

# Federal Grant Procedures For New Business Managers

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# Grants Management – Setting the Stage

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# Goals

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- Grant management basics
  - Grants overview
  - Organizational structure
- Business office role requirements
  - Accounting and reporting processes
  - Internal controls
  - Consideration of the requirements related to use of funds
  - Implications from Pandemic related funding
  - Documentation
  - Schedule of Expenditures of Federal Awards (SEFA)



# 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

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- Sources of grants
  - Federal
  - State
  - Local
- Passthrough
  - State (MDE)
  - 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



# Grants Management Structure

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



# Grant Management – Budgeting/Application Process

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- Best practices
  - Timing – Pay attention to communications from MDE, ISD, etc.
  - 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

## **A budget amendment is required when:**

1. The LEA is not currently approved for its full allocation and wishes to increase the approved amount (request final allocations and add carryover).
2. The LEA wishes to add or delete staff or increase/decrease staff FTEs in its approved budget.
3. The LEA wishes to add a new function to its approved budget or new capital outlay items.
4. The sum of the expenditures that are over the approved amount by line item will exceed 10% of the approved item.
5. De-obligating funds.

**MICHIGAN DEPARTMENT OF EDUCATION**

608 W. Allegan PO Box 30008

LANSING, MICHIGAN 48909

**GRANT AWARD NOTIFICATION**

<p><b>1 Recipient Entity Name and Address:</b>                  Birmingham Public Schools                  31301 EVERGREEN RD                  BEVERLY HILLS, MI 48025-3800</p> <p>District/Recipient Code: 63010</p>	<p><b>5 Recipient Business Contact:</b></p> <p><b>Name:</b> Ms. April Imperio  <b>Position:</b> Assistant Superintendent  <b>Telephone:</b> (248) 203-3004  <b>Email:</b> aimperio@birmingham.k12.mi.us</p>												
<p><b>2 Award Information</b></p> <p>Grant Title: Section 11t</p> <p>Fiscal Year: 2022</p> <p>Funding Source: Federal</p> <p>Subaward Type: Formula</p> <p>Grant Number - Project Number:                  213723 - 2122</p> <p>Grant Code: 441</p>	<p><b>6 Authorized Funds:</b></p> <table border="1"> <thead> <tr> <th></th> <th>Date:</th> <th>Amount:</th> </tr> </thead> <tbody> <tr> <td>Original Approval Amount:</td> <td>06/10/2022</td> <td>\$7,512,076.00</td> </tr> <tr> <td>Amendments:</td> <td>10/18/2022</td> <td>\$7,512,076.00</td> </tr> <tr> <td></td> <td>08/24/2023</td> <td>\$7,512,076.00</td> </tr> </tbody> </table> <p>Current Authorized Amount: \$7,512,076.00</p>		Date:	Amount:	Original Approval Amount:	06/10/2022	\$7,512,076.00	Amendments:	10/18/2022	\$7,512,076.00		08/24/2023	\$7,512,076.00
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Amendments:	10/18/2022	\$7,512,076.00											
	08/24/2023	\$7,512,076.00											
<p><b>3 Report Due Dates:</b></p> <p>Final Expenditure Report: 11/29/2024</p> <p><del>Final Performance Report:</del></p>	<p><b>7 Expenditure Period:</b></p> <p>Beginning date: 03/13/2020</p> <p>Ending date: 09/30/2024</p>												
<p><b>4 MDE Program Staff Contact:</b></p> <p><b>Name:</b></p> <p>MDE Office Office of Financial Management</p> <p><b>Telephone:</b></p> <p><b>Email:</b> MDE-CARES@Michigan.gov</p>	<p><b>8 Method of Obtaining Payment:</b></p> <p><a href="https://milogintp.michigan.gov">https://milogintp.michigan.gov</a></p> <p><b>Payment Contact:</b></p> <p>NexSys Accounting Help Line: 517-335-0534</p>												
<p><b>9 Legislative Authority Pertaining to Award:</b></p> <p>ESSER.GEER_FAQs_5.26.21_745AM_FINALb0cd6833f6f46e03ba2d97d30aff953260028045f9ef3b18ea602db4b32b1d99.pdf (ed.gov)</p>													



11	<b>RECIPIENT INFORMATION:</b> DUNS Number: 020089256 DUNS Name: UEI Number: LLALLDYH3XH4 Indirect Cost Rate: 3.76%
12	<b>FEDERAL AWARD INFORMATION</b> Federal Awarding Agency: US Department of Education <del>Pass-through entity: Michigan Department of Education (MDE)</del> Identification Number (FAIN): S425U210010 Total Amount of Federal Award to MDE: \$2,479,888,752.00 Federal Award Signature Date: 10/08/2021 Description: ARP ESSER (ESSER III) funds will allow Local Education Agencies (LEAs) to enact appropriate measures to help schools: <ul style="list-style-type: none"><li>• invest in mitigation strategies consistent with the Centers for Disease Control and Prevention's (CDC)</li></ul>
13	<b>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)</b> CFDA Number: 84.425U <del>CFDA Title: American Rescue Plan-Elementary and Secondary Schools Emergency Relief Fund</del> CFDA Website: Go to <a href="http://www.cfda.gov">www.cfda.gov</a> , enter the above number in "Keyword or Program Number" and press "Search." Open the file with the correct CFDA number.
14	<b>ADDITIONAL REGULATIONS PERTAINING TO AWARD:</b>
15	<b>ADDITIONAL REQUIREMENTS:</b> A fiscal agency that expands \$750,000 or more of federal funds during its fiscal year is required to have a Single Audit performed for that year [2 CFR 200.501]. The single audit will be submitted by November 1 of the following fiscal year per  The grant recipient must permit MDE and auditors to have access to its records and financial statements as necessary to meet audit requirements.



# Business Office Role Requirements

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- Grant awarded – so now what?
- Ongoing management

- Three questions to consider:
  - Do we have a process?
  - Did we follow the process?
  - Did we follow the rules?

(i.e. “Procedures/Internal Controls/Compliance requirements”)





# 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**



# Business Office Role Requirements: Compliance requirements

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- **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.”



# Business Office Role Requirements: Compliance requirements

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- Key compliance categories
  - Eligibility – Are the right students targeted and provided service?
  - Allowable costs:
    - Supplement, not supplant - Grant costs should be used to supplement a District's normal costs. (Example: An existing teacher normally funded cannot have their salary replaced by Title I dollars.)
    - Timekeeping – Time and effort documentation is accurately captured and approved for reporting
  - Cash management – Is the recording of grant costs accurate and reported correctly for reimbursement?
  - 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
  - Procurement – Must follow UG guidance (guidance recently updated)
  - 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.



# Business Office Role Requirements: Compliance requirements

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- **Child Nutrition Cluster**
- Objective – “To assist States, through cash grants and food donations, in providing a nutritious nonprofit lunch service for school children and to encourage the domestic consumption of nutritious agricultural commodities.”



# Business Office Role Requirements: Compliance requirements

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- Key compliance categories
  - Eligibility – Are the right students targeted and provided service?
  - Cash management – Is the recording of free and reduced meals accurate and reported correctly for reimbursement?
  - Procurement – Must follow UG guidance
    - Other special considerations if a Food Service Management Company is used
  - Equipment – Requires preapproval from MDE to purchase, check preapprove list at MDE and request approval if item not on the list
  - Special tests:
    - Verification of free and reduced meal applications, including income verification
    - Food service fund balance – Must be less than 3 months average operating expenditures (Common issue! – Requires a spend down plan to be submitted to the state)
    - Paid lunch equity (PLE) – Required if Food Service Fund has a negative fund balance (test is less significant with implementation of state feeding program)

Child Nutrition Cluster has moved back to traditional requirements.



# Business Office Role Requirements: Internal Controls – Program Costs

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- 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% De Minimis – rare for K12)



# Business Office Role Requirements:

## Internal Controls – Cash Management and Reporting

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- Reporting – Final summary of costs
  - Control objective – Total program activity reflects all costs and revenues of the grant program during the grant period
  - Final Expenditure Report / Other standard form
    - Reconciliation of GL data to report
  - Submission date (review grant agreement!)
    - Generally, November 29th
- Key consideration! – Manual journal entries, deferred revenue and unavailable revenue



# Business Office Role Requirements: Internal Controls - Oversight

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- Managing grants management
  - Oversight is a key control
  - Key success factors in oversight
    - Understand and track grant life cycle for each grant under management
    - Understand key objectives/requirements so can evaluate activity
    - Segregate roles between business office and grant program office
    - Communication – With directors, administration, Board of Education
    - Identify “simple strategies” to stay informed
      - School Audit Manual - brief summary of MDE pass through grants, including key requirements
      - Audit Alert issued Office of Audits
      - Grantor approved budget for each grant
      - Reimbursement requests, review process including tracking of drawdown progress
      - MDE website hot links for quick access to guidance
      - Michigan School Accounting Manual – guidance for recording, recognizing and reporting grants



**GRANT: # 23-M1**

TITLE 1	6010	60,552
c/o 1	6011	
✓ 2	7640	19,752
✓ c/o 2	7641	
ELA 3	6840	5,509 + 7820
IMG 3	6842	
TITLE 4	7530	10,000
IDEA F/T	8010	523,781 - 522,753
FIT c/o	8011	
IDEA P/S	8050	15,718 15,594
P/S c/o	8051	-
31a	3060	492,463
41 B: Ling	3070	12,447 + 10,076 c/o
GSRP	3400	271,776
GSRP c/o	3401	-
31 oh!	2380	
54D	3660	

Homeless ARP 5,780  
 CERTIFICATION GRANT  
 GROW YOUR OWN  
 ARTS IN EDUCATION  
 -MAAC  
 -  
 -  
 5 29,000

353		
3534	112,000	Ashley Jones
CTES	27,000	
ARP FT	4360	120,545
ARP PS	4370	13,064
LEO COACH	3650	70? (3140)
ESSER 2 57%	4861	141,900
ESSER 3 FORM		
ESSER 3 EQUITY		
ART THERAPY	12,276?	
3122 - 31 oh REMAINDER	147,197	- 70K TO DYANE
97B - RO MATCHING		
COUNTY MENTAL HEALTH	350K	w/MATCH
97C - 2K PER BUILDING		
98B - BENCHMARK ASS.	10,587.50	(104H)
98D - No		
98C - FER - 7-14-23		w/METRICS

EDUSTAFF TUTOR

**GRANT: # M2**

TITLE 1	6010	71,237
✓ 1 c/o	6011	6,190
✓ 2	7640	25,146
✓ 2 c/o	7641	
✓ 3 ELA	6840	7,820
✓ 3 IMG	6842	1,182
✓ 4 SSAE	7530	10,000
✓ 5		
A.S.D. FUND	220	
IDEA FIT	8010	523,781
IDEA c/o	8011	34,362
IDEA P.S	8050	22,154
IDEA P.S. c/o	8051	-
312 - AT Risk	3060	355,721.29

M2-2022-77,427.00  
 M2-2022-34,029.  
 -w/ROYAL OAK \$78202  
 -M2 1,182  
 -M2 @ 9,000 -BACK  
 -  
 -  
 ARP-FT 120,545 (4360)  
 -SPENT 15  
 ARP-PS \$13,064 (4370)

41 B: Ling	3070	23,290
G.S.R.P.	3400	257,948
G.S.R.P. c/o	3401	16,755
31 oh!	2380	368,000
54D - Lit Tutor	EDUSTAFF	23,387
352		-
CTES	27,798	15,829
L.E.O COACH	3650	89,375

Applied  
 - 312a = 31 oh LEFT OVERS 10-11-2  
 NOT YET  
 - 97B - RESOURCE OFFICER (MATCHING)  
 - COUNTY MENTAL HEALTH 350K w/MATCHING  
 - 97C - 2K PER BUILDING SECURED ED. CONSULTANTS  
 - 98B - BENCHMARK ASSES. LATE NOV. SUBMISSION AFTER RESULTS PRESENTED TO BOARD  
 - 98D - No  
 - Equipment 2 MILK COOLERS  
 - 352(5) -  
 - 98C? EUDS REPORT FER 9-30-23 7-14-23 w/METRICS  
 97-148,914

ADDITIONAL FUNDS	9,050
BENCHMARK ASS	11,000
HAILEY P... STAFF	3260
ESSER 2	4861
ESSER 3 - FORMULA	4855
ESSER 3 - EQUITY	
FREEZER GRANTS	CK+TK
2 DOOR	
GEER	\$11,050
SUPPLY CHAIN FOOD	27,520
MUSIC THERAPIST	2K
ERATE	11,498.83
CHOCOLATE MILK	

I READY 3/4

ARTS 12.2K

CHROMEBOOKS 432,000 4400



# Business Office Role Requirements: Internal Controls - Other

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- Monitoring
  - Pass-through entities (e.g. Entities disbursing funds to other entities - ISD to local District, for example) are responsible for the subrecipients compliance with program requirements
- Special Tests
  - Grant specific requirements
  - School audit manual goes over key special tests



# Business Office Role Requirements: Program costs– Indirect Costs

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- Evaluating Indirect Cost Options
  - Most grants allow application of restricted rate, typically around 5% of modified direct costs
  - A few grants allow for use of unrestricted rate, typically around 15% of modified direct costs. Food Service Fund uses unrestricted rate
    - Modified direct costs typically excludes capital outlay, procurement contract costs in excess of \$25,000
    - Note – Food Service Management Companies operate under procurement contracts and can significantly reduce the cost base to apply the rate
  - Benefit – offsets portion of costs to manage grant
  - “Cost” – not all grant funds directly providing program services
- Calculation
  - Restricted/Unrestricted - Done by MDE using FID. District uses calculated rate.
  - 10% De Minimis – If District does not have negotiated rate, then can use De Minimis. Since restricted/unrestricted are available typically not an option.

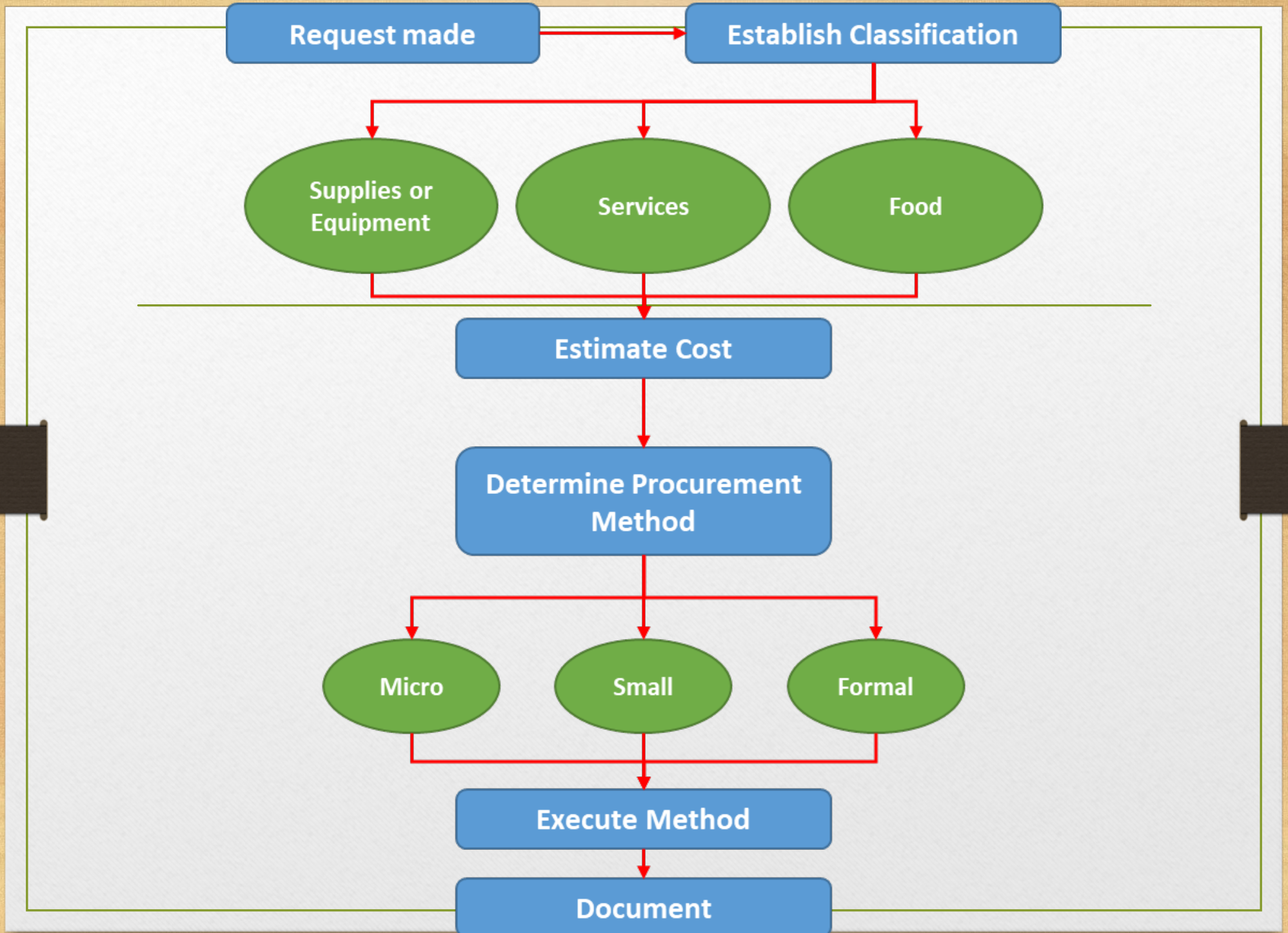


# Business Office Role Requirements: Processes and Internal Controls – Procurement

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- Rules established by Uniform Guidance (**2 CFR 200.320**)
- Procurement policy must be “blended” with Federal requirements, School Code, and District procurement requirements. Basic rule of application – use the lower allowable threshold (District policy, state law, or federal regulation) when applying it to item purchased
- Require the District to use its own documented procurement processes reflecting state/local laws and regulations, and conforming to applicable federal laws and standards.
- In general: Determine which purchase method will be used, execute based on that choice, document steps taken and conclusion/selection
- Must have
  - written procurement procedures
  - conflict of interest policy,
  - written procedure for conducting technical evaluations of proposals and selecting participants.







# Procurement Summary

	Less Than \$10,000 AND Board Formal Bid Policy Threshold	Less Than SAF \$ Threshold AND Board Formal Bid Policy Threshold	More than SAF \$ Threshold OR Board Formal Bid Policy Threshold
<b>Type</b>	Micro Purchase	Small Purchase	Formal Bid
<b>Solicitation</b>	None	Contact 3 known suppliers and obtain quotes	Determine bid specifications, advertise, IFB/RFP
<b>Documentation</b>	None required	Document price quotes	Maintain IFB/RFP documents, retain copy of advertisement, bid tabature, document award methodology, board resolution of award



# Five Methods of Procurement

## 1. Micro-Purchases

### ➤ **When should this method be used?**

- Purchases less than micro purchase threshold of \$10,000, indexed periodically (CFR 200.67)
- District policy can use lower threshold, not higher for federal purchases

### ➤ **How are purchases solicited/awarded?**

- Purchases are awarded based on District's discretion
- No quotes or bids needed if price deemed reasonable
- Attempt to rotate purchases between vendors, if practical



# Five Methods of Procurement

## 2. Small Purchases

### ➤ When should this method be used?

#### ▪ Purchases that do not exceed

- **Goods** – The State of Michigan Bid Threshold (MCL 380.1274), indexed annually (\$29,572 for fiscal year 23-24)
- **Services** – The Federal Simplified Acquisition Threshold, currently \$250,000 (2 CFR 200.88)
- **Food** – \$100,000 in annual aggregate (Michigan requirement)
- **School Policy** – If the District has lower bidding thresholds, these apply instead. The District CANNOT increase the mandated thresholds

### ➤ How are purchases solicited/awarded?

- Price or rate quotations are obtained
- No cost or price analysis required
- Decision is documented



# Five Methods of Procurement

## 3. Sealed Bids

### ➤ When should this method be used?

- Purchases that exceed
  - **Goods** – The State of Michigan Bid Threshold (MCL 380.1274), indexed annually
  - **Services** – The Federal Simplified Acquisition Threshold, currently \$250,000 (2 CFR 200.88)
  - **Food** – \$100,000 in annual aggregate (Michigan requirement)
  - **School Policy** – If lower than the mandated thresholds
- Fixed-price contract (lump sum or unit price)

### ➤ How are purchases solicited/awarded?

- Sealed bids solicited via formal advertising
- Awarded to lowest responsive and responsible bidder (meeting all material terms and conditions of invitation for bids)
- Any or all bids may be rejected with sound documented reason
- Note – “lowest bid” is not required to be selected!



# Five Methods of Procurement

## 4. Competitive Proposals

### ➤ When should this method be used?

- Purchases that exceed
  - **Goods** – The State of Michigan Bid Threshold (MCL 380.1274), indexed annually
  - **Services** – The Federal Simplified Acquisition Threshold, currently \$250,000 (2 CFR 200.88)
  - **Food** – \$100,000 in annual aggregate (Michigan requirement)
  - **School Policy** – If lower than the mandated thresholds
- Fixed-price or cost-reimbursement based contracts
- Conditions not appropriate for use of sealed bids

### ➤ How are purchases solicited/awarded?

- Bids will be solicited
- Must have written method for conducting technical evaluations of proposals received
- Awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered



# Five Methods of Procurement

## 5. Non-Competitive Proposals (Sole Source)

### ➤ **When should this method be used?**

- Only when one or more of the following circumstances apply (§200.320(c))
  - Available only from a single source
  - Public emergency will not allow a delay
  - Authorized (in writing) by the awarding agency or pass through entity
  - No (or inadequate) competition (after soliciting sources)
  - During pandemic, used more regularly due to public emergency
  - Use of this method now should be rare and will be questioned!

### ➤ **How are purchases solicited/awarded?**

- Awarded to sole source if one or more of the above conditions exist
- Occasionally used early in the pandemic, less applicable now
- Documentation is KEY!



# Procurement Written Policies and Procedures

## Policy versus Procedure

- Policy: Should address why you administer things a certain way and contain a goal or objective
  - Procedure: Should detail how you perform the functions necessary to conform to the policy
  - Controls: While not specifically discussed, controls must exist to ensure procedures are completed correctly
- 
- Procurement policy required to reflect UG
  - Application of policy for UG can be reflected in the policy itself, OR in the procurement procedures



# Procurement Written Policies and Procedures

## Conflict of Interest Policy (§200.318)

- Written standards of conduct covering conflict of interest
  - Employee conflict of interest (did not change)
  - Organizational conflict of interest (new!)
  
- Key Items to Include
  - Define conflict of interest
  - Soliciting or accepting gifts
  - Disciplinary actions applied to violations
  - Identify organizational conflicts
  - Process to resolve the conflict
    - Disclosure
    - Exclude organization
    - Abstain
    - Resignation
    - Nepotism



# Procurement Written Policies and Procedures

## Written Procurement *Procedures* (§200.319)

## Written *Procedure* for Conducting Technical Evaluations of Proposals and Selecting Participants (§200.320)

- Written procedures for procurement transactions
  - Identify the five allowable methods
  - All procurement transactions must be conducted in a manner providing full and open competition
  - Must maintain oversight to ensure that contractors perform in accordance with terms, conditions, and specifications of contract or PO
- Key Items to Include
  - Rationale for method of procurement
  - Selection of the contract type
  - Contractor selection or rejection
  - Basis for the contract price
  - Appendix II provides multiple provisions that must be included in contracts



# Procurement Written Policies and Procedures

## Suggestions

- Compliant policies and procedures should already be in place
- Consider MDE guidance/expectations
- Are processes in place to updated for UG changes, including changes in micro-purchases and small purchases?
  
- When updating tie in state law and local (district) policies with federal requirements
  - If District policy is more restrictive, reference federal requirements but note are above District thresholds
  - How will changes be built into procedures and communicated to staff?
  
- Does policy reference CFR/MCL sections instead of dollar values (for indexed thresholds)



# Business Office Role Requirements: Processes and Internal Controls – Suspension and Debarment

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- Essentially cannot use federal funds to purchase from vendor who has been suspended or debarred by the US government
- Part of the “purchasing process”
- Also includes sub recipients
- Presumes not contracting with organizations who have been suspended or debarred from doing business with the federal government
- Must have procedures to verify. Options:
  - Verify contracted entity is not listed in the suspended/debarred list on SAM. Verification may be accomplished thru System for Award Management. Exclusions maintained by GSA, <https://www.beta.sam.gov/> (click on Search Record, then click on Advanced Search-Exclusions)
  - State in solicitation that only entities not suspended/debarred are allowed to submit a contract
  - Including in contract wording that entity represents they are not on suspended/debarred list

Practical question – should all contractors be vetted against the suspended and debarred list?



## Business Office Role Requirements: Processes and Internal Controls – Davis Bacon

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**Basic requirement:** for certain projects where labor costs are charged for contracts in excess of \$2,000, prevailing (union scale) wages should be paid.

**Background:** Since most K12 related federal grants have not included these types of projects generally not been a concern.

**Concern:** pandemic related funding provided opportunities to fund certain projects where Davis Bacon would apply. Still an issue as ESSER III ends.

**Sample projects:** construction, alteration, or repair, including painting and decorating, of public buildings and public works which requires or involves the employment of mechanics or laborers. Could include things like HVAC systems and replacing carpet!

**Practical question:** Did projects occur where Davis Bacon prevailing wage requirements applied? If so, did we apply the requirements correctly?



# Business Office Role Requirements: Single Audit

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- What is a single audit?
  - An audit of federal grants and awards
- Do all District's have a single audit?
  - No – There is a threshold of total federal grant expenditures of \$750,000 for the fiscal year
  - Likely some programs not tested in a few years will be tested this year!
  - Most COVID related grants continue to be considered high risk and tested again. Likely ESSER III
  - Possibility of multiple grants tested, whereas in the past only one tested



# Business Office Role Requirements: Single Audit – What to know

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- What is done during a single audit?
  - Review and analysis of internal controls
  - Testing of compliance requirements
    - Financial and non-financial factors
  - Provide opinion on compliance and presentation of federal grant financial data and report any identified deficiencies for both the “basic” (the financial statement audit) and federal program compliance
  - Documentation of findings
    - Controls were not operating as described
    - Didn’t follow the rules



# Business Office Role Requirements: Single Audit

## Schedule of Expenditures of Federal Awards (Continued)

Program Title/Project Number/Subrecipient Name	Pass-through Entity Identifying Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred to Subrecipients
Other federal awards:										
U.S. Department of Agriculture - Passed through the										
Michigan Department of Education:										
COVID-19 Pandemic EBT Local Level Costs	220980	10.649	\$ 628	\$ -	\$ -	\$ -	\$ 628	\$ 628	\$ -	\$ -
Local food grant	230985	10.185	17,412	-	-	-	-	17,412	17,412	-
Total U.S. Department of Agriculture noncluster programs			18,040	-	-	-	628	18,040	17,412	-
U.S. Department of the Treasury - Passed through the Oakland County Board of Commissioners - Coronavirus State and Local Fiscal Recovery Fund - COVID-19 - Oakland County Mental Health Grant										
	SLFRP2640	21.027	350,000	-	-	-	350,000	126,225	(223,775)	-
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I:										
Project number 221530-2122	221530	84.010	173,776	133,261	39,003	-	41,502	2,499	-	-
Project number 231530-2223	231530	84.010	169,311	-	-	-	108,665	114,872	6,207	-
Total Title I			343,087	133,261	39,003	-	150,167	117,371	6,207	-
Title II:										
Project number 220520-2122	220520	84.367	234,820	84,419	73,460	-	146,247	72,787	-	-
Project number 230520-2223	230520	84.367	186,479	-	-	-	45,389	64,099	18,710	-
Total Title II			421,299	84,419	73,460	-	191,636	136,886	18,710	-
Title III - LEP:										
Project number 220580-2122	220580	84.365	40,856	7,715	1,432	-	9,602	8,170	-	-
Project number 230580-2223	230580	84.365	40,609	-	-	-	4,523	5,555	1,032	-
Total Title III - LEP			81,465	7,715	1,432	-	14,125	13,725	1,032	-
Title III - IMMIGRANT - Project number 230570-2223										
	230570	84.365	18,574	-	-	-	-	1,947	1,947	-
Title IV - SSAE:										
Project number 220750-2122	220750	84.424	22,532	5,115	4,872	-	4,872	-	-	-
Project number 230750-2223	230750	84.424	21,948	-	-	-	6,448	7,578	1,130	-
Total Title IV -SSAE			44,480	5,115	4,872	-	11,320	7,578	1,130	-
Education Stabilization Fund (ESF):										
GEER II - Teacher and Support Staff - COVID-19 GEER Funds K-12-Sec 23c FY 2022										
	211202	84.425C	53,500	53,500	53,500	-	53,500	-	-	-
ESSER II:										
COVID-19 ESSER Formula Fund II 203712-2021	213712	84.425D	471,867	205,735	-	-	-	266,132	266,132	-
COVID-19 SEC. 23B(2)(C) BEFORE AND AFTER SCHOOL PROGRAMS K-12	213752	84.425D	25,000	-	-	-	25,000	25,000	-	-
COVID-19 SEC. 23B(2)(A) SUMMER PROGRAMMING K-8	213722	84.425D	204,600	-	-	-	204,600	204,600	-	-
COVID-19 SEC. 23B(2)(B) CREDIT RECOVERY 9-12	213742	84.425D	55,000	-	-	-	55,000	55,000	-	-
COVID-19 98C LEARNING LOSS	213782	84.425D	377,437	-	-	-	-	93,198	93,198	-
TOTAL ESSER II			1,133,904	205,735	-	-	284,600	643,930	359,330	-
COVID-19 ESSER III 11t Equalization	213723	84.425U	7,512,076	5,998,792	34,204	-	553,739	698,162	178,627	-
Total Education Stabilization Fund			8,699,480	6,258,027	87,704	-	891,839	1,342,092	537,957	-
Total U.S. Department of Education noncluster programs			9,608,385	6,488,537	206,471	-	1,259,087	1,619,599	566,983	-
Federal Communications Commission - COVID-19 Emergency Connectivity Funds										
	N/A	32.009	1,704,943	694,143	20,543	-	1,031,343	1,010,800	-	-
Total federal awards			20,558,385	13,027,901	1,150,192	\$ -	6,141,200	5,624,674	633,666	\$ -



# Business Office Role Requirements: Single Audit - SEFA

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- Best practices
  - Start with the prior year if available (ask auditor for excel version)
    - Used to input: Prior year expenditures (Sum of all prior years if grant spans multiple periods), and accrued revenue
  - Use grant award letter to identify:
    - Cluster, Assistance Listing Number, Pass-through Entity Identifying Number (grant award, project number), Award Amount
    - Match to data in NexSys - Grant Auditor Report
    - Complete SEFA focusing on award receipts and expenditures recorded
    - Does beginning and ending receivable match general ledger/financial statements?



# Business Office Role Requirements: Single Audit - SEFA

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- Best practices (continued)
  - Complete data for each grant and project number
  - Adjustments/Transfers - generally used if grant funds shifted between programs or if adjustments made to beginning of year receivable/deferred revenue
  - Subrecipient payments are cash basis payments sub recipients (vs contractors)
  - Do not need to include grants if payments received and but NO expenditures recorded during the District's fiscal year
  - Capture ALL pandemic related funding (not all comes from MDE), Label with COVID 19 identifier (winding down, finish well!)
  - Remember – cannot recognize grant expenditure activity until the GAN is received (very important for pandemic related funding)
  - Inquire if there are any other federal grants not included in the report – This may be tricky! Hint: Check your Grant Award Notification!



# Business Office Role Requirements: Single Audit Considerations

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- Summary of individual grant requirements. Highlights what District is responsible for and what auditors might test
- How to approach indirect costs
- SEFA content requirements
- Passthrough payments schedule
- Guidance on Corrective Action Plan – what is needed if there is an audit finding
- Contacts listed by grant when you have a question
- Grant monitoring from Fed, State, ISD. Note MDE currently monitoring pandemic funding



# Business Office Role Requirements: Considerations for 2024

- Pandemic related grants – Federal and MDE categorical grants, understand which are federal or state funded
- Multiple grants in play and more are added
- MDE added many state funded categorical programs. Understand which programs are “restricted” and have “grant” accounting treatment (that is recognize revenue when grant activity is expended)
- “Common” grants
- ESSER III (formula and 11t)
  - ESSER III - Many districts winding down spending in 23/24. program rules were more restrictive than for I, and II.
- State grants – many new this year! Muskegon ISD collaborative website is a good place to start: <https://sites.google.com/muskegonisd.org/processes/grant-repository>



# Business Office Role Requirements: Potpourri

- COVID grants: Note ARP grants have more hurdles in order to use funds, amendments for ESSER III were allowed into June 24
- Tracking grant activity is critical,
- Regular monthly monitoring and communication with stakeholders
- School accounting manual guidance regularly updated  
([https://www.michigan.gov/documents/mde/COVID-19\\_Accounting\\_Guidance\\_691616\\_7.pdf](https://www.michigan.gov/documents/mde/COVID-19_Accounting_Guidance_691616_7.pdf))
- Identification of costs related to program activity
- Understand what the “period of availability” (start and end dates) is for the grant. Costs outside the period are not allowable charges to the grant.
- Recording activity in correct accounts
- Retaining support for costs incurred and related allowability
- Michigan School Auditing Manual: <https://www.michigan.gov/mde/services/financial-management/audits>



# Business Office Role Requirements: Key Takeaways

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- Did we follow the rules?
  - Ask:
    - What - is unique about this grant?
    - Where – might problems arise, did we check into these areas?
- Did we follow the process?
  - Documenting
    - Processes in place from application, execution to reporting
    - Internal control process – did we do it right?
    - Approvals/oversight
    - Manual journal entries – adjustments, potentially can create issues if not well documented



# Quick Access to UG Guidance

## US ED 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

[MI School Auditing Manual 2022-23](#)

## MDE Guidance

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

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

[MDE Uniform Guidance \(UG\) memo – May 26, 2016](#)

[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](#)



Questions?

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