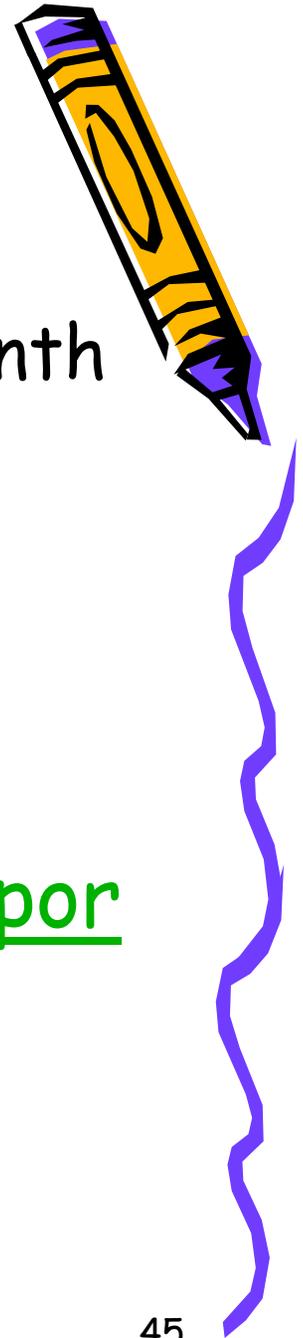


2/21/2013



Financial Status Reports (FSR)

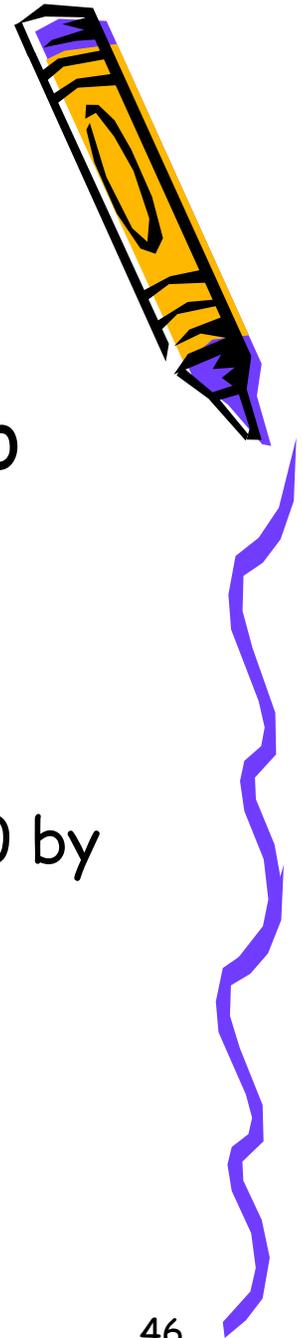
- Received by DOE by the 10th of the month
- Send in signed original
- Can be sent in once a month
- Should at least be sent in quarterly
- Include budget number on FSR
- <http://doe.sd.gov/ofm/financialreporting.asp>



2/21/2013

Amendments

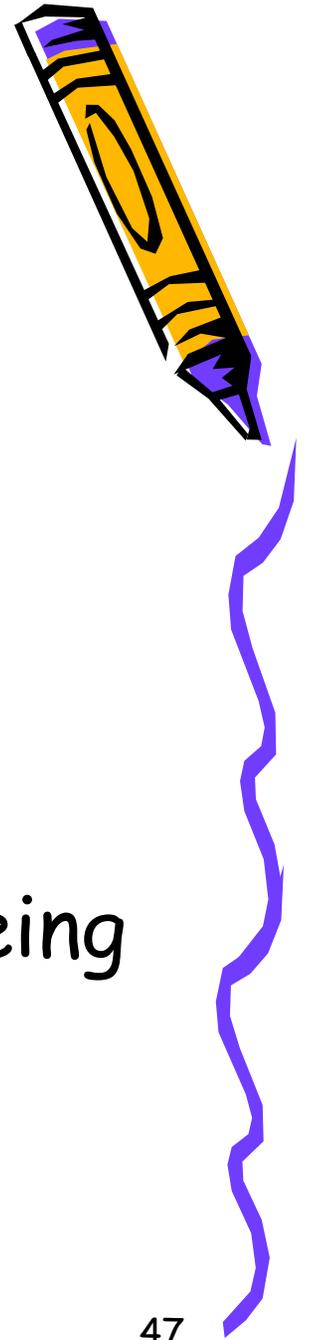
- You must request an amendment to your budget if:
 - expenditures/obligations within a budget category exceed 10%
 - Exception: amendments less than \$1,000 by category are not required
 - Changing scope of project



2/21/2013

Project Completion Report (PCR)

- Due within 90 days after end of grant period
- Can be sent in when the grant is completed for a fiscal year
- Must be received and approved by DOE prior to carryover request being approved



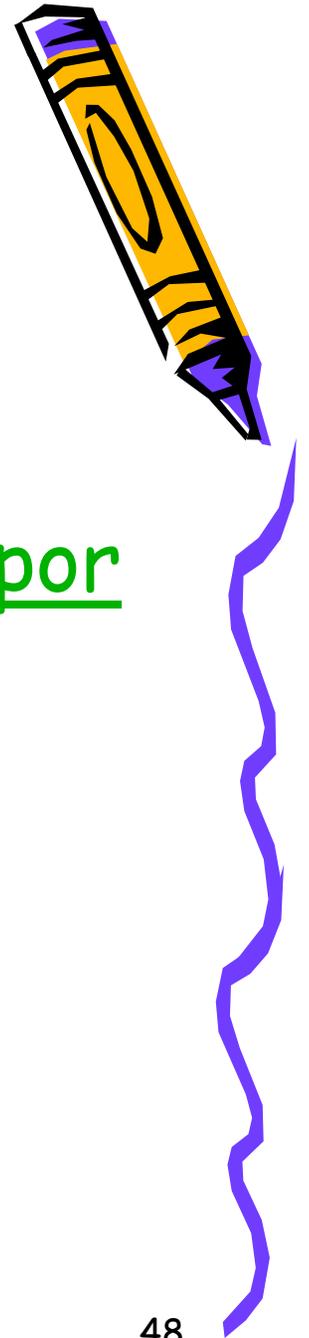
2/21/2013

Project Completion Report (PCR) cont.

- <http://doe.sd.gov/ofm/financialreporting.asp>

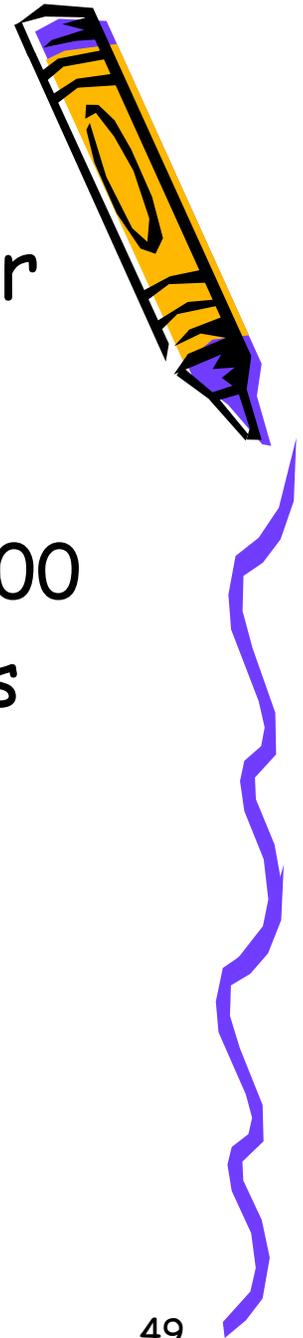


2/21/2013



Carryover

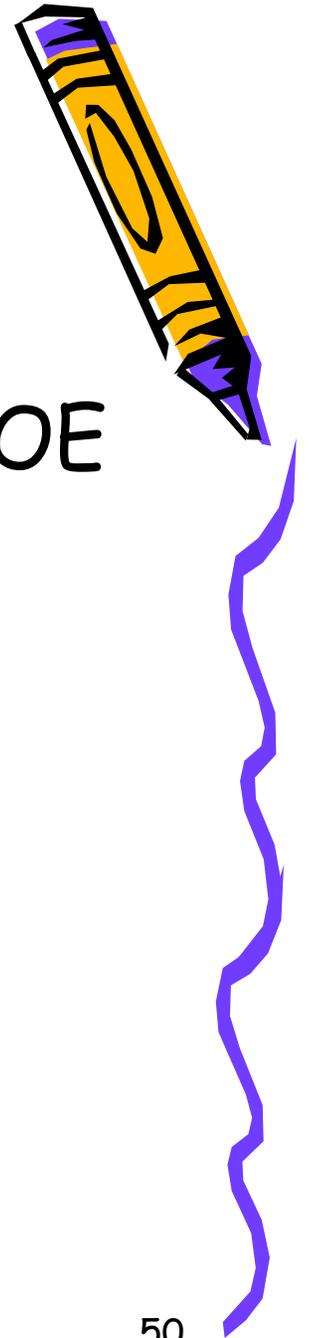
- Carryover is 25% of the fiscal year award amount
 - Example: If your award amount was \$100,000. Carryover would be \$25,000
 - You cannot include the previous years carryover amount when calculating carryover. Only the previous years award amount.



2/21/2013

Carryover (Cont.)

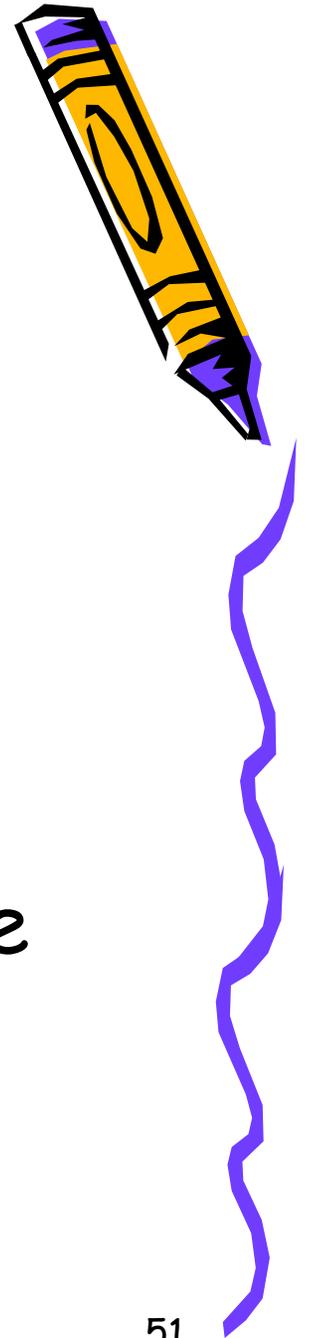
- You must request approval from DOE to carryover funds.
- Request must include:
 - Narrative explaining request
 - Revised budget



2/21/2013

Increased Focus on Fiscal Monitoring

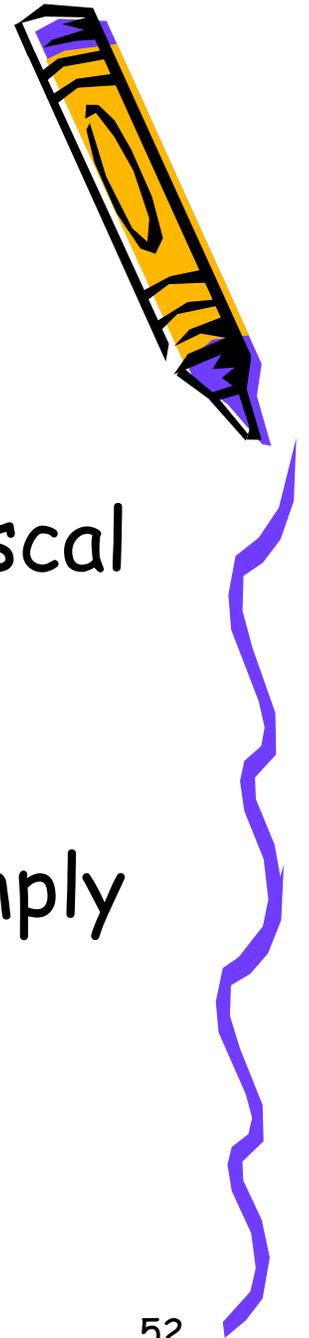
- Change of focus by US Ed in monitoring States and their sub-grantees
- State is responsible for ensuring lawful expenditures and compliance by its sub-grantees.



2/21/2013

Sub-grantee Monitoring

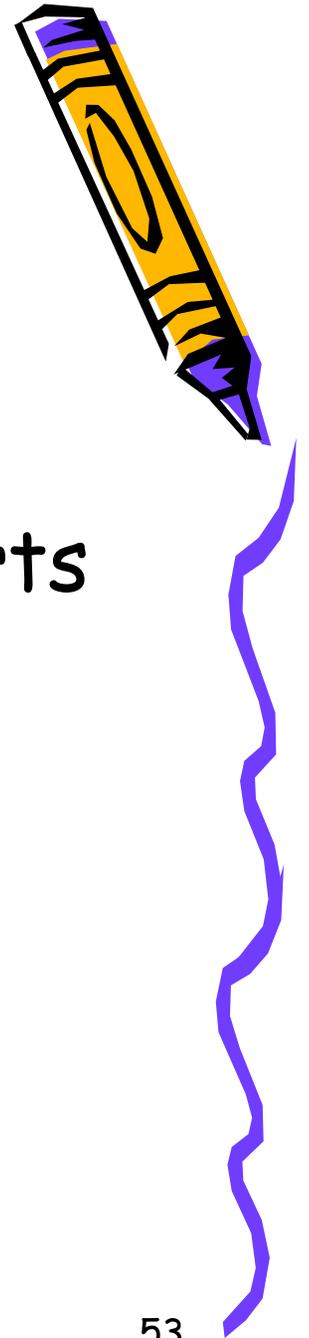
- South Dakota Department of Education will be increasing the fiscal monitoring to ensure compliance.
- Sub-grantees are expected to comply with all program requirements.



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Monitoring Requirements

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



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Questions

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