

MDE Accounting, Financial Reporting, and FID Updates

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Office of Financial Management

Michigan Department of Education

Michigan School Business Officials Annual Conference

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Topics

- Introductions
- Financial Reporting Requirements
- Uses of Financial Data & Importance of Accurate Reporting
- Accounting Manual & Other Resources
- GASB Updates
- FID Updates
- Reclassifying Expenditures
- Important Dates
- Audit Submission Reminders
- Federal Audit Clearing House
- UBAA
- PAL Reports
- Due Professional Care
- Federal Findings
- Questions



Financial Reporting Requirements

- Two primary required items
 - Financial Information Database (FID) (data upload)
 - Audited Financial Statements (incl. Single Audit if applicable)
- Both due November 1st each year
- State School Aid Act, Section 18(10) – requires MDE to withhold State Aid if either are not submitted OR if data between the two is inconsistent
 - General Fund Balance
 - Federal Revenues
 - Other key figures



Main Components of the FID System

- Three (sometimes four) primary file uploads
 - Balance Sheet
 - Revenues
 - Expenditures
 - Educational Service Provider file (ESP, managed charters only)
- .txt, .csv, or .xml format (depends on your system)
- District Data Entry screen
 - Keying in of Fund 91 and 92 data (capital assets & accumulated depreciation and long-term liabilities)
 - Data can also be included in Balance Sheet file instead
- District File Status screen – “main” screen with error and warning checks
- Multiple system reports for internal and external use



Uses of Financial Data

- Publication of financial data files to the public
 - Used by everyone from residents, other districts, researchers, legislators, state departments, federal government, auditors, even realtors.
 - First thing that happens following data submission (around December/January following November 1st submissions)
- Bulletins [1011](#) & [1014](#)
 - Organized publications and data files of most used data items
 - 1011: Statewide and “grouped” data
 - 1014: District-level data including “rankings”
 - Finalized and published around February each year
 - Often used by media, outliers (bad data) targeted in stories



Uses of Financial Data (cont.)

- Federal reporting
 - National Public Education Finance Survey (NPEFS)
 - Annual Survey of School System Finances (F-33)
 - School Level Finance Survey (SLFS)
 - School-level expenditure reporting required by ESSA
 - USED/Census involvement
 - Accurate (or inaccurate) data drives future **statewide** Title I and other allocations
 - Finalized April through June of the following year
-
- Maintenance of Effort Calculations
 - Indirect Cost Rate Calculations



Accounting Manual & Other Resources

- [Michigan Public School Accounting Manual](#)
 - Prescribed chart of accounts and other guidance required to be used by districts by statute
 - Established decades ago, last major update in 2004, regular updates (through Change Notices)
 - Guidance and addition/changes to codes related to new GASB statements, addition of Grant Codes for new funding sources, etc.
 - Accounting Manual Referent Group
- Separate MSBO certification class on “Accounting Manual and Chart of Accounts” that goes into much more detail



GASB Update

- Not much of an update impacting FY24 reporting!
- FY25
 - GASB 100 – Accounting Changes & Error Corrections
 - Notes & disclosures, no FID impact
 - GASB 101 – Compensated Absences
 - Addresses liability measurement
 - Government-wide impact, only FID impact may be on District Data Entry screen



“GASBs Past”

- **GASB 87** – Leases
- **GASB 96** – Subscription-Based Information Technology Arrangements
 - Still important to consider use of grant funds when entering into any SBITA (grant period shorter than SBITA term?)
- **GASB 94** – Public-Private & Public-Public Partnerships (P3's, **N/A to MI school districts** to my knowledge)



Upcoming FID Changes – FY24 Reporting

- "Instructional expenditures are consistent with previous year" warning check has been removed
- Two-year phase-in of expanded School Code requirement to Functions 21x and 22x in response to new federal reporting requirements (School Level Finance Survey, completed by MDE)
 - FY24: **Warning** for School Code missing from Function 21x and 22x expenditures, will not prevent submission
 - FY25 and following: **Error** for School Code missing from Function 21x and 22x(?) expenditures, will require correction before submission
 - Feedback from districts on burden of reporting 22x Functions at school-level passed to USED/Census, may not end up being required (TBD 2025)



Reclassifying Expenditures

- **Revisiting topic as we approach the end of ESSER and Grant Code misuse has impacted monitoring of COVID expenditures**
- **The Grant Code of a given funding source should not be used when recording expenditures until that revenue can be recognized.**
- Additional accounting entries required when revenue cannot be recognized in the same fiscal year as eligible expenditures may be incurred.
- Example: ESSER III expenditure period goes back to March 2020 but revenue could not have been recognized in FY20
- Concept originally developed when CRF funds were paid in July and August 2020 State Aid but State legislation was not signed until after the school fiscal year ended

Reclassifying Expenditures (cont.)

- This may also apply to other funding sources with similar revenue recognition/expenditure period “disconnects”:
 - **Section 23b Summer School/Credit Recovery**
 - FY21 expenditures but no revenue until FY22
 - **Section 11r(4) ESSER (II) Per-Pupil Equalization**
 - Could cover both FY20 & FY21 exp., but FY22 revenue
 - **Section 11t ESSER III Per-Pupil Equalization**
 - GANs may be received after expenditures incurred
- **AND/OR realizing now-available COVID funds could be used for expenditures already incurred and paid for with unrestricted funds in prior years**



Reclassifying Expenditures (cont.)

- Example: Reclassification of FY23 expenditures to ESSER III funds in FY24 previously paid for with unrestricted funds
 - Net zero expenditure entry to reclassify prior year expenditures to another funding source
 - \$10,000 of teacher salaries covered by ESSER III funding as example
 - Debit 11-113-1240-**4350** **\$10,000**
 - Credit 11-113-1240-**0000** **\$10,000**
- Reclassifies expenditures to COVID funding source in current fiscal year without inflating totals while showing COVID expenditures in one fiscal year only (prevents double counting)
- Allowability still subject to approval of expenditures in grant budget



Resources

FID User Guide

- Full instructions on uploads and reporting
- File format examples

FID Frequently Asked Questions

- Resource to assist with unsuccessful uploads, errors, etc.

Michigan Public School Accounting Manual

- Chart of Accounts (Appendix) and other guidance
- Change Notices

Accounting for State School Aid Revenues

- Updated with new FY24 categoricals



Important Dates

Audits are required by the State School Aid Act to be submitted to MDE by **November 1**, each year.

Data Collection forms (DCF) will be pulled from the Federal Audit Clearinghouse (FAC). Please notify when the submission is completed to the FAC.

FID closes November 1, 2024

Desk review of single audit: Any data request from MDE will typically allow for a 2 week response time.

Status of prior audit findings on current year submission.



CEPI Dates and Deadlines

[Calendar \(michigan.gov\)](https://michigan.gov)

Last Updated: 2/9/2024

CEPI Dates and Deadlines

ENTITY TYPE

NONPUBLIC	POSTSECONDARY	PUBLIC (LEA/PSA/ISD)
(blank)		

APP/EVENT

D/CH	FID	GAD	MPDI	MSDS
REP	SID	(blank)		

MONTH

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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DATE	APP/EVENT	DESCRIPTION	ENTITY TYPE
6/12/2023	MSDS	Nonpublic Student Roster Collection Opens	NONPUBLIC
9/25/2023	MSDS	SRM Collection opens	PUBLIC (LEA/PSA/ISD)
11/1/2023	MSDS	Early Childhood Spring Reporting Period Start	PUBLIC (LEA/PSA/ISD)
12/13/2023	MSDS	Early Childhood Spring Collection Opens	PUBLIC (LEA/PSA/ISD)
1/3/2024	REP	REP Collection Opens	PUBLIC (LEA/PSA/ISD)
2/7/2024	MSDS	MSDS Spring General Collection Opens	PUBLIC (LEA/PSA/ISD)
2/14/2024	MSDS	Spring Count Day	PUBLIC (LEA/PSA/ISD)
2/21/2024	MSDS	Early Childhood Spring Reporting Period End	PUBLIC (LEA/PSA/ISD)
2/22/2024	MSDS	Early Childhood End of Program Reporting Period Start	PUBLIC (LEA/PSA/ISD)
2/28/2024	MSDS	Early Childhood Spring Certification Deadline	PUBLIC (LEA/PSA/ISD)
3/20/2024	MSDS	MSDS Spring General Submission Certification Deadline	PUBLIC (LEA/PSA/ISD)
3/27/2024	MSDS	MSDS Spring General Recertification Deadline	PUBLIC (LEA/PSA/ISD)
4/1/2024	SID	SID Collection Opens	PUBLIC (LEA/PSA/ISD)
4/17/2024	MSDS	Early Childhood End of Program Collection Opens	PUBLIC (LEA/PSA/ISD)
5/1/2024	MSDS	MSDS General End of Year Collection Opens	PUBLIC (LEA/PSA/ISD)
5/1/2024	D/CH	Days and Clock Hours Opens	PUBLIC (LEA/PSA/ISD)
5/1/2024	MSDS	TSDL General Collection Opens	PUBLIC (LEA/PSA/ISD)
6/5/2024	MSDS	Nonpublic School Student Roster Collection Closes	NONPUBLIC
6/28/2024	SID	SID Collection Closes	PUBLIC (LEA/PSA/ISD)
6/28/2024	REP	REP Collection Closes	PUBLIC (LEA/PSA/ISD)
6/28/2024	MSDS	MSDS General End of year Certification Deadline	PUBLIC (LEA/PSA/ISD)
6/28/2024	MSDS	SRM Collection Closes	PUBLIC (LEA/PSA/ISD)
7/1/2024	MPDI	MPDI Tuition and Fees Collection Opens	POSTSECONDARY
8/1/2024	MPDI	MCCDI Collection Opens (Community Colleges)	POSTSECONDARY
8/1/2024	MSDS	STARR General Collection Opens (Community Colleges, Universities and Independent Colleges)	POSTSECONDARY
8/1/2024	D/CH	Days and Clock Hours Closes	PUBLIC (LEA/PSA/ISD)
8/2/2024	MSDS	TSDL General Collection Certification Deadline	PUBLIC (LEA/PSA/ISD)
8/2/2024	MSDS	TSDL Migrant Collection Certification Deadline	PUBLIC (LEA/PSA/ISD)
8/5/2024	FID	FID 4094 Collection Opens	PUBLIC (LEA/PSA/ISD)
8/5/2024	GAD	GAD Appeal Window Opens	PUBLIC (LEA/PSA/ISD)
8/7/2024	FID	FID 4096 Collection Opens	PUBLIC (LEA/PSA/ISD)
8/21/2024	MSDS	Early Childhood End of Program Reporting Period End	PUBLIC (LEA/PSA/ISD)
8/28/2024	MSDS	Early Childhood End of Program Collection Certification Deadline	PUBLIC (LEA/PSA/ISD)
9/3/2024	FID	FID Collection Opens	PUBLIC (LEA/PSA/ISD)
9/11/2024	GAD	GAD Appeal Window Closes	PUBLIC (LEA/PSA/ISD)
9/25/2024	MPDI	MPDI Tuition and Fees Collection Closes	POSTSECONDARY
9/30/2024	FID	FID 4096 Collection Closes	PUBLIC (LEA/PSA/ISD)
10/7/2024	FID	FID 4094 Collection Closes	PUBLIC (LEA/PSA/ISD)
10/7/2024	GAD	GAD Audit Window Opens	PUBLIC (LEA/PSA/ISD)
10/15/2024	MSDS	STARR General Collection Closes (Community Colleges, Universities and Independent Colleges)	POSTSECONDARY
11/1/2024	MPDI	MCCDI Section 245(7) FASFA Workbook Deadline	POSTSECONDARY
11/1/2024	MPDI	MCCDI Collection Closes (Community Colleges)	POSTSECONDARY
11/1/2024	FID	FID Collection Closes	PUBLIC (LEA/PSA/ISD)
11/15/2024	MPDI	MCCDI Section 222 Deadline	POSTSECONDARY
11/27/2024	GAD	GAD Audit Window Closes	PUBLIC (LEA/PSA/ISD)



Audit Submission Reminder

- All audit submissions must be emailed to MDE-FinAudit@michigan.gov.
- Subject line must read audited financial statements and include the school district code.
- No drafts will be accepted. All docs must be final, signed versions.
- All documents **must** be in one file.
- The file should be named with the five digit district code and a two-letter abbreviation. (i.e. **01010FS**)
- **The file size is limited to less than 4MB.**



Federal Audit Clearinghouse (FAC)

- For Single Audits, the Data Collection Forms (DC) and financial statements are required to be uploaded to the FAC.
- MDE auditors will pull the DC's for review from the FAC.
- Please make sure auditee and auditor contact information is accurate. Email addresses from the DC will be utilized as contact information.

[Federal Audit Clearinghouse \(fac.gov\)](https://fac.gov)



Uniform Budgeting & Accounting Act

- Compliance with the Uniform Budgeting & Accounting Act is required by MCL 141.437, Sections 17-20.
- MDE has instituted a zero tolerance for violations of the UB&AA. This means that any variance in total revenues, expenditures, or other financing sources/uses that results in a reduction in the budgeted ending fund balance will generate a letter of follow-up by the Office of Financial Management.



PAL Reporting

PAL REPORT
 USDA Food Distribution
 Recipient Entitlement Balance Report
 School Year 2020-2021

Print Date: 2024-04-10

Distributor:

FINAL

Sponsor Agreement Number:

- Separate the reporting of entitlement and bonus receipts and expenditures on the PAL report.
- Ensure the numbers reported on the PAL report match those reported on the SEFA.

	Processed	Brown Box	(Proc+BB) Total	DoD	20-21 UFV Pilot	Total	Balance	(Bonus)
July	0.00	0.00	0.00	0.00	0.00	0.00	53,772.47	0.00
August	673.44	578.24	1,251.68	0.00	0.00	1,251.68	52,520.79	0.00
September	2,011.84	1,668.85	3,680.69	561.50	0.00	4,242.19	48,278.60	498.22
QTD (1)	2,685.28	2,247.09	4,932.37	561.50	0.00	5,493.87		498.22
October	2,840.70	607.88	3,448.58	1,620.45	0.00	5,069.03	43,209.57	175.88
November	1,637.65	132.09	1,769.74	1,510.05	0.00	3,279.79	39,929.78	258.71
December	1,314.99	363.77	1,678.76	1,277.47	0.00	2,956.23	36,973.55	0.00
QTD (2)	5,793.34	1,103.74	6,897.08	4,407.97	0.00	11,305.05		434.59
January	2,427.48	636.77	3,064.25	2,008.75	0.00	5,073.00	31,900.55	102.38
February	1,492.98	421.57	1,914.55	2,333.05	0.00	4,247.60	27,652.95	0.00
March	4,076.26	43.16	4,119.42	3,579.75	0.00	7,699.17	19,953.78	37.20
QTD (3)	7,996.72	1,101.50	9,098.22	7,921.55	0.00	17,019.77		139.58
April	3,217.56	58.10	3,275.66	2,081.77	0.00	5,357.43	14,596.35	0.00
May	2,307.22	20.89	2,328.11	0.00	0.00	2,328.11	12,268.24	0.00
June	3.96	0.00	3.96	0.00	0.00	3.96	12,264.28	0.00
QTD (4)	5,528.74	78.99	5,607.73	2,081.77	0.00	7,689.50		0.00
Total Distribut	22,004.08	4,531.32	26,535.40	14,972.79	0.00	41,508.19	12,264.28	1,072.39

Entitlement Dollars: \$ 53,772.47 (145,331 Meals @ 0.3700 Meal Rate)

	Processed	Brown Box	DoD	Pilot Project F-V	Total
Entitlement	34,241.15	4,531.32	15,000.00	0.00	53,772.47
Distributions	22,004.08	4,531.32	14,972.79	0.00	41,508.19
Balance	12,237.07	0.00	27.21	0.00	12,264.28
% Usage	64.26	100.00	99.82	0.00	77.19
Carryover/GiveAway	0.00	0.00	0.00	0.00	0.00
Reallocated Balances	10,754.49	0.00	0.00	0.00	10,754.49
Adjusted Balance	22,991.56	0.00	27.21	0.00	23,018.77



Due Professional Care – SEFA Reporting

- Ensure all schedules foot and crossfoot.
- Ensure the most current version of the federal awards compliance letter.
- Properly identifying federal awards on the SEFA by ALN number and alpha code if applicable (i.e.84.425 vs 84.425U)
- MDE Office of Financial Management – Audits Unit will perform Quality Control Reviews of CPA firms whose audited financial statements do not meet audit standards.



Audit Consistency

- Audit balances reported in the financial statements must be consistent with all other financial data reported to the state.
- Audit figures must match FID figures. If audit figures are not consistent with FID submissions, state aid may be withheld pending corrections.
- Beginning and ending balances for Food Service must be consistent between the financial statements and the FID.
- Special Education program reposting must match FID figures.
- Financial data on the SEFA must agree with the financial statements and must balance.
- Beginning accrued/unearned revenue balances must match the ending accrued/unearned revenue balances from the prior year.



SEFA Best Practices

- Start with prior year SEFA
 - If your auditors format it, request their final PY copy to start from
- Roll forward the numbers that are in the end of year accrued/deferred revenue column to the beginning accrued/deferred revenue column on the new SEFA.
- Update active grants for current year expenditures and amounts received and verify the end of the year accrued amount matches your receivable listing.
 - Beginning of the Year Accrued Amount – CY Receipts + Expenditures = End of Year Accrued Amount
- Add any new grant to the schedule
- Remove any grants that are no longer active.

Information obtained from Yeo & Yeo presentation on MSBO website ([Yeo & Yeo Master PowerPoint Template \(msbo.org\)](#))



SEFA Samples

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Unearned) Revenue July 1, 2013	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2014
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (commodities)								
National School Lunch Program - Entitlement Commodities	10.555		\$ 40,344	\$ -	\$ -	\$ 40,344	\$ 40,344	\$ -
National School Lunch Program - Entitlement Bonus	10.555		121	-	-	121	121	-
Total non-cash assistance			40,465	-	-	40,465	40,465	-
Summer Food Service Program for Children	10.555	200900	166,572	-	-	166,572	166,572	-
Summer Food Service Program for Children	10.555	210904	826,824	-	-	786,775	826,824	40,049
			993,396	-	-	953,347	993,396	40,049
Total Child Nutrition Cluster			1,033,861	-	-	993,812	1,033,861	40,049
Total U.S. Department of Agriculture			1,033,861	-	-	993,812	1,033,861	40,049
U.S. Department of the Treasury								
Passed through Michigan Department of Education								
Coronavirus Relief Fund								
COVID-19 MAISA - Device Purchasing program / Distance Learning	21.019	2020-21	46,542	-	-	46,542	46,542	-
COVID-19 103(a) District COVID Costs	21.019	2020-21	25,043	-	-	25,043	25,043	-
COVID-19 11(a) Coronavirus Relief Funds	21.019	2020-21	711,469	-	-	711,469	711,469	-
Total U.S. Department of Treasury			783,034	-	-	783,034	783,034	-
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	2015301920	513,844	140,069	504,912	155,001	8,932	-
Title I Grants to Local Educational Agencies	84.010	2115302021	528,754	-	-	385,490	519,822	131,333
			1,042,598	140,069	504,912	540,491	528,754	131,333
Passed through Michigan Department of Education								
Rural Education	84.358	2009601920	45,955	1,403	45,928	1,403	-	-
Rural Education	84.358	2109602021	39,141	-	-	17,713	35,484	17,771
			85,096	1,403	45,928	19,116	35,484	17,771
Passed through Michigan Department of Education								
English Language Acquisition State Grants	84.365	2105702021	189	-	-	189	189	-
Passed through Michigan Department of Education								
Supporting Effective Instruction State Grants	84.367	2005201920	163,527	57,913	148,173	57,913	-	-
Supporting Effective Instruction State Grants	84.367	2105202021	108,836	-	-	66,457	94,421	27,954
			272,363	57,913	148,173	124,370	94,421	27,954

Example of commodities breakout



See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2013	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2014
Other federal awards:							
U.S. Department of Education:							
Passed through the Michigan Dept of Education:							
Title I Part A:							
Project number 131530 1213	84.010	\$ 393,893	\$ 366,063	\$ 68,137	\$ 93,119	\$ 24,982	\$ -
Project number 141530 1314		338,094	-	-	321,513	327,294	5,781
Total Title I, Part A		731,987	366,063	68,137	414,632	352,276	5,781
Title II Part A:							
Project number 130520 1213	84.367	102,272	49,558	25,635	44,014	18,379	-
Project number 140520 1314		87,894	-	-	70,449	70,468	19
Total Title II Part A		190,166	49,558	25,635	114,463	88,847	19
Total programs passed through the Michigan Department of Education		922,153	415,621	93,772	529,095	441,123	5,800
U.S. Department of Education -							
Passed through the Farmington Public School District - Title III:							
Project number 130580 1213	84.365A	9,719	3,306	3,306	3,306	-	-
Project number 140580 1314		14,805	-	-	-	9,839	9,839
Total Title III		24,524	3,306	3,306	3,306	9,839	9,839
Total federal awards		\$ 2,871,973	\$ 1,343,205	\$ 252,397	\$ 1,226,889	\$ 1,400,477	\$ 425,985



Federal Findings - Reporting

- Section III: Federal Award Findings and Questioned Cost – Each finding should include
 - ALN
 - Program Name
 - Project Numbers
 - Actual questioned costs (if applicable)
- Corrective Action Plans are required to be included in the audit as a separate document on School District letterhead.



Federal Findings - Reporting

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Findings and Questioned Costs - Major Federal Award Programs Audit

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 – Activities/Costs Allowed - Budget

Finding Type: Significant Deficiency in Internal Controls over Compliance

Criteria: The School is responsible for ensuring that the activities/costs of its federal grants are properly budgeted and approved by MDE.

Condition/Finding: During our audit procedures performed to verify that activities/costs were allowable, it was discovered that the Elementary School Assessments were not properly budgeted on the ESSER III budget approved by MDE.

Cause: This condition is the result of lack of controls in place by management to appropriately review and amend the budget as necessary throughout the grant term.

Effect: As a result of this condition, the School incurred expenses during the year that are not allowable to be reimbursed based on the current budget approved.

Recommendation: We recommend that the School establish procedures to ensure that budgets for all federal grants are reviewed at an on-going basis to ensure all expenditures are properly budgeted.

View of Responsible Officials

(Corrective Action): See corrective action plan.

2023-002 – Activities/Costs Allowed - 84.425D - 213712
84.425U - 213713

Finding Type: Significant Deficiency in Internal Controls over Compliance

Criteria: The School is responsible for ensuring that employee wages reimbursed under federal grants have signed semi-annual certifications or activity reports to certify time spent under each grant.

Condition/Finding: During our audit procedures, it was discovered that employees reimbursed under ESSER II and ESSER III did not have signed semi-annual certifications or activity reports on file.

Cause: This condition is the result of lack of controls in place by management.

Effect: As a result of this condition, the School may not have properly allocated wages to the ESSER II and ESSER III grants.

2023-001

Allowable Costs / Cost Principles

ALN 84.425U - ESSER III - Grant # 213713 2122 - Grant Ending September 30, 2024

Condition and Criteria: According to the United States Department of Education's (USDE) Elementary and Secondary School Emergency Relief Programs and Governor's Emergency Education Relief Programs Frequently Asked Questions document, updated on December 7, 2022, "under limited circumstances, it may be allowable for ESSER, GEER, or EANS-funded activities to continue after the obligation and liquidation period". However, "under no circumstances may the services extend beyond the date on which the funds revert to the U.S. Department of Treasury (31 USC § 1552), which occurs four years after the obligation deadlines", which for the above-named grant, would be September 30, 2028. In the current year, the District paid in advance for six years of a new Subscription-Based Information Technology Arrangement (SBITA) out of the ESSER grant funds, that will run through June 30, 2029, nine months past the four year cutoff. In addition, the District has not yet obtained an approval from the Michigan Department of Education (MDE) for the four-year extension.

Effect: The District drew the entire cost of the six-year SBITA agreement, including the portion that falls outside of the allowable grant period under the above mentioned exception.

Cause: The District did not realize that the SBITA agreement extending past the four-year window would be considered unallowable, nor did they realize that they needed to obtain MDE approval prior to drawing the additional four years.

Context: In the current year, the District paid in advance for six years of a new Subscription-Based Information Technology Arrangement (SBITA) out of the ESSER grant funds, that will run through June 30, 2029. This includes nine months of SBITA services past the four year cutoff allowed with those ESSER funds. In addition, the District has not yet obtained an approval from MDE for the four-year extension.

Questioned Costs: This represents the portion of the SBITA agreement that goes past the end of the grant period, September 30, 2024. If MDE approves the four-year extension request submitted by the District, the total questioned costs would be reduced to

Auditors' Recommendation: We recommend that the District reclassify the excess expenses charged to the ESSER grant and include / incur other allowable expenses in those charged to the grant.

Views of Responsible Officials and Planned Corrective Actions: The District understands the issue and will make the necessary adjustments with their next grant draw.



MDE Listserv

- If you would like to be included on the MDE Single Audit Listserv, or if you were previously included and your email has changed, please contact:
 - Gloria Suggitt
 - suggittg@michigan.gov



Accounting/FID Questions?

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