

Federal Grant Procedures For New Business Managers

Eric Formberg - Retired Partner, Plante Moran, PLLC

Kevin Taratuta - Chief Financial Officer,
Clintondale Community Schools

Grants Management – Setting the Stage



Goals

- Grant Basics
- Grants Management Structure
- Budget/Application Process
- Grant Award
- Organization
- Specific
- Updates

Grant Management Basics

- Grant – “a sum of money given by a government or other organization for a particular purpose”
- Strings attached (Compliance requirements)
- Uniform Guidance
 - 2 CFR 200
 - Office of Management and Budget (OMB) – Federal
- MDE Guidance
 - MDE website
 - Michigan School Auditing Manual



Grant Management Basics

- Sources of grants
 - Federal
 - State
 - Local
- Passthrough
 - State (MDE/MiLEAP)
 - Intermediate School District (ISD)
 - Local
 - Other
- **Key consideration** – Identify the source of the grant
 - Common mistake: Assuming the passthrough entity is the source of grant dollars

Note: Each grant will have its own unique “strings”

Grants Management Structure

- Understand organizational structure and your role
- “Who does what”
 - Programming planning
 - Budgeting/Accounting
 - Applying
 - Implementation
 - Procurement
 - Reporting
 - Cash Management
 - Program Operations Oversight

Grant Management – Budgeting/Application Process

- Best practices
 - Timing – Pay attention to communications from MDE, ISD, etc.
 - Calendar of date (application, reporting, reimbursement requests, amendment window, Final Expenditure Report (FER))
 - Initial budget building – be proactive, consistent in costs year to year
 - Communication – Have an ongoing dialog with stakeholders
 - Levels of authorization
 - Amendments – Identify amendment windows, review costs to date and pivot if necessary
 - Who should be identifying potential “overruns”/unusual costs charged?

Grant Management – Grant Award

- Congratulations! You've been awarded your grant. Now what?
- Review Grant Award Notification (GAN)
- Save grant documentation
- Grant checklist
- Communication with stakeholders
- Four questions:
 - Did we follow the rules?
 - Do we have a process?
 - Did we follow the process?
 - How do we know we followed the rules (internal control)?



MICHIGAN DEPARTMENT OF EDUCATION
608 W. Allegan PO Box 30008 LANSING, MICHIGAN
48909
GRANT AWARD NOTIFICATION

Recipient Entity Name and Address:

Clintondale Community Schools, 35100 LITTLE MACK AVE, CLINTON TOWNSHIP, M

Agreement Number:

50070

DUNS Number:

98008386

UEI Number:

UEWXM9N7WUH3

Indirect Cost Rate:

7.57

Recipient Business Contact:

Shauna Hemler

Award Information

Grant Title: Title II Part A

Fiscal Year: 2026

Program Number: 260520

Project Number: 2526

Funding Source: Federal (NexSys)

Subaward Type: Formula

Grant Code: 764

Expenditure Period:

Beginning Date:

7/1/2025

Ending Date:

9/30/2026

Authorized Funds:

	Date:	Amount:
Original Approval Amount:	12/15/2025	\$88,091.00
Amendments:	02/26/2026	\$0.00
Current Authorized Amount		\$88,091.00

Report Due Dates:

Final Expenditure Report: 11/29/2026

Final Performance Report: N/A

Method of Obtaining Payment:

Request online at NexSys Accounting

Legislative Authority Pertaining to Award:

PL 114-95 II ESEA as Amended by ESSA

FEDERAL AWARD INFORMATION:**Federal Awarding Agency:**

U.S. Department of Education

Pass-through entity:

Michigan Department of Education

Identification Number (FAIN):

S367A250021

Total Amount of Federal Award to MDE:

14,390,782.00

Federal Award Signature Date:

7/30/2025

Description:

Improve the quality and effectiveness of teachers, principals, and other school leaders and increase the number who are effective in improving student academic achievement in schools.

ASSISTANCE LISTING NUMBER/CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)**Assistance Listing Number/CFDA Number:**

84.367A

Assistance Listing Title/CFDA Title:

Supporting Effective Instruction

Assistance Listing Number Website/CFDA: Go to sam.gov, enter the above number in "Keyword or Program Number" and press "Search". Open the file with the correct CFDA/Assistance Listing Number.

ADDITIONAL REGULATIONS PERTAINING TO AWARD:

EDGAR as Applicable

2 CFR as Applicable

Grant Management – Dive into the Questions

- Did we follow the rules?
 - What is unique about the grant?
 - Based on “unique” elements what do we need to do different?
 - Are we following the rules?

Federal Compliance Requirements

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions

2 CFR PART 200, APPENDIX XI

COMPLIANCE SUPPLEMENT

What auditors will test...but

Districts are responsible for all applicable rules!

Unique Compliance Requirements

- **Title I, Part A – Improving Basic Programs**
- Objective – “To help local educational agencies (LEAs) improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.”
- Practical question – given objectives what would a reasonable person expect be done to accomplish that objective?

Unique Compliance Requirements

- Unique requirements
 - Eligibility – Are the right students targeted and provided service?
 - Targeted vs. District-wide
 - Matching, Level-of-Effort, Earmarking – Parental involvement: Districts with over \$500,000 in Title I awards must set aside 1% for parental involvement activities
 - Carryover – No more than 15% of the prior year award can be carry forward into the subsequent period, unless a waiver is obtained
 - Special tests – Participation of Private School Children
 - Allocations for providing services to private schools are required. Funds cannot be directly passed through to the private school.

Unique Compliance Requirements

- Where to get more information
 - Michigan School Auditing Manual
(<https://www.michigan.gov/mde/services/financial-management/audits>)
- Memos
 - [Compensation-Personal Service Memo – February 2, 2017](#)
 - [Tangible Personal Property Memo – February 2, 2017](#)
 - [MDE User Guide to Local Users – May 26, 2016](#)

Business Office Role Requirements: Internal Controls – Program Costs

- Where are the areas of highest risk for findings?
 - Payroll – Costs of personnel reflect accurate time and effort reporting
 - Is the time spent on grant activities accurately accounted?
 - Timesheets, semi-annual certifications, other record keeping
 - Did staffing change since staff were originally budgeted?
 - Non-payroll –
 - General ledger posting – How are costs recorded in the GL?
 - Procurement – Were purchases properly procured?
 - Indirect costs – Are indirect costs allowable? What type of Rate (Restricted - typical, Unrestricted – used for CNC, 10% (changing to 15%) De Minimis – rare for K12)

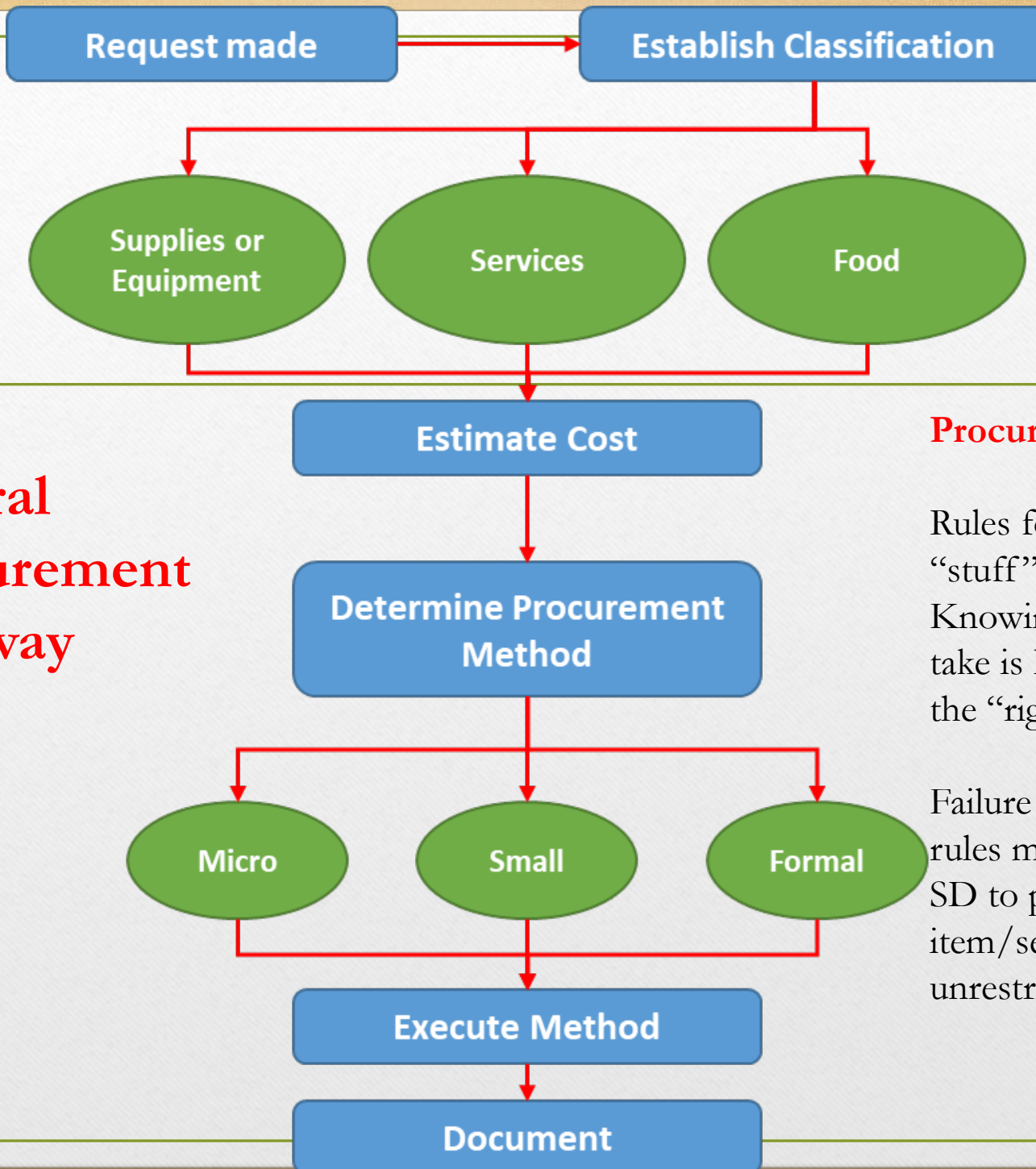
Grant Management – Dive into the Questions

- **Do we have a process?**
 - “Who does what”
 - How are we tracking time and effort (payroll) costs?
 - Time sheets? Semi-annual certifications? What level of detail is needed?
 - How are we monitoring other costs charged to grants?
 - How are we documenting everything?
 - How do we handle manual journal entries? - Can create issues if not properly documented
- **Did we follow the process?**
 - What is the trail of documentation and information that supports activity of the grant and does it align with what we said we do?

Grant Management – Administering the Grant

- Receiving of funds:
 - Reimbursement requests (Nexsys draws)
 - State aid
 - Both impact revenue recognition at year end.
 - Draws: Likely due from other govt entry
 - State aid: If not fully spent at 6/30, defer revenue entry
- Grant activities: People vs. Stuff
 - People: Payroll or contracted services? Posting position vs soliciting services.
 - Stuff: Procurement policies. Pay attention to board vs state vs federal thresholds. Procuring staff services from a 3rd party is procurement not payroll (make sure applying the correct rules)
 - Cost identification is key to getting compliance correct!

Federal Procurement Pathway



Procurement

Rules for buying “stuff” are confusing. Knowing the path to take is key to making the “right” decision.

Failure to follow the rules may require the SD to pay for item/services with unrestricted funds.

Grant Management – Organization

How does the team organize and share information?



GRANT: # 23-M1		GRANT: # M2	
TITLE 1	6010 60,552	TITLE 1	6010 71,277
c/o 1	6011 19,752	✓ 1%	6011 6,190
✓ 2	7640 19,752	✓ 2	7640 25,146
c/o 2	7641	✓ 2%	7641
ELA 3	6840 5,509 + 7820	✓ 3 ELA	6840 7,820
IMG 3	6842	✓ 3 IMG	6842 1,182
TITLE 4	7530 10,000	✓ 4 SSAFE	7530 10,000
IDEA F/T	8010 523,781 - 522,753	✓ 5	
F/T c/o	8011	A.S.D. FUND 220	
IDEA P/S	8050 15,718 15,594	IDEA F/T	8010 523,781
P/S c/o	8051 -	IDEA c/o	8011 34,362
31a	3060 492,463	IDEA P/S	8050 22,354
H1 B. Ling	3070 12,447 + 10,076 %	IDEA P.S. c/o	8051 -
GSRP	3400 271,776	31B - AT Risk	3060 355,721.29
GSRP c/o	3401 -	41 B. Ling	3070 23,290
31 ok!	2380	G.S.R.P.	3400 257,948
54D	3660 EDUSTAFF TUTOR	G.S.R.P. c/o	3401 16,755
35a		31 ok!	2380 368,000
35a4	112,000 Ashley Jones	54D	- Lit Tutor EDUSTAFF 23387
CTES	27,000	35a	- C.T.E.S. 27,788 15,829
ARP FT	4360 120,585	L.E.O COACH	3650 108,375
ARP PS	4370 13,064	ADDITIONAL FUNDS	9,050
LEO COMH	3650 70? (7140)	BENCH MARK ASS	11,000
ESSER 2	572 4861 141,900	ESSER 2	4861 141,900 57%
ESSER 3 FORM		ESSER 3 - FORMULA	4855 559,401 w/120K
ESSER 3 EQUITY	12,276?	ESSER 3 - EQUITY	
ART THERAPY		FREZZER GRANTS	CK+TK
31 2a - 31 ok REMAINDER	~ 147,197 - 70K TO DEBRAE	2 DOOR	
97B - RO MATCHING - COUNTY MENTAL HEALTH	350K w/MATCH	GEER	\$11,050 - I READY
97C - 2K PER BUILDING		SUPPLY CHAIN FOOD	27,520
98B - BENCHMARK ASS. - 10,587.50 (104H)		MUSIC THERAPIST	2K
98D - 20		E RATE	11,498.83
98C - FER - 7-14-23 w/METRICS		CHOCOLATE MILK	
		CHROMEBOOKS	432,000 4400

Measuring Success

- How did we do?
 - Federal programs: Single Audit Page
 - If you're monitored by other granting agencies they look at this page to assess your risk level.
 - Single Audit Report – report card on financial statements and federal awards
- Final Expenditure Report
 - Budget variances under +/-10%
 - Grant fully spent
 - Cut off - when does window for charging costs close for each grant.
 - For many federal grants passed thru MDE the end dates and allowable costs overlap between grant years is confusing
 - No funds left on the table, no non-grant funds having to cover overages.
 - Carryover - some grants allow a portion of award to be carried forward to next year if not fully spent.

Federal Awards "Report Card": Single Audit

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2024	Adjustments and Transfers	Federal Funds/ Payments In Kind Received	Federal Expenditures	Accrued Revenue at June 30, 2025	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities):										
National School Lunch Program Entitlement Commodities 2024-2025	N/A	10.555	\$ 208,994	\$ -	\$ -	\$ -	\$ 208,994	\$ 208,994	\$ -	\$ -
National School Lunch Program Bonus Commodities 2024-2025	N/A	10.555	1,138	-	-	-	1,138	1,138	-	-
Noncash Assistance (Commodities) subtotal			210,132	-	-	-	210,132	210,132	-	-
Cash Assistance:										
National School Lunch Program 2023-2024	241960	10.555	1,427,059	1,201,778	-	-	225,281	225,281	-	-
National School Lunch Program 2024-2025	251960	10.555	1,218,736	-	-	-	1,155,778	1,218,736	62,958	-
National School Lunch Program (Incl. commodities) subtotal			2,655,927	1,201,778	-	-	1,591,191	1,654,149	62,958	-
School Breakfast Program 2023-2024	241970	10.553	559,614	469,446	-	-	90,168	90,168	-	-
School Breakfast Program 2024-2025	251970	10.553	463,375	-	-	-	438,138	463,375	25,237	-
School Breakfast Program subtotal			1,022,989	469,446	-	-	528,306	553,543	25,237	-
Summer Food Service Program for Children (SFSPC):										
Summer Food Service Program for Children 2023-2024	240900	10.559	20,482	5,277	5,277	-	20,482	15,205	-	-
Summer Food Service Program for Children 2024-2025	250900	10.559	4,679	-	-	-	-	4,679	4,679	-
SFSPC subtotal			25,161	5,277	5,277	-	20,482	19,884	4,679	-
Total Child Nutrition Cluster			3,904,077	1,676,501	5,277	-	2,139,979	2,227,576	92,874	-
Special Education Cluster - U.S. Department of Education: Passed through the Lapeer County ISD - Special Education Grants to States:										
IDEA Flowthrough 2024	240450	84.027	452,469	452,468	225,570	-	225,570	-	-	-
IDEA Flowthrough 2025	250450	84.027	446,035	-	-	-	291,673	446,035	154,362	-
Passed through the Marquette Alger REBA County ISD - IDEA Part B										
IDEA Part B	250470	84.027A	4,590	-	-	-	4,590	4,590	-	-
Total IDEA Flowthrough			903,094	452,468	225,570	-	521,833	450,625	154,362	-
Special Education Preschool Grants - IDEA Preschool 2025										
IDEA Preschool 2025	250460	84.173	43,311	-	-	-	43,311	43,311	-	-
Total Special Education Cluster			946,405	452,468	225,570	-	565,144	493,936	154,362	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Lapeer County ISD - Medical Assistance Program (Medicaid, Title XIX)										
Medical Assistance Program (Medicaid, Title XIX)	N/A	93.778	58,421	-	-	-	58,421	58,421	-	-
Total clusters			4,908,903	2,128,969	230,847	-	2,763,544	2,779,933	247,236	-

Federal Awards "Report Card": Single Audit

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2024	Adjustments and Transfers	Federal Funds/ Payments In Kind Received	Federal Expenditures	Accrued Revenue at June 30, 2025	Current Year Cash Transferred to Subrecipients
Other federal awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education - Child and Adult Care Food Program:										
Child and Adult Care Food Program 23-24	241920-242010	10.558	\$ 61,678	\$ 48,850	\$ -	\$ -	\$ 12,828	\$ 12,828	\$ -	\$ -
Child and Adult Care Food Program 24-25	251920-252010	10.558	65,785	-	-	-	64,328	65,785	1,457	-
Total Child and Adult Care Food Program			127,463	48,850	-	-	77,156	78,613	1,457	-
U.S. Department of Education - Title I Grants to Local Educational Agencies - Passed through the Michigan Department of Education:										
Title I, Part A 23-24	241530	84.010	743,552	693,601	319,830	-	357,693	37,862	-	-
Title I, Part A 24-25	251530	84.010	891,104	-	-	-	466,391	699,464	233,073	-
Total Title I, Part A			1,634,656	693,601	319,830	-	824,084	737,326	233,073	-
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title II, Supporting Effective Instruction State Grants:										
Title II, Part A 23-24	240520	84.367	167,710	90,421	33,272	-	49,611	16,340	-	-
Title II, Part A 24-25	250520	84.367	221,764	-	-	-	95,010	114,252	19,242	-
Total Title II, Part A			389,474	90,421	33,272	-	144,621	130,592	19,242	-
Student Support & Academic Enrichment, Title IV:										
Title IV, Part A 23-24	240750	84.424	79,090	50,135	16,083	-	24,258	8,175	-	-
Title IV, Part A 24-25	250750	84.424	74,453	-	-	-	49,257	55,671	6,414	-
Total Title IV, Part A			153,543	50,135	16,083	-	73,515	63,846	6,414	-
Education Stabilization Fund (ESF):										
COVID-19 American Rescue Plan - Homeless II	211012	84.425W	39,515	37,181	28,018	-	29,823	1,805	-	-
COVID-19 ESSER III Funds - Formula	213713	84.425U	5,835,898	5,208,346	2,623,298	-	3,250,800	627,502	-	-
Total Education Stabilization Fund			5,875,413	5,245,527	2,651,316	-	3,280,623	629,307	-	-
Total federal awards			\$ 18,088,462	\$ 8,267,608	\$ 3,261,348	\$ -	\$ 7,183,643	\$ 4,418,817	\$ 607,422	\$ -

Measuring Success

Summary of auditor results

Report Card

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, and 10.559	Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Business Office Role Requirements: UG Revision Highlights

2024 Revisions – Effective Date Considerations

Award Details	What UG applies? *
New direct federal award issued on or after October 1, 2024, with no reference to UG	2024 Revisions
Amendment to existing direct federal award issued on or after October 1, 2024, that explicitly states 2024 UG Revisions apply	2024 Revisions
Amendment to existing direct federal award issued on or after October 1, 2024, with no reference to new UG	Assume the prior UG if the amendment does <u>not</u> explicitly state 2024 Revisions apply.
Existing direct federal award issued prior to October 1, 2024, with no amendments issued on or after October 1, 2024	Assume the prior UG if the amendment does <u>not</u> explicitly state 2024 Revisions apply.
Same as prior item, but the agreement's terms and conditions contain a link to the federal agency's standard terms and conditions, which have been revised to state the 2024 Revisions apply	Recommend discussing the applicability of the 2024 Revisions with the federal awarding agency.

Business Office Role Requirements: UG Revision Highlights

Award Details	What UG applies? *
Same as prior item but the federal agency only issues broad guidance on its Web site saying that “all awards” are to apply the new UG	Recommend discussing the applicability of the 2024 Revisions with the federal awarding agency.
New federal subaward issued by PTE on or after October 1, 2024	Depends. PTE must tell subrecipient what UG applies based on its direct federal award.
Existing federal subaward issued by PTE prior to October 1, 2024.	Depends on whether the PTE’s direct federal award has been amended to apply the new UG. Per the COFFA guidance, the PTE must amend the subaward when a federal agency amends an existing award to apply 2024 Revisions.

Business Office Role Requirements: UG Revision Highlights

Note – most changes effective for 6/30/26 year ends

- For years beginning 7.1.25 MDE awards follow UG revisions
- The threshold for single audit or a program-specific audit increased from \$750,000 to \$1 million.
- Type A threshold increased to \$1 million and the base range of awards expended for which it applies has been increased from \$25 million to \$34 million.
- Raises de minimus indirect cost rate from 10% to 15%.
- Updated definition of questioned costs with clarifying examples.
- Raised capitalization threshold for equipment and the threshold for unused supplies from \$5,000 to \$10,000 (**note MDE adopted!**)

Business Office Role Requirements: UG Revision Highlights

Note – most changes effective for 6/30/26 year ends

- Section 200.303, Internal Controls, revised adding that IC must be documented and reasonable cybersecurity and other measures must be taken to safeguard information, including (PII) and other types of information.
- Increased the threshold for fixed amount subawards from \$250,000 to \$500,000 and clarified that a recipient's use of fixed amount subawards remains subject to the prior written approval of the federal agency. (likely little impact on K12)
- Removed requirements for prior approval from the Federal agency for certain cost items. (impacted preapproval list for CNC)
- Clarified auditor must follow-up on prior audit findings regardless of whether relate to major program in the current year.

Business Office Role Requirements: UG Revision Highlights

Note – most changes effective for 6/30/26 year ends

- The template text for a Notice of Funding Opportunity (NOFO) revised (likely impact on award notification wording).
- Auditor must provide explanations when questioned cost amounts are "undetermined" or "not reported," with respect to audit findings.
- A new section, 200.217, was added on whistleblower protection.
- The term non-federal entity replaced with the terms recipient or subrecipient, or both, throughout Subparts A–E of the Uniform Guidance, but has been retained in Subpart F, Audit Requirements, to align with the statutory provisions of the Single Audit Act. In cases where the guidance in Part 200 relates specifically to either “recipients” or “subrecipients,” but not both, OMB refers specifically to the applicable entity.

Business Office Role Requirements: Considerations for 2026/27

- Implication of state and federal funding – What Grants/Restricted funds have changed? How are you planning?
- What grants ended during fiscal year? Are they finalized and liquidated? Will they continue?
- Most Districts returning to a more traditional federal grants flow of funds. MDE restricted grants tend to change yearly. What has changed what has not?
- MDE categorical programs. Understand which programs are “restricted” and have “grant” accounting treatment (that is recognize revenue when grant activity is expended)
- MDE maintains a grants repository. Helpful reference site
<https://www.michigan.gov/mde/services/financial-management/grants>

Quick Access to UG Guidance

US ED Guidance (includes UG revisions guidance)

<https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

MDE/Grants/Uniform Guidance

<https://www.michigan.gov/mde/services/financial-management/grants>

MDE School Auditing Manual

<https://www.michigan.gov/mde/services/financial-management/audits>

MDE Guidance

[Compensation-Personal Service Memo – February 2, 2017](#)

[Tangible Personal Property Memo – February 2, 2017](#)

[MDE User Guide to Local Users – May 26, 2016](#)

(Pages 7-10 focus on Procurement)

Federal Grant Requirements – 2 CFR 200

[Code of Federal Regulations – Part 200](#)

Key Takeaways

- UG revisions are effective this year – did SD update policies, procedures, documentation to mirror the changes?
- Grants seem “scary” but the overall concepts are “simple”
- Concepts:
 - What activity can we spend the funds on?
 - How are we capturing those costs?
 - How do we make sure we only capture the right costs?
 - How is “allowability” going to be supported?
 - How are changes identified during the year?
 - What reports are generated and who checks them for correctness?
 - What will the auditor be interested in?
- Success:
 - Knowing what is required
 - Identifying roles for key elements
 - Checking correctness and timely reporting