


**MICHIGAN SCHOOL
BUSINESS OFFICIALS**




Federal Grant Monitoring






- Federal Timekeeping
- Federal Burden Reduction
- Written Policies and Procedures
- Common Audit Findings

10/27/2011 2






T&E examples are DRAFT

- **Draft** time and effort examples provided by Kay Rigling, USED attorney to AEFPA
- She asks for real life examples
- E-mail examples to Kathy Weller

10/27/2011 3



R.S.V.P.

AEFFA Charleston, SC

Kay Rigling
U.S. Department of Education
October 4, 2011

Topics for Discussion

- ▶ Single cost objective
- ▶ Burden reduction pilot ideas - blog post
 - ▶ ESEA flexibility

SINGLE COST OBJECTIVE

Support for Salaries and Wages Single Cost Objective

- ▶ Issue: When does an employee work on a single cost objective so that the employee's salary and wages need only be documented by a semi-annual certification?

Support for Salaries and Wages Single Cost Objective

- ▶ The Appendix to 2 C.F.R. Part 225 (formerly OMB Circular A-87) requires an employee whose salary and wages are supported, in whole or in part, with federal funds to document his/her time spent working on federal programs in order to ensure that charges to each federal program reflect an accurate account of the employee's time and effort devoted on that program.

Semi-Annual Certifications

- ▶ If an employee works solely on a single federal award or cost objective, charges for the employee's salary and wages must be supported by periodic certifications that the employee worked solely on that program or cost objective (commonly referred to "semi-annual certifications").

Personnel Activity Reports

- ▶ If an employee works on multiple activities or cost objectives, charges for the employee's salary must be supported by personnel activity reports (PARs) (or equivalent documentation) .
- ▶ A PAR is required if an employee works on --
 - More than one federal award.
 - A federal award and a non-federal award.
 - An indirect cost activity and a direct cost activity.
 - Two or more indirect activities that are allocated using different allocation bases.
 - An unallowable activity and a direct or indirect cost activity.

Definition Single Cost Objective

- ▶ Cost objective means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

Examples Single Cost Objective

- ▶ An LEA supports a supplemental math teacher to serve low-achieving students with 50% Title I, Part A funds and 50% state compensatory education funds.
- ▶ Each elementary school has a part-time librarian 3 days a week paid with local funds. An LEA adds 2 days a week for its Title I schoolwide schools paid with Title I, Part A funds.

Examples are draft pending feedback from AEFFA and ED.

Examples Single Cost Objective

- ▶ A teacher in a Title I schoolwide school teaches first grade in the morning funded with local funds and a supplemental reading recovery class in the afternoon funded with Title I, Part A funds. (The school also has a sufficient number of first-grade teachers to meet ESEA section 1114(a)(2)(B).)
- ▶ A preschool special education teacher is funded with 50% IDEA section 611 funds and 50% with IDEA section 619 funds.

Examples are draft pending feedback from AEFFA and ED.

Examples Single Cost Objective

- ▶ A teacher works with low-achieving students and is supported with 60% Title I, Part A funds and 40% CEIS (comprehensive early intervening services) funds from IDEA.
- ▶ An LEA supports an elementary school teacher with local funds but pays her with Title I, Part A funds to provide after-school tutoring for low-achieving students.

Examples are draft pending feedback from AEFFA and ED.

Single Cost Objective

- ▶ Please send comments, concerns, and examples to:

kay.rigling@ed.gov

BURDEN REDUCTION PILOT BLOG POST

Burden Reduction Pilot Blog Post

The President has asked federal agencies, in consultation with State, local, and tribal governments, to take actions to reduce unnecessary regulatory and administrative burdens and redirect resources to services that are essential to achieving better outcomes at lower costs.

*Administrative Flexibility, Lower Costs, and
Better Results for State, Local, and Tribal
Governments (Feb. 28, 2011)*

Burden Reduction Pilot Blog Post

- ▶ ED is soliciting ideas for three types of pilots:
 - Time and effort reporting under OMB Circular A-87.
 - Documentation of compliance with other recordkeeping and reporting requirements.
 - Mechanisms for consolidating funds in schoolwide programs.
- ▶ In exchange for granting flexibility, ED seeks ideas for alternative methods of ensuring that federal funds are appropriately used to meet program goals.
- ▶ Based on ideas received, ED will solicit applications for a small number of pilots.

Burden Reduction Pilot Blog Post


- ▶ Three principals to consider in developing pilot ideas:
 - Provide evidence that funds are producing outcomes tied to overall program goals.
 - Encourage the use of data and the development and linkage of data systems.
 - Pursue reforms that have long-term efficiency and productivity benefits.

Burden Reduction Pilot Blog Post


- ▶ To submit ideas, please include the following information:
 - Your organization.
 - The federal program(s) involved.
 - The specific burden you are addressing.
 - Your ideas related to that burden.
 - What requirements you would need to be waived in order to move forward with your idea.
 - The process you would use for establishing goals and measuring outcomes if your idea were implemented.

Burden Reduction Pilot Blog Post


- ▶ <http://www.ed.gov/blog/>
- or
- ▶ burden.pilots@ed.gov




- The USED Special Ed and Career Tech Ed staff disagree with Kay Rigling and the Office of Chief Financial Officer on the use of PARs for single cost objectives with more than one funding source. The Office of General Counsel (federal attorneys) agree with the latter.




10/27/2011 22



- As a precondition to receiving federal funds, prospective recipients must have effective administrative and financial internal controls.




10/27/2011 23



As described in 34 CFR Part 80, 2 CFR Part 215 and OMB Compliance Supplement Part 6, school districts must have written procedures for the following:

- Financial management systems
- Payments
- Allowable costs
- Period of availability




10/27/2011 24

Written Policies & Procedures


- Matching or cost sharing (if applicable)
- Program income (if applicable)
- Procurement
- Equipment
- Real property (if applicable)
- Supplies

10/27/2011 25



- Copyrights (if applicable)
- Subawards to debarred and suspended parties
- Monitoring and reporting program performance (if applicable)
- Financial reporting
- Retention and access requirements for records

10/27/2011 26





Written Policies & Procedures

In addition, districts should also have written procedures for:


- Cash management
- Conflict of interest
- Payroll
- Federal timekeeping


10/27/2011 27






- Procedures should have training requirements
- Procedures should have consequences for noncompliance
- The district should have a monitoring plan to ensure compliance


10/27/2011 28 



Written Policies & Procedures

- Policies do not take the place of procedures.
- Districts should not continue to expect federal funds if they are unwilling or unable to develop written procedures.
- Auditors should report the lack of applicable written procedures.


10/27/2011 29 

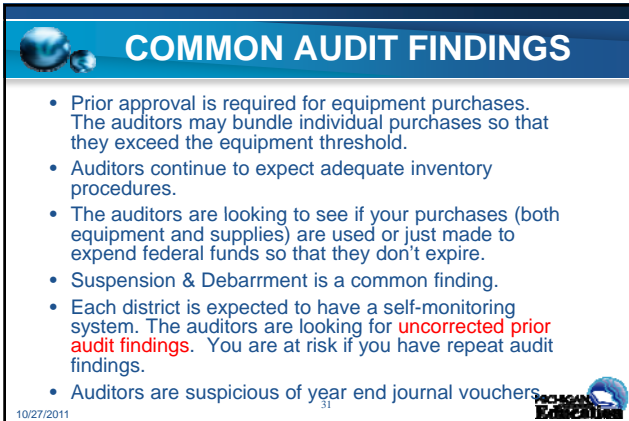


COMMON AUDIT FINDINGS

Reminders:

- If you adopt a requirement that is stricter than the federal requirement, the federal auditors will hold you to the requirement.
- Don't set up transactions to automatically default to the federal programs if there are cases in which the charges are not federally allowable, such as procurement cards.
- Always be able to explain to the auditors why the expenditure is reasonable and necessary for the federal program.
- Auditors are now looking to see that you paid a reasonable price for purchases. This goes beyond bidding.

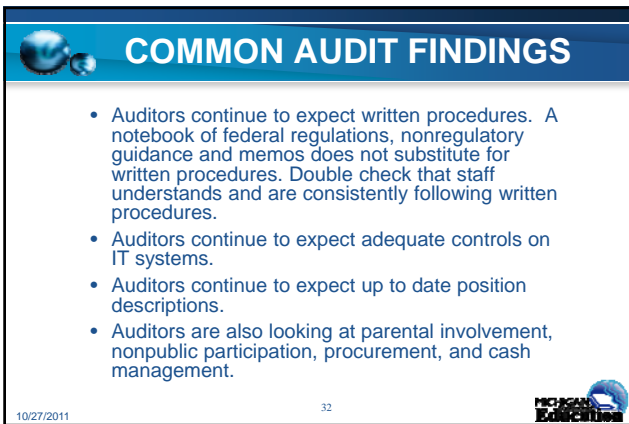
10/27/2011 30 



COMMON AUDIT FINDINGS

- Prior approval is required for equipment purchases. The auditors may bundle individual purchases so that they exceed the equipment threshold.
- Auditors continue to expect adequate inventory procedures.
- The auditors are looking to see if your purchases (both equipment and supplies) are used or just made to expend federal funds so that they don't expire.
- Suspension & Debarment is a common finding.
- Each district is expected to have a self-monitoring system. The auditors are looking for **uncorrected prior audit findings**. You are at risk if you have repeat audit findings.
- Auditors are suspicious of year end journal vouchers.

10/27/2011 31



COMMON AUDIT FINDINGS

- Auditors continue to expect written procedures. A notebook of federal regulations, nonregulatory guidance and memos does not substitute for written procedures. Double check that staff understands and are consistently following written procedures.
- Auditors continue to expect adequate controls on IT systems.
- Auditors continue to expect up to date position descriptions.
- Auditors are also looking at parental involvement, nonpublic participation, procurement, and cash management.

10/27/2011 32



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10/27/2011 33
